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Nebraska Public Employees Retirement Systems

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## RETIREMENT NEWS

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For Nebraska School, Judges & Patrol Employees

# RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS | SEPTEMBER 2020

## Market Impact on Pensions

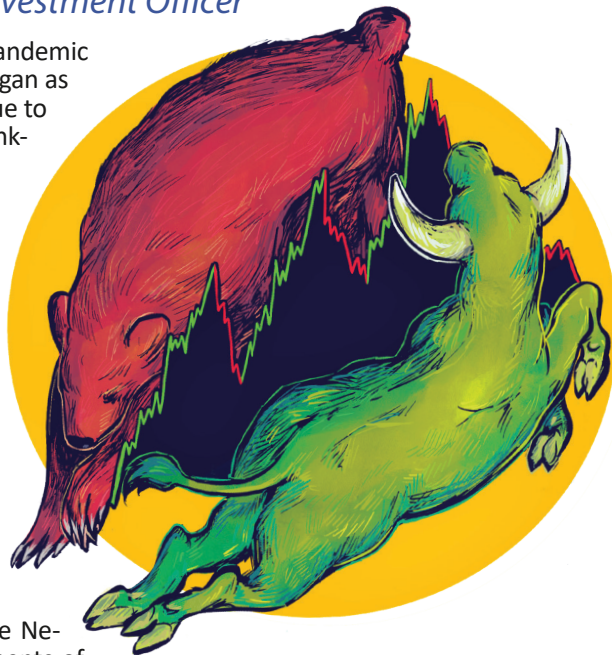
*Michael Walden-Newman – State Investment Officer*

After a decade-long bull market, the Covid-19 pandemic has added volatility to market returns. What began as a health crisis has grown into a financial crisis due to volatility in global markets and economies. Thankfully, recent market returns have improved, but there is still uncertainty regarding the long-term economic effects of the pandemic.

Despite all the doom and gloom, it's important to remember the Nebraska retirement plans started out on a strong footing. A healthy individual who experiences an illness will have a much better prognosis than an individual in poor health. The same concept holds true for an investment portfolio. Market downturns will have a greater impact on an underfunded or "unhealthy" pension plan. Thankfully, all the Nebraska defined benefit plans were in good financial shape at the onset of the pandemic.

State lawmakers have historically mandated the Nebraska Investment Council diversify the investments of the assets in our charge "so as to minimize risk of large losses." We have not deviated from these risk management practices and procedures during the past months of market turmoil. Our conservative, deliberate approach is designed to provide a relatively steady outcome compared to our peers - and it does.

The Council understands pension benefits are an important component for our public employees' retirement income. The Nebraska pension fund portfolios are structurally strong, built to withstand the tests of times like these. Our investment strategy is based on a long-term time horizon designed to provide retirement benefits for current and future generations of Nebraskans.



## School: Termination & Retirement Effective Dates

Plan members must terminate employment in order to receive a monthly retirement benefit or apply for a refund. An effective date of retirement and commencement of monthly benefits cannot begin prior to termination as **defined in statute**.

A common misconception is the date of termination is the last physical day of work by an employee. This is **not** how termination is defined in statute. For contract employees, **the contractual end date generally determines a member's termination of employment**. For hourly employees that do not work under a contract, the last physical day of work is usually the date of termination, but not always.

When a member is receiving their full contracted salary, the termination date cannot be adjusted in order to secure an earlier effective date of retirement.

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## SCHOOL: TERMINATION & RETIREMENT EFFECTIVE DATES (CONT'D.)

### For Example:

- A member works under the terms of an extended contract (a contract with a longer service period than a standard contract). They are contracted to work 198 days from August 12 through June 10. Per statute and the terms of their contract, **June 10** is the member's date of termination.
- This termination date **does not** change even if the member "completes" all of their 198 contract days by May 31. Their contract determines the date of termination, and they cannot begin benefits prior to termination. In this example, their effective date of retirement would be July 1, provided they meet all the eligibility requirements and NPERS receives their completed application prior to July 1.

In instances where NPERS staff identifies an inconsistency between a reported date of termination and a member's service/salary history, we will request copies of the current and prior contracts.

There can be situations where the contract will not determine the date of termination. If the member fulfills the terms of their contract but provide additional service (with the exception of intermittent substitute service) beyond that date, they are **not** deemed to have terminated service for retirement purposes. Terminations and effective dates of retirement must be after ALL service (paid or voluntary) has been rendered.

