

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIFTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 698**

Introduced by Kolterman, 24.

Read first time January 03, 2018

Committee:

1 A BILL FOR AN ACT relating to retirement; to amend sections 23-2305,  
2 23-2306.02, 23-2306.03, 23-2310.05, 23-2323.02, 23-2323.03, 24-704,  
3 24-704.01, 24-710, 24-710.05, 24-710.06, 79-904, 79-905, 79-907,  
4 79-924, 79-933.01, 79-933.02, 79-933.03, 79-933.04, 79-933.07,  
5 81-2019, 81-2031.03, 81-2031.04, 84-1305, 84-1310.01, 84-1311.03,  
6 84-1312, and 84-1313, Reissue Revised Statutes of Nebraska, sections  
7 23-2305.01, 23-2309.01, 81-2019.01, 81-2026, and 84-1305.02, Revised  
8 Statutes Cumulative Supplement, 2016, and sections 23-2323.01,  
9 79-904.01, 79-926, 84-1325, and 84-1503, Revised Statutes  
10 Supplement, 2017; to change provisions to provide permissive  
11 authority relating to the adoption of bylaws, prescription of forms,  
12 and adoption and promulgation of rules and regulations by the Public  
13 Employees Retirement Board to carry out state-administered  
14 retirement acts as prescribed; to harmonize provisions; and to  
15 repeal the original sections.

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

1 Section 1. Section 23-2305, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3 23-2305 It shall be the duty of the board to administer the County  
4 Employees Retirement Act as provided in section 84-1503. The board may  
5 ~~shall~~ adopt and promulgate rules and regulations to carry out the act.

6 Sec. 2. Section 23-2305.01, Revised Statutes Cumulative Supplement,  
7 2016, is amended to read:

8 23-2305.01 (1)(a) If the board determines that the retirement system  
9 has previously received contributions or distributed benefits which for  
10 any reason are not in accordance with the statutory provisions of the  
11 County Employees Retirement Act, the board shall refund contributions,  
12 require additional contributions, adjust benefits, credit dividend  
13 amounts, or require repayment of benefits paid. In the event of an  
14 overpayment of a benefit, the board may, in addition to other remedies,  
15 offset future benefit payments by the amount of the prior overpayment,  
16 together with regular interest or interest credits, whichever is  
17 appropriate, thereon. In the event of an underpayment of a benefit, the  
18 board shall immediately make payment equal to the deficit amount plus  
19 regular interest or interest credits, whichever is appropriate.

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

1 have the same effect as subpoenas from district courts.

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

12 Sec. 3. Section 23-2306.02, Reissue Revised Statutes of Nebraska, is  
13 amended to read:

14 23-2306.02 Under such rules and regulations as the retirement board  
15 may adopt and promulgate ~~adopts and promulgates~~, a full-time or part-time  
16 employee of a city, village, or township who becomes a county employee  
17 pursuant to a merger of services may pay to the retirement system an  
18 amount equal to the sum of all deductions which were made from the  
19 employee's compensation, plus earnings, during such period of employment  
20 with the city, village, or township. Payment shall be made within five  
21 years after the merger or prior to retirement, whichever comes first, and  
22 may be made through direct payment, installment payments, or an  
23 irrevocable payroll authorization.

24 Sec. 4. Section 23-2306.03, Reissue Revised Statutes of Nebraska, is  
25 amended to read:

26 23-2306.03 Under such rules and regulations as the retirement board  
27 may adopt and promulgate ~~adopts and promulgates~~, a full-time or part-time  
28 employee of a city, village, fire protection district, or township who  
29 becomes a municipal county employee shall transfer all of his or her  
30 funds in the retirement system of the city, village, fire protection  
31 district, or township by paying to the Retirement System for Nebraska

1 Counties from funds held by the retirement system of the city, village,  
2 fire protection district, or township an amount equal to one of the  
3 following: (1) If the retirement system of the city, village, fire  
4 protection district, or township maintains a defined benefit plan, an  
5 amount not to exceed the initial benefit transfer value as provided in  
6 section 13-2401, leaving no funds attributable to the transferred  
7 employee within the retirement system of the city, village, fire  
8 protection district, or township; or (2) if the retirement system of the  
9 city, village, fire protection district, or township maintains a defined  
10 contribution plan, an amount not to exceed the employee and employer  
11 accounts of the transferring employee plus earnings during the period of  
12 employment with the city, village, fire protection district, or township.  
13 The employee shall receive vesting credit for his or her years of service  
14 in a governmental plan, as defined in section 414(d) of the Internal  
15 Revenue Code, maintained by the city, village, fire protection district,  
16 or township. Payment shall be made within five years after employment  
17 begins with the receiving entity or prior to retirement, whichever comes  
18 first, and may be made through direct payment, installment payments, or  
19 an irrevocable payroll deduction authorization.

20 Sec. 5. Section 23-2309.01, Revised Statutes Cumulative Supplement,  
21 2016, is amended to read:

22 23-2309.01 (1) Each member employed and participating in the  
23 retirement system prior to January 1, 2003, who has elected not to  
24 participate in the cash balance benefit, shall be allowed to allocate all  
25 contributions to his or her employee account to various investment  
26 options. The investment options shall include, but not be limited to, the  
27 following:

28 (a) An investor select account which shall be invested under the  
29 direction of the state investment officer with an asset allocation and  
30 investment strategy substantially similar to the investment allocations  
31 made by the state investment officer for the defined benefit plans under

1 the retirement systems described in subdivision (1)(a) of section  
2 84-1503. Investments shall most likely include domestic and international  
3 equities, fixed income investments, and real estate, as well as  
4 potentially additional asset classes;

5 (b) A stable return account which shall be invested by or under the  
6 direction of the state investment officer in a stable value strategy that  
7 provides capital preservation and consistent, steady returns;

8 (c) An equities account which shall be invested by or under the  
9 direction of the state investment officer in equities;

10 (d) A balanced account which shall be invested by or under the  
11 direction of the state investment officer in equities and fixed income  
12 instruments;

13 (e) An index fund account which shall be invested by or under the  
14 direction of the state investment officer in a portfolio of common stocks  
15 designed to closely duplicate the total return of the Standard and Poor's  
16 division of The McGraw-Hill Companies, Inc., 500 Index;

17 (f) A fixed income account which shall be invested by or under the  
18 direction of the state investment officer in fixed income instruments;

19 (g) A money market account which shall be invested by or under the  
20 direction of the state investment officer in short-term fixed income  
21 securities; and

22 (h) Beginning July 1, 2006, an age-based account which shall be  
23 invested under the direction of the state investment officer with an  
24 asset allocation and investment strategy that changes based upon the age  
25 of the member. The board shall develop an account mechanism that changes  
26 the investments as the employee nears retirement age. The asset  
27 allocation and asset classes utilized in the investments shall move from  
28 aggressive, to moderate, and then to conservative as retirement age  
29 approaches.

30 If a member fails to select an option or combination of options, all  
31 of his or her funds shall be placed in the option described in

1 subdivision (b) of this subsection. Each member shall be given a detailed  
2 current description of each investment option prior to making or revising  
3 his or her allocation.

4 (2) Members of the retirement system may allocate their  
5 contributions to the investment options in percentage increments as set  
6 by the board in any proportion, including full allocation to any one  
7 option. A member under subdivision (1)(a) of section 23-2321 or his or  
8 her beneficiary may transfer any portion of his or her funds among the  
9 options, except for restrictions on transfers to or from the stable  
10 return account pursuant to rule or regulation. The board ~~may shall~~ adopt  
11 and promulgate rules and regulations for changes of a member's allocation  
12 of contributions to his or her accounts after his or her most recent  
13 allocation and for transfers from one investment account to another.

14 (3) The board shall develop a schedule for the allocation of  
15 administrative costs of maintaining the various investment options and  
16 shall assess the costs so that each member pays a reasonable fee as  
17 determined by the board.

18 (4) In order to carry out this section, the board may enter into  
19 administrative services agreements for accounting or record-keeping  
20 services. No agreement shall be entered into unless the board determines  
21 that it will result in administrative economy and will be in the best  
22 interests of the county and its participating employees.

23 (5) The state, the board, the state investment officer, the members  
24 of the Nebraska Investment Council, or the county shall not be liable for  
25 any investment results resulting from the member's exercise of control  
26 over the assets in the employee account.

27 Sec. 6. Section 23-2310.05, Reissue Revised Statutes of Nebraska, is  
28 amended to read:

29 23-2310.05 (1) Each member employed and participating in the  
30 retirement system prior to January 1, 2003, who has elected not to  
31 participate in the cash balance benefit, shall be allowed to allocate all

1 contributions to his or her employer account to various investment  
2 options. Such investment options shall be the same as the investment  
3 options of the employee account as provided in subsection (1) of section  
4 23-2309.01. If a member fails to select an option or combination of  
5 options, all of his or her funds in the employer account shall be placed  
6 in the balanced account option described in subdivision (1)(d) of section  
7 23-2309.01. Each member shall be given a detailed current description of  
8 each investment option prior to making or revising his or her allocation.

9 (2) Each member of the retirement system may allocate contributions  
10 to his or her employer account to the investment options in percentage  
11 increments as set by the board in any proportion, including full  
12 allocation to any one option. A member under subdivision (1)(a) of  
13 section 23-2321 or his or her beneficiary may transfer any portion of his  
14 or her funds among the options. The board ~~may shall~~ adopt and promulgate  
15 rules and regulations for changes of a member's allocation of  
16 contributions to his or her accounts after his or her most recent  
17 allocation and for transfers from one investment account to another.

18 (3) The board shall develop a schedule for the allocation of  
19 administrative costs of maintaining the various investment options and  
20 shall assess the costs so that each member pays a reasonable fee as  
21 determined by the board.

22 (4) In order to carry out the provisions of this section, the board  
23 may enter into administrative services agreements for accounting or  
24 record-keeping services. No agreement shall be entered into unless the  
25 board determines that it will result in administrative economy and will  
26 be in the best interests of the state and participating employees.

27 (5) The state, the board, the state investment officer, the members  
28 of the Nebraska Investment Council, or the county shall not be liable for  
29 any investment results resulting from the member's exercise of control  
30 over the assets in the employer account.

31 Sec. 7. Section 23-2323.01, Revised Statutes Supplement, 2017, is

1 amended to read:

2 23-2323.01 (1)(a) For military service beginning on or after  
3 December 12, 1994, but before January 1, 2018, any employee who, while an  
4 employee, entered into and served in the armed forces of the United  
5 States and who within ninety days after honorable discharge or honorable  
6 separation from active duty again became an employee shall be credited,  
7 for the purposes of section 23-2315, with all the time actually served in  
8 the armed forces as if such person had been an employee throughout such  
9 service in the armed forces pursuant to the terms and conditions of  
10 subdivision (b) of this subsection.

11 (b) Under such rules and regulations as the retirement board may  
12 adopt and promulgate ~~adopts and promulgates~~, an employee who is  
13 reemployed on or after December 12, 1994, pursuant to 38 U.S.C. 4301 et  
14 seq., may pay to the retirement system an amount equal to the sum of all  
15 deductions which would have been made from the employee's compensation  
16 during such period of military service. Payment shall be made within the  
17 period required by law, not to exceed five years. To the extent that  
18 payment is made, (i) the employee shall be treated as not having incurred  
19 a break in service by reason of the employee's period of military  
20 service, (ii) the period of military service shall be credited for the  
21 purposes of determining the nonforfeitability of the employee's accrued  
22 benefits and the accrual of benefits under the plan, and (iii) the  
23 employer shall allocate the amount of employer contributions to the  
24 employee's employer account in the same manner and to the same extent the  
25 allocation occurs for other employees during the period of service. For  
26 purposes of employee and employer contributions under this section, the  
27 employee's compensation during the period of military service shall be  
28 the rate the employee would have received but for the military service  
29 or, if not reasonably determinable, the average rate the employee  
30 received during the twelve-month period immediately preceding military  
31 service.



1 (c) The employer shall pick up the employee contributions made  
2 through irrevocable payroll deduction authorizations pursuant to this  
3 subsection, and the contributions so picked up shall be treated as  
4 employer contributions in the same manner as contributions picked up  
5 under section 23-2307.

