

RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS | JULY 2021

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RETIREMENT NEWS

Heather Critchfield-Smith
Editor

Anna Hayden-Roy
Assistant Editor

402-471-2053
800-245-5712

npers.ne.gov

State & County Cash Balance Dividend

At the June 21st board meeting, the Public Employees Retirement Board (PERB) approved a dividend for eligible members of the State and County Cash Balance retirement plans.

Each year an actuarial study is conducted to ascertain the funded status of the Cash Balance plans. The 2021 actuarial reports for the plans were presented at the May 17, 2021 PERB meeting. These reports found both plans sufficiently funded to allow the PERB to grant a dividend. After reviewing the actuarial reports and discussion with the plan actuary, the PERB voted to grant a 5.25% dividend for State and 2.5% dividend for County Cash Balance members.

The dividend will be based upon the member’s Cash Balance account balance as of December 31, 2020. It will be credited to eligible Cash Balance member accounts by August 31st, or as soon as administratively possible. The amount of the dividend will be included in the “earnings” on your third quarter account statements.

All dividends must conform to the requirements stipulated in state statute and board policy. The plan must be 100% actuarially funded before and after the valuation date of the report. The actuarial reports are published on the Publications page for members who wish to review the content.

Lower Fees Mean You Keep More Money!

As part of our renewed contract with our recordkeeper, Ameritas, we have exciting news regarding distribution fees –they are getting smaller. A distribution fee is assessed when money is distributed from your account, either in a full or partial payment. We all want to be able to keep more of our money in our pockets right now and tumbling distribution fees may help with just that!

DISTRIBUTION FEES	OLD IF YOUR ACCOUNT BALANCE AT THE TIME OF DISTRIBUTION IS...	NEW IF YOUR ACCOUNT BALANCE AT THE TIME OF DISTRIBUTION IS...
\$75.00	GREATER THAN \$250	GREATER THAN \$500
\$35.00	BETWEEN \$100 AND \$250	BETWEEN \$150 AND \$500
\$0.00	LESS THAN \$100	LESS THAN \$150
\$5.00	PARTIAL DISTRIBUTIONS, SYSTEