

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1102

Introduced by Ballard, 21.

Read first time January 16, 2026

Committee:

1 A BILL FOR AN ACT relating to the Class V School Employees Retirement
2 Act; to amend section 79-978.01, Reissue Revised Statutes of
3 Nebraska, and sections 79-978 and 79-9,103, Revised Statutes
4 Supplement, 2025; to redefine retirement date; to provide
5 requirements for monthly payments of retirement allowances; to
6 change when certain cost-of-living adjustments occur; to harmonize
7 provisions; and to repeal the original sections.
8 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 79-978, Revised Statutes Supplement, 2025, is
2 amended to read:

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

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

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

15 (3) Actuarial tables means:

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

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

23 (ii) For members hired on or after July 1, 2018, or rehired on or
24 after July 1, 2018, after termination of employment and being paid a
25 retirement benefit, the determinations shall be based on a unisex
26 mortality table and an interest rate specified by (A) the board until
27 September 1, 2024, or (B) the retirement board beginning on September 1,
28 2024. Both the mortality table and the interest rate shall be recommended
29 by the actuary retained pursuant to section 79-984 following an actuarial
30 experience study, a benefit adequacy study, or a plan valuation. The
31 mortality table, interest rate, and actuarial factors in effect on the

1 member's retirement date shall be used to calculate the actuarial
2 equivalency of any retirement benefit. Such interest rate may be, but is
3 not required to be, equal to the assumed rate; and

4 (b) For joint and survivorship annuities:

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

14 (ii) For members hired on or after July 1, 2018, or rehired on or
15 after July 1, 2018, after termination of employment and being paid a
16 retirement benefit, the determinations shall be based on a unisex
17 mortality table and an interest rate specified by (A) the board until
18 September 1, 2024, or (B) the retirement board beginning on September 1,
19 2024. Both the mortality table and the interest rate shall be recommended
20 by the actuary retained pursuant to section 79-984 following an actuarial
21 experience study, a benefit adequacy study, or a plan valuation. The
22 mortality table, interest rate, and actuarial factors in effect on the
23 member's retirement date shall be used to calculate the actuarial
24 equivalency of any retirement benefit. Such interest rate may be, but is
25 not required to be, equal to the assumed rate;

26 (4) Administrator of the retirement system or administrator means
27 (a) until September 1, 2024, the person administering the retirement
28 system who is appointed by the board or (b) beginning on September 1,
29 2024, the director appointed by the retirement board pursuant to section
30 84-1503;

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

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

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

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

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

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

15 (11) Board of trustees means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (f) Any other form of separation payments made by an employer to a
11 member at termination, including, but not limited to, purchasing
12 retirement contracts for the member pursuant to section 79-514, or
13 depositing money for the member in an account established under section
14 403(b) of the Internal Revenue Code except for payments for accrued
15 unused leave;

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

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

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

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

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

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

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

27 (24) Military service means service in the uniformed services as
28 defined in 38 U.S.C. 4301 et seq., as such provision existed on March 27,
29 1997;

30 (25) Normal retirement date means the end of the month during which
31 the member attains age sixty-five and has completed at least five years

1 of membership service;

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

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

6 (28) Prior service means service rendered prior to September 1,
7 1951, for which credit is allowed under section 79-999, service rendered
8 by retired employees receiving benefits under preexisting systems, and
9 service for which credit is allowed under sections 79-990, 79-991,
10 79-994, 79-995, and 79-997;

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

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

21 (i) Commence contributions;

22 (ii) Be deemed a regular employee; and

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

25 (30) Regular interest means interest (a) on the total contributions
26 of the member prior to the close of the last preceding fiscal year, (b)
27 compounded annually, and (c)(i) beginning September 1, 2016, at a rate
28 equal to the daily treasury yield curve for one-year treasury securities,
29 as published by the Secretary of the Treasury of the United States, that
30 applies on September 1 of each year and (ii) prior to September 1, 2016,
31 at rates to be determined annually by the board, which shall have the

1 sole, absolute, and final discretionary authority to make such
2 determination, except that the rate for any given year in no event shall
3 exceed the actual percentage of net earnings of the system during the
4 last preceding fiscal year;

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

7 (32) Retirement application means beginning on and after September
8 1, 2024, the form approved and provided by the retirement system for
9 acceptance of a member's request for either regular or disability
10 retirement;

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

13 (34) Retirement date means (a) the first day of the month following
14 the date upon which a member's request for retirement is received on a
15 retirement application if the member is eligible for retirement and has
16 terminated employment or (b) the first day of the month following
17 termination of employment if the member is eligible for retirement and
18 has filed an application but has not yet terminated employment; (34)
19 Retirement date means the date of retirement of a member for service or
20 disability as fixed by (a) the board for retirements occurring prior to
21 September 1, 2024, or (b) the retirement board for retirements occurring
22 on or after September 1, 2024;

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

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

29 (37) Secondary beneficiary means the person or persons entitled to
30 receive or receiving a benefit by reason of the death of all primary
31 beneficiaries prior to the death of the member. If no primary beneficiary

1 survives the member, secondary beneficiaries shall be treated in the same
2 manner as primary beneficiaries;

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

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

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

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

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

30 (b) A member shall not be deemed to have incurred a termination of
31 employment if the board determines that, based on the facts and

1 circumstances, (i) a claimed termination of employment was not a bona
2 fide separation from service with the employer; (ii) a member was
3 compensated for a full contractual period when the member stopped working
4 prior to the end date of the member's employment as determined by the
5 member's contract or labor agreement; or (iii) a member prearranged a
6 return to work that violates the Class V School Employees Retirement Act.

