

LEGISLATIVE BILL 822

Approved by the Governor April 14, 2026

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

A BILL FOR AN ACT relating to retirement; to amend sections 16-1001, 16-1002, 16-1003, 16-1004, 16-1006, 16-1007, 16-1008, 16-1009, 16-1010, 16-1011, 16-1012, 16-1013, 16-1014, 16-1015, 16-1016, 16-1017, 16-1018, 16-1019, and 81-8,317, Reissue Revised Statutes of Nebraska, section 18-1723, Revised Statutes Cumulative Supplement, 2024, and section 16-1005, Revised Statutes Supplement, 2025; to rename the Police Officers Retirement Act as the Cities of the First Class Police Officers Retirement Act and change provisions of such act; to define terms; to eliminate obsolete provisions; to harmonize provisions; and to repeal the original sections.

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

Section 1. Section 16-1001, Reissue Revised Statutes of Nebraska, is amended to read:

16-1001 Sections 16-1001 to 16-1019 shall be known and may be cited as the Cities of the First Class Police Officers Retirement Act and shall apply to all ~~police officers of a city of the first class.~~

Sec. 2. Section 16-1002, Reissue Revised Statutes of Nebraska, is amended to read:

16-1002 For purposes of the Cities of the First Class Police Officers Retirement Act, unless the context otherwise requires:

(1) Actuarial equivalent means equality in value of the aggregate amount of benefit expected to be received under different forms of benefit or at different times determined as of a given date as adopted by the city or the retirement committee for use by the retirement system. Actuarial equivalencies shall be specified in the funding medium established for the retirement system, except that if benefits under the retirement system are obtained through the purchase of an annuity contract, the actuarial equivalent of any such form of benefit shall be the amount of pension benefit which can be purchased or otherwise provided by the police officer's retirement value. All actuarial and mortality assumptions adopted by the city or retirement committee shall be on a sex-neutral basis;

(2) Annuity contract means the contract or contracts issued by one or more life insurance companies and purchased by the retirement system in order to provide any of the benefits described in the act. Annuity conversion rates contained in any such contract shall be specified on a sex-neutral basis;

(3) Beneficiary means the person or persons designated by a police officer, pursuant to a written instrument filed with the retirement committee before the police officer's death, to receive death benefits that ~~which~~ may be payable under the retirement system;

(4) City means a city of the first class that employs police officers;

(5) ~~(4)~~ Funding agent means any bank, trust company, life insurance company, thrift institution, credit union, or investment management firm selected by the city or retirement committee to hold or invest the funds of the retirement system;

(6) ~~(5)~~ Regular interest means the rate of interest earned each calendar year equal to the rate of net earnings realized for the calendar year from investments of the retirement fund. Net earnings means the amount by which income or gain realized from investments of the retirement fund exceeds the amount of any realized losses from such investments during the calendar year;

(7) ~~(6)~~ Regular pay means the average salary of the police officer for the period of five consecutive years preceding elective retirement, death, or date of disability that ~~which~~ produces the highest average;

(8) ~~(7)~~ Retirement committee means the retirement committee created pursuant to section 16-1014;

(9) ~~(8)~~ Retirement system means a retirement system established pursuant to the act;

(10) ~~(9)~~ Retirement value means the accumulated value of the police officer's employee account and employer account. The retirement value consists of the sum of the contributions made or transferred to such accounts by the police officer and by the city on the police officer's behalf and the regular interest credited to the accounts as of the date of computation, reduced by any realized losses which were not taken into account in determining regular interest in any year, and further adjusted each year to reflect the pro rata share for the accounts of the appreciation or depreciation of the fair market value of the assets of the retirement system as determined by the retirement committee. The retirement value shall be reduced by the amount of all distributions made to or on the behalf of the police officer from the retirement system. Such valuation shall be computed annually as of December 31. If separate investment accounts are established pursuant to subsection (3) of section 16-1004, a police officer's retirement value with respect to such accounts shall be equal to the value of his or her separate investment accounts as determined under such subsection;

(11) ~~(10)~~ Salary means all amounts paid to a participating police officer by the employing city for personal services as reported on the participant's federal income tax withholding statement, including the police officer's contributions picked up by the city as provided in subsection (2) of section 16-1005 and any salary reduction contributions that ~~which~~ are excludable from income for federal income tax purposes pursuant to section 125 or 457 of the Internal Revenue Code;

(12) ~~(11)~~ Sex-neutral basis means the benefit calculation provided to the city of ~~the first class~~ by a licensed domestic or foreign insurance or annuity company with a product available for purchase in Nebraska that utilizes a blended, non-gender-specific rate for actuarial assumptions, mortality assumptions, and annuity conversion rates for a particular participant, except that if a blended, non-gender-specific rate is not available for purchase in Nebraska, the benefit calculation shall be performed using the arithmetic mean of the male-specific actuarial assumptions, mortality assumptions, or annuity conversion rates and the female-specific actuarial assumptions, mortality assumptions, or annuity conversion rates, as applicable, for a particular participant, and the arithmetic mean shall be determined by adding the male-specific actuarial assumptions, mortality assumptions, or annuity conversion rates to the female-specific actuarial assumptions, mortality assumptions, or annuity conversion rates applicable to a particular participant and dividing the sum by two; and

(13) ~~(12)~~ Straight life annuity means an ordinary annuity payable for the life of the primary annuitant only and terminating at his or her death without refund or death benefit of any kind.

Sec. 3. Section 16-1003, Reissue Revised Statutes of Nebraska, is amended to read:

16-1003 A police officer shall be credited with all years of his or her service after the year 1965 for the purpose of determining vested retirement benefits under the Cities of the First Class Police Officers Retirement Act.

