

**NEBRASKA PUBLIC EMPLOYEES
RETIREMENT SYSTEMS
STATE PATROL
RETIREMENT SYSTEM**

**GASB STATEMENT
NO. 68 REPORT**



**PREPARED AS OF JUNE 30, 2025
FOR FINANCIAL REPORTING JUNE 30, 2026**



December 18, 2025

Mr. Tyler Cummings
Interim Executive Director
Nebraska Public Employees Retirement Systems
Post Office Box 94816
Lincoln, NE 68509

Dear Mr. Cummings:

Presented in this report is information to assist the Nebraska Public Employees Retirement Systems in providing information required under the Governmental Accounting Standards Board (GASB) Statement No. 68 to the State of Nebraska for the State Patrol Retirement System. GASB Statement No. 68 establishes accounting and financial reporting requirements for governmental employers who provide pension benefits to their employees through a trust. This report, which has been prepared as of June 30, 2025, is intended for use in the State's financial reporting for fiscal year 2026. The calculations in this report have been made on a basis that is consistent with our understanding of this accounting standard (GASB 68). Please note that the discount rate used to determine the Total Pension Liability (TPL) changed from 7.00% at the Prior Measurement Date to 6.95% at the current Measurement Date.

The annual actuarial valuation used as the basis for much of the information presented in this report was performed as of July 1, 2025. The valuation was based upon data, furnished by the staff of the Nebraska Public Employees Retirement Systems, concerning active, inactive and retired members along with pertinent financial information. This information was reviewed for completeness and internal consistency but was not audited by us. The valuation results depend on the integrity of the data. If any of the information is inaccurate or incomplete, our results may be different, and our calculations may need to be revised. Please see the actuarial valuation report for additional details on the funding requirements for the System including actuarial assumptions and methods and the Plan's funding policy.

To the best of our knowledge, the information contained in this report is complete and accurate. Certain information about the Plan and where additional information can be found was provided by the Nebraska Public Employees Retirement Systems and used in this report. The calculations were performed by qualified actuaries according to generally accepted actuarial principles and practices, as well as in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include



tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. The calculations are based on the current provisions of the System and on actuarial assumptions that are internally consistent and individually reasonable based on the actual experience of the System. In addition, the calculations were completed in compliance with applicable law and, in our opinion, meet the requirements of GASB 68.

These results are only for financial reporting and may not be appropriate for funding purposes or other types of analysis. Calculations for purposes other than satisfying the requirements of GASB 68 may produce significantly different results. Future actuarial results may differ significantly from the current results presented in this report due to such factors as changes in plan experience or changes in economic or demographic assumptions.

We, Patrice A. Beckham, FSA, and Brent A. Banister, FSA, are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. We are available to answer any questions on the material contained in this report or to provide explanations or further details as may be appropriate.

Respectfully submitted,

Patrice Beckham, FSA, EA, FCA, MAAA
Consulting Actuary

Brent A. Banister, PhD, FSA, EA, FCA, MAAA
Chief Actuary



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SECTION I – SUMMARY OF PRINCIPAL RESULTS



GASB STATEMENT NO. 68 NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS STATE PATROL RETIREMENT SYSTEM

Valuation Date (VD):	July 1, 2025
Prior Measurement Date:	June 30, 2024
Measurement Date (MD):	June 30, 2025
Membership Data:	
Retirees and Beneficiaries	515
Members in DROP	33
Disabled Members	16
Inactive Vested Members	30
Inactive Nonvested Members	19
Active Employees	<u>386</u>
Total	999
Single Equivalent Interest Rate (SEIR):	
Long-Term Expected Rate of Return	6.95%
Municipal Bond Index Rate at Prior Measurement Date	3.94%
Municipal Bond Index Rate at Measurement Date	5.25%
Year in which Fiduciary Net Position is Projected to be Depleted	N/A
Single Equivalent Interest Rate at Prior Measurement Date	7.00%
Single Equivalent Interest Rate at Measurement Date	6.95%
Net Pension Liability:	
Total Pension Liability (TPL)	\$732,345,270
Fiduciary Net Position (FNP)	<u>647,545,587</u>
Net Pension Liability (NPL = TPL – FNP)	\$84,799,683
FNP as a percentage of TPL	88.42%
Pension Expense:	\$37,215,643
Deferred Outflows of Resources:	\$43,982,799
Deferred Inflows of Resources:	\$46,980,760





SECTION II - INTRODUCTION

The Governmental Accounting Standards Board issued Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, in June 2012. GASB 68's effective date for employers was the first fiscal year beginning after June 15, 2014 (fiscal year ending June 30, 2015 for the State of Nebraska). The State Patrol Retirement System (Plan) is a single-employer defined benefit pension plan.

Paragraph 20 of GASB Statement 68 permits the measurement date of the Net Pension Liability reported by a single employer to be "as of" a date no earlier than the end of its prior fiscal year provided that the actuarial valuation used to determine the Net Pension Liability meets the timing requirements of paragraph 22 of GASB 68. This option is available to the State of Nebraska (employer) which has a fiscal year end of June 30. Since June 30 is also the fiscal year end of the State Patrol Retirement System, a Measurement Date of June 30, 2025 was used to determine the Net Pension Liability and Pension Expense for the employer's fiscal year ending June 30, 2026.

This report, prepared as of June 30, 2025 (the Measurement Date), presents information to assist the State Patrol Retirement System of the Nebraska Public Employees Retirement Systems in providing the required information under GASB 68 to the State of Nebraska. Much of the material provided in this report, including the Net Pension Liability, is based on the results of the GASB 67 report for the State Patrol Retirement System of the Nebraska Public Employees Retirement Systems, which was issued November 20, 2025. See that report for more information on the member data, actuarial assumptions and methods used in developing the GASB 67 results.

GASB 68 requires the inclusion of a Net Pension Liability (NPL) on the employer's Statement of Net Position and a determination of a Pension Expense (PE) in the Notes to the Financial Statements that may bear little relationship to the employer's funding requirements. In fact, it is possible in some years for the NPL to be an asset or the PE to be an income item. The NPL is set equal to the Total Pension Liability (TPL) minus the Fiduciary Net Position (FNP). The benefit provisions recognized in the calculation of the TPL are summarized in Appendix B.

PE includes amounts for Service Cost (the Normal Cost under Entry Age Normal (EAN) for the year), interest on the TPL, employee contributions, administrative expenses, other cash flows during the year, recognition of increases/decreases in the TPL due to changes in the benefit structure, actual versus expected experience, actuarial assumption changes, and recognition of investment gains/losses. The actual experience and assumption change impacts are recognized over the average expected remaining service life of the Plan membership as of the beginning of the measurement period, while investment gains/losses are recognized equally over five years. The development of the PE is shown in Section III. The unrecognized portions of each year's experience, assumption changes and investment gains/losses are used to develop Deferred Inflows and Outflows of Resources, which also must be included on the employer's Statement of Net Position.





