

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 295

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

Read first time January 15, 2025

Committee:

1 A BILL FOR AN ACT relating to relating to retirement; to amend sections
2 23-2320, 42-1102, 79-902, 79-904.01, 79-915, 79-956, 79-978,
3 79-9,103, 79-9,106, 79-9,117, 79-9,118, 81-2014, 81-2016, 81-2017,
4 84-1301, 84-1307, 84-1322, 84-1502, 84-1504, and 84-1511, Reissue
5 Revised Statutes of Nebraska, and sections 23-2301, 23-2306, 24-701,
6 and 24-703.01, Revised Statutes Cumulative Supplement, 2024; to
7 redefine terms and change provisions relating to termination,
8 documents used to demonstrate United States citizenship or lawful
9 presence in the United States, repayment of gross distributions or
10 benefits, cost-of-living adjustments, deadlines for filing forms
11 relating to survivorship annuities, and employee leave for
12 preretirement planning programs under the County Employees
13 Retirement Act, the Judges Retirement Act, the School Employees
14 Retirement Act, the Class V School Employees Retirement Act, the
15 Nebraska State Patrol Retirement Act, and the State Employees
16 Retirement Act; to change a definition in the Spousal Pension Rights
17 Act; to restate legislative intent under the Nebraska State Patrol
18 Retirement Act; to change provisions relating to calling meetings of
19 the Public Employees Retirement Board and paying per diems and
20 expenses for members of the Public Employees Retirement Board; to
21 change provisions relating to demonstrating United States
22 citizenship or lawful presence in the United States for

1 participation in a deferred compensation plan; to harmonize
2 provisions; and to repeal the original sections.
3 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 23-2301, Revised Statutes Cumulative Supplement,
2 2024, is amended to read:

3 23-2301 For purposes of the County Employees Retirement Act, unless
4 the context otherwise requires:

5 (1)(a) Actuarial equivalent means the equality in value of the
6 aggregate amounts expected to be received under different forms of an
7 annuity payment.

8 (b) For a member hired prior to January 1, 2018, the mortality
9 assumption used for purposes of converting the member cash balance
10 account shall be the 1994 Group Annuity Mortality Table using a unisex
11 rate that is fifty percent male and fifty percent female. For purposes of
12 converting the member cash balance account attributable to contributions
13 made prior to January 1, 1984, that were transferred pursuant to the act,
14 the 1994 Group Annuity Mortality Table for males shall be used.

15 (c) For a member hired on or after January 1, 2018, or rehired on or
16 after January 1, 2018, after termination of employment and being paid a
17 retirement benefit or taking a refund of contributions, the mortality
18 assumption used for purposes of converting the member cash balance
19 account shall be a unisex mortality table that is recommended by the
20 actuary and approved by the board following an actuarial experience
21 study, a benefit adequacy study, or a plan valuation. The mortality table
22 and actuarial factors in effect on the member's retirement date will be
23 used to calculate the actuarial equivalency of any retirement benefit;

24 (2) Annuity means equal monthly payments provided by the retirement
25 system to a member or beneficiary under forms determined by the board
26 beginning the first day of the month after an annuity election is
27 received in the office of the Nebraska Public Employees Retirement
28 Systems or the first day of the month after the employee's termination of
29 employment, whichever is later. The last payment shall be at the end of
30 the calendar month in which the member dies or in accordance with the
31 payment option chosen by the member;

1 (3) Annuity start date means the date upon which a member's annuity
2 is first effective and shall be the first day of the month following the
3 member's termination or following the date the application is received by
4 the board, whichever is later;

5 (4) Cash balance benefit means a member's retirement benefit that is
6 equal to an amount based on annual employee contribution credits plus
7 interest credits and, if vested, employer contribution credits plus
8 interest credits and dividend amounts credited in accordance with
9 subdivision (4)(c) of section 23-2317;

10 (5)(a) Compensation means gross wages or salaries payable to the
11 member for personal services performed during the plan year. Compensation
12 does not include insurance premiums converted into cash payments,
13 reimbursement for expenses incurred, fringe benefits, per diems, or
14 bonuses for services not actually rendered, including, but not limited
15 to, early retirement inducements, cash awards, and severance pay, except
16 for retroactive salary payments paid pursuant to court order,
17 arbitration, or litigation and grievance settlements. Compensation
18 includes overtime pay, member retirement contributions, and amounts
19 contributed by the member to plans under sections 125, 403(b), and 457 of
20 the Internal Revenue Code or any other section of the code which defers
21 or excludes such amounts from income.

22 (b) Compensation in excess of the limitations set forth in section
23 401(a)(17) of the Internal Revenue Code shall be disregarded. For an
24 employee who was a member of the retirement system before the first plan
25 year beginning after December 31, 1995, the limitation on compensation
26 shall not be less than the amount which was allowed to be taken into
27 account under the retirement system as in effect on July 1, 1993;

28 (6) Date of adoption of the retirement system by each county means
29 the first day of the month next following the date of approval of the
30 retirement system by the county board or January 1, 1987, whichever is
31 earlier;

1 (7) Date of disability means the date on which a member is
2 determined by the board to be disabled;

3 (8) Defined contribution benefit means a member's retirement benefit
4 from a money purchase plan in which member benefits equal annual
5 contributions and earnings pursuant to section 23-2309 and, if vested,
6 employer contributions and earnings pursuant to section 23-2310;

7 (9) Disability means an inability to engage in any substantially
8 gainful activity by reason of any medically determinable physical or
9 mental impairment which was initially diagnosed or became disabling while
10 the member was an active participant in the plan and which can be
11 expected to result in death or be of a long-continued and indefinite
12 duration;

13 (10) Employee means all persons or officers who are employed by a
14 county of the State of Nebraska on a permanent basis, persons or officers
15 employed by or serving in a municipal county formed by at least one
16 county participating in the retirement system, persons employed as
17 provided in section 2-1608, all elected officers of a county, and such
18 other persons or officers as are classified from time to time as
19 permanent employees by the county board of the county by which they are
20 employed, except that employee does not include judges, employees or
21 officers of any county having a population in excess of two hundred fifty
22 thousand inhabitants as determined by the most recent federal decennial
23 census, or, except as provided in section 23-2306, persons making
24 contributions to the School Employees Retirement System of the State of
25 Nebraska;

26 (11) Employee contribution credit means an amount equal to the
27 member contribution amount required by section 23-2307;

28 (12) Employer contribution credit means an amount equal to the
29 employer contribution amount required by section 23-2308;

30 (13) Final account value means the value of a member's account on
31 the date the account is either distributed to the member or used to

1 purchase an annuity from the plan, which date shall occur as soon as
2 administratively practicable after receipt of a valid application for
3 benefits, but no sooner than forty-five days after the member's
4 termination;

5 (14) Five-year break in service means a period of five consecutive
6 one-year breaks in service;

7 (15) Full-time employee means an employee who is employed to work
8 one-half or more of the regularly scheduled hours during each pay period;

9 (16) Future service means service following the date of adoption of
10 the retirement system;

11 (17) Guaranteed investment contract means an investment contract or
12 account offering a return of principal invested plus interest at a
13 specified rate. For investments made after July 19, 1996, guaranteed
14 investment contract does not include direct obligations of the United
15 States or its instrumentalities, bonds, participation certificates or
16 other obligations of the Federal National Mortgage Association, the
17 Federal Home Loan Mortgage Corporation, or the Government National
18 Mortgage Association, or collateralized mortgage obligations and other
19 derivative securities. This subdivision shall not be construed to require
20 the liquidation of investment contracts or accounts entered into prior to
21 July 19, 1996;

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

24 (19) Interest credit rate means the greater of (a) five percent or
25 (b) the applicable federal mid-term rate, as published by the Internal
26 Revenue Service as of the first day of the calendar quarter for which
27 interest credits are credited, plus one and one-half percent, such rate
28 to be compounded annually;

29 (20) Interest credits means the amounts credited to the employee
30 cash balance account and the employer cash balance account at the end of
31 each day. Such interest credit for each account shall be determined by

1 applying the daily portion of the interest credit rate to the account
2 balance at the end of the previous day. Such interest credits shall
3 continue to be credited to the employee cash balance account and the
4 employer cash balance account after a member ceases to be an employee,
5 except that no such credit shall be made with respect to the employee
6 cash balance account and the employer cash balance account for any day
7 beginning on or after the member's date of final account value. If
8 benefits payable to the member's surviving spouse or beneficiary are
9 delayed after the member's death, interest credits shall continue to be
10 credited to the employee cash balance account and the employer cash
11 balance account until such surviving spouse or beneficiary commences
12 receipt of a distribution from the plan;

13 (21) Member cash balance account means an account equal to the sum
14 of the employee cash balance account and, if vested, the employer cash
15 balance account and dividend amounts credited in accordance with
16 subdivision (4)(c) of section 23-2317;

17 (22) One-year break in service means a plan year during which the
18 member has not completed more than five hundred hours of service;

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

21 (24) Part-time employee means an employee who is employed to work
22 less than one-half of the regularly scheduled hours during each pay
23 period;

24 (25) Plan year means the twelve-month period beginning on January 1
25 and ending on December 31;

26 (26) Prior service means service prior to the date of adoption of
27 the retirement system;

28 (27) Regular interest means the rate of interest earned each
29 calendar year as determined by the retirement board in conformity with
30 actual and expected earnings on the investments through December 31,
31 1985;

1 (28) Required beginning date means, for purposes of the deferral of
2 distributions and the commencement of mandatory distributions pursuant to
3 section 401(a)(9) of the Internal Revenue Code and the regulations issued
4 thereunder, April 1 of the year following the calendar year in which a
5 member:

6 (a)(i) Terminated employment with all employers participating in the
7 plan; and

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

11 (B) Attained at least seventy-two years of age for a member who
12 attained seventy and one-half years of age on or after January 1, 2020,
13 and prior to January 1, 2023;

14 (C) Attained at least seventy-three years of age for a member who
15 attained seventy-two years of age after December 31, 2022, and seventy-
16 three years of age prior to January 1, 2033; or

17 (D) Attained at least seventy-five years of age for a member who
18 attained seventy-four years of age after December 31, 2032; or

19 (b)(i) Terminated employment with all employers participating in the
20 plan; and

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

23 (29) Required contribution means the deduction to be made from the
24 compensation of employees as provided in the act;

25 (30) Retirement means qualifying for and accepting the retirement
26 benefit granted under the act after terminating employment;

27 (31) Retirement application means the form approved and provided by
28 the retirement system for acceptance of a member's request for either
29 regular or disability retirement;

30 (32) Retirement board or board means the Public Employees Retirement
31 Board;

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

7 (34) Retirement system means the Retirement System for Nebraska
8 Counties;

9 (35) Service means the actual total length of employment as an
10 employee and is not deemed to be interrupted by (a) temporary or seasonal
11 suspension of service that does not terminate the employee's employment,
12 (b) leave of absence authorized by the employer for a period not
13 exceeding twelve months, (c) leave of absence because of disability, or
14 (d) military service, when properly authorized by the retirement board.
15 Service does not include any period of disability for which disability
16 retirement benefits are received under section 23-2315;

17 (36) Surviving spouse means (a) the spouse married to the member on
18 the date of the member's death or (b) the spouse or former spouse of the
19 member if survivorship rights are provided under a qualified domestic
20 relations order filed with the board pursuant to the Spousal Pension
21 Rights Act. The spouse or former spouse shall supersede the spouse
22 married to the member on the date of the member's death as provided under
23 a qualified domestic relations order. If the benefits payable to the
24 spouse or former spouse under a qualified domestic relations order are
25 less than the value of benefits entitled to the surviving spouse, the
26 spouse married to the member on the date of the member's death shall be
27 the surviving spouse for the balance of the benefits;

28 (37)(a) ~~(37)~~ Termination of employment occurs on the date on which a
29 county which is a member of the retirement system determines that its
30 employer-employee relationship with an employee is dissolved. The county
31 shall notify the board of the date on which such a termination has

1 occurred.

2 (b) Termination of employment does not occur if an employee whose
3 employer-employee relationship with a county is dissolved enters into an
4 employer-employee relationship with the same or another county which
5 participates in the Retirement System for Nebraska Counties and there are
6 less than one hundred twenty days between the date when the employee's
7 employer-employee relationship ceased with the county and the date when
8 the employer-employee relationship commenced with the same or another
9 county which qualifies the employee for participation in the plan.

10 (c) It is the responsibility of the employer that is involved in the
11 termination of employment to notify the board of such change in
12 employment and provide the board with such information as the board deems
13 necessary.

14 (d) If the board determines that termination of employment has not
15 occurred and a retirement benefit has been paid to a member of the
16 retirement system pursuant to section 23-2319, the board shall require
17 the member who has received such benefit to repay the benefit to the
18 retirement system unless the board determines that all or any portion of
19 such benefit was the result of an inadvertent overpayment; and

20 (38) Vesting credit means credit for years, or a fraction of a year,
21 of participation in another Nebraska governmental plan for purposes of
22 determining vesting of the employer account.

23 **Sec. 2.** Section 23-2306, Revised Statutes Cumulative Supplement,
24 2024, is amended to read:

25 23-2306 (1) The membership of the retirement system shall be
26 composed of all persons who are or were employed by member counties and
27 who maintain an account balance with the retirement system.

28 (2) The following employees of member counties are authorized to
29 participate in the retirement system: (a) All permanent full-time
30 employees who have attained the age of eighteen years shall begin
31 participation in the retirement system upon employment and full-time

1 elected officials shall begin participation in the retirement system upon
2 taking office, (b) all permanent part-time employees who have attained
3 the age of eighteen years may exercise the option to begin participation
4 in the retirement system within the first thirty days of employment, and
5 (c) all part-time elected officials may exercise the option to begin
6 participation in the retirement system within thirty days after taking
7 office. An employee who exercises the option to begin participation in
8 the retirement system shall remain in the system until termination or
9 retirement, regardless of any change of status as a permanent or
10 temporary employee.