Sec. 4. Section 16-1004, Reissue Revised Statutes of Nebraska, is amended to read:

16-1004 (1) Each city of ~~the first class~~ shall keep and maintain a Police Officers Retirement System Fund for the purpose of investing payroll deductions and city contributions to the retirement system. Any such ~~The~~ fund shall:

(a) ~~Be~~ be maintained separate and apart from all city money and funds; -

(b) ~~Be~~ ~~The fund shall be~~ administered under the direction of the city and the retirement committee exclusively for the purposes of the retirement system and for the benefit of participating police officers and ~~their~~ beneficiaries of such police officers; -

(c) ~~Be~~ ~~The fund shall be~~ established as a trust under the laws of this state for all purposes of section 401(a) of the Internal Revenue Code; -

(d) Accrue regular interest ~~Regular interest shall accrue~~ on any contributions transferred into the fund; and -

(e) Be ~~Such funds shall be~~ invested in the manner prescribed in section 16-1016.

(2)(a) Each ~~(2)~~ The city shall establish a medium for funding of the retirement system, which may be a pension trust fund, custodial account, group annuity contract, or combination thereof, for the purpose of investing money for the retirement system in the manner prescribed by section 16-1016 and to provide the retirement, death, and disability benefits for police officers pursuant to the Cities of the First Class Police Officers Retirement Act.

(b) The trustee or custodian of any such trust fund may be a designated funding agent that ~~which~~ is qualified to act as a fiduciary or custodian in this state, the city treasurer, a city officer authorized to administer funds of the city, or a combination thereof.

(3)(a) ~~(3)~~ Upon direction of the city, there may be established separate investment accounts for each participating police officer for the purpose of allowing each police officer to direct the investment of all or a portion of such police officer's ~~his or her~~ employee account or employer account subject to the requirements of section 16-1016 and any other rules or limitations that may be established by the city or the retirement committee.

(b) If separate investment accounts are established, each account shall be separately invested and reinvested, separately credited with all earnings and gains with respect to the investment of the assets of the investment account, and separately debited with the losses of the account.

(c) Each investment account shall be adjusted each year to reflect the appreciation or depreciation of the fair market value of the assets held in such account as determined by the retirement committee.

(d) The expenses incurred by the retirement system when a police officer directs the investment of all or a portion of such police officer's ~~his or her~~ individual investment account shall be charged against the police officer's investment account and shall reduce the police officer's retirement value.

Sec. 5. Section 16-1005, Revised Statutes Supplement, 2025, is amended to read:

16-1005 (1)(a)(i) Prior to October 1, 2025, each police officer shall contribute to the retirement system a sum equal to seven percent of his or her salary.

(ii) Beginning October 1, 2025, each police officer shall contribute to the retirement system a sum equal to nine percent of such police officer's ~~his or her~~ salary.

(b) Such payment under subdivision (a) of this subsection shall be made by regular payroll deductions from the police officer's periodic salary and shall

be credited to his or her employee account on a monthly basis.

(c) Each such account shall also be credited with regular interest.

~~(2)(a) (2)~~ Each city of the first class shall pick up the police officers' contributions required by subsection (1) of this section, and the contributions so picked up shall be treated as employer contributions in determining federal tax treatment under the Internal Revenue Code, except that the city shall continue to withhold federal income taxes based upon these contributions until the Internal Revenue Service or the federal courts rule that, pursuant to section 414(h) of the Internal Revenue Code, these contributions shall not be included as gross income of the employee until such time as they are distributed from the retirement system.

(b) The city shall pay such these employee contributions from the same source of funds that ~~which~~ is used in paying earnings to the employee. The city shall pick up such these contributions by a salary deduction ~~either~~ through:

(i) A reduction in the cash salary of the employee; or

(ii) A combination of a reduction in salary and an offset against a future salary increase.

(c) A police officer shall not be given an option to choose to receive the amount of the required contribution in lieu of having such contribution paid directly to the retirement system.

(3) Each police officer shall be entitled to make voluntary cash contributions to the retirement system in an amount not to exceed the contribution limitations established by the Internal Revenue Code. Such voluntary ~~Voluntary~~ contributions shall:

(a) Be ~~be~~ credited to the police officer's employee account and shall thereafter be credited with regular interest; ~~and -~~

(b) Become ~~A police officer's voluntary contribution shall become~~ a part of the Police Officers Retirement System Fund of the city and shall be held, administered, invested, and distributed in the same manner as any other employee contribution to the retirement system.

Sec. 6. Section 16-1006, Reissue Revised Statutes of Nebraska, is amended to read:

16-1006 (1) Each city of the first class shall contribute to the retirement system a sum equal to one hundred percent of the amounts deducted, in accordance with subsection (1) of section 16-1005, from each such police officer's periodic salary. Such payment shall be contributed as provided in subsection (1) of section 16-1005 for employee contributions and shall be credited to the police officer's employer account on a monthly basis. Each such account shall also be credited with regular interest.

(2) The city shall also contribute to the employer account of any police officer employed by the city on January 1, 1984, an amount equal to the employee contributions of such police officer that were made to the city prior to January 1, 1984, without interest, with such contribution to be made at the time the police officer retires or terminates employment with the city. The city may contribute such amount before the police officer's retirement or termination of employment or credit interest on such contribution.

Sec. 7. Section 16-1007, Reissue Revised Statutes of Nebraska, is amended to read:

16-1007 (1)(a) ~~(1)~~ At any time before the police officer's retirement date, the retiring police officer may elect to receive on such ~~at his or her~~ retirement date a pension benefit provided under a purchased annuity contract either in the form of a straight life annuity or any optional form of annuity benefit established by the retirement committee ~~and provided under a purchased annuity contract~~.

