

INTERNAL AUDITING

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS | JUNE 2026

IN THIS ISSUE

1. Yes, Optro is for Real
2. Citizenship, Lawful Presence, & DACA Eligibility
3. Work Hours - Determining Plan Participation
4. Determining Classification
5. Good Records Tell the Story
6. 120-day Separation Period Explained
7. Employer Reporting Workshops
8. Contribution Rates

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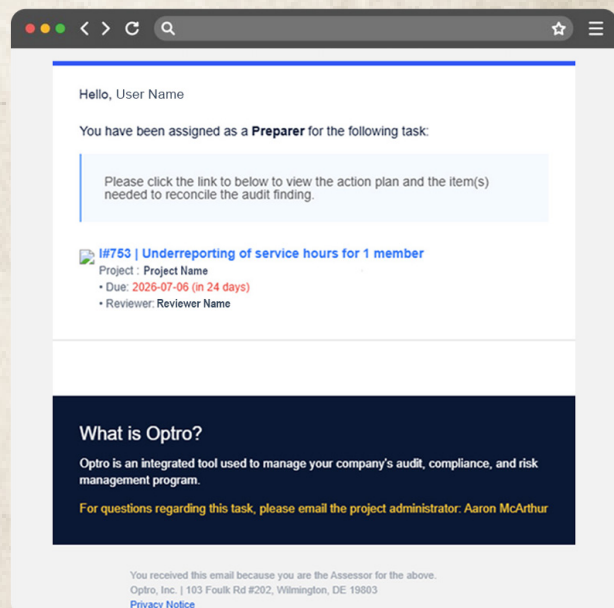
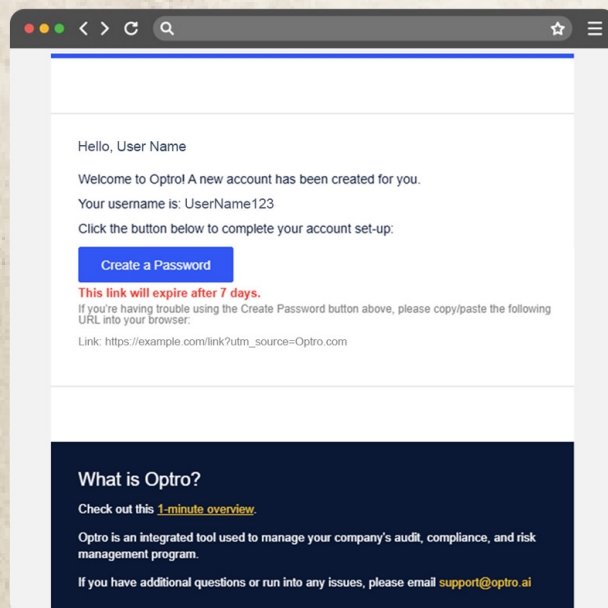
LINCOLN, NE 68509-4816

Yes, Optro is for Real


In this day and age, we all need to be vigilant when it comes to suspicious emails and phishing attempts. However, sometimes an unfamiliar email is completely legitimate, which is why we wanted to tell you about Optro.

The NPERS Internal Audit team implemented Optro (formerly known as AuditBoard) in 2024 as a one-stop shop to centralize the audit process. Rather than sending multiple email attachments that can become difficult to track within lengthy email chains, audit documentation can be securely stored and managed in a centralized location.

If you receive an email invitation from Optro, please be assured that it is a legitimate communication from the NPERS Internal Audit team. Optro is a vetted and secure platform approved for use in managing audit documentation and requests. To help you recognize these communications, please review the examples below, which illustrate the types of emails and notifications you may receive through Optro.



Citizenship, Lawful Presence, & DACA Eligibility



As the reporting agent for your employer, you play a critical role in ensuring that only eligible employees are enrolled in the plan. For employees that are not U.S. citizens, relying solely on E-Verify is not enough and increases the likelihood of an ineligible employee being enrolled in the plan. To determine eligibility, employers should use the online [Immigration Eligibility Guidelines](#). The process requires 3 steps:

1. Request Immigration Status Documentation

- a. Make sure to review documentation showing the employee's current immigration status in the U.S.
- b. If the employee's status is C33 for Deferred Action of Childhood Arrivals (DACA), the employee is ineligible to participate.
- c. If the documentation lists any other category/status, review the expiration date (if applicable) to ensure the status is current.

2. Confirm Lawful Presence

- a. Once you have confirmed the employee is not DACA, obtain one of the items listed on the Immigration Eligibility Guidelines to confirm lawful presence.
- b. Sometimes the same document used in Step #1 can also confirm lawful presence. If so, no additional document is required.