If a termination date has been previously submitted in error, the school and the member must notify NPERS. If it is determined any service was provided prior to the statutorily required 180-day break in service, benefits will be suspended and any benefits previously issued (including interest) must be repaid by the member.

This year some schools added additional duty/service requirements for certain employees due to the COVID-19 outbreak.

### Examples include, but are not limited to:

- Attending workshops/seminars, training events, or meetings whether conducted in-person or via an electronic medium.
- Participating in graduation ceremonies as part of work duty requirements.
- Completing work projects, duties, or assignments, including filing reports on behalf of the school district.
- Engaging in any other similar activity for, or on behalf of, a school district.

A plan member who participates in these types of activities is **not** deemed terminated for retirement purposes. If this is the year they are retiring, their effective date of retirement must be adjusted to reflect these additional service requirements.

### For Example:

A teacher was contracted to work a standard school year of 185 days with the last day of work in May 2020. In May, teachers were encouraged to participate in remote classroom training during the month of June. If the teacher participated in this training (paid or unpaid), they will not be deemed terminated for retirement purposes and cannot have an effective date of retirement earlier than July 1. The paperwork submitted to NPERS should reflect or be updated to indicate this delayed effective date of retirement. Any hours, compensation, and contributions tied to this service must also be reported to NPERS by the school.

# DCP & DROP INVESTING ASSISTANCE

Judges and Patrol members who elect to participate in the voluntary Deferred Compensation Plan (DCP), and Patrol members participating in DROP, must determine how to invest their contributions. This is an important decision as DCP & DROP accounts will *increase or decrease* in value depending on the investment options selected and market performance.

At initial enrollment, unless specified, contributions are placed in the default investment option. The default option may, or may not be the option desired depending on risk tolerance, age, and investment goals. Your mission is to research the investment options, and choose the ones you deem best for your account. If you take the time to educate yourself on the basic principles of investing and the investment options, you will have a much better chance of avoiding the mistakes often made by amateur investors.

NPERS cannot provide individual investment advice, but we do offer a variety of investment tools to help participants make their own investment decisions. We encourage you to begin this journey with a visit to the [Financial Facts](#) page on the NPERS website. This page is designed as a one-stop access to all the various retirement and financial planning educational materials created by NPERS.

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State
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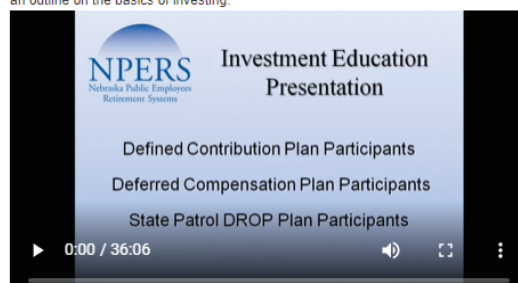
## Financial Facts

### Seminars

NPERS's one-day seminars are an excellent way to begin planning for an important time in your life. Seminars are presented across the state for School, State, and County employees. Information is provided on your pension plan, financial planning, social security benefits, adjusting to retirement and estate planning. Enrollment brochures are mailed to all eligible members four weeks prior to the seminar. [Seminar Info & Schedules](#)

### Videos

Investment Education Video - State, County, DROP & DCP  
To further help Defined Contribution, Deferred Compensation, and State Patrol DROP Plan members make informed investment decisions, NPERS offers an Investment Education video. This video covers the investment options and provides an outline on the basics of investing.



**Making Investment Changes**

The quickest way to make investment changes for DCP & DROP accounts is via the [Ameritas Online](#) account access. Changes may be submitted using a form, but paper submissions may take up to three business days to process *after we have received the form*. Investment allocations and transfers made using the Ameritas Online access are automatically processed at the end of the market day. In addition, the online access provides a wealth of information on your account, including investment performance for specific time frames using the Online Statements link found in the Plan Documents drop down.

**Coming Soon – Updated Investment Choices**

The Nebraska Investment Council (NIC) has updated the investment options used for DCP & DROP. Please refer to the companion article in this newsletter for more information.

