

ENGROSSED LEGISLATIVE BILL 820

Introduced by Nebraska Retirement Systems Committee: Ballard, 21, Chairperson; Clements, 2; Hardin, 48; Juarez, 5; Sorrentino, 39.

A BILL FOR AN ACT relating to retirement; to amend sections 23-2305.01, 23-2312, 24-705, 42-1111, 79-905, 79-906, 79-907, 79-930, 79-963, 79-978.01, 79-979.01, 79-983, 79-989, 79-992, 79-9,113, 79-9,115, 79-9,121, 81-2019, 81-2019.01, 81-2021, 81-2022, 81-2025, 81-2041, 84-1305.01, 84-1305.02, 84-1503, 84-1503.03, and 84-1512, Reissue Revised Statutes of Nebraska, sections 24-704, 24-704.01, 24-710, 72-1237, and 72-1239, Revised Statutes Cumulative Supplement, 2024, and sections 4-108, 23-2306, 24-703, 24-703.01, 49-617, 79-904.01, 79-915, 79-916, 79-958, 79-966, 79-978, 79-9,103, 79-9,118, 81-2016, 84-1307, and 84-1504, Revised Statutes Supplement, 2025; to define approved identification document; to change provisions relating to participation in certain retirement systems by certain state agencies and political subdivisions; to change the title from director of to executive director of the Nebraska Public Employees Retirement Systems; to rename certain state transfers as state contributions; to change provisions relating to the ex officio members of the Nebraska Investment Council, certain contributions by school districts and employees, and the computation of certain tax withholdings relating to deferred compensation; to change provisions relating to retirement allowances and cost-of-living adjustments under the Class V School Employees Retirement Act; to change the mandatory retirement age and provisions relating to deferred retirement option plans under the Nebraska State Patrol Retirement Act; to define, redefine, and eliminate terms; to eliminate obsolete provisions; to harmonize provisions; to provide operative dates; to repeal the original sections; and to declare an emergency.

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

Section 1. Section 4-108, Revised Statutes Supplement, 2025, is amended to

read:

4-108 (1) Notwithstanding any other provisions of law, unless exempted from verification under section 4-110 or pursuant to federal law, no state agency or political subdivision of the State of Nebraska shall provide public benefits to a person not lawfully present in the United States.

(2) Except as provided in section 4-110 or if exempted by federal law, every agency or political subdivision of the State of Nebraska shall verify the lawful presence in the United States of any person who has applied for public benefits administered by an agency or a political subdivision of the State of Nebraska. This section shall be enforced without regard to race, religion, gender, ethnicity, or national origin.

(3) No employee of a state agency or political subdivision of the State of Nebraska shall be authorized to participate in any retirement system, including, but not limited to, the systems provided for in the Class V School Employees Retirement Act, the County Employees Retirement Act, the Judges Retirement Act, the Nebraska State Patrol Retirement Act, the School Employees Retirement Act, and the State Employees Retirement Act, unless the employee is a United States citizen or is lawfully present in the United States. The employing state agency or political subdivision of the State of Nebraska and the employee shall:

(a) Maintain at least one approved identification document; and

(b) Produce any such approved identification document so maintained upon request of the Public Employees Retirement Board or the Nebraska Public Employees Retirement Systems.

(4) For purposes of this section and sections 23-2306, 24-703.01, 79-915, 79-9,118, 81-2016, 84-1307, and 84-1504, approved identification document means a document that is:

(a) Unexpired if applicable to the particular document or that has an expiration date that has been extended by the United States Department of Homeland Security or the United States Citizenship and Immigration Services so that such document is still valid;

(b) Used to demonstrate United States citizenship or lawful presence in the United States as of the employee's date of hire; and

(c)(i) A state-issued driver's license;

(ii) A state-issued identification card;

(iii) A state-issued motor vehicle learner's permit;

(iv) A certified copy of a birth certificate or delayed birth certificate issued in any state, territory, or possession of the United States;

(v) A Consular Report of Birth Abroad issued by the United States Department of State;

(vi) A United States passport;

(vii) A foreign passport with a United States visa;

(viii) A United States Certificate of Naturalization;

(ix) A United States Certificate of Citizenship;

(x) A tribal certificate of Native American blood or similar document;

(xi) A United States Citizenship and Immigration Services Employment Authorization Document, Form I-766;

(xii) A United States Citizenship and Immigration Services Permanent Resident Card, Form I-551; or

(xiii) Any other document issued by the United States Department of Homeland Security or the United States Citizenship and Immigration Services granting employment authorization in the United States and approved by the Public Employees Retirement Board.

Sec. 2. Section 23-2305.01, Reissue Revised Statutes of Nebraska, is amended to read:

23-2305.01 (1)(a) If the board determines that the retirement system has previously received contributions or distributed benefits which for any reason are not in accordance with the statutory provisions of the County Employees Retirement Act, the board shall refund contributions, require additional contributions, adjust benefits, credit dividend amounts, or require repayment of benefits paid. In the event of an overpayment of a benefit, the board may, in addition to other remedies, offset future benefit payments by the amount of

the prior overpayment, together with regular interest or interest credits, whichever is appropriate, thereon. In the event of an underpayment of a benefit, the board shall immediately make payment equal to the deficit amount plus regular interest or interest credits, whichever is appropriate.

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

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

Sec. 3. Section 23-2306, Revised Statutes Supplement, 2025, is amended to read:

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

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

(3) No employee of a member county shall be authorized to participate in the retirement system provided for in the County Employees Retirement Act unless the employee is a United States citizen or is lawfully present in the United States. The employing member county and the employee shall:

(a) Maintain at least one approved identification document as defined in section 4-108; and

(b) Produce any such approved identification document so maintained upon request of the Public Employees Retirement Board or the Nebraska Public Employees Retirement Systems.

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

(b)(i) To aid governmental entities in their business decisionmaking process, any governmental entity currently participating in the retirement system contemplating a business transaction that may result in such entity no longer qualifying, in whole or in part, under section 414(d) of the Internal Revenue Code may notify the board in writing as soon as reasonably practicable,

but no later than one hundred eighty days before the transaction is to occur.

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

(iii) If such entity pays the board's contracted actuary pursuant to subdivision (4)(c)(vi) of this section for any actuarial study necessary to determine the potential funding obligation, the board shall, as soon as reasonably practicable following its receipt of the actuarial study, (A) determine whether the entity's contemplated business transaction will cause the entity to no longer qualify under section 414(d) of the Internal Revenue Code, (B) determine whether the contemplated business transaction constitutes a plan termination by the entity, (C) determine the potential funding obligation, (D) determine the administrative costs that will be incurred by the board or the Nebraska Public Employees Retirement Systems in connection with the entity's removal from the retirement system, and (E) notify the entity of such determinations.

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

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

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

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

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

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

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

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

(d) For purposes of this subsection:

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

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

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

(5) Within the first one hundred eighty days of employment, a full-time employee may apply to the board for vesting credit for years of participation in another Nebraska governmental plan, as defined by section 414(d) of the Internal Revenue Code. During the years of participation in the other Nebraska governmental plan, the employee must have been a full-time employee, as defined

in the Nebraska governmental plan in which the credit was earned. The board may adopt and promulgate rules and regulations governing the assessment and granting of vesting credit.

(6) Any employee who qualifies for membership in the retirement system pursuant to this section may not be disqualified from membership in the retirement system solely because such employee also maintains separate employment which qualifies the employee for membership in another public retirement system, nor may membership in this retirement system disqualify such an employee from membership in another public retirement system solely by reason of separate employment which qualifies such employee for membership in this retirement system.

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

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

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

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

Sec. 4. Section 23-2312, Reissue Revised Statutes of Nebraska, is amended to read:

23-2312 (1) The executive director of the Nebraska Public Employees Retirement Systems shall keep a complete record of all members with respect to names, current addresses, ages, contributions, and any other facts as may be necessary in the administration of the County Employees Retirement Act. The information in the records shall be provided by the employer in an accurate and verifiable form, as specified by the executive director. The executive director shall, from time to time, carry out testing procedures pursuant to section 84-1512 to verify the accuracy of such information. For the purpose of obtaining such facts and information, the executive director shall have access to the records of the various counties and state departments and agencies and the holder of the records shall comply with a request by the executive director for access by providing such facts and information to the executive director in a timely manner. A certified copy of a birth certificate or delayed birth certificate shall be prima facie evidence of the age of the person named in the certificate.

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

Sec. 5. Section 24-703, Revised Statutes Supplement, 2025, is amended to read:

24-703 (1) Each original member shall contribute monthly four percent of his or her monthly compensation to the fund until the maximum benefit as limited in subsection (1) of section 24-710 has been earned. It shall be the duty of the Director of Administrative Services in accordance with subsection (7) of this section to make a deduction of four percent on the monthly payroll of each original member who is a judge of the Supreme Court, a judge of the Court of Appeals, a judge of the district court, a judge of a separate juvenile court, a judge of the county court, a clerk magistrate of the county court who

was an associate county judge and a member of the fund at the time of his or her appointment as a clerk magistrate, or a judge of the Nebraska Workers' Compensation Court showing the amount to be deducted and its credit to the fund. The Director of Administrative Services and the State Treasurer shall credit the four percent as shown on the payroll and the amounts received from the various counties to the fund and remit the same to the executive director in charge of the judges retirement system who shall keep an accurate record of the contributions of each judge.

(2)(a) In addition to the contribution required under subdivision (c) of this subsection, beginning on July 1, 2004, each future member who became a member prior to July 1, 2015, and who has not elected to make contributions and receive benefits as provided in section 24-703.03 shall contribute monthly six percent of his or her monthly compensation to the fund until the maximum benefit as limited in subsection (2) of section 24-710 has been earned. After the maximum benefit as limited in subsection (2) of section 24-710 has been earned, such future member shall make no further contributions to the fund, except that (i) any time the maximum benefit is changed, a future member who has previously earned the maximum benefit as it existed prior to the change shall contribute monthly six percent of his or her monthly compensation to the fund until the maximum benefit as changed and as limited in subsection (2) of section 24-710 has been earned and (ii) such future member shall continue to make the contribution required under subdivision (c) of this subsection.

(b) In addition to the contribution required under subdivision (c) of this subsection, beginning on July 1, 2004, a judge who became a member prior to July 1, 2015, and who first serves as a judge on or after July 1, 2004, or a future member who became a member prior to July 1, 2015, and who elects to make contributions and receive benefits as provided in section 24-703.03 shall contribute monthly eight percent of his or her monthly compensation to the fund until the maximum benefit as limited by subsection (2) of section 24-710 has been earned. In addition to the contribution required under subdivision (c) of this subsection, after the maximum benefit as limited in subsection (2) of

section 24-710 has been earned, such judge or future member shall contribute monthly four percent of his or her monthly compensation to the fund for the remainder of his or her active service.

(c) Beginning on July 1, 2009, a member or judge described in subdivisions (a) and (b) of this subsection shall contribute monthly an additional one percent of his or her monthly compensation to the fund.

(d) Beginning on July 1, 2015, a judge who first serves as a judge on or after such date shall contribute monthly ten percent of his or her monthly compensation to the fund.

(e) It shall be the duty of the Director of Administrative Services to make a deduction on the monthly payroll of each such future member who is a judge of the Supreme Court, a judge of the Court of Appeals, a judge of the district court, a judge of a separate juvenile court, a judge of the county court, a clerk magistrate of the county court who was an associate county judge and a member of the fund at the time of his or her appointment as a clerk magistrate, or a judge of the Nebraska Workers' Compensation Court showing the amount to be deducted and its credit to the fund. This shall be done each month. The Director of Administrative Services and the State Treasurer shall credit the amount as shown on the payroll and the amounts received from the various counties to the fund and remit the same to the executive director in charge of the judges retirement system who shall keep an accurate record of the contributions of each judge.

(3)(a) Except as otherwise provided in this subsection, a Nebraska Retirement Fund for Judges fee of six dollars through June 30, 2021, eight dollars beginning July 1, 2021, through June 30, 2022, nine dollars beginning July 1, 2022, through June 30, 2023, ten dollars beginning July 1, 2023, through June 30, 2024, eleven dollars beginning July 1, 2024, through June 30, 2025, and twelve dollars beginning July 1, 2025, shall be taxed as costs in each (i) civil cause of action, criminal cause of action, traffic misdemeanor or infraction, and city or village ordinance violation filed in the district courts, the county courts, and the separate juvenile courts, (ii) filing in the

district court of an order, award, or judgment of the Nebraska Workers' Compensation Court or any judge thereof pursuant to section 48-188, (iii) appeal or other proceeding filed in the Court of Appeals, and (iv) original action, appeal, or other proceeding filed in the Supreme Court. In county courts a sum shall be charged which is equal to ten percent of each fee provided by sections 33-125, 33-126.02, 33-126.03, and 33-126.06, rounded to the nearest even dollar. No judges retirement fee shall be charged for filing a report pursuant to sections 33-126.02 and 33-126.06.