SECTION II - INTRODUCTION

Among the items needed for the TPL calculation is a discount rate, as defined by GASB, or a Single Equivalent Interest Rate (SEIR). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable under the plan's provision applicable to the membership and beneficiaries of the Plan on the Measurement Date. Future contributions were projected to be made at the current levels set in statute. If the FNP is not projected to be depleted at any point in the future, the long-term expected rate of return on plan investments expected to be used to finance the benefit payments may be used as the SEIR.

If, however, the FNP is projected to be depleted at a future measurement date, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long-term expected rate of return, and the present value determined by discounting those benefits after the depletion date by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate (Municipal Bond Index Rate). The rate used, if necessary, for this purpose is the monthly average of the Bond Buyer General Obligation 20-year Municipal Bond Index (formerly published monthly by the Board of Governors of the Federal Reserve System).

Our calculations indicated that the FNP is not projected to be depleted, so the Municipal Bond Index Rate is not used in the determination of the SEIR for either the June 30, 2024 or the June 30, 2025 TPL. The SEIR for the Prior Measurement Date was 7.00% and the SEIR for the current Measurement Date is 6.95%, the long-term assumed rate of return on investments. The SEIR for both the Measurement Date and Prior Measurement Date meets the requirements of GASB 67 and 68.

The FNP projections are based upon the Plan's financial status on the Measurement Date, the indicated set of methods and assumptions, and the requirements of GASB 67 and 68. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

The benefit structure of the State Patrol Retirement System includes a Deferred Retirement Option Plan (DROP). For details on the provisions of the DROP, please see Appendix B of this report. In accordance with Paragraph 46(d) of GASB 67, the date of entry into the DROP is considered the member's retirement date for purposes of attributing the actuarial present value of projected benefit payments.

The sections that follow provide the results of all the required calculations, presented in the order laid out in GASB 68 for note disclosure and Required Supplementary Information (RSI). Some of this information was provided by the Nebraska Public Employees Retirement Systems for use in this report. These sections, not prepared by CavMac, are: Paragraphs 37, 38, 40(a)-(b), 40(d)-(e), 43 and 45(e)-(f).





SECTION III – PENSION EXPENSE

As noted earlier, the Pension Expense (PE) consists of a number of different items. GASB 68 refers to the first item as Service Cost, which is the Normal Cost using the Entry Age Normal (EAN) actuarial funding method. The second item is interest on the TPL at 7.00%, the SEIR in effect as of the Prior Measurement Date.

The next three items refer to any changes that occurred in the TPL due to:

- benefit changes,
- actual versus expected experience, or
- changes in actuarial assumptions or other inputs.

Benefit changes, which are reflected immediately, will increase PE if there is a benefit improvement for existing Plan members or decrease PE if there is a benefit reduction. For the year ended June 30, 2025, there was one benefit change to be recognized. This changed the pre-retirement and post-retirement death benefits that currently provide for a survivor benefit from 75% of the member's benefit to a 100% survivor benefit.

The next item to be recognized is the portion of current year changes in TPL due to actual versus expected experience for the year. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Plan membership at the beginning of the measurement period. The average expected remaining service life of active members is the average number of years the active members are expected to remain in covered employment. At the beginning of the measurement period, this number is 10.52 years. The average expected remaining service life of the inactive members is zero. Therefore, the recognition period is the weighted average of these two amounts, or 4.15 years.

The last item under changes in TPL is changes in actuarial assumptions or other inputs. There were a number of changes in the actuarial assumptions or other inputs since the Prior Measurement Date. These changes will be recognized over the average expected remaining service life of the entire Plan membership, using the same approach applied to experience gains and losses as described in the prior paragraph.

Employee contributions for the year and projected earnings on the FNP at the long-term expected rate of return are subtracted from the amount determined thus far. One-fifth of current-period differences between projected and actual earnings on the FNP is recognized in the PE.

The current year portions of previously determined experience, assumption changes and earnings amounts, recognized as Deferred Outflows of Resources and Deferred Inflows of Resources are included next. Deferred Outflows of Resources are added to the PE, while Deferred Inflows of Resources are subtracted from the PE. Finally, administrative expenses and other miscellaneous items are included.

The calculation of the PE for the year ended June 30, 2025 is shown in the following table.



SECTION III – PENSION EXPENSE



Pension Expense For the Year Ended

June 30, 2025	
Service Cost at end of year	\$11,957,679
Interest on the Total Pension Liability	45,811,539
Benefit term changes	23,958,015
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	1,313,959
Expensed portion of current-period assumption changes	1,779,470
Employee contributions	(4,323,828)
Projected earnings on plan investments	(40,729,241)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(5,483,493)
Administrative expenses	147,598
Other changes	(20,733)
Recognition of beginning Deferred Outflows of Resources	31,269,753
Recognition of beginning Deferred Inflows of Resources	(28,465,075)
Total Pension Expense	\$37,215,643

Note: Average expected remaining service life for all members is 4.15 years.





SECTION IV – NOTES TO FINANCIAL STATEMENTS

The material presented herein will follow the order presented in GASB 68. Paragraph numbers are provided for ease of reference.

Paragraph 37: This information is available in the State's Annual Report online at:

https://das.nebraska.gov/accounting/financial_reports.php

Paragraph 38: The State of Nebraska is the plan sponsor for the Judges' Retirement System, the State Patrol Retirement System, and the State Employees' Retirement System Cash Balance Benefit Fund. All are single-employer defined benefit pension plans. Information for paragraphs 39 to 45 for the State Patrol Retirement System can be found on the following pages. Similar information for the Judges' Retirement System and the State Employees' Retirement System Cash Balance Benefit Fund can be found in the GASB 68 report for those systems.

Paragraph 39: Not Applicable.

Paragraph 40(a): The name of the pension plan is the State Patrol Retirement System, and it is administered by the Nebraska Public Employees Retirement Board which was created in 1971 to administer all of the Nebraska retirement plans.

The State Patrol plan has been created in accordance with Internal Revenue Code Sections 401(a) and 414(h), and 414(k). Please refer to Neb. Rev. Stat. §§ 81-2014 through 81-2041 (Reissue 2024; Supp. 2025) for the State Patrol Retirement Act. Benefit and contribution provisions are established by State law and may be amended only by the Nebraska Legislature.

Paragraph 40(b):

(1) Classes of employees covered: The membership includes all officers of the Nebraska State Patrol. Tier 1 members joined the plan prior to July 1, 2016 and Tier 2 members joined the plan on or after July 1, 2016, as well as Tier 1 members who took a refund and returned to the plan on or after July 1, 2016.

(2) Types of benefits: The main benefits provided are retirement benefits. However, the System also provides ancillary benefits in the event of pre-retirement death, disability, or termination of employment prior to meeting the eligibility requirements to retire.