7 (c) Nothing in this subdivision (42) precludes an employer from
8 adopting a policy which limits or denies employees who have experienced a
9 separation from service from working as a volunteer or substitute
10 employee within one hundred eighty days after the employee experiences a
11 separation from service;

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

17 (a) Transfer of the school district's funding obligations described
18 in the Class V School Employees Retirement Act or assumption of financial
19 liability for such funding obligations by (i) the State of Nebraska, (ii)
20 the retirement board, (iii) the Nebraska Public Employees Retirement
21 Systems, (iv) any other state entity with duties related to
22 administration of the retirement system, or (v) the council for its
23 investment duties regarding the assets of the retirement system; or

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

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

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

1 **Sec. 2.** Section 79-978.01, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 79-978.01 Sections 79-978 to 79-9,124 and section 3 of this act
4 shall be known and may be cited as the Class V School Employees
5 Retirement Act.

6 **Sec. 3.** For any retirement allowance of a member under the Class V
7 School Employees Retirement Act:

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

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

13 (3) The last such payment shall be paid:

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

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

17 **Sec. 4.** Section 79-9,103, Revised Statutes Supplement, 2025, is
18 amended to read:

19 79-9,103 (1) Any annuity paid on or after September 1, 1983, to a
20 member who retired prior to February 21, 1982, pursuant to the Class V
21 School Employees Retirement Act, or to such member's beneficiary, or to a
22 person who retired under the provisions of the retirement system
23 established by statute for employees of Class V school districts in
24 effect prior to September 1, 1951, or to such person's beneficiary, shall
25 be adjusted by the increase in the cost of living or wage levels between
26 the effective date of retirement and June 30, 1983, except that such
27 increase shall not exceed the sum of one dollar and fifty cents per month
28 for each year of creditable service and one dollar per month for each
29 completed year of retirement as measured from the effective date of
30 retirement to June 30, 1983. No separate adjustment in such annuity shall
31 be made as a result of the changes made in section 79-9,113 pursuant to

1 Laws 1983, LB 488. If a joint and survivor annuity was elected, the
2 increase shall be actuarially adjusted so that the joint and survivor
3 annuity remains the actuarial equivalent of the life annuity otherwise
4 payable.

5 (2) In addition to the cost-of-living adjustment provided in
6 subsection (1) of this section, any annuity paid on or after September 1,
7 1986, pursuant to the act or pursuant to the provisions of the retirement
8 system established by statute for employees of Class V school districts
9 in effect prior to September 1, 1951, and on which the first payment was
10 dated on or before September 1, 1985, shall be adjusted by the increase
11 in the cost of living or wage levels between the effective date of
12 retirement and June 30, 1986, except that such increase shall not exceed
13 (a) three and one-half percent for annuities first paid on or after
14 September 1, 1984, (b) seven percent for annuities first paid on or after
15 September 1, 1983, but before September 1, 1984, or (c) ten and one-half
16 percent for all other annuities.

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

29 (4) In addition to the cost-of-living adjustments provided in
30 subsections (1), (2), and (3) of this section, any annuity paid on or
31 after September 1, 1992, pursuant to the act or pursuant to the

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

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

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

1 beneficiary (before any cost-of-living adjustments under this section),
2 is adjusted by the increase in the cost of living or wage levels between
3 the commencement date of the annuity and June 30, 1995.

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

16 (8)(a) (8) Beginning January 1, 2000, and ~~on January 1 of every year~~
17 thereafter, for employees of Class V school districts who were members
18 prior to July 1, 2013, a cost-of-living adjustment shall be made for any
19 formula annuity being paid pursuant to the act, or pursuant to the
20 provisions of the retirement system established by statute for employees
21 of Class V school districts in effect prior to September 1, 1951, and on
22 which the first payment was dated on or before October 3 preceding the
23 ~~such January 1~~ adjustment date.

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

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

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

30 (i) One (a) one and one-half percent; or

31 (ii) The (b) the increase in the consumer price index from the date

1 such annuity first became payable through the August 31 preceding the
2 ~~January 1~~ adjustment date as reduced by the aggregate cost-of-living
3 adjustments previously made to the annuity pursuant to this section.