6 (2)(a) For military service beginning on or after January 1, 2018,  
7 any employee who is reemployed pursuant to 38 U.S.C. 4301 et seq., shall  
8 be treated as not having incurred a break in service by reason of the  
9 employee's period of military service. Such military service shall be  
10 credited for purposes of determining the nonforfeitability of the  
11 employee's accrued benefits and the accrual of benefits under the plan.

12 (b) The county employing the employee shall be liable for funding  
13 any obligation of the plan to provide benefits based upon such period of  
14 military service. To satisfy the liability, the county employing the  
15 employee shall pay to the retirement system an amount equal to:

16 (i) The sum of the employee and employer contributions that would  
17 have been paid during such period of military service; and

18 (ii) Any actuarial costs necessary to fund the obligation of the  
19 plan to provide benefits based upon such period of military service. For  
20 the purposes of determining the amount of such liability and obligation  
21 of the plan, earnings and forfeitures, gains and losses, regular  
22 interest, interest credits, or dividends that would have accrued on the  
23 employee and employer contributions that are paid by the employer  
24 pursuant to this section shall not be included.

25 (c) The amount required pursuant to subdivision (b) of this  
26 subsection shall be paid to the retirement system as soon as reasonably  
27 practicable following the date of reemployment but must be paid within  
28 eighteen months of the date the board notifies the employer of the amount  
29 due. If the employer fails to pay the required amount within such  
30 eighteen-month period, then the employer is also responsible for any  
31 actuarial costs and interest on actuarial costs that accrue from eighteen

1 months after the date the employer is notified by the board until the  
2 date the amount is paid.

3 (d) The retirement board may adopt and promulgate rules and  
4 regulations to carry out this subsection, including, but not limited to,  
5 rules and regulations on:

6 (i) How and when the employee and employer must notify the  
7 retirement system of a period of military service;

8 (ii) The acceptable methods of payment;

9 (iii) Determining the service and compensation upon which the  
10 contributions must be made;

11 (iv) Accelerating the payment from the employer due to unforeseen  
12 circumstances that occur before payment is made pursuant to this section,  
13 including, but not limited to, the employee's termination or retirement  
14 or the employer's reorganization, consolidation, merger, or closing; and

15 (v) The documentation required to substantiate that the employee was  
16 reemployed pursuant to 38 U.S.C. 4301 et seq.

17 (3) This section only applies to military service that falls within  
18 the definition of uniformed service under 38 U.S.C. 4301 et seq. Military  
19 service does not include service provided pursuant to sections 55-101 to  
20 55-181.

21 Sec. 8. Section 23-2323.02, Reissue Revised Statutes of Nebraska, is  
22 amended to read:

23 23-2323.02 (1) For purposes of this section and section 23-2323.03:

24 (a) Direct rollover means a payment by the retirement system to the  
25 eligible retirement plan or plans specified by the distributee

26 ~~Distributee means the member, the member's surviving spouse, or the~~  
27 ~~member's former spouse who is an alternate payee under a qualified~~  
28 ~~domestic relations order as defined in section 414(p) of the Internal~~  
29 ~~Revenue Code;~~

30 (b) Distributee means the member, the member's surviving spouse, or  
31 the member's former spouse who is an alternate payee under a qualified

1 domestic relations order as defined in section 414(p) of the Internal  
2 Revenue Code ~~Direct rollover means a payment by the retirement system to~~  
3 ~~the eligible retirement plan or plans specified by the distributee;~~

4 (c) Eligible retirement plan means (i) an individual retirement  
5 account described in section 408(a) of the Internal Revenue Code, (ii) an  
6 individual retirement annuity described in section 408(b) of the code,  
7 except for an endowment contract, (iii) a qualified plan described in  
8 section 401(a) of the code, (iv) an annuity plan described in section  
9 403(a) or 403(b) of the code, (v) except for purposes of section  
10 23-2323.03, an individual retirement plan described in section 408A of  
11 the code, and (vi) a plan described in section 457(b) of the code and  
12 maintained by a governmental employer. For eligible rollover  
13 distributions to a surviving spouse, an eligible retirement plan means  
14 subdivisions (1)(c)(i) through (vi) of this section; and

15 (d) Eligible rollover distribution means any distribution to a  
16 distributee of all or any portion of the balance to the credit of the  
17 distributee in the plan, except such term shall not include any  
18 distribution which is one of a series of substantially equal periodic  
19 payments, not less frequently than annually, made for the life of the  
20 distributee or joint lives of the distributee and the distributee's  
21 beneficiary or for the specified period of ten years or more and shall  
22 not include any distribution to the extent such distribution is required  
23 under section 401(a)(9) of the Internal Revenue Code.

24 (2) For distributions made to a distributee on or after January 1,  
25 1993, a distributee may elect to have any portion of an eligible rollover  
26 distribution paid directly to an eligible retirement plan specified by  
27 the distributee.

28 (3) A member's surviving spouse or former spouse who is an alternate  
29 payee under a qualified domestic relations order and, on or after January  
30 1, 2010, any designated beneficiary of a member who is not a surviving  
31 spouse or former spouse who is entitled to receive an eligible rollover

1 distribution from the retirement system may, in accordance with such  
2 rules, regulations, and limitations as may be established by the board,  
3 elect to have such distribution made in the form of a direct transfer to  
4 a retirement plan eligible to receive such transfer under the provisions  
5 of the Internal Revenue Code.

6 (4) An eligible rollover distribution on behalf of a designated  
7 beneficiary of a member who is not a surviving spouse or former spouse of  
8 the member may be transferred to an individual retirement account or  
9 annuity described in section 408(a) or section 408(b) of the Internal  
10 Revenue Code that is established for the purpose of receiving the  
11 distribution on behalf of the designated beneficiary and that will be  
12 treated as an inherited individual retirement account or individual  
13 retirement annuity described in section 408(d)(3)(C) of the Internal  
14 Revenue Code.

15 (5) The board ~~may shall~~ adopt and promulgate rules and regulations  
16 for direct rollover procedures which are consistent with section 401(a)  
17 (31) of the Internal Revenue Code and which include, but are not limited  
18 to, the form and time of direct rollover distributions.

19 Sec. 9. Section 23-2323.03, Reissue Revised Statutes of Nebraska, is  
20 amended to read:

21 23-2323.03 (1) The retirement system may accept cash rollover  
22 contributions from a member who is making payment pursuant to section  
23 23-2306.02, 23-2306.03, 23-2320, or 23-2323.01 if the contributions do  
24 not exceed the amount authorized to be paid by the member pursuant to  
25 section 23-2306.02, 23-2306.03, 23-2320, or 23-2323.01, and the  
26 contributions represent (a) all or any portion of the balance of the  
27 member's interest in a qualified plan under section 401(a) of the  
28 Internal Revenue Code or (b) the interest of the member from an  
29 individual retirement account or an individual retirement annuity, the  
30 entire amount of which is attributable to a qualified total distribution,  
31 as defined in the Internal Revenue Code, from a qualified plan under

1 section 401(a) of the code and qualified as a tax-free rollover amount.  
2 The member's interest under subdivision (a) or (b) of this subsection  
3 must be transferred to the retirement system within sixty days from the  
4 date of the distribution from the qualified plan, individual retirement  
5 account, or individual retirement annuity.

6 (2) Cash transferred to the retirement system as a rollover  
7 contribution shall be deposited as other payments made under section  
8 23-2306.02, 23-2306.03, 23-2320, or 23-2323.01.

9 (3) Under the same conditions as provided in subsection (1) of this  
10 section, the retirement system may accept eligible rollover distributions  
11 from (a) an annuity contract described in section 403(b) of the Internal  
12 Revenue Code, (b) a plan described in section 457(b) of the code which is  
13 maintained by a state, a political subdivision of a state, or any agency  
14 or instrumentality of a state or political subdivision of a state, or (c)  
15 the portion of a distribution from an individual retirement account or  
16 annuity described in section 408(a) or 408(b) of the code that is  
17 eligible to be rolled over and would otherwise be includible in gross  
18 income. Amounts accepted pursuant to this subsection shall be deposited  
19 as all other payments under this section.

20 (4) The retirement system may accept direct rollover distributions  
21 made from a qualified plan pursuant to section 401(a)(31) of the Internal  
22 Revenue Code. The direct rollover distribution shall be deposited as all  
23 other payments under this section.

24 (5) The board may ~~shall~~ adopt and promulgate rules and regulations  
25 defining procedures for acceptance of rollovers which are consistent with  
26 sections 401(a)(31) and 402 of the Internal Revenue Code.

27 Sec. 10. Section 24-704, Reissue Revised Statutes of Nebraska, is  
28 amended to read:

29 24-704 (1) The general administration of the retirement system for  
30 judges provided for in the Judges Retirement Act, except the investment  
31 of funds, is hereby vested in the board. The Auditor of Public Accounts

1 shall make an annual audit of the retirement system and electronically  
2 file an annual report of its condition with the Clerk of the Legislature.  
3 Each member of the Legislature shall receive an electronic copy of the  
4 annual report by making a request for such report to the Auditor of  
5 Public Accounts. The board may ~~shall~~ adopt and promulgate rules and  
6 regulations as may be necessary to carry out the Judges Retirement Act.

7 (2)(a) The board shall employ a director and such assistants and  
8 employees as may be necessary to efficiently discharge the duties imposed  
9 by the act. The director shall keep a record of all acts and proceedings  
10 taken by the board.

11 (b) The director shall keep a complete record of all members with  
12 respect to name, current address, age, contributions, length of service,  
13 compensation, and any other facts as may be necessary in the  
14 administration of the act. The information in the records shall be  
15 provided by the State Court Administrator in an accurate and verifiable  
16 form, as specified by the director. The director shall, from time to  
17 time, carry out testing procedures pursuant to section 84-1512 to verify  
18 the accuracy of such information. For the purpose of obtaining such facts  
19 and information, the director shall have access to the records of the  
20 various state departments and agencies and the holder of the records  
21 shall comply with a request by the director for access by providing such  
22 facts and information to the director in a timely manner. A certified  
23 copy of a birth certificate or delayed birth certificate shall be prima  
24 facie evidence of the age of the person named in the certificate.

25 (c) The director shall develop and implement an employer education  
26 program using principles generally accepted by public employee retirement  
27 systems so that all employers have the knowledge and information  
28 necessary to prepare and file reports as the board requires.

29 (3) Information necessary to determine membership in the retirement  
30 system shall be provided by the State Court Administrator.

31 (4) Any funds of the retirement system available for investment

1 shall be invested by the Nebraska Investment Council pursuant to the  
2 Nebraska Capital Expansion Act and the Nebraska State Funds Investment  
3 Act. Payment for investment services by the council shall be charged  
4 directly against the gross investment returns of the funds. Charges so  
5 incurred shall not be a part of the board's annual budget request. The  
6 amounts of payment for such services, as of December 31 of each year,  
7 shall be reported not later than March 31 of the following year to the  
8 council, the board, and the Nebraska Retirement Systems Committee of the  
9 Legislature. The report submitted to the committee shall be submitted  
10 electronically. The state investment officer shall sell any such  
11 securities upon request from the director so as to provide money for the  
12 payment of benefits or annuities.

13 Sec. 11. Section 24-704.01, Reissue Revised Statutes of Nebraska, is  
14 amended to read:

15 24-704.01 (1)(a) If the board determines that the retirement system  
16 has previously received contributions or distributed benefits which for  
17 any reason are not in accordance with the Judges Retirement Act, the  
18 board shall refund contributions, require additional contributions,  
19 adjust benefits, or require repayment of benefits paid. In the event of  
20 an overpayment of a benefit, the board may, in addition to other  
21 remedies, offset future benefit payments by the amount of the prior  
22 overpayment, together with regular interest thereon. In the event of an  
23 underpayment of a benefit, the board shall immediately make payment equal  
24 to the deficit amount plus regular interest.

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

1 connection with any such investigation, the board, through the director  
2 or the director's designee, shall have the power to compel the attendance  
3 of witnesses and the production of books, papers, records, and documents,  
4 whether in hardcopy, electronic form, or otherwise, and issue subpoenas  
5 for such purposes. Such subpoenas shall be served in the same manner and  
6 have the same effect as subpoenas from district courts.