(b) Each ~~The~~ optional annuity benefit shall be specified in the funding medium for the retirement system and shall include a straight life annuity with a guarantee of at least sixty monthly payments or an annuity payable for the life of the retiring police officer and, after the death of the retiree, monthly payments, as elected by the retiring police officer, of either one hundred percent, seventy-five percent, or fifty percent of the amount of annuity payable to the retiring police officer during such police officer's ~~his or her~~ life, to the beneficiary selected by the retiring police officer at the time of the original application for such ~~an~~ annuity.

(c) The optional benefit forms for the retirement system shall include a single lump-sum payment of the police officer's retirement value.

(d) A ~~The~~ retiring police officer may further elect to defer the date of the first annuity payment or lump-sum payment to the first day of any specified month prior to such police officer's seventieth birthday ~~age seventy~~. If the retiring police officer elects to receive such police officer's ~~his or her~~ pension benefit in the form of an annuity, the amount of annuity benefit shall be the amount paid by the annuity contract purchased or otherwise provided by such police officer's ~~his or her~~ retirement value as of the date of the first payment. Any such annuity contract purchased by the retirement system may be distributed to the police officer and, upon such distribution, all obligations of the retirement system to pay retirement, death, or disability benefits to the police officer and such police officer's ~~his or her~~ beneficiaries shall terminate, without exception.

(2)(a) For all police officers employed on January 1, 1984, and continuously employed by the city from such date through the date of their retirement, the amount of the pension benefit, when determined on the straight life annuity basis, shall not be less than the following amounts:

(i) If retirement occurs following age sixty and with twenty-five years of service with the city, fifty percent of regular pay; or

(ii) If retirement occurs following age fifty-five but before age sixty and with twenty-five years of service with the city, forty percent of regular pay.

(b) A police officer entitled to a minimum pension benefit under this subsection may elect to receive such pension benefit in any form permitted by subsection (1) of this section, including a single lump-sum payment. If the minimum pension benefit is paid in a form other than a straight life annuity, such benefit shall be the actuarial equivalent of the straight life annuity that would otherwise be paid to the police officer pursuant to this subsection.

(c) If the police officer chooses the single lump-sum payment option, the police officer can request that the actuarial equivalent be equal to the average of the cost of three annuity contracts based on products available for purchase in Nebraska. Of the three annuity contracts used for comparison, one shall be chosen by the police officer, one shall be chosen by the retirement committee, and one shall be chosen by the city. The annuity contracts used for comparison shall all use the same type of sex-neutral basis benefit calculation.

(3) If the retirement value of a police officer entitled to a minimum pension benefit under subsection (2) of this section is not sufficient at the time of the first payment to purchase or provide the required pension benefit, the city shall transfer such funds as may be necessary to the employer account of the police officer so that the retirement value of such police officer is sufficient to purchase or provide for the required pension benefit.

(4) Any retiring police officer whose pension benefit is less than twenty-five dollars per month on the straight life annuity option shall be paid a lump-sum settlement equal to the retirement value and shall not be entitled to elect to receive annuity benefits.

Sec. 8. Section 16-1008, Reissue Revised Statutes of Nebraska, is amended to read:

16-1008 (1) A police officer of a city ~~of the first class~~ may:

(a) Elect to retire and receive the applicable pension benefit provided in section 16-1007 based on such police officer's ~~his or her~~ full retirement value upon the attainment of age sixty;

(b) Elect to take early retirement and receive the applicable pension benefit provided in section 16-1007 if such police officer ~~he or she~~ has attained the age of fifty-five and has completed twenty-five years of service with the city; or

(c) Retire as a result of disability while in the line of duty, as determined under section 16-1011, at any age, and receive the applicable pension benefit provided in section 16-1011.

(2) A police officer, who is eligible to retire pursuant to subsection (1) of this section but does not retire, shall continue to contribute to such police officer's ~~his or her~~ employee account, and the city shall continue to contribute to such police officer's ~~his or her~~ employee account and to such police officer's ~~his or her~~ employer account.

(3) The first day of the month that immediately follows ~~following~~ the last day of work shall be the retirement date.

Sec. 9. Section 16-1009, Reissue Revised Statutes of Nebraska, is amended to read:

16-1009 (1)(a) ~~(1)~~ When prior to retirement any police officer dies other than in the line of duty and except as provided in subsection (2) of this section, the entire retirement value shall be payable to the beneficiary or beneficiaries specified by the deceased police officer prior to such police officer's ~~his or her~~ death or to the deceased police officer's estate if no beneficiary was specified.

(b) The retirement value or portion thereof to be received by the beneficiary may be paid in the form of a single lump-sum payment, straight life annuity, or other optional form of benefit specified in the retirement system's funding medium.

(c) If benefits are paid in the form of an annuity, the annuity shall be the amount paid by the annuity contract purchased or otherwise provided by the amount of the beneficiary's share of the retirement value as of the date of the first payment. Upon the purchase and distribution of such annuity contract to the beneficiary, all obligations of the retirement system to the beneficiary shall terminate, without exception.

(2)(a) ~~(2)~~ If any police officer employed by a such city as a member of its paid police department on January 1, 1984, except those who were formerly employed in such department who are now in military service, dies while employed by the city as a police officer, other than in the line of duty, after becoming fifty-five years of age and before electing to retire, and after serving in the paid police department of such city for at least twenty-one years, then a pension of at least twenty-five percent of such police officer's ~~his or her~~ regular pay in the form of a straight life annuity shall be paid to the surviving spouse of such deceased police officer.

