

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 824

Introduced by Lonowski, 33; Conrad, 46; DeBoer, 10; Hardin, 48; Juarez, 5; Lippincott, 34; McKeon, 41; Murman, 38; Storer, 43.

Read first time January 07, 2026

Committee: Nebraska Retirement Systems

1 A BILL FOR AN ACT relating to retirement; amend sections 79-920, 79-930,
2 and 79-992, Reissue Revised Statutes of Nebraska, and sections
3 79-902 and 79-978, Revised Statutes Supplement, 2025; to redefine
4 termination of employment and termination and to change provisions
5 relating to termination of employment under the School Employees
6 Retirement Act and the Class V School Employees Retirement Act; and
7 to repeal the original sections.

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

1 **Section 1.** Section 79-902, Revised Statutes Supplement, 2025, is
2 amended to read:

3 79-902 For purposes of the School Employees Retirement Act, unless
4 the context otherwise requires:

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

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

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

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

30 (d) If the lump-sum settlement is made to an estate, the interest
31 rate will be determined by the AAA-rated segment of the Bloomberg

1 Barclays Long U.S. Corporate Bond Index as of the prior June 30, rounded
2 to the next lower quarter percent. If the AAA-rated segment of the
3 Bloomberg Barclays Long U.S. Corporate Bond Index is discontinued or
4 replaced, a substitute index shall be selected by the board which shall
5 be a reasonably representative index;

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

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

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

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

1 on July 1, 1993;

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

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

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

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

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

1 duration;

2 (9) Disability retirement allowance means the annuity paid to a
3 person upon retirement for disability under section 79-952;

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

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

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

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

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

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

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

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

1 section 79-933.08;

2 (12) Eligibility and vesting credit means credit for years, or a
3 fraction of a year, of participation in a Nebraska government plan for
4 purposes of determining eligibility for benefits under the School
5 Employees Retirement Act. Such credit shall not be included as years of
6 creditable service in the benefit calculation;

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

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

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

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

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

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

1 and

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

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

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

9 (b) Payments under the Retirement Incentive Plan pursuant to section
10 79-855 and Staff Development Assistance pursuant to section 79-856 shall
11 not be included in the determination of final average compensation;

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

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

16 (18) Initial benefit means the retirement benefit calculated at the
17 time of retirement;

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

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

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

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

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

1 school districts, (b) any educational service unit, and (c) any other
2 educational institution wholly supported by public funds, except schools
3 under the control and management of the Board of Trustees of the Nebraska
4 State Colleges, the Board of Regents of the University of Nebraska, or
5 the community college boards of governors for any community college
6 areas;

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

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

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

30 (27) Required beginning date means, for purposes of the deferral of
31 distributions and the commencement of mandatory distributions pursuant to

1 section 401(a)(9) of the Internal Revenue Code and the regulations issued
2 thereunder, April 1 of the year following the calendar year in which a
3 member:

4 (a)(i) Terminated employment with all employers participating in the
5 plan; and

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

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

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

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

17 (b)(i) Terminated employment with all employers participating in the
18 plan; and

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

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

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

27 (30) 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 (31) Retirement board or board means the Public Employees Retirement
31 Board;

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

9 (33) Retirement system means the School Employees Retirement System
10 of the State of Nebraska;

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

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

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

1 (37) School year means one fiscal year which includes not less than
2 one thousand instructional hours or, in the case of service in the State
3 of Nebraska prior to July 1, 1945, not less than seventy-five percent of
4 the then legal school year;

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

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

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

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

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

31 (43) Surviving spouse means (a) the spouse married to the member on

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

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

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

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

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

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

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

31 (c) A member who experiences a separation from service must comply

1 with the return-to-work provisions of section 79-930 if the member is
2 subsequently employed by an employer participating in the retirement
3 system; and -

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

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

11 **Sec. 2.** Section 79-920, Reissue Revised Statutes of Nebraska, is
12 amended to read:

13 79-920 (1) For purposes of this section:

14 (a) Association means the State Code Agency Teachers Association, or
15 its equivalent successor, recognized by the State of Nebraska as the
16 exclusive and sole collective-bargaining agent for all teachers other
17 than temporary teachers employed by an agency of the State of Nebraska;

18 (b) Eligible school plan state employee means an individual who
19 satisfies all school plan eligibility criteria and who is (i) an
20 individual employed by the State Department of Education after July 1,
21 1989, as a state school official, (ii) an individual who is employed by
22 any state agency in a position covered by the association and who is
23 required to hold a certificate as defined in section 79-807 for the
24 position in which such individual is employed, or (iii) an individual who
25 is employed by any state agency not in a position covered by the
26 association who is required to hold a certificate as defined in section
27 79-807 for the position in which such individual is employed;

28 (c) School plan means the School Employees Retirement System of the
29 State of Nebraska;

30 (d) State agency school plan employer means the State Department of
31 Education or another agency of the State of Nebraska with employees

1 covered by the association; and

2 (e) State plan means the State Employees Retirement System of the
3 State of Nebraska.

