

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 103

FINAL READING

Introduced by McDonnell, 5.

Read first time January 06, 2023

Committee: Nebraska Retirement Systems

1 A BILL FOR AN ACT relating to retirement; to amend sections 23-2301,
2 23-2323.01, 23-2332, and 23-2332.01, Reissue Revised Statutes of
3 Nebraska, and sections 24-701, 24-710.01, 24-710.04, 79-902, 79-920,
4 79-926, 81-2014, 81-2034, 84-1301, and 84-1325, Revised Statutes
5 Cumulative Supplement, 2022; to redefine and eliminate terms under
6 the County Employees Retirement Act, the Judges Retirement Act, the
7 School Employees Retirement Act, the Nebraska State Patrol
8 Retirement Act, and the State Employees Retirement Act; to change
9 provisions relating to applicable military service, participation in
10 the School Employees Retirement System of the State of Nebraska, and
11 contribution rates applicable to the County Employees Retirement
12 Act; to harmonize provisions; to provide operative dates; to repeal
13 the original sections; and to declare an emergency.
14 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 23-2301, Reissue Revised Statutes of Nebraska, is
2 amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Termination of employment does not occur if an employee whose employer-
2 employee relationship with a county is dissolved enters into an employer-
3 employee relationship with the same or another county which participates
4 in the Retirement System for Nebraska Counties and there are less than
5 one hundred twenty days between the date when the employee's employer-
6 employee relationship ceased with the county and the date when the
7 employer-employee relationship commenced with the same or another county
8 which qualifies the employee for participation in the plan. It is the
9 responsibility of the employer that is involved in the termination of
10 employment to notify the board of such change in employment and provide
11 the board with such information as the board deems necessary. If the
12 board determines that termination of employment has not occurred and a
13 retirement benefit has been paid to a member of the retirement system
14 pursuant to section 23-2319, the board shall require the member who has
15 received such benefit to repay the benefit to the retirement system; and

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

19 Sec. 2. Section 23-2323.01, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 23-2323.01 (1)(a) For military service beginning on or after
22 December 12, 1994, but before January 1, 2018, any employee who, while an
23 employee, entered into and served in the armed forces of the United
24 States and who within ninety days after honorable discharge or honorable
25 separation from active duty again became an employee shall be credited,
26 for the purposes of section 23-2315, with all the time actually served in
27 the armed forces as if such person had been an employee throughout such
28 service in the armed forces pursuant to the terms and conditions of
29 subdivision (b) of this subsection.

30 (b) Under such rules and regulations as the retirement board may
31 adopt and promulgate, an employee who is reemployed on or after December

1 12, 1994, pursuant to 38 U.S.C. 4301 et seq., may pay to the retirement
2 system an amount equal to the sum of all deductions which would have been
3 made from the employee's compensation during such period of military
4 service. Payment shall be made within the period required by law, not to
5 exceed five years. To the extent that payment is made, (i) the employee
6 shall be treated as not having incurred a break in service by reason of
7 the employee's period of military service, (ii) the period of military
8 service shall be credited for the purposes of determining the
9 nonforfeitability of the employee's accrued benefits and the accrual of
10 benefits under the plan, and (iii) the employer shall allocate the amount
11 of employer contributions to the employee's employer account in the same
12 manner and to the same extent the allocation occurs for other employees
13 during the period of service. For purposes of employee and employer
14 contributions under this section, the employee's compensation during the
15 period of military service shall be the rate the employee would have
16 received but for the military service or, if not reasonably determinable,
17 the average rate the employee received during the twelve-month period
18 immediately preceding military service.

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

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

30 (b) The county employing the employee shall be liable for funding
31 any obligation of the plan to provide benefits based upon such period of

1 military service. To satisfy the liability, the county employing the
2 employee shall pay to the retirement system an amount equal to:

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

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

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

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

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

26 (ii) The acceptable methods of payment;

27 (iii) Determining the service and compensation upon which the
28 contributions must be made;

29 (iv) Accelerating the payment from the employer due to unforeseen
30 circumstances that occur before payment is made pursuant to this section,
31 including, but not limited to, the employee's termination or retirement

1 or the employer's reorganization, consolidation, merger, or closing; and

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

4 (3) This section ~~only~~ applies to military service that falls within
5 the definition of uniformed services service under 38 U.S.C. 4301 et
6 seq., and includes (a) preparation periods prior to military service, (b)
7 periods during military service, (c) periods of rest and recovery
8 authorized by 38 U.S.C. 4301 et seq., after military service, (d) periods
9 of federal military service, and (e) periods during active service of the
10 state ~~Military service does not include service~~ provided pursuant to
11 sections 55-101 to 55-181.