(b) If the deceased police officer is not survived by a spouse or if the surviving spouse dies before the children of the police officer attain the age of majority, the pension benefit shall be paid to the police officer's minor children until they attain the age of majority. Each such child shall share equally in the total pension benefit to the age of his or her ~~majority of such child~~, except that as soon as a child attains the age of majority, such pension as to such child shall cease.

(c) To the extent that the retirement value at the date of death exceeds the amount required to purchase the specified pension, the excess shall be paid

in the manner provided in subsection (1) of this section.

(d) If the actuarial equivalent of the pension benefit payable under this subsection exceeds the retirement value at the time of the first payment, the city shall contribute such additional amounts as may be necessary to purchase or provide for the required pension benefit.

(e) If a deceased police officer described in this subsection is not survived by a spouse or minor children, such police officer's ~~his or her~~ death benefits shall be provided under subsection (1) of this section as if such police officer was not employed by the city on January 1, 1984.

(3) Any payments for the benefit of a minor child shall be made on behalf of the child to the surviving parent or, if there is no surviving parent, to the legal guardian of the child.

Sec. 10. Section 16-1010, Reissue Revised Statutes of Nebraska, is amended to read:

16-1010 (1) When prior to retirement any police officer dies in the line of duty or such police officer's ~~his or her~~ death is caused by or is the result of injuries received while in the line of duty and if such police officer is not survived by a spouse or by minor children, the entire retirement value shall be payable to the beneficiary specified by the deceased police officer prior to such police officer's ~~his or her~~ death or to the deceased police officer's estate if no beneficiary was specified.

(2) The retirement value or portion thereof to be received by the beneficiary may be paid in the form of a single lump-sum payment, straight life annuity, or other optional form of benefit specified in the retirement system's funding medium.

(3)(a) For a police officer who is survived by a spouse or minor children, a retirement pension of fifty percent of regular pay shall be paid to the surviving spouse or, upon ~~the his or her~~ remarriage or death of such surviving spouse, to the minor children during each child's minority subject to deduction of the amounts paid as workers' compensation benefits on account of death as provided in section 16-1012.

(b) Each such child shall share equally in the total pension benefit to the age of ~~his or her~~ majority of such child, except that as soon as a child attains the age of majority, such pension as to such child shall cease.

(c) Any payments for the benefit of a minor child shall be made on behalf of such child to the surviving parent or, if there is no surviving parent, to the legal guardian of the child.

(4) To the extent that the retirement value at the date of death exceeds the amount required to purchase or provide the specified retirement pension, as reduced by any amounts paid as workers' compensation benefits, the excess shall be paid in the manner provided in subsection (1) of section 16-1009.

(5) If the actuarial equivalent of the pension benefit payable to a surviving spouse or minor children under this section exceeds the retirement value at the time of the first payment, the city shall contribute such additional amount as may be necessary to purchase or provide for the required pension benefit.

Sec. 11. Section 16-1011, Reissue Revised Statutes of Nebraska, is amended to read:

16-1011 (1) For purposes of this section, disability means the complete inability of the police officer, for reasons of accident or other cause while in the line of duty, to perform the duties of a police officer.

(2) ~~(1)~~ If any police officer becomes disabled, such police officer shall be placed upon the roll of pensioned police officers at the regular retirement pension of fifty percent of regular pay for the period of such disability. ~~For purposes of this section, disability shall mean the complete inability of the police officer, for reasons of accident or other cause while in the line of duty, to perform the duties of a police officer.~~

(3)(a) ~~(2)~~ No disability benefit payment shall be made except upon adequate proof furnished to the city. Such ~~such~~ proof shall include ~~to consist of~~ a medical examination conducted by a competent, disinterested physician who is duly licensed to practice medicine and surgery in this state and who certifies to the city that the police officer is unable to perform the duties of a police officer.

(b) The city, during the first three years of the payment of such benefits, shall have the right, at reasonable times, to require the disabled police officer to undergo a medical examination at the city's expense to determine the continuance of the disability claimed.

(c) After such three-year period, the city may request the district court to order the police officer to submit proof of the continuance of the disability claimed if the city has reasonable grounds to believe the police officer is fraudulently receiving disability payments.

(d) The city shall have the right to demand a physical examination of the police officer by a competent, disinterested physician who is duly licensed to practice medicine and surgery in this state, and who is chosen by the city. The expense of such examination shall be borne by the city.

(4) ~~(3)~~ In case of temporary disability of a police officer received while in the line of duty, such police officer ~~he or she~~ shall receive such police officer's ~~his or her~~ salary during the continuance of such disability for a period not to exceed twelve months. If ~~, except that if it is ascertained by the city council or other proper municipal authorities determine within twelve months that such temporary disability has become a disability during such period as defined in this section,~~ then the salary shall cease and such police officer ~~he or she~~ shall be entitled to the benefits for pensions in case of

disability as provided in this section.

(5)(a) (4) All payments of pension or salary provided by this section shall be subject to deduction of amounts paid under the Nebraska Workers' Compensation Act. In case of a permanent disability of a police officer, such payments shall not commence until all credit for unused annual or sick leave and other similar credits have been fully utilized by the disabled police officer if there will be no impairment to such police officer's ~~his or her~~ salary during the period of disability.

(b) Total payments to a disabled police officer, in excess of amounts paid as workers' compensation benefits, shall not be less than the retirement value at the date of disability.

