

# Standard Guidance for LB 824 (School Plan & OSERS)

## What is LB 824?

**LB 824** takes effect on May 1<sup>st</sup>, 2026. Among other things, it changes:

- The 180-day separation period for members terminating regular service to **120-days**.
- It establishes that **NO** service for a School Plan employer may be rendered during the 120-day separation period. This means no volunteer, substitute, independent contractor, or service for another organization that provides similar service for School Plan employers.

## What hasn't changed?

The separation from service period will start the later of:

- Your termination date or
- NPERS receipt of a valid distribution application.

If terminating all regular service **and are not requesting, or taking, a distribution** the employee may:

- Render unlimited substitute and voluntary service and
- Provide temporary service.
- ***Be advised: RMD rules are in effect for these members.*** They are considered terminated. They must begin an annuity or take a distribution of their contributions plus interest before their RMD age deadline.

## How do I know my termination date?

- Hourly employees: the last day of work.
- Contracted employees: the last day of your contract, which is typically the last day you can be required to render service.

## How do I know who is an employer participating in my retirement plan?

A School Plan employer means any employer participating in the Nebraska School retirement plan. An Omaha School retirement plan employer means the Omaha Public Schools.

Unique rules may apply to individuals who were employed by the State of Nebraska in a capacity that made them eligible to participate in the School Retirement Plan. Please refer to the [LB 700 Flowchart](#) to learn more and contact NPERS for further clarification if needed.

## How will this affect members who previously terminated employment and NPERS received their valid distribution application prior to May 1<sup>st</sup>, 2026?

If you have terminated employment and are taking a distribution (app received in office establishing an effective date) prior to the May 1<sup>st</sup> effective date, then you are still subject to the **180-day** separation period:

- Only 8 calendar days of substitute and/or volunteer service are allowed during the calendar month for the 180-day separation period.

## How will this affect members whose termination date and/or NPERS receipt of a valid distribution application is on or after the effective date May 1<sup>st</sup>, 2026?

If either your termination date or NPERS receipt of a valid distribution application is on or after May 1<sup>st</sup>, 2026, you are subject to the new LB824 rules, stating you cannot provide any service for 120-days to the plan you took a distribution from.

## If a member terminates regular employment, provides unlimited substitute service, and does not take a distribution right away, when does the 120-day separation period start?

The 120-day separation period would start once NPERS receives a valid application to take a distribution. You will receive a letter from NPERS indicating the date of receipt.

## May I participate on a School Board during my 120-day separation period?

If all three elements are true, the School Board membership will NOT violate the termination rules:

1. The School Board position is a publicly elected position which requires registration for election through a state or local election office;
2. The position does not regularly hire, supervise, or terminate regular school district employees, with the exception of a superintendent or a very small, limited number of high-level school district employees, or independent contractors for school district board matters; and
3. The School Board position does not receive regular wages or other income from the school district other than per diem, mileage, or expense reimbursements.

## May a member and School Plan employer agree to have the member *return to train the member's replacement* if the member is terminating and taking a distribution?

**NO.** This is a prearranged return to work. Further, no service is allowed during the 120-day separation period to include volunteer service to train your replacement. Please make arrangements for training to be conducted prior to your 120-day separation period initiating.

## May a member who is requesting, or taking, a distribution *participate in Teammates* during the 120-day separation period?

**NO.** Similar to how Teammates constituted intermittent service under LB 147, it is activity which would violate a retiree's bona fide separation period under LB 824. Direct intended interaction with students, the organizing of this intended interaction, the location of the student interactions, possible financial considerations, along with other possible factors, necessitates this status.

## May a member who is requesting, or taking, a distribution *referee, officiate, or coach* if paid by a School Plan employer during 120-day separation period?

**NO service is allowed.** If these services are provided during the 120-day separation period, then the member has not incurred a bona fide separation of service. Additionally, a bona fide termination of service does not occur if the employer and member prearrange the member's return as a referee, official, or coach before the member terminates even if the prearranged return time is outside the 120-day period.

## What happens if a member does not follow these rules?

If NPERS determines a bona fide termination did not occur, NPERS is required by law to:

- a) Collect missed contributions from the member and the employer (with applicable interest),
- b) Have hours of service and compensation reported for the member by the employer, and
- c) Collect back any distributions made to the member (with applicable interest).