12 Sec. 3. Section 23-2332, Reissue Revised Statutes of Nebraska, is
13 amended to read:

14 23-2332 Any county with a population in excess of eighty-five
15 thousand inhabitants that ~~which~~ participates in the Retirement System for
16 Nebraska Counties established by the County Employees Retirement Act
17 shall establish and fund a supplemental retirement plan for the benefit
18 of all present and future commissioned law enforcement personnel employed
19 by such county. The auxiliary benefit plan shall be funded by additional
20 contributions to the county employees retirement plan in excess of the
21 amounts established by sections 23-2307 and 23-2308. The additional
22 contributions made by employees shall be credited to the employee
23 account, and contributions paid by the county shall be credited to the
24 employer account, with each amount to be established at a rate of three
25 ~~two~~ percent of compensation. All contributions made pursuant to this
26 section shall be invested and administered according to the County
27 Employees Retirement Act.

28 Sec. 4. Section 23-2332.01, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 23-2332.01 Any county with a population of eighty-five thousand
31 inhabitants or less that ~~which~~ participates in the Retirement System for

1 Nebraska Counties established by the County Employees Retirement Act
2 shall establish and fund a supplemental retirement plan for the benefit
3 of all present and future commissioned law enforcement personnel employed
4 by such county who possess a valid law enforcement officer certificate or
5 diploma, as established by the Nebraska Police Standards Advisory
6 Council. The auxiliary benefit plan shall be funded by additional
7 contributions to the county employees retirement plan in excess of the
8 amounts established by sections 23-2307 and 23-2308. The additional
9 contributions made by employees shall be credited to the employee
10 account, and contributions paid by the county shall be credited to the
11 employer account, with each amount to be established at a rate of two ~~one~~
12 percent of compensation. All contributions made pursuant to this section
13 shall be invested and administered according to the County Employees
14 Retirement Act.

15 Sec. 5. Section 24-701, Revised Statutes Cumulative Supplement,
16 2022, is amended to read:

17 24-701 For purposes of the Judges Retirement Act, unless the context
18 otherwise requires:

19 (1)(a) Actuarial equivalence means the equality in value of the
20 aggregate amounts expected to be received under different forms of
21 payment.

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

27 (c) For a judge hired on or after July 1, 2017, or rehired on or
28 after July 1, 2017, after termination of employment and being paid a
29 retirement benefit, the determinations shall be based on a unisex
30 mortality table and an interest rate specified by the board. Both the
31 mortality table and the interest rate shall be recommended by the actuary

1 and approved by the board following an actuarial experience study, a
2 benefit adequacy study, or a plan valuation. The mortality table,
3 interest rate, and actuarial factors in effect on the judge's retirement
4 date will be used to calculate actuarial equivalency of any retirement
5 benefit. Such interest rate may be, but is not required to be, equal to
6 the assumed rate of return;

7 (2) Beneficiary means a person so designated by a judge in the last
8 designation of beneficiary on file with the board or, if no designated
9 person survives or if no designation is on file, the estate of such
10 judge;

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

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

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

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

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

10 (7)(a) Current service means the period of service (i) any judge of
11 the Supreme Court or judge of the district court serves in such capacity
12 from and after January 3, 1957, (ii)(A) any judge of the Nebraska
13 Workmen's Compensation Court served in such capacity from and after
14 September 20, 1957, and prior to July 17, 1986, and (B) any judge of the
15 Nebraska Workers' Compensation Court serves in such capacity on and after
16 July 17, 1986, (iii) any county judge serves in such capacity from and
17 after January 5, 1961, (iv) any judge of a separate juvenile court serves
18 in such capacity, (v) any judge of the municipal court served in such
19 capacity subsequent to October 23, 1967, and prior to July 1, 1985, (vi)
20 any judge of the county court or associate county judge serves in such
21 capacity subsequent to January 4, 1973, (vii) any clerk magistrate, who
22 was an associate county judge and a member of the fund at the time of
23 appointment as a clerk magistrate, serves in such capacity from and after
24 July 1, 1986, and (viii) any judge of the Court of Appeals serves in such
25 capacity on or after September 6, 1991.

26 (b) Current service shall not be deemed to be interrupted by (i)
27 temporary or seasonal suspension of service that does not terminate the
28 employee's employment, (ii) leave of absence authorized by the employer
29 for a period not exceeding twelve months, (iii) leave of absence because
30 of disability, or (iv) military service, when properly authorized by the
31 board. Current service does not include any period of disability for

1 which disability retirement benefits are received under section 24-709;

2 (8) Final average compensation for a judge who becomes a member
3 prior to July 1, 2015, means the average monthly compensation for the
4 three twelve-month periods of service as a judge in which compensation
5 was the greatest or, in the event of a judge serving less than three
6 twelve-month periods, the average monthly compensation for such judge's
7 period of service. Final average compensation for a judge who becomes a
8 member on and after July 1, 2015, means the average monthly compensation
9 for the five twelve-month periods of service as a judge in which
10 compensation was the greatest or, in the event of a judge serving less
11 than five twelve-month periods, the average monthly compensation for such
12 judge's period of service;

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

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

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

20 (12) Initial benefit means the retirement benefit calculated at the
21 time of retirement;

