

Retirement Report

Update for Nebraska School Employer Contacts

Fall 2017

New Termination Procedures and Forms

As we reported in the spring newsletter, provisions of LB415 now require employers participating in the plan provide written notification of all terminations. This notification shall include whether or not the member accepted and received a retirement incentive and written certification from both the member and employer that, prior to the member's termination, there was no prearranged written or verbal agreement to return to work in any capacity. NPERS has finalized the two "Early Retirement Inducement and Termination Certification" forms for reporting this required notification to our office.

Effective immediately, school reporting agents should now complete the School Plan Employer - Early Retirement Inducement and Termination Certification form (NPERS2410) for ALL terminating employees who were participating in the plan. This form must be received by NPERS within 20 calendar days of the member's termination.

All early retirement inducements (incentives) and any prearranged agreement with the member to return to service in any capacity must be reported. Per statute, examples of early retirement inducements include (but are not limited to):

■ A benefit, bonus, or payment to a member in exchange for an agree-

ment by the member to terminate from employment.

- A benefit, bonus, or payment paid to a member in addition to the member's retirement benefit.
- Lump-sum or installment cash payments, except payments for accrued unused leave converted to cash payments.
- An additional salary or wage component of any kind that is being paid as an incentive to leave employment and not for personal services performed for which creditable service is granted.
- Partial or full employer payment of a member's health, dental, life, or long-term disability insurance benefits or cash in lieu of such insurance benefits that extend beyond the member's termination of employment and contract of employment dates. (This does not apply to any period during which the member is contributing to the retirement system and being awarded creditable service.)
- Any other form of separation payments made by an employer to a member at termination, including, but not limited to, purchasing retirement annuity contracts for the member or depositing money for the member in a 403(b) account (except for payments for accrued unused leave).

In addition, MEMBERS in the plan will be required to disclose early retirement inducements and pre-



arranged return to service agreements using the School Plan Member - Early Retirement Inducement and Termination Certification form (NPERS2411). We encourage reporting agents to provide a copy of this form to all terminating plan members. This form should be received by NPERS prior to distribution of retirement benefits from their account.

The Early Retirement Inducement and Termination Certification forms are now available on the Forms page of the NPERS website. Samples of both forms are included in this newsletter. The School Employer Reporting manual and NPERS Rules and Regulations will also be updated as soon as administratively possible to reflect these new procedures. Please contact our office if you have questions regarding this process.

Sample Forms on Page 3 & 4

Substitute Employee Criteria

The NPERS audit staff are seeing situations where some school employees are, for retirement purposes, incorrectly classified as substitute employees. Depending on the situation, this can create eligibility issues. This article is intended to assist you in determining if an employee should be considered a substitute and the relevant eligibility criteria. Please note this is a brief summary and may not apply in every situation. Additional facts and circumstances may lead to different results. This is intended to supplement, not replace, what is in the Employer Reporting Manual, Rules and Regulations, and Nebraska Statutes.

Statute defines a substitute employee as, "...a person hired by a public school as a temporary employee to assume the duties of regular employees due to a temporary absence of any regular employees. Substitute employee does not mean a person hired as a regular employee on an ongoing basis to assume the duties of other regular employees who are temporarily absent."

Substitutes are not eligible for plan participation, and contributions/service credit for substitute service should not be remitted/reported unless they are already participating in the plan due to other service at your school. **Please be aware, an employee should NOT be considered a substitute if they are working in a position vacated by a prior employee.**

Those individuals should be considered "regular" or "temporary" employees, and plan participation will depend on the hours worked and the anticipated duration of service.

If the vacated position involves full or part-time employment providing service on an ongoing basis for 20 or more hours per week, employees filling those spots would be considered regular employees and participate in the plan. If the position requires an individual to provide service for a limited period of time to accomplish a specific purpose or task, and employment will cease when this purpose or task is complete, then they would be considered a temporary employee and would not participate. Please note temporary employment cannot exceed one year in duration. For more information on temporary employment, please refer to the Fall 2016 Retirement Report newsletter.

To summarize, in order to be considered a "true" substitute, an employee should be filling in for another employee who is temporarily absent. An individual working at a position vacated by a terminated/retired employee should not be considered a substitute. Improperly classifying them as a substitute may result in improper enrollment and require make-up contributions to the plan.



NPERS

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REMINDER

TIPS FROM THE NPERS ACCOUNTING DEPARTMENT

IF YOU CAN'T MAKE THE DEADLINE...

It is important for schools to strive to meet the 10th of the month reporting deadline. If you will be unable to make this deadline, please call Caleb and to have the situation noted in the school file. This *could possibly* help to avoid late penalties.

ACCOUNTS PAYABLE/ACCOUNTS RECEIVABLE

We would like to focus on putting AR/APs on a high-priority list. When you receive an e-mail or letter from NPERS, either because of a penalty or adjustment, please pay close attention to the amount and where to place the final figure on your next Wage and Contribution Report. If you need assistance please contact Linda.

BE SURE TO USE THE CORRECT NUMBER!

Please use your school number on all correspondence with NPERS. This number is the number you use on your monthly reporting, not the Department of Education number. If you need a reminder of what your school number is please contact Linda.



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Member's Name	Last	First	Middle	Member's Date of Birth	-	-
Member's Social Security Number	-	-	Member's Email Address			
Member's Address	City		State	Zip		
Home Phone or Cell Phone	Employer					

SCHOOL PLAN EMPLOYER – EARLY RETIREMENT INDUCEMENT AND TERMINATION CERTIFICATION

Employer Certification: School Plan members are required by law to experience a 180-day bona fide separation from service with all employers participating in the School Plan¹ to be considered “terminated” and eligible to receive a refund or retirement benefit. In addition, the Internal Revenue Code does not allow individuals who terminate and receive a refund or retirement benefit to prearrange a return to work.