(b) The fee increases described in subdivision (a) of this subsection shall not be taxed as a cost in any criminal cause of action, traffic misdemeanor or infraction, or city or village ordinance violation filed in the district court or the county court. The fee on such criminal causes of action, traffic misdemeanors or infractions, or city or village ordinance violations shall remain six dollars on and after July 1, 2021.

(c) When collected by the clerk of the district or county court, such fees shall be remitted to the State Treasurer within ten days after the close of each calendar month for credit to the Nebraska Retirement Fund for Judges. In addition, information regarding collection of court fees shall be submitted to the executive director in charge of the judges retirement system by the State Court Administrator within ten days after the close of each calendar month.

(d) The board may charge a late administrative processing fee not to exceed twenty-five dollars if the information is not timely received or the money is delinquent. In addition, the board may charge a late fee of thirty-eight thousandths of one percent of the amount required to be submitted pursuant to this section for each day such amount has not been received. Such late fees shall be remitted to the executive director who shall promptly thereafter remit such fees to the State Treasurer for credit to the fund.

(e) No Nebraska Retirement Fund for Judges fee which is uncollectible for any reason shall be waived by a county judge as provided in section 29-2709.

(4) All expenditures from the fund shall be authorized by voucher in the manner prescribed in section 24-713. The fund shall be used for the payment of

all annuities and other benefits to members and their beneficiaries and for the expenses of administration.

(5)(a) Prior to July 1, 2021:

(i) Beginning July 1, 2013, and each fiscal year thereafter, the board shall cause an annual actuarial valuation to be performed that will value the plan assets for the year and ascertain the contributions required for such fiscal year. The actuary for the board shall perform an actuarial valuation of the system on the basis of actuarial assumptions recommended by the actuary, approved by the board, and kept on file with the board using the entry age actuarial cost method. Under this method, the actuarially required funding rate is equal to the normal cost rate, plus the contribution rate necessary to amortize the unfunded actuarial accrued liability on a level percentage of salary basis. The normal cost under this method shall be determined for each individual member on a level percentage of salary basis. The normal cost amount is then summed for all members;

(ii) Beginning July 1, 2006, any existing unfunded liabilities shall be reinitialized and amortized over a thirty-year period, and during each subsequent actuarial valuation through June 30, 2021, changes in the unfunded actuarial accrued liability due to changes in benefits, actuarial assumptions, the asset valuation method, or actuarial gains or losses shall be measured and amortized over a thirty-year period beginning on the valuation date of such change;

(iii) If the unfunded actuarial accrued liability under the entry age actuarial cost method is zero or less than zero on an actuarial valuation date, then all prior unfunded actuarial accrued liabilities shall be considered fully funded and the unfunded actuarial accrued liability shall be reinitialized and amortized over a thirty-year period as of the actuarial valuation date; and

(iv) If the actuarially required contribution rate exceeds the rate of all contributions required pursuant to the Judges Retirement Act, there shall be a supplemental appropriation sufficient to pay for the differences between the actuarially required contribution rate and the rate of all contributions

required pursuant to the Judges Retirement Act.

(b) Beginning July 1, 2021, and each fiscal year thereafter:

(i) The board shall cause an annual actuarial valuation to be performed that will value the plan assets for the year and ascertain the contributions required for such fiscal year. The actuary for the board shall perform an actuarial valuation of the system on the basis of actuarial assumptions recommended by the actuary, approved by the board, and kept on file with the board using the entry age actuarial cost method. Under such method, the actuarially required funding rate is equal to the normal cost rate, plus the contribution rate necessary to amortize the unfunded actuarial accrued liability on a level percentage of salary basis. The normal cost under such method shall be determined for each individual member on a level percentage of salary basis. The normal cost amount is then summed for all members;

(ii) Any changes in the unfunded actuarial accrued liability due to changes in benefits, actuarial assumptions, the asset valuation method, or actuarial gains or losses shall be measured and amortized over a twenty-five-year period beginning on the valuation date of such change;

(iii) If the unfunded actuarial accrued liability under the entry age actuarial cost method is zero or less than zero on an actuarial valuation date, then all prior unfunded actuarial accrued liabilities shall be considered fully funded and the unfunded actuarial accrued liability shall be reinitialized and amortized over a twenty-five-year period as of the actuarial valuation date; and

(iv) If the actuarially required contribution rate exceeds the rate of all contributions required pursuant to the Judges Retirement Act, there shall be a supplemental appropriation sufficient to pay for the differences between the actuarially required contribution rate and the rate of all contributions required pursuant to the act.

(c) Upon the recommendation of the actuary to the board, and after the board notifies the Nebraska Retirement Systems Committee of the Legislature, the board may combine or offset certain amortization bases to reduce future

volatility of the actuarial contribution rate. Such notification to the committee shall be in writing and include, at a minimum, the actuary's projection of the contributions to fund the plan if the combination or offset were not implemented, the actuary's projection of the contributions to fund the plan if the combination or offset were implemented, and the actuary's explanation of why the combination or offset is in the best interests of the plan at the proposed time.

(d) For purposes of this subsection, the rate of all contributions required pursuant to the Judges Retirement Act includes (i) member contributions, (ii) state contributions pursuant to subsection (6) of this section which shall be considered as a contribution for the plan year ending the prior June 30, (iii) court fees as provided in subsection (3) of this section, and (iv) all fees pursuant to sections 25-2804, 33-103, 33-103.01, 33-106.02, 33-123, 33-124, 33-125, 33-126.02, 33-126.03, and 33-126.06, as directed to be remitted to the fund.

(6)(a) In addition to the contributions otherwise required by this section, beginning July 1, 2023, and on July 1 of each year thereafter, the state shall contribute from the General Fund to the Nebraska Retirement Fund for Judges an amount equal to five percent of the total annual compensation of all members of the retirement system except as otherwise provided in this subsection and as such rate shall be adjusted or terminated by the Legislature. No adjustment may cause the total contribution rate established in this subsection to exceed five percent. For purposes of this subsection, (i) total annual compensation is based on the total member compensation reported in the most recent annual actuarial valuation report for the retirement system produced for the board pursuant to section 84-1503 and (ii) the contribution described in this subsection shall be considered as a contribution for the plan year ending the prior June 30.

(b) If the funded ratio on the actuarial value of assets is at or above one hundred percent for two consecutive years as reported in the annual actuarial valuation report, the actuary shall assess whether the percentage of

the state contribution rate should be adjusted based on projected annual actuarial valuation report results including the funded ratio, actuarial contribution, and expected revenue sources using several assumed investment return scenarios that the actuary deems to be reasonable, and shall make a recommendation to the board as part of the annual actuarial valuation report.

(c) If the state contribution rate has been adjusted to less than five percent and the funded ratio on the actuarial value of assets is below one hundred percent for two consecutive years as reported in the annual actuarial valuation report, the actuary shall assess whether the percentage of the state contribution rate should be adjusted based on projected annual actuarial valuation report results including the funded ratio, actuarial contribution, and expected revenue sources using several assumed investment return scenarios that the actuary deems to be reasonable, and shall make a recommendation to the board as part of the annual actuarial valuation report.

(d) If an annual actuarial valuation report includes a recommendation from the actuary to adjust the contribution rate as described in subdivision (b) or (c) of this subsection, the board shall provide written notice electronically to the Nebraska Retirement Systems Committee of the Legislature, to the Governor, and to the Supreme Court of such recommendation within seven business days after voting to approve an annual actuarial valuation report. The notice shall include the actuary's recommendation and analysis regarding such adjustment.

(e) Following receipt of the actuary's recommendation and analysis pursuant to this subsection, the Nebraska Retirement Systems Committee of the Legislature shall determine the amount of any adjustment of the contribution rate and, if necessary, shall propose any such adjustment to the Legislature.

(7) The state or county shall pick up the member contributions required by this section for all compensation paid on or after January 1, 1985, and the contributions so picked up shall be treated as employer contributions pursuant to section 414(h)(2) of the Internal Revenue Code in determining federal tax treatment under the code and shall not be included as gross income of the

member until such time as they are distributed or made available. The contributions, although designated as member contributions, shall be paid by the state or county in lieu of member contributions. The state or county shall pay these member contributions from the same source of funds which is used in paying earnings to the member. The state or county shall pick up these contributions by a compensation deduction through a reduction in the compensation of the member. Member contributions picked up shall be treated for all purposes of the Judges Retirement Act in the same manner and to the extent as member contributions made prior to the date picked up.

Sec. 6. Section 24-703.01, Revised Statutes Supplement, 2025, is amended to read:

24-703.01 No judge shall be authorized to participate in the retirement system provided for in the Judges Retirement Act unless the judge is a United States citizen or is lawfully present in the United States. The court and the judge shall:

(1) Maintain at least one approved identification document as defined in section 4-108; and

(2) Produce any such approved identification document so maintained upon request of the Public Employees Retirement Board or the Nebraska Public Employees Retirement Systems.

Sec. 7. Section 24-704, Revised Statutes Cumulative Supplement, 2024, is amended to read:

24-704 (1) The general administration of the retirement system for judges provided for in the Judges Retirement Act, except the investment of funds, is hereby vested in the board. The Auditor of Public Accounts shall make an annual audit of the retirement system and electronically file an annual report of its condition with the Clerk of the Legislature. Each member of the Legislature shall receive an electronic copy of the annual report by making a request for such report to the Auditor of Public Accounts. The board may adopt and promulgate rules and regulations as may be necessary to carry out the Judges Retirement Act.

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

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

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

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

(4) Any funds of the retirement system available for investment shall be invested by the Nebraska Investment Council pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act. Payment for investment services by the council shall be charged directly against the gross investment returns of the funds. Charges so incurred shall not be a part of the board's annual budget request. The amounts of payment for such services, as of December 31 of each year, shall be reported not later than March 31 of the

following year to the council, the board, and the Nebraska Retirement Systems Committee of the Legislature. The report submitted to the committee shall be submitted electronically. The state investment officer shall sell any such securities upon request from the executive director so as to provide money for the payment of benefits or annuities.

Sec. 8. Section 24-704.01, Revised Statutes Cumulative Supplement, 2024, is amended to read:

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

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

(2) The board may adopt and promulgate rules and regulations implementing this section, which shall include, but not be limited to, the following: (a)

The procedures for refunding contributions, adjusting future contributions or benefit payments, and requiring additional contributions or repayment of benefits; (b) the process for a member, member's beneficiary, employee, or employer to dispute an adjustment of contributions or benefits; and (c) notice provided to all affected persons. All notices shall be sent prior to an adjustment and shall describe the process for disputing an adjustment of contributions or benefits.

Sec. 9. Section 24-705, Reissue Revised Statutes of Nebraska, is amended to read:

24-705 The board shall have the power to secure and employ the services of such technical and administrative employees as are necessary to carry out the Judges Retirement Act. Pursuant to subdivision (2)(e) of section 84-1503, the board shall have an annual report prepared by a member of the American Academy of Actuaries showing a complete valuation of the present and prospective assets and liabilities of the fund created by the act. Such valuation shall be on the basis of actuarial assumptions recommended by the actuary, approved by the board, and kept on file with the board. The report shall further include a prospectus of the amount of the appropriation that will be required from the Legislature for the succeeding year. This report shall be furnished electronically to the Clerk of the Legislature at each regular session. Each member of the Legislature shall receive an electronic copy of such report by making a request for it to the executive director. The employees of the board shall be paid at such rates as the board shall approve. All administrative expenses shall be paid from the retirement fund.

Sec. 10. Section 24-710, Revised Statutes Cumulative Supplement, 2024, is amended to read:

24-710 (1) The retirement annuity of a judge who is an original member, who has not made the election provided for in section 24-710.01, and who retires under section 24-708 or 24-709 shall be computed as follows: Each such judge shall be entitled to receive an annuity, each monthly payment of which shall be in an amount equal to three and one-third percent of his or her final

average compensation as such judge, multiplied by the number of his or her years of creditable service. The amount stated in this section shall be supplemental to any benefits received by such judge under the Nebraska and federal old age and survivors' insurance acts at the date of retirement, but the monthly combined benefits received thereunder and by the Judges Retirement Act shall not exceed sixty-five percent of the final average compensation such judge was receiving when he or she last served as such judge. The amount of retirement annuity of a judge who retires under section 24-708 or 24-709 shall not be less than twenty-five dollars per month if he or she has four years or more of service credit.