22 (13) Judge means and includes (a) all duly elected or appointed
23 Chief Justices or judges of the Supreme Court and judges of the district
24 courts of Nebraska who serve in such capacity on and after January 3,
25 1957, (b)(i) all duly appointed judges of the Nebraska Workmen's
26 Compensation Court who served in such capacity on and after September 20,
27 1957, and prior to July 17, 1986, and (ii) judges of the Nebraska
28 Workers' Compensation Court who serve in such capacity on and after July
29 17, 1986, (c) judges of separate juvenile courts, (d) judges of the
30 county courts of the respective counties who serve in such capacity on
31 and after January 5, 1961, (e) judges of the county court and clerk

1 magistrates who were associate county judges and members of the fund at
2 the time of their appointment as clerk magistrates, (f) judges of
3 municipal courts established by Chapter 26, article 1, who served in such
4 capacity on and after October 23, 1967, and prior to July 1, 1985, and
5 (g) judges of the Court of Appeals;

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

8 ~~(15) Military service means active service of (a) any judge of the
9 Supreme Court or judge of the district court in any of the armed forces
10 of the United States during a war or national emergency prior or
11 subsequent to September 18, 1955, if such service commenced while such
12 judge was holding the office of judge, (b) any judge of the Nebraska
13 Workmen's Compensation Court or the Nebraska Workers' Compensation Court
14 in any of the armed forces of the United States during a war or national
15 emergency prior or subsequent to September 20, 1957, if such service
16 commenced while such judge was holding the office of judge, (c) any judge
17 of the municipal court in any of the armed forces of the United States
18 during a war or national emergency prior or subsequent to October 23,
19 1967, and prior to July 1, 1985, if such service commenced while such
20 judge was holding the office of judge, (d) any judge of the county court
21 or associate county judge in any of the armed forces of the United States
22 during a war or national emergency prior or subsequent to January 4,
23 1973, if such service commenced while such judge was holding the office
24 of judge, (e) any clerk magistrate, who was an associate county judge and
25 a member of the fund at the time of appointment as a clerk magistrate, in
26 any of the armed forces of the United States during a war or national
27 emergency on or after July 1, 1986, if such service commenced while such
28 clerk magistrate was holding the office of clerk magistrate, and (f) any
29 judge of the Court of Appeals in any of the armed forces of the United
30 States during a war or national emergency on or after September 6, 1991,
31 if such service commenced while such judge was holding the office of~~

1 judge. The board shall have the power to determine when a national
2 emergency exists or has existed for the purpose of applying this
3 definition and provision;

4 (15) ~~(16)~~ Normal form annuity means a series of equal monthly
5 payments payable at the end of each calendar month during the life of a
6 retired judge as provided in sections 24-707 and 24-710, except as
7 provided in section 42-1107. The first payment shall include all amounts
8 accrued since the effective date of the award of the annuity. The last
9 payment shall be at the end of the calendar month in which such judge
10 dies. If at the time of death the amount of annuity payments such judge
11 has received is less than contributions to the fund made by such judge,
12 plus regular interest, the difference shall be paid to the beneficiary or
13 estate;

14 (16) ~~(17)~~ Normal retirement date means the first day of the month
15 following attainment of age sixty-five;

16 (17) ~~(18)~~ Original member means a judge who first served as a judge
17 prior to December 25, 1969, who does not elect to become a future member
18 pursuant to section 24-710.01, and who was retired on or before December
19 31, 1992;

20 (18) ~~(19)~~ Plan year means the twelve-month period beginning on July
21 1 and ending on June 30 of the following year;

22 (19) ~~(20)~~ Prior service means all the periods of time any person has
23 served as a (a) judge of the Supreme Court or judge of the district court
24 prior to January 3, 1957, (b) judge of the county court prior to January
25 5, 1961, (c) judge of the Nebraska Workmen's Compensation Court prior to
26 September 20, 1957, (d) judge of the separate juvenile court, or (e)
27 judge of the municipal court prior to October 23, 1967;

28 (20) ~~(21)~~ Regular interest means interest fixed at a rate equal to
29 the daily treasury yield curve for one-year treasury securities, as
30 published by the Secretary of the Treasury of the United States, that
31 applies on July 1 of each year, which may be credited monthly, quarterly,

1 semiannually, or annually as the board may direct;

2 ~~(21)~~ ~~(22)~~ Required beginning date means, for purposes of the
3 deferral of distributions and the commencement of mandatory distributions
4 pursuant to section 401(a)(9) of the Internal Revenue Code and the
5 regulations issued thereunder, April 1 of the year following the calendar
6 year in which a member ~~has~~:

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

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

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

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

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

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

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

22 ~~(22)~~ ~~(23)~~ Retirement application means the form approved and
23 provided by the retirement system for acceptance of a member's request
24 for either regular or disability retirement;

25 ~~(23)~~ ~~(24)~~ Retirement date means (a) the first day of the month
26 following the date upon which a member's request for retirement is
27 received on a retirement application if the member is eligible for
28 retirement and has terminated employment or (b) the first day of the
29 month following termination of employment if the member is eligible for
30 retirement and has filed an application but has not yet terminated
31 employment;