(3) Key elements of the pension formulas: Unreduced retirement benefits are payable upon meeting one of the following criteria: (a) the completion of 25 years of service and attaining age 50, (b) the completion of ten years of service and attaining age 55, (c) the completion of 30 years of service at any age, or (d) attaining age 60 regardless of service. For Tier 1, the retirement benefit is calculated using the compensation for the three 12-month periods of service in which compensation was the greatest (five 12-month periods with an 8% cap per year for Tier 2 members), multiplied by the total years of service and the formula factor of 3.0 percent, subject to a maximum of 75 percent of the final average salary. The calculation varies with early retirement which is available at age 50 and 10 years of service. Benefits vest when the officer completes six years of service and are fully





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vested after ten years of service. For Tier 1 members, election into a DROP is available at age 50 and 25 years of service for a maximum of 5 years.

(4) Terms with respect to automatic postemployment benefit changes, including automatic COLAs and ad hoc COLAs: The benefit paid to a retired member or beneficiary receives an annual cost-of-living adjustment. For Tier 1, the benefit is increased by the lesser of the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers or two and one-half percent. The current benefit paid to a retired member or beneficiary shall be adjusted so that the purchasing power of the benefit being paid is not less than 60% of the purchasing power of the initial benefit. For Tier 2, the benefit is increased by the lesser of the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers or one percent. There is no purchasing power floor for Tier 2.

(5) Authority under which benefit terms are established or may be amended: Benefit and contribution provisions are established by State law (Neb. Rev. Stat. §§ 81-2014 through 81-2041 (Reissue 2024; Supp. 2025)) and may be amended only by the Nebraska Legislature.

Paragraph 40(c): The data required regarding the membership of the Plan were furnished by the Nebraska Public Employees Retirement Systems. The following table summarizes the membership of the Plan as of July 1, 2025 (the Valuation Date). The July 1, 2025 valuation was used to determine the June 30, 2025 TPL.

Membership

Number as of July 1, 2025	
Inactive Members Or Their Beneficiaries	515
Currently Receiving Benefits	
Members in DROP	33
Disabled Members	16
Inactive Members Entitled To But Not Yet Receiving Benefits	30
Inactive Nonvested Members	19
Active Members	<u>386</u>
Total	999

Paragraph 40(d):

(1) Basis for determining the employer's contributions to the plan: Pursuant to state statute, an actuarial valuation is performed each year to determine the actuarial required contribution. To the extent member and employer statutory contributions are insufficient to meet the full actuarial required contribution, the remainder is paid by the State as an additional contribution (see 40(d)(3)).





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- (2) **Identification of the authority under which contribution requirements of the employer and employees are established or may be amended:** Contribution provisions are established by State law (Neb. Rev. Stat. §§ 81-2014 through 81-2041 (Reissue 2024; Supp. 2025)) and may be amended only by the Nebraska Legislature.
- (3) **The contribution rates (in dollars or as a percentage of covered payroll) of those entities for the reporting period:**

Members: 10% of monthly salary for all members.

Employer (State) Contributions: 24% of monthly salary for all members. In addition, to the extent member and employer statutory contributions are insufficient to meet the full actuarial required contribution, the remainder is paid by the State as an additional contribution. For the fiscal year ending June 30, 2025, the additional contribution made by the State was \$6,834,870.

Amount of contributions recognized by the pension plan from the employer during the reporting period (only the total amounts recognized as additions to the plan's fiduciary net position are reflected here): For the fiscal year ending June 30, 2025, the plan received \$4,323,828 in member contributions and total state contributions of \$17,168,087.

Paragraph 40(e): Whether the pension plan issues a stand-alone financial report (or the pension plan is included in the report of a public employee retirement system or another government) that is available to the public and, if so, how to obtain the report: Annually, the Nebraska Public Employees Retirement Systems prepare stand-alone financial statements for the State Patrol Retirement System. The audited financial statement reports can be found at:

<http://www.nebraska.gov/auditor/FileSearch/entityresults.cgi?id=Retirement%20Systems%2C%20Public%20Employees>

Paragraph 41: This paragraph requires information to be disclosed regarding the significant actuarial assumptions and other inputs used to measure the TPL. The complete set of actuarial assumptions and other inputs utilized in developing the TPL are outlined in Appendix C. The TPL as of June 30, 2025 was determined based on an actuarial valuation prepared as of July 1, 2025, using the following key actuarial assumptions and other inputs:

Price Inflation	2.35 percent
Wage Inflation	2.95 percent
Salary increases, including wage inflation	2.95 to 8.45 percent





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Long-term Rate of Return, net of investment expense, including price inflation	6.95 percent
Municipal Bond Index Rate	5.25 percent
Year FNP is projected to be depleted	N/A
Single Equivalent Interest Rate, net of investment expense, including price inflation	6.95 percent
Cost-of-living adjustment	2.00 percent per annum, compounded annually for Tier 1 members, 1.00 percent per annum, compounded annually for Tier 2 members.
Mortality	
a. Healthy lives – Active members	Pub-2010 General Members (Above Median) Employee Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.
b. Healthy lives – Retired members	Pub-2010 General Members (Above Median) Retiree Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.
c. Healthy lives – Beneficiaries	Pub-2010 General Members (Above Median) Contingent Survivor Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.
d. Disabled members	Pub-2010 Non-Safety Disabled Retiree Mortality Table (static table).

The actuarial assumptions used in the valuation are based on the results of the actuarial experience study, which covered the four-year period ending June 30, 2023. The experience study report is dated February 19, 2025.





Paragraph 42:

(a): Discount rate (SEIR). The discount rate used to measure the TPL at June 30, 2025 was 6.95%. The discount rate used to measure the TPL at June 30, 2024 was 7.00%.

(b): Projected cash flows. The projection of cash flows used to determine the discount rate assumed that plan contributions from members and the State of Nebraska will be made at the current contribution rates as set out in state statute:

- a. Employee contribution rate: 10% of monthly salary for all members.
- b. State contribution rate: 24% of monthly salary for all members.
- c. The State makes any additional contributions that are actuarially required, as determined in the annual actuarial valuation.
- d. Administrative expenses for the current and future years were assumed to be 0.35% of the current members' proportionate share of covered payroll.

Based on those assumptions, the Plan's FNP was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments of 6.95% was applied to all periods of projected benefit payments to determine the TPL.

The FNP projections are based upon the Plan's financial status on the Measurement Date, the indicated set of methods and assumptions, and the requirements of GASB 68. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

(c): Long-term rate of return. The long-term expected rate of return on pension plan investments is reviewed regularly as part of the experience study. The experience analysis used to develop the long-term rate of return in this report was performed and results provided in a report dated February 19, 2025. Generally, several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the System's investment consultant. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by investment consultants are often intended for use over a 10-year investment horizon and are not always useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The long-term rate of return assumption is intended to be a long-term assumption (30 to 50 years) and



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is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

(d): Municipal bond rate. A municipal bond rate was not used in determining the discount rate. If it were required, the rate would be 5.25% on the Measurement Date.

(e): Periods of projected benefit payments. Projected future benefit payments for all current plan members were projected through 2124.