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

17 Sec. 12. Section 24-710, Reissue Revised Statutes of Nebraska, is  
18 amended to read:

19 24-710 (1) The retirement annuity of a judge who is an original  
20 member, who has not made the election provided for in subsection (8) of  
21 section 24-703 or section 24-710.01, and who retires under section 24-708  
22 or 24-709 shall be computed as follows: Each such judge shall be entitled  
23 to receive an annuity, each monthly payment of which shall be in an  
24 amount equal to three and one-third percent of his or her final average  
25 compensation as such judge, multiplied by the number of his or her years  
26 of creditable service. The amount stated in this section shall be  
27 supplemental to any benefits received by such judge under the Nebraska  
28 and federal old age and survivors' insurance acts at the date of  
29 retirement, but the monthly combined benefits received thereunder and by  
30 the Judges Retirement Act shall not exceed sixty-five percent of the  
31 final average compensation such judge was receiving when he or she last



1 served as such judge. The amount of retirement annuity of a judge who  
2 retires under section 24-708 or 24-709 shall not be less than twenty-five  
3 dollars per month if he or she has four years or more of service credit.

4 (2) The retirement annuity of a judge who is a future member and who  
5 retires after July 1, 1986, under section 24-708 or 24-709 shall be  
6 computed as follows: Each such judge shall be entitled to receive an  
7 annuity, each monthly payment of which shall be in an amount equal to  
8 three and one-half percent of his or her final average compensation as  
9 such judge, multiplied by the number of his or her years of creditable  
10 service, except that prior to an actuarial factor adjustment for purposes  
11 of calculating an optional form of annuity benefits under subsection (3)  
12 of this section, the monthly benefits received under this subsection  
13 shall not exceed seventy percent of the final average compensation such  
14 judge was receiving when he or she last served as such judge.

15 (3) Except as provided in section 42-1107, any member may, when  
16 filing an application as provided by the retirement system, elect to  
17 receive, in lieu of the normal form annuity benefits to which the member  
18 or his or her beneficiary may otherwise be entitled under the Judges  
19 Retirement Act, an optional form of annuity benefits which the board may  
20 by rules and regulations provide, the value of which, determined by  
21 accepted actuarial methods and on the basis of actuarial assumptions  
22 recommended by the actuary, approved by the board, and kept on file in  
23 the office of the director, is equal to the value of the benefit  
24 replaced. The board ~~may shall~~ (a) adopt and promulgate appropriate rules  
25 and regulations to establish ~~establishing~~ joint and survivorship  
26 annuities, with and without reduction on the death of the first  
27 annuitant, and such other forms of annuities as may in its judgment be  
28 appropriate and establishing benefits as provided in sections 24-707 and  
29 24-707.01, (b) prescribe appropriate forms for making the election by the  
30 members, and (c) provide for the necessary actuarial services to make the  
31 required valuations.

1 (4) A one-time cost-of-living adjustment shall be made for each  
2 retired judge and each surviving beneficiary who is receiving a  
3 retirement annuity as provided for in this section. The annuity shall be  
4 adjusted by the increase in the cost of living or wage levels between the  
5 effective date of retirement and June 30, 1992, except that such  
6 increases shall not exceed three percent per year of retirement and the  
7 total increase shall not exceed two hundred fifty dollars per month.

8 Sec. 13. Section 24-710.05, Reissue Revised Statutes of Nebraska, is  
9 amended to read:

10 24-710.05 (1) For purposes of this section and section 24-710.06:

11 (a) Direct rollover means a payment by the retirement system to the  
12 eligible retirement plan or plans specified by the distributee  
13 ~~Distributee means the member, the member's surviving spouse, or the~~  
14 ~~member's former spouse who is an alternate payee under a qualified~~  
15 ~~domestic relations order as defined in section 414(p) of the Internal~~  
16 ~~Revenue Code;~~

17 (b) Distributee means the member, the member's surviving spouse, or  
18 the member's former spouse who is an alternate payee under a qualified  
19 domestic relations order as defined in section 414(p) of the Internal  
20 Revenue Code ~~Direct rollover means a payment by the retirement system to~~  
21 ~~the eligible retirement plan or plans specified by the distributee;~~

22 (c) Eligible retirement plan means (i) an individual retirement  
23 account described in section 408(a) of the Internal Revenue Code, (ii) an  
24 individual retirement annuity described in section 408(b) of the code,  
25 except for an endowment contract, (iii) a qualified plan described in  
26 section 401(a) of the code, (iv) an annuity plan described in section  
27 403(a) or 403(b) of the code, (v) except for purposes of section  
28 24-710.06, an individual retirement plan described in section 408A of the  
29 code, and (vi) a plan described in section 457(b) of the code and  
30 maintained by a governmental employer. For eligible rollover  
31 distributions to a surviving spouse, an eligible retirement plan means

1 subdivisions (1)(c)(i) through (vi) of this section; and

2 (d) Eligible rollover distribution means any distribution to a  
3 distributee of all or any portion of the balance to the credit of the  
4 distributee in the plan, except such term shall not include any  
5 distribution which is one of a series of substantially equal periodic  
6 payments, not less frequently than annually, made for the life of the  
7 distributee or joint lives of the distributee and the distributee's  
8 beneficiary or for the specified period of ten years or more and shall  
9 not include any distribution to the extent such distribution is required  
10 under section 401(a)(9) of the Internal Revenue Code.

11 (2) For distributions made to a distributee on or after January 1,  
12 1993, a distributee may elect to have any portion of an eligible rollover  
13 distribution paid directly to an eligible retirement plan specified by  
14 the distributee.

15 (3) A member's surviving spouse or former spouse who is an alternate  
16 payee under a qualified domestic relations order and, on or after July 1,  
17 2010, any designated beneficiary of a member who is not a surviving  
18 spouse or former spouse who is entitled to receive an eligible rollover  
19 distribution from the retirement system may, in accordance with such  
20 rules, regulations, and limitations as may be established by the board,  
21 elect to have such distribution made in the form of a direct transfer to  
22 a retirement plan eligible to receive such transfer under the provisions  
23 of the Internal Revenue Code.

24 (4) An eligible rollover distribution on behalf of a designated  
25 beneficiary of a member who is not a surviving spouse or former spouse of  
26 the member may be transferred to an individual retirement account or  
27 annuity described in section 408(a) or section 408(b) of the Internal  
28 Revenue Code that is established for the purpose of receiving the  
29 distribution on behalf of the designated beneficiary and that will be  
30 treated as an inherited individual retirement account or individual  
31 retirement annuity described in section 408(d)(3)(C) of the Internal

1 Revenue Code.

2 (5) The board ~~may shall~~ adopt and promulgate rules and regulations  
3 for direct rollover procedures which are consistent with section 401(a)  
4 (31) of the Internal Revenue Code and which include, but are not limited  
5 to, the form and time of direct rollover distributions.

6 Sec. 14. Section 24-710.06, Reissue Revised Statutes of Nebraska, is  
7 amended to read:

8 24-710.06 (1) The retirement system may accept cash rollover  
9 contributions from a member who is making payment pursuant to section  
10 24-706 if the contributions do not exceed the amount of payment required  
11 for the service credits purchased by the member pursuant to such section  
12 and the contributions represent (a) all or any portion of the balance of  
13 the member's interest in a qualified plan under section 401(a) of the  
14 Internal Revenue Code or (b) the interest of the member from an  
15 individual retirement account or an individual retirement annuity, the  
16 entire amount of which is attributable to a qualified total distribution,  
17 as defined in the Internal Revenue Code, from a qualified plan under  
18 section 401(a) of the code and qualified as a tax-free rollover amount.  
19 The member's interest under subdivision (a) or (b) of this subsection  
20 must be transferred to the retirement system within sixty days from the  
21 date of the distribution from the qualified plan, individual retirement  
22 account, or individual retirement annuity.

23 (2) Cash transferred to the retirement system as a rollover  
24 contribution shall be deposited as other payments for service credits.

25 (3) Under the same conditions as provided in subsection (1) of this  
26 section, the retirement system may accept eligible rollover distributions  
27 from (a) an annuity contract described in section 403(b) of the Internal  
28 Revenue Code, (b) a plan described in section 457(b) of the code which is  
29 maintained by a state, a political subdivision of a state, or any agency  
30 or instrumentality of a state or political subdivision of a state, or (c)  
31 the portion of a distribution from an individual retirement account or

1 annuity described in section 408(a) or 408(b) of the code that is  
2 eligible to be rolled over and would otherwise be includible in gross  
3 income. Amounts accepted pursuant to this subsection shall be deposited  
4 as all other payments under this section.

5 (4) The retirement system may accept direct rollover distributions  
6 made from a qualified plan pursuant to section 401(a)(31) of the Internal  
7 Revenue Code. The direct rollover distribution shall be deposited as all  
8 other payments under this section.

9 (5) The board ~~may shall~~ adopt and promulgate rules and regulations  
10 defining procedures for acceptance of rollovers which are consistent with  
11 sections 401(a)(31) and 402 of the Internal Revenue Code.

12 Sec. 15. Section 79-904, Reissue Revised Statutes of Nebraska, is  
13 amended to read:

14 79-904 The general administration of the retirement system, except  
15 the investment of funds, is hereby vested in the retirement board. The  
16 board ~~may shall~~, by a majority vote of its members, adopt bylaws and  
17 adopt and promulgate rules and regulations, from time to time, to carry  
18 out the School Employees Retirement Act. The board shall perform such  
19 other duties as may be required to execute the act.

20 Sec. 16. Section 79-904.01, Revised Statutes Supplement, 2017, is  
21 amended to read:

22 79-904.01 (1)(a) If the board determines that the retirement system  
23 has previously received contributions or distributed benefits which for  
24 any reason are not in accordance with the statutory provisions of the  
25 School Employees Retirement Act, the board may refund contributions,  
26 require additional contributions, adjust benefits, or require repayment  
27 of benefits paid. In the event of an overpayment of a benefit, the board  
28 may, in addition to other remedies, offset future benefit payments by the  
29 amount of the prior overpayment, together with regular interest thereon.  
30 In the event of a material underpayment of a benefit, the board shall  
31 immediately make payment equal to the deficit amount plus regular

1 interest.

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

15 (2) If the board determines that termination of employment has not  
16 occurred and a retirement benefit has been paid to a member of the  
17 retirement system pursuant to section 79-933, such member shall repay the  
18 benefit to the retirement system.

19 (3) The board ~~may shall~~ adopt and promulgate rules and regulations  
20 implementing this section, which shall include, but not be limited to,  
21 the following: (a) The procedures for refunding contributions, adjusting  
22 future contributions or benefit payments, and requiring additional  
23 contributions or repayment of benefits; (b) the process for a member,  
24 member's beneficiary, employee, or employer to dispute an adjustment of  
25 contributions or benefits; and (c) notice provided to all affected  
26 persons. All notices shall be sent at the time of or prior to an  
27 adjustment and shall describe the process for disputing an adjustment of  
28 contributions or benefits.

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

1           Sec. 17. Section 79-905, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3           79-905 It shall be the duty of the ~~The~~ retirement board to shall:

4           (1) Determine the eligibility of an individual to be a member of the  
5 retirement system and other questions of fact in the event of dispute  
6 between an individual and a department;

7           (2) Adopt rules and regulations, as the board may deem necessary,  
8 for the management of the board;

9           (3) Prescribe the form in which employers report contributions,  
10 hours worked by school employees, payroll information, and other  
11 information necessary to carry out the board's duties;

12           (4) Keep a complete record of all proceedings taken at any meeting  
13 of the board;

14           (5) Employ a director and such assistants and employees ~~other~~  
15 ~~assistance~~ as may be necessary in the performance of its duties; and

16           (6) Obtain actuarial services pursuant to subdivision (2)(e) of  
17 section 84-1503.

18           Sec. 18. Section 79-907, Reissue Revised Statutes of Nebraska, is  
19 amended to read:

20           79-907 (1)(a) On or before October 1, 2001, and at least every two  
21 years thereafter, the retirement board shall send to each contributing  
22 member of the retirement system by first-class mail, a statement of  
23 creditable service, reported salary, and other such information as is  
24 determined by the director of the Nebraska Public Employees Retirement  
25 Systems to be necessary in calculating the member's retirement benefit.