Employers participating in the School Plan must disclose any early retirement inducements paid to School Plan members. “Early retirement inducements” include, but are not limited to, any benefit, bonus, insurance payment, salary payment, or wage payment linked to a member’s termination, except for payments of accrued unused leave converted to cash.²

Subject to the penalty of prosecution under Neb. Rev. Stat. § 79-949, I certify that:

- I am the administrator, or authorized designee, of an employer participating in the School Plan which is, or was, the employer of the above-named member of the School Plan.
- The member held the position of _____.
- Check **one** of the following:
 - The member **DID NOT** accept, has not received, and will not receive, an early retirement inducement.
 - The member **DID** accept and receive, or will receive, an early retirement inducement. **Complete a, b and c.** ↓
 - a. **Attach a written description of the early retirement inducement to this form.**
 - b. What is the dollar value of the early retirement inducement? \$ _____.
 - c. What is the final disbursement date of the early retirement inducement? _____.
- Check **one** of the following:
 - There **WAS NO** prearranged agreement with the member to have the member return to service **in any capacity** with my employer following the member’s termination of employment.³
 - There **WAS** a prearranged agreement with the member to have the member return to service **in any capacity** with my employer following the member’s termination of employment (except intermittent subbing).

Complete a. ↓

a. **Attach a written description of the prearranged agreement to return to service to this form.**

I understand and acknowledge that knowingly making a false statement, report, or representation to NPERS could result in criminal prosecution.

I understand this form must be completed, signed, and received by NPERS within twenty (20) calendar days of the member’s termination.

Employer Signature _____ Title: _____ Date: _____

Printed Name: _____ Employer: _____

Please contact the NPERS Employer Reporting Section at 402-471-6098 or 402-471-9497 with questions regarding the completion of this form.

¹ “Employer participating in the School Plan” means any public school district (except Class V school districts), ESUs, and the Nebraska Department of Education (NDE) for those employees who are authorized by law to participate in the School Plan while working for NDE.

² Please refer to Neb. Rev. Stat. §§ 79-902(11) & (44), 79-921, and 79-949, for more detailed information.

³ Intermittent volunteer service or intermittent substitute service may be performed during the 180-day period as long as it is not prearranged.



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Name	Last	First	Middle	Date of Birth	-	-
Social Security Number	-	-	Email Address			
Address	City			State	Zip	
Home Phone or Cell Phone	Employer					

SCHOOL PLAN MEMBER – EARLY RETIREMENT INDUCEMENT AND TERMINATION CERTIFICATION

Member Certification: School Plan members are required by law to experience a 180-day bona fide separation from service with all employers participating in the School Plan¹ to be considered “terminated” and eligible to receive a refund or retirement benefit. In addition, the Internal Revenue Code does not allow individuals who terminate and receive a refund or retirement benefit to prearrange a return to work.

School Plan members must also disclose receipt of any early retirement inducements. “Early retirement inducements” include, but are not limited to, any benefit, bonus, insurance payment, salary payment, or wage payment linked to a member’s termination, except for payments of accrued unused leave converted to cash.²

Subject to the penalty of prosecution under Neb. Rev. Stat. § 79-949, I certify that:

- Check **one** of the following:
 - I **DID NOT** accept, have not received, and will not receive, an early retirement inducement.
 - I **DID** accept and receive, or will receive, an early retirement inducement. **Complete a, b and c.** ↓
 - a. **Attach a written description of the early retirement inducement to this form.**
 - b. What is the dollar value of the early retirement inducement? \$ _____.
 - c. What is the final disbursement date of the early retirement inducement? _____.
- Check **one** of the following:
 - I **DO NOT** have a verbal or written prearranged agreement to return to service **in any capacity** with any employer participating in the School Plan following my termination.³
 - I **DO** have a verbal or written prearranged agreement to return to service, in any capacity, with any employer participating in the School Plan (except intermittent subbing). **Complete a.** ↓
 - a. **Attach a written description of the prearranged agreement to return to service to this form.**
- I understand that I **must** notify NPERS in writing if I return to service in any capacity with any employer participating in the School Plan during the 180 days following my termination.
- I understand that I **must** notify NPERS in writing if I accept employment under a personal service contract (including as an independent contractor) with any employer participating in the School Plan during the 180 days following my termination.
- I understand that I **must** notify NPERS in writing if I accept employment with a private leasing company, temporary staffing agency, or any other entity, and my employment requires me to perform work at any employer participating in the School Plan during the 180 days following my termination.

I understand and acknowledge that knowingly making a false statement or representation to NPERS could result in criminal prosecution and/or recoupment of distributions made from my NPERS retirement account.

I understand this form should be completed, signed, and received by NPERS before NPERS will distribute any retirement benefits from my NPERS retirement account. To minimize processing delays I understand this form must be received by NPERS within 20 days of my termination.

Member Signature _____ Date: _____

Please contact NPERS Call Center at 1-800-245-5712 or 402-471-2053 if you have any questions about completing this form.

¹ “Employer participating in the School Plan” means any public school district (except Class V school districts), ESUs, and the Nebraska Department of Education (NDE) for those employees who are authorized by law to participate in the School Plan while working for NDE.

² Please refer to Neb. Rev. Stat. §§ 79-902(11) & (44), 79-921, and 79-949, for more detailed information.

³ Intermittent volunteer service or intermittent substitute service may be performed during the 180-day period as long as it is not prearranged.