3. Enrollment and Recordkeeping

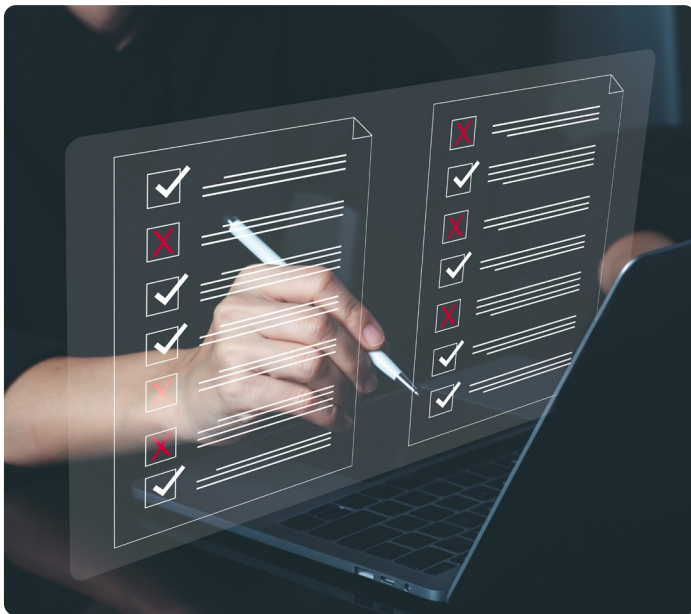
- a. Once non-DACA status and lawful presence are verified:
 - i. Enroll the employee (if otherwise eligible).
 - ii. Retain verification documentation to support eligibility determination.
 - iii. Ensure you continue to verify status eligibility.
 1. Employees' current status could expire and/or they could change statuses. An employee may be ineligible upon hire due to their C33 status but later become eligible after a status change occurs.

For questions on immigration eligibility, contact NPERS.

Work Hours

Determining Plan Participation

While employer reporting agents are often responsible for multiple functions, determining whether an employee is eligible to participate in the School Retirement Plan is one of the most important responsibilities related to retirement administration, as it ensures employees are enrolled in a timely manner. NPERS understands, however, that determining eligibility may not always be straightforward. To help employers navigate this process, NPERS has a [School Plan Eligibility Checklist](#) as a resource located on our website. NPERS updates this resource as laws change, so be sure to use the website form rather than an older version.



The School Plan Eligibility Checklist is an optional resource developed to assist employers in determining retirement plan eligibility. The checklist walks through all aspects of eligibility including age, lawful presence, classification, reemployment status, and intention of hours to be worked each week upon hire/status change. While employers are not required to use the checklist,

many have incorporated it into their onboarding and employee status change processes. In these cases, the checklist is reviewed with the employee and signed by both parties, allowing the employer to retain documentation supporting the determination of whether retirement plan enrollment was required.

All regular employees that are at least 18 years old and either a U.S. citizen or lawfully present in the U.S who are hired to work at least 20 hours per week are required to be enrolled in the plan immediately upon hire per statute. As the employer, it is critical for you to document and support the intention of hours to be worked per week for each employee. If you choose to use the School Plan Eligibility Checklist, there is a section at the top of page one where you can document the intention of hours to be worked per week.

What about employees who are hired without a specific intention of hours to be worked? If you are hiring an employee to work a range of hours, but lists the minimum number of hours to be at least 20 hours per week, then the hours requirement would be met. If the documentation identifies the intention of hours as a "minimum of 15-25 hours per week", or uses language such as "up to", "not to exceed", "a maximum of", or does not list any number of hours, then the hours requirement is not met and all hours should be tracked and reviewed to determine if the employee meets the hours threshold for mandatory enrollment. You can find the [Calculator Tool – Monitoring Hours Worked For Eligibility](#) on our website to use when determining if eligibility was established by working an average of 20 hours or more per week in any (does not have to be consecutive) three calendar months of a plan year.

Determining *Classification*

For retirement purposes, there are only three classifications, regular, substitute, and temporary, as defined in statute. Correctly classifying an employee is critical when determining whether or not they are eligible for plan participation. See the classifications and definitions below.

Regular Employee	Substitute Employee	Temporary Employee
A person hired to render regular, ongoing, and permanent service on a part-time or full-time status. Generally, this includes coaching and extra-duty positions.	A person hired as a temporary employee to assume the duties of a regular employee due to a temporary absence. This does not include vacant positions or positions where no one is hired for the role.	A person hired to provide a service for one year or less, to accomplish a specific purpose or task, and when the task is complete, the employment is over.

What about employees that provide multiple services? Statute defines the classifications not as regular, substitute, and temporary service but as regular, substitute, and temporary employees. This means that you need to consider all job duties when determining an employee's classification. As the employer, it is your responsibility to determine classifications upon hire or status change and be able to support the classification with appropriate documentation.

An employee can only have one classification. An employee's classification may change over time, and if a classification change occurs, be sure to document it appropriately.