26           (b) If the member requests a modification or correction of his or  
27 her statement of information, the member shall provide documentation to  
28 the board supporting such modification or correction and provide clear  
29 and convincing evidence that the statement is in error. The board shall,  
30 within sixty days after receipt of the documentation supporting the  
31 modification or correction, determine whether the member has proven by

1 clear and convincing evidence that the statement shall be modified or  
2 corrected. If the board determines that the member has provided clear and  
3 convincing evidence, the board shall modify or correct the statement. If  
4 the board determines that the member has not provided clear and  
5 convincing evidence, the board shall deny the modification or correction.  
6 In either case, the board shall notify the member. The member may appeal  
7 the decision of the board pursuant to section 79-950.

8 (c) The board has an ongoing fiduciary duty to modify or correct a  
9 member's statement if the board discovers an error in the information it  
10 has on record. A modification or correction shall be made within sixty  
11 days after the error is brought to the attention of the board.

12 (2) The board may ~~shall~~ adopt and promulgate rules and regulations  
13 and prescribe the necessary forms to carry out this section.

14 Sec. 19. Section 79-924, Reissue Revised Statutes of Nebraska, is  
15 amended to read:

16 79-924 The retirement board may ~~shall~~ adopt and promulgate rules and  
17 regulations to allow for lump-sum or installment payments for school  
18 employees who elect to repurchase relinquished creditable service under  
19 section 79-921 or buy credit for prior years of service under sections  
20 79-933.03 to 79-933.06 and 79-933.08. Any person who elects to repurchase  
21 relinquished creditable service or buy credit for prior years of service  
22 on an installment basis may be charged reasonable service costs, shall be  
23 credited with those prior years of service only as the money is actually  
24 received by the retirement system, and shall have paid to the retirement  
25 system all installments prior to the commencement of a retirement  
26 annuity.

27 Sec. 20. Section 79-926, Revised Statutes Supplement, 2017, is  
28 amended to read:

29 79-926 (1) Under such rules and regulations as the retirement board  
30 may adopt and promulgate ~~adopts and promulgates~~, each person who was a  
31 school employee at any time prior to the establishment of the retirement



1 system and who becomes a member of the retirement system shall, within  
2 two years after becoming a member, file a detailed statement of all  
3 service as a school employee rendered by him or her prior to the date of  
4 establishment of the retirement system. In order to qualify for prior  
5 service credit toward a service annuity, a school employee, unless  
6 temporarily out of service for further professional education, for  
7 service in the armed forces, or for temporary disability, must have  
8 completed four years of service on a part-time or full-time basis during  
9 the five calendar years immediately preceding July 1, 1945, or have  
10 completed eighteen years out of the last twenty-five years prior to July  
11 1, 1945, full time or part time, and two years out of the five years  
12 immediately preceding July 1, 1945, full time or part time, or such  
13 school employee must complete, unless temporarily out of service for  
14 further professional education, for service in the armed forces, or for  
15 temporary disability, four years of service within the five calendar  
16 years immediately following July 1, 1945. In order to qualify for prior  
17 service credit toward a service annuity, a school employee who becomes a  
18 member of the retirement system on or before September 30, 1951, or from  
19 July 1, 1945, to the date of becoming a member shall have been  
20 continuously employed in a public school in Nebraska operating under any  
21 other regularly established retirement or pension system.

22 (2)(a) Any school employee who is reemployed pursuant to 38 U.S.C.  
23 4301 et seq., shall be treated as not having incurred a break in service  
24 by reason of his or her period of military service. Such military service  
25 shall be credited for purposes of determining the nonforfeitability of  
26 the member's accrued benefits and the accrual of benefits under the plan.

27 (b) The employer shall be liable for funding any obligation of the  
28 plan to provide benefits based upon such period of military service. To  
29 satisfy the liability, the employer shall pay to the retirement system an  
30 amount equal to:

31 (i) The sum of the member and employer contributions that would have

1 been paid during such period of military service; and

2 (ii) Any actuarial costs necessary to fund the obligation of the  
3 plan to provide benefits based upon such period of military service. For  
4 the purposes of determining the amount of such liability and obligation  
5 of the plan, earnings and forfeitures, gains and losses, regular  
6 interest, or interest credits that would have accrued on the member and  
7 employer contributions that are paid by the employer pursuant to this  
8 section shall not be included.

9 (c) The amount required in subdivision (b) of this subsection shall  
10 be paid to the retirement system as soon as reasonably practicable  
11 following the date of reemployment, but must be paid within eighteen  
12 months of the date the board notifies the employer of the amount due. If  
13 the employer fails to pay the required amount within such eighteen-month  
14 period, then the employer is also responsible for any actuarial costs and  
15 interest on actuarial costs that accrue from eighteen months after the  
16 date the employer is notified by the board until the date the amount is  
17 paid.

18 (d) The retirement board may adopt and promulgate rules and  
19 regulations to carry out this subsection, including, but not limited to,  
20 rules and regulations on:

21 (i) How and when the member and employer must notify the retirement  
22 system of a period of military service;

23 (ii) The acceptable methods of payment;

24 (iii) Determining the service and compensation upon which the  
25 contributions must be made;

26 (iv) Accelerating the payment from the employer due to unforeseen  
27 circumstances that occur before payment is made pursuant to this section,  
28 including, but not limited to, the member's termination or retirement or  
29 the employer's reorganization, consolidation, merger, or closing; and

30 (v) The documentation required to substantiate that the member was  
31 reemployed pursuant to 38 U.S.C. 4301 et seq.

1 (3) This section only applies to military service that falls within  
2 the definition of uniformed service under 38 U.S.C. 4301 et seq. Military  
3 service does not include service provided pursuant to sections 55-101 to  
4 55-181.

5 Sec. 21. Section 79-933.01, Reissue Revised Statutes of Nebraska, is  
6 amended to read:

7 79-933.01 (1) For purposes of this section and section 79-933.02:

8 (a) Direct rollover means a payment by the retirement system to the  
9 eligible retirement plan or plans specified by the distributee  
10 ~~Distributee means the member, the member's surviving spouse, or the~~  
11 ~~member's former spouse who is an alternate payee under a qualified~~  
12 ~~domestic relations order as defined in section 414(p) of the Internal~~  
13 ~~Revenue Code;~~

14 (b) Distributee means the member, the member's surviving spouse, or  
15 the member's former spouse who is an alternate payee under a qualified  
16 domestic relations order as defined in section 414(p) of the Internal  
17 Revenue Code ~~Direct rollover means a payment by the retirement system to~~  
18 ~~the eligible retirement plan or plans specified by the distributee;~~

19 (c) Eligible retirement plan means (i) an individual retirement  
20 account described in section 408(a) of the Internal Revenue Code, (ii) an  
21 individual retirement annuity described in section 408(b) of the code,  
22 except for an endowment contract, (iii) a qualified plan described in  
23 section 401(a) of the code, (iv) an annuity plan described in section  
24 403(a) or 403(b) of the code, (v) except for purposes of section  
25 79-933.02, an individual retirement plan described in section 408A of the  
26 code, and (vi) a plan described in section 457(b) of the code and  
27 maintained by a governmental employer. For eligible rollover  
28 distributions to a surviving spouse, an eligible retirement plan means  
29 subdivisions (1)(c)(i) through (vi) of this section; and

30 (d) Eligible rollover distribution means any distribution to a  
31 distributee of all or any portion of the balance to the credit of the

1 distributee in the plan, except such term shall not include any  
2 distribution which is one of a series of substantially equal periodic  
3 payments, not less frequently than annually, made for the life of the  
4 distributee or joint lives of the distributee and the distributee's  
5 beneficiary or for the specified period of ten years or more and shall  
6 not include any distribution to the extent such distribution is required  
7 under section 401(a)(9) of the Internal Revenue Code.

8 (2) For distributions made to a distributee on or after January 1,  
9 1993, a distributee may elect to have any portion of an eligible rollover  
10 distribution paid directly to an eligible retirement plan specified by  
11 the distributee.

12 (3) A member's surviving spouse or former spouse who is an alternate  
13 payee under a qualified domestic relations order and, on or after July 1,  
14 2010, any designated beneficiary of a member who is not a surviving  
15 spouse or former spouse who is entitled to receive an eligible rollover  
16 distribution from the retirement system may, in accordance with such  
17 rules, regulations, and limitations as may be established by the board,  
18 elect to have such distribution made in the form of a direct transfer to  
19 a retirement plan eligible to receive such transfer under the provisions  
20 of the Internal Revenue Code.

21 (4) An eligible rollover distribution on behalf of a designated  
22 beneficiary of a member who is not a surviving spouse or former spouse of  
23 the member may be transferred to an individual retirement account or  
24 annuity described in section 408(a) or section 408(b) of the Internal  
25 Revenue Code that is established for the purpose of receiving the  
26 distribution on behalf of the designated beneficiary and that will be  
27 treated as an inherited individual retirement account or individual  
28 retirement annuity described in section 408(d)(3)(C) of the Internal  
29 Revenue Code.

30 (5) The board ~~may shall~~ adopt and promulgate rules and regulations  
31 for direct rollover procedures which are consistent with section 401(a)

1 (31) of the Internal Revenue Code and which include, but are not limited  
2 to, the form and time of direct rollover distributions.

3 Sec. 22. Section 79-933.02, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5 79-933.02 (1) The retirement system may accept cash rollover  
6 contributions from a member who is making payment pursuant to sections  
7 79-921, 79-933.03 to 79-933.06, and 79-933.08 if the contributions do not  
8 exceed the amount of payment required for the relinquished creditable  
9 service repurchased or service credits purchased by the member pursuant  
10 to such sections and the contributions represent (a) all or any portion  
11 of the balance of the member's interest in a qualified plan under section  
12 401(a) of the Internal Revenue Code or (b) the interest of the member  
13 from an individual retirement account or an individual retirement  
14 annuity, the entire amount of which is attributable to a qualified total  
15 distribution, as defined in the Internal Revenue Code, from a qualified  
16 plan under section 401(a) of the code and qualified as a tax-free  
17 rollover amount. The member's interest under subdivision (a) or (b) of  
18 this subsection must be transferred to the retirement system within sixty  
19 days from the date of the distribution from the qualified plan,  
20 individual retirement account, or individual retirement annuity.

21 (2) Cash transferred to the retirement system as a rollover  
22 contribution shall be deposited as other payments for purchase of service  
23 credits or repurchase of relinquished creditable service pursuant to  
24 section 79-921.

25 (3) Under the same conditions as provided in subsection (1) of this  
26 section, the retirement system may accept eligible rollover distributions  
27 from (a) an annuity contract described in section 403(b) of the Internal  
28 Revenue Code, (b) a plan described in section 457(b) of the code which is  
29 maintained by a state, a political subdivision of a state, or any agency  
30 or instrumentality of a state or political subdivision of a state, or (c)  
31 the portion of a distribution from an individual retirement account or

1 annuity described in section 408(a) or 408(b) of the code that is  
2 eligible to be rolled over and would otherwise be includible in gross  
3 income. Amounts accepted pursuant to this subsection shall be deposited  
4 as all other payments under this section.

5 (4) The retirement system may accept direct rollover distributions  
6 made from a qualified plan pursuant to section 401(a)(31) of the Internal  
7 Revenue Code. The direct rollover distribution shall be deposited as all  
8 other payments under this section.

9 (5) The board ~~may shall~~ adopt and promulgate rules and regulations  
10 defining procedures for acceptance of rollovers which are consistent with  
11 sections 401(a)(31) and 402 of the Internal Revenue Code.

12 Sec. 23. Section 79-933.03, Reissue Revised Statutes of Nebraska, is  
13 amended to read:

14 79-933.03 (1) Under such rules and regulations as the board ~~may~~  
15 ~~shall~~ adopt and promulgate, a contributing member under contract or  
16 employed on July 19, 1996, may receive credit for not to exceed ten years  
17 of creditable teaching service rendered in public schools in another  
18 state or schools in this state covered by a school retirement system  
19 established pursuant to section 79-979, if such member files an  
20 application for service credit within three years of membership or  
21 reinstatement in the School Employees Retirement System of the State of  
22 Nebraska and makes payment into the retirement system of an amount equal  
23 to the required deposits he or she would have paid had he or she been  
24 employed in this state by a school covered by the retirement system, plus  
25 the interest which would have accrued on such amount. Payment must be  
26 completed within five years of membership or reinstatement in the  
27 retirement system, or prior to termination of employment, whichever  
28 occurs first, and may be made through direct payment, installment  
29 payments, or an irrevocable payroll deduction authorization.