11 (3) No employee of a member county shall be authorized to
12 participate in the retirement system provided for in the County Employees
13 Retirement Act unless the employee is a United States citizen or is
14 lawfully present in the United States. The employing member county and
15 the employee shall maintain at least one of the following documents,
16 which shall be unexpired or if applicable to the particular document or
17 which has an expiration date that has been extended by the United States
18 Department of Homeland Security or the United States Citizenship and
19 Immigration Services so that such document is still valid, to demonstrate
20 United States citizenship or lawful presence in the United States as of
21 the employee's date of hire and produce any such document so maintained
22 upon request of the retirement board or the Nebraska Public Employees
23 Retirement Systems:

- 24 (a) A state-issued driver's license;
- 25 (b) A state-issued identification card;
- 26 (c) A state-issued motor vehicle learner's permit;
- 27 (d) ~~(e)~~ A certified copy of a birth certificate or delayed birth
28 certificate issued in any state, territory, or possession of the United
29 States;
- 30 (e) ~~(d)~~ A Consular Report of Birth Abroad issued by the United
31 States Department of State;

- 1 ~~(f)~~ ~~(e)~~ A United States passport;
- 2 ~~(g)~~ ~~(f)~~ A foreign passport with a United States visa;
- 3 ~~(h)~~ ~~(g)~~ A United States Certificate of Naturalization;
- 4 ~~(i)~~ ~~(h)~~ A United States Certificate of Citizenship;
- 5 ~~(j)~~ ~~(i)~~ A tribal certificate of Native American blood or similar
- 6 document;
- 7 ~~(k)~~ ~~(j)~~ A United States Citizenship and Immigration Services
- 8 Employment Authorization Document, Form I-766;
- 9 ~~(l)~~ ~~(k)~~ A United States Citizenship and Immigration Services
- 10 Permanent Resident Card, Form I-551; or
- 11 ~~(m)~~ ~~(l)~~ Any other document issued by the United States Department of
- 12 Homeland Security or the United States Citizenship and Immigration
- 13 Services granting employment authorization in the United States and
- 14 approved by the retirement board.
- 15 (4)(a) The board may determine that a governmental entity currently
- 16 participating in the retirement system no longer qualifies, in whole or
- 17 in part, under section 414(d) of the Internal Revenue Code as a
- 18 participating employer in a governmental plan.
- 19 (b)(i) To aid governmental entities in their business decisionmaking
- 20 process, any governmental entity currently participating in the
- 21 retirement system contemplating a business transaction that may result in
- 22 such entity no longer qualifying, in whole or in part, under section
- 23 414(d) of the Internal Revenue Code may notify the board in writing as
- 24 soon as reasonably practicable, but no later than one hundred eighty days
- 25 before the transaction is to occur.
- 26 (ii) The board when timely notified shall, as soon as is reasonably
- 27 practicable, obtain from its contracted actuary the cost of any actuarial
- 28 study necessary to determine the potential funding obligation. The board
- 29 shall notify the entity of such cost.
- 30 (iii) If such entity pays the board's contracted actuary pursuant to
- 31 subdivision (4)(c)(vi) of this section for any actuarial study necessary

1 to determine the potential funding obligation, the board shall, as soon
2 as reasonably practicable following its receipt of the actuarial study,
3 (A) determine whether the entity's contemplated business transaction will
4 cause the entity to no longer qualify under section 414(d) of the
5 Internal Revenue Code, (B) determine whether the contemplated business
6 transaction constitutes a plan termination by the entity, (C) determine
7 the potential funding obligation, (D) determine the administrative costs
8 that will be incurred by the board or the Nebraska Public Employees
9 Retirement Systems in connection with the entity's removal from the
10 retirement system, and (E) notify the entity of such determinations.

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

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

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

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

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

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

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

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

5 (d) For purposes of this subsection:

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

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

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

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

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

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

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

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

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

29 **Sec. 3.** Section 23-2320, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 23-2320 (1) Prior to January 1, 2020, except as otherwise provided

1 in this section, a member of the retirement system who has a five-year
2 break in service shall upon reemployment be considered a new employee
3 with respect to the County Employees Retirement Act and shall not receive
4 credit for service prior to his or her reemployment date.

5 (2)(a) A member who ceases to be an employee before becoming
6 eligible for retirement under section 23-2315 and again becomes a
7 permanent full-time or permanent part-time county employee prior to
8 having a five-year break in service shall immediately be reenrolled in
9 the retirement system and resume making contributions. For purposes of
10 vesting employer contributions made prior to and after the reentry into
11 the retirement system under subsection (3) of section 23-2319, years of
12 participation include years of participation prior to such employee's
13 original termination. For a member who is not vested and has received a
14 termination benefit pursuant to section 23-2319, the years of
15 participation prior to such employee's original termination shall be
16 limited in a ratio equal to the amount that the member repays divided by
17 the termination benefit withdrawn pursuant to section 23-2319.

18 (b) The reemployed member may repay the value of, or a portion of
19 the value of, the termination benefit withdrawn pursuant to section
20 23-2319. A reemployed member who elects to repay all or a portion of the
21 value of the termination benefit withdrawn pursuant to section 23-2319
22 shall repay the actual earnings on such value. Repayment of the
23 termination benefit shall commence within three years of reemployment and
24 shall be completed within five years of reemployment or prior to
25 termination of employment, whichever occurs first, through (i) direct
26 payments to the retirement system, (ii) installment payments made
27 pursuant to a binding irrevocable payroll deduction authorization made by
28 the member, (iii) an eligible rollover distribution as provided under the
29 Internal Revenue Code, or (iv) a direct rollover distribution made in
30 accordance with section 401(a)(31) of the Internal Revenue Code.

31 (c) The value of the member's forfeited employer account or employer

1 cash balance account, as of the date of forfeiture, shall be restored in
2 a ratio equal to the amount of the benefit that the member has repaid
3 divided by the termination benefit received. The employer account or
4 employer cash balance account shall be restored first out of the current
5 forfeiture amounts and then by additional employer contributions.

6 (3) For a member who retired pursuant to section 23-2315 and becomes
7 a permanent full-time employee or permanent part-time employee with a
8 county under the County Employees Retirement Act more than one hundred
9 twenty days after his or her retirement date, the member shall continue
10 receiving retirement benefits. Such a retired member or a retired member
11 who received a lump-sum distribution of his or her benefit shall be
12 considered a new employee as of the date of reemployment and shall not
13 receive credit for any service prior to the member's retirement for
14 purposes of the act.

15 (4) A member who is reinstated as an employee pursuant to a
16 grievance or appeal of his or her termination by the county shall be a
17 member upon reemployment and shall not be considered to have a break in
18 service for such period of time that the grievance or appeal was pending.

19 (5) Beginning January 1, 2020, if a contributing member of the
20 retirement system ceases to be an employee and returns to service in any
21 capacity with any county under the County Employees Retirement Act prior
22 to having a one-hundred-twenty-day break in service, the member:

23 (a) Shall not be deemed to have had a bona fide separation of
24 service;

25 (b) Shall be immediately reenrolled in:

26 (i) The defined contribution benefit if the member was contributing
27 to the defined contribution benefit prior to ceasing employment; or

28 (ii) The cash balance benefit in which the member was participating
29 prior to ceasing employment if the member was contributing to the cash
30 balance benefit prior to ceasing employment;

31 (c) Shall immediately resume making contributions;

1 (d) Shall make up any missed contributions based upon services
2 rendered and compensation received;

3 (e) Shall have all distributions from the retirement system
4 canceled; and

5 (f) Shall repay the gross distributions from the retirement system
6 unless the board determines that all or any portion of such gross
7 distributions were the result of an inadvertent overpayment.

8 (6)(a) Beginning January 1, 2020, if a contributing member of the
9 retirement system ceases to be an employee and returns to permanent full-
10 time or permanent part-time service in any capacity with any county under
11 the County Employees Retirement Act after having a one-hundred-twenty-day
12 break in service, the member:

13 (i) Shall be immediately reenrolled in:

14 (A) The defined contribution benefit if the member was contributing
15 to the defined contribution benefit prior to ceasing employment; or

16 (B) The cash balance benefit in which the member was participating
17 prior to ceasing employment if the member was contributing to the cash
18 balance benefit prior to ceasing employment;

19 (ii) Shall immediately resume making contributions;

20 (iii) Shall continue receiving any annuity elected after the member
21 ceased employment and before the member was reemployed; and

22 (iv) Shall be prohibited from taking any distributions from the
23 retirement system until the employee again terminates employment with any
24 and all counties under the County Employees Retirement Act.

25 (b) For the purposes of vesting employer contributions made prior to
26 and after reentry into the retirement system, the member's years of
27 participation prior to the date the member originally ceased employment
28 and the years of participation after the member is reenrolled in the
29 retirement system shall be included as years of participation, except
30 that if the member is not vested on the date the member originally ceased
31 employment and has taken a distribution, the years of participation prior

1 to the date the member originally ceased employment shall be limited in a
2 ratio equal to the value of the distribution that the member repays
3 divided by the total value of the distribution taken as described in
4 subdivision (6)(c) of this section.

5 (c) A reemployed member may repay all or a portion of the value of a
6 distribution except for an annuity elected after the member ceased
7 employment and before the member was reemployed. Repayment of such a
8 distribution shall commence within three years after reemployment and
9 shall be completed within five years after reemployment or prior to the
10 member again ceasing employment, whichever occurs first, through (i)
11 direct payments to the retirement system, (ii) installment payments made
12 pursuant to a binding irrevocable payroll deduction authorization made by
13 the member, (iii) an eligible rollover distribution as provided under the
14 Internal Revenue Code, or (iv) a direct rollover distribution made in
15 accordance with section 401(a)(31) of the Internal Revenue Code. If the
16 member fails to repay all of the value of such a distribution prior to
17 the member again ceasing employment, the member shall be forever barred
18 from repaying the value of such a distribution taken between the periods
19 of employment. The value of the member's forfeited employer account or
20 employer cash balance account, as of the date of forfeiture, shall be
21 restored in a ratio equal to the amount of the distribution repaid by the
22 member divided by the amount of the distribution taken. The employer
23 account or employer cash balance account shall be restored first out of
24 the current forfeiture amounts and then by additional employer
25 contributions.

26 **Sec. 4.** Section 24-701, Revised Statutes Cumulative Supplement,
27 2024, is amended to read:

28 24-701 For purposes of the Judges Retirement Act, unless the context
29 otherwise requires:

30 (1)(a) Actuarial equivalence means the equality in value of the
31 aggregate amounts expected to be received under different forms of

1 payment.

2 (b) For a judge hired prior to July 1, 2017, the determinations are
3 to be based on the 1994 Group Annuity Mortality Table reflecting sex-
4 distinct factors blended using seventy-five percent of the male table and
5 twenty-five percent of the female table. An interest rate of eight
6 percent per annum shall be reflected in making these determinations.

7 (c) For a judge hired on or after July 1, 2017, or rehired on or
8 after July 1, 2017, after termination of employment and being paid a
9 retirement benefit, the determinations shall be based on a unisex
10 mortality table and an interest rate specified by the board. Both the
11 mortality table and the interest rate shall be recommended by the actuary
12 and approved by the board following an actuarial experience study, a
13 benefit adequacy study, or a plan valuation. The mortality table,
14 interest rate, and actuarial factors in effect on the judge's retirement
15 date will be used to calculate actuarial equivalency of any retirement
16 benefit. Such interest rate may be, but is not required to be, equal to
17 the assumed rate of return;

18 (2) Beneficiary means a person so designated by a judge in the last
19 designation of beneficiary on file with the board or, if no designated
20 person survives or if no designation is on file, the estate of such
21 judge;

22 (3) Board means the Public Employees Retirement Board;

23 (4)(a) Compensation means the statutory salary of a judge or the
24 salary being received by such judge pursuant to law. Compensation does
25 not include compensation for unused sick leave or unused vacation leave
26 converted to cash payments, insurance premiums converted into cash
27 payments, reimbursement for expenses incurred, fringe benefits, per
28 diems, or bonuses for services not actually rendered, including, but not
29 limited to, early retirement inducements, cash awards, and severance pay,
30 except for retroactive salary payments paid pursuant to court order,
31 arbitration, or litigation and grievance settlements. Compensation

1 includes overtime pay, member retirement contributions, and amounts
2 contributed by the member to plans under sections 125 and 457 of the
3 Internal Revenue Code as defined in section 49-801.01 or any other
4 section of the code which defers or excludes such amounts from income.

5 (b) Compensation in excess of the limitations set forth in section
6 401(a)(17) of the Internal Revenue Code as defined in section 49-801.01
7 shall be disregarded. For an employee who was a member of the retirement
8 system before the first plan year beginning after December 31, 1995, the
9 limitation on compensation shall not be less than the amount which was
10 allowed to be taken into account under the retirement system as in effect
11 on July 1, 1993;

12 (5) Creditable service means the total number of years served as a
13 judge, including prior service, military service, and current service,
14 computed to the nearest one-twelfth year. For current service prior to
15 the time that the member has contributed the required percentage of
16 salary until the maximum benefit as limited by section 24-710 has been
17 earned, creditable service does not include current service for which
18 member contributions are not made or are withdrawn and not repaid;

19 (6) Current benefit means the initial benefit increased by all
20 adjustments made pursuant to the Judges Retirement Act;

21 (7)(a) Current service means the period of service (i) any judge of
22 the Supreme Court or judge of the district court serves in such capacity
23 from and after January 3, 1957, (ii)(A) any judge of the Nebraska
24 Workmen's Compensation Court served in such capacity from and after
25 September 20, 1957, and prior to July 17, 1986, and (B) any judge of the
26 Nebraska Workers' Compensation Court serves in such capacity on and after
27 July 17, 1986, (iii) any county judge serves in such capacity from and
28 after January 5, 1961, (iv) any judge of a separate juvenile court serves
29 in such capacity, (v) any judge of the municipal court served in such
30 capacity subsequent to October 23, 1967, and prior to July 1, 1985, (vi)
31 any judge of the county court or associate county judge serves in such

1 capacity subsequent to January 4, 1973, (vii) any clerk magistrate, who
2 was an associate county judge and a member of the fund at the time of
3 appointment as a clerk magistrate, serves in such capacity from and after
4 July 1, 1986, and (viii) any judge of the Court of Appeals serves in such
5 capacity on or after September 6, 1991.