(f): Assumed asset allocation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, as provided by the System's investment consultant, Aon Investments USA, Inc., are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. Equity	24.0%	4.5%
Non-U.S. Equity	11.5%	4.6%
Global Equity	22.0%	4.8%
Fixed Income	30.0%	3.0%
Private Equity	5.0%	7.1%
Real Estate	<u>7.5%</u>	4.0%
Total	100.0%	

*Arithmetic mean, net of investment expenses

(g): Sensitivity analysis. This paragraph requires disclosure of the sensitivity of the NPL to changes in the discount rate. The following presents the NPL of the System, calculated using the discount rate of 6.95 percent, as well as the System's NPL calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate.

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
Total Pension Liability	\$837,827,069	\$732,345,270	\$647,404,688
Fiduciary Net Position	<u>647,545,587</u>	<u>647,545,587</u>	<u>647,545,587</u>
Net Pension Liability	\$190,281,482	\$84,799,683	(\$140,899)





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Paragraph 43: The Plan's financial statements were prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred. Employee and employer contributions are recognized in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each Plan.

Investments as reported in the financial statements include long-term investments. Law or legal instruments may restrict these investments. All investments are stated at fair value based on quoted market prices. For investments where no readily ascertainable fair value exists, management has received an estimate of fair value from the investment fund manager based, in part, on real estate appraisals. The State Treasurer is the custodian of all funds; however, investment of funds is under the responsibility of the Nebraska Investment Council.

There have been no changes since the Measurement Date that would materially alter the Plans' financial report.

This information can be found in the published financials online at:

<http://www.nebraska.gov/auditor/FileSearch/entityresults.cgi?id=Retirement%20Systems%2C%20Public%20Employees>





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Paragraph 44 (a) – (c): This paragraph requires a schedule of changes in NPL. The needed information is provided in the table below for fiscal year ended June 30:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2024	\$668,086,726	\$588,340,252	\$79,746,474
Changes for the year:			
Service Cost at end of year	11,957,679		11,957,679
Interest on TPL	45,811,539		45,811,539
Benefit term changes	23,958,015		23,958,015
Differences between expected and actual experience	5,452,931		5,452,931
Assumption changes	7,384,800		7,384,800
Employer contributions		17,168,087	(17,168,087)
Employee contributions		4,323,828	(4,323,828)
Net investment income		68,146,705	(68,146,705)
Benefit payments, including member refunds	(30,306,420)	(30,306,420)	0
Administrative expenses		(147,598)	147,598
Other changes		20,733	(20,733)
Net changes	<u>64,258,544</u>	<u>59,205,335</u>	<u>5,053,209</u>
Balances at June 30, 2025	\$732,345,270	\$647,545,587	\$84,799,683

Paragraph 44(d): There is no special funding situation.



SECTION IV – NOTES TO FINANCIAL STATEMENTS



Paragraph 45:

(a): The Measurement Date of the NPL is June 30, 2025. The TPL as of June 30, 2025 was determined based upon an actuarial valuation performed as of the Valuation Date, July 1, 2025.

(b): There is no special funding situation.

(c): There were a number of changes in the actuarial assumptions since the Prior Measurement Date. These changes are detailed in Appendix C of this report.

(d): For the year ended June 30, 2025, there was one change in the benefit terms since the Prior Measurement Date. This changed the pre-retirement and post-retirement death benefits that currently provide for a survivor benefit from 75% of the member's benefit to a 100% survivor benefit

(e): There were no benefit payments in the measurement period attributable to the purchase of allocated insurance contracts.

(f): Based on the available information, the Nebraska Public Employees Retirement Systems believes there are no changes between the Measurement Date of the NPL (June 30, 2025) and the employer's reporting date (June 30, 2026) that are expected to have a significant effect on the NPL.

(g): Please see Section III of this report for the development of the PE.

(h): Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce PE, they are labeled Deferred Inflows of Resources. If they will increase PE, they are labeled Deferred Outflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are recognized over the average expected remaining service life of the active and inactive Plan members at the beginning of the measurement period. Investment gains and losses are recognized equally over a five-year period.





SECTION IV – NOTES TO FINANCIAL STATEMENTS

The following tables provide a summary of the amounts of the Deferred Outflows of Resources and Deferred Inflows of Resources as of the Measurement Date (June 30, 2025). Per GASB 68, reporting of the differences between projected and actual earnings should be on a net basis, with only one Deferred Outflow or Inflow. This information is provided in the following table:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/(Inflows) of Resources
Differences between expected and actual experience	\$17,496,922	\$0	\$17,496,922
Changes of assumptions	9,497,884	0	9,497,884
Differences between projected and actual earnings	<u>16,987,993</u>	<u>46,980,760</u>	<u>(29,992,767)</u>
Total	\$43,982,799	\$46,980,760	(\$2,997,961)



SECTION IV – NOTES TO FINANCIAL STATEMENTS



The following tables show the Deferred Outflows of Resources and Deferred Inflows of Resources separately to provide additional detail.

Deferred Outflows of Resources				
	June 30, 2024	Additions	Recognition	June 30, 2025
Differences between expected and actual experience				
FY 2021 Base	\$ 132,541	\$ 0	\$ 132,541	\$ 0
FY 2022 Base	342,484	0	237,836	104,648
FY 2023 Base	21,796,348	0	9,952,671	11,843,677
FY 2024 Base	2,062,229	0	652,604	1,409,625
FY 2025 Base	0	5,452,931	1,313,959	4,138,972
Total	\$ 24,333,602	\$ 5,452,931	\$ 12,289,611	\$ 17,496,922
Changes of assumptions				
FY 2021 Base	\$ 361,603	\$ 0	\$ 361,603	\$ 0
FY 2022 Base	1,248,954	0	867,330	381,624
FY 2023 Base	2,203,032	0	1,005,951	1,197,081
FY 2024 Base	3,385,075	0	1,071,226	2,313,849
FY 2025 Base	0	7,384,800	1,779,470	5,605,330
Total	\$ 7,198,664	\$ 7,384,800	\$ 5,085,580	\$ 9,497,884
Differences between projected and actual earnings				
FY 2021 Base	\$ 0	\$ 0	\$ 0	\$ 0
FY 2022 Base	33,975,984	0	16,987,991	16,987,993
FY 2023 Base	0	0	0	0
FY 2024 Base	0	0	0	0
FY 2025 Base	0	0	0	0
Total	\$ 33,975,984	\$ 0	\$ 16,987,991	\$ 16,987,993
Total	\$ 65,508,250	\$ 12,837,731	\$ 34,363,182	\$ 43,982,799