30 (2) A member who retires as a school employee of this state shall  
31 not receive credit for time in service outside of this state or in a

1 school in this state covered by the school retirement system established  
2 pursuant to section 79-979 in excess of the time he or she has been in  
3 service as a school employee in this state of a school covered by the  
4 School Employees Retirement System of the State of Nebraska. The board  
5 shall refund to the member the payments made pursuant to subsection (1)  
6 of this section to the extent that the member does not receive credit for  
7 such service.

8 (3) A member who purchases service credit pursuant to this section  
9 shall provide such documentation as the board may require to prove that  
10 the member has forfeited the receipt of any benefits from the retirement  
11 system of the public school in another state or a school in this state  
12 covered by a retirement system established pursuant to section 79-979 for  
13 the creditable service rendered in such school.

14 Sec. 24. Section 79-933.04, Reissue Revised Statutes of Nebraska, is  
15 amended to read:

16 79-933.04 (1) For contributing members under contract or employed on  
17 July 19, 1996, and under such rules and regulations as the board may  
18 ~~shall~~ adopt and promulgate, any member who was away from his or her  
19 position while on a leave of absence from such position authorized by the  
20 school board or board of education of the school district by which he or  
21 she was employed at the time of such leave of absence or pursuant to any  
22 contractual agreement entered into by such school district may receive  
23 credit for such time as he or she was on such leave of absence. Such  
24 credit shall increase the benefits provided by the retirement system and  
25 shall be included in creditable service when determining eligibility for  
26 death, disability, termination, and retirement benefits. The member who  
27 receives the credit shall earn benefits during the leave based on  
28 compensation at the level received immediately prior to the leave of  
29 absence. Such credit shall be allowed if such member has paid into the  
30 retirement system an amount equal to the sum of the deductions from his  
31 or her compensation and any contribution which the school district would

1 have been required to make had he or she continued to receive  
2 compensation at the level received immediately prior to the leave of  
3 absence with such deposits plus interest which would have accrued on such  
4 deposits to be paid as the retirement board may direct within five years  
5 of his or her return to membership in the retirement system, or prior to  
6 termination of employment, whichever occurs first, and may be made  
7 through direct payment, installment payments, or an irrevocable payroll  
8 deduction authorization.

9 (2) Leave of absence shall be construed to include, but is not ~~be~~  
10 limited to, sabbaticals, maternity leave, exchange teaching programs,  
11 full-time leave as an elected official of a professional association or  
12 collective-bargaining unit, or leave of absence to pursue further  
13 education or study. A leave of absence granted pursuant to this section  
14 shall not exceed four years in length, and in order to receive credit for  
15 the leave of absence the member must return to employment with a school  
16 district, other than a Class V school district, in the state within one  
17 year after termination of the leave of absence and must apply for such  
18 credit within three years of the return to membership in the retirement  
19 system.

20 Sec. 25. Section 79-933.07, Reissue Revised Statutes of Nebraska, is  
21 amended to read:

22 79-933.07 The board may ~~shall~~ adopt and promulgate rules and  
23 regulations for the purchase of service credit or the repurchase of  
24 relinquished creditable service, which shall include, but not be limited  
25 to, the method for determining actuarial cost and interest requirements  
26 for payments other than one lump-sum payment.

27 Sec. 26. Section 81-2019, Reissue Revised Statutes of Nebraska, is  
28 amended to read:

29 81-2019 The general administration of the Nebraska State Patrol  
30 Retirement System, except the investment of funds, is hereby vested in  
31 the board. The board may ~~shall~~ adopt and promulgate rules and regulations



1 as may be necessary to carry out the Nebraska State Patrol Retirement  
2 Act. The board shall employ a director and such assistants and employees  
3 as may be necessary to efficiently discharge the duties imposed by the  
4 act.

5 Sec. 27. Section 81-2019.01, Revised Statutes Cumulative Supplement,  
6 2016, is amended to read:

7 81-2019.01 (1)(a) If the board determines that the retirement system  
8 has previously received contributions or distributed benefits which for  
9 any reason are not in accordance with the statutory provisions of  
10 sections 81-2014 to 81-2036, the board shall refund contributions,  
11 require additional contributions, adjust benefits, or require repayment  
12 of benefits paid. In the event of an overpayment of a benefit, the board  
13 may, in addition to other remedies, offset future benefit payments by the  
14 amount of the prior overpayment, together with regular interest thereon.  
15 In the event of an underpayment of a benefit, the board shall immediately  
16 make payment equal to the deficit amount plus regular interest.

17 (b) The board shall have the power, through the director of the  
18 Nebraska Public Employees Retirement Systems or the director's designee,  
19 to make a thorough investigation of any overpayment of a benefit, when in  
20 the judgment of the retirement system such investigation is necessary,  
21 including, but not limited to, circumstances in which benefit payments  
22 are made after the death of a member or beneficiary and the retirement  
23 system is not made aware of such member's or beneficiary's death. In  
24 connection with any such investigation, the board, through the director  
25 or the director's designee, shall have the power to compel the attendance  
26 of witnesses and the production of books, papers, records, and documents,  
27 whether in hardcopy, electronic form, or otherwise, and issue subpoenas  
28 for such purposes. Such subpoenas shall be served in the same manner and  
29 have the same effect as subpoenas from district courts.

30 (2) The board ~~may shall~~ adopt and promulgate rules and regulations  
31 implementing this section, which shall include, but not be limited to,

1 the following: (a) The procedures for refunding contributions, adjusting  
2 future contributions or benefit payments, and requiring additional  
3 contributions or repayment of benefits; (b) the process for a member,  
4 member's beneficiary, employee, or employer to dispute an adjustment of  
5 contributions or benefits; and (c) notice provided to all affected  
6 persons. All notices shall be sent prior to an adjustment and shall  
7 describe the process for disputing an adjustment of contributions or  
8 benefits.

9 Sec. 28. Section 81-2026, Revised Statutes Cumulative Supplement,  
10 2016, is amended to read:

11 81-2026 (1)(a) Any officer qualified for an annuity as provided in  
12 section 81-2025 for reasons other than disability shall be entitled to  
13 receive a monthly annuity for the remainder of the officer's life. The  
14 annuity payments shall continue until the end of the calendar month in  
15 which the officer dies. The amount of the annuity shall be a percentage  
16 of the officer's final average monthly compensation. For retirement on or  
17 after the fifty-fifth birthday of the member or on or after the fiftieth  
18 birthday of a member who has been in the employ of the state for twenty-  
19 five years, as calculated in section 81-2033, the percentage shall be  
20 three percent multiplied by the number of years of creditable service, as  
21 calculated in section 81-2033, except that the percentage shall never be  
22 greater than seventy-five percent.

23 (b) For retirement pursuant to subsection (2) of section 81-2025 on  
24 or after the fiftieth birthday of the member but prior to the fifty-fifth  
25 birthday of the member who has been in the employ of the state for less  
26 than twenty-five years, as calculated in section 81-2033, the annuity  
27 which would apply if the member were age fifty-five at the date of  
28 retirement shall be reduced by five-ninths of one percent for each month  
29 by which the early retirement date precedes age fifty-five or for each  
30 month by which the early retirement date precedes the date upon which the  
31 member has served for twenty-five years, whichever is earlier. Any

1 officer who has completed thirty years of creditable service with the  
2 Nebraska State Patrol shall have retirement benefits computed as if the  
3 officer had reached age fifty-five.

4 (c) For purposes of this computation:

5 (i) For an officer who became a member prior to July 1, 2016, final  
6 average monthly compensation means the sum of the officer's total  
7 compensation during the three twelve-month periods of service as an  
8 officer in which compensation was the greatest divided by thirty-six and:

9 (A) For any officer employed on or before January 4, 1979, the  
10 officer's total compensation includes payments received for unused  
11 vacation and sick leave accumulated during the final three years of  
12 service; or

13 (B) For any officer employed after January 4, 1979, and prior to  
14 July 1, 2016, the officer's total compensation includes payments received  
15 for unused holiday compensatory time and unused compensatory time; and

16 (ii) For an officer who became a member on or after July 1, 2016,  
17 final average monthly compensation means the sum of the officer's total  
18 compensation during the five twelve-month periods of service as an  
19 officer in which compensation was the greatest divided by sixty and does  
20 not include payments received for unused sick leave, unused vacation  
21 leave, unused holiday compensatory time, unused compensatory time, or any  
22 other type of unused leave, compensatory time, or similar benefits,  
23 converted to cash payments. The five twelve-month periods used for  
24 calculating an officer's final average monthly compensation ends with the  
25 month during which the officer's final compensation is paid. In the  
26 determination of compensation, that part of an officer's compensation for  
27 the plan year which exceeds the officer's compensation for the preceding  
28 plan year by more than eight percent during the capping period shall be  
29 excluded. Such officer's compensation for the first plan year of the  
30 capping period shall be compared to the officer's compensation received  
31 for the plan year immediately preceding the capping period. For purposes

1 of this subdivision, capping period means the five plan years preceding  
2 the officer's retirement date. The board ~~may shall~~ adopt and promulgate  
3 rules and regulations for the implementation of this section, including  
4 rules and regulations related to prorating, annualizing, or recalculating  
5 an officer's final average monthly compensation for each plan year in the  
6 capping period.

7 (2) Any officer qualified for an annuity as provided in section  
8 81-2025 for reasons of disability shall be entitled to receive a monthly  
9 annuity for the remainder of the period of disablement as provided in  
10 sections 81-2028 to 81-2030. The amount of the annuity shall be fifty  
11 percent of the officer's monthly compensation at the date of disablement  
12 if the officer has completed seventeen or fewer years of creditable  
13 service. If the officer has completed more than seventeen years of  
14 creditable service, the amount of the annuity shall be three percent of  
15 the final monthly compensation at the date of disablement multiplied by  
16 the total years of creditable service but not to exceed seventy-five  
17 percent of the final average monthly compensation as defined in  
18 subsection (1) of this section. The date of disablement shall be the date  
19 on which the benefits as provided in section 81-2028 have been exhausted.

20 (3) Upon the death of an officer after retirement for reasons other  
21 than disability, benefits shall be provided as a percentage of the amount  
22 of the officer's annuity, calculated as follows:

23 (a) If there is a surviving spouse but no dependent child or  
24 children of the officer under nineteen years of age, the surviving spouse  
25 shall receive a benefit equal to seventy-five percent of the amount of  
26 the officer's annuity for the remainder of the surviving spouse's life;

27 (b) If there is a surviving spouse and the surviving spouse has in  
28 his or her care a dependent child or children of the officer under  
29 nineteen years of age and there is no other dependent child or children  
30 of the officer not in the care of the surviving spouse under nineteen  
31 years of age, the benefit shall be equal to one hundred percent of the

1 officer's annuity. When there is no remaining dependent child of the  
2 officer under nineteen years of age, the benefit shall be seventy-five  
3 percent of the amount of the officer's annuity to the surviving spouse  
4 for the remainder of the surviving spouse's life;

5 (c) If there is a surviving spouse and the surviving spouse has in  
6 his or her care a dependent child or children of the officer under  
7 nineteen years of age or there is another dependent child or children of  
8 the officer under nineteen years of age not in the care of the surviving  
9 spouse, the benefit shall be twenty-five percent of the amount of the  
10 officer's annuity to the surviving spouse and seventy-five percent of the  
11 amount of the officer's annuity to the dependent children of the officer  
12 under nineteen years of age to be divided equally among such dependent  
13 children but in no case shall the benefit received by a surviving spouse  
14 and dependent children residing with such spouse be less than fifty  
15 percent of the amount of the officer's annuity. At such time as any  
16 dependent child of the officer attains nineteen years of age, the benefit  
17 shall be divided equally among the remaining dependent children of the  
18 officer who have not yet attained nineteen years of age. When there is no  
19 remaining dependent child of the officer under nineteen years of age, the  
20 benefit shall be seventy-five percent of the amount of the officer's  
21 annuity to the surviving spouse for the remainder of the surviving  
22 spouse's life;

23 (d) If there is no surviving spouse and a dependent child or  
24 children of the officer under nineteen years of age, the benefit shall be  
25 equal to seventy-five percent of the officer's annuity to the dependent  
26 children of the officer under nineteen years of age to be divided equally  
27 among such dependent children. At such time as any dependent child of the  
28 officer attains nineteen years of age, the benefit shall be divided  
29 equally among the remaining dependent children of the officer who have  
30 not yet attained nineteen years of age; and

31 (e) If there is no surviving spouse or no dependent child or

1 children of the officer under nineteen years of age, the amount of  
2 benefit such officer has received under the Nebraska State Patrol  
3 Retirement Act shall be computed. If such amount is less than the  
4 contributions to the State Patrol Retirement Fund made by such officer,  
5 plus regular interest, the difference shall be paid to the officer's  
6 designated beneficiary or estate.