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

(3) Except as provided in section 42-1107, any member may, when filing an application as provided by the retirement system, elect to receive, in lieu of the normal form annuity benefits to which the member or his or her beneficiary may otherwise be entitled under the Judges Retirement Act, an optional form of annuity benefits which the board may by rules and regulations provide, the value of which, determined by accepted actuarial methods and on the basis of actuarial assumptions recommended by the actuary, approved by the board, and kept on file in the office of the executive director, is equal to the value of the benefit replaced. The board may (a) adopt and promulgate appropriate rules and regulations to establish joint and survivorship annuities, with and without reduction on the death of the first annuitant, and such other forms of

annuities as may in its judgment be appropriate and establishing benefits as provided in sections 24-707 and 24-707.01, (b) prescribe appropriate forms for making the election by the members, and (c) provide for the necessary actuarial services to make the required valuations.

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

Sec. 11. Section 42-1111, Reissue Revised Statutes of Nebraska, is amended to read:

42-1111 (1) During the period of time that a determination, by the board, its designee, or a court of competent jurisdiction, is being made as to whether a domestic relations order is a qualified domestic relations order, the executive director of the Nebraska Public Employees Retirement Systems shall separately account for the segregated amounts.

(2) If a member of the statewide public retirement systems participates in a defined contribution account, the member shall maintain investment authority over the entire account until the order is determined to be a qualified domestic relations order, but upon such determination, the alternate payee shall receive investment authority over the alternate payee's share of the account.

(3) If within the eighteen-month period the order is determined to be a qualified domestic relations order, the executive director of the Nebraska Public Employees Retirement Systems shall pay the segregated amounts plus interest to the alternate payee or payees entitled thereto.

(4) If within the eighteen-month period the order is determined not to be a qualified domestic relations order or the qualified status of the order is not resolved, the executive director of the Nebraska Public Employees

Retirement Systems shall pay the segregated amounts plus interest to the member or other beneficiaries entitled thereto.

(5) If the determination that the order is a qualified domestic relations order is made after the eighteen-month period, the order will be applied prospectively only.

(6) For purposes of this section, the eighteen-month period begins on the date that the first payment would be required under the domestic relations order.

Sec. 12. Section 49-617, Revised Statutes Supplement, 2025, is amended to read:

49-617 The Revisor of Statutes shall cause the statutes to be printed. The printer shall deliver all completed copies to the Supreme Court. These copies shall be held and disposed of by the court as follows: Sixty copies to the State Library to exchange for statutes of other states; five copies to the State Library to keep for daily use; not to exceed twenty-five copies to the Legislative Council for bill drafting and related services to the Legislature and executive state officers; as many copies to the Attorney General as he or she has attorneys on his or her staff; as many copies to the Commission on Public Advocacy as it has attorneys on its staff; up to sixteen copies to the State Court Administrator; thirteen copies to the Tax Commissioner; eight copies to the Nebraska Publications Clearinghouse; six copies to the Public Service Commission; four copies to the Secretary of State; three copies to the Tax Equalization and Review Commission; four copies to the Clerk of the Legislature for use in his or her office and three copies to be maintained in the legislative chamber, one copy on each side of the chamber and one copy at the desk of the Clerk of the Legislature, under control of the sergeant at arms; three copies to the Department of Health and Human Services; two copies each to the Governor of the state, the Chief Justice and each judge of the Supreme Court, each judge of the Court of Appeals, the Clerk of the Supreme Court, the Reporter of Decisions, the Commissioner of Labor, the Auditor of Public Accounts, and the Revisor of Statutes; one copy each to the Secretary of

State of the United States, each Indian tribal court located in the State of Nebraska, the library of the Supreme Court of the United States, the Adjutant General, the Air National Guard, the Commissioner of Education, the State Treasurer, the Board of Educational Lands and Funds, the Director of Agriculture, the Director of Administrative Services, the Director of Economic Development, the executive director of the Nebraska Public Employees Retirement Systems, the Director-State Engineer, the Director of Banking and Finance, the Director of Insurance, the Director of Motor Vehicles, the Director of Veterans' Affairs, the Director of Water, Energy, and Environment, the Director of Correctional Services, the Nebraska Emergency Operating Center, each judge of the Nebraska Workers' Compensation Court, each commissioner of the Commission of Industrial Relations, the Nebraska Liquor Control Commission, the State Real Estate Commission, the secretary of the Game and Parks Commission, the Board of Pardons, each state institution under the Department of Health and Human Services, each state institution under the State Department of Education, the State Surveyor, the Nebraska State Patrol, the materiel division of the Department of Administrative Services, the personnel division of the Department of Administrative Services, the Nebraska Motor Vehicle Industry Licensing Board, the Board of Trustees of the Nebraska State Colleges, each of the Nebraska state colleges, each district judge of the State of Nebraska, each judge of the county court, each judge of a separate juvenile court, the Lieutenant Governor, each United States Senator from Nebraska, each United States Representative from Nebraska, each clerk of the district court for the use of the district court, the clerk of the Nebraska Workers' Compensation Court, each clerk of the county court, each county attorney, each county public defender, each county law library, and the inmate library at all state penal and correctional institutions, and each member of the Legislature shall be entitled to two complete sets, and two complete sets of such volumes as are necessary to update previously issued volumes, but each member of the Legislature and each judge of any court referred to in this section shall be entitled, on request, to an additional complete set. Copies of the statutes

distributed without charge, as listed in this section, shall be the property of the state or governmental subdivision of the state and not the personal property of the particular person receiving a copy. Distribution of statutes to the library of the College of Law of the University of Nebraska shall be as provided in sections 85-176 and 85-177.

Sec. 13. Section 72-1237, Revised Statutes Cumulative Supplement, 2024, is amended to read:

72-1237 (1) The Nebraska Investment Council is created. For purposes of the Nebraska State Funds Investment Act, council means the Nebraska Investment Council. The council shall consist of five members, appointed by the Governor with the approval of the Legislature. The State Treasurer and the executive director of the Nebraska Public Employees Retirement Systems shall serve as nonvoting, ex officio members. One of the appointed members shall be designated chairperson by the Governor.

(2) Each of the appointed members of the council shall serve for a term of five years that begins on January 1 and may be removed by the Governor for cause after notice and an opportunity to be heard. A member may serve until his or her successor's appointment is effective. A member may be reappointed. A successor shall be appointed in the same manner as provided for the members first appointed, and in case of a vacancy caused by death, resignation, or otherwise, the Governor shall appoint a qualified person to fill the vacancy for the unexpired term.

(3) No member of the council shall be personally liable, except in cases of willful dishonesty, gross negligence, or intentional violation of law, for actions relating to his or her duties as a member of the council.

Sec. 14. Section 72-1239, Revised Statutes Cumulative Supplement, 2024, is amended to read:

72-1239 The purpose of the council is to formulate and establish such policies as it may deem necessary and proper which shall govern the methods, practices, and procedures followed by the state investment officer for the investment or reinvestment of state funds and funds described in section 83-133

and the purchase, sale, or exchange of securities as provided by the Nebraska State Funds Investment Act. The council shall meet from time to time as directed by the Governor or the chairperson or as requested by the state investment officer. The members of the council, except the State Treasurer and the executive director of the Nebraska Public Employees Retirement Systems, shall be paid seventy-five dollars per diem. The members shall be reimbursed for expenses incurred in connection with the performance of their duties as members as provided in sections 81-1174 to 81-1177.

Sec. 15. Section 79-904.01, Revised Statutes Supplement, 2025, is amended to read:

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

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

Such subpoenas shall be served in the same manner and have the same effect as subpoenas from district courts.

(2) If the board determines that termination of employment has not occurred and a retirement benefit has been paid to a member of the retirement system pursuant to section 79-933, such member shall repay the benefit to the retirement system unless the board determines that all or any portion of such benefit was the result of an inadvertent benefit overpayment and repayment of such benefit would create a significant hardship.

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

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

Sec. 16. Section 79-905, Reissue Revised Statutes of Nebraska, is amended to read:

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

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

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

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

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

(5) Employ an executive director and such assistants and employees as may be necessary in the performance of its duties; and

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

Sec. 17. Section 79-906, Reissue Revised Statutes of Nebraska, is amended to read:

79-906 (1) The executive director in charge of the retirement system shall keep a complete record of all members with respect to name, current address, age, contributions, and any other facts as may be necessary in the administration of the School Employees Retirement Act. The information in the records shall be provided by the employer in an accurate and verifiable form, as specified by the executive director. The executive director shall, from time to time, carry out testing procedures pursuant to section 84-1512 to verify the accuracy of such information. For the purpose of obtaining such facts and information, the executive director shall have access to the records of the various employers and state departments and agencies and the holder of the records shall comply with a request by the executive director for access by providing such facts and information to the executive director in a timely manner. A certified copy of a birth certificate or delayed birth certificate shall be prima facie evidence of the age of the person named in the certificate.

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

Sec. 18. Section 79-907, Reissue Revised Statutes of Nebraska, is amended to read:

79-907 (1)(a) On or before October 1, 2001, and at least every two years thereafter, the retirement board shall send to each contributing member of the

retirement system by first-class mail, a statement of creditable service, reported salary, and other such information as is determined by the executive director of the Nebraska Public Employees Retirement Systems to be necessary in calculating the member's retirement benefit.

(b) If the member requests a modification or correction of his or her statement of information, the member shall provide documentation to the board supporting such modification or correction and provide clear and convincing evidence that the statement is in error. The board shall, within sixty days after receipt of the documentation supporting the modification or correction, determine whether the member has proven by clear and convincing evidence that the statement shall be modified or corrected. If the board determines that the member has provided clear and convincing evidence, the board shall modify or correct the statement. If the board determines that the member has not provided clear and convincing evidence, the board shall deny the modification or correction. In either case, the board shall notify the member. The member may appeal the decision of the board pursuant to section 79-950.

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

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

Sec. 19. Section 79-915, Revised Statutes Supplement, 2025, is amended to read:

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

(2) No school employee shall be authorized to participate in the retirement system provided for in the School Employees Retirement Act unless the employee is a United States citizen or is lawfully present in the United States. The employing public school and the school employee shall:

(a) Maintain at least one approved identification document as defined in section 4-108; and

(b) Produce any such approved identification document so maintained upon request of the Public Employees Retirement Board or the Nebraska Public Employees Retirement Systems.

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

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

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

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

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

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

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

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

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

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

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

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

(d) For purposes of this subsection:

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

(ii) Funding obligation means the financial liability of the retirement system to provide benefits for the affected plan members incurred by the retirement system due to the entity's business transaction calculated using the

methodology and assumptions recommended by the board's contracted actuary and approved by the board. The methodology and assumptions used must be structured in a way that ensures the entity is financially liable for all the costs of the entity's business transaction, and the retirement system is not financially liable for any of the cost of the entity's business transaction.

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

Sec. 20. Section 79-916, Revised Statutes Supplement, 2025, is amended to read:

79-916 (1)(a) On July 1, 2004, the board shall transfer from the School Retirement Fund to the Service Annuity Fund an amount equal to the funded ratio of the retirement system which is equal to the market value of the retirement system assets divided by the actuarial accrued liability of the retirement system, times the actuarial accrued liability of the service annuity, as determined pursuant to section 79-966.01, of the employees who are members of the retirement system established pursuant to the Class V School Employees Retirement Act. Beginning July 1, 2013, such actuarial accrued liability shall be determined for each employee on a level percentage of salary basis. On or before July 1 of each fiscal year, the state shall contribute to the Service Annuity Fund such amounts as may be necessary to pay the normal cost and amortize the unfunded actuarial accrued liability of the service annuity, as determined pursuant to section 79-966.01, as of the end of the previous fiscal year of the employees who are members of the retirement system established pursuant to the Class V School Employees Retirement Act. Based on the fiscal year of the retirement system established pursuant to the Class V School Employees Retirement Act, the administrator of such system shall provide all membership information needed for the actuary engaged by the retirement board to determine the normal cost and the amortization payment of the unfunded actuarial accrued liability, as determined pursuant to section 79-966.01, to be

paid by the state to the Service Annuity Fund each fiscal year as required by this subdivision.

(b) At the time of retirement of any employee who is a member of the retirement system established pursuant to the Class V School Employees Retirement Act and who was hired prior to July 1, 2016, the retirement board shall, upon receipt of a certification of the administrator of such retirement system of the name, identification number, date of birth, retirement date, last date of employment, type of retirement, and number of years of service credited to such eligible employee at the date of retirement, transfer from the Service Annuity Fund to the Class V school district for transfer to the retirement system the actuarial accrued liability of the service annuity to be paid to the Class V school district by the state for transfer to the eligible employee for the years of service thus certified as provided for members of the School Employees Retirement System of the State of Nebraska under sections 79-933 and 79-952. Such transfer of the actuarial accrued liability to the Class V school district for transfer to the retirement system established pursuant to the Class V School Employees Retirement Act shall be in lieu of the payment of the service annuity to which the employee would be entitled.