1 ~~(24)~~ ~~(25)~~ Retirement system or system means the Nebraska Judges
2 Retirement System as provided in the Judges Retirement Act;

3 ~~(25)~~ ~~(26)~~ Surviving spouse means (a) the spouse married to the
4 member on the date of the member's death or (b) the spouse or former
5 spouse of the member if survivorship rights are provided under a
6 qualified domestic relations order filed with the board pursuant to the
7 Spousal Pension Rights Act. The spouse or former spouse shall supersede
8 the spouse married to the member on the date of the member's death as
9 provided under a qualified domestic relations order. If the benefits
10 payable to the spouse or former spouse under the qualified domestic
11 relations order are less than the value of benefits entitled to the
12 surviving spouse, the spouse married to the member on the date of the
13 member's death shall be the surviving spouse for the balance of the
14 benefits; and

15 ~~(26)~~ ~~(27)~~ Termination of employment occurs on the date on which the
16 State Court Administrator's office determines that the judge's employer-
17 employee relationship with the State of Nebraska is dissolved. The State
18 Court Administrator's office shall notify the board of the date on which
19 such a termination has occurred. Termination of employment does not
20 include ceasing employment as a judge if the judge returns to regular
21 employment as a judge or is employed on a regular basis by another agency
22 of the State of Nebraska and there are less than one hundred twenty days
23 between the date when the judge's employer-employee relationship ceased
24 and the date when the employer-employee relationship recommences. It is
25 the responsibility of the employer that is involved in the termination of
26 employment to notify the board of such change in employment and provide
27 the board with such information as the board deems necessary. If the
28 board determines that termination of employment has not occurred and a
29 retirement benefit has been paid to a member of the retirement system
30 pursuant to section 24-710, the board shall require the member who has
31 received such benefit to repay the benefit to the retirement system.

1 Sec. 6. Section 24-710.01, Revised Statutes Cumulative Supplement,
2 2022, is amended to read:

3 24-710.01 Any original member, as defined in ~~subdivision (18)~~ of
4 section 24-701, who has not previously retired, may elect to make
5 contributions and receive benefits pursuant to subsection (2) of section
6 24-703 and subsection (2) of section 24-710, instead of those provided by
7 subsection (1) of section 24-703 and subsection (1) of section 24-710.
8 Such election shall be by written notice delivered to the board not later
9 than November 1, 1981. Such member shall thereafter be considered a
10 future member.

11 Sec. 7. Section 24-710.04, Revised Statutes Cumulative Supplement,
12 2022, is amended to read:

13 24-710.04 (1) Any judge who returns to service as a judge for the
14 State of Nebraska pursuant to 38 U.S.C. 4301 et seq., shall be treated as
15 not having incurred a break in service by reason of the judge's period of
16 military service. Such military service shall be credited for purposes of
17 determining the nonforfeitability of the member's accrued benefits and
18 the accrual of benefits under the plan.

19 (2) The state shall be liable for funding any obligation of the plan
20 to provide benefits based upon such period of military service. To
21 satisfy the liability, the State Court Administrator shall pay to the
22 retirement system an amount equal to:

23 (a) The sum of the judge's contributions that would have been paid
24 during such period of military service; and

25 (b) Any actuarial costs necessary to fund the obligation of the plan
26 to provide benefits based upon such period of military service. For the
27 purposes of determining the amount of such liability and obligation of
28 the plan, earnings and forfeitures, gains and losses, regular interest,
29 or interest credits that would have accrued on the judge's contributions
30 that are paid by the State Court Administrator pursuant to this section
31 shall not be included.

1 (3) The amount required in subsection (2) of this section shall be
2 paid to the retirement system as soon as reasonably practicable following
3 the date the judge returns to service as a judge for the State of
4 Nebraska, but must be paid within eighteen months of the date the board
5 notifies the State Court Administrator of the amount due. If the State
6 Court Administrator fails to pay the required amount within such
7 eighteen-month period, then the State Court Administrator is also
8 responsible for any actuarial costs and interest on actuarial costs that
9 accrue from eighteen months after the date the State Court Administrator
10 is notified by the board until the date the amount is paid.

11 (4) The board may adopt and promulgate rules and regulations to
12 carry out this section, including, but not limited to, rules and
13 regulations on:

14 (a) How and when the judge and State Court Administrator must notify
15 the retirement system of a period of military service;

16 (b) The acceptable methods of payment;

17 (c) Determining the service and compensation upon which the
18 contributions must be made;

19 (d) Accelerating the payment from the State Court Administrator due
20 to unforeseen circumstances that occur before payment is made pursuant to
21 this section, including, but not limited to, the judge's termination or
22 retirement or the court's reorganization, consolidation, or merger; and

23 (e) The documentation required to substantiate that the judge
24 returned to service as a judge for the State of Nebraska pursuant to 38
25 U.S.C. 4301 et seq.