4 (2)(a) Except as provided in subsection (3) of this section, an
5 individual shall become or remain a member of the school plan if:

6 (i) Such individual is or was previously a school employee or was
7 employed in an out-of-state school district or a Class V school district;
8 and

9 (ii) Such individual becomes an eligible school plan state employee
10 with a state agency school plan employer.

11 (b) An individual who is required to participate in the school plan
12 pursuant to subdivision (2)(a) of this section shall not be deemed to
13 have terminated employment for school plan purposes if such individual
14 subsequently provides service to any employer participating in the school
15 plan, including any school district or educational service unit, or any
16 state agency school plan employer, within one hundred twenty one hundred
17 eighty days after ceasing employment except an individual may be
18 permitted to provide intermittent work as a volunteer or substitute
19 employee at a school district or an educational service unit as described
20 in subdivision (2)(a) of section 79-930.

21 (c) An individual who is required to participate in the school plan
22 pursuant to subdivision (2)(a) of this section shall not render any
23 service to another agency of the State of Nebraska within one hundred
24 twenty days after ceasing employment.

25 (3)(a) An individual shall participate in the state plan if:

26 (i) The individual has never previously participated in the school
27 plan while employed as an eligible school plan state employee with a
28 state agency school plan employer;

29 (ii) The individual terminated employment with a school district or
30 an educational service unit participating in the school plan and retired
31 or took a distribution pursuant to the School Employees Retirement Act;

1 and

2 (iii) The individual's employment as an eligible school plan state
3 employee with a state agency school plan employer began or will begin
4 within one hundred twenty one hundred eighty days after termination of
5 employment with the school district or educational service unit.

6 (b) An individual who is required to participate in the state plan
7 pursuant to subdivision (3)(a) of this section shall not be deemed to
8 have terminated employment for state plan purposes if such individual
9 subsequently provides service to any employer participating in the state
10 plan, including any state agency school plan employer or an agency of the
11 State of Nebraska, within one hundred twenty days after ceasing
12 employment. No such individual shall be permitted to provide intermittent
13 work as a volunteer or substitute employee as described in subdivision
14 (2)(a) of section 79-930 to any employer participating in the school plan
15 for at least one hundred twenty days after ceasing employment.

16 (4) An individual who previously elected to participate in the
17 school plan prior to March 4, 2022, while employed as a state school
18 official and who terminated employment and retired or took a distribution
19 pursuant to the School Employees Retirement Act, shall not render any
20 service to:

21 (a) A school district or an educational service unit participating
22 in the school plan or a state agency school plan employer within one
23 hundred twenty one hundred eighty days after terminating employment
24 ~~except for intermittent work as a volunteer or substitute employee as~~
25 ~~described in subdivision (2)(a) of section 79-930; or~~

26 (b) Another agency of the State of Nebraska within one hundred
27 twenty days after terminating employment.

28 **Sec. 3.** Section 79-930, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 79-930 (1)(a) A member who experiences a separation from service
31 with the member's employer but has not submitted a retirement application

1 or a request for distribution pursuant to section 79-955, or received a
2 retirement benefit, disability retirement benefit, or distribution
3 pursuant to section 79-955, from the retirement system, may return to
4 work as a temporary employee, substitute employee, or volunteer for any
5 employer participating in the retirement system. Such an employee:

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

8 (ii) Shall not be deemed to have incurred a termination for purposes
9 of sections 79-933, 79-951, and 79-955, and shall not be eligible to
10 receive a retirement benefit, disability retirement benefit, or
11 distribution pursuant to section 79-955, from the retirement system,
12 until the member incurs a termination of employment as described in
13 subdivision (45) of section 79-902; and

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

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

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

31 (c) Work performed while the member is not contributing to the

1 retirement system pursuant to subdivision (1)(a) of this section shall
2 not accrue service credit in the retirement system pursuant to section
3 79-927 and cannot be purchased as service credit under sections 79-933.03
4 to 79-933.06 and 79-933.08.