(c) The Service Annuity Fund is created. The fund shall consist of the amounts paid by the state and transferred from the School Retirement Fund to the Class V school district for transfer to the retirement system pursuant to this section to pay the service annuity to the Class V school district for transfer to employees who are members of the retirement system established pursuant to the Class V School Employees Retirement Act. Any money in the Service Annuity Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(2)(a) For each fiscal year prior to July 1, 2025, in addition to the contribution of the actuarial accrued liability of the service annuity pursuant to subsection (1) of this section, the state shall also contribute to the funds of the Class V school district for transfer to the district's retirement system

an amount determined by multiplying the compensation of all members of such retirement system by the percent specified in subsection (2) of section 79-966 for determining the amount of the state's payment to the School Retirement Fund plus the amount determined under subdivision (1)(b) of section 79-966. The transfer shall be made annually on or before July 1 of each fiscal year.

(b) For each fiscal year beginning July 1, 2025, in addition to the contribution pursuant to subsection (1) of this section, the state shall also contribute to the funds of the Class V school district for transfer to the district's retirement system an amount equal to two percent of the compensation of all members of such retirement system plus the amount determined under subdivision (1)(b) of section 79-966. The contribution shall be made annually on or before July 1 of each fiscal year.

(c) It is the intent of the Legislature that the state contribution of two percent of the compensation of all members of the district's retirement system does not mean that the state assumes any additional financial responsibility or liability for funding obligations of the retirement system that remain the responsibility of the district as described in the Class V School Employees Retirement Act.

Sec. 21. Section 79-930, Reissue Revised Statutes of Nebraska, is amended to read:

79-930 (1)(a) A member who experiences a separation from service with the member's employer but has not submitted a retirement application or a request for distribution pursuant to section 79-955, or received a retirement benefit, disability retirement benefit, or distribution pursuant to section 79-955, from the retirement system, may return to work as a temporary employee, substitute employee, or volunteer for any employer participating in the retirement system. Such an employee:

(i) Shall be deemed to have incurred a termination for purposes of sections 79-921, 79-932, 79-933.02 to 79-933.06, and 79-933.08;

(ii) Shall not be deemed to have incurred a termination for purposes of sections 79-933, 79-951, and 79-955, and shall not be eligible to receive a

retirement benefit, disability retirement benefit, or distribution pursuant to section 79-955, from the retirement system, until the member incurs a termination of employment as described in subdivision (45) of section 79-902; and

(iii) Except as provided in subdivision (1)(b) of this section, shall not be eligible to contribute to the retirement system pursuant to section 79-958 or accrue service credit in the retirement system pursuant to section 79-927.

(b)(i) A member as described in subdivision (1)(a) of this section who becomes a regular employee for an employer participating in the retirement system shall immediately begin making contributions pursuant to section 79-958 on all compensation paid by such employer and accrue service credit pursuant to section 79-927 for all such service performed for such employer, including any work as a temporary employee or substitute employee.

(ii) A member as described in subdivision (1)(a) of this section who has not established eligibility as a regular employee at another employer shall not make contributions pursuant to section 79-958 on all compensation paid by such employer nor accrue service credit pursuant to section 79-927 for work performed by the member as a temporary employee or substitute employee for such employer.

(c) Work performed while the member is not contributing to the retirement system pursuant to subdivision (1)(a) of this section shall not accrue service credit in the retirement system pursuant to section 79-927 and cannot be purchased as service credit under sections 79-933.03 to 79-933.06 and 79-933.08.

(2)(a) A member who experiences a separation from service with the member's employer and has submitted a retirement application or a request for distribution pursuant to section 79-955, or received a retirement benefit, disability retirement benefit, or distribution pursuant to section 79-955, from the retirement system, shall not be deemed to have incurred a termination of employment if the member subsequently returns to work for any employer participating in the retirement system within one hundred eighty days after

separating from service, unless such work is limited to:

(i) Intermittent work as a volunteer or substitute employee. For purposes of this subsection:

(A) Intermittent work means work provided on a day-to-day basis that is not greater than eight days of work during a calendar month; and

(B) Day of work means any length of work as a volunteer or substitute employee provided during a single calendar day; or

(ii) Work as authorized by, and performed in accordance with, section 79-920.

(b) The one-hundred-eighty-day period begins on the later of:

(i) The date the member experienced a bona fide separation from service of all employment with all employers participating in the retirement system; or

(ii) The date the Nebraska Public Employees Retirement Systems receives the member's retirement application or request for distribution pursuant to section 79-955.

(c)(i) A member may seek a determination from the executive director of the Nebraska Public Employees Retirement Systems that it has been at least one hundred eighty days since the member satisfied the requirements described in this subsection. The executive director shall make such determination if the member produces clear and convincing evidence that is received by the executive director within forty-five days after the later of:

(A) The date the member experienced a bona fide separation of service of all employment with all employers participating in the retirement system; or

(B) The date the member's retirement application or request for distribution pursuant to section 79-955 is received by the Nebraska Public Employees Retirement Systems.

(ii) A member may appeal the executive director's determination to the board within thirty days after receiving such determination.

(iii) The board's determination on the appeal shall be final and shall not be appealable to any court.

Sec. 22. Section 79-958, Revised Statutes Supplement, 2025, is amended to

read:

79-958 (1)(a) Beginning on September 1, 2012, and prior to July 1, 2025, for the purpose of providing the funds to pay for formula annuities, every employee shall be required to deposit in the School Retirement Fund nine and seventy-eight hundredths of one percent of compensation.

(b) Beginning in 2025 and each year thereafter, the employee contribution rate shall be calculated as of July 1 and based on the funded ratio of the actuarial value of assets in the School Retirement Fund in the most recent previous year as reported in the annual actuarial valuation report for the retirement system prepared for the retirement board pursuant to section 84-1503.

(c)(i) The employee contribution rate that is calculated as of July 1, 2025, shall apply beginning July 1, 2025, and prior to July 1, 2026.

(ii) The employee contribution rate that is calculated as of July 1, 2026, shall apply beginning July 1, 2026, and prior to September 1, 2027.

(iii) Beginning in 2027 and each year thereafter, the employee contribution rate that is calculated as of July 1 of such year shall apply beginning September 1 of such year and prior to September 1 of the next year after such year.

(d) Beginning on July 1, 2025, for the purpose of providing the funds to pay for formula annuities, every employee shall deposit the following amounts into the School Retirement Fund:

(i) If the funded ratio on the actuarial value of assets in the School Retirement Fund is less than ninety-six percent, nine and three-quarters of one percent of compensation;

(ii) If the funded ratio on the actuarial value of assets in the School Retirement Fund is ninety-six percent or greater and less than ninety-eight percent, eight and three-quarters of one percent of compensation;

(iii) If the funded ratio on the actuarial value of assets in the School Retirement Fund is ninety-eight percent or greater and less than one hundred percent, eight percent of compensation; and

(iv) If the funded ratio on the actuarial value of assets in the School Retirement Fund is one hundred percent or greater, seven and one-quarter of one percent of compensation.

(e) Deposits under this subsection shall be transmitted at the same time and in the same manner as required employer contributions.

(2) For the purpose of providing the funds to pay for formula annuities, every employer shall be required to deposit in the School Retirement Fund one hundred one percent of the required contributions of the school employees of each employer. Such deposits shall be transmitted to the retirement board at the same time and in the same manner as such required employee contributions.

(3) The employer shall pick up the member contributions required by this section for all compensation paid on or after January 1, 1986, and the contributions so picked up shall be treated as employer contributions pursuant to section 414(h)(2) of the Internal Revenue Code in determining federal tax treatment under the code and shall not be included as gross income of the member until such time as they are distributed or made available. The contributions, although designated as member contributions, shall be paid by the employer in lieu of member contributions. The employer shall pay these member contributions from the same source of funds which is used in paying earnings to the member. The employer shall pick up these contributions by a compensation deduction through a reduction in the cash compensation of the member. Member contributions picked up shall be treated for all purposes of the School Employees Retirement Act in the same manner and to the same extent as member contributions made prior to the date picked up.

(4) The employer shall pick up the member contributions made through irrevocable payroll deduction authorizations pursuant to sections 79-921 and 79-933.03 to 79-933.06, and the contributions so picked up shall be treated as employer contributions in the same manner as contributions picked up under subsection (3) of this section.

Sec. 23. Section 79-963, Reissue Revised Statutes of Nebraska, is amended to read:

79-963 Every employer and school employee shall send to the executive director of the Nebraska Public Employees Retirement Systems, as specified in section 79-906, upon request and in the manner required by the executive director, such information as he or she may require (1) for the identification of school employees and (2) for the determination of the membership of the retirement system and the obligations of the employer and school employee to the retirement system.

Sec. 24. Section 79-966, Revised Statutes Supplement, 2025, is amended to read:

79-966 (1)(a) On the basis of all data in the possession of the retirement board, including such mortality and other tables as are recommended by the actuary engaged by the retirement board and adopted by the retirement board, the retirement board shall annually, on or before July 1, determine the state deposit to be made by the state in the School Retirement Fund for that fiscal year. The amount of such state deposit shall be determined pursuant to section 79-966.01. The retirement board shall thereupon certify the amount of such state deposit, and on the warrant of the Director of Administrative Services, the State Treasurer shall, as of July 1 of such year, transfer from funds appropriated by the state for that purpose to the School Retirement Fund the amount of such state deposit.

(b) Beginning July 1, 2016, the contingent state contribution described in this subsection shall be calculated as a percent of compensation of all members of the retirement system. For any year in which a contribution is made to the School Retirement Fund under this subsection, if the actuary for a retirement system provided for under the Class V School Employees Retirement Act determines that the actuarially required contribution rate, for the fiscal year of the retirement system that begins before the state deposit, exceeds the rate of all contributions required pursuant to the Class V School Employees Retirement Act, using the amortization period specified in section 79-966.01, the Class V district school board may request a public hearing of the Appropriations Committee of the Legislature to ask the state to contribute to

the Class V school district for contribution to the funds of the retirement system provided for under the Class V School Employees Retirement Act an amount determined by multiplying the compensation of all members of such retirement system by the lesser of the percent of compensation transferred into the School Retirement Fund under this subsection or the percent of compensation of the members of the retirement system provided for under the Class V School Employees Retirement Act needed to meet the actuarially required contribution rate for such system, using the amortization period specified in section 79-966.01. Any additional amount of contribution so calculated, recommended by the Appropriations Committee of the Legislature, and approved by the Legislature, shall be added to the percent specified in subsection (2) of this section for the amount required by subsection (2) of section 79-916 to be contributed to the Class V school district, which shall contribute such amount to the funds of the retirement system provided for under the Class V School Employees Retirement Act.

(2)(a) For each fiscal year beginning July 1, 2014, and prior to July 1, 2025, in addition to the state contributions required by subsections (1) and (3) of this section, the state shall contribute into the School Retirement Fund an amount equal to two percent of the compensation of all members of the retirement system.

(b) Beginning in 2025 and each year thereafter, the state contribution rate under this subsection shall be calculated as of July 1 and based on the funded ratio of the actuarial value of assets in the School Retirement Fund in the most recent previous year as reported in the annual actuarial valuation report for the retirement system produced for the retirement board pursuant to section 84-1503. In addition to the state contributions required by subsections (1) and (3) of this section, the state shall contribute the following amounts into the School Retirement Fund:

(i) If the funded ratio on the actuarial value of assets in the School Retirement Fund is less than ninety-six percent, an amount equal to two percent of the compensation of all members of the retirement system;

(ii) If the funded ratio on the actuarial value of assets in the School Retirement Fund is ninety-six percent or greater and less than one hundred percent, an amount equal to seven-tenths of one percent of the compensation of all members of the retirement system; and

(iii) If the funded ratio on the actuarial value of assets in the School Retirement Fund is one hundred percent or greater, no contribution shall be made under this subsection.

(3) In addition to the state deposits and contributions required by subsections (1) and (2) of this section, beginning on July 1, 2005, and each fiscal year thereafter for employees who become members prior to July 1, 2016, the state shall contribute into the Service Annuity Fund such amounts as may be necessary to pay the normal cost and amortize the unfunded actuarial accrued liability of the service annuity benefit established pursuant to sections 79-933 and 79-952 as accrued through the end of the previous fiscal year of the school employees who are members of the retirement system established pursuant to the Class V School Employees Retirement Act.