7 (4) Upon the death of an officer after retirement for reasons of  
8 disability, benefits shall be provided as if the officer had retired for  
9 reasons other than disability.

10 (5) Upon the death of an officer before retirement, benefits shall  
11 be provided as if the officer had retired for reasons of disability on  
12 the date of such officer's death, calculated as follows:

13 (a) If there is a surviving spouse but no dependent child or  
14 children of the officer under nineteen years of age, the surviving spouse  
15 shall receive a benefit equal to seventy-five percent of the amount of  
16 the officer's annuity for the remainder of the surviving spouse's life;

17 (b) If there is a surviving spouse and the surviving spouse has in  
18 his or her care a dependent child or children of the officer under  
19 nineteen years of age and there is no other dependent child or children  
20 of the officer not in the care of the surviving spouse under nineteen  
21 years of age, the benefit shall be equal to one hundred percent of the  
22 officer's annuity. When there is no remaining dependent child of the  
23 officer under nineteen years of age, the benefit shall be seventy-five  
24 percent of the amount of the officer's annuity to the surviving spouse  
25 for the remainder of the surviving spouse's life;

26 (c) If there is a surviving spouse and the surviving spouse has in  
27 his or her care a dependent child or children of the officer under  
28 nineteen years of age or there is another dependent child or children of  
29 the officer under nineteen years of age not in the care of the surviving  
30 spouse, the benefit shall be twenty-five percent of the amount of the  
31 officer's annuity to the surviving spouse and seventy-five percent of the

1 amount of the officer's annuity to the dependent children of the officer  
2 under nineteen years of age to be divided equally among such dependent  
3 children but in no case shall the benefit received by a surviving spouse  
4 and dependent children residing with such spouse be less than fifty  
5 percent of the amount of the officer's annuity. At such time as any  
6 dependent child of the officer attains nineteen years of age, the benefit  
7 shall be divided equally among the remaining dependent children of the  
8 officer who have not yet attained nineteen years of age. When there is no  
9 remaining dependent child of the officer under nineteen years of age, the  
10 benefit shall be seventy-five percent of the amount of the officer's  
11 annuity to the surviving spouse for the remainder of the surviving  
12 spouse's life;

13 (d) If there is no surviving spouse and a dependent child or  
14 children of the officer under nineteen years of age, the benefit shall be  
15 equal to seventy-five percent of the officer's annuity to the dependent  
16 children of the officer under nineteen years of age to be divided equally  
17 among such dependent children. At such time as any dependent child of the  
18 officer attains nineteen years of age, the benefit shall be divided  
19 equally among the remaining dependent children of the officer who have  
20 not yet attained nineteen years of age; and

21 (e) If no benefits are paid to a surviving spouse or dependent child  
22 or children of the officer, benefits will be paid as described in  
23 subsection (1) of section 81-2031.

24 (6) A lump-sum death benefit paid to the member's beneficiary, other  
25 than the member's estate, that is an eligible distribution may be  
26 distributed in the form of a direct transfer to a retirement plan  
27 eligible to receive such transfer under the provisions of the Internal  
28 Revenue Code.

29 (7) For any member whose death occurs on or after January 1, 2007,  
30 while performing qualified military service as defined in section 414(u)  
31 of the Internal Revenue Code, the member's beneficiary shall be entitled

1 to any additional death benefit that would have been provided, other than  
2 the accrual of any benefit relating to the period of qualified military  
3 service. The additional death benefit shall be determined as if the  
4 member had returned to employment with the Nebraska State Patrol and such  
5 employment had terminated on the date of the member's death.

6 (8) Any changes made to this section by Laws 2004, LB 1097, shall  
7 apply only to retirements, disabilities, and deaths occurring on or after  
8 July 16, 2004.

9 Sec. 29. Section 81-2031.03, Reissue Revised Statutes of Nebraska,  
10 is amended to read:

11 81-2031.03 (1) For purposes of this section and section 81-2031.04:

12 (a) Direct rollover means a payment by the retirement system to the  
13 eligible retirement plan or plans specified by the distributee  
14 ~~Distributee means the member, the member's surviving spouse, or the~~  
15 ~~member's former spouse who is an alternate payee under a qualified~~  
16 ~~domestic relations order as defined in section 414(p) of the Internal~~  
17 ~~Revenue Code;~~

18 (b) Distributee means the member, the member's surviving spouse, or  
19 the member's former spouse who is an alternate payee under a qualified  
20 domestic relations order as defined in section 414(p) of the Internal  
21 Revenue Code ~~Direct rollover means a payment by the retirement system to~~  
22 ~~the eligible retirement plan or plans specified by the distributee;~~

23 (c) Eligible retirement plan means (i) an individual retirement  
24 account described in section 408(a) of the Internal Revenue Code, (ii) an  
25 individual retirement annuity described in section 408(b) of the code,  
26 except for an endowment contract, (iii) a qualified plan described in  
27 section 401(a) of the code, (iv) an annuity plan described in section  
28 403(a) or 403(b) of the code, (v) except for purposes of section  
29 81-2031.04, an individual retirement plan described in section 408A of  
30 the code, and (vi) a plan described in section 457(b) of the code and  
31 maintained by a governmental employer. For eligible rollover



1 distributions to a surviving spouse, an eligible retirement plan means  
2 subdivisions (1)(c)(i) through (vi) of this section; and

3 (d) Eligible rollover distribution means any distribution to a  
4 distributee of all or any portion of the balance to the credit of the  
5 distributee in the plan, except such term shall not include any  
6 distribution which is one of a series of substantially equal periodic  
7 payments, not less frequently than annually, made for the life of the  
8 distributee or joint lives of the distributee and the distributee's  
9 beneficiary or for the specified period of ten years or more and shall  
10 not include any distribution to the extent such distribution is required  
11 under section 401(a)(9) of the Internal Revenue Code.

12 (2) For distributions made to a distributee on or after January 1,  
13 1993, a distributee may elect to have any portion of an eligible rollover  
14 distribution paid directly to an eligible retirement plan specified by  
15 the distributee.

16 (3) A member's surviving spouse or former spouse who is an alternate  
17 payee under a qualified domestic relations order and, on or after July 1,  
18 2010, any designated beneficiary of a member who is not a surviving  
19 spouse or former spouse who is entitled to receive an eligible rollover  
20 distribution from the retirement system may, in accordance with such  
21 rules, regulations, and limitations as may be established by the board,  
22 elect to have such distribution made in the form of a direct transfer to  
23 a retirement plan eligible to receive such transfer under the provisions  
24 of the Internal Revenue Code.

25 (4) An eligible rollover distribution on behalf of a designated  
26 beneficiary of a member who is not a surviving spouse or former spouse of  
27 the member may be transferred to an individual retirement account or  
28 annuity described in section 408(a) or section 408(b) of the Internal  
29 Revenue Code that is established for the purpose of receiving the  
30 distribution on behalf of the designated beneficiary and that will be  
31 treated as an inherited individual retirement account or individual

1 retirement annuity described in section 408(d)(3)(C) of the Internal  
2 Revenue Code.

3 (5) The board ~~may shall~~ adopt and promulgate rules and regulations  
4 for direct rollover procedures which are consistent with section 401(a)  
5 (31) of the Internal Revenue Code and which include, but are not limited  
6 to, the form and time of direct rollover distributions.

7 Sec. 30. Section 81-2031.04, Reissue Revised Statutes of Nebraska,  
8 is amended to read:

9 81-2031.04 (1) The retirement system may accept cash rollover  
10 contributions from a member who is making payment pursuant to section  
11 81-2031 if the contributions do not exceed the amount of payment required  
12 for the service credits purchased by the member pursuant to such section  
13 and the contributions represent (a) all or any portion of the balance of  
14 the member's interest in a qualified plan under section 401(a) of the  
15 Internal Revenue Code or (b) the interest of the member from an  
16 individual retirement account or an individual retirement annuity, the  
17 entire amount of which is attributable to a qualified total distribution,  
18 as defined in the Internal Revenue Code, from a qualified plan under  
19 section 401(a) of the code and qualified as a tax-free rollover amount.  
20 The member's interest under subdivision (a) or (b) of this subsection  
21 must be transferred to the retirement system within sixty days from the  
22 date of the distribution from the qualified plan, individual retirement  
23 account, or individual retirement annuity.

24 (2) Cash transferred to the retirement system as a rollover  
25 contribution shall be deposited as other payments for service credits.

26 (3) Under the same conditions as provided in subsection (1) of this  
27 section, the retirement system may accept eligible rollover distributions  
28 from (a) an annuity contract described in section 403(b) of the Internal  
29 Revenue Code, (b) a plan described in section 457(b) of the code which is  
30 maintained by a state, a political subdivision of a state, or any agency  
31 or instrumentality of a state or political subdivision of a state, or (c)

1 the portion of a distribution from an individual retirement account or  
2 annuity described in section 408(a) or 408(b) of the code that is  
3 eligible to be rolled over and would otherwise be includible in gross  
4 income. Amounts accepted pursuant to this subsection shall be deposited  
5 as all other payments under this section.

6 (4) The retirement system may accept direct rollover distributions  
7 made from a qualified plan pursuant to section 401(a)(31) of the Internal  
8 Revenue Code. The direct rollover distribution shall be deposited as all  
9 other payments under this section.

10 (5) The board ~~may shall~~ adopt and promulgate rules and regulations  
11 defining procedures for acceptance of rollovers which are consistent with  
12 sections 401(a)(31) and 402 of the Internal Revenue Code.

13 Sec. 31. Section 84-1305, Reissue Revised Statutes of Nebraska, is  
14 amended to read:

15 84-1305 The general administration of the retirement system shall be  
16 vested in the retirement board. The board ~~may shall~~ adopt and promulgate  
17 rules and regulations to carry out the State Employees Retirement Act.  
18 The board shall maintain records and may employ such assistants and  
19 employees ~~any assistance~~ as may be necessary to carry out the act.

20 Sec. 32. Section 84-1305.02, Revised Statutes Cumulative Supplement,  
21 2016, is amended to read:

22 84-1305.02 (1)(a) If the board determines that the retirement system  
23 has previously received contributions or distributed benefits which for  
24 any reason are not in accordance with the statutory provisions of the  
25 State Employees Retirement Act, the board shall refund contributions,  
26 require additional contributions, adjust benefits, credit dividend  
27 amounts, or require repayment of benefits paid. In the event of an  
28 overpayment of a benefit, the board may, in addition to other remedies,  
29 offset future benefit payments by the amount of the prior overpayment,  
30 together with regular interest or interest credits, whichever is  
31 appropriate, thereon. In the event of an underpayment of a benefit, the

1 board shall immediately make payment equal to the deficit amount plus  
2 regular interest or interest credits, whichever is appropriate.

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

16 (2) The board ~~may shall~~ adopt and promulgate rules and regulations  
17 implementing this section, which shall include, but not be limited to,  
18 the following: (a) The procedures for refunding contributions, adjusting  
19 future contributions or benefit payments, and requiring additional  
20 contributions or repayment of benefits; (b) the process for a member,  
21 member's beneficiary, employee, or employer to dispute an adjustment of  
22 contributions or benefits; and (c) notice provided to all affected  
23 persons. All notices shall be sent prior to an adjustment and shall  
24 describe the process for disputing an adjustment of contributions or  
25 benefits.