6 (b) Current service shall not be deemed to be interrupted by (i)
7 temporary or seasonal suspension of service that does not terminate the
8 employee's employment, (ii) leave of absence authorized by the employer
9 for a period not exceeding twelve months, (iii) leave of absence because
10 of disability, or (iv) military service, when properly authorized by the
11 board. Current service does not include any period of disability for
12 which disability retirement benefits are received under section 24-709;

13 (8) Final average compensation for a judge who becomes a member
14 prior to July 1, 2015, means the average monthly compensation for the
15 three twelve-month periods of service as a judge in which compensation
16 was the greatest or, in the event of a judge serving less than three
17 twelve-month periods, the average monthly compensation for such judge's
18 period of service. Final average compensation for a judge who becomes a
19 member on and after July 1, 2015, means the average monthly compensation
20 for the five twelve-month periods of service as a judge in which
21 compensation was the greatest or, in the event of a judge serving less
22 than five twelve-month periods, the average monthly compensation for such
23 judge's period of service;

24 (9) Fund means the Nebraska Retirement Fund for Judges;

25 (10) Future member means a judge who first served as a judge on or
26 after December 25, 1969, or means a judge who first served as a judge
27 prior to December 25, 1969, who elects to become a future member on or
28 before June 30, 1970, as provided in section 24-710.01;

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

31 (12) Initial benefit means the retirement benefit calculated at the

1 time of retirement;

2 (13) Judge means and includes (a) all duly elected or appointed
3 Chief Justices or judges of the Supreme Court and judges of the district
4 courts of Nebraska who serve in such capacity on and after January 3,
5 1957, (b)(i) all duly appointed judges of the Nebraska Workmen's
6 Compensation Court who served in such capacity on and after September 20,
7 1957, and prior to July 17, 1986, and (ii) judges of the Nebraska
8 Workers' Compensation Court who serve in such capacity on and after July
9 17, 1986, (c) judges of separate juvenile courts, (d) judges of the
10 county courts of the respective counties who serve in such capacity on
11 and after January 5, 1961, (e) judges of the county court and clerk
12 magistrates who were associate county judges and members of the fund at
13 the time of their appointment as clerk magistrates, (f) judges of
14 municipal courts established by Chapter 26, article 1, who served in such
15 capacity on and after October 23, 1967, and prior to July 1, 1985, and
16 (g) judges of the Court of Appeals;

17 (14) Member means a judge eligible to participate in the retirement
18 system established under the Judges Retirement Act;

19 (15) Normal form annuity means a series of equal monthly payments
20 payable at the end of each calendar month during the life of a retired
21 judge as provided in sections 24-707 and 24-710, except as provided in
22 section 42-1107. The first payment shall include all amounts accrued
23 since the effective date of the award of the annuity. The last payment
24 shall be at the end of the calendar month in which such judge dies. If at
25 the time of death the amount of annuity payments such judge has received
26 is less than contributions to the fund made by such judge, plus regular
27 interest, the difference shall be paid to the beneficiary or estate;

28 (16) Normal retirement date means the first day of the month
29 following attainment of age sixty-five;

30 (17) Original member means a judge who first served as a judge prior
31 to December 25, 1969, who does not elect to become a future member

1 pursuant to section 24-710.01, and who was retired on or before December
2 31, 1992;

3 (18) Plan year means the twelve-month period beginning on July 1 and
4 ending on June 30 of the following year;

5 (19) Prior service means all the periods of time any person has
6 served as a (a) judge of the Supreme Court or judge of the district court
7 prior to January 3, 1957, (b) judge of the county court prior to January
8 5, 1961, (c) judge of the Nebraska Workmen's Compensation Court prior to
9 September 20, 1957, (d) judge of the separate juvenile court, or (e)
10 judge of the municipal court prior to October 23, 1967;

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

16 (21) Required beginning date means, for purposes of the deferral of
17 distributions and the commencement of mandatory distributions pursuant to
18 section 401(a)(9) of the Internal Revenue Code and the regulations issued
19 thereunder, April 1 of the year following the calendar year in which a
20 member:

21 (a)(i) Terminated employment with the State of Nebraska; and

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

25 (B) Attained at least seventy-two years of age for a member who
26 attained seventy and one-half years of age on or after January 1, 2020,
27 and prior to January 1, 2023;

28 (C) Attained at least seventy-three years of age for a member who
29 attained seventy-two years of age after December 31, 2022, and seventy-
30 three years of age prior to January 1, 2033; or

31 (D) Attained at least seventy-five years of age for a member who

1 attained seventy-four years of age after December 31, 2032; or

2 (b)(i) Terminated employment with the State of Nebraska; and

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

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

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

14 (24) Retirement system or system means the Nebraska Judges
15 Retirement System as provided in the Judges Retirement Act;

16 (25) Surviving spouse means (a) the spouse married to the member on
17 the date of the member's death or (b) the spouse or former spouse of the
18 member if survivorship rights are provided under a qualified domestic
19 relations order filed with the board pursuant to the Spousal Pension
20 Rights Act. The spouse or former spouse shall supersede the spouse
21 married to the member on the date of the member's death as provided under
22 a qualified domestic relations order. If the benefits payable to the
23 spouse or former spouse under the qualified domestic relations order are
24 less than the value of benefits entitled to the surviving spouse, the
25 spouse married to the member on the date of the member's death shall be
26 the surviving spouse for the balance of the benefits; and

27 (26)(a) ~~(26)~~ Termination of employment occurs on the date on which
28 the State Court Administrator's office determines that the judge's
29 employer-employee relationship with the State of Nebraska is dissolved.
30 The State Court Administrator's office shall notify the board of the date
31 on which such a termination has occurred.

1 (b) Termination of employment does not include ceasing employment as
2 a judge if the judge returns to regular employment as a judge or is
3 employed on a regular basis by another agency of the State of Nebraska
4 and there are less than one hundred twenty days between the date when the
5 judge's employer-employee relationship ceased and the date when the
6 employer-employee relationship recommences.

7 (c) It is the responsibility of the employer that is involved in the
8 termination of employment to notify the board of such change in
9 employment and provide the board with such information as the board deems
10 necessary.

11 (d) If the board determines that termination of employment has not
12 occurred and a retirement benefit has been paid to a member of the
13 retirement system pursuant to section 24-710, the board shall require the
14 member who has received such benefit to repay the benefit to the
15 retirement system unless the board determines that all or any portion of
16 such benefit was the result of an inadvertent overpayment.

17 **Sec. 5.** Section 24-703.01, Revised Statutes Cumulative Supplement,
18 2024, is amended to read:

19 24-703.01 No judge shall be authorized to participate in the
20 retirement system provided for in the Judges Retirement Act unless the
21 judge is a United States citizen or is lawfully present in the United
22 States. The court and the judge shall maintain at least one of the
23 following documents, which shall be unexpired, if applicable to the
24 particular document or which has an expiration date that has been
25 extended by the United States Department of Homeland Security or the
26 United States Citizenship and Immigration Services so that such document
27 is still valid, to demonstrate United States citizenship or lawful
28 presence in the United States as of the judge's date of hire and produce
29 any such document so maintained upon request of the board or the Nebraska
30 Public Employees Retirement Systems:

31 (1) A state-issued driver's license;

- 1 (2) A state-issued identification card;
- 2 (3) A state-issued motor vehicle learner's permit;
- 3 (4) ~~(3)~~ A certified copy of a birth certificate or delayed birth
- 4 certificate issued in any state, territory, or possession of the United
- 5 States;
- 6 (5) ~~(4)~~ A Consular Report of Birth Abroad issued by the United
- 7 States Department of State;
- 8 (6) ~~(5)~~ A United States passport;
- 9 (7) ~~(6)~~ A foreign passport with a United States visa;
- 10 (8) ~~(7)~~ A United States Certificate of Naturalization;
- 11 (9) ~~(8)~~ A United States Certificate of Citizenship;
- 12 (10) ~~(9)~~ A tribal certificate of Native American blood or similar
- 13 document;
- 14 (11) ~~(10)~~ A United States Citizenship and Immigration Services
- 15 Employment Authorization Document, Form I-766;
- 16 (12) ~~(11)~~ A United States Citizenship and Immigration Services
- 17 Permanent Resident Card, Form I-551; or
- 18 (13) ~~(12)~~ Any other document issued by the United States Department
- 19 of Homeland Security or the United States Citizenship and Immigration
- 20 Services granting employment authorization in the United States and
- 21 approved by the board.

22 **Sec. 6.** Section 42-1102, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 42-1102 For purposes of the Spousal Pension Rights Act:

25 (1) Alternate payee means a spouse, former spouse, child, or other
26 dependent of a member who is recognized by a domestic relations order as
27 having a right to receive all or a portion of the benefits payable by a
28 statewide public retirement system with respect to such member;

29 (2) Benefit means an annuity, a pension, a retirement allowance, a
30 withdrawal of accumulated contributions, or an optional benefit accrued
31 or accruing to a member under a statewide public retirement system;

1 (3) Domestic relations order means a judgment, decree, or order,
2 including approval of a property settlement agreement, which relates to
3 the provision of child support, alimony payments, maintenance support, or
4 marital property rights to a spouse, former spouse, child, or other
5 dependent of a member and is made pursuant to a state domestic relations
6 law of this state or another state;

7 (4) Earliest retirement date means the earlier of (a) the date on
8 which the member is entitled to a distribution under the system or (b)
9 the later of (i) the date that the member attains fifty years of age or
10 (ii) the earliest date that the member could receive benefits under the
11 system if the member separated from service;

12 (5) Qualified domestic relations order means a domestic relations
13 order which creates or recognizes the existence of an alternate payee's
14 right, or assigns to an alternate payee the right, to receive all or a
15 portion of the benefits payable with respect to a member under a
16 statewide public retirement system, which directs the system to disburse
17 benefits to the alternate payee, and which meets the requirements of
18 section 42-1103;

19 (6) Segregated amounts means the amounts which would have been
20 payable to the alternative payee during the period of time that the
21 qualified status of an order is being determined. Such amounts shall
22 equal the amounts payable for such period if the order had been
23 determined to be a qualified domestic relations order; and

24 (7) Statewide public retirement system means the Retirement System
25 for Nebraska Counties, the Nebraska Judges Retirement System as provided
26 in the Judges Retirement Act, the School Employees Retirement System of
27 the State of Nebraska, any Class V school employees retirement system,
28 the Nebraska State Patrol Retirement System, and the State Employees
29 Retirement System of the State of Nebraska.

30 **Sec. 7.** Section 79-902, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 79-902 For purposes of the School Employees Retirement Act, unless
2 the context otherwise requires:

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

7 (2)(a) Actuarial equivalent means the equality in value of the
8 aggregate amounts expected to be received under different forms of
9 payment.

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

16 (c) For a school employee hired on or after July 1, 2017, or rehired
17 on or after July 1, 2017, after termination of employment and being paid
18 a retirement benefit or taking a refund of contributions, the
19 determinations shall be based on a unisex mortality table and an interest
20 rate specified by the board. Both the mortality table and the interest
21 rate shall be recommended by the actuary and approved by the retirement
22 board following an actuarial experience study, a benefit adequacy study,
23 or a plan valuation. The mortality table, interest rate, and actuarial
24 factors in effect on the school employee's retirement date will be used
25 to calculate actuarial equivalency of any retirement benefit. Such
26 interest rate may be, but is not required to be, equal to the assumed
27 rate.

28 (d) If the lump-sum settlement is made to an estate, the interest
29 rate will be determined by the AAA-rated segment of the Bloomberg
30 Barclays Long U.S. Corporate Bond Index as of the prior June 30, rounded
31 to the next lower quarter percent. If the AAA-rated segment of the

1 Bloomberg Barclays Long U.S. Corporate Bond Index is discontinued or
2 replaced, a substitute index shall be selected by the board which shall
3 be a reasonably representative index;

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

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

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

24 (c) Compensation in excess of the limitations set forth in section
25 401(a)(17) of the Internal Revenue Code as defined in section 49-801.01
26 shall be disregarded. For an employee who was a member of the retirement
27 system before the first plan year beginning after December 31, 1995, the
28 limitation on compensation shall not be less than the amount which was
29 allowed to be taken into account under the retirement system as in effect
30 on July 1, 1993;

31 (5) County school official means (a) until July 1, 2000, the county

1 superintendent or district superintendent and any person serving in his
2 or her office who is required by law to have a teacher's certificate and
3 (b) on or after July 1, 2000, the county superintendent, county school
4 administrator, or district superintendent and any person serving in his
5 or her office who is required by law to have a teacher's certificate;

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

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

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

25 (8) Disability means an inability to engage in any substantially
26 gainful activity by reason of any medically determinable physical or
27 mental impairment which was initially diagnosed or became disabling while
28 the member was an active participant in the plan and which can be
29 expected to result in death or be of a long-continued and indefinite
30 duration;

31 (9) Disability retirement allowance means the annuity paid to a

1 person upon retirement for disability under section 79-952;

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

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

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

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

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

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

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

24 (f) Any other form of separation payments made by an employer to a
25 member at termination, including, but not limited to, purchasing
26 retirement annuity contracts for the member pursuant to section 79-514,
27 depositing money for the member in an account established under section
28 403(b) of the Internal Revenue Code except for payments for accrued
29 unused leave, or purchasing service credit for the member pursuant to
30 section 79-933.08;

31 (12) Eligibility and vesting credit means credit for years, or a

1 fraction of a year, of participation in a Nebraska government plan for
2 purposes of determining eligibility for benefits under the School
3 Employees Retirement Act. Such credit shall not be included as years of
4 creditable service in the benefit calculation;

5 (13) Emeritus member means a person (a) who has entered retirement
6 under the act, including those persons who have retired since July 1,
7 1945, under any other regularly established retirement or pension system
8 as contemplated by section 79-916, (b) who has thereafter been reemployed
9 in any capacity by a public school, a Class V school district, or a
10 school under the control and management of the Board of Trustees of the
11 Nebraska State Colleges, the Board of Regents of the University of
12 Nebraska, or a community college board of governors or has become a state
13 school official or county school official subsequent to such retirement,
14 and (c) who has applied to the board for emeritus membership in the
15 retirement system. The school district or agency shall certify to the
16 retirement board on forms prescribed by the retirement board that the
17 annuitant was reemployed, rendered a service, and was paid by the
18 district or agency for such services;

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

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

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

24 (A) The sum of the member's total compensation during the three
25 twelve-month periods of service as a school employee in which such
26 compensation was the greatest divided by thirty-six; or

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

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

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

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

7 (b) Payments under the Retirement Incentive Plan pursuant to section
8 79-855 and Staff Development Assistance pursuant to section 79-856 shall
9 not be included in the determination of final average compensation;

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

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

14 (18) Initial benefit means the retirement benefit calculated at the
15 time of retirement;

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

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

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

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

24 (23) Public school means any and all schools offering instruction in
25 elementary or high school grades, as defined in section 79-101, which
26 schools are supported by public funds and are wholly under the control
27 and management of the State of Nebraska or any subdivision thereof,
28 including (a) schools or other entities established, maintained, and
29 controlled by the school boards of local school districts, except Class V
30 school districts, (b) any educational service unit, and (c) any other
31 educational institution wholly supported by public funds, except schools

1 under the control and management of the Board of Trustees of the Nebraska
2 State Colleges, the Board of Regents of the University of Nebraska, or
3 the community college boards of governors for any community college
4 areas;

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

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

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

28 (27) Required beginning date means, for purposes of the deferral of
29 distributions and the commencement of mandatory distributions pursuant to
30 section 401(a)(9) of the Internal Revenue Code and the regulations issued
31 thereunder, April 1 of the year following the calendar year in which a

1 member:

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

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

7 (B) Attained at least seventy-two years of age for a member who
8 attained seventy and one-half years of age on or after January 1, 2020,
9 and prior to January 1, 2023;

10 (C) Attained at least seventy-three years of age for a member who
11 attained seventy-two years of age after December 31, 2022, and seventy-
12 three years of age prior to January 1, 2033; or

13 (D) Attained at least seventy-five years of age for a member who
14 attained seventy-four years of age after December 31, 2032; or

15 (b)(i) Terminated employment with all employers participating in the
16 plan; and

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

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

22 (29) Retirement means qualifying for and accepting a school or
23 disability retirement allowance granted under the School Employees
24 Retirement Act;

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

28 (31) Retirement board or board means the Public Employees Retirement
29 Board;

30 (32) Retirement date means (a) if the member has terminated
31 employment, the first day of the month following the date upon which a

1 member's request for retirement is received on a retirement application
2 provided by the retirement system or (b) if the member has filed a
3 retirement application but has not yet terminated employment, the first
4 day of the month following the date on which the member terminates
5 employment. An application may be filed no more than one hundred twenty
6 days prior to the effective date of the member's initial benefit;

7 (33) Retirement system means the School Employees Retirement System
8 of the State of Nebraska;

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

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

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

30 (37) School year means one fiscal year which includes not less than
31 one thousand instructional hours or, in the case of service in the State

1 of Nebraska prior to July 1, 1945, not less than seventy-five percent of
2 the then legal school year;

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

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

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

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

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

29 (43) Surviving spouse means (a) the spouse married to the member on
30 the date of the member's death or (b) the spouse or former spouse of the
31 member if survivorship rights are provided under a qualified domestic

1 relations order filed with the board pursuant to the Spousal Pension
2 Rights Act. The spouse or former spouse shall supersede the spouse
3 married to the member on the date of the member's death as provided under
4 a qualified domestic relations order. If the benefits payable to the
5 spouse or former spouse under a qualified domestic relations order are
6 less than the value of benefits entitled to the surviving spouse, the
7 spouse married to the member on the date of the member's death shall be
8 the surviving spouse for the balance of the benefits;

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

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

20 (b) A member shall not be deemed to have incurred a termination of
21 employment if the board determines based on the facts and circumstances
22 that:

23 (i) A claimed termination was not a bona fide separation from
24 service with the member's employer;

25 (ii) A member was compensated for a full contractual period when the
26 member stopped working prior to the end date of the contract; or

27 (iii) A member prearranged a return to work that violates the
28 provisions of the School Employees Retirement Act.