Sec. 25. Section 79-978, Revised Statutes Supplement, 2025, is amended to read:

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

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

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

(3) Actuarial tables means:

(a) For determining the actuarial equivalent of any annuities other than

joint and survivorship annuities:

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

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

(b) For joint and survivorship annuities:

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

(ii) For members hired on or after July 1, 2018, or rehired on or after July 1, 2018, after termination of employment and being paid a retirement benefit, the determinations shall be based on a unisex mortality table and an interest rate specified by (A) the board until September 1, 2024, or (B) the retirement board beginning on September 1, 2024. Both the mortality table and the interest rate shall be recommended by the actuary retained pursuant to

section 79-984 following an actuarial experience study, a benefit adequacy study, or a plan valuation. The mortality table, interest rate, and actuarial factors in effect on the member's retirement date shall be used to calculate the actuarial equivalency of any retirement benefit. Such interest rate may be, but is not required to be, equal to the assumed rate;

(4) Administrator of the retirement system or administrator means the executive director appointed by the retirement board pursuant to section 84-1503;

(5) Annuitant means any member receiving an allowance;

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

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

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

(9) Board of education means the board or boards of education of a school district or districts;

(10) Board of trustees means:

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

(b) Beginning September 1, 2024, the board of education shall be deemed to be the successor in interest for all liability associated with the actions or inactions of the entity identified under subdivision (10)(a) of this section and as specified in the Class V School Employees Retirement Act;

(11)(a) Compensation means gross wages or salaries payable to the member during a fiscal year and includes (i) overtime pay, (ii) member contributions to the retirement system that are picked up under section 414(h) of the Internal Revenue Code, as defined in section 49-801.01, (iii) retroactive

salary payments paid pursuant to court order, arbitration, or litigation and grievance settlements, and (iv) amounts contributed by the member to plans under sections 125, 403(b), and 457 of the Internal Revenue Code, as defined in section 49-801.01, or any other section of the code which defers or excludes such amounts from income.

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

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

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

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

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

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

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

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

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

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

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

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

(16) Employee means the following enumerated persons receiving compensation from the school district: (a) Teachers, other than substitutes, employed on a written contract basis; (b) administrators employed on a written contract, agreement, or document basis; and (c) regular employees;

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

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

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

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

(21) Member means any employee included in the membership of the retirement system or any former employee who has made contributions to the

system and has not received a refund;

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

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

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

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

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

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

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

(b) Effective September 1, 2021, a person hired by an employer or under contract to provide service for less than thirty hours per week but who provides service for an average of thirty hours or more per week in each calendar month of any three calendar months of a fiscal year shall, beginning with the next full payroll period:

(i) Commence contributions;

(ii) Be deemed a regular employee; and

(iii) Remain a deemed regular employee regardless of hours worked thereafter;

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

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

(31) Retirement application means beginning on and after September 1, 2024, the form approved and provided by the retirement system for acceptance of

a member's request for either regular or disability retirement;

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

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

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

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

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

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

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

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

temporarily absent;

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

(41)(a) Termination of employment or termination occurs on the date the member experiences a bona fide separation from service of employment with the member's employer, the date of which separation is the last day of service under the member's contractual agreement or, if there is no contract or only partial fulfillment of a contract, as determined by an employer. A member who experiences a separation from service shall comply with the return-to-work provisions of section 79-992 if the member returns to work for an employer.

(b) A member shall not be deemed to have incurred a termination of employment if the board determines that, based on the facts and circumstances, (i) a claimed termination of employment was not a bona fide separation from service with the employer; (ii) a member was compensated for a full contractual period when the member stopped working prior to the end date of the member's employment as determined by the member's contract or labor agreement; or (iii) a member prearranged a return to work that violates the Class V School Employees Retirement Act.

(c) Nothing in this subdivision (41) precludes an employer from adopting a policy which limits or denies employees who have experienced a separation from service from working as a volunteer or substitute employee within one hundred eighty days after the employee experiences a separation from service;

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

(a) Transfer of the school district's funding obligations described in the

Class V School Employees Retirement Act or assumption of financial liability for such funding obligations by (i) the State of Nebraska, (ii) the retirement board, (iii) the Nebraska Public Employees Retirement Systems, (iv) any other state entity with duties related to administration of the retirement system, or (v) the council for its investment duties regarding the assets of the retirement system; or

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

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

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

Sec. 26. Section 79-978.01, Reissue Revised Statutes of Nebraska, is amended to read:

79-978.01 Sections 79-978 to 79-9,124 and section 27 of this act shall be known and may be cited as the Class V School Employees Retirement Act.

Sec. 27. For any retirement allowance of a member under the Class V School Employees Retirement Act:

(1) Monthly payments become effective on the first day of a calendar month and shall be paid to the member on the last business day of such month;

(2) The first such payment shall include all amounts of money that accrued since the effective date of the award of the annuity; and

(3) The last such payment shall be paid:

(a) On the last business day of the calendar month in which the member dies; or

(b) In accordance with the payment option chosen by the member.

Sec. 28. Section 79-979.01, Reissue Revised Statutes of Nebraska, is amended to read:

79-979.01 (1)(a) The board of trustees or its designee, the school district, the board of education or its designee, and the retirement board

shall enter into a plan for the transition and transfer of management and general administration of the retirement system from the board of trustees, the school district, and board of education to the retirement board.

(b) The plan shall be consistent with the applicable requirements and recommendations of the work plan submitted to the Clerk of the Legislature as required by section 79-9,121. The plan shall be completed no later than December 31, 2021, and shall also address additional duties, obligations, and examinations related to the transition and transfer of management of the retirement system to the retirement board as described in the Class V School Employees Retirement Act as amended by Laws 2021, LB147. A copy of the plan described in this section shall be filed with the Nebraska Retirement Systems Committee of the Legislature and the Governor upon completion.

(2) The board of trustees, the school district, and the board of education shall timely provide to the retirement board all records, documents, member and annuitant data, agreements, accounting and record-keeping systems, information technology, and other information related to the administration of the retirement system as may be necessary or appropriate for the performance and completion of the work plan required by section 79-9,121, the plan described in subsection (1) of this section, and any other duties and obligations related to the transition and transfer of management and general administration of the retirement system requested by the executive director of the Nebraska Public Employees Retirement Systems.

(3)(a) All costs, fees, and expenses incurred by the retirement board on or after May 27, 2021, until September 1, 2025, related to the transition and transfer of management and general administration of the retirement system to the retirement board shall be paid by an employer of the retirement system.

(b) The retirement board may bill an employer of the retirement system monthly for all services and expenses relating to the work performed as required in the Class V School Employees Retirement Act by the retirement board and the Nebraska Public Employees Retirement Systems staff, consultants, and contractors. An employer shall remit payment as provided in section 79-9,122

and within the time period and in the manner negotiated in the transition and transfer of management and administration plan entered into pursuant to this section.

(4) No later than September 1, 2024, except for information technology stabilization work performed until September 1, 2025, the retirement board or its designee shall complete the applicable requirements and carry out recommendations consistent with the work plan and the plan entered into as described in subsection (1) of this section for the transition and transfer of management and general administration of the retirement system to the retirement board that was submitted to the Clerk of the Legislature as required by section 79-9,121. The retirement board is authorized to perform such tasks, enter into contracts for services, access and copy administrative and computer systems and records of the retirement system, and generally perform and take all other action it determines necessary or appropriate to transfer the management and general administration of the retirement system to the retirement board.

(5)(a) Beginning September 1, 2024, the school district and board of education shall not have any duty or authority for management, operation, or general administration of the retirement system except for reporting requirements and funding obligations as described in the Class V School Employees Retirement Act.

(b) On and after such date, the retirement board, acting through the executive director of the Nebraska Public Employees Retirement Systems, shall have the duty and authority for the management, operation, and general administration of the retirement system. Such duty and authority of the retirement board and its officers, employees, or assigns does not include financial responsibility or liability for funding obligations of the retirement system which remain the responsibility of the school district as described in the Class V School Employees Retirement Act.

Sec. 29. Section 79-983, Reissue Revised Statutes of Nebraska, is amended to read:

79-983 (1) Until July 1, 2021, the administrator of the retirement system shall be appointed by the board of trustees and approved by the board of education and shall serve at the pleasure of the board of trustees. Beginning July 1, 2021, the administrator of the retirement system shall be appointed by the board of education. The administrator shall hire, dismiss, and otherwise supervise the other staff of the retirement system as approved and directed by the board, shall keep the minutes and records of the retirement system, shall be the executive officer in charge of the administration of the detailed affairs of the retirement system, and shall perform such other duties as may be assigned by the board. The administrator and retirement system staff shall be employees of the Class V school district, with compensation and the benefits as available to school district employees determined by the board. The retirement system shall reimburse the Class V school district for all employee costs of salary, employment taxes, and benefits provided to the administrator and retirement system staff. The administrator shall serve as a nonvoting, ex officio member of the council and shall not be deemed a fiduciary of the council.

(2) Effective September 1, 2024, the position of the administrator and all retirement system staff positions shall terminate. The administrator duties shall be assumed by the executive director appointed by the retirement board pursuant to section 84-1503.

Sec. 30. Section 79-989, Reissue Revised Statutes of Nebraska, is amended to read:

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

study and valuation and the administration of the retirement system. This information shall be available in a timely manner to the board or retirement board, as applicable, upon request.

(2) Beginning September 1, 2024:

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

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

(b) An employer and every employee shall send to the executive director of the Nebraska Public Employees Retirement Systems, as specified in this section, upon request and in the manner required by the executive director, such information as he or she may require (i) for the identification of employees and (ii) for the determination of the membership of the retirement system and the obligations of an employer and employee to the retirement system; and

(c) The administrator shall develop and implement an employer education program using principles generally accepted by public employee retirement systems so an employer has the knowledge and information necessary to prepare and file reports as the retirement board requires.

(3) The information maintained by the board of education and obtained from the board by the board of trustees or information obtained and maintained by the retirement board for the administration of the retirement system pursuant

to this section shall not be considered public records subject to sections 84-712 to 84-712.09, except that the following information shall be considered public records: The member's name, the date the member's participation in the retirement system commenced, and the date the member's participation in the retirement system ended, if applicable.

Sec. 31. Section 79-992, Reissue Revised Statutes of Nebraska, is amended to read:

79-992 (1) A member who has five years or more of creditable service, excluding years of prior service acquired pursuant to section 79-990, 79-991, 79-994, 79-995, or 79-997, and who terminates his or her employment may elect to leave his or her contributions in the retirement system, in which event he or she shall receive a retirement allowance at normal retirement age based on the annuity earned to the date of such termination of employment. Such member may elect to receive a retirement allowance at early retirement age if such member retires at an early retirement date. Such annuity shall be adjusted in accordance with section 79-9,100. Upon termination of employment, except on account of retirement, a member shall be entitled to receive refunds as follows: (a) An amount equal to the accumulated contributions to the retirement system by the member; and (b) any contributions made to a previously existing system which were refundable under the terms of that system. Any member receiving a refund of contributions shall thereby forfeit and relinquish all accrued rights in the retirement system including all accumulated creditable service, except that if any member who has withdrawn his or her contributions as provided in this section reenters the service of the district and again becomes a member of the retirement system, he or she may restore any or all money previously received by him or her as a refund, including the interest on the amount of the restored refund for the period of his or her absence from the district's service as determined using the interest rate for interest on such restored refunds, and he or she shall then again receive credit for that portion of service which the restored money represents. Such restoration may be made as the board may direct until September 1, 2024, and as the retirement

board may direct beginning September 1, 2024, through direct payments to the system or on an installment basis pursuant to a binding irrevocable payroll deduction authorized between the member and the school district over a period of not to exceed five years from the date of reemployment. Interest on delayed payments shall be at the rate of interest for determining interest on delayed payments by members to the retirement system. Creditable service may be purchased only in one-tenth-year increments, starting with the most recent years' salary.

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

(a)(i) A retired member, or a member described in subdivision (2)(c) or (d) of this subsection, who returns to employment as or again becomes an employee of the school district shall again participate in the retirement system as a new member and shall make contributions to the retirement system commencing upon reemployment as an employee.

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

(b) Upon termination of employment of the reemployed member, the member shall receive in addition to the retirement annuity which commenced at the time of the previous retirement (i) if the member has accrued five years or more of creditable service after his or her return to employment, excluding years of prior service acquired pursuant to section 79-990, 79-991, 79-994, 79-995, or 79-997, a retirement annuity as provided in section 79-999 or 79-9,100, as applicable, calculated solely on the basis of creditable service and final average compensation accrued and earned after the member's return to employment after his or her original retirement, and as adjusted to reflect any payment in other than the normal form or (ii) if the member has not accrued five years or

more of creditable service after his or her return to employment, a refund equal to the member's accumulated contributions which were credited to the member after the member's return to employment. In no event shall the member's creditable service which accrued prior to a previous retirement be considered as part of the member's creditable service after his or her return to employment for any purpose of the Class V School Employees Retirement Act;

(c) A member who experiences a separation from service but has not submitted a retirement application or request for distribution pursuant to this section or as described in subdivision (31) of section 79-978, or received a retirement benefit, disability retirement benefit, or refund may return to work as a temporary employee, substitute employee, or volunteer. Such a temporary employee, substitute employee, or volunteer:

(i) Shall be deemed to have incurred a termination of employment for purposes of section 79-991;

(ii) Shall not be deemed to have incurred a termination of employment for purposes of this section or section 79-992.01, 79-9,105, or 79-9,106, or for any other purposes under the Class V School Employees Retirement Act, and shall not be eligible to receive a retirement benefit, disability retirement benefit, or distribution pursuant to this section, until the member incurs a termination of employment as described in subdivision (41) of section 79-978; and

(iii) Except as provided in subdivision (2)(a)(i) of this section, shall not be eligible to contribute to the retirement system pursuant to section 79-9,113 or earn membership service credit in the retirement system as described in subdivision (22) of section 79-978; and

(d)(i) A member who experiences a separation from service and has submitted a retirement application or request for distribution pursuant to this section or as described in subdivision (31) of section 79-978, or received a retirement benefit, disability retirement benefit, or distribution, shall not be deemed to have incurred a termination of employment if the member subsequently returns to work for the district within one hundred eighty days after separating from service, unless such work is limited to:

(A) Bona fide unpaid voluntary service;

(B) Work performed as a substitute employee on an intermittent basis; or

(C) Work as a temporary employee following a bona fide separation of service of not less than thirty calendar days and which is provided to accomplish a specific purpose or task for a limited period not to exceed one year.