SECTION IV – NOTES TO FINANCIAL STATEMENTS



Deferred Inflows of Resources				
	June 30, 2024	Additions	Recognition	June 30, 2025
Differences between expected and actual experience				
FY 2021 Base	\$ 0	\$ 0	\$ 0	\$ 0
FY 2022 Base	0	0	0	0
FY 2023 Base	0	0	0	0
FY 2024 Base	0	0	0	0
FY 2025 Base	0	0	0	0
Total	\$ 0	\$ 0	\$ 0	\$ 0
Changes of assumptions				
FY 2021 Base	\$ 0	\$ 0	\$ 0	\$ 0
FY 2022 Base	0	0	0	0
FY 2023 Base	0	0	0	0
FY 2024 Base	0	0	0	0
FY 2025 Base	0	0	0	0
Total	\$ 0	\$ 0	\$ 0	\$ 0
Differences between projected and actual earnings				
FY 2021 Base	\$ 19,256,941	\$ 0	\$ 19,256,941	\$ 0
FY 2022 Base	0	0	0	0
FY 2023 Base	7,732,847	0	2,577,615	5,155,232
FY 2024 Base	26,522,076	0	6,630,519	19,891,557
FY 2025 Base	0	27,417,464	5,483,493	21,933,971
Total	\$ 53,511,864	\$ 27,417,464	\$ 33,948,568	\$ 46,980,760
Total	\$ 53,511,864	\$ 27,417,464	\$ 33,948,568	\$ 46,980,760





SECTION IV – NOTES TO FINANCIAL STATEMENTS

(i): Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in PE in future fiscal years as follows:

Fiscal Year Ending June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/(Inflows) of Resources
2027	\$33,250,146	\$14,691,627	\$18,558,519
2028	6,899,395	14,691,629	(7,792,234)
2029	3,369,243	12,114,012	(8,744,769)
2030	464,015	5,483,492	(5,019,477)
2031	0	0	0
Thereafter	0	0	0

(j): Based on information supplied by the Nebraska Public Employees Retirement Systems, the State Patrol Retirement System receives no revenue from non-employer contributing entities.





SECTION V – REQUIRED SUPPLEMENTARY INFORMATION

There are several tables of Required Supplementary Information (RSI) that need to be included in the Plan's financial statements:

Paragraphs 46(a) - (c): The required tables of schedules are provided in Appendix A.

Paragraph 47: Significant methods and assumptions used in calculating the Actuarially Determined Contributions, if any, should be presented as notes to the schedule required by paragraph 46(c). In addition, for each of the schedules required by paragraph 46, information should be presented about factors that significantly affect trends in the amounts reported.

Changes of benefit and funding terms: The following changes were made by the Nebraska Legislature and reflected in the valuation performed as of July 1 listed below:

2025: The 2025 Legislature passed Legislative Bill 645 (LB 645) which changed the pre-retirement and post-retirement death benefits that currently provide for a survivor benefit from 75% of the member's benefit to a 100% survivor benefit.

2024: The 2024 Legislature passed Legislative Bill 196 (LB 196) which decreased the member contribution rate to 10.00% of covered pay and increased the employer contribution rate to 24.00% of pay.

2021: Legislative Bill 17 (LB 17), which was passed by the 2021 Nebraska Legislature, changed the amortization period for amortization bases established on or after July 1, 2021 from 30 to 25 years. If the UAAL is less than or equal to zero, then all prior amortization bases are considered fully funded and the UAAL is reinitialized and amortized over a 25-year period as of the actuarial valuation date.

2017: The 2017 Legislature passed LB 415, which grants the PERB the authority to set the actuarial assumptions used to determine the benefit amounts payable under optional forms of payment for members hired on or after July 1, 2017. Since these changes do not affect any members in the current valuation, the adopted changes have no impact on the valuation results.

2016: Legislative Bill 467 (LB 467) created a new tier of State Patrol members that are employed on or after July 1, 2016. This new tier includes changes to benefits and contributions as follows:

- Member and employer contributions are increased from 16% of pay to 17% of pay.
- Compensation no longer includes compensation for unused sick leave, unused vacation leave, unused holiday compensatory time, unused compensatory time, or any other type of unused leave, compensatory time, or similar benefits, converted to cash payments.





SECTION V – REQUIRED SUPPLEMENTARY INFORMATION

- Final average salary moves from the highest three 12-month periods to the highest five 12-month periods. During the five year period, the member's compensation for the preceding plan year is capped at an eight percent increase.
- The automatic COLA is capped at 1.0% instead of 2.5%. However, a 1.5% discretionary COLA may be granted in addition to the automatic COLA if certain criteria are met.
- The DROP program is eliminated.

Changes in actuarial assumptions:

7/1/2025 valuation:

- Long-term investment return decreased from 7.00% to 6.95%.
- Salary increase assumption was adjusted to better reflect observed experience.
- Administrative expenses assumption was increased from 0.26% to 0.35% of payroll.

7/1/2024 valuation:

- Price inflation decreased from 2.45% to 2.35%.
- Long-term investment return decreased from 7.10% to 7.00%.
- Covered payroll growth assumption decreased from 2.95% to 2.85%.
- General wage inflation decreased from 2.95% to 2.85%.
- Cost of living adjustment assumption decreased to 2.00% for Tier 1 members.

7/1/2023 valuation:

- Price inflation decreased from 2.55% to 2.45%.
- Long-term investment return decreased from 7.20% to 7.10%.
- Covered payroll growth assumption decreased from 3.05% to 2.95%.
- General wage inflation decreased from 3.05 to 2.95%.
- Cost of living adjustment assumption decreased to 2.05% for Tier 1 members.

7/1/2022 valuation:

- Price inflation decreased from 2.65% to 2.55%.
- Long-term investment return decreased from 7.30% to 7.20%.
- Covered payroll growth assumption decreased from 3.15% to 3.05%.
- General wage inflation decreased from 3.15 to 3.05%.
- Cost of living adjustment assumption decreased to 2.10% for Tier 1 members.

7/1/2021 valuation:

- Price inflation decreased from 2.75% to 2.65%.
- Long-term investment return decreased from 7.50% to 7.30%.
- Covered payroll growth assumption decreased from 3.50% to 3.15%.
- General wage inflation decreased from 3.50 to 3.15%.
- Salary merit increases were adjusted to better reflect observed experience.





SECTION V – REQUIRED SUPPLEMENTARY INFORMATION

- Interest on employee contribution balances decreased from 3.00% to 2.50%.
- Cost of living adjustment assumption decreased to 2.15% for Tier 1 members.
- An explicit assumption for administrative expenses was adopted as a component of the actuarial contribution rate and was set to 0.26% of pay.
- Mortality assumption for non-disabled participants was changed to the Pub-2010 General Members (Above Median) Mortality Tables (100% of male rates, 95% female rates), set back one-year, projected generationally using MP-2019 modified to 75% of ultimate rates.
- Mortality assumption for disabled participants was changed to the Pub-2010 Non-Safety Disabled Retiree Mortality Table (static).
- Retirement rates changed to better fit the observed experience.

7/1/2017 valuation:

- Price inflation decreased from 3.25% to 2.75%.
- Long-term investment return decreased from 8.00% to 7.50%.
- Covered payroll growth assumption decreased from 4.00% to 3.50%.
- Salary increase assumption decreased by 0.50% at each age.
- Interest on employee contribution balances decreased from 4.25% to 3.00%.
- Cost of living adjustment assumption decreased from 2.50% to 2.25% for members hired before July 1, 2016.
- Mortality assumptions changed to reflect recent mortality experience and future projected improvements.
- Termination rates changed to better fit the observed experience.