5 (2)(a) A member who experiences a separation from service with the
6 member's employer and has submitted a retirement application or a request
7 for distribution pursuant to section 79-955, or received a retirement
8 benefit, disability retirement benefit, or distribution pursuant to
9 section 79-955, from the retirement system, shall not be deemed to have
10 incurred a termination of employment if the member subsequently returns
11 to work for any employer participating in the retirement system within
12 one hundred twenty one hundred eighty days after separating from
13 service. ~~, unless such work is limited to:~~

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

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

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

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

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

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

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

30 (c)(i) A member may seek a determination from the director of the
31 Nebraska Public Employees Retirement Systems that it has been at least

1 ~~one hundred twenty one hundred eighty~~ days since the member satisfied the
2 requirements described in this subsection. The director shall make such
3 determination if the member produces clear and convincing evidence that
4 is received by the director within forty-five days after the later of:

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

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

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

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

15 **Sec. 4.** Section 79-978, Revised Statutes Supplement, 2025, is
16 amended to read:

17 79-978 For purposes of the Class V School Employees Retirement Act,
18 unless the context otherwise requires:

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

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

29 (3) Actuarial tables means:

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

18 (b) For joint and survivorship annuities:

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

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

1 September 1, 2024, or (B) the retirement board beginning on September 1,
2 2024. Both the mortality table and the interest rate shall be recommended
3 by the actuary retained pursuant to section 79-984 following an actuarial
4 experience study, a benefit adequacy study, or a plan valuation. The
5 mortality table, interest rate, and actuarial factors in effect on the
6 member's retirement date shall be used to calculate the actuarial
7 equivalency of any retirement benefit. Such interest rate may be, but is
8 not required to be, equal to the assumed rate;

9 (4) Administrator of the retirement system or administrator means
10 (a) until September 1, 2024, the person administering the retirement
11 system who is appointed by the board or (b) beginning on September 1,
12 2024, the director appointed by the retirement board pursuant to section
13 84-1503;

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

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

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

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

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

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

29 (11) Board of trustees means:

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

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

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

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;

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

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

31 (15) Early retirement date means, for members hired prior to July 1,

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

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

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

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

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

15 (d) An additional salary or wage component of any kind that is being
16 paid by an employer as an incentive to leave employment and not for
17 personal services 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 contracts for the member pursuant to section 79-514, or
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;

30 (17) Employee means the following enumerated persons receiving
31 compensation from the school district: (a) Teachers, other than

1 substitutes, employed on a written contract basis; (b) administrators
2 employed on a written contract, agreement, or document basis; and (c)
3 regular employees;

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

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

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

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

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

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

1 performed due to used accrued sick days, used accrued vacation days,
2 federal and state holidays, and jury duty leave for which the member is
3 paid full compensation by an employer. If a member performs less than one
4 thousand hours of compensated service during a fiscal year, one-tenth of
5 a year of membership service shall be credited for each one hundred hours
6 of compensated service by the member in such fiscal year. In determining
7 a member's total membership service, all periods of membership service,
8 including fractional years of membership service in one-tenth-year
9 increments, shall be aggregated;

10 (24) Military service means service in the uniformed services as
11 defined in 38 U.S.C. 4301 et seq., as such provision existed on March 27,
12 1997;

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

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

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

20 (28) Prior service means service rendered prior to September 1,
21 1951, for which credit is allowed under section 79-999, service rendered
22 by retired employees receiving benefits under preexisting systems, and
23 service for which credit is allowed under sections 79-990, 79-991,
24 79-994, 79-995, and 79-997;

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

30 (b) Effective September 1, 2021, a person hired by an employer or
31 under contract to provide service for less than thirty hours per week but

1 who provides service for an average of thirty hours or more per week in
2 each calendar month of any three calendar months of a fiscal year shall,
3 beginning with the next full payroll period:

4 (i) Commence contributions;

5 (ii) Be deemed a regular employee; and

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

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

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

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

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

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

31 (35) Retirement system or system means the School Employees'

1 Retirement System of (corporate name of the school district as described
2 in section 79-405) as provided for by the act;

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

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

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

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

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

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

30 (42)(a) Termination of employment or termination means occurs on the
31 date the member experiences a bona fide separation from service of

1 employment with the member's employer, the date of which separation is
2 the last day of service under the member's contractual agreement or, if
3 there is no contract or only partial fulfillment of a contract, as
4 determined by an employer. A member who experiences a separation from
5 service shall comply with the return-to-work provisions of section 79-992
6 if the member returns to work for an employer.

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

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

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

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

1 investment duties regarding the assets of the retirement system; or
2 (b) Merger or consolidation of any Class V school employees
3 retirement system established under the Class V School Employees
4 Retirement Act with the School Employees Retirement System of the State
5 of Nebraska or any other retirement system administered by the retirement
6 board;

7 (44) Trustee means a trustee provided for in section 79-980; and
8 (45) Voluntary service or volunteer means providing bona fide unpaid
9 service to an employer.