(ii) For purposes of subdivision (2)(d) of this section:

(A) Intermittent basis means work provided on a day-to-day basis that is not greater than eight days of work during a calendar month; and

(B) Day of work means any length of work as a substitute employee provided during a single calendar day.

(iii) The one-hundred-eighty-day period described in subdivision (2)(d)(i) of this section begins on the later of:

(A) The date the member experienced a bona fide separation from service of all employment as an employee with the school district; or

(B) The date the board receives the member's retirement application or request for distribution as described in subdivision (31) of section 79-978.

(iv) A member may seek a determination from the administrator that it has been at least one hundred eighty days since the member satisfied the requirements described in this subdivision (d). The administrator shall make such determination if the member produces clear and convincing evidence that is received by the administrator within forty-five days after the later of:

(A) The date the member experienced a bona fide separation of service of all employment as an employee with the district; or

(B) The date the board receives the member's retirement application or request for distribution as described in subdivision (31) of section 79-978.

(v) A member may appeal the administrator's determination to the board within thirty days after the determination by the administrator. The board's determination on appeal shall be final and shall not be appealable to any court.

(3) In the event a member is entitled to receive a refund of contributions

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

Sec. 32. Section 79-9,103, Revised Statutes Supplement, 2025, is amended to read:

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

(2) In addition to the cost-of-living adjustment provided in subsection (1) of this section, any annuity paid on or after September 1, 1986, pursuant to the act or pursuant to the provisions of the retirement system established by statute for employees of Class V school districts in effect prior to September 1, 1951, and on which the first payment was dated on or before September 1, 1985, shall be adjusted by the increase in the cost of living or

wage levels between the effective date of retirement and June 30, 1986, except that such increase shall not exceed (a) three and one-half percent for annuities first paid on or after September 1, 1984, (b) seven percent for annuities first paid on or after September 1, 1983, but before September 1, 1984, or (c) ten and one-half percent for all other annuities.

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

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

(5) In addition to the cost-of-living adjustments provided in subsections (1), (2), (3), and (4) of this section, any annuity paid on or after September 1, 1995, pursuant to the act or pursuant to the provisions of the retirement system established by statute for employees of Class V school districts in

effect prior to September 1, 1951, and on which the first payment was dated on or before October 1, 1994, shall be adjusted by the increase in the cost of living or wage levels between the effective date of retirement and June 30, 1995, except that such increase shall not exceed (a) three percent for annuities first paid after October 1, 1993, (b) six percent for annuities first paid after October 1, 1992, but on or before October 1, 1993, or (c) nine percent for all other annuities.

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

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

(8)(a) Beginning January 1, 2000, for employees of Class V school

districts who were members prior to July 1, 2013, a cost-of-living adjustment shall be made for any formula annuity being paid pursuant to the act, or pursuant to the provisions of the retirement system established by statute for employees of Class V school districts in effect prior to September 1, 1951, and on which the first payment was dated on or before October 3 preceding the adjustment date.

(b)(i) Beginning January 1, 2000, and on and before January 1, 2026, such adjustment shall occur on January 1 of each year.

(ii) Beginning September 1, 2026, such adjustment shall occur on September 1 of each year.

(c) The cost-of-living adjustment for any such annuity shall be the lesser of:

(i) One and one-half percent; or

(ii) The increase in the consumer price index from the date such annuity first became payable through the August 31 preceding the adjustment date as reduced by the aggregate cost-of-living adjustments previously made to the annuity pursuant to this section.

(9)(a) Beginning January 1, 2014, for employees of Class V school districts who became members on or after July 1, 2013, a cost-of-living adjustment shall be made for any formula annuity being paid pursuant to the act and on which the first payment was dated on or before October 3 preceding the adjustment date.

(b)(i) Beginning January 1, 2014, and on and before January 1, 2026, such adjustment shall occur on January 1 of each year.

(ii) Beginning September 1, 2026, such adjustment shall occur on September 1 of each year.

(c) The cost-of-living adjustment for any such annuity shall be the lesser of:

(i) One percent; or

(ii) The increase in the consumer price index from the date such annuity first became payable through the August 31 preceding the adjustment date as

reduced by the aggregate cost-of-living adjustments previously made to the annuity pursuant to this section.

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

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

living adjustment be deemed to affect or increase the amount of the base retirement annuity of a member as determined under section 79-999 or 79-9,100.

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

(13)(a) The Legislature finds and declares that:

(i) There exists in this state a pressing need to attract and retain qualified and dedicated public school employees and that one of the factors prospective public school employees consider when seeking or continuing public school employment is the retirement system and benefits the employment provides;

(ii) Over the past decades, as reflected by the Medical Price Index published by the United States Department of Labor, the cost of medical care, including the cost of medications and insurance coverages, has increased at a rate in excess of that by which the Consumer Price Index - All Urban Consumers has increased; and

(iii) There accordingly exists a need to adjust the amount of retirement benefits paid to retired public school employees in order to assist them in meeting the increased cost of medical care.

(b) Therefor, in addition to the cost-of-living adjustments provided in subsections (1) through (12) of this section:

(i) Commencing on October 3, 2001, and on October 3 of every year thereafter until cost-of-living adjustments under subdivision (13)(b)(ii) of this section apply, a medical cost-of-living adjustment shall be paid to any annuitant who became a member prior to July 1, 2016, and has been paid an annuity from the retirement system for at least ten years through the adjustment date.

(ii) On September 1, 2026, and on September 1 of every year thereafter, a medical cost-of-living adjustment shall be paid to any annuitant who became a member prior to July 1, 2016, and has been paid an annuity from the retirement system for at least ten years through the September 1 adjustment date.

(c)(i) The medical cost-of-living adjustment shall be paid in the form of a supplemental annuity providing monthly payments equal to the amount that results when (A) the fraction, not to exceed one, that results when the annuitant's years of creditable service at his or her retirement date is divided by twenty, is multiplied by (B) the product of ten dollars times the number of years, including attained one-half years, that such annuitant has received annuity payments from the retirement system through the medical cost-of-living adjustment date.

(ii) The supplemental annuity being paid to an annuitant shall increase by ten dollars on the medical cost-of-living adjustment date of each subsequent year to reflect the additional year of annuity payments to the annuitant until the total amount of the supplemental annuity is two hundred fifty dollars.

(iii) In no event shall the medical cost-of-living adjustment for any annuitant pursuant to this subsection result in the payment of a supplemental annuity exceeding two hundred fifty dollars per month.

(d) The supplemental annuity paid to an annuitant pursuant to this subsection shall cease at the death of the annuitant regardless of the form of retirement annuity being paid to the annuitant at the time of his or her death.

Sec. 33. Section 79-9,113, Reissue Revised Statutes of Nebraska, is amended to read:

79-9,113 (1)(a) Commencing September 1, 1969, all employees of the school

district shall contribute an amount equal to the membership contribution which shall be two and three-fourths percent of the first seven thousand eight hundred dollars of salary or wages earned each fiscal year and five percent of salary or wages earned above that amount in the same fiscal year. Commencing September 1, 1976, all employees of the school district shall contribute an amount equal to the membership contribution which shall be two and nine-tenths percent of the first seven thousand eight hundred dollars of salary or wages earned each fiscal year and five and twenty-five hundredths percent of salary or wages earned above that amount in the same fiscal year. Commencing on September 1, 1982, all employees of the school district shall contribute an amount equal to the membership contribution which shall be four and nine-tenths percent of the compensation earned in each fiscal year. Commencing September 1, 1989, all employees of the school district shall contribute an amount equal to the membership contribution which shall be five and eight-tenths percent of the compensation earned in each fiscal year. Commencing September 1, 1995, all employees of the school district shall contribute an amount equal to the membership contribution which shall be six and three-tenths percent of the compensation earned in each fiscal year. Commencing September 1, 2007, all employees of the school district shall contribute an amount equal to the membership contribution which shall be seven and three-tenths percent of the compensation paid in each fiscal year. Commencing September 1, 2009, all employees of the school district shall contribute an amount equal to the membership contribution which shall be eight and three-tenths percent of the compensation paid in each fiscal year. Commencing September 1, 2011, all employees of the school district shall contribute an amount equal to the membership contribution which shall be nine and three-tenths percent of the compensation paid in each fiscal year. Commencing September 1, 2013, all employees of the school district shall contribute an amount equal to the membership contribution which shall be nine and seventy-eight hundredths percent of the compensation paid in each fiscal year.

(b) The contributions by the school district in any fiscal year beginning

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

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

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

The school district contributions specified in subdivision (i) of this subdivision (d) shall be made monthly and shall be immediately transmitted to the account of the retirement system.

(e) The contributions by the school district in any fiscal year beginning on or after September 1, 2024, shall be the greater of:

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

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

(f) The amount necessary to maintain the solvency of the system as determined in subdivision (1)(e)(ii) of this section shall be transmitted by the school district to the Class V School Employees Retirement Fund no later than August 31, 2025, and each August 31 thereafter.

(g) The school district contributions specified in subdivision (1)(e)(i) of this section shall be made monthly and shall be immediately transmitted to the Class V School Employees Retirement Fund.

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

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

by such employee during the period covered by such payment except as to benefits provided under the Class V School Employees Retirement Act.

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

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

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

Sec. 34. Section 79-9,115, Reissue Revised Statutes of Nebraska, is amended to read:

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

(2)(a) The required deposits of the school district and the state

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

(b) The account of each member in the Class V School Employees Retirement Fund shall be credited with regular interest earned monthly, quarterly, semiannually, or annually as the retirement board may direct.

(3) Any expenses with respect to the transfer to and assumption by the council and the state investment officer of the duty and authority to invest the assets of a retirement system provided for under the Class V School Employees Retirement Act shall be charged to the Class V School Employees Retirement Fund. Such expenses shall be paid without the approval of the board of trustees or the retirement board, as applicable.

Sec. 35. Section 79-9,118, Revised Statutes Supplement, 2025, is amended to read:

79-9,118 No employee shall be authorized to participate in the retirement system unless the employee is a United States citizen or is lawfully present in the United States. The employing public school and the school employee shall:

(1) Maintain at least one approved identification document as defined in section 4-108; and

(2) Produce any such approved identification document so maintained upon request of the Public Employees Retirement Board or the Nebraska Public Employees Retirement Systems.

Sec. 36. Section 79-9,121, Reissue Revised Statutes of Nebraska, is amended to read:

79-9,121 (1)(a) The Public Employees Retirement Board, in consultation with stakeholders including, but not limited to, the Nebraska Retirement Systems Committee of the Legislature and the board of trustees and employer of any Class V school employees retirement system established under the Class V

School Employees Retirement Act and which existed on January 1, 2019, shall develop a work plan for the transfer of management and actuarial services of any such Class V school employees retirement system to the Public Employees Retirement Board.

(b) The work plan shall include, but not be limited to, a detailed analysis and recommendations regarding (i) management, administration, actuarial service, information technology, computer infrastructure, accounting, and member data and record transfer; (ii) necessary statutory changes to achieve the transfer of management and actuarial services; (iii) staff training and assessment of staffing needs; (iv) educational and communication plans to fully inform all system stakeholders and affected governmental entities regarding management changes; (v) sufficient timeframes for an orderly transition and implementation of management and actuarial changes; (vi) cost estimates associated with the tasks necessary to carry out the management transition; and (vii) a comparison of the current annual cost to administer any Class V school employees retirement system established under the Class V School Employees Retirement Act and which existed on January 1, 2019, with an estimate of the annual cost for the Public Employees Retirement Board to administer such system after a management transfer occurs.

(c) The employer of any Class V school employees retirement system established under the Class V School Employees Retirement Act and which existed on January 1, 2019, shall provide all records, documents, data, or other information to the Public Employees Retirement Board within thirty calendar days after receiving a written request from the executive director of the Nebraska Public Employees Retirement Systems, or from the executive director's representative on behalf of the Public Employees Retirement Board, for such records, documents, data, or other information.

(d) The Public Employees Retirement Board shall electronically report the work plan, including any recommendations, cost estimates, and cost comparisons, to the Clerk of the Legislature no later than June 30, 2020.

