

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 821

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

Read first time January 07, 2026

Committee: Nebraska Retirement Systems

- 1 A BILL FOR AN ACT relating to retirement; to amend sections 84-1309.01
- 2 and 84-1503, Reissue Revised Statutes of Nebraska, and section
- 3 72-1243, Revised Statutes Cumulative Supplement, 2024; to eliminate
- 4 provisions relating to certain verifications performed by the Public
- 5 Employees Retirement Board and certain written plans of action; to
- 6 provide for an annual report prepared by the Nebraska Investment
- 7 Council; to provide for an annual report prepared by the Public
- 8 Employees Retirement Board; and to repeal the original sections.
- 9 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 72-1243, Revised Statutes Cumulative Supplement,
2 2024, is amended to read:

3 72-1243 (1) Except as otherwise specifically provided by law, the
4 state investment officer shall direct the investment and reinvestment of
5 money in all state funds not currently needed and all funds described in
6 section 83-133 and order the purchase, sale, or exchange of securities
7 for such funds. He or she shall notify the State Treasurer of any
8 payment, receipt, or delivery that may be required as a result of any
9 investment decision, which notification shall be the authorization and
10 direction for the State Treasurer to make such disbursement, receipt, or
11 delivery from the appropriate fund.

12 (2)(a) No later than March 31 of each year, the Nebraska Investment
13 Council ~~(2) The council shall:~~

14 (i) Have ~~have~~ an analysis made of the investment returns that have
15 been achieved on the assets of each retirement system administered by the
16 Public Employees Retirement Board as provided in section 84-1503 and on
17 the assets of each retirement system provided for under the Class V
18 School Employees Retirement Act; ~~and -~~

19 (ii) Present such ~~By March 31 of each year, the analysis shall be~~
20 ~~presented to the board and the Nebraska Retirement Systems Committee of~~
21 ~~the Legislature.~~

22 (b) Such ~~The~~ analysis shall be prepared by an independent
23 organization;

24 (i) That ~~which~~ has demonstrated expertise to perform the ~~this~~ type
25 of analysis required by this subsection; and

26 (ii) For ~~for~~ which there exists no conflict of interest in the
27 analysis being provided.

28 (c) The analysis may be waived by the council for any retirement
29 system with assets of less than one million dollars.

30 (3) No later than ~~By April 10 of each year, the council shall:~~

31 (a) Prepare an annual report that includes ~~prepare a written plan of~~

1 ~~action and shall present such plan to the Nebraska Retirement Systems~~
2 ~~Committee of the Legislature at a public hearing. The plan shall include,~~
3 ~~but is not be limited to, the council's investment portfolios, investment~~
4 ~~strategies, the duties and limitations of the state investment officer,~~
5 ~~and an organizational structure of the council's office, and the analysis~~
6 ~~made pursuant to subsection (2) of this section; and -~~

7 (b) Present such annual report to the Nebraska Retirement Systems
8 Committee of the Legislature at a public hearing.

9 **Sec. 2.** Section 84-1309.01, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 84-1309.01 The board shall provide benefit liability information and
12 other assistance to the Nebraska Investment Council for the establishment
13 of policy portfolio objectives for the investing and reinvesting of the
14 assets of the retirement system. ~~The board shall verify that the~~
15 ~~investments of the assets of the retirement system by the council and the~~
16 ~~state investment officer are invested and reinvested for the exclusive~~
17 ~~purposes of providing benefits to members and members' beneficiaries and~~
18 ~~that the assets of the retirement system are not invested with the sole~~
19 ~~or primary investment objective of economic development or social~~
20 ~~purposes or objectives. Such verification shall be included in the~~
21 ~~written plan of action pursuant to subsection (3) of section 84-1503.~~

22 **Sec. 3.** Section 84-1503, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 84-1503 (1) It shall be the duty of the Public Employees Retirement
25 Board:

26 (a) To administer the retirement systems provided for in the County
27 Employees Retirement Act, the Judges Retirement Act, the Nebraska State
28 Patrol Retirement Act, the School Employees Retirement Act, the State
29 Employees Retirement Act, and, beginning September 1, 2024, the Class V
30 School Employees Retirement Act. The agency for the administration of the
31 retirement systems and under the direction of the board shall be known

1 and may be cited as the Nebraska Public Employees Retirement Systems;

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

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

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

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

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

27 (g) To adopt and implement procedures for reporting information by
28 employers, as well as testing and monitoring procedures in order to
29 verify the accuracy of such information. The information necessary to
30 determine membership shall be provided by the employer. The board may
31 adopt and promulgate rules and regulations and prescribe such forms

1 necessary to carry out this subdivision. Nothing in this subdivision
2 shall be construed to require the board to conduct onsite audits of
3 political subdivisions for compliance with statutes, rules, and
4 regulations governing the retirement systems listed in subdivision (1)(a)
5 of this section regarding membership and contributions.