(c) If the actuarial equivalent of the disability pension payable under this section exceeds the police officer's retirement value at the time of the first payment, the city shall contribute such additional amounts as may be necessary, from time to time, to provide for the required disability pension.

(6) (5) If a police officer who was pensioned under this section is later determined to be no longer disabled, the pension provided for under this section shall terminate and the police officer's vested retirement value, as reduced by any disability payments made from the retirement system, shall thereafter be held and administered in the same manner as for any nondisabled police officer or former police officer.

(7)(a) (6) If a police officer who has pensioned under this section is later determined to be no longer disabled during the first three years when disability benefit payments are being paid, the police officer may return to duty with the police force under the following conditions:

(i) (a) If a vacancy exists on the police force for which the police officer is qualified and the police officer wishes to return to the police force, the city shall hire the police officer to fill the vacancy at a pay grade of not less than such police officer's ~~his or her~~ previous pay grade; or

(ii) (b) If no vacancy exists on the police force and the police officer wishes to return to the police force, the city may create a vacancy under the city's reduction in force policy adopted under the Civil Service Act and rehire the officer at a pay grade of not less than such police officer's ~~his or her~~ previous pay grade.

(b) ~~This~~ The provisions of this subsection shall not apply to a police officer whose disability benefit payments are terminated because of fraud on the part of the police officer.

Sec. 12. Section 16-1012, Reissue Revised Statutes of Nebraska, is amended to read:

16-1012 (1) No police officer shall be entitled during any period of temporary disability to receive in full both such police officer's ~~his or her~~ salary and such police officer's ~~his or her~~ benefits under the Nebraska Workers' Compensation Act.

(2) All Nebraska workers' compensation benefits shall be payable in full to such police officer as provided in the Nebraska Workers' Compensation Act, but all amounts paid by the city or its insurer under the Nebraska Workers' Compensation Act to any disabled police officer entitled to receive a salary during such disability shall be considered as payments on account of such salary and shall be credited thereon.

(3) The remaining balance of such salary, if any, shall be payable as otherwise provided in the Cities of the First Class Police Officers Retirement Act.

Sec. 13. Section 16-1013, Reissue Revised Statutes of Nebraska, is amended to read:

16-1013 (1) If a police officer quits or is discharged before such police officer's ~~his or her~~ normal or early retirement date, such police ~~the~~ officer may request and receive as a lump-sum payment an amount equal to the retirement value of such police officer's ~~his or her~~ employee account as determined at the valuation date preceding such police officer's ~~his or her~~ termination of employment. Such police officer, if vested, shall also receive a deferred pension benefit in an amount purchased or provided by the retirement value at the date of retirement. The retirement value at such retirement date shall consist of the accumulated value of the police officer's employee account, as reduced by any lump-sum distributions received prior to retirement, together with a vested percentage of the accumulated value of such ~~the~~ police officer's employer account at such police officer's ~~the~~ date of retirement.

(2) Until July 1, 2012, the vesting schedule shall be as follows:

(a) If the terminated police officer has been a member of the retirement system for less than four years, such vesting shall be zero percent ~~nil~~;

(b) If the terminated police terminating officer has been a member of the paid department of the city of ~~the first class~~ for at least four years, such vesting percentage shall be forty percent. Such vesting percentage shall be fifty percent after five years, sixty percent after six years, seventy percent after seven years, eighty percent after eight years, ninety percent after nine years, and one hundred percent after ten years; and

(c) All police officers shall be one hundred percent vested upon attainment of age sixty while employed by the city as a police officer.

(3) Beginning July 1, 2012, the vesting schedule shall be as follows:

(a) If the terminated police officer has been a member of the retirement system for less than two years, such vesting shall be zero percent ~~nil~~;

(b) If the terminated police terminating officer has been a member of the paid department of the city of ~~the first class~~ for at least two years, such vesting percentage shall be forty percent. Such vesting percentage shall be

sixty percent after four years, eighty percent after five years, and one hundred percent after seven years; and

(c) All police officers shall be one hundred percent vested upon attainment of age sixty while employed by the city as a police officer.

~~(4)(a)(i) (4)~~ The deferred pension benefit shall be payable on the first day of the month that immediately follows following the police officer's sixtieth birthday.

~~(ii)~~ At the option of the terminated ~~terminating~~ police officer, such pension benefit may be paid as of the first day of the month that follows after such police officer's fifty-fifth birthday ~~officer attains the age of fifty-five~~. Such election may be made by the police officer any time prior to the payment of the pension benefits.

(b) The deferred pension benefit shall be paid in the form of the benefit options specified in subsection (1) of section 16-1007 as elected by the police officer.

(c) If the police officer's vested retirement value at the date of such police officer's ~~his or her~~ termination of employment is less than three thousand five hundred dollars, the city may elect to pay such police officer such ~~his or her~~ vested retirement value in the form of a single lump-sum payment.

(5) A police officer may elect upon such police officer's ~~his or her~~ termination of employment to receive such police officer's ~~his or her~~ vested retirement value in the form of a single lump-sum payment.

(6) Upon any lump-sum payment of a terminated ~~terminating~~ police officer's retirement value under this section, such police officer shall ~~will~~ not be entitled to any deferred pension benefit and the city and the retirement system shall have no further obligation to pay such police officer or such police officer's ~~his or her~~ beneficiaries any benefits under the Cities of the First Class Police Officers Retirement Act.

(7) If the terminated ~~terminating~~ police officer is not credited with one hundred percent of such police officer's ~~his or her~~ employer account, the nonvested portion of the account shall be forfeited and first used to meet the expense charges incurred by the city in connection with administering the retirement system and the remainder shall then be used to reduce the city contribution that ~~which~~ would otherwise be required to fund pension benefits.