29 (c) A member who experiences a separation from service must comply
30 with the return-to-work provisions of section 79-930 if the member is
31 subsequently employed by an employer participating in the retirement

1 system.

2 (d) Nothing in this subdivision precludes an employer from adopting
3 a policy which limits or denies employees who have experienced a
4 separation from service with the employer from working as a volunteer or
5 substitute employee within one hundred eighty days after the employee
6 experiences such separation from service; and

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

9 **Sec. 8.** Section 79-904.01, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 79-904.01 (1)(a) If the board determines that the retirement system
12 has previously received contributions or distributed benefits which for
13 any reason are not in accordance with the statutory provisions of the
14 School Employees Retirement Act, the board may refund contributions,
15 require additional contributions, adjust benefits, or require repayment
16 of benefits paid. In the event of an overpayment of a benefit, the board
17 may, in addition to other remedies, offset future benefit payments by the
18 amount of the prior overpayment, together with regular interest thereon.
19 In the event of a material underpayment of a benefit, the board shall
20 immediately make payment equal to the deficit amount plus regular
21 interest.

22 (b) The board shall have the power, through the director of the
23 Nebraska Public Employees Retirement Systems or the director's designee,
24 to make a thorough investigation of any overpayment of a benefit, when in
25 the judgment of the retirement system such investigation is necessary,
26 including, but not limited to, circumstances in which benefit payments
27 are made after the death of a member or beneficiary and the retirement
28 system is not made aware of such member's or beneficiary's death. In
29 connection with any such investigation, the board, through the director
30 or the director's designee, shall have the power to compel the attendance
31 of witnesses and the production of books, papers, records, and documents,

1 whether in hardcopy, electronic form, or otherwise, and issue subpoenas
2 for such purposes. Such subpoenas shall be served in the same manner and
3 have the same effect as subpoenas from district courts.

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

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

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

22 **Sec. 9.** Section 79-915, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 79-915 (1) Persons residing outside of the United States and engaged
25 temporarily as school employees in the State of Nebraska shall not become
26 members of the retirement system.

27 (2) No school employee shall be authorized to participate in the
28 retirement system provided for in the School Employees Retirement Act
29 unless the employee is a United States citizen or is lawfully present in
30 the United States. The employing public school and the school employee
31 shall maintain at least one of the following documents, which shall be

1 unexpired ~~r~~ if applicable to the particular document or which has an
2 expiration date that has been extended by the United States Department of
3 Homeland Security or the United States Citizenship and Immigration
4 Services so that such document is still valid, to demonstrate United
5 States citizenship or lawful presence in the United States as of the
6 employee's date of hire and produce any such document so maintained upon
7 request of the retirement board or the Nebraska Public Employees
8 Retirement Systems:

9 (a) A state-issued driver's license;

10 (b) A state-issued identification card;

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

12 (d) ~~(e)~~ A certified copy of a birth certificate or delayed birth
13 certificate issued in any state, territory, or possession of the United
14 States;

15 (e) ~~(d)~~ A Consular Report of Birth Abroad issued by the United
16 States Department of State;

17 (f) ~~(e)~~ A United States passport;

18 (g) ~~(f)~~ A foreign passport with a United States visa;

19 (h) ~~(g)~~ A United States Certificate of Naturalization;

20 (i) ~~(h)~~ A United States Certificate of Citizenship;

21 (j) ~~(i)~~ A tribal certificate of Native American blood or similar
22 document;

23 (k) ~~(j)~~ A United States Citizenship and Immigration Services
24 Employment Authorization Document, Form I-766;

25 (l) ~~(k)~~ A United States Citizenship and Immigration Services
26 Permanent Resident Card, Form I-551; or

27 (m) ~~(l)~~ Any other document issued by the United States Department of
28 Homeland Security or the United States Citizenship and Immigration
29 Services granting employment authorization in the United States and
30 approved by the retirement board.

31 (3)(a) The board may determine that a governmental entity currently

1 participating in the retirement system no longer qualifies, in whole or
2 in part, under section 414(d) of the Internal Revenue Code as a
3 participating employer in a governmental plan.

4 (b)(i) To aid governmental entities in their business decisionmaking
5 process, any governmental entity currently participating in the
6 retirement system contemplating a business transaction that may result in
7 such entity no longer qualifying, in whole or in part, under section
8 414(d) of the Internal Revenue Code may notify the board in writing as
9 soon as reasonably practicable, but no later than one hundred eighty days
10 before the transaction is to occur.

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

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

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

30 (c) If the board makes a determination pursuant to subdivision (3)
31 (a) of this section, or if the entity engages in the contemplated

1 business transaction reviewed under subdivision (3)(b) of this section
2 that results in the entity no longer qualifying under section 414(d) of
3 the Internal Revenue Code:

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

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

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

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

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

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

21 (d) For purposes of this subsection:

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

26 (ii) Funding obligation means the financial liability of the
27 retirement system to provide benefits for the affected plan members
28 incurred by the retirement system due to the entity's business
29 transaction calculated using the methodology and assumptions recommended
30 by the board's contracted actuary and approved by the board. The
31 methodology and assumptions used must be structured in a way that ensures

1 the entity is financially liable for all the costs of the entity's
2 business transaction, and the retirement system is not financially liable
3 for any of the cost of the entity's business transaction.

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

8 **Sec. 10.** Section 79-956, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 79-956 (1)(a) Except as provided in section 42-1107, if a member
11 dies before the member's retirement date, the member's accumulated
12 contributions shall be paid pursuant to section 79-969.

13 (b) Except for payment to an alternative payee pursuant to a
14 qualified domestic relations order, if no legal representative or
15 beneficiary applies for such accumulated contributions, the contributions
16 shall be distributed in accordance with the Uniform Disposition of
17 Unclaimed Property Act.

18 (2) When the deceased member has twenty years or more of creditable
19 service regardless of age or dies on or after his or her sixty-fifth
20 birthday and leaves a surviving spouse who has been designated by the
21 member as the sole surviving primary beneficiary, on forms provided by
22 the board, as of the date of the member's death, such beneficiary may
23 elect, within twelve months after the death of the member, to receive (a)
24 a refund of the member's contribution account balance, including
25 interest, plus an additional one hundred one percent of the member's
26 contribution account balance, including interest, or (b) an annuity which
27 shall be equal to the amount that would have accrued to the member had he
28 or she elected to have the retirement annuity paid as a one-hundred-
29 percent joint and survivor annuity payable as long as either the member
30 or the member's spouse should survive and had the member retired (i) on
31 the date of death if his or her age at death is sixty-five years or more

1 or (ii) at age sixty-five years if his or her age at death is less than
2 sixty-five years.

3 (3) When the deceased member who was a school employee on or after
4 May 1, 2001, has not less than five years of creditable service and less
5 than twenty years of creditable service and dies before his or her sixty-
6 fifth birthday and leaves a surviving spouse who has been designated in
7 writing as beneficiary and who, as of the date of the member's death, is
8 the sole surviving primary beneficiary, such beneficiary may elect,
9 within twelve months after the death of the member, to receive (a) a
10 refund of the member's contribution account balance with interest plus an
11 additional one hundred one percent of the member's contribution account
12 balance with interest or (b) an annuity payable monthly for the surviving
13 spouse's lifetime which shall be equal to the benefit amount that had
14 accrued to the member at the date of the member's death, commencing when
15 the member would have reached age sixty, or the member's age at death if
16 greater, reduced by three percent for each year payments commence before
17 the member would have reached age sixty-five, and adjusted for payment in
18 the form of a one-hundred-percent joint and survivor annuity.

19 (4)(a) If the requirements of subsection (2) or (3) of this section
20 are not met, a lump sum equal to all contributions to the fund made by
21 such member plus regular interest shall be paid pursuant to section
22 79-969. Lump sum payments to multiple individuals made under this
23 section, when appropriate, may be made independently of each other.

24 (b) An application for benefits under subsection (2) or (3) of this
25 section shall be deemed to have been timely filed if the application is
26 received by the retirement system within twelve months after the date of
27 the death of the member.

28 (5) Benefits to which a surviving spouse, beneficiary, or estate of
29 a member shall be entitled pursuant to this section shall commence
30 immediately upon the death of such member.

31 (6) A lump-sum death benefit paid to the member's beneficiary, other

1 than the member's estate, that is an eligible distribution may be
2 distributed in the form of a direct transfer to a retirement plan
3 eligible to receive such transfer under the provisions of the Internal
4 Revenue Code.

5 (7) For any member whose death occurs on or after January 1, 2007,
6 while performing qualified military service as defined in section 414(u)
7 of the Internal Revenue Code, the member's beneficiary shall be entitled
8 to any additional death benefit that would have been provided, other than
9 the accrual of any benefit relating to the period of qualified military
10 service. The additional death benefit shall be determined as if the
11 member had returned to employment with the employer and such employment
12 had terminated on the date of the member's death.

13 **Sec. 11.** Section 79-978, Reissue Revised Statutes of Nebraska, is
14 amended to read:

15 79-978 For purposes of the Class V School Employees Retirement Act,
16 unless the context otherwise requires:

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

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

27 (3) Actuarial tables means:

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

30 (i) For members hired before July 1, 2018, a unisex mortality table
31 using twenty-five percent of the male mortality and seventy-five percent

1 of the female mortality from the 1994 Group Annuity Mortality Table with
2 a One Year Setback and using an interest rate of eight percent compounded
3 annually; and

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

16 (b) For joint and survivorship annuities:

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

26 (ii) For members hired on or after July 1, 2018, or rehired on or
27 after July 1, 2018, after termination of employment and being paid a
28 retirement benefit, the determinations shall be based on a unisex
29 mortality table and an interest rate specified by (A) the board until
30 September 1, 2024, or (B) the retirement board beginning on September 1,
31 2024. Both the mortality table and the interest rate shall be recommended

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

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

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

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

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

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

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

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

27 (11) Board of trustees means:

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

30 (b) Beginning September 1, 2024, the board of education shall be
31 deemed to be the successor in interest for all liability associated with

1 the actions or inactions of the entity identified under subdivision (11)
2 (a) of this section and as specified in the Class V School Employees
3 Retirement Act;

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

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

22 (c) Compensation in excess of the limitations set forth in section
23 401(a)(17) of the Internal Revenue Code, as defined in section 49-801.01,
24 shall be disregarded;

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

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

29 (15) Early retirement date means, for members hired prior to July 1,
30 2016, who have attained age fifty-five, that month and year selected by a
31 member having at least ten years of membership ~~credit~~able service which

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

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

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

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

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

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

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

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

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

1 regular employees;

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

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

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

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

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

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

1 paid full compensation by an employer. If a member performs less than one
2 thousand hours of compensated service during a fiscal year, one-tenth of
3 a year of membership service shall be credited for each one hundred hours
4 of compensated service by the member in such fiscal year. In determining
5 a member's total membership service, all periods of membership service,
6 including fractional years of membership service in one-tenth-year
7 increments, shall be aggregated;

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

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

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

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

18 (28) Prior service means service rendered prior to September 1,
19 1951, for which credit is allowed under section 79-999, service rendered
20 by retired employees receiving benefits under preexisting systems, and
21 service for which credit is allowed under sections 79-990, 79-991,
22 79-994, 79-995, and 79-997;

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

28 (b) Effective September 1, 2021, a person hired by an employer or
29 under contract to provide service for less than thirty hours per week but
30 who provides service for an average of thirty hours or more per week in
31 each calendar month of any three calendar months of a fiscal year shall,

1 beginning with the next full payroll period; 7

2 (i) Commence ~~commence~~ contributions; ~~and shall be~~

3 (ii) Be deemed a regular employee; and

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

5 thereafter;

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

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

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

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

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

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

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

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

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

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

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

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

28 (42)(a) Termination of employment or termination occurs on the date
29 the member experiences a bona fide separation from service of employment
30 with the member's employer, the date of which separation is the last day
31 of service under the member's contractual agreement or, if there is no

1 contract or only partial fulfillment of a contract, as determined by an
2 employer. A member who experiences a separation from service shall comply
3 with the return-to-work provisions of section 79-992 if the member
4 returns to work for an employer.

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

13 (c) Nothing in this subdivision (42) precludes an employer from
14 adopting a policy which limits or denies employees who have experienced a
15 separation from service from working as a volunteer or substitute
16 employee within one hundred eighty days after the employee experiences a
17 separation from service;

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

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

30 (b) Merger or consolidation of any Class V school employees
31 retirement system established under the Class V School Employees

1 Retirement Act with the School Employees Retirement System of the State
2 of Nebraska or any other retirement system administered by the retirement
3 board;

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

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

7 **Sec. 12.** Section 79-9,103, Reissue Revised Statutes of Nebraska, is
8 amended to read:

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

26 (2) In addition to the cost-of-living adjustment provided in
27 subsection (1) of this section, any annuity paid on or after September 1,
28 1986, 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 September 1, 1985, shall be adjusted by the increase

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

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

19 (4) In addition to the cost-of-living adjustments provided in
20 subsections (1), (2), and (3) of this section, any annuity paid on or
21 after September 1, 1992, pursuant to the act or pursuant to the
22 provisions of the retirement system established by statute for employees
23 of Class V school districts in effect prior to September 1, 1951, and on
24 which the first payment was dated on or before October 1, 1991, shall be
25 adjusted by the increase in the cost of living or wage levels between the
26 effective date of retirement and June 30, 1992, except that such increase
27 shall not exceed (a) three percent for annuities first paid after October
28 1, 1990, (b) six percent for annuities first paid after October 1, 1989,
29 but on or before October 1, 1990, or (c) nine percent for all other
30 annuities.

31 (5) In addition to the cost-of-living adjustments provided in

1 subsections (1), (2), (3), and (4) of this section, any annuity paid on
2 or after September 1, 1995, pursuant to the act or pursuant to the
3 provisions of the retirement system established by statute for employees
4 of Class V school districts in effect prior to September 1, 1951, and on
5 which the first payment was dated on or before October 1, 1994, shall be
6 adjusted by the increase in the cost of living or wage levels between the
7 effective date of retirement and June 30, 1995, except that such increase
8 shall not exceed (a) three percent for annuities first paid after October
9 1, 1993, (b) six percent for annuities first paid after October 1, 1992,
10 but on or before October 1, 1993, or (c) nine percent for all other
11 annuities.