26 Sec. 33. Section 84-1310.01, Reissue Revised Statutes of Nebraska,  
27 is amended to read:

28 84-1310.01 (1) Each member employed and participating in the  
29 retirement system prior to January 1, 2003, who has elected not to  
30 participate in the cash balance benefit, shall be allowed to allocate all  
31 contributions to his or her employee account to various investment

1 options. Such investment options shall include, but not be limited to,  
2 the following:

3 (a) An investor select account which shall be invested under the  
4 direction of the state investment officer with an asset allocation and  
5 investment strategy substantially similar to the investment allocations  
6 made by the state investment officer for the defined benefit plans under  
7 the retirement systems described in subdivision (1)(a) of section  
8 84-1503. Investments shall most likely include domestic and international  
9 equities, fixed income investments, and real estate, as well as  
10 potentially additional asset classes;

11 (b) A stable return account which shall be invested by or under the  
12 direction of the state investment officer in a stable value strategy that  
13 provides capital preservation and consistent, steady returns;

14 (c) An equities account which shall be invested by or under the  
15 direction of the state investment officer in equities;

16 (d) A balanced account which shall be invested by or under the  
17 direction of the state investment officer in equities and fixed income  
18 instruments;

19 (e) An index fund account which shall be invested by or under the  
20 direction of the state investment officer in a portfolio of common stocks  
21 designed to closely duplicate the total return of the Standard and Poor's  
22 division of The McGraw-Hill Companies, Inc., 500 Index;

23 (f) A fixed income account which shall be invested by or under the  
24 direction of the state investment officer in fixed income instruments;

25 (g) A money market account which shall be invested by or under the  
26 direction of the state investment officer in short-term fixed income  
27 securities; and

28 (h) Beginning on July 1, 2006, an age-based account which shall be  
29 invested under the direction of the state investment officer with an  
30 asset allocation and investment strategy that changes based upon the age  
31 of the member. The board shall develop an account mechanism that changes

1 the investments as the employee nears retirement age. The asset  
2 allocation and asset classes utilized in the investments shall move from  
3 aggressive, to moderate, and then to conservative as retirement age  
4 approaches.

5 If a member fails to select an option or combination of options, all  
6 of his or her funds shall be placed in the option described in  
7 subdivision (b) of this subsection. Each member shall be given a detailed  
8 current description of each investment option prior to making or revising  
9 his or her allocation.

10 (2) Members of the retirement system may allocate their  
11 contributions to the investment options in percentage increments as set  
12 by the board in any proportion, including full allocation to any one  
13 option. A member under subdivision (1)(a) of section 84-1323 or his or  
14 her beneficiary may transfer any portion of his or her funds among the  
15 options, except for restrictions on transfers to or from the stable  
16 return account pursuant to rule or regulation. The board ~~may shall~~ adopt  
17 and promulgate rules and regulations for changes of a member's allocation  
18 of contributions to his or her accounts after his or her most recent  
19 allocation and for transfers from one investment account to another.

20 (3) The board shall develop a schedule for the allocation of  
21 administrative costs of maintaining the various investment options and  
22 shall assess the costs so that each member pays a reasonable fee as  
23 determined by the board.

24 (4) In order to carry out the provisions of this section, the board  
25 may enter into administrative services agreements for accounting or  
26 record-keeping services. No agreement shall be entered into unless the  
27 board determines that it will result in administrative economy and will  
28 be in the best interests of the state and its participating employees.

29 (5) The state, the board, the state investment officer, the members  
30 of the Nebraska Investment Council, or the agency shall not be liable for  
31 any investment results resulting from the member's exercise of control

1 over the assets in the employee account.

2 Sec. 34. Section 84-1311.03, Reissue Revised Statutes of Nebraska,  
3 is amended to read:

4 84-1311.03 (1) Each member employed and participating in the  
5 retirement system prior to January 1, 2003, who has elected not to  
6 participate in the cash balance benefit, shall be allowed to allocate all  
7 contributions to his or her employer account to various investment  
8 options. Such investment options shall be the same as the investment  
9 options of the employee account as provided in subsection (1) of section  
10 84-1310.01. If a member fails to select an option or combination of  
11 options, all of his or her funds in the employer account shall be placed  
12 in the balanced account option described in subdivision (1)(d) of section  
13 84-1310.01. Each member shall be given a detailed current description of  
14 each investment option prior to making or revising his or her allocation.

15 (2) Each member of the retirement system may allocate contributions  
16 to his or her employer account to the investment options in percentage  
17 increments as set by the board in any proportion, including full  
18 allocation to any one option. A member under subdivision (1)(a) of  
19 section 84-1323 or his or her beneficiary may transfer any portion of his  
20 or her funds among the options. The board ~~may shall~~ adopt and promulgate  
21 rules and regulations for changes of a member's allocation of  
22 contributions to his or her accounts after his or her most recent  
23 allocation and for transfers from one investment account to another.

24 (3) The board shall develop a schedule for the allocation of  
25 administrative costs of maintaining the various investment options and  
26 shall assess the costs so that each member pays a reasonable fee as  
27 determined by the board.

28 (4) In order to carry out the provisions of this section, the board  
29 may enter into administrative services agreements for accounting or  
30 record-keeping services. No agreement shall be entered into unless the  
31 board determines that it will result in administrative economy and will

1 be in the best interests of the state and its participating employees.

2 (5) The state, the board, the state investment officer, the members  
3 of the Nebraska Investment Council, or the agency shall not be liable for  
4 any investment results resulting from the member's exercise of control  
5 over the assets in the employer account.

6 Sec. 35. Section 84-1312, Reissue Revised Statutes of Nebraska, is  
7 amended to read:

8 84-1312 (1) For purposes of this section and section 84-1313:

9 (a) Direct rollover means a payment by the retirement system to the  
10 eligible retirement plan or plans specified by the distributee  
11 ~~Distributee means the member, the member's surviving spouse, or the~~  
12 ~~member's former spouse who is an alternate payee under a qualified~~  
13 ~~domestic relations order as defined in section 414(p) of the Internal~~  
14 ~~Revenue Code;~~

15 (b) Distributee means the member, the member's surviving spouse, or  
16 the member's former spouse who is an alternate payee under a qualified  
17 domestic relations order as defined in section 414(p) of the Internal  
18 Revenue Code ~~Direct rollover means a payment by the retirement system to~~  
19 ~~the eligible retirement plan or plans specified by the distributee;~~

20 (c) Eligible retirement plan means (i) an individual retirement  
21 account described in section 408(a) of the Internal Revenue Code, (ii) an  
22 individual retirement annuity described in section 408(b) of the code,  
23 except for an endowment contract, (iii) a qualified plan described in  
24 section 401(a) of the code, (iv) an annuity plan described in section  
25 403(a) or 403(b) of the code, (v) except for purposes of section 84-1313,  
26 an individual retirement plan described in section 408A of the code, and  
27 (vi) a plan described in section 457(b) of the code and maintained by a  
28 governmental employer. For eligible rollover distributions to a surviving  
29 spouse, an eligible retirement plan means subdivisions (1)(c)(i) through  
30 (vi) of this section; and

31 (d) Eligible rollover distribution means any distribution to a



1 distributee of all or any portion of the balance to the credit of the  
2 distributee in the plan, except such term shall not include any  
3 distribution which is one of a series of substantially equal periodic  
4 payments, not less frequently than annually, made for the life of the  
5 distributee or joint lives of the distributee and the distributee's  
6 beneficiary or for the specified period of ten years or more and shall  
7 not include any distribution to the extent such distribution is required  
8 under section 401(a)(9) of the Internal Revenue Code.

9 (2) For distributions made to a distributee on or after January 1,  
10 1993, a distributee may elect to have any portion of an eligible rollover  
11 distribution paid directly to an eligible retirement plan specified by  
12 the distributee.

13 (3) A member's surviving spouse or former spouse who is an alternate  
14 payee under a qualified domestic relations order and, on or after January  
15 1, 2010, any designated beneficiary of a member who is not a surviving  
16 spouse or former spouse who is entitled to receive an eligible rollover  
17 distribution from the retirement system may, in accordance with such  
18 rules, regulations, and limitations as may be established by the board,  
19 elect to have such distribution made in the form of a direct transfer to  
20 a retirement plan eligible to receive such transfer under the provisions  
21 of the Internal Revenue Code.

22 (4) An eligible rollover distribution on behalf of a designated  
23 beneficiary of a member who is not a surviving spouse or former spouse of  
24 the member may be transferred to an individual retirement account or  
25 annuity described in section 408(a) or section 408(b) of the Internal  
26 Revenue Code that is established for the purpose of receiving the  
27 distribution on behalf of the designated beneficiary and that will be  
28 treated as an inherited individual retirement account or individual  
29 retirement annuity described in section 408(d)(3)(C) of the Internal  
30 Revenue Code.

31 (5) The board ~~may shall~~ adopt and promulgate rules and regulations

1 for direct rollover procedures which are consistent with section 401(a)  
2 (31) of the Internal Revenue Code and which include, but are not limited  
3 to, the form and time of direct rollover distributions.

4 Sec. 36. Section 84-1313, Reissue Revised Statutes of Nebraska, is  
5 amended to read:

6 84-1313 (1) The retirement system may accept cash rollover  
7 contributions from a member who is making payment pursuant to section  
8 84-1322 or 84-1325 if the contributions do not exceed the amount of  
9 payment authorized to be paid by the member pursuant to section 84-1322  
10 or 84-1325 and the contributions represent (a) all or any portion of the  
11 balance of the member's interest in a qualified plan under section 401(a)  
12 of the Internal Revenue Code or (b) the interest of the member from an  
13 individual retirement account or an individual retirement annuity, the  
14 entire amount of which is attributable to a qualified total distribution,  
15 as defined in the Internal Revenue Code, from a qualified plan under  
16 section 401(a) of the code and qualified as a tax-free rollover amount.  
17 The member's interest under subdivision (a) or (b) of this subsection  
18 must be transferred to the retirement system within sixty days from the  
19 date of the distribution from the qualified plan, individual retirement  
20 account, or individual retirement annuity.

21 (2) Cash transferred to the retirement system as a rollover  
22 contribution shall be deposited as other payments made under section  
23 84-1322 or 84-1325.

24 (3) Under the same conditions as provided in subsection (1) of this  
25 section, the retirement system may accept eligible rollover distributions  
26 from (a) an annuity contract described in section 403(b) of the Internal  
27 Revenue Code, (b) a plan described in section 457(b) of the code which is  
28 maintained by a state, a political subdivision of a state, or any agency  
29 or instrumentality of a state or political subdivision of a state, or (c)  
30 the portion of a distribution from an individual retirement account or  
31 annuity described in section 408(a) or 408(b) of the code that is

1 eligible to be rolled over and would otherwise be includible in gross  
2 income. Amounts accepted pursuant to this subsection shall be deposited  
3 as all other payments under this section.

4 (4) The retirement system may accept direct rollover distributions  
5 made from a qualified plan pursuant to section 401(a)(31) of the Internal  
6 Revenue Code. The direct rollover distribution shall be deposited as all  
7 other payments under this section.

8 (5) The board ~~may shall~~ adopt and promulgate rules and regulations  
9 defining procedures for acceptance of rollovers which are consistent with  
10 sections 401(a)(31) and 402 of the Internal Revenue Code.

11 Sec. 37. Section 84-1325, Revised Statutes Supplement, 2017, is  
12 amended to read:

13 84-1325 (1)(a) For military service beginning on or after December  
14 12, 1994, but before January 1, 2018, any employee who, while an  
15 employee, entered into and served in the armed forces of the United  
16 States and who within ninety days after honorable discharge or honorable  
17 separation from active duty again became an employee shall be credited,  
18 for the purposes of the provisions of section 84-1317, with all the time  
19 actually served in the armed forces as if such person had been an  
20 employee throughout such service in the armed forces pursuant to the  
21 terms and conditions of subdivision (b) of this subsection.