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

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

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

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

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

18 (e) To obtain, by a competitive, formal, and sealed bidding process
19 through the materiel division of the Department of Administrative
20 Services, actuarial services on behalf of the State of Nebraska as may be
21 necessary in the administration and development of the retirement
22 systems, including, but not limited to, preparation of an annual
23 actuarial valuation report of each of the defined benefit and cash
24 balance plans administered by the board. Such annual valuation reports
25 shall be presented by the actuary to the Nebraska Retirement Systems
26 Committee of the Legislature at a public hearing or hearings. Any
27 contract for actuarial services shall contain a provision allowing the
28 actuary, without prior approval of the board, to perform actuarial
29 studies of the systems as requested by entities other than the board, if
30 notice, which does not identify the entity or substance of the request,
31 is given to the board, all costs are paid by the requesting entity,

1 results are provided to the board, the Nebraska Retirement Systems
2 Committee of the Legislature, and the Legislative Fiscal Analyst upon
3 being made public, and such actuarial studies do not interfere with the
4 actuary's ongoing responsibility to the board. The term of the contract
5 shall be for up to three years. A competitive, formal, and sealed bidding
6 process shall be completed at least once every three years, unless the
7 board determines that such a process would not be cost effective under
8 the circumstances and that the actuarial services performed have been
9 satisfactory, in which case the contract may also contain an option for
10 renewal without a competitive, formal, and sealed bidding process for up
11 to two additional three-year periods. An actuary under contract for the
12 State of Nebraska shall be a member of the American Academy of Actuaries
13 and meet the academy's qualification standards to render a statement of
14 actuarial opinion;

15 (f) To direct the State Treasurer to transfer funds, as an expense
16 of the retirement systems, to the Legislative Council Retirement Study
17 Fund. Such transfer shall be in such amounts as the Legislature shall
18 direct;

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

24 (h) To obtain auditing services for a separate compliance audit of
25 the retirement systems to be completed by December 31, 2028, and from
26 time to time at the request of the Nebraska Retirement Systems Committee
27 of the Legislature, to be completed not more than every four years but
28 not less than every ten years. The compliance audit shall be in addition
29 to the annual audit conducted by the Auditor of Public Accounts. The
30 compliance audit shall include, but not be limited to, an examination of
31 records, files, and other documents and an evaluation of all policies and

1 procedures to determine compliance with all state and federal laws. A
2 copy of the compliance audit shall be given to the Governor, the board,
3 and the Nebraska Retirement Systems Committee of the Legislature and
4 shall be presented to the committee at a public hearing;

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

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

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

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

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

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

31 (k) To make a thorough investigation through the director or the

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

12 (1) To administer all retirement system plans in a manner that ~~which~~
13 will maintain each plan's status as a qualified plan pursuant to the
14 Internal Revenue Code, as defined in section 49-801.01, including:
15 Section 401(a)(9) of the Internal Revenue Code relating to the time and
16 manner in which benefits are required to be distributed, including the
17 incidental death benefit distribution requirement of section 401(a)(9)(G)
18 of the Internal Revenue Code; section 401(a)(25) of the Internal Revenue
19 Code relating to the specification of actuarial assumptions; section
20 401(a)(31) of the Internal Revenue Code relating to direct rollover
21 distributions from eligible retirement plans; section 401(a)(37) of the
22 Internal Revenue Code relating to the death benefit of a member whose
23 death occurs while performing qualified military service; and section
24 401(a) of the Internal Revenue Code by meeting the requirements of
25 section 414(d) of the Internal Revenue Code relating to the establishment
26 of retirement plans for governmental employees of a state or political
27 subdivision thereof. The board may adopt and promulgate rules and
28 regulations necessary or appropriate to maintain such status including,
29 but not limited to, rules or regulations that ~~which~~ restrict
30 discretionary or optional contributions to a plan or that ~~which~~ limit
31 distributions from a plan.

1 (3) No later than ~~By~~ April 10 of each year, the board shall:

2 ~~(a) Prepare an annual report that includes prepare a written plan of~~
3 ~~action and shall present such plan to the Nebraska Retirement Systems~~
4 ~~Committee of the Legislature at a public hearing. The plan shall include,~~
5 but is not be limited to, the board's funding policy, the administrative
6 costs and other fees associated with each fund and plan overseen by the
7 board, member education and informational programs, the director's duties
8 and limitations, an organizational structure of the office of the
9 Nebraska Public Employees Retirement Systems, and the internal control
10 structure of such office to ensure compliance with state and federal
11 laws; and -

12 ~~(b) Present such annual report to the Nebraska Retirement Systems~~
13 ~~Committee of the Legislature at a public hearing.~~

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

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

1 84-712.09.

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

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

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

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

1 board.

2 **Sec. 4.** Original sections 84-1309.01 and 84-1503, Reissue Revised
3 Statutes of Nebraska, and section 72-1243, Revised Statutes Cumulative
4 Supplement, 2024, are repealed.