12 (6) In addition to the cost-of-living adjustments provided in
13 subsections (1), (2), (3), (4), and (5) of this section, any annuity paid
14 pursuant to the act or pursuant to the provisions of the retirement
15 system established by statute for employees of Class V school districts
16 in effect prior to September 1, 1951, and on which the first payment was
17 dated on or before October 1, 1994, shall be subject to adjustment to
18 equal the greater of (a) the annuity payable to the member or beneficiary
19 as adjusted, if applicable, under the provisions of subsection (1), (2),
20 (3), (4), or (5) of this section or (b) ninety percent of the annuity
21 which results when the original annuity that was paid to the member or
22 beneficiary (before any cost-of-living adjustments under this section),
23 is adjusted by the increase in the cost of living or wage levels between
24 the commencement date of the annuity and June 30, 1995.

25 (7) In addition to the cost-of-living adjustments provided in
26 subsections (1), (2), (3), (4), (5), and (6) of this section, any annuity
27 paid on or after September 1, 1998, pursuant to the act or pursuant to
28 the provisions of the retirement system established by statute for
29 employees of Class V school districts in effect prior to September 1,
30 1951, and on which the first payment was dated on or before October 3,
31 1997, shall be adjusted by the increase in the cost of living or wage

1 levels between the effective date of retirement and June 30, 1998, except
2 that such increase shall not exceed (a) three percent for annuities first
3 paid after October 1, 1996, (b) six percent for annuities first paid
4 after October 1, 1995, but on or before October 1, 1996, or (c) nine
5 percent for all other annuities.

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

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

30 (10) Beginning September 1, 1999, the actuary shall make an annual
31 valuation of the assets and liabilities of the system. If the annual

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

17 (11) Except for the adjustments pursuant to subsection (13) of this
18 section, the consumer price index to be used for determining any cost-of-
19 living adjustment under this section shall be the Consumer Price Index -
20 All Urban Consumers, as published by the Bureau of Labor Statistics of
21 the United States Department of Labor. If this consumer price index is
22 discontinued or replaced, a substitute index published by the United
23 States Department of Labor shall be selected by the board if before
24 September 1, 2024, or by the retirement board if on or after September 1,
25 2024. Any substitute index selected shall be a reasonable representative
26 measurement of the cost of living for retired employees. An annuity as
27 increased by any cost-of-living adjustment made under this section shall
28 be considered the base annuity amount for the purpose of future
29 adjustments pursuant to this section. In no event shall any cost-of-
30 living adjustment be deemed to affect or increase the amount of the base
31 retirement annuity of a member as determined under section 79-999 or

1 79-9,100.

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

16 (13) The Legislature finds and declares that there exists in this
17 state a pressing need to attract and retain qualified and dedicated
18 public school employees and that one of the factors prospective public
19 school employees consider when seeking or continuing public school
20 employment is the retirement system and benefits the employment provides.
21 The Legislature further finds that over the past decades, as reflected by
22 the Medical Price Index published by the United States Department of
23 Labor, the cost of medical care, including the cost of medications and
24 insurance coverages, has increased at a rate in excess of that by which
25 the Consumer Price Index - All Urban Consumers has increased. The
26 Legislature further finds and declares that there accordingly exists a
27 need to adjust the amount of retirement benefits paid to retired public
28 school employees in order to assist them in meeting the increased cost of
29 medical care. Therefor, in addition to the cost-of-living adjustments
30 provided in subsections (1) through (12) of this section, commencing on
31 October 3, 2001, and on October 3 of every year thereafter, a medical

1 cost-of-living adjustment shall be paid to any annuitant who became a
2 member prior to July 1, 2016, and has been paid an annuity from the
3 retirement system for at least ten years through the October 3 adjustment
4 date. The cost-of-living adjustment shall be paid in the form of a
5 supplemental annuity providing monthly payments equal to the amount which
6 results when (a) the fraction, not to exceed one, that results when the
7 annuitant's years of creditable service at his or her retirement date is
8 divided by twenty, is multiplied by (b) the product of ten dollars times
9 the number of years, including attained one-half years, that such
10 annuitant has received annuity payments from the retirement system
11 through the October 3 adjustment date. The supplemental annuity being
12 paid to an annuitant shall increase by ten dollars on October 3 of each
13 subsequent year to reflect the additional year of annuity payments to the
14 annuitant until the total amount of the supplemental annuity is two
15 hundred fifty dollars. In no event shall the medical cost-of-living
16 adjustment for any annuitant pursuant to this subsection result in the
17 payment of a supplemental annuity exceeding two hundred fifty dollars per
18 month. The supplemental annuity paid to an annuitant pursuant to this
19 subsection shall cease at the death of the annuitant regardless of the
20 form of retirement annuity being paid to the annuitant at the time of his
21 or her death.

22 **Sec. 13.** Section 79-9,106, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 79-9,106 (1) Upon the death of a member who has not yet retired and
25 who has twenty years or more of creditable service, the member's primary
26 beneficiary, as designated by the member in writing on forms provided by
27 the system, shall receive a survivorship annuity in accordance with
28 subdivision (1) of section 79-9,101 if the primary beneficiary is (a) the
29 member's spouse or (b) one other designated beneficiary whose attained
30 age in the calendar year of the member's death is no more than ten years
31 less than the attained age of the member in such calendar year. The

1 amount of such actuarially equivalent annuity shall be calculated using
2 the attained ages of the member and the beneficiary and be based on the
3 annuity earned to the date of the member's death without reduction due to
4 any early commencement of benefits. ~~If within sixty days from the date of~~
5 ~~the member's death,~~ if the member has not previously filed with the
6 administrator of the retirement system a form requiring that only the
7 survivorship annuity be paid, the beneficiary may request to receive in a
8 lump sum an amount equal to the member's accumulated contributions. If
9 prior to the member's death, the member files with the administrator of
10 the retirement system a form requiring that the beneficiary receive a
11 lump-sum settlement in lieu of the survivorship annuity, the beneficiary
12 shall receive, in lieu of the survivorship annuity, a lump-sum settlement
13 in an amount equal to the member's accumulated contributions
14 notwithstanding any other provision of this section.

15 (2) Upon the death of a member who has not yet retired and who has
16 less than twenty years of creditable service or upon the death of a
17 member who has not yet retired and who has twenty years or more of
18 creditable service but whose beneficiary does not meet the criteria in
19 subsection (1) of this section, a lump sum in an amount equal to the
20 member's accumulated contributions shall be paid pursuant to section
21 79-9,119.

22 (3) A lump-sum death benefit paid pursuant to subsection (1) or (2)
23 of this section, other than the member's estate, that is an eligible
24 distribution may be distributed in the form of a direct transfer to a
25 retirement plan eligible to receive such transfer under the provisions of
26 the Internal Revenue Code.

27 (4) For any member whose death occurs on or after January 1, 2007,
28 while performing qualified military service as defined in section 414(u)
29 of the Internal Revenue Code, the member's beneficiary shall be entitled
30 to any additional death benefit that would have been provided, other than
31 the accrual of any benefit relating to the period of qualified military

1 service. The additional death benefit shall be determined as if the
2 member had returned to employment with the school district and such
3 employment had terminated on the date of the member's death.

4 **Sec. 14.** Section 79-9,117, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 79-9,117 (1)(a) Until September 1, 2024, the board of trustees shall
7 establish a comprehensive preretirement planning program for school
8 employees who are members of the retirement system. The program shall
9 provide information and advice regarding the many changes members face
10 upon retirement, including, but not limited to, changes in physical and
11 mental health, housing, family life, leisure activity, and retirement
12 income.

13 (b) Beginning September 1, 2024, the retirement board shall
14 establish sessions as provided in section 84-1511 for school employees
15 who are members of the retirement system.

16 (2) The preretirement planning program shall be available to all
17 members.

18 (3) The preretirement planning program shall include information on
19 the federal and state income tax consequences of the various annuity or
20 retirement benefit options available to the member, information on social
21 security benefits, information on various local, state, and federal
22 government programs and programs in the private sector designed to assist
23 elderly persons, and information and advice the board of trustees or
24 retirement board, as applicable, deems valuable in assisting members in
25 the transition from public employment to retirement.

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

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

1 (6) An employer shall provide each member leave with pay to attend
2 up to two preretirement planning programs or the equivalent of up to
3 sixteen hours of preretirement planning programs. For purposes of this
4 subsection, leave with pay means a day off paid by an employer and does
5 not mean vacation, sick, personal, or compensatory time. A member may
6 choose to attend a program more than twice, but such leave shall be at
7 the expense of the member and shall be at the discretion of the employer.
8 A member shall not be entitled to attend more than one preretirement
9 planning program per fiscal year prior to actual election of retirement.

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

13 **Sec. 15.** Section 79-9,118, Reissue Revised Statutes of Nebraska, is
14 amended to read:

15 79-9,118 No employee shall be authorized to participate in the
16 retirement system unless the employee is a United States citizen or is
17 lawfully present in the United States. The employing public school and
18 the school employee shall maintain at least one of the following
19 documents, which shall be unexpired ~~7~~ if applicable to the particular
20 document or which has an expiration date that has been extended by the
21 United States Department of Homeland Security or the United States
22 Citizenship and Immigration Services so that such document is still
23 valid, to demonstrate United States citizenship or lawful presence in the
24 United States as of the employee's date of hire, and, beginning September
25 1, 2024, produce any such document so maintained upon request of the
26 retirement board or the Nebraska Public Employees Retirement Systems:

27 (1) A state-issued driver's license;

28 (2) A state-issued identification card;

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

30 (4) ~~(3)~~ A certified copy of a birth certificate or delayed birth
31 certificate issued in any state, territory, or possession of the United

1 States;

2 (5) ~~(4)~~ A Consular Report of Birth Abroad issued by the United
3 States Department of State;

4 (6) ~~(5)~~ A United States passport;

5 (7) ~~(6)~~ A foreign passport with a United States visa;

6 (8) ~~(7)~~ A United States Certificate of Naturalization;

7 (9) ~~(8)~~ A United States Certificate of Citizenship;

8 (10) ~~(9)~~ A tribal certificate of Native American blood or similar
9 document;

10 (11) ~~(10)~~ A United States Citizenship and Immigration Services
11 Employment Authorization Document, Form I-766;

12 (12) ~~(11)~~ A United States Citizenship and Immigration Services
13 Permanent Resident Card, Form I-551; or

14 (13) ~~(12)~~ Any other document issued by the United States Department
15 of Homeland Security or the United States Citizenship and Immigration
16 Services granting employment authorization in the United States and
17 approved (a) until September 1, 2024, by the board of trustees and (b)
18 beginning September 1, 2024, by the retirement board.

19 **Sec. 16.** Section 81-2014, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 81-2014 For purposes of the Nebraska State Patrol Retirement Act:

22 (1)(a) Actuarial equivalent means the equality in value of the
23 aggregate amounts expected to be received under different forms of
24 payment or to be received at an earlier retirement age than the normal
25 retirement age.

26 (b) For an officer hired before July 1, 2017, the determinations
27 shall be based on the 1994 Group Annuity Mortality Table reflecting sex-
28 distinct factors blended using seventy-five percent of the male table and
29 twenty-five percent of the female table. An interest rate of eight
30 percent per annum shall be reflected in making the determinations until
31 such percent is amended by the Legislature.

1 (c) For an officer hired on or after July 1, 2017, or rehired on or
2 after July 1, 2017, after termination of employment and being paid a
3 retirement benefit or taking a refund of contributions, the
4 determinations shall be based on a unisex mortality table and an interest
5 rate specified by the board. Both the mortality table and the interest
6 rate shall be recommended by the actuary and approved by the board
7 following an actuarial experience study, a benefit adequacy study, or a
8 plan valuation. The mortality table, interest rate, and actuarial factors
9 in effect on the officer's retirement date will be used to calculate
10 actuarial equivalency of any retirement benefit. Such interest rate may
11 be, but is not required to be, equal to the assumed rate of return;

12 (2) Board means the Public Employees Retirement Board;

13 (3)(a)(i) Compensation means gross wages or salaries payable to the
14 member for personal services performed during the plan year. Compensation
15 does not include insurance premiums converted into cash payments,
16 reimbursement for expenses incurred, fringe benefits, per diems, or
17 bonuses for services not actually rendered, including, but not limited
18 to, early retirement inducements, cash awards, and severance pay, except
19 for retroactive salary payments paid pursuant to court order,
20 arbitration, or litigation and grievance settlements. Compensation
21 includes overtime pay, member retirement contributions, and amounts
22 contributed by the member to plans under sections 125 and 457 of the
23 Internal Revenue Code as defined in section 49-801.01 or any other
24 section of the code which defers or excludes such amounts from income.

25 (ii) For any officer employed on or prior to January 4, 1979,
26 compensation includes compensation for unused sick leave or unused
27 vacation leave converted to cash payments.

28 (iii) For any officer employed after January 4, 1979, and prior to
29 July 1, 2016, compensation does not include compensation for unused sick
30 leave or unused vacation leave converted to cash payments and includes
31 compensation for unused holiday compensatory time and unused compensatory

1 time converted to cash payments.

2 (iv) For any officer employed on or after July 1, 2016, compensation
3 does not include compensation for unused sick leave, unused vacation
4 leave, unused holiday compensatory time, unused compensatory time, or any
5 other type of unused leave, compensatory time, or similar benefits,
6 converted to cash payments.