SECTION V – REQUIRED SUPPLEMENTARY INFORMATION

Method and assumptions used in calculations of Actuarially Determined Contributions.

The Plan is funded by statutory contribution rates for members and the employer (State of Nebraska). State statutes require the State of Nebraska to make additional contributions if the regular, payroll-related contributions are insufficient to meet the actuarial required contribution for the year. The Actuarially Determined Contributions in the *Schedule of Employer Contributions* are calculated as of the beginning of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported for the most recent fiscal year, June 30, 2026 (based on the July 1, 2025 actuarial valuation).

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Range from 11 to 25 years (Single Equivalent Amortization Period is 17 years)
Asset valuation method	5-year smoothed market
Price Inflation	2.35 percent
Wage Inflation	2.95 percent
Salary increases, including wage inflation	2.95 to 8.45 percent
Long-term Rate of Return, net of investment expense, including price inflation	6.95 percent
Cost-of-living adjustment	2.00 percent per annum, compounded annually for Tier 1 members, 1.00 percent per annum, compounded annually for Tier 2 members.

Please see the information presented earlier in regard to Paragraph 47 for detailed information on the benefit changes and assumption changes that may have impacted the Actuarially Determined Contributions shown in the *Schedule of Employer Contributions*.





APPENDIX A – REQUIRED SUPPLEMENTARY INFORMATION TABLES

Exhibit A

GASB 68 Paragraphs 46(a) – (b) SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

Fiscal Year Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	\$11,957,679	\$11,905,315	\$10,115,157	\$9,630,636	\$9,175,423	\$8,960,959	\$9,079,338	\$8,794,874	\$7,955,722	\$8,152,482
Interest	45,811,539	44,136,609	39,946,663	38,601,148	37,421,871	36,397,966	35,165,912	34,076,868	32,887,178	32,113,989
Benefit term changes	23,958,015	(75,480)	0	0	0	0	0	0	0	0
Differences between expected and actual experience	5,452,931	2,714,833	41,701,690	1,055,992	2,542,389	(6,168,045)	(2,864,410)	(4,016,896)	(1,508,635)	(8,977,294)
Assumption changes	7,384,800	4,456,301	4,214,934	3,850,944	6,936,227	0	0	0	27,947,994	0
Benefit payments, including member refunds	<u>(30,306,420)</u>	<u>(30,341,832)</u>	<u>(28,171,117)</u>	<u>(26,231,520)</u>	<u>(26,256,542)</u>	<u>(24,953,060)</u>	<u>(24,953,776)</u>	<u>(23,828,680)</u>	<u>(24,139,604)</u>	<u>(19,576,376)</u>
Net change in Total Pension Liability	\$64,258,544	\$32,795,746	\$67,807,327	\$26,907,200	\$29,819,368	\$14,237,820	\$16,427,064	\$15,026,166	\$43,142,655	\$11,712,801
Total Pension Liability - beginning	\$668,086,726	\$635,290,980	\$567,483,653	\$540,576,453	\$510,757,085	\$496,519,265	\$480,092,201	\$465,066,035	\$421,923,380	\$410,210,579
Total Pension Liability - ending (a)	\$732,345,270	\$668,086,726	\$635,290,980	\$567,483,653	\$540,576,453	\$510,757,085	\$496,519,265	\$480,092,201	\$465,066,035	\$421,923,380
Plan Fiduciary Net Position										
Employer contributions	\$17,168,087	\$13,602,846	\$9,254,337	\$8,874,355	\$9,163,828	\$9,083,079	\$8,693,805	\$8,952,649	\$7,053,110	\$7,053,408
Employee contributions	4,323,828	6,349,386	5,162,332	5,121,375	5,081,804	4,970,209	4,710,105	4,615,214	4,500,952	4,365,651
Net investment income	68,146,705	70,159,299	47,949,109	(45,135,030)	128,452,500	10,176,689	27,536,775	33,872,593	48,679,867	5,491,550
Benefit payments, including member refunds	<u>(30,306,420)</u>	<u>(30,341,832)</u>	<u>(28,171,117)</u>	<u>(26,231,520)</u>	<u>(26,256,542)</u>	<u>(24,953,060)</u>	<u>(24,953,776)</u>	<u>(23,828,680)</u>	<u>(24,139,604)</u>	<u>(19,576,376)</u>
Administrative expenses	<u>(147,598)</u>	<u>(133,981)</u>	<u>(141,776)</u>	<u>(111,359)</u>	<u>(157,638)</u>	<u>(120,098)</u>	<u>(75,872)</u>	<u>(89,102)</u>	<u>(141,196)</u>	<u>(128,156)</u>
Other changes	<u>20,733</u>	<u>18,534</u>	<u>16,512</u>	<u>17,061</u>	<u>14,895</u>	<u>14,058</u>	<u>17,930</u>	<u>23,184</u>	<u>28,557</u>	<u>26,778</u>
Net change in Plan Fiduciary Net Position	\$59,205,335	\$59,654,252	\$34,069,397	(\$57,465,118)	\$116,298,847	(\$829,123)	\$15,928,967	\$23,545,858	\$35,981,686	(\$2,767,145)
Plan Fiduciary Net Position – beginning	\$588,340,252	\$528,686,000	\$494,616,603	\$552,081,721	\$435,782,874	\$436,611,997	\$420,683,030	\$397,137,172	\$361,155,486	\$363,922,631
Plan Fiduciary Net Position - ending (b)	\$647,545,587	\$588,340,252	\$528,686,000	\$494,616,603	\$552,081,721	\$435,782,874	\$436,611,997	\$420,683,030	\$397,137,172	\$361,155,486
Net Pension Liability - ending (a) - (b)	\$84,799,683	\$79,746,474	\$106,604,980	\$72,867,050	(\$11,505,268)	\$74,974,211	\$59,907,268	\$59,409,171	\$67,928,863	\$60,767,894
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.42%	88.06%	83.22%	87.16%	102.13%	85.32%	87.93%	87.63%	85.39%	85.60%
Covered payroll	\$42,435,934	\$38,978,657	\$31,646,901	\$31,560,068	\$31,342,267	\$30,810,004	\$29,301,599	\$28,697,715	\$28,091,906	\$27,047,938
Employer's Net Pension Liability as a percentage of covered payroll	199.83%	204.59%	336.86%	230.88%	(36.71%)	243.34%	204.45%	207.02%	241.81%	224.67%





APPENDIX A – REQUIRED SUPPLEMENTARY INFORMATION TABLES

Exhibit B

GASB 68 Paragraphs 46(c) SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined employer contribution	TBD	17,168,087	13,602,846	9,254,337	8,874,355	9,163,828	9,083,079	8,693,805	8,952,649	7,053,110
Actual employer contributions*	TBD	17,168,087	13,602,846	9,254,337	8,874,355	9,163,828	9,083,079	8,693,805	8,952,649	7,053,110
Annual contribution deficiency (excess)	<u>TBD</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	TBD	42,435,934	38,978,657	31,646,901	31,560,068	31,342,267	30,810,004	29,301,599	28,697,715	28,091,906
Actual contributions as a percentage of covered payroll	TBD	40.46%	34.90%	29.24%	28.12%	29.24%	29.48%	29.67%	31.20%	25.11%

* Includes any additional appropriations by the State beyond the regular, payroll-related contributions.