10 **Sec. 5.** Section 79-992, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 79-992 (1) A member who has five years or more of creditable
13 service, excluding years of prior service acquired pursuant to section
14 79-990, 79-991, 79-994, 79-995, or 79-997, and who terminates his or her
15 employment may elect to leave his or her contributions in the retirement
16 system, in which event he or she shall receive a retirement allowance at
17 normal retirement age based on the annuity earned to the date of such
18 termination of employment. Such member may elect to receive a retirement
19 allowance at early retirement age if such member retires at an early
20 retirement date. Such annuity shall be adjusted in accordance with
21 section 79-9,100. Upon termination of employment, except on account of
22 retirement, a member shall be entitled to receive refunds as follows: (a)
23 An amount equal to the accumulated contributions to the retirement system
24 by the member; and (b) any contributions made to a previously existing
25 system which were refundable under the terms of that system. Any member
26 receiving a refund of contributions shall thereby forfeit and relinquish
27 all accrued rights in the retirement system including all accumulated
28 creditable service, except that if any member who has withdrawn his or
29 her contributions as provided in this section reenters the service of the
30 district and again becomes a member of the retirement system, he or she
31 may restore any or all money previously received by him or her as a

1 refund, including the interest on the amount of the restored refund for
2 the period of his or her absence from the district's service as
3 determined using the interest rate for interest on such restored refunds,
4 and he or she shall then again receive credit for that portion of service
5 which the restored money represents. Such restoration may be made as the
6 board may direct until September 1, 2024, and as the retirement board may
7 direct beginning September 1, 2024, through direct payments to the system
8 or on an installment basis pursuant to a binding irrevocable payroll
9 deduction authorized between the member and the school district over a
10 period of not to exceed five years from the date of reemployment.
11 Interest on delayed payments shall be at the rate of interest for
12 determining interest on delayed payments by members to the retirement
13 system. Creditable service may be purchased only in one-tenth-year
14 increments, starting with the most recent years' salary.

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

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

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

29 (b) Upon termination of employment of the reemployed member, the
30 member shall receive in addition to the retirement annuity which
31 commenced at the time of the previous retirement (i) if the member has

1 accrued five years or more of creditable service after his or her return
2 to employment, excluding years of prior service acquired pursuant to
3 section 79-990, 79-991, 79-994, 79-995, or 79-997, a retirement annuity
4 as provided in section 79-999 or 79-9,100, as applicable, calculated
5 solely on the basis of creditable service and final average compensation
6 accrued and earned after the member's return to employment after his or
7 her original retirement, and as adjusted to reflect any payment in other
8 than the normal form or (ii) if the member has not accrued five years or
9 more of creditable service after his or her return to employment, a
10 refund equal to the member's accumulated contributions which were
11 credited to the member after the member's return to employment. In no
12 event shall the member's creditable service which accrued prior to a
13 previous retirement be considered as part of the member's creditable
14 service after his or her return to employment for any purpose of the
15 Class V School Employees Retirement Act;

16 (c) A member who experiences a separation from service but has not
17 submitted a retirement application or request for distribution pursuant
18 to this section or as described in subdivision (32) of section 79-978, or
19 received a retirement benefit, disability retirement benefit, or refund
20 may return to work as a temporary employee, substitute employee, or
21 volunteer. Such a temporary employee, substitute employee, or volunteer:

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

24 (ii) Shall not be deemed to have incurred a termination of
25 employment for purposes of this section or section 79-992.01, 79-9,105,
26 or 79-9,106, or for any other purposes under the Class V School Employees
27 Retirement Act, and shall not be eligible to receive a retirement
28 benefit, disability retirement benefit, or distribution pursuant to this
29 section, until the member incurs a termination of employment as described
30 in subdivision (42) of section 79-978; and

31 (iii) Except as provided in subdivision (2)(a)(i) of this section,

1 shall not be eligible to contribute to the retirement system pursuant to
2 section 79-9,113 or earn membership service credit in the retirement
3 system as described in subdivision (23) of section 79-978; and

4 (d)(i) A member who experiences a separation from service and has
5 submitted a retirement application or request for distribution pursuant
6 to this section or as described in subdivision (32) of section 79-978, or
7 received a retirement benefit, disability retirement benefit, or
8 distribution, shall not be deemed to have incurred a termination of
9 employment if the member subsequently returns to work for the district
10 within one hundred twenty one hundred eighty days after separating from
11 service, ~~unless such work is limited to:~~

12 (A) ~~Bona fide unpaid voluntary service;~~

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

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

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

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

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

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

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

29 (B) The date the board receives the member's retirement application
30 or request for distribution as described in subdivision (32) of section
31 79-978.

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

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

9 (B) The date the board receives the member's retirement application
10 or request for distribution as described in subdivision (32) of section
11 79-978.

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

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

25 **Sec. 6.** Original sections 79-920, 79-930, and 79-992, Reissue
26 Revised Statutes of Nebraska, and sections 79-902 and 79-978, Revised
27 Statutes Supplement, 2025, are repealed.