7 (b) Compensation in excess of the limitations set forth in section
8 401(a)(17) of the Internal Revenue Code as defined in section 49-801.01
9 shall be disregarded. For an employee who was a member of the retirement
10 system before the first plan year beginning after December 31, 1995, the
11 limitation on compensation shall not be less than the amount which was
12 allowed to be taken into account under the retirement system as in effect
13 on July 1, 1993;

14 (4) Creditable service means service granted pursuant to section
15 81-2034 and all service rendered while a contributing member of the
16 retirement system. Creditable service includes working days, sick days,
17 vacation days, holidays, and any other leave days for which the officer
18 is paid regular wages except as specifically provided in the Nebraska
19 State Patrol Retirement Act. Creditable service does not include
20 eligibility and vesting credit nor service years for which member
21 contributions are withdrawn and not repaid;

22 (5) Current benefit means the initial benefit increased by all
23 adjustments made pursuant to the Nebraska State Patrol Retirement Act;

24 (6) DROP means the deferred retirement option plan as provided in
25 section 81-2041;

26 (7) DROP account means an individual DROP participant's defined
27 contribution account under section 414(k) of the Internal Revenue Code;

28 (8) DROP period means the amount of time the member elects to
29 participate in DROP which shall be for a period not to exceed five years
30 from and after the date of the member's DROP election;

31 (9) Eligibility and vesting credit means credit for years, or a

1 fraction of a year, of participation in a Nebraska government plan for
2 purposes of determining eligibility for benefits under the Nebraska State
3 Patrol Retirement Act. Such credit shall be used toward the vesting
4 percentage pursuant to subsection (2) of section 81-2031 but shall not be
5 included as years of service in the benefit calculation;

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

8 (11) Initial benefit means the retirement benefit calculated at the
9 time of retirement;

10 (12) Officer means law enforcement officer as defined in section
11 81-1401 and as provided for in sections 81-2001 to 81-2009, but does not
12 include a noncertified conditional officer as defined in section 81-1401;

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

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

20 (15) Required beginning date means, for purposes of the deferral of
21 distributions and the commencement of mandatory distributions pursuant to
22 section 401(a)(9) of the Internal Revenue Code and the regulations issued
23 thereunder, April 1 of the year following the calendar year in which a
24 member:

25 (a)(i) Terminated employment with the State of Nebraska; and

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

29 (B) Attained at least seventy-two years of age for a member who
30 attained seventy and one-half years of age on or after January 1, 2020,
31 and prior to January 1, 2023;

1 (C) Attained at least seventy-three years of age for a member who
2 attained seventy-two years of age after December 31, 2022, and seventy-
3 three years of age prior to January 1, 2033; or

4 (D) Attained at least seventy-five years of age for a member who
5 attained seventy-four years of age after December 31, 2032; or

6 (b)(i) Terminated employment with the State of Nebraska; and

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

9 (16) Retirement application means the form approved and provided by
10 the retirement system for acceptance of a member's request for either
11 regular or disability retirement;

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

18 (18) Retirement system or system means the Nebraska State Patrol
19 Retirement System as provided in the act;

20 (19) Service means employment as a member of the Nebraska State
21 Patrol and shall not be deemed to be interrupted by (a) temporary or
22 seasonal suspension of service that does not terminate the employee's
23 employment, (b) leave of absence authorized by the employer for a period
24 not exceeding twelve months, (c) leave of absence because of disability,
25 or (d) military service, when properly authorized by the board. Service
26 does not include any period of disability for which disability retirement
27 benefits are received under subsection (1) of section 81-2025;

28 (20) Surviving spouse means (a) the spouse married to the member on
29 the date of the member's death if married for at least one year prior to
30 death or if married on the date of the member's retirement or (b) the
31 spouse or former spouse of the member if survivorship rights are provided

1 under a qualified domestic relations order filed with the board pursuant
2 to the Spousal Pension Rights Act. The spouse or former spouse shall
3 supersede the spouse married to the member on the date of the member's
4 death as provided under a qualified domestic relations order. If the
5 benefits payable to the spouse or former spouse under a qualified
6 domestic relations order are less than the value of benefits entitled to
7 the surviving spouse, the spouse married to the member on the date of the
8 member's death shall be the surviving spouse for the balance of the
9 benefits; and

10 (21)(a) ~~(21)~~ Termination of employment occurs on the date on which
11 the Nebraska State Patrol determines that the officer's employer-employee
12 relationship with the patrol is dissolved. The Nebraska State Patrol
13 shall notify the board of the date on which such a termination has
14 occurred.

15 (b) Termination of employment does not include ceasing employment
16 with the Nebraska State Patrol if the officer returns to regular
17 employment with the Nebraska State Patrol or another agency of the State
18 of Nebraska and there are less than one hundred twenty days between the
19 date when the employee's employer-employee relationship ceased and the
20 date when the employer-employee relationship commenced with the Nebraska
21 State Patrol or another state agency. Termination of employment does not
22 occur upon an officer's participation in DROP pursuant to section
23 81-2041.

24 (c) It is the responsibility of the employer that is involved in the
25 termination of employment to notify the board of such change in
26 employment and provide the board with such information as the board deems
27 necessary.

28 (d) If the board determines that termination of employment has not
29 occurred and a retirement benefit has been paid to a member of the
30 retirement system pursuant to section 81-2026, the board shall require
31 the member who has received such benefit to repay the benefit to the

1 retirement system unless the board determines that all or any portion of
2 such benefit was the result of an inadvertent overpayment.

3 **Sec. 17.** Section 81-2016, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 81-2016 (1) Every member of the Nebraska State Patrol who was
6 employed by the State of Nebraska as such, on September 7, 1947, and
7 every person employed as a member of such patrol thereafter, shall be a
8 member of the system, except for those members of the Nebraska State
9 Patrol who elected pursuant to section 60-1304 to remain members of the
10 State Employees Retirement System of the State of Nebraska.

11 (2) No employee shall be authorized to participate in the retirement
12 system provided for in the Nebraska State Patrol Retirement Act unless
13 the employee is a United States citizen or is lawfully present in the
14 United States. The employing state agency and the employee shall maintain
15 at least one of the following documents, which shall be unexpired τ if
16 applicable to the particular document or which has an expiration date
17 that has been extended by the United States Department of Homeland
18 Security or the United States Citizenship and Immigration Services so
19 that such document is still valid, to demonstrate United States
20 citizenship or lawful presence in the United States as of the employee's
21 date of hire and produce any such document so maintained upon request of
22 the board or the Nebraska Public Employees Retirement Systems:

23 (a) A state-issued driver's license;

24 (b) A state-issued identification card;

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

26 (d) ~~(e)~~ A certified copy of a birth certificate or delayed birth
27 certificate issued in any state, territory, or possession of the United
28 States;

29 (e) ~~(d)~~ A Consular Report of Birth Abroad issued by the United
30 States Department of State;

31 (f) ~~(e)~~ A United States passport;

- 1 ~~(g)~~ ~~(f)~~ A foreign passport with a United States visa;
- 2 ~~(h)~~ ~~(g)~~ A United States Certificate of Naturalization;
- 3 ~~(i)~~ ~~(h)~~ A United States Certificate of Citizenship;
- 4 ~~(j)~~ ~~(i)~~ A tribal certificate of Native American blood or similar
- 5 document;
- 6 ~~(k)~~ ~~(j)~~ A United States Citizenship and Immigration Services
- 7 Employment Authorization Document, Form I-766;
- 8 ~~(l)~~ ~~(k)~~ A United States Citizenship and Immigration Services
- 9 Permanent Resident Card, Form I-551; or
- 10 ~~(m)~~ ~~(l)~~ Any other document issued by the United States Department of
- 11 Homeland Security or the United States Citizenship and Immigration
- 12 Services granting employment authorization in the United States and
- 13 approved by the board.

14 (3) Within the first one hundred eighty days of employment, a member

15 may apply to the board for eligibility and vesting credit for years of

16 participation in another Nebraska governmental plan, as defined by

17 section 414(d) of the Internal Revenue Code. During the years of

18 participation in the other Nebraska governmental plan, the employee must

19 have been a full-time employee, as defined in the Nebraska governmental

20 plan in which the credit was earned.

21 (4) Any officer who qualifies for membership pursuant to subsection

22 (1) of this section may not be disqualified from membership in the

23 retirement system solely because such officer also maintains separate

24 employment which qualifies the officer for membership in another public

25 retirement system, nor may membership in this retirement system

26 disqualify such an officer from membership in another public retirement

27 system solely by reason of separate employment which qualifies such

28 officer for membership in this retirement system.

29 (5) Information necessary to determine membership shall be provided

30 by the Nebraska State Patrol.

31 (6) The board may adopt and promulgate rules and regulations

1 governing the assessment and granting of eligibility and vesting credit.

2 **Sec. 18.** Section 81-2017, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 81-2017 (1)(a)(i) Commencing July 1, 2010, and until July 1, 2011,
5 each officer while in the service of the Nebraska State Patrol shall pay
6 or have paid on such officer's behalf a sum equal to sixteen percent of
7 such officer's monthly compensation.

8 (ii) Commencing July 1, 2011, and until July 1, 2013, each officer
9 while in the service of the Nebraska State Patrol shall pay or have paid
10 on such officer's behalf a sum equal to nineteen percent of such
11 officer's monthly compensation.

12 (iii)(A) Commencing July 1, 2013, and until July 1, 2024, each
13 officer who commenced service prior to July 1, 2016, while in the service
14 of the Nebraska State Patrol shall pay or have paid on such officer's
15 behalf a sum equal to sixteen percent of such officer's monthly
16 compensation.

17 (B) Until July 1, 2024, each officer who commenced service on or
18 after July 1, 2016, while in the service of the Nebraska State Patrol
19 shall pay or have paid on such officer's behalf a sum equal to seventeen
20 percent of such officer's monthly compensation.

21 (iv) Commencing July 1, 2024, each officer while in the service of
22 the Nebraska State Patrol shall pay or have paid on such officer's behalf
23 a sum equal to ten percent of such officer's monthly compensation.

24 (b) Such amounts shall be deducted monthly by the Director of
25 Administrative Services who shall draw a warrant monthly in the amount of
26 the total deductions from the compensation of members of the Nebraska
27 State Patrol in accordance with subsection (4) of this section, and the
28 State Treasurer shall credit the amount of such warrant to the State
29 Patrol Retirement Fund. The director shall cause a detailed report of all
30 monthly deductions to be made each month to the board.

31 (2) In addition:

1 (a)(i) Commencing July 1, 2010, and until July 1, 2011, there shall
2 be assessed against the appropriation of the Nebraska State Patrol a sum
3 equal to the amount of sixteen percent of each officer's monthly
4 compensation, which shall be credited to the State Patrol Retirement
5 Fund.

6 (ii) Commencing July 1, 2011, and until July 1, 2013, there shall be
7 assessed against the appropriation of the Nebraska State Patrol a sum
8 equal to the amount of nineteen percent of each officer's monthly
9 compensation, which shall be credited to the State Patrol Retirement
10 Fund.

11 (iii)(A) Commencing July 1, 2013, and until July 1, 2024, for each
12 officer who commenced service prior to July 1, 2016, there shall be
13 assessed against the appropriation of the Nebraska State Patrol a sum
14 equal to the amount of sixteen percent of each officer's monthly
15 compensation, which shall be credited to the State Patrol Retirement
16 Fund.

17 (B) Commencing July 1, 2016, and until July 1, 2024, for each
18 officer who commenced service on or after July 1, 2016, there shall be
19 assessed against the appropriation of the Nebraska State Patrol a sum
20 equal to the amount of seventeen percent of each officer's monthly
21 compensation, which shall be credited to the State Patrol Retirement
22 Fund.

23 (iv) Commencing July 1, 2024, there shall be assessed against the
24 appropriation of the Nebraska State Patrol a sum equal to the amount of
25 twenty-four percent of each officer's monthly compensation, which shall
26 be credited to the State Patrol Retirement Fund.

27 (b) This assessment constitutes an employer match and shall be
28 contingent upon the officer making such officer's contributions to the
29 retirement system.

30 (3)(a) Prior to July 1, 2021:

31 (i) Beginning July 1, 2002, and each fiscal year thereafter, the

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

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

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

26 (iv) If the actuarially required contribution rate exceeds the rate
27 of all contributions required pursuant to the Nebraska State Patrol
28 Retirement Act, there shall be a supplemental appropriation sufficient to
29 pay for the differences between the actuarially required contribution
30 rate and the rate of all contributions required pursuant to the act.

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

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

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

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

23 (iv) If the actuarially required contribution rate exceeds the rate
24 of all contributions required pursuant to the Nebraska State Patrol
25 Retirement Act, it is the intent of the Legislature that there shall be a
26 supplemental appropriation sufficient to pay for the differences between
27 the actuarially required contribution rate and the rate of all
28 contributions required pursuant to the act.

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

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

9 (4) The state shall pick up the member contributions required by
10 this section for all compensation paid on or after January 1, 1985, and
11 the contributions so picked up shall be treated as employer contributions
12 pursuant to section 414(h)(2) of the Internal Revenue Code in determining
13 federal tax treatment under the code and shall not be included as gross
14 income of the member until such time as they are distributed or made
15 available. The contributions, although designated as member
16 contributions, shall be paid by the state in lieu of member
17 contributions. The state shall pay these member contributions from the
18 same source of funds which is used in paying earnings to the member. The
19 state shall pick up these contributions by a compensation deduction
20 through a reduction in the cash compensation of the member. Member
21 contributions picked up shall be treated for all purposes of the Nebraska
22 State Patrol Retirement Act in the same manner and to the extent as
23 member contributions made prior to the date picked up.

24 **Sec. 19.** Section 84-1301, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 84-1301 For purposes of the State Employees Retirement Act, unless
27 the context otherwise requires:

28 (1)(a) Actuarial equivalent means the equality in value of the
29 aggregate amounts expected to be received under different forms of an
30 annuity payment.

31 (b) For an employee hired prior to January 1, 2018, the mortality

1 assumption used for purposes of converting the member cash balance
2 account shall be the 1994 Group Annuity Mortality Table using a unisex
3 rate that is fifty percent male and fifty percent female. For purposes of
4 converting the member cash balance account attributable to contributions
5 made prior to January 1, 1984, that were transferred pursuant to the act,
6 the 1994 Group Annuity Mortality Table for males shall be used.

7 (c) For an employee hired on or after January 1, 2018, or rehired on
8 or after January 1, 2018, after termination of employment and being paid
9 a retirement benefit or taking a refund of contributions, the mortality
10 assumption used for purposes of converting the member cash balance
11 account shall be a unisex mortality table that is recommended by the
12 actuary and approved by the board following an actuarial experience
13 study, a benefit adequacy study, or a plan valuation. The mortality table
14 and actuarial factors in effect on the member's retirement date will be
15 used to calculate the actuarial equivalency of any retirement benefit;

16 (2) Annuity means equal monthly payments provided by the retirement
17 system to a member or beneficiary under forms determined by the board
18 beginning the first day of the month after an annuity election is
19 received in the office of the Nebraska Public Employees Retirement
20 Systems or the first day of the month after the employee's termination of
21 employment, whichever is later. The last payment shall be at the end of
22 the calendar month in which the member dies or in accordance with the
23 payment option chosen by the member;

24 (3) Annuity start date means the date upon which a member's annuity
25 is first effective and shall be the first day of the month following the
26 member's termination or following the date the application is received by
27 the board, whichever is later;

28 (4) Cash balance benefit means a member's retirement benefit that is
29 equal to an amount based on annual employee contribution credits plus
30 interest credits and, if vested, employer contribution credits plus
31 interest credits and dividend amounts credited in accordance with

1 subdivision (4)(c) of section 84-1319;

2 (5)(a) Compensation means gross wages or salaries payable to the
3 member for personal services performed during the plan year. Compensation
4 does not include insurance premiums converted into cash payments,
5 reimbursement for expenses incurred, fringe benefits, per diems, or
6 bonuses for services not actually rendered, including, but not limited
7 to, early retirement inducements, cash awards, and severance pay, except
8 for retroactive salary payments paid pursuant to court order,
9 arbitration, or litigation and grievance settlements. Compensation
10 includes overtime pay, member retirement contributions, and amounts
11 contributed by the member to plans under sections 125, 403(b), and 457 of
12 the Internal Revenue Code or any other section of the code which defers
13 or excludes such amounts from income.