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

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

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

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

16 (i) One (a) one percent; or

17 (ii) The (b) the increase in the consumer price index from the date
18 such annuity first became payable through the August 31 preceding the
19 January 1 adjustment date as reduced by the aggregate cost-of-living
20 adjustments previously made to the annuity pursuant to this section.

21 ~~(10)~~ Beginning September 1, 1999, the actuary shall make an annual
22 valuation of the assets and liabilities of the system. If the annual
23 valuation made by the actuary, as approved by the board of trustees,
24 indicates that the system has sufficient actuarial surplus to provide for
25 a cost-of-living adjustment in addition to the adjustment made pursuant
26 to subsection (8) or (9) of this section, the board of trustees may, in
27 its discretion, declare by resolution that each annuity being paid
28 pursuant to the act, or pursuant to the provisions of the retirement
29 system established by statute for employees of Class V school districts
30 in effect prior to September 1, 1951, and on which the first payment was
31 dated on or before October 3 of the year such resolution is adopted,

1 shall be increased beginning as of the January 1 following the date of
2 the board of trustees' resolution by such percentage as may be declared
3 by the board of trustees, except that such increase for any such annuity
4 shall not exceed the increase in the consumer price index from the date
5 such annuity first became payable through the applicable valuation date
6 as reduced by the aggregate cost-of-living adjustments previously made to
7 the annuity pursuant to this section.

8 (11) Except for the adjustments pursuant to subsection (13) of this
9 section, the consumer price index to be used for determining any cost-of-
10 living adjustment under this section shall be the Consumer Price Index -
11 All Urban Consumers, as published by the Bureau of Labor Statistics of
12 the United States Department of Labor. If this consumer price index is
13 discontinued or replaced, a substitute index published by the United
14 States Department of Labor shall be selected by the board if before
15 September 1, 2024, or by the retirement board if on or after September 1,
16 2024. Any substitute index selected shall be a reasonable representative
17 measurement of the cost of living for retired employees. An annuity as
18 increased by any cost-of-living adjustment made under this section shall
19 be considered the base annuity amount for the purpose of future
20 adjustments pursuant to this section. In no event shall any cost-of-
21 living adjustment be deemed to affect or increase the amount of the base
22 retirement annuity of a member as determined under section 79-999 or
23 79-9,100.

24 (12) Any decision or determination by the board or retirement board,
25 as applicable, (a) to declare or not declare a cost-of-living adjustment,
26 (b) as to whether the annual valuation indicates a sufficient actuarial
27 surplus to provide for a cost-of-living adjustment, or (c) pursuant to
28 the selection of a substitute index shall be made in the sole, absolute,
29 and final discretion of the board or retirement board, as applicable, and
30 shall not be subject to challenge by any member or beneficiary. In no
31 event shall the Legislature be constrained or limited in amending the

1 system or increasing the benefits of members under the system, nor shall
2 the board or retirement board, as applicable, be constrained from
3 supporting any such change to the system, notwithstanding the effect of
4 any such change upon the actuarial surplus of the system and the ability
5 of the board or retirement board, as applicable, to declare future cost-
6 of-living adjustments.

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

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

13 (ii) Over The Legislature further finds that over the past decades,
14 as reflected by the Medical Price Index published by the United States
15 Department of Labor, the cost of medical care, including the cost of
16 medications and insurance coverages, has increased at a rate in excess of
17 that by which the Consumer Price Index - All Urban Consumers has
18 increased; and -

19 (iii) There The Legislature further finds and declares that there
20 accordingly exists a need to adjust the amount of retirement benefits
21 paid to retired public school employees in order to assist them in
22 meeting the increased cost of medical care.

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

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

31 (ii) On September 1, 2026, and on September 1 of every year

1 thereafter, a medical cost-of-living adjustment shall be paid to any
2 annuitant who became a member prior to July 1, 2016, and has been paid an
3 annuity from the retirement system for at least ten years through the
4 September 1 adjustment date.

5 (c)(i) The medical cost-of-living adjustment shall be paid in the
6 form of a supplemental annuity providing monthly payments equal to the
7 amount that which results when (A) (a) the fraction, not to exceed one,
8 that results when the annuitant's years of creditable service at his or
9 her retirement date is divided by twenty, is multiplied by (B) (b) the
10 product of ten dollars times the number of years, including attained one-
11 half years, that such annuitant has received annuity payments from the
12 retirement system through the medical cost-of-living October 3 adjustment
13 date.

14 (ii) The supplemental annuity being paid to an annuitant shall
15 increase by ten dollars on the medical cost-of-living adjustment date
16 October 3 of each subsequent year to reflect the additional year of
17 annuity payments to the annuitant until the total amount of the
18 supplemental annuity is two hundred fifty dollars.

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

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

26 **Sec. 5.** Original section 79-978.01, Reissue Revised Statutes of
27 Nebraska, and sections 79-978 and 79-9,103, Revised Statutes Supplement,
28 2025, are repealed.