26 (5) This section ~~only~~ applies to military service that falls within
27 the definition of uniformed services ~~service~~ under 38 U.S.C. 4301 et
28 seq., and includes (a) preparation periods prior to military service, (b)
29 periods during military service, (c) periods of rest and recovery
30 authorized by 38 U.S.C. 4301 et seq., after military service, (d) periods
31 of federal military service, and (e) periods during active service of the

1 ~~state Military service does not include service~~ provided pursuant to
2 sections 55-101 to 55-181.

3 Sec. 8. Section 79-902, Revised Statutes Cumulative Supplement,
4 2022, is amended to read:

5 79-902 For purposes of the School Employees Retirement Act, unless
6 the context otherwise requires:

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

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

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

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

1 (d) If the lump-sum settlement is made to an estate, the interest
2 rate will be determined by the AAA-rated segment of the Bloomberg
3 Barclays Long U.S. Corporate Bond Index as of the prior June 30, rounded
4 to the next lower quarter percent. If the AAA-rated segment of the
5 Bloomberg Barclays Long U.S. Corporate Bond Index is discontinued or
6 replaced, a substitute index shall be selected by the board which shall
7 be a reasonably representative index;

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

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

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

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

1 allowed to be taken into account under the retirement system as in effect
2 on July 1, 1993;

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

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

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

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

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

1 expected to result in death or be of a long-continued and indefinite
2 duration;

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

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

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

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

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

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

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

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

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

1 unused leave, or purchasing service credit for the member pursuant to
2 section 79-933.08;

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

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

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

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

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

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

30 (B) If a member has such compensation for less than thirty-six
31 months, the sum of the member's total compensation in all months divided

1 by the total number of months of his or her creditable service therefor;
2 and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (32) Retirement date means (a) if the member has terminated
30 employment, the first day of the month following the date upon which a
31 member's request for retirement is received on a retirement application

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

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

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

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

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

29 (37) School year means one fiscal year which includes not less than
30 one thousand instructional hours or, in the case of service in the State
31 of Nebraska prior to July 1, 1945, not less than seventy-five percent of

1 the then legal school year;

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

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

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

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

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

28 (43) Surviving spouse means (a) the spouse married to the member on
29 the date of the member's death or (b) the spouse or former spouse of the
30 member if survivorship rights are provided under a qualified domestic
31 relations order filed with the board pursuant to the Spousal Pension

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

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

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

19 (b) A member shall not be deemed to have terminated employment if
20 the member subsequently provides service to any employer participating in
21 the retirement system provided for in the School Employees Retirement Act
22 within one hundred eighty days after ceasing employment unless such
23 service is:

24 (i) Bona fide unpaid voluntary service or substitute service,
25 provided on an intermittent basis. For purposes of this subdivision, (A)
26 intermittent basis means service provided on a day-to-day basis that is
27 not greater than eight days of service during a calendar month and (B)
28 day of service means any length of substitute service or unpaid voluntary
29 service provided during a single calendar day; or

30 (ii) As provided in section 79-920.

31 (c) A member shall not be deemed to have terminated employment if

1 the board determines based on facts and circumstances (i) that a claimed
2 termination was not a bona fide separation from service with the employer
3 or (ii) that a member was compensated for a full contractual period when
4 the member terminated prior to the end date of the contract.

5 (d) Nothing in this subdivision precludes an employer from adopting
6 a policy which limits or denies employees who have terminated employment
7 from providing voluntary or substitute service within one hundred eighty
8 days after termination; and

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

11 Sec. 9. Section 79-920, Revised Statutes Cumulative Supplement,
12 2022, is amended to read:

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

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

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

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

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

1 covered by the association; and

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

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

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

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

11 (b) An individual who is required to participate in the school plan
12 pursuant to subdivision (2)(a) of this section shall not be deemed to
13 have terminated employment for school plan purposes if such individual
14 subsequently provides service to any employer participating in the school
15 plan, including any school district or educational service unit, or any
16 state agency school plan employer, within one hundred eighty days after
17 ceasing employment except for intermittent voluntary or substitute
18 service at a school district or an educational service unit as described
19 in subdivision (45)(b)(i) of section 79-902.

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

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

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

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

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

5 (b) An individual who is required to participate in the state plan
6 pursuant to subdivision (3)(a) of this section shall not be deemed to
7 have terminated employment for state plan purposes if such individual
8 subsequently provides service to any employer participating in the state
9 plan, including any state agency school plan employer or an agency of the
10 State of Nebraska, within one hundred twenty days after ceasing
11 employment. No such individual may provide substitute or voluntary
12 service as defined in subdivision (45)(b)(i) of section 79-902 to any
13 employer participating in the school plan for at least one hundred twenty
14 days after ceasing employment.