14 (b) Compensation in excess of the limitations set forth in section
15 401(a)(17) of the Internal Revenue Code shall be disregarded. For an
16 employee who was a member of the retirement system before the first plan
17 year beginning after December 31, 1995, the limitation on compensation
18 shall not be less than the amount which was allowed to be taken into
19 account under the retirement system as in effect on July 1, 1993;

20 (6) Date of disability means the date on which a member is
21 determined to be disabled by the board;

22 (7) Defined contribution benefit means a member's retirement benefit
23 from a money purchase plan in which member benefits equal annual
24 contributions and earnings pursuant to section 84-1310 and, if vested,
25 employer contributions and earnings pursuant to section 84-1311;

26 (8) Disability means an inability to engage in any substantially
27 gainful activity by reason of any medically determinable physical or
28 mental impairment which was initially diagnosed or became disabling while
29 the member was an active participant in the plan and which can be
30 expected to result in death or to be of long-continued and indefinite
31 duration;

1 (9) Employee means any person or officer employed by the State of
2 Nebraska whose compensation is paid out of state funds or funds
3 controlled or administered by a state department through any of its
4 executive or administrative officers when acting exclusively in their
5 respective official, executive, or administrative capacities and any
6 employee of the State Board of Agriculture who is a member of the state
7 retirement system on July 1, 1982. Employee does not include (a) judges
8 as defined in section 24-701, (b) members of the Nebraska State Patrol,
9 except for those members of the Nebraska State Patrol who elected
10 pursuant to section 60-1304 to remain members of the State Employees
11 Retirement System of the State of Nebraska, (c) employees of the
12 University of Nebraska, (d) employees of the state colleges, (e)
13 employees of community colleges, (f) employees of the Department of Labor
14 employed prior to July 1, 1984, and paid from funds provided pursuant to
15 Title III of the federal Social Security Act or funds from other federal
16 sources, except that if the contributory retirement plan or contract let
17 pursuant to section 48-609, as such section existed prior to January 1,
18 2018, is terminated, such employees shall become employees for purposes
19 of the State Employees Retirement Act on the first day of the first pay
20 period following the termination of such contributory retirement plan or
21 contract, (g) employees of the State Board of Agriculture who are not
22 members of the state retirement system on July 1, 1982, (h) the Nebraska
23 National Guard air and army technicians, (i) persons who are required to
24 participate in the School Employees Retirement System of the State of
25 Nebraska pursuant to section 79-920, except that those persons so
26 required and actively contributing to the State Employees Retirement
27 System of the State of Nebraska as of March 4, 2022, shall continue as
28 members of the State Employees Retirement System of the State of
29 Nebraska, or (j) employees of the Coordinating Commission for
30 Postsecondary Education who are eligible for and have elected to become
31 members of a qualified retirement program approved by the commission

1 which is commensurate with retirement programs at the University of
2 Nebraska. Any individual appointed by the Governor may elect not to
3 become a member of the State Employees Retirement System of the State of
4 Nebraska;

5 (10) Employee contribution credit means an amount equal to the
6 member contribution amount required by section 84-1308;

7 (11) Employer contribution credit means an amount equal to the
8 employer contribution amount required by section 84-1309;

9 (12) Final account value means the value of a member's account on
10 the date the account is either distributed to the member or used to
11 purchase an annuity from the plan, which date shall occur as soon as
12 administratively practicable after receipt of a valid application for
13 benefits, but no sooner than forty-five days after the member's
14 termination;

15 (13) Five-year break in service means five consecutive one-year
16 breaks in service;

17 (14) Full-time employee means an employee who is employed to work
18 one-half or more of the regularly scheduled hours during each pay period;

19 (15) Fund means the State Employees Retirement Fund created by
20 section 84-1309;

21 (16) Guaranteed investment contract means an investment contract or
22 account offering a return of principal invested plus interest at a
23 specified rate. For investments made after July 19, 1996, guaranteed
24 investment contract does not include direct obligations of the United
25 States or its instrumentalities, bonds, participation certificates or
26 other obligations of the Federal National Mortgage Association, the
27 Federal Home Loan Mortgage Corporation, or the Government National
28 Mortgage Association, or collateralized mortgage obligations and other
29 derivative securities. This subdivision shall not be construed to require
30 the liquidation of investment contracts or accounts entered into prior to
31 July 19, 1996;

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

3 (18) Interest credit rate means the greater of (a) five percent or
4 (b) the applicable federal mid-term rate, as published by the Internal
5 Revenue Service as of the first day of the calendar quarter for which
6 interest credits are credited, plus one and one-half percent, such rate
7 to be compounded annually;

8 (19) Interest credits means the amounts credited to the employee
9 cash balance account and the employer cash balance account at the end of
10 each day. Such interest credit for each account shall be determined by
11 applying the daily portion of the interest credit rate to the account
12 balance at the end of the previous day. Such interest credits shall
13 continue to be credited to the employee cash balance account and the
14 employer cash balance account after a member ceases to be an employee,
15 except that no such credit shall be made with respect to the employee
16 cash balance account and the employer cash balance account for any day
17 beginning on or after the member's date of final account value. If
18 benefits payable to the member's surviving spouse or beneficiary are
19 delayed after the member's death, interest credits shall continue to be
20 credited to the employee cash balance account and the employer cash
21 balance account until such surviving spouse or beneficiary commences
22 receipt of a distribution from the plan;

23 (20) Member cash balance account means an account equal to the sum
24 of the employee cash balance account and, if vested, the employer cash
25 balance account and dividend amounts credited in accordance with
26 subdivision (4)(c) of section 84-1319;

27 (21) One-year break in service means a plan year during which the
28 member has not completed more than five hundred hours of service;

29 (22) Participation means qualifying for and making the required
30 deposits to the retirement system during the course of a plan year;

31 (23) Part-time employee means an employee who is employed to work

1 less than one-half of the regularly scheduled hours during each pay
2 period;

3 (24) Plan year means the twelve-month period beginning on January 1
4 and ending on December 31;

5 (25) Prior service means service before January 1, 1964;

6 (26) Regular interest means the rate of interest earned each
7 calendar year commencing January 1, 1975, as determined by the retirement
8 board in conformity with actual and expected earnings on the investments
9 through December 31, 1984;

10 (27) Required beginning date means, for purposes of the deferral of
11 distributions and the commencement of mandatory distributions pursuant to
12 section 401(a)(9) of the Internal Revenue Code and the regulations issued
13 thereunder, April 1 of the year following the calendar year in which a
14 member:

15 (a)(i) Terminated employment with the State of Nebraska; and

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

19 (B) Attained at least seventy-two years of age for a member who
20 attained seventy and one-half years of age on or after January 1, 2020,
21 and prior to January 1, 2023;

22 (C) Attained at least seventy-three years of age for a member who
23 attained seventy-two years of age after December 31, 2022, and seventy-
24 three years of age prior to January 1, 2033; or

25 (D) Attained at least seventy-five years of age for a member who
26 attained seventy-four years of age after December 31, 2032; or

27 (b)(i) Terminated employment with the State of Nebraska; and

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

30 (28) Required contribution means the deduction to be made from the
31 compensation of employees as provided in section 84-1308;

1 (29) Retirement means qualifying for and accepting the retirement
2 benefit granted under the State Employees Retirement Act after
3 terminating employment;

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

7 (31) Retirement board or board means the Public Employees Retirement
8 Board;

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

15 (33) Retirement system means the State Employees Retirement System
16 of the State of Nebraska;

17 (34) Service means the actual total length of employment as an
18 employee and shall not be deemed to be interrupted by (a) temporary or
19 seasonal suspension of service that does not terminate the employee's
20 employment, (b) leave of absence authorized by the employer for a period
21 not exceeding twelve months, (c) leave of absence because of disability,
22 or (d) military service, when properly authorized by the retirement
23 board. Service does not include any period of disability for which
24 disability retirement benefits are received under section 84-1317;

25 (35) State department means any department, bureau, commission, or
26 other division of state government not otherwise specifically defined or
27 exempted in the act, the employees and officers of which are not already
28 covered by a retirement plan;

29 (36) Surviving spouse means (a) the spouse married to the member on
30 the date of the member's death or (b) the spouse or former spouse of the
31 member if survivorship rights are provided under a qualified domestic

1 relations order filed with the board pursuant to the Spousal Pension
2 Rights Act. The spouse or former spouse shall supersede the spouse
3 married to the member on the date of the member's death as provided under
4 a qualified domestic relations order. If the benefits payable to the
5 spouse or former spouse under a qualified domestic relations order are
6 less than the value of benefits entitled to the surviving spouse, the
7 spouse married to the member on the date of the member's death shall be
8 the surviving spouse for the balance of the benefits;

9 (37)(a) ~~(37)~~ Termination of employment occurs on the date on which
10 the agency which employs the member determines that the member's
11 employer-employee relationship with the State of Nebraska is dissolved.
12 The agency which employs the member shall notify the board of the date on
13 which such a termination has occurred.

14 (b) Termination of employment does not occur if an employee whose
15 employer-employee relationship with the State of Nebraska is dissolved
16 enters into an employer-employee relationship with the same or another
17 agency of the State of Nebraska and there are less than one hundred
18 twenty days between the date when the employee's employer-employee
19 relationship ceased with the state and the date when the employer-
20 employee relationship commenced with the same or another agency.

21 (c) It is the responsibility of the employer that is involved in the
22 termination of employment to notify the board of such change in
23 employment and provide the board with such information as the board deems
24 necessary.

25 (d) If the board determines that termination of employment has not
26 occurred and a retirement benefit has been paid to a member of the
27 retirement system pursuant to section 84-1321, the board shall require
28 the member who has received such benefit to repay the benefit to the
29 retirement system unless the board determines that all or any portion of
30 such benefit was the result of an inadvertent overpayment; and

31 (38) Vesting credit means credit for years, or a fraction of a year,

1 of participation in another Nebraska governmental plan for purposes of
2 determining vesting of the employer account.

3 **Sec. 20.** Section 84-1307, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 84-1307 (1) The membership of the retirement system shall be
6 composed of all persons who are or were employed by the State of Nebraska
7 and who maintain an account balance with the retirement system.

8 (2) The following employees of the State of Nebraska are authorized
9 to participate in the retirement system: (a) All permanent full-time
10 employees who have attained the age of eighteen years shall begin
11 participation in the retirement system upon employment; and (b) all
12 permanent part-time employees who have attained the age of eighteen years
13 may exercise the option to begin participation in the retirement system
14 within the first thirty days of employment. An employee who exercises the
15 option to begin participation in the retirement system pursuant to this
16 section shall remain in the retirement system until his or her
17 termination of employment or retirement, regardless of any change of
18 status as a permanent or temporary employee.

19 (3) No employee shall be authorized to participate in the retirement
20 system provided for in the State Employees Retirement Act unless the
21 employee is a United States citizen or is lawfully present in the United
22 States. The employing state agency and the employee shall maintain at
23 least one of the following documents, which shall be unexpired if
24 applicable to the particular document or which has an expiration date
25 that has been extended by the United States Department of Homeland
26 Security or the United States Citizenship and Immigration Services so
27 that such document is still valid, to demonstrate United States
28 citizenship or lawful presence in the United States as of the employee's
29 date of hire and produce any such document so maintained upon request of
30 the retirement board or the Nebraska Public Employees Retirement Systems:

31 (a) A state-issued driver's license;

1 (b) A state-issued identification card;

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

3 (d) ~~(e)~~ A certified copy of a birth certificate or delayed birth
4 certificate issued in any state, territory, or possession of the United
5 States;

6 (e) ~~(d)~~ A Consular Report of Birth Abroad issued by the United
7 States Department of State;

8 (f) ~~(e)~~ A United States passport;

9 (g) ~~(f)~~ A foreign passport with a United States visa;

10 (h) ~~(g)~~ A United States Certificate of Naturalization;

11 (i) ~~(h)~~ A United States Certificate of Citizenship;

12 (j) ~~(i)~~ A tribal certificate of Native American blood or similar
13 document;

14 (k) ~~(j)~~ A United States Citizenship and Immigration Services
15 Employment Authorization Document, Form I-766;

16 (l) ~~(k)~~ A United States Citizenship and Immigration Services
17 Permanent Resident Card, Form I-551; or

18 (m) ~~(l)~~ Any other document issued by the United States Department of
19 Homeland Security or the United States Citizenship and Immigration
20 Services granting employment authorization in the United States and
21 approved by the retirement board.

22 (4) For purposes of this section, (a) permanent full-time employees
23 includes employees of the Legislature or Legislative Council who work
24 one-half or more of the regularly scheduled hours during each pay period
25 of the legislative session and (b) permanent part-time employees includes
26 employees of the Legislature or Legislative Council who work less than
27 one-half of the regularly scheduled hours during each pay period of the
28 legislative session.

29 (5)(a) Within the first one hundred eighty days of employment, a
30 full-time employee may apply to the board for vesting credit for years of
31 participation in another Nebraska governmental plan, as defined by

1 section 414(d) of the Internal Revenue Code. During the years of
2 participation in the other Nebraska governmental plan, the employee must
3 have been a full-time employee, as defined in the Nebraska governmental
4 plan in which the credit was earned. The board may adopt and promulgate
5 rules and regulations governing the assessment and granting of vesting
6 credit.

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

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

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

26 **Sec. 21.** Section 84-1322, Reissue Revised Statutes of Nebraska, is
27 amended to read:

28 84-1322 (1) Prior to January 1, 2020, except as otherwise provided
29 in this section, a member of the retirement system who has a five-year
30 break in service shall upon reemployment be considered a new employee
31 with respect to the State Employees Retirement Act and shall not receive

1 credit for service prior to his or her reemployment date.

2 (2)(a) A member who ceases to be an employee before becoming
3 eligible for retirement under section 84-1317 and again becomes a
4 permanent full-time or permanent part-time state employee prior to having
5 a five-year break in service shall immediately be reenrolled in the
6 retirement system and resume making contributions. For purposes of
7 vesting employer contributions made prior to and after reentry into the
8 retirement system under subsection (3) of section 84-1321, years of
9 participation include years of participation prior to such employee's
10 original termination. For a member who is not vested and has received a
11 termination benefit pursuant to section 84-1321, the years of
12 participation prior to such employee's original termination shall be
13 limited in a ratio equal to the amount that the member repays divided by
14 the termination benefit withdrawn pursuant to section 84-1321. This
15 subsection shall apply whether or not the person was a state employee on
16 April 20, 1986, or July 17, 1986.

17 (b) The reemployed member may repay the value of, or a portion of
18 the value of, the termination benefit withdrawn pursuant to section
19 84-1321. A reemployed member who elects to repay all or a portion of the
20 value of the termination benefit withdrawn pursuant to section 84-1321
21 shall repay the actual earnings on such value. Repayment of the
22 termination benefit shall commence within three years after reemployment
23 and shall be completed within five years after reemployment or prior to
24 termination of employment, whichever occurs first, through (i) direct
25 payments to the retirement system, (ii) installment payments made
26 pursuant to a binding irrevocable payroll deduction authorization made by
27 the member, (iii) an eligible rollover distribution as provided under the
28 Internal Revenue Code, or (iv) a direct rollover distribution made in
29 accordance with section 401(a)(31) of the Internal Revenue Code.