Sec. 14. Section 16-1014, Reissue Revised Statutes of Nebraska, is amended to read:

16-1014 (1) A retirement committee shall be established by each city to supervise the general operation of the retirement system established by such city pursuant to the Cities of the First Class Police Officers Retirement Act.

(2) The city council shall continue to be responsible for the general administration of such retirement system unless specific functions or all functions with regard to the administration of the retirement system are delegated, by ordinance, to the retirement committee.

(3) Whenever duties or powers are vested in the city or the retirement committee under the act or whenever the act fails to specifically allocate the duties or powers of administration of the retirement systems ~~system~~, such powers or duties shall be vested in the city unless such powers or duties have been delegated by ordinance to the retirement committee.

(4) ~~A~~ The city and the retirement committee established by such city shall have all powers that ~~which~~ are necessary for or appropriate to establishing, maintaining, managing, and administering the retirement system established by such city.

Sec. 15. Section 16-1015, Reissue Revised Statutes of Nebraska, is amended to read:

16-1015 (1) Each retirement committee established pursuant to section 16-1014 shall consist of the following six members: ~~members from both the police force and designees of the city council.~~

~~(a)~~ Four ~~The committee shall consist of six members of which four members shall be selected by the police officers from the police force of the city; and~~

~~(b)~~ Two members ~~selected shall be designated by the city council of the city.~~

(2) The members who are not participants in the ~~such~~ retirement system shall have a general knowledge of retirement plans.

(3) Members of the governing body of such city may serve on the retirement committee.

(4) The committee members shall be appointed to four-year terms.

(5) Vacancies on a retirement committee shall be filled for the remainder of the term with by a person selected in the same manner as the vacating committee member was selected ~~with the same representation as his or her predecessor.~~

(6) Members of any such the retirement committee shall receive no salary for serving on such retirement committee and shall not be compensated for expenses related to serving on such retirement committee.

Sec. 16. Section 16-1016, Reissue Revised Statutes of Nebraska, is amended to read:

16-1016 (1) The funds of a the retirement system shall be invested under the general direction of the retirement committee for such retirement system.

(2) A The city or the retirement committee established by such city if delegated such function by the city shall select and contract with a funding agent or agents to hold or invest the assets of the retirement system established by such city and to provide for the benefits provided by the Cities

of the First Class Police Officers Retirement Act. ~~Such~~ The city or retirement committee may select and contract with investment managers registered under the federal Investment Advisers Act of 1940 to invest, reinvest, and otherwise manage such portion of the assets of the retirement system as may be assigned by such ~~the city or retirement~~ committee.

(3) All funds of a ~~the~~ retirement system shall be invested pursuant to the policies established by the Nebraska Investment Council.

Sec. 17. Section 16-1017, Reissue Revised Statutes of Nebraska, is amended to read:

16-1017 (1) It shall be the duty of each ~~the~~ retirement committee to:

(a) Provide each employee a summary of plan eligibility requirements and benefit provisions;

(b) Provide, within thirty days after a request is made by a participant, a statement describing the amount of benefits such participant is eligible to receive; and

(c) Make available for review an annual report of the retirement system's operations describing both (i) the amount of contributions to the retirement system from both employee and employer sources and (ii) an identification of the total assets of the retirement system.

~~(2) Beginning December 31, 1998, through December 31, 2017:~~

~~(a) The chairperson of the retirement committee shall file with the Public Employees Retirement Board a report on each retirement plan established pursuant to section 401(a) of the Internal Revenue Code and administered by a retirement system established pursuant to the Police Officers Retirement Act and shall submit copies of such report to the Auditor of Public Accounts. The Auditor of Public Accounts may prepare a review of such report pursuant to section 84-304.02 but is not required to do so. The annual report shall be in a form prescribed by the Public Employees Retirement Board and shall contain the following information for each such retirement plan:~~

~~(i) The number of persons participating in the retirement plan;~~

~~(ii) The contribution rates of participants in the plan;~~

~~(iii) Plan assets and liabilities;~~

~~(iv) The names and positions of persons administering the plan;~~

~~(v) The names and positions of persons investing plan assets;~~

~~(vi) The form and nature of investments;~~

~~(vii) For each defined contribution plan, a full description of investment policies and options available to plan participants; and~~

~~(viii) For each defined benefit plan, the levels of benefits of participants in the plan, the number of members who are eligible for a benefit, and the total present value of such members' benefits, as well as the funding sources which will pay for such benefits.~~

~~If a plan contains no current active participants, the chairperson may file in place of such report a statement with the Public Employees Retirement Board indicating the number of retirees still drawing benefits and the sources and amount of funding for such benefits; and~~

~~(b) If such retirement plan is a defined benefit plan which was open to new members on January 1, 2004, in addition to the reports required by section 13-2402, the retirement committee shall cause to be prepared an annual report and the chairperson shall file the same with the Public Employees Retirement Board and the Nebraska Retirement Systems Committee of the Legislature and submit to the Auditor of Public Accounts a copy of such report. The Auditor of Public Accounts may prepare a review of such report pursuant to section 84-304.02 but is not required to do so. If the retirement committee does not submit a copy of the report to the Auditor of Public Accounts within six months after the end of the plan year, the Auditor of Public Accounts may audit, or cause to be audited, the city. All costs of the audit shall be paid by the city. The report shall consist of a full actuarial analysis of each such retirement plan administered by a retirement system established pursuant to the act. The analysis shall be prepared by an independent private organization or public entity employing actuaries who are members in good standing of the American Academy of Actuaries, and which organization or entity has demonstrated expertise to perform this type of analysis and is unrelated to any organization offering investment advice or which provides investment management services to the retirement plan. The report to the Nebraska Retirement Systems Committee shall be submitted electronically.~~

(2)(a) For each city offering a defined benefit plan as part of the retirement system established by such city, (3)(a) Beginning December 31, 2018, and each December 31 thereafter, for a defined benefit plan the chairperson of the retirement committee established by such city or such chairperson's his or her designee shall prepare and electronically file an annual report not later than June 30 of each year with the Auditor of Public Accounts and the Nebraska Retirement Systems Committee of the Legislature. If such retirement plan is a defined benefit plan which was open to new members on January 1, 2004, the annual report shall be in addition to the reports required by section 13-2402.