15 (4) An individual who previously elected to participate in the
16 school plan prior to March 4 ~~July 1~~, 2022, while employed as a state
17 school official and who terminated employment and retired or took a
18 distribution pursuant to the School Employees Retirement Act, shall not
19 render any service to:

20 (a) A school district or an educational service unit participating
21 in the school plan or a state agency school plan employer within one
22 hundred eighty days after terminating employment except as described in
23 subdivision (45)(b)(i) of section 79-902; or

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

26 Sec. 10. Section 79-926, Revised Statutes Cumulative Supplement,
27 2022, is amended to read:

28 79-926 (1) Under such rules and regulations as the retirement board
29 may adopt and promulgate, each person who was a school employee at any
30 time prior to the establishment of the retirement system and who becomes
31 a member of the retirement system shall, within two years after becoming

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

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

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

30 (i) The sum of the member and employer contributions that would have
31 been paid during such period of military service; and

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

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

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

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

22 (ii) The acceptable methods of payment;

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

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

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

31 (3) This section ~~only~~ applies to military service that falls within

1 the definition of uniformed services ~~service~~ under 38 U.S.C. 4301 et
2 seq., and includes (a) preparation periods prior to military service, (b)
3 periods during military service, (c) periods of rest and recovery
4 authorized by 38 U.S.C. 4301 et seq., after military service, (d) periods
5 of federal military service, and (e) periods during active service of the
6 state ~~Military service does not include service~~ provided pursuant to
7 sections 55-101 to 55-181.

8 Sec. 11. Section 81-2014, Revised Statutes Cumulative Supplement,
9 2022, is amended to read:

10 81-2014 For purposes of the Nebraska State Patrol Retirement Act:

11 (1)(a) Actuarial equivalent means the equality in value of the
12 aggregate amounts expected to be received under different forms of
13 payment or to be received at an earlier retirement age than the normal
14 retirement age.

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

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

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

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

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

17 (iii) For any officer employed after January 4, 1979, and prior to
18 July 1, 2016, compensation does not include compensation for unused sick
19 leave or unused vacation leave converted to cash payments and includes
20 compensation for unused holiday compensatory time and unused compensatory
21 time converted to cash payments.

22 (iv) For any officer employed on or after July 1, 2016, compensation
23 does not include compensation for unused sick leave, unused vacation
24 leave, unused holiday compensatory time, unused compensatory time, or any
25 other type of unused leave, compensatory time, or similar benefits,
26 converted to cash payments.

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

1 allowed to be taken into account under the retirement system as in effect
2 on July 1, 1993;

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

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

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

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

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

20 (9) Eligibility and vesting credit means credit for years, or a
21 fraction of a year, of participation in a Nebraska government plan for
22 purposes of determining eligibility for benefits under the Nebraska State
23 Patrol Retirement Act. Such credit shall be used toward the vesting
24 percentage pursuant to subsection (2) of section 81-2031 but shall not be
25 included as years of service in the benefit calculation;

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

28 (11) Initial benefit means the retirement benefit calculated at the
29 time of retirement;

30 (12) Officer means law enforcement officer as defined in section
31 81-1401 and as provided for in sections 81-2001 to 81-2009, but does not

1 include a noncertified conditional officer as defined in section 81-1401;
2 (13) Plan year means the twelve-month period beginning on July 1 and
3 ending on June 30 of the following year;

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

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

14 (a)(i) Terminated employment with the State of Nebraska; and
15 (ii)(A) Attained at least seventy and one-half years of age for a
16 member who attained seventy and one-half years of age on or before
17 December 31, 2019; ~~or~~

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

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

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

26 (b)(i) Terminated employment with the State of Nebraska; and
27 (ii) Otherwise reached the date specified by section 401(a)(9) of
28 the Internal Revenue Code and the regulations issued thereunder;

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

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

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

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

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

30 (21) Termination of employment occurs on the date on which the
31 Nebraska State Patrol determines that the officer's employer-employee

1 relationship with the patrol is dissolved. The Nebraska State Patrol
2 shall notify the board of the date on which such a termination has
3 occurred. Termination of employment does not include ceasing employment
4 with the Nebraska State Patrol if the officer returns to regular
5 employment with the Nebraska State Patrol or another agency of the State
6 of Nebraska and there are less than one hundred twenty days between the
7 date when the employee's employer-employee relationship ceased and the
8 date when the employer-employee relationship commenced with the Nebraska
9 State Patrol or another state agency. Termination of employment does not
10 occur upon an officer's participation in DROP pursuant to section
11 81-2041. It is the responsibility of the employer that is involved in the
12 termination of employment to notify the board of such change in
13 employment and provide the board with such information as the board deems
14 necessary. If the board determines that termination of employment has not
15 occurred and a retirement benefit has been paid to a member of the
16 retirement system pursuant to section 81-2026, the board shall require
17 the member who has received such benefit to repay the benefit to the
18 retirement system.

19 Sec. 12. Section 81-2034, Revised Statutes Cumulative Supplement,
20 2022, is amended to read:

21 81-2034 (1)(a) Any officer of the Nebraska State Patrol who is
22 reemployed pursuant to 38 U.S.C. 4301 et seq., shall be treated as not
23 having incurred a break in service by reason of the officer's period of
24 military service. Such military service shall be credited for purposes of
25 determining the nonforfeitability of the officer's accrued benefits and
26 the accrual of benefits under the plan.