30 (c) The value of the member's forfeited employer account or employer
31 cash balance account, as of the date of forfeiture, shall be restored in

1 a ratio equal to the amount of the benefit that the member has repaid
2 divided by the termination benefit received. The employer account or
3 employer cash balance account shall be restored first out of the current
4 forfeiture amounts and then by additional employer contributions.

5 (3) For a member who retired pursuant to section 84-1317 and becomes
6 a permanent full-time employee or permanent part-time employee with the
7 state more than one hundred twenty days after his or her retirement date,
8 the member shall continue receiving retirement benefits. Such a retired
9 member or a retired member who received a lump-sum distribution of his or
10 her benefit shall be considered a new employee as of the date of
11 reemployment and shall not receive credit for any service prior to the
12 member's retirement for purposes of the act.

13 (4) A member who is reinstated as an employee pursuant to a
14 grievance or appeal of his or her termination by the state shall be a
15 member upon reemployment and shall not be considered to have a break in
16 service for such period of time that the grievance or appeal was pending.

17 (5) Beginning January 1, 2020, if a contributing member of the
18 retirement system ceases to be an employee and returns to service in any
19 capacity with the state prior to having a one-hundred-twenty-day break in
20 service, the member:

21 (a) Shall not be deemed to have had a bona fide separation of
22 service;

23 (b) Shall be immediately reenrolled in:

24 (i) The defined contribution benefit if the member was contributing
25 to the defined contribution benefit prior to ceasing employment; or

26 (ii) The cash balance benefit in which the member was participating
27 prior to ceasing employment if the member was contributing to the cash
28 balance benefit prior to ceasing employment;

29 (c) Shall immediately resume making contributions;

30 (d) Shall make up any missed contributions based upon services
31 rendered and compensation received;

1 (e) Shall have all distributions from the retirement system
2 canceled; and

3 (f) Shall repay the gross distributions from the retirement system
4 unless the board determines that all or any portion of such gross
5 distributions were the result of an inadvertent overpayment.

6 (6)(a) Beginning January 1, 2020, if a contributing member of the
7 retirement system ceases to be an employee and returns to permanent full-
8 time or permanent part-time service in any capacity with the state after
9 having a one-hundred-twenty-day break in service, the member:

10 (i) Shall be immediately reenrolled in:

11 (A) The defined contribution benefit if the member was contributing
12 to the defined contribution benefit prior to ceasing employment; or

13 (B) The cash balance benefit in which the member was participating
14 prior to ceasing employment if the member was contributing to the cash
15 balance benefit prior to ceasing employment;

16 (ii) Shall immediately resume making contributions;

17 (iii) Shall continue receiving any annuity elected after the member
18 ceased employment and before the member was reemployed; and

19 (iv) Shall be prohibited from taking any distributions from the
20 retirement system until the employee again terminates employment with the
21 state.

22 (b) For the purposes of vesting employer contributions made prior to
23 and after reentry into the retirement system, the member's years of
24 participation prior to the date the member originally ceased employment
25 and the years of participation after the member is reenrolled in the
26 retirement system shall be included as years of participation, except
27 that if the member is not vested on the date the member originally ceased
28 employment and has taken a distribution, the years of participation prior
29 to the date the member originally ceased employment shall be limited in a
30 ratio equal to the value of the distribution that the member repays
31 divided by the total value of the distribution taken as described in

1 subdivision (6)(c) of this section.

2 (c) A reemployed member may repay all or a portion of the value of a
3 distribution except for an annuity elected after the member ceased
4 employment and before the member was reemployed. Repayment of such a
5 distribution shall commence within three years after reemployment and
6 shall be completed within five years after reemployment or prior to the
7 member again ceasing employment, whichever occurs first, through (i)
8 direct payments to the retirement system, (ii) installment payments made
9 pursuant to a binding irrevocable payroll deduction authorization made by
10 the member, (iii) an eligible rollover distribution as provided under the
11 Internal Revenue Code, or (iv) a direct rollover distribution made in
12 accordance with section 401(a)(31) of the Internal Revenue Code. If the
13 member fails to repay all of the value of such a distribution prior to
14 the member again ceasing employment, the member shall be forever barred
15 from repaying the value of such a distribution taken between the periods
16 of employment. The value of the member's forfeited employer account or
17 employer cash balance account, as of the date of forfeiture, shall be
18 restored in a ratio equal to the amount of the distribution repaid by the
19 member divided by the amount of the distribution taken. The employer
20 account or employer cash balance account shall be restored first out of
21 the current forfeiture amounts and then by additional employer
22 contributions.

23 **Sec. 22.** Section 84-1502, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 84-1502 (1) Within thirty days after its appointment, the Public
26 Employees Retirement Board shall meet and select a chairperson and
27 secretary. Thereafter, the chairperson and the secretary shall be elected
28 in January of each year.

29 (2) The board shall meet upon call of the chairperson, upon the call
30 of the vice-chairperson, or upon the request of three members of the
31 board filed with the board office. Meetings of the board shall be held in

1 this state and may be held by telecommunication equipment if the
2 requirements of the Open Meetings Act are met.

3 (3) The members of the board, except the state investment officer,
4 shall be paid seventy-five dollars per diem for attendance at any meeting
5 of the board or for any travel to or from any meeting of the board if
6 such travel occurs on a different day than a board meeting. All , and all
7 members shall be reimbursed for expenses incurred in connection with the
8 performance of their duties as board members, including mileage, as
9 provided in sections 81-1174 to 81-1177.

10 **Sec. 23.** Section 84-1504, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 84-1504 (1) The Public Employees Retirement Board, on behalf of the
13 state, may contract with any individual to defer a portion of such
14 individual's compensation or with the Legislative Council to defer any
15 other amount that the Legislative Council agrees to credit to an
16 individual's account pursuant to section 457 of the Internal Revenue
17 Code.

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

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

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

31 (5) Any sum so deferred shall not be included in the computation of

1 any federal or state taxes withheld on behalf of any such individual.

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

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

9 (8) No employee of the state or any political subdivision of the
10 state shall be authorized to participate in a deferred compensation plan
11 unless the employee is a United States citizen or is lawfully present in
12 the United States. The employing state agency or political subdivision of
13 the State of Nebraska and the employee shall maintain at least one of the
14 following documents, which shall be unexpired, if applicable to the
15 particular document or which has an expiration date that has been
16 extended by the United States Department of Homeland Security or the
17 United States Citizenship and Immigration Services so that such document
18 is still valid, to demonstrate United States citizenship or lawful
19 presence in the United States as of the employee's date of hire and
20 produce any such document so maintained upon request of the Public
21 Employees Retirement Board or the Nebraska Public Employees Retirement
22 Systems:

23 (a) A state-issued driver's license;

24 (b) A state-issued identification card;

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

26 (d) ~~(e)~~ A certified copy of a birth certificate or delayed birth
27 certificate issued in any state, territory, or possession of the United
28 States;

29 (e) ~~(d)~~ A Consular Report of Birth Abroad issued by the United
30 States Department of State;

31 (f) ~~(e)~~ A United States passport;

- 1 ~~(g)~~ (f) A foreign passport with a United States visa;
- 2 ~~(h)~~ (g) A United States Certificate of Naturalization;
- 3 ~~(i)~~ (h) A United States Certificate of Citizenship;
- 4 ~~(j)~~ (i) A tribal certificate of Native American blood or similar
- 5 document;
- 6 ~~(k)~~ (j) A United States Citizenship and Immigration Services
- 7 Employment Authorization Document, Form I-766;
- 8 ~~(l)~~ (k) A United States Citizenship and Immigration Services
- 9 Permanent Resident Card, Form I-551; or
- 10 ~~(m)~~ (l) Any other document issued by the United States Department of
- 11 Homeland Security or the United States Citizenship and Immigration
- 12 Services granting employment authorization in the United States and
- 13 approved by the Public Employees Retirement Board.

14 (9) For purposes of this section, individual means (a) any state

15 employee, whether employed on a permanent or temporary basis, full-time

16 or part-time, (b) a person under contract providing services to the state

17 who is not employed by the University of Nebraska or any of the state

18 colleges or community colleges and who has entered into a contract with

19 the state to have compensation deferred prior to August 28, 1999, and (c)

20 any county employee designated as a permanent part-time or full-time

21 employee or elected official whose employer does not offer a deferred

22 compensation plan and who has entered into an agreement pursuant to

23 section 48-1401.

24 **Sec. 24.** Section 84-1511, Reissue Revised Statutes of Nebraska, is

25 amended to read:

26 84-1511 (1) For purposes of this section:

27 (a) Leave with pay means time off paid by the employer and does not

28 mean vacation, sick, personal, or compensatory time; and

29 (b) Session means an in-person training or live-broadcast webinar

30 but does not include information that can be accessed at any time via

31 electronic means unless the information accessed via electronic means

1 is: -

2 (i) In connection with any retirement-planning session provided by
3 the Public Employees Retirement Board;

4 (ii) No longer than four hours; and

5 (iii) Accessed by the member within forty-eight hours after such
6 information was made available by the Public Employees Retirement Board.

7 (2)(a) The Public Employees Retirement Board shall provide sessions
8 for state patrol officers, state employees, judges, county employees, and
9 school employees who are members of the retirement systems established
10 pursuant to the County Employees Retirement Act, the Judges Retirement
11 Act, the School Employees Retirement Act, the Nebraska State Patrol
12 Retirement Act, and the State Employees Retirement Act. The sessions
13 shall provide information and advice regarding the many changes members
14 face upon retirement, including, but not limited to, changes in physical
15 and mental health, housing, family life, leisure activity, and retirement
16 income.

17 (b) The sessions shall be available to any member who has satisfied
18 the vesting requirements under the retirement system in which the member
19 participates.

20 (c) The sessions shall include information on the federal and state
21 income tax consequences of the various annuity or retirement benefit
22 options available to retirement system members, information on social
23 security benefits, information on various local, state, and federal
24 government programs and programs in the private sector designed to assist
25 elderly persons, and information and advice the board deems valuable in
26 assisting retirement system members in the transition from public
27 employment to retirement.

28 (d) Beginning September 1, 2024, as provided pursuant to section
29 79-9,117, the board shall also provide the sessions described in this
30 subsection to school employees who are members of any retirement system
31 established pursuant to the Class V School Employees Retirement Act.

1 (3) The board shall work with the Department of Health and Human
2 Services, the personnel division of the Department of Administrative
3 Services, employee groups, and any other governmental agency, including
4 political subdivisions or bodies whose services or expertise may enhance
5 the development or implementation of the sessions.

6 (4)(a)(i) Each employer participating in the Retirement System for
7 Nebraska Counties or the State Employees Retirement System of the State
8 of Nebraska shall provide each member leave with pay to attend up to
9 three days of sessions or up to twenty-four hours of sessions.

10 (ii) Each employer participating in the Nebraska Judges Retirement
11 System, the School Employees Retirement System of the State of Nebraska,
12 or the Nebraska State Patrol Retirement System shall provide each member
13 leave with pay to attend up to two days of sessions or up to sixteen
14 hours of sessions.

15 (b) Leave authorized pursuant to subdivision (4)(a) of this section
16 may only be used to attend sessions that occur during the employee's
17 normal work day.

18 (c) A member may choose to attend more sessions than the leave
19 authorized pursuant to subdivision (4)(a) of this section, but leave to
20 attend such additional sessions shall be at the expense of the member and
21 shall be at the discretion of the employer.

22 (5) Funding to cover the expenses of a session shall be charged back
23 to the retirement fund of each plan for which sessions are provided
24 pursuant to subsection (2) of this section on a pro rata share based on
25 the number of members in each plan, except that a nominal registration
26 fee may be charged to each person attending an in-person training session
27 to cover the costs for meals, meeting rooms, or other expenses incurred
28 that are incident to an in-person training session.

29 **Sec. 25.** (1)(a) Except as otherwise provided in this section, no
30 person or entity shall include any name, logo, symbol, or similar name,
31 logo, or symbol of any of the following in a written solicitation for any

1 financial product or service directed to a member of any Nebraska state
2 public retirement system without the consent of the Public Employees
3 Retirement Board:

4 (i) The Public Employees Retirement Board;

5 (ii) The Nebraska Public Employees Retirement Systems;

6 (iii) The School Employees Retirement System of the State of
7 Nebraska;

8 (iv) Any retirement system for a Class V school;

9 (v) The Retirement System for Nebraska Counties;

10 (vi) The State Employees Retirement System;

11 (vii) The Nebraska Judges Retirement System; or

12 (viii) The Nebraska State Patrol Retirement System.

13 (b) Any written solicitation for any financial product or service
14 directed to a member of any Nebraska state public retirement system shall
15 clearly and conspicuously state that the person or entity is not
16 sponsored by or affiliated with the Public Employees Retirement Board,
17 the Nebraska Public Employees Retirement Systems, or any retirement
18 system specified in subdivisions (1)(a)(iii) through (viii) of this
19 section. Any such statement shall be in close proximity to and in larger
20 font size than the first use and any prominent uses of the name, logo, or
21 symbol in the written solicitation, including on an envelope or through
22 an envelope window containing the written solicitation.

23 (2) No person or entity shall use the name of the Public Employees
24 Retirement Board, the Nebraska Public Employees Retirement Systems, any
25 retirement system specified in subdivisions (1)(a)(iii) through (viii) of
26 this section, or any name similar to the Public Employees Retirement
27 Board, the Nebraska Public Employees Retirement Systems, or any
28 retirement system specified in subdivisions (1)(a)(iii) through (viii) of
29 this section, in any written solicitation for any financial product or
30 service directed to any member of any Nebraska state public retirement
31 system if such use could cause a reasonable person to be confused,

1 mistaken, or deceived initially or otherwise as to either of the
2 following:

3 (a) Any sponsorship, affiliation, connection, or association with
4 the person who or entity that initiated or sent the written solicitation
5 and the Public Employees Retirement Board, the Nebraska Public Employees
6 Retirement Systems, or any retirement system specified in subdivisions
7 (1)(a)(iii) through (viii) of this section;

8 (b) Any approval or endorsement of the person who or entity that
9 initiated or sent the written solicitation by the Public Employees
10 Retirement Board, the Nebraska Public Employees Retirement Systems, or
11 any retirement system specified in subdivisions (1)(a)(iii) through
12 (viii) of this section; or

13 (c) Any approval or endorsement of any product or service provided
14 or offered by the person who or entity that initiated or sent the written
15 solicitation by the Public Employees Retirement Board, the Nebraska
16 Public Employees Retirement Systems, or any retirement system specified
17 in subdivisions (1)(a)(iii) through (viii) of this section.

18 **Sec. 26.** Original sections 23-2320, 42-1102, 79-902, 79-904.01,
19 79-915, 79-956, 79-978, 79-9,103, 79-9,106, 79-9,117, 79-9,118, 81-2014,
20 81-2016, 81-2017, 84-1301, 84-1307, 84-1322, 84-1502, 84-1504, and
21 84-1511, Reissue Revised Statutes of Nebraska, and sections 23-2301,
22 23-2306, 24-701, and 24-703.01, Revised Statutes Cumulative Supplement,
23 2024, are repealed.