(b) The annual report shall be on a form prescribed by the Auditor of Public Accounts and shall include, but not be limited to, the following information:

(i) The levels of benefits of participants in the plan, the number of members who are eligible for a benefit, the total present value of such members' benefits, and the funding sources that which will pay for such benefits; and

(ii) A copy of a full actuarial analysis of each such defined benefit plan. Such The analysis shall be prepared by an independent private

organization or public entity that:

(A) ~~Employs~~ employing actuaries who are members in good standing of the American Academy of Actuaries;

(B) ~~Has~~, and which organization or entity has demonstrated expertise to perform this type of analysis; and

(C) ~~Is~~ is unrelated to any organization that which offers investment advice or provides investment management services to the retirement plan.

(3)(a) ~~(b)~~ The Auditor of Public Accounts may prepare a review of any annual such report filed pursuant to this section. Any such review shall be performed pursuant to section 84-304.02 but is not required to do so.

(b) ~~If a~~ the retirement committee does not file an annual report that is required by this section with submit a copy of the report to the Auditor of Public Accounts within the dates specified in subdivision (2)(a) of this section for filing such annual report six months after the end of the plan year, the Auditor of Public Accounts may audit, or cause to be audited, such the retirement committee. All costs of the audit shall be paid by such the retirement committee.

Sec. 18. Section 16-1018, Reissue Revised Statutes of Nebraska, is amended to read:

16-1018 (1) For purposes of this section:

(a) New employment city means a city with which a police officer has started employment as a police officer;

(b) Qualifying change of employment means the termination of employment of If a police officer with a termination city that is initiated by such police officer terminates his or her employment for the purpose of becoming a police officer employed by a new employment city if such employment begins another city of the first class in Nebraska and such new employment commences within one hundred twenty days of such termination; and

(c) Termination city means a city with which a police officer has terminated employment as a police officer to become employed by a new employment city.

(2) A such police officer who makes a qualifying change of employment shall be entitled to transfer, from the Police Officers Retirement System Fund of the termination city to the Police Officers Retirement System Fund of the new employment city by which he or she is newly employed, the full amount of such police officer's his or her employee account and the vested portion of the value of such police officer's his or her employer account at the time of termination with the termination city.

(3) Any such The transferred funds shall be directly transferred to the police officer's employee account in the retirement system of the new employment city to which transferred and administered by the retirement committee of such the city to which transferred.

(4) Upon such a transfer, the termination city and the retirement system for such city shall have no further obligation regarding such police officer's retirement benefits to such police officer or such police officer's beneficiaries his or her beneficiary.

(5) Following the commencement of new employment with a new employment city, the transferring police officer shall be deemed a new employee for all purposes of the retirement system of the new employment city to which he or she transferred.

Sec. 19. Section 16-1019, Reissue Revised Statutes of Nebraska, is amended to read:

16-1019 (1)(a) ~~(1)~~ The right to any benefits under the retirement system and the assets of any fund of the retirement system shall not be assignable or subject to execution, garnishment, attachment, or the operation of any bankruptcy or insolvency laws, except that the retirement system may comply with the directions set forth in a qualified domestic relations order meeting the requirements of section 414(p) of the Internal Revenue Code. The city or retirement committee may require appropriate releases from any person as a condition to complying with any such order.

(b) The retirement system shall not recognize any domestic relations order that:

(i) ~~Alters~~ which alters or changes benefits;

(ii) ~~Provides~~, provides for a form of benefit not otherwise provided for by the retirement system;

(iii) ~~Increases~~, increases benefits not otherwise provided by the retirement system; or

(iv) ~~Accelerates~~ accelerates or defers the time of payment of benefits.

(c) No participant or beneficiary shall have any right to any specific portion of the assets of the retirement system.

(2)(a) ~~(2)~~ The retirement system shall be administered in a manner necessary to comply with the tax-qualification requirements applicable to government retirement plans under section 401(a) of the Internal Revenue Code, including:

(i) ~~Section~~ section 401(a)(9) relating to the time and manner in which benefits are required to be distributed and section 401(a)(9)(G) relating to incidental death benefit requirements;

(ii) ~~Section~~, section 401(a)(16) relating to compliance with the maximum limitation on the plan benefits or contributions under section 415;

(iii) ~~Section~~, section 401(a)(17) that which limits the amount of compensation that which can be taken into account under a retirement plan;

(iv) ~~Section~~, section 401(a)(25) relating to the specification of actuarial assumptions;

(v) ~~Section~~ ~~section~~ 401(a)(31) relating to direct rollover distributions from eligible retirement plans; ~~and~~

(vi) ~~Section~~ ~~section~~ 401(a)(37) relating to the death benefit of a police officer who dies while performing qualified military service.

(b) Any requirements for compliance with section 401(a) of the Internal Revenue Code may be set forth in any trust or funding medium for the retirement system.