(2) For purposes of this section, management does not include:

(a) A merger or consolidation of any Class V school employees retirement system established under the Class V School Employees Retirement Act and which existed on January 1, 2019, with the School Employees Retirement System of the State of Nebraska or any other retirement system administered by the Public Employees Retirement Board; or

(b) An assumption of any of the liability for any such Class V school employees retirement system by the State of Nebraska, the Public Employees Retirement Board, or the Nebraska Public Employees Retirement Systems.

(3) The Public Employees Retirement Board may quarterly bill the employer of any Class V school employees retirement system established under the Class V School Employees Retirement Act and which existed on January 1, 2019, for all work performed by the Public Employees Retirement Board for services and related expenses in completion of the work plan described in this section. Such employer shall remit payment as provided in section 79-9,122 within forty-five calendar days after receipt of each bill.

Sec. 37. Section 81-2016, Revised Statutes Supplement, 2025, is amended to read:

81-2016 (1) Every member of the Nebraska State Patrol who was employed by the State of Nebraska as such, on September 7, 1947, and every person employed as a member of such patrol thereafter, shall be a member of the system, except for those members of the Nebraska State Patrol who elected pursuant to section 60-1304 to remain members of the State Employees Retirement System of the State of Nebraska.

(2) No employee shall be authorized to participate in the retirement system provided for in the Nebraska State Patrol Retirement Act unless the employee is a United States citizen or is lawfully present in the United States. The employing state agency and the employee shall:

(a) Maintain at least one approved identification document as defined in section 4-108; and

(b) Produce any such approved identification document so maintained upon request of the Public Employees Retirement Board or the Nebraska Public

Employees Retirement Systems.

(3) Within the first one hundred eighty days of employment, a member may apply to the board for eligibility and vesting credit for years of participation in another Nebraska governmental plan, as defined by section 414(d) of the Internal Revenue Code. During the years of participation in the other Nebraska governmental plan, the employee must have been a full-time employee, as defined in the Nebraska governmental plan in which the credit was earned.

(4) Any officer who qualifies for membership pursuant to subsection (1) of this section may not be disqualified from membership in the retirement system solely because such officer also maintains separate employment which qualifies the officer for membership in another public retirement system, nor may membership in this retirement system disqualify such an officer from membership in another public retirement system solely by reason of separate employment which qualifies such officer for membership in this retirement system.

(5) Information necessary to determine membership shall be provided by the Nebraska State Patrol.

(6) The board may adopt and promulgate rules and regulations governing the assessment and granting of eligibility and vesting credit.

Sec. 38. Section 81-2019, Reissue Revised Statutes of Nebraska, is amended to read:

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

Sec. 39. Section 81-2019.01, Reissue Revised Statutes of Nebraska, is amended to read:

81-2019.01 (1)(a) If the board determines that the retirement system has previously received contributions or distributed benefits which for any reason

are not in accordance with the statutory provisions of sections 81-2014 to 81-2036, the board shall refund contributions, require additional contributions, adjust benefits, or require repayment of benefits paid. In the event of an overpayment of a benefit, the board may, in addition to other remedies, offset future benefit payments by the amount of the prior overpayment, together with regular interest thereon. In the event of an underpayment of a benefit, the board shall immediately make payment equal to the deficit amount plus regular interest.

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

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

Sec. 40. Section 81-2021, Reissue Revised Statutes of Nebraska, is amended

to read:

81-2021 (1) The executive director in charge of the system shall keep a record of all acts and proceedings taken by the board. He or she shall keep a complete record of all members with respect to name, current address, age, contributions, length of service, compensation, and any other facts as may be necessary in the administration of the Nebraska State Patrol Retirement Act. The board shall prescribe the form in which such information shall be reported by the Nebraska State Patrol to the board. The information in the records shall be provided by the Nebraska State Patrol in an accurate and verifiable form, as specified by the executive director. The executive director shall, from time to time, carry out testing procedures pursuant to section 84-1512 to verify the accuracy of such information. For the purpose of obtaining such facts and information, the executive director shall have access to the records of the various state departments and agencies and the holder of the records shall comply with a request by the executive director for access by providing such facts and information to the executive director in a timely manner. A certified copy of a birth certificate or delayed birth certificate shall be prima facie evidence of the age of the person named in the certificate.

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

Sec. 41. Section 81-2022, Reissue Revised Statutes of Nebraska, is amended to read:

81-2022 Any funds of the Nebraska State Patrol Retirement System available for investment shall be invested by the Nebraska Investment Council pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act. Payment for investment services by the council shall be charged directly against the gross investment returns of the funds. Charges so incurred shall not be a part of the board's annual budget request. The amounts of payment for such services, as of December 31 of each year, shall be reported not later than

March 31 of the following year to the council, the board, and the Nebraska Retirement Systems Committee of the Legislature. The report submitted to the committee shall be submitted electronically.

The state investment officer shall sell any securities upon request from the executive director so as to provide money for the payment of benefits or annuities.

Sec. 42. Section 81-2025, Reissue Revised Statutes of Nebraska, is amended to read:

81-2025 (1) Every officer who has been in the employ of the state as such and who becomes disabled and physically unfit to perform the duties of an officer shall be entitled to retire and receive an annuity as provided by law.

(2) Every officer who has been in the employ of the state as such for ten years or more, as calculated in section 81-2033, and has attained the age of fifty years or more shall be entitled to retire and receive an annuity as provided by law. The right to retire at the age of fifty years shall be at the option of the officer but such retirement shall be mandatory upon the officer attaining the age of sixty-five years.

(3) Any officer who has attained the age of sixty-five years upon his or her separation from state service but who has not been in the employ of the state for ten years as such shall be entitled to the annuity as provided for in the Nebraska State Patrol Retirement Act.

(4) Every officer who has been in the employ of the state as such for twenty-five years or more, as calculated in section 81-2033, and has attained the age of fifty years shall be entitled to retire and receive an annuity as provided by law. The right to retire at the age of fifty years with twenty-five years or more of creditable service shall be at the option of the officer but such retirement shall be mandatory upon the officer attaining the age of sixty-five years.

(5) Every officer who has been in the employ of the state as such for thirty years or more, as calculated in section 81-2033, shall be entitled to retire and receive an annuity as provided by law. The right to retire with

thirty years or more of creditable service shall be at the option of the officer but such retirement shall be mandatory upon the officer attaining the age of sixty-five years.

(6) Payment of any benefit provided under the act shall not be deferred later than the required beginning date.

(7) The effective date of retirement payments shall be the first day of the month following (a) the date a member qualifies for retirement as provided in this section or (b) the date upon which a member's request for retirement is received on an application form provided by the system, whichever is later. An application may be filed no more than one hundred twenty days in advance of qualifying for retirement.

(8) The board shall make reasonable efforts to locate the officer or the officer's beneficiary and distribute benefits by the required beginning date. If the board is unable to make such a distribution, the account shall be distributed pursuant to the Uniform Disposition of Unclaimed Property Act and no amounts may be applied to increase the benefits any officer would otherwise receive under the Nebraska State Patrol Retirement Act.

Sec. 43. Section 81-2041, Reissue Revised Statutes of Nebraska, is amended to read:

81-2041 (1) Any officer who meets the participation requirements of subsection (2) of this section may participate in DROP. DROP provides that subsequent to attaining normal age and service retirement eligibility, a member may voluntarily choose to participate in DROP upon its adoption which, for purposes of this section, shall be the earlier of September 1, 2008, or the first of the month following a favorable letter determination by the Internal Revenue Service. If the member chooses to participate in DROP, the member shall be deemed to have retired but shall not be deemed to be terminated, and the member may continue in active employment for up to a five-year period. During the DROP period, the member's retirement benefit payments shall be deposited into the DROP account for the benefit of the member until the member actually retires from active employment at or before the expiration of the DROP period.

Thereafter, future retirement benefit payments shall be made directly to the member, and the member shall have access to all funds in the DROP account designated for the benefit of the member. DROP funds shall be held and invested in a defined contribution account under section 414(k) of the Internal Revenue Code and shall meet the limitations in section 415 of the code.

(2) To participate in the DROP program, a member shall meet the following requirements:

(a) A member shall be eligible to enter DROP at any time subsequent to the date when the member has (i) attained normal retirement age and (ii) completed twenty-five years of service. Members having attained normal retirement age and completed twenty-five years of service on or before the date of adoption of DROP shall be eligible to enter DROP at any future date;

(b) A member who elects to enter DROP shall be entitled to receive regular age and service retirement benefits in accordance with section 81-2026. A member is entitled to remain in DROP for a maximum of five years subsequent to the date of the member's DROP election. A member may separate from service and thereby exit DROP at any time during the DROP period. On or before the completion of the DROP period, the member must separate from active employment and exit DROP. During the DROP period, a member's retirement benefit shall be payable to the DROP account vendor designated in the member's name. Amounts transferred or paid to a participating member's DROP account shall not constitute annual additions under section 415 of the Internal Revenue Code;

(c) A member electing to enter DROP shall choose an annuity payment option. After the option is chosen, the member shall not be entitled to any retirement benefit changes, for reasons including, but not limited to, wage increases, promotions, and demotions, except that the restriction on retirement benefit changes shall not apply in the event of duty-related death or duty-related disability. The benefit amount shall be fixed as of the date of election and shall be payable as if the employee retired on that date and separated from active employment. Upon the death of a member during the DROP period, monthly benefits shall be provided as a percentage of the amount of the

member's annuity as set forth in subsection (3) of section 81-2026 based upon the annuity benefit calculation made at commencement of the DROP period. In addition, the balance of the DROP account, if any, shall be provided to the beneficiary or beneficiaries of the member in accordance with subsection (6) of section 81-2026 or, if no beneficiary is provided, to the estate of the member. Upon the disability of a member during the DROP period, the member shall be deemed to have completed the DROP period, shall begin receiving the annuity benefit as calculated at the commencement of the DROP period, and shall be paid the balance of the DROP account, if any;

(d) No member shall be allowed to continue making the required contributions while the member is enrolled in DROP;

(e) During the DROP period, the Nebraska State Patrol shall not be assessed the amount required under subsection (2) of section 81-2017 nor shall such amount be credited to the State Patrol Retirement Fund;

(f) The member shall be paid the balance of the DROP account upon the member's separation from active employment or at the expiration of the DROP period thereby ending the member's participation in DROP. If a member has not voluntarily separated from active employment on or before the completion of the DROP period, the member's retirement benefit shall be paid directly to the member thereby ending the member's active employment. The member's DROP account shall consist of accrued retirement benefits and interest on such benefits;

(g) Any member that is enrolled in DROP shall be responsible for directing the DROP account designated for the benefit of the member by investing the account in any DROP investment options. There shall be no guaranteed rate of investment return on DROP account assets. Any losses, charges, or expenses incurred by the participating DROP member in such member's DROP account by virtue of the investment options selected by the participating DROP member shall not be made up by the retirement system but all of the same shall be borne by the participating DROP member. The retirement system, the state, the board, and the state investment officer shall not be responsible for any investment results under the DROP agreement. Transfers between investment

options shall be in accordance with the rules and regulations of DROP. A DROP account shall be established for each participating DROP member. Such DROP account shall be adjusted no less frequently than annually for the member's retirement benefit distributions and net investment earnings and losses;

(h) If the DROP account is subject to administrative or other fees or charges, such fees or charges shall be charged to the participating DROP member's DROP account; and

(i) Cost-of-living adjustments or payments as provided for in section 81-2027.08 or 81-2027.09 and 81-2027.10 shall not be applied to retirement benefits during the DROP period.

Sec. 44. Section 84-1305.01, Reissue Revised Statutes of Nebraska, is amended to read:

84-1305.01 (1) The executive director of the Nebraska Public Employees Retirement Systems shall keep a complete record of all members with respect to name, current address, age, contributions, and any other facts as may be necessary in the administration of the State Employees Retirement Act. The information in the records shall be provided by the employer in an accurate and verifiable form, as specified by the executive director. The executive director shall, from time to time, carry out testing procedures pursuant to section 84-1512 to verify the accuracy of such information. For the purpose of obtaining such facts and information, the executive director shall have access to the records of the various state departments and agencies and the holder of the records shall comply with a request by the executive director for access by providing such facts and information to the executive director in a timely manner. A certified copy of a birth certificate or delayed birth certificate shall be prima facie evidence of the age of the person named in the certificate.

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

Sec. 45. Section 84-1305.02, Reissue Revised Statutes of Nebraska, is amended to read:

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

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

(2) The board may adopt and promulgate rules and regulations implementing this section, which shall include, but not be limited to, the following: (a) The procedures for refunding contributions, adjusting future contributions or benefit payments, and requiring additional contributions or repayment of benefits; (b) the process for a member, member's beneficiary, employee, or

employer to dispute an adjustment of contributions or benefits; and (c) notice provided to all affected persons. All notices shall be sent prior to an adjustment and shall describe the process for disputing an adjustment of contributions or benefits.