22 (b) Under such rules and regulations as the retirement board ~~may~~  
23 adopt and promulgate ~~adopts and promulgates~~, any employee who is  
24 reemployed pursuant to 38 U.S.C. 4301 et seq., may pay to the retirement  
25 system an amount equal to the sum of all deductions which would have been  
26 made from the employee's compensation during such period of military  
27 service. Payment shall be made within the period required by law, not to  
28 exceed five years. To the extent that payment is made, (i) the employee  
29 shall be treated as not having incurred a break in service by reason of  
30 the employee's period of military service, (ii) the period of military  
31 service shall be credited for the purposes of determining the

1 nonforfeitability of the employee's accrued benefits and the accrual of  
2 benefits under the plan, and (iii) the employer shall allocate the amount  
3 of employer contributions to the employee's employer account in the same  
4 manner and to the same extent the allocation occurs for other employees  
5 during the period of service. For purposes of employee and employer  
6 contributions under this subsection, the employee's compensation during  
7 the period of military service shall be the rate the employee would have  
8 received but for the military service or, if not reasonably determinable,  
9 the average rate the employee received during the twelve-month period  
10 immediately preceding military service.

11 (c) The employer shall pick up the employee contributions made  
12 through irrevocable payroll deduction authorizations pursuant to this  
13 subsection, and the contributions so picked up shall be treated as  
14 employer contributions in the same manner as contributions picked up  
15 under subsection (1) of section 84-1308.

16 (2)(a) For military service beginning on or after January 1, 2018,  
17 any employee who is reemployed pursuant to 38 U.S.C. 4301 et seq., shall  
18 be treated as not having incurred a break in service by reason of the  
19 employee's period of military service. Such military service shall be  
20 credited for purposes of determining the nonforfeitability of the  
21 employee's accrued benefits and the accrual of benefits under the plan.

22 (b) The agency employing the employee shall be liable for funding  
23 any obligation of the plan to provide benefits based upon such period of  
24 military service. To satisfy the liability, the agency employing the  
25 employee shall pay to the retirement system an amount equal to:

26 (i) The sum of the employee and employer contributions that would  
27 have been paid during such period of military service; and

28 (ii) Any actuarial costs necessary to fund the obligation of the  
29 plan to provide benefits based upon such period of military service. For  
30 the purposes of determining the amount of such liability and obligation  
31 of the plan, earnings and forfeitures, gains and losses, regular

1 interest, interest credits, or dividends that would have accrued on the  
2 employee and employer contributions that are paid by the employer  
3 pursuant to this section shall not be included.

4 (c) The amount required pursuant to subdivision (b) of this  
5 subsection shall be paid to the retirement system as soon as reasonably  
6 practicable following the date of reemployment, but must be paid within  
7 eighteen months of the date the board notifies the employer of the amount  
8 due. If the employer fails to pay the required amount within such  
9 eighteen-month period, then the employer is also responsible for any  
10 actuarial costs and interest on actuarial costs that accrue from eighteen  
11 months after the date the employer is notified by the board until the  
12 date the amount is paid.

13 (d) The retirement board may adopt and promulgate rules and  
14 regulations to carry out this subsection, including, but not limited to,  
15 rules and regulations on:

16 (i) How and when the employee and employer must notify the  
17 retirement system of a period of military service;

18 (ii) The acceptable methods of payment;

19 (iii) Determining the service and compensation upon which the  
20 contributions must be made;

21 (iv) Accelerating the payment from the employer due to unforeseen  
22 circumstances that occur before payment is made pursuant to this section,  
23 including, but not limited to, the employee's termination or retirement  
24 or the employer's reorganization, consolidation, merger, or closing; and

25 (v) The documentation required to substantiate that the individual  
26 was reemployed pursuant to 38 U.S.C. 4301 et seq.

27 (3) This section only applies to military service that falls within  
28 the definition of uniformed service under 38 U.S.C. 4301 et seq. Military  
29 service does not include service provided pursuant to sections 55-101 to  
30 55-181.

31 Sec. 38. Section 84-1503, Revised Statutes Supplement, 2017, is

1 amended to read:

2 84-1503 (1) It shall be the duty of the Public Employees Retirement  
3 Board:

4 (a) To administer the retirement systems provided for in the County  
5 Employees Retirement Act, the Judges Retirement Act, the Nebraska State  
6 Patrol Retirement Act, the School Employees Retirement Act, and the State  
7 Employees Retirement Act. The agency for the administration of the  
8 retirement systems and under the direction of the board shall be known  
9 and may be cited as the Nebraska Public Employees Retirement Systems;

10 (b) To appoint a director to administer the systems under the  
11 direction of the board. The appointment shall be subject to the approval  
12 of the Governor and a majority of the Legislature. The director shall be  
13 qualified by training and have at least five years of experience in the  
14 administration of a qualified public or private employee retirement plan.  
15 The director shall not be a member of the board. The salary of the  
16 director shall be set by the board. The director shall serve without term  
17 and may be removed by the board;

18 (c) To provide for an equitable allocation of expenses among the  
19 retirement systems administered by the board, and all expenses shall be  
20 provided from the investment income earned by the various retirement  
21 funds unless alternative sources of funds to pay expenses are specified  
22 by law;

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

25 (e) To hire an attorney, admitted to the Nebraska State Bar  
26 Association, to advise the board in the administration of the retirement  
27 systems listed in subdivision (a) of this subsection;

28 (f) To hire an internal auditor to perform the duties described in  
29 section 84-1503.04 who meets the minimum standards as described in  
30 section 84-304.03;

31 (g) To adopt and implement procedures for reporting information by

1 employers, as well as testing and monitoring procedures in order to  
2 verify the accuracy of such information. The information necessary to  
3 determine membership shall be provided by the employer. The board may  
4 ~~shall~~ adopt and promulgate rules and regulations and prescribe such forms  
5 necessary to carry out this subdivision. Nothing in this subdivision  
6 shall be construed to require the board to conduct onsite audits of  
7 political subdivisions for compliance with statutes, rules, and  
8 regulations governing the retirement systems listed in subdivision (1)(a)  
9 of this section regarding membership and contributions; and

10 (h) To prescribe and furnish forms for the public retirement system  
11 plan reports required to be filed pursuant to sections 2-3228, 12-101,  
12 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 19-3501, 23-1118,  
13 23-3526, 71-1631.02, and 79-987 through December 31, 2017.

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

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

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

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

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

26 (e) To obtain, by a competitive, formal, and sealed bidding process  
27 through the materiel division of the Department of Administrative  
28 Services, actuarial services on behalf of the State of Nebraska as may be  
29 necessary in the administration and development of the retirement  
30 systems, including, but not limited to, preparation of an annual  
31 actuarial valuation report of each of the defined benefit and cash

1 balance plans administered by the board. Such annual valuation reports  
2 shall be presented by the actuary to the Nebraska Retirement Systems  
3 Committee of the Legislature at a public hearing or hearings. Any  
4 contract for actuarial services shall contain a provision allowing the  
5 actuary, without prior approval of the board, to perform actuarial  
6 studies of the systems as requested by entities other than the board, if  
7 notice, which does not identify the entity or substance of the request,  
8 is given to the board, all costs are paid by the requesting entity,  
9 results are provided to the board, the Nebraska Retirement Systems  
10 Committee of the Legislature, and the Legislative Fiscal Analyst upon  
11 being made public, and such actuarial studies do not interfere with the  
12 actuary's ongoing responsibility to the board. The term of the contract  
13 shall be for up to three years. A competitive, formal, and sealed bidding  
14 process shall be completed at least once every three years, unless the  
15 board determines that such a process would not be cost effective under  
16 the circumstances and that the actuarial services performed have been  
17 satisfactory, in which case the contract may also contain an option for  
18 renewal without a competitive, formal, and sealed bidding process for up  
19 to three additional years. An actuary under contract for the State of  
20 Nebraska shall be a member of the American Academy of Actuaries and meet  
21 the academy's qualification standards to render a statement of actuarial  
22 opinion;

23 (f) To direct the State Treasurer to transfer funds, as an expense  
24 of the retirement systems, to the Legislative Council Retirement Study  
25 Fund. Such transfer shall occur beginning on or after July 1, 2005, and  
26 at intervals of not less than five years and not more than fifteen years  
27 and shall be in such amounts as the Legislature shall direct;

28 (g) To adopt and promulgate rules and regulations, as the board may  
29 deem necessary, to carry out the provisions of each retirement system  
30 described in subdivision (1)(a) of this section, which includes, but is  
31 not limited to, the crediting of military service, direct rollover



1 distributions, and the acceptance of rollovers;

2 (h) To obtain, by a competitive, formal, and sealed bidding process  
3 through the materiel division of the Department of Administrative  
4 Services, auditing services for a separate compliance audit of the  
5 retirement systems to be completed by December 31, 2020, and from time to  
6 time thereafter at the request of the Nebraska Retirement Systems  
7 Committee of the Legislature, to be completed not more than every four  
8 years but not less than every ten years. The compliance audit shall be in  
9 addition to the annual audit conducted by the Auditor of Public Accounts.  
10 The compliance audit shall include, but not be limited to, an examination  
11 of records, files, and other documents and an evaluation of all policies  
12 and procedures to determine compliance with all state and federal laws. A  
13 copy of the compliance audit shall be given to the Governor, the board,  
14 and the Nebraska Retirement Systems Committee of the Legislature and  
15 shall be presented to the committee at a public hearing;

16 (i) To adopt and promulgate rules and regulations, as the board may  
17 deem necessary, for the adjustment of contributions or benefits, which  
18 includes, but is not limited to: (i) The procedures for refunding  
19 contributions, adjusting future contributions or benefit payments, and  
20 requiring additional contributions or repayment of benefits; (ii) the  
21 process for a member, member's beneficiary, employee, or employer to  
22 dispute an adjustment to contributions or benefits; (iii) establishing  
23 materiality and de minimus amounts for agency transactions, adjustments,  
24 and inactive account closures; and (iv) notice provided to all affected  
25 persons. Following an adjustment, a timely notice shall be sent that  
26 describes the adjustment and the process for disputing an adjustment to  
27 contributions or benefits;

28 (j) To make a thorough investigation through the director or the  
29 director's designee, of any overpayment of a benefit, when in the  
30 judgment of the director such investigation is necessary, including, but  
31 not limited to, circumstances in which benefit payments are made after

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

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

28 (3) By March 31 of each year, the board shall prepare a written plan  
29 of action and shall present such plan to the Nebraska Retirement Systems  
30 Committee of the Legislature at a public hearing. The plan shall include,  
31 but not be limited to, the board's funding policy, the administrative

1 costs and other fees associated with each fund and plan overseen by the  
2 board, member education and informational programs, the director's duties  
3 and limitations, an organizational structure of the office of the  
4 Nebraska Public Employees Retirement Systems, and the internal control  
5 structure of such office to ensure compliance with state and federal  
6 laws.

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

18 (b) The director shall provide an electronic copy of the first draft  
19 and a final draft of the experience study and annual valuation reports to  
20 the Nebraska Retirement Systems Committee and the Governor when the  
21 director receives the drafts from the actuary. The drafts shall be deemed  
22 confidential information. The draft copies obtained by the Nebraska  
23 Retirement Systems Committee and the Governor pursuant to this section  
24 shall not be considered public records subject to sections 84-712 to  
25 84-712.09.

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

31 (5) It shall be the duty of the board to direct the State Treasurer

1 to transfer funds, as an expense of the retirement system provided for  
2 under the Class V School Employees Retirement Act, to and from the Class  
3 V Retirement System Payment Processing Fund and the Class V School  
4 Employees Retirement Fund for the benefit of a retirement system provided  
5 for under the Class V School Employees Retirement Act to implement the  
6 provisions of section 79-986. The agency for the administration of this  
7 provision and under the direction of the board shall be known and may be  
8 cited as the Nebraska Public Employees Retirement Systems.

9       Sec. 39.       Original sections 23-2305, 23-2306.02, 23-2306.03,  
10 23-2310.05, 23-2323.02, 23-2323.03, 24-704, 24-704.01, 24-710, 24-710.05,  
11 24-710.06, 79-904, 79-905, 79-907, 79-924, 79-933.01, 79-933.02,  
12 79-933.03, 79-933.04, 79-933.07, 81-2019, 81-2031.03, 81-2031.04,  
13 84-1305, 84-1310.01, 84-1311.03, 84-1312, and 84-1313, Reissue Revised  
14 Statutes of Nebraska, sections 23-2305.01, 23-2309.01, 81-2019.01,  
15 81-2026, and 84-1305.02, Revised Statutes Cumulative Supplement, 2016,  
16 and sections 23-2323.01, 79-904.01, 79-926, 84-1325, and 84-1503, Revised  
17 Statutes Supplement, 2017, are repealed.