(c) This subsection shall be in full force and effect only so long as conformity with section 401(a) of the Internal Revenue Code is required for public retirement systems in order to secure the favorable income tax treatment extended to sponsors and beneficiaries of tax-qualified retirement plans.

(3) If ~~a~~ the retirement committee ~~of a city~~ determines that the retirement system for such city has previously overpaid or underpaid a benefit payable under the Cities of the First Class Police Officers Retirement Act, ~~such retirement committee~~ it shall have the power to correct such error. In the event of an overpayment, ~~such the~~ retirement system may, in addition to any other remedy that the retirement system ~~possesses~~ ~~may possess~~, offset future benefit payments by the amount of the prior overpayment, together with regular interest thereon.

(4) A police officer whose benefit payment is adjusted by ~~a~~ the retirement committee pursuant to subsection (3) of this section may request a review by the city council ~~of the city that employs such police officer~~ of the adjustment made by ~~such the~~ retirement committee.

(5) In order to provide the necessary amounts to pay for or fund a pension plan established under the Cities of the First Class Police Officers Retirement Act ~~act~~, the mayor and council may make a levy ~~that~~ ~~which~~ is within the levy restrictions of section 77-3442.

Sec. 20. Section 18-1723, Revised Statutes Cumulative Supplement, 2024, is amended to read:

18-1723 (1) The Legislature finds and declares the subject of this section to be a matter of general statewide concern.

(2) For purposes of this section:

(a) Tenured firefighter means any firefighter who was employed as a firefighter for at least five years by any city or village in this state, including any city with a home rule charter; and

(b) Tenured police officer means any police officer who was employed as a police officer for at least five years by any city or village in this state, including any city with a home rule charter.

(3) ~~For any tenured firefighter or tenured police officer who suffers whenever any firefighter who has served a total of five years as a member of a paid fire department of any city in this state or any police officer of any city or village, including any city having a home rule charter, shall suffer death or disability as a result of hypertension or heart or respiratory defect or disease, there shall be a rebuttable presumption that such death or disability resulted from accident or other cause while in the line of duty for all purposes of:~~

(a) ~~The Cities of the First Class the Police Officers Retirement Act; ~~and~~ sections 15-1012 to 15-1027, and~~

(b) ~~The Cities of the First Class Firefighters Retirement Act; ~~and~~~~

(c) ~~Sections 15-1012 to 15-1027; and~~

(d) ~~Any any firefighter's or police officer's pension plan established pursuant to any home rule charter, ~~the Legislature specifically finding the subject of this section to be a matter of general statewide concern.~~~~

(4) ~~Such~~ The rebuttable presumption applies shall ~~apply~~ to death or disability as a result of hypertension or heart or respiratory defect or disease after the tenured firefighter or tenured police officer separates from his or her applicable employment if the death or disability occurs within three months after such separation. ~~Such rebuttable presumption shall apply in any action or proceeding arising out of death or disability incurred prior to December 25, 1969, and which has not been processed to final administrative or judicial conclusion prior to such date.~~

Sec. 21. Section 81-8,317, Reissue Revised Statutes of Nebraska, is amended to read:

81-8,317 (1) If a public safety officer is killed in the line of duty, compensation shall be paid as provided in the In the Line of Duty Compensation Act to recognize the ultimate sacrifice made by such public safety officer.

(2) The amount of compensation to be paid under the act shall be as follows:

(a) For deaths occurring during calendar year 2022, the amount of such compensation shall be two hundred fifty thousand dollars; and

(b) For deaths occurring in calendar year 2023 and each calendar year thereafter, the amount of such compensation shall be equal to the compensation amount from the previous calendar year increased by the percentage increase, if any, in the Consumer Price Index for All Urban Consumers, as published by the United States Department of Labor, Bureau of Labor Statistics, for the twelve months ending on June 30 of such previous calendar year.

(3) The person entitled to receive such compensation shall be determined as follows:

(a) If the public safety officer designated a person to receive the compensation in accordance with subsection (4) of this section, the compensation shall be paid to the designated person; or

(b) If no person is designated by the public safety officer or if the designated person is not alive at the death of the public safety officer, the

compensation shall be paid in accordance with the laws of this state regarding intestate succession.

(4) The Risk Manager shall prescribe a form that may be used by a public safety officer to designate a person to receive the compensation. The public safety officer shall file such form with his or her employer or, if he or she is a volunteer, with the entity for which the volunteer service is provided.

(5) Amounts paid under the In the Line of Duty Compensation Act shall not be considered:

(a) Compensation under the County Employees Retirement Act, the Judges Retirement Act, the Nebraska State Patrol Retirement Act, the School Employees Retirement Act, the State Employees Retirement Act, or any other retirement plan administered by the Public Employees Retirement Board and shall not be eligible for deferral under any deferred compensation plan administered by the Public Employees Retirement Board; or

(b) Regular pay or salary under the Cities of the First Class Police Officers Retirement Act or the Cities of the First Class Firefighters Retirement Act.

(6) An employer of the public safety officer shall not have any right of subrogation under section 48-118 with respect to compensation paid under the In the Line of Duty Compensation Act.

Sec. 22. Original sections 16-1001, 16-1002, 16-1003, 16-1004, 16-1006, 16-1007, 16-1008, 16-1009, 16-1010, 16-1011, 16-1012, 16-1013, 16-1014, 16-1015, 16-1016, 16-1017, 16-1018, 16-1019, and 81-8,317, Reissue Revised Statutes of Nebraska, section 18-1723, Revised Statutes Cumulative Supplement, 2024, and section 16-1005, Revised Statutes Supplement, 2025, are repealed.