# JUDGES & PATROL: NEW DCP/DROP INVESTMENT OPTIONS

The passage of LB 32 during the 2019 legislative session allowed the Nebraska Investment Council (NIC) to update the investment options available for participants of the voluntary State of Nebraska Deferred Compensation Plan and the State Patrol DROP program. The NIC has finalized the new investment options and identified the current options that will be discontinued.

The following chart identifies the funds that will be discontinued January 8, 2021, the new funds available on December 4, 2020, and the current funds that will be retained.

DELETED FUNDS	NEW FUNDS	RETAINED FUNDS
<ul style="list-style-type: none"> <li>• Conservative Premixed</li> <li>• Moderate Premixed</li> <li>• Aggressive Premixed</li> <li>• Age Based Funds</li> <li>• S&amp;P 500 Index</li> <li>• Large Company Growth</li> <li>• Large Company Value</li> <li>• Money Market</li> <li>• Small Company</li> </ul>	<ul style="list-style-type: none"> <li>• LifePath Index</li> <li>• US Total Stock Market Index</li> <li>• Global Equity</li> <li>• US Core Plus Bond</li> </ul>	<ul style="list-style-type: none"> <li>• Investor Select</li> <li>• US Bond Index</li> <li>• Stable Value</li> <li>• International Equity Index*</li> </ul>
		*With Revisions

Individuals participating in the Nebraska Deferred Compensation Plan or the Patrol DROP are encouraged to review their current investment elections and transfer assets out of the funds that will be discontinued. They may transfer at this time to any of the retained funds, or wait and select from the new options starting December 4, 2020.

**PLEASE NOTE!** If an election is not made by the member, at the end of market day on January 8, 2021, any assets in a discontinued fund will automatically transfer to the fund indicated in the following chart.

DISCONTINUED FUND	TRANSFER TO FUND
Conservative Premixed will transfer to...	LifePath Index
Moderate Premixed will transfer to...	LifePath Index
Aggressive Premixed will transfer to...	LifePath Index
Age Based will transfer to...	LifePath Index
S&P 500 Index will transfer to...	US Total Stock Market Index
Large Company Growth will transfer to...	US Total Stock Market Index
Large Company Value will transfer to...	US Total Stock Market Index
Money Market will transfer to...	Stable Value
Small Company will transfer to...	LifePath Index
International Stock Index will transfer to...	Revised International Stock Index

NPERS is running articles in prior and upcoming 2020 State & County newsletters to provide an overview of the new investment options. These newsletters may be found on the [Publications](#) page of our website. In addition, our Annual Investment Report and Investment Education Video will be updated later this year to include information on the new investment options.

# Go Green With e-Delivery

Individuals participating in the voluntary Deferred Compensation Plan (DCP) or the Patrol DROP option have the ability to receive confirmation notices and quarterly DCP/DROP account statement notifications via email. This is the quickest and most convenient way to get these documents, it allows you to avoid the quarterly mailing fees, and it's environmentally friendly!

To sign up for e-Delivery, if you do not have Ameritas online access, the first step is creating an account. If you are a new DROP participant or recently enrolled in DCP, you will be sent correspondence from Ameritas on creating an account. If you do not have this letter, you may access instructions by clicking on the blue "Ameritas Online Account Access" button found on the NPERS website homepage. Then click on the "New users" link for assistance on creating a new account.

Once you have an online account, login to your Ameritas access. If you are participating in both DCP and DROP, you will need to select the account you wish to open from the "Summary of Accounts" page. You will see your name at the top right corner of the screen. When you click on it, a box will appear with your address and eDelivery status. Click on the "Sign-up" link text.

A pop-up box will appear... You can then enroll in e-delivery and enter (or change) your email from this screen.

**STEP 1** KEVIN J SMITH [Contact Us](#)

0020 **ED**

**KEVIN J SMITH**

Last login: Thursday,  
June 11, 2020 04:47pm CT

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1234 Long Street  
Lincoln, NE 68506

**e-Delivery: Sign-up**

**Activity**

**Print**



**Go paperless!**

**STEP 2**

Sign up for e-delivery with the address below, and enjoy the convenience of faster access to your statements and confirmations online.

KSmith@hotmail.com

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Nebraska Public Employees  
Retirement Systems

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NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

**RETIREMENT NEWS**

NEBRASKA SCHOOL JUDGES AND PATROL EMPLOYEES | SEPTEMBER 2020