Sec. 46. Section 84-1307, Revised Statutes Supplement, 2025, is amended to read:

84-1307 (1) The membership of the retirement system shall be composed of all persons who are or were employed by the State of Nebraska and who maintain an account balance with the retirement system.

(2)(a) The following employees of the State of Nebraska are authorized to participate in the retirement system:

(i) All permanent full-time employees who have attained the age of eighteen years shall begin participation in the retirement system upon employment;

(ii) All permanent part-time employees who have attained the age of eighteen years may exercise the option to begin participation in the retirement system within the first thirty days of employment except as provided in section 84-1322; and

(iii) All temporary employees who were prior contributing members of the retirement system and who are returning to service with the state prior to having a one-hundred-twenty-day break in service pursuant to subsection (5) of section 84-1322 shall begin participation in the retirement system within the first thirty days of employment as a temporary employee.

(b) An employee who exercises the option to begin participation in the retirement system pursuant to this section shall remain in the retirement system until his or her termination of employment or retirement, regardless of any change of status as a permanent or temporary employee.

(3) No employee shall be authorized to participate in the retirement system provided for in the State Employees Retirement Act unless the employee is a United States citizen or is lawfully present in the United States. The employing state agency and the employee shall:

(a) Maintain at least one approved identification document as defined in section 4-108; and

(b) Produce any such approved identification document so maintained upon request of the Public Employees Retirement Board or the Nebraska Public Employees Retirement Systems.

(4) For purposes of this section:

(a) Permanent full-time employees includes employees of the Legislature or Legislative Council who work one-half or more of the regularly scheduled hours during each pay period of the legislative session;

(b) Permanent part-time employees includes employees of the Legislature or Legislative Council who work less than one-half of the regularly scheduled hours during each pay period of the legislative session; and

(c) Temporary employees includes employees of the Legislature or Legislative Council who are hired for (i) a limited period of time of less than six months or six months or more and less than or equal to twelve months or two thousand eighty hours or (ii) a grant-funded position or a special project.

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

(b) If the contributory retirement plan or contract let pursuant to section 48-609, as such section existed prior to January 1, 2018, is terminated, employees of the Department of Labor who are active participants in such contributory retirement plan or contract on the date of termination of such plan or contract shall be granted vesting credit for their years of participation in such plan or contract.

(6) Any employee who qualifies for membership in the retirement system

pursuant to this section may not be disqualified for membership in the retirement system solely because such employee also maintains separate employment which qualifies the employee for membership in another public retirement system, nor may membership in this retirement system disqualify such an employee from membership in another public retirement system solely by reason of separate employment which qualifies such employee for membership in this retirement system.

(7) State agencies shall ensure that employees authorized to participate in the retirement system pursuant to this section shall enroll and make required contributions to the retirement system immediately upon becoming an employee. Information necessary to determine membership in the retirement system shall be provided by the employer.

Sec. 47. Section 84-1503, Reissue Revised Statutes of Nebraska, is amended to read:

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

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

(b) To appoint an executive director to administer the systems under the direction of the board. The appointment shall be subject to the approval of the Governor and a majority of the Legislature. Executive director qualifications shall include, but not be limited to, (i) supervisory or management experience and (ii) training in, experience with, or a demonstrated knowledge of qualified public employee retirement plan administration. The executive director shall not be a member of the board. The salary of the executive director shall be set by the board. The executive director shall serve without term and may be removed by the board;

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

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

(e) To hire an attorney to advise the board in the administration of the retirement systems listed in subdivision (a) of this subsection. The attorney shall be admitted to practice law in Nebraska, except that the board shall have the discretion to hire an attorney for a probationary period not to exceed six months pending such attorney's admission to practice law in Nebraska;

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

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

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

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

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

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

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

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

(f) To direct the State Treasurer to transfer funds, as an expense of the

retirement systems, to the Legislative Council Retirement Study Fund. Such transfer shall be in such amounts as the Legislature shall direct;

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

(h) To obtain auditing services for a separate compliance audit of the retirement systems to be completed by December 31, 2028, and from time to time at the request of the Nebraska Retirement Systems Committee of the Legislature, to be completed not more than every four years but not less than every ten years. The compliance audit shall be in addition to the annual audit conducted by the Auditor of Public Accounts. The compliance audit shall include, but not be limited to, an examination of records, files, and other documents and an evaluation of all policies and procedures to determine compliance with all state and federal laws. A copy of the compliance audit shall be given to the Governor, the board, and the Nebraska Retirement Systems Committee of the Legislature and shall be presented to the committee at a public hearing;

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

(j)(i) To amend the deferred compensation plan to require that in the event of a member's death, except as provided in section 42-1107, the death

benefit shall be paid to the following, in order of priority:

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

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

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

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

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

(l) To administer all retirement system plans in a manner which will maintain each plan's status as a qualified plan pursuant to the Internal Revenue Code, as defined in section 49-801.01, including: Section 401(a)(9) of the Internal Revenue Code relating to the time and manner in which benefits are required to be distributed, including the incidental death benefit distribution requirement of section 401(a)(9)(G) of the Internal Revenue Code; section 401(a)(25) of the Internal Revenue Code relating to the specification of actuarial assumptions; section 401(a)(31) of the Internal Revenue Code relating

to direct rollover distributions from eligible retirement plans; section 401(a) (37) of the Internal Revenue Code relating to the death benefit of a member whose death occurs while performing qualified military service; and section 401(a) of the Internal Revenue Code by meeting the requirements of section 414(d) of the Internal Revenue Code relating to the establishment of retirement plans for governmental employees of a state or political subdivision thereof. The board may adopt and promulgate rules and regulations necessary or appropriate to maintain such status including, but not limited to, rules or regulations which restrict discretionary or optional contributions to a plan or which limit distributions from a plan.

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

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

(b) The executive director shall provide an electronic copy of the first draft and a final draft of the experience study and annual valuation reports to

the Nebraska Retirement Systems Committee and the Governor when the executive director receives the drafts from the actuary. The drafts shall be deemed confidential information. The draft copies obtained by the Nebraska Retirement Systems Committee and the Governor pursuant to this section shall not be considered public records subject to sections 84-712 to 84-712.09.

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

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

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

(7) It shall be the duty of the board to complete the additional identification and examination of issues pursuant to section 79-9,124, to enter and carry out the plan for the transfer and transition of the management and administration of any Class V school employees retirement system established under the Class V School Employees Retirement Act pursuant to section 79-979.01, and to bill and receive payment from an employer of any such

retirement system for the costs and expenses of the board in carrying out the plan and the transfer of the management and administration of the Class V school employees retirement system to the board.

Sec. 48. Section 84-1503.03, Reissue Revised Statutes of Nebraska, is amended to read:

84-1503.03 (1) The executive director of the Nebraska Public Employees Retirement Systems shall employ qualified personnel as may be required to carry out the duties and responsibilities required under sections 84-1501 to 84-1513. Except for the personnel described in subsection (2) of this section, such employees shall be deemed state employees and covered by the State Personnel System pursuant to sections 81-1301 to 81-1368 and other personnel rules or regulations. The positions of the internal auditor and the attorney hired by the board pursuant to section 84-1503 shall be classified positions covered by the State Personnel System and shall not be noncovered positions under subsection (2) of section 81-1316.

(2) The executive director may hire assistant directors and deputies to assist the executive director in administering the Nebraska Public Employee Retirement Systems. Each assistant director and deputy shall be exempt from the State Personnel System and shall receive a salary as set by the executive director.

(3) The executive director shall be exempt from the State Personnel System.

(4) All employees shall comply with state accounting regulations and applicable state and federal laws in the discharge of their duties.

Sec. 49. Section 84-1504, Revised Statutes Supplement, 2025, is amended to read:

84-1504 (1) The Public Employees Retirement Board, on behalf of the state, may contract with any individual to defer a portion of such individual's compensation or with the Legislative Council to defer any other amount that the Legislative Council agrees to credit to an individual's account pursuant to section 457 of the Internal Revenue Code.

(2) The compensation to be deferred at the election of the individual and any other amount credited on behalf of such individual by the Legislative Council shall not exceed the total compensation to be received by the individual from the employer or exceed the limits established by the Internal Revenue Code for such a plan.

(3) The deferred compensation program shall serve in addition to but not be a part of any existing retirement or pension system provided for state or county employees or any other benefit program.

(4) Any compensation deferred at the election of the individual under such a deferred compensation plan shall continue to be included as regular compensation for the purpose of computing the retirement, pension, or social security contributions made or benefits earned by any employee.

(5) Any sum so deferred shall:

(a) Except as provided in subdivision (b) of this subsection, not be included in the computation of any federal or state taxes withheld on behalf of any such individual; and

(b) Be included in the computation of any federal or state taxes withheld on behalf of any such individual if such sum was placed in a type of designated Roth account, under the Internal Revenue Code, where designated Roth contributions and deferrals are irrevocably designated as after-tax contributions.

(6) The state, the board, the state investment officer, the agency, or the county shall not be responsible for any investment results entered into by the individual in the deferred compensation agreement.

(7) Nothing in this section shall in any way limit, restrict, alter, amend, invalidate, or nullify any deferred compensation plan previously instituted by any instrumentality or agency of the State of Nebraska, and any such plan is hereby authorized and approved.

(8) No employee of the state or any political subdivision of the state shall be authorized to participate in a deferred compensation plan unless the employee is a United States citizen or is lawfully present in the United

States. The employing state agency or political subdivision of the State of Nebraska and the employee shall:

(a) Maintain at least one approved identification document as defined in section 4-108; and

(b) Produce any such approved identification document so maintained upon request of the Public Employees Retirement Board or the Nebraska Public Employees Retirement Systems.

(9) For purposes of this section, individual means (a) any state employee, whether employed on a permanent or temporary basis, full-time or part-time, (b) a person under contract providing services to the state who is not employed by the University of Nebraska or any of the state colleges or community colleges and who has entered into a contract with the state to have compensation deferred prior to August 28, 1999, and (c) any county employee designated as a permanent part-time or full-time employee or elected official whose employer does not offer a deferred compensation plan and who has entered into an agreement pursuant to section 48-1401.

Sec. 50. Section 84-1512, Reissue Revised Statutes of Nebraska, is amended to read:

84-1512 (1) The Public Employees Retirement Board, for purposes of administering the various retirement systems under its jurisdiction, shall receive from the Department of Administrative Services and other employers such information as is necessary for the efficient and accurate administration of the systems and shall consult with the Department of Administrative Services and other employers as to the form in which the information is to be presented and received by the board. The information in the records shall be provided by the employers in an accurate and verifiable form, as specified by the executive director of the Nebraska Public Employees Retirement Systems. The executive director shall, from time to time, carry out testing procedures to verify the accuracy of such information. The executive director shall have access to records maintained by the Department of Administrative Services on the Nebraska employees information system database for the purpose of obtaining any

information which may be necessary to verify the accuracy of information and administer the systems and the holder of the records shall comply with a request by the executive director for access by providing such facts and information to the executive director in a timely manner.

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

(3) The information obtained by the board pursuant to this section shall not be considered public records subject to sections 84-712 to 84-712.09, except that the following information shall be considered public records: The member's name, the retirement system in which the member is a participant, the date the member's participation in the retirement system commenced, and the date the member's participation in the retirement system ended, if applicable.

Sec. 51. Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, and 52 of this act become operative three calendar months after the adjournment of this legislative session. The other sections of this act become operative on their effective date.

Sec. 52. Original sections 23-2305.01, 23-2312, 24-705, 42-1111, 79-905, 79-906, 79-907, 79-930, 79-963, 79-978.01, 79-979.01, 79-983, 79-989, 79-992, 79-9,113, 79-9,115, 79-9,121, 81-2019, 81-2019.01, 81-2021, 81-2022, 81-2025, 81-2041, 84-1305.01, 84-1305.02, 84-1503, 84-1503.03, and 84-1512, Reissue Revised Statutes of Nebraska, sections 24-704, 24-704.01, 24-710, 72-1237, and 72-1239, Revised Statutes Cumulative Supplement, 2024, and sections 4-108, 23-2306, 24-703, 24-703.01, 49-617, 79-904.01, 79-915, 79-916, 79-966, 79-978, 79-9,103, 79-9,118, 81-2016, 84-1307, and 84-1504, Revised Statutes Supplement, 2025, are repealed.

Sec. 53. Original section 79-958, Revised Statutes Supplement, 2025, is repealed.

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

PRESIDENT OF THE LEGISLATURE

THIS IS TO CERTIFY that the within LB 820 was passed by the One Hundred Ninth Legislature of Nebraska at its Second Session on the day of 20.....

CLERK OF THE LEGISLATURE

Approved:

..... 20....., o'clockM.

GOVERNOR