APPENDIX B – SUMMARY OF PLAN PROVISIONS

Member	Any member of the Nebraska State Patrol, permanent force.
Participation Date	Date of becoming a member.
Benefit Tiers	Tier 1 refers to participants who joined the plan prior to July 1, 2016. Tier 2 refers to participants who joined the plan on or after July 1, 2016, as well as Tier 1 participants who took a refund and returned to the plan on or after July 1, 2016.
Definitions	
<i>Covered pay</i>	Gross annual earnings subject to contributions.
<i>Final average compensation</i>	For Tier 1 participants, it is the average of the highest three 12-month periods of covered pay, ending on the earlier of the participant's termination date or retirement date. For Tier 2 participants, it is the average of the highest five 12-month periods of covered pay, ending on the earlier of the participant's termination date or retirement date.
<i>Salary caps</i>	For Tier 2 participants only, increases in compensation during the final five plan years of employment will be capped at 8% per year.
<i>Pension service</i>	Length of service includes all service with the Nebraska State Patrol, permanent force, computed to the nearest one-twelfth year, plus declared emergency service in the armed forces.
<i>Fiscal year</i>	Twelve month period ending June 30.
<i>Member and employer contributions</i>	Participants contribute 10.0% of covered pay. Such contributions are credited with interest based on the 1-year treasury yield curve on July 1 of each year, as determined by State Statutes. Employer contributions on covered pay are 24.0% of monthly salary. (From July 1, 2013 to July 1, 2024, employee and employer contribution rates were 16.0% of pay for Tier 1 members and 17.0% for Tier 2 members. Prior to July 1, 2013, employee and employer contribution rates for Tier 1 members were 19.0% of pay.). The State makes any additional contributions that are actuarially required.





APPENDIX B – SUMMARY OF PLAN PROVISIONS

Pension benefit 3.0% of Final Average Compensation times Pension Service. The benefit is subject to a maximum of 75% of Final Average Compensation. Effective July 1, 2001, an automatic annual cost-of-living adjustment (COLA) equal to the CPI-W index is granted to each participant who has been retired for at least one full fiscal year.

For Tier 1 participants, the COLA is capped at 2.5%, unless the benefit drops below 60% of the purchasing power of the original benefit. For Tier 2 participants, the COLA is capped at 1.0% and there is no purchasing power floor.

Normal Retirement Date (NRD) First of month coinciding with or next following (a) the completion of 25 years of service and attaining age 50, (b) the completion of ten years of service and attaining age 55, (c) the completion of 30 years of service at any age, or (d) attaining age 60 regardless of service.

Mandatory Retirement Age Members must retire at age 60.

Eligibility for Benefits

Deferred vested Termination for reasons other than death, disability, or retirement after completing at least six years of pension service.

Disability retirement Retirement by reason of disability as defined by State Statutes.

Early retirement Retirement before NRD and on or after both attaining age 50 and completing ten years of pension service.

Normal retirement Retire on NRD.

Postponed retirement Retire after NRD.

Post-retirement death benefit Death after retirement with surviving spouse or dependent children under age 19. For non-disability retirement, the surviving spouse must have been married to the member at the date of retirement.

Pre-retirement death benefit Death prior to retirement.





APPENDIX B – SUMMARY OF PLAN PROVISIONS

Monthly Benefits Paid Upon the Following Events

<i>Normal retirement</i>	Pension benefit determined as of NRD.
<i>Early retirement</i>	Pension benefit determined as of early retirement date, reduced by 5/9% for each month that commencement (which must be after age 50 and ten years of service) of payment precedes the earlier of age 55 or completion of 25 years of service. No reduction is made after 25 years of service.
<i>Postponed retirement</i>	Monthly pension benefit determined as of actual retirement date.
<i>Termination with deferred vested benefit</i>	Refund of contributions with regular interest <u>or</u> a percentage of the pension benefit determined as of termination date, reduced by 5/9% for each month that commencement (which must be after age 50 and ten years of service) of payment precedes the earlier of age 55 or completion of 25 years of service. This percentage is based upon completed years of pension service as follows:

<u>Years</u>	<u>Vested Percentage</u>
5 and under	0%
6	20
7	40
8	60
9	80
10 or more	100

<i>Disability retirement</i>	A monthly benefit equal to 50% of current monthly salary at the date of disablement for members with less than 17 years of service.
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For members with more than 17 years of service, a monthly benefit equal to the product of 3% of final monthly salary, times total years of service subject to a maximum of 75% of Final Average Compensation.

<i>Pre-retirement death benefits</i>	Surviving spouse or dependent children under age 19: Benefit is computed as if member retired for disability on the date of death. This benefit is payable to the surviving spouse as long as spouse has dependent children under age 19. If the spouse dies, 100% of this benefit continues to children until the youngest attains age 19. If there are no dependent children under age 19, 100% of this benefit is payable for the life of the surviving spouse.
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APPENDIX B – SUMMARY OF PLAN PROVISIONS

No surviving spouse or dependent children under age 19:

A lump sum equal to the member's contributions plus regular interest.

Post-retirement death benefits

100% of member's annuity is payable to the surviving spouse provided spouse has dependent children under 19. If there is no surviving spouse or the spouse dies, 100% of member's annuity continues to children until the youngest attains age 19. If there are no dependent children under age 19, 100% of member's annuity continues to the surviving spouse.

Forms of payment

Normal form is 100% Joint and Survivor benefit. Members may also elect a refund of contributions. If there is no surviving spouse or dependent children under age 19, the member's accumulated contributions with interest are paid to the beneficiary or estate.

Deferred Retirement Option Plan (DROP)

A Tier 1 member may elect to participate in the DROP after they attain age 50 with 25 years of service. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into the DROP. The member's retirement benefits would be calculated as of the DROP entry date. The monthly payments that begin at entry into the DROP are accumulated until the member terminates service, at which time the DROP accumulated benefits and investment income can be paid as a lump sum, rollover or annuity. The COLA for retirees would not apply to the member during participation in the DROP and both the member and employer contributions cease upon entry into the DROP.

Tier 2 members cannot participate in DROP.

Benefits Reflected in Valuation

All benefits were valued, including future cost of living increases granted by statute.

Plan Provisions Effective After July 1, 2025

No future changes in plan provisions were recognized in determining the funded status or in determining the actuarial soundness of statutory contribution levels.





APPENDIX B – SUMMARY OF PLAN PROVISIONS

Changes in Plan Provisions Since the Prior Year

There has been a change to the plan provisions since the prior valuation. In the 2025 session, the Legislature passed Legislative Bill 645 (LB 645) which changed the pre-retirement and post-retirement death benefits that currently provide for a survivor benefit from 75% of the member's benefit to a 100% survivor benefit.





APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

1. Long-term Expected Rate of Return 6.95% per annum, compounded annually, net of expenses.

Note: the assumption will decrease each year until reaching the ultimate rate of 6.75% in the 2028 valuation.

2. Inflation 2.35% per annum, compounded annually.

3. Salary Increase Rates vary by service. Sample rates are as follows:

Years	Rates by Service			
	Inflation	Productivity	Merit	Total
1	2.35%	0.60%	5.50%	8.45%
2	2.35	0.60	4.50	7.45
3	2.35	0.60	3.50	6.45
4	2.35	0.60	3.25	6.20
5	2.35	0.60	3.00	5.95
6	2.35	0.60	2.80	5.75
7	2.35	0.60	2.55	5.50
8	2.35	0.60	2.35	5.30
9	2.35	0.60	2.15	5.10
10	2.35	0.60	2.10	5.05
11	2.35	0.60	2.06	5.01
12	2.35	0.60	2.03	4.98
13-25	2.35	0.60	2.00	4.95
26	2.35	0.60	1.70	4.65
27	2.35	0.60	1.40	4.35
28	2.35	0.60	1.10	4.05
29	2.35	0.60	0.80	3.75
30+	2.35	0.60	0.00	2.95

4. Payroll Growth 2.85% per annum

5. Interest on Employee Contributions 2.50% per annum, compounded annually.

6. Increases on Compensation And Benefit Limits 2.35% per annum on the 401(a)(17) compensation limit and the 415 benefit limit





APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

DEMOGRAPHIC ASSUMPTIONS

1. Mortality

- a. Healthy lives - Active members Pub-2010 General Members (Above Median) Employee Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.
- b. Healthy lives – Retired members Pub-2010 General Members (Above Median) Retiree Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.
- c. Healthy lives – Beneficiaries Pub-2010 General Members (Above Median) Contingent Survivor Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.
- d. Disabled lives Pub-2010 Non-Safety Disabled Retiree Mortality Table (static table).
- e. Healthy mortality rates and projection scale are shown below at sample ages:

<u>Pre-retirement Mortality</u>		
Sample Age	Mortality Rate (Base Rates)	
	Males	Females
20	0.04%	0.01%
30	0.04	0.01
40	0.07	0.03
50	0.11	0.06
60	0.27	0.16

<u>Post-retirement Mortality</u>		
Sample Age	Mortality Rate (Base Rates)	
	Males	Females
50	0.11%	0.06%
60	0.53	0.35
70	1.17	0.80
80	3.60	2.60
90	11.73	9.07



APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS



Sample Age	Projection Scale – Post-retirement Mortality					
	Scale (2020)		Scale (2030)		Scale (2040)	
	Males	Females	Males	Females	Males	Females
50	0.0004	0.0030	0.0026	0.0036	0.0075	0.0075
60	0.0004	-0.0041	0.0063	0.0069	0.0075	0.0075
70	0.0017	0.0052	0.0069	0.0063	0.0075	0.0075
80	0.0067	0.0061	0.0066	0.0070	0.0075	0.0075
90	0.0048	0.0032	0.0067	0.0067	0.0069	0.0069

f. Disabled mortality rates are shown below at sample ages:

Sample Age	Males	Females
30	0.35%	0.26%
40	0.65	0.63
50	1.61	1.48
60	2.50	1.96
70	3.90	2.86
80	7.35	6.01

2. Retirement

Retirement is assumed to occur upon attaining certain age and service requirements. The retirement assumption varies depending on benefit eligibility and age at retirement.

Early/Normal Retirement Eligibility	Age and Service Requirements	Retirement Assumption
Reduced	Age 50 Service: 10 years	1% at each age
Unreduced	Age 55 Service: 10 years	10% at each age
Unreduced (Eligible for DROP)	Age 50 Service: 25 years	100% at each age
Unreduced (Mandatory)	Age 60	100% at each age





APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

3. Termination

Rates vary by service. Sample rates are as follows:

Rates by Service	
Years	Rate
<1	4.00%
1	3.75
5	2.75
10	2.00
15	1.25
20+	0.00

4. Disability

Rates vary by age. Sample rates are as follows:

Rates by Age	
Age	Rate
25	0.08%
30	0.10
35	0.13
40	0.20
45	0.31
50	0.52
55	0.91
60	1.36

OTHER ASSUMPTIONS

1. Form of Payment

100% Joint & Survivor Annuity. Deferred vesteds are assumed to take the greater of the present value of an annuity at earliest unreduced eligibility or a refund of contributions.

2. Marital Status

a. Percent married

100% married

b. Spouse's age

Females assumed to be three years younger than males.

3. Children

All members are assumed to have one dependent child at death or retirement. The child is assumed to be 28 years younger than the member, and is assumed to always survive until age 19.

4. Administrative Expense

0.35% of payroll





APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

5. Commencement Age for Deferred Vested Benefit	Age 55
6. Cost of living adjustments	2.00% per annum, compounded annually for Tier 1 members. 1.00% per annum, compounded annually for Tier 2 members.
7. DROP participation	All members elect the DROP at the earliest possible date and remain in the DROP for 4 years or to age 60, if earlier. No COLA is received during DROP.
8. State Contribution	Additional State contributions for the current plan year are assumed to be contributed in a lump sum on the July 1 following the plan year end. These amounts from the prior plan year are treated as a contribution receivable on the plan's financial statements.

Changes in Assumptions since the Prior Year

At their meeting on March 17, 2025, the Public Employees Retirement Board adopted a new set of actuarial assumptions, based on the recommendations in the 2024 experience study. The investment return assumption will be phased in over a four-year period, beginning with the July 1, 2025 valuation. Below is a summary of the key assumption changed in the valuation:

- Investment return assumption was lowered from 7.00% to 6.95% (6.75% ultimately).
- Administrative expenses increased from 0.26% to 0.35%
- Salary increase assumptions were adjusted to better reflect observed experience.





APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

TECHNICAL VALUATION PROCEDURES

Data Procedures

Salaries for first year members are annualized by NPERS and reflected in the Calculated Salary field in the census data. This is used in the valuation process for new members. For continuing active members, the Accumulated Salary field from the data, representing the actual salary earned in the prior fiscal year, is used in the valuation process.

When multiple records are received, the record with the oldest beneficiary date of birth is valued.

Other Valuation Procedures

The compensation amounts used in the projection of benefits and liabilities for active members were prior plan year compensations. Salary increases are assumed to apply to annual amounts.

Projected benefits were limited by the dollar limitation required by the Internal Revenue Code Section 415 as it applies to governmental plans and compensation limited by Section 401(a)(17).

Decrements are assumed to occur mid-year, except that immediate retirement is assumed for those who are at or above the age at which retirement rates are 100%. Standard adjustments are made for multiple decrements.

No actuarial accrued liability is included for participants who terminated without being vested prior to the valuation date, except those who are owed a refund of contributions.