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

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

1 have 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 officer and
7 employer contributions that are paid by the Nebraska State Patrol
8 pursuant to this 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 Nebraska State Patrol of the
13 amount due. If the Nebraska State Patrol fails to pay the required amount
14 within such eighteen-month period, then the Nebraska State Patrol is also
15 responsible for any actuarial costs and interest on actuarial costs that
16 accrue from eighteen months after the date the Nebraska State Patrol is
17 notified by the board until the date the amount is paid.

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

21 (i) How and when the officer and Nebraska State Patrol must notify
22 the retirement 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 officer's termination or retirement or
29 the employer's reorganization, consolidation, merger, or closing; and

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

1 (2) This section ~~only~~ applies to military service that falls within
2 the definition of uniformed services ~~service~~ under 38 U.S.C. 4301 et
3 seq., and includes (a) preparation periods prior to military service, (b)
4 periods during military service, (c) periods of rest and recovery
5 authorized by 38 U.S.C. 4301 et seq., after military service, (d) periods
6 of federal military service, and (e) periods during active service of the
7 state ~~Military service does not include service~~ provided pursuant to
8 sections 55-101 to 55-181.

9 Sec. 13. Section 84-1301, Revised Statutes Cumulative Supplement,
10 2022, is amended to read:

11 84-1301 For purposes of the State Employees Retirement Act, unless
12 the context otherwise requires:

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

16 (b) For an employee hired prior to January 1, 2018, the mortality
17 assumption used for purposes of converting the member cash balance
18 account shall be the 1994 Group Annuity Mortality Table using a unisex
19 rate that is fifty percent male and fifty percent female. For purposes of
20 converting the member cash balance account attributable to contributions
21 made prior to January 1, 1984, that were transferred pursuant to the act,
22 the 1994 Group Annuity Mortality Table for males shall be used.

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

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

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

13 (4) Cash balance benefit means a member's retirement benefit that is
14 equal to an amount based on annual employee contribution credits plus
15 interest credits and, if vested, employer contribution credits plus
16 interest credits and dividend amounts credited in accordance with
17 subdivision (4)(c) of section 84-1319;

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

30 (b) Compensation in excess of the limitations set forth in section
31 401(a)(17) of the Internal Revenue Code shall be disregarded. For an

1 employee who was a member of the retirement system before the first plan
2 year beginning after December 31, 1995, the limitation on compensation
3 shall not be less than the amount which was allowed to be taken into
4 account under the retirement system as in effect on July 1, 1993;

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

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

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

17 (9) Employee means any person or officer employed by the State of
18 Nebraska whose compensation is paid out of state funds or funds
19 controlled or administered by a state department through any of its
20 executive or administrative officers when acting exclusively in their
21 respective official, executive, or administrative capacities and any
22 employee of the State Board of Agriculture who is a member of the state
23 retirement system on July 1, 1982. Employee does not include (a) judges
24 as defined in section 24-701, (b) members of the Nebraska State Patrol,
25 except for those members of the Nebraska State Patrol who elected
26 pursuant to section 60-1304 to remain members of the State Employees
27 Retirement System of the State of Nebraska, (c) employees of the
28 University of Nebraska, (d) employees of the state colleges, (e)
29 employees of community colleges, (f) employees of the Department of Labor
30 employed prior to July 1, 1984, and paid from funds provided pursuant to
31 Title III of the federal Social Security Act or funds from other federal

1 sources, except that if the contributory retirement plan or contract let
2 pursuant to section 48-609, as such section existed prior to January 1,
3 2018, is terminated, such employees shall become employees for purposes
4 of the State Employees Retirement Act on the first day of the first pay
5 period following the termination of such contributory retirement plan or
6 contract, (g) employees of the State Board of Agriculture who are not
7 members of the state retirement system on July 1, 1982, (h) the Nebraska
8 National Guard air and army technicians, (i) persons who are required to
9 participate in the School Employees Retirement System of the State of
10 Nebraska pursuant to section 79-920, except that those persons so
11 required and actively contributing to the State Employees Retirement
12 System of the State of Nebraska as of March 4 ~~July 1~~, 2022, shall
13 continue as members of the State Employees Retirement System of the State
14 of Nebraska, or (j) employees of the Coordinating Commission for
15 Postsecondary Education who are eligible for and have elected to become
16 members of a qualified retirement program approved by the commission
17 which is commensurate with retirement programs at the University of
18 Nebraska. Any individual appointed by the Governor may elect not to
19 become a member of the State Employees Retirement System of the State of
20 Nebraska;

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

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

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

31 (13) Five-year break in service means five consecutive one-year

1 breaks in service;