Good Records Tell the Story

When it comes to documenting employee hours, job titles do not always tell the whole story. A substitute teacher may also be a coach, and a bus driver may perform

duties outside of driving a bus. Understanding the full scope of an employee's work is essential when evaluating hours and retirement plan eligibility. Things to keep in mind that if you have a regular employee who takes on additional duties or hours:

If they are a contributing member, all hours worked should be tracked and reported to ensure they receive their full-service credit for the year and that their full compensation is accurately reported as it can have a lifetime impact on the member's retirement benefits.

- For contributing members who work 1000+ hours each year to receive their full year of service credit, it is the responsibility of the employer to remind the employees to track and turn in their hours for any extra-duty positions and the responsibility of the employee to do so. As the employer, document each instance the reminders were sent in which the employee did not turn in hours. This will support any additional compensation reported as well as that you met your responsibilities.
- For contributing members who work less than 1000 hours each year, it is the responsibility of the employer to track and report all hours worked across all positions, including extra-duty positions. Failure to do so increases the likelihood of a negative impact on a member's lifetime benefit.

If they are a non-contributing employee, you as the employer are required to track and combine all hours worked across all positions in order to determine if eligibility was established by working an average of 20 hours or more per week in any (does not have to be consecutive) three calendar months of a plan year.

120-day Separation Period *Explained*

One of the most common questions NPERS has received regarding the new termination of employment rules is what counts as service during the 120-day separation period. In this case, the simplest explanation is also the correct one.

When a member requests a distribution (retirement benefit, refund, or rollover) they are required by state statute to complete the bona-fide separation period. [As of May 1, 2026, the separation period changed from 180 days to 120 days and no service at any School Plan employer is allowed.](#) The other requirement to the separation period is that there cannot be any prearrangement to return to service. This includes continued service as a coach even if the season is outside of the 120-day separation period. Per statute, service is not deemed interrupted by seasonal or temporary suspension of service that does not terminate employment. As coaching is generally considered regular service, seasonal suspension of coaching duties would cause a termination violation and any distribution received would have to be repaid. Continued service, including with outside organizations going into schools, may appear as a “sham termination” and be determined as a termination violation requiring repayment of any benefits received plus interest.

This is not to say that a retiree cannot change their mind at a later date. However, members should contact NPERS before taking action if they have questions regarding potential reemployment or service during the separation period.

Members have worked their entire careers to earn their retirement benefits. Taking a few moments to verify that an activity will not jeopardize a bona fide separation can help prevent costly mistakes and potential repayment obligations.

SCHOOL EMPLOYER REPORTING WORKSHOPS

Believe it or not, the school year has already come to a close—which means it’s time once again for the NPERS Employer Reporting Workshops!

These workshops cover important topics such as recent changes in laws, updates to forms and procedures, and reporting through the Nebraska Public Retirement Information System (NPRIS).

This year, we’re offering both in-person workshops

and an online webinar option. We’re also excited to welcome representatives from our Accounting and Internal Audit teams.

There is no fee to attend, but pre-registration is required.

In-person events are filled on a first-come, first-served basis, so we encourage you to register now!

To register for an upcoming workshop, [click here](#).

NOTE: Anyone experiencing registration issues, please email npers.seminars@nebraska.gov with the location you wish to attend, and NPERS will respond with instructions.

JULY 7TH
KEARNEY

ESU #10
76 Plaza Blvd.
Time: 12:45 PM – 3:45 PM

JULY 9TH
NORFOLK

NECC Lifelong Learning Center
601 E. Benjamin Ave.
Time: 1:00 PM – 4:00 PM

JULY 14TH
LAVISTA

ESU #3
6949 S. 110th St.
Time: 1:00 PM – 4:00 PM

JULY 16TH
LINCOLN

Isles Reception Hall
6232 Havelock Ave
Time: 1:00 PM – 4:00 PM

**Online
Webinar**

Friday, July 17, 2026
9:00 AM - 12:00 PM



Register Now

CONTRIBUTION RATES

Contribution rates for members, employers, and the State of Nebraska will now be determined by the Plan's funded status, as determined by an independent, third-party actuarial valuation report.

ACTION REQUIRED:

When submitting your NPERS Wage and Contribution Report for the period July 1 – July 31, 2026, please ensure the report reflects a 7.25% employee contribution rate. Reports that do not reflect this updated rate will generate an error and will not be accepted.



PLEASE NOTE: Contribution rates may change annually. It is the employer's responsibility to stay informed of the current rate each year and update reporting accordingly.

Beginning July 1, 2025, contribution rates will vary annually based on the plan's funded status. The current funded status is 102.1%. For the 2026-27 fiscal year, members will contribute 7.25%, the employer will contribute 7.3225%, and the state will contribute 0.00%. These rates will be evaluated and adjusted each July 1 based on actuarial valuation results.

Funded Status	Employee	Employer	State
100% or more	7.25%	7.3225%	0.00%
98% to less than 100%	8.00%	8.08%	0.70%
96% to less than 98%	8.75%	8.8375%	0.70%
Less than 96%	9.75%	9.8475%	2.00%