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

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

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

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

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

24 (19) Interest credits means the amounts credited to the employee
25 cash balance account and the employer cash balance account at the end of
26 each day. Such interest credit for each account shall be determined by
27 applying the daily portion of the interest credit rate to the account
28 balance at the end of the previous day. Such interest credits shall
29 continue to be credited to the employee cash balance account and the
30 employer cash balance account after a member ceases to be an employee,
31 except that no such credit shall be made with respect to the employee

1 cash balance account and the employer cash balance account for any day
2 beginning on or after the member's date of final account value. If
3 benefits payable to the member's surviving spouse or beneficiary are
4 delayed after the member's death, interest credits shall continue to be
5 credited to the employee cash balance account and the employer cash
6 balance account until such surviving spouse or beneficiary commences
7 receipt of a distribution from the plan;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 (29) Retirement means qualifying for and accepting the retirement
18 benefit granted under the State Employees Retirement Act after
19 terminating employment;

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

23 (31) Retirement board or board means the Public Employees Retirement
24 Board;

25 (32) Retirement date means (a) the first day of the month following
26 the date upon which a member's request for retirement is received on a
27 retirement application if the member is eligible for retirement and has
28 terminated employment or (b) the first day of the month following
29 termination of employment if the member is eligible for retirement and
30 has filed an application but has not yet terminated employment;

31 (33) Retirement system means the State Employees Retirement System

1 of the State of Nebraska;

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

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

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

25 (37) Termination of employment occurs on the date on which the
26 agency which employs the member determines that the member's employer-
27 employee relationship with the State of Nebraska is dissolved. The agency
28 which employs the member shall notify the board of the date on which such
29 a termination has occurred. Termination of employment does not occur if
30 an employee whose employer-employee relationship with the State of
31 Nebraska is dissolved enters into an employer-employee relationship with

1 the same or another agency of the State of Nebraska and there are less
2 than one hundred twenty days between the date when the employee's
3 employer-employee relationship ceased with the state and the date when
4 the employer-employee relationship commenced with the same or another
5 agency. It is the responsibility of the employer that is involved in the
6 termination of employment to notify the board of such change in
7 employment and provide the board with such information as the board deems
8 necessary. If the board determines that termination of employment has not
9 occurred and a retirement benefit has been paid to a member of the
10 retirement system pursuant to section 84-1321, the board shall require
11 the member who has received such benefit to repay the benefit to the
12 retirement system; and

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

16 Sec. 14. Section 84-1325, Revised Statutes Cumulative Supplement,
17 2022, is amended to read:

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

27 (b) Under such rules and regulations as the retirement board may
28 adopt and promulgate, any employee who is reemployed pursuant to 38
29 U.S.C. 4301 et seq., may pay to the retirement system an amount equal to
30 the sum of all deductions which would have been made from the employee's
31 compensation during such period of military service. Payment shall be

1 made within the period required by law, not to exceed five years. To the
2 extent that payment is made, (i) the employee shall be treated as not
3 having incurred a break in service by reason of the employee's period of
4 military service, (ii) the period of military service shall be credited
5 for the purposes of determining the nonforfeitability of the employee's
6 accrued benefits and the accrual of benefits under the plan, and (iii)
7 the employer shall allocate the amount of employer contributions to the
8 employee's employer account in the same manner and to the same extent the
9 allocation occurs for other employees during the period of service. For
10 purposes of employee and employer contributions under this subsection,
11 the employee's compensation during the period of military service shall
12 be the rate the employee would have received but for the military service
13 or, if not reasonably determinable, the average rate the employee
14 received during the twelve-month period immediately preceding military
15 service.

16 (c) The employer shall pick up the employee contributions made
17 through irrevocable payroll deduction authorizations pursuant to this
18 subsection, and the contributions so picked up shall be treated as
19 employer contributions in the same manner as contributions picked up
20 under subsection (1) of section 84-1308.

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

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

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

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

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

30 (v) The documentation required to substantiate that the individual
31 was 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 services ~~service~~ under 38 U.S.C. 4301 et
3 seq., and includes (a) preparation periods prior to military service, (b)
4 periods during military service, (c) periods of rest and recovery
5 authorized by 38 U.S.C. 4301 et seq., after military service, (d) periods
6 of federal military service, and (e) periods during active service of the
7 state ~~Military service does not include service~~ provided pursuant to
8 sections 55-101 to 55-181.

9 Sec. 15. Sections 3, 4, and 16 of this act become operative three
10 calendar months after the adjournment of this legislative session. The
11 other sections of this act become operative on their effective date.

12 Sec. 16. Original sections 23-2332 and 23-2332.01, Reissue Revised
13 Statutes of Nebraska, are repealed.

14 Sec. 17. Original sections 23-2301 and 23-2323.01, Reissue Revised
15 Statutes of Nebraska, and sections 24-701, 24-710.01, 24-710.04, 79-902,
16 79-920, 79-926, 81-2014, 81-2034, 84-1301, and 84-1325, Revised Statutes
17 Cumulative Supplement, 2022, are repealed.

18 Sec. 18. Since an emergency exists, this act takes effect when
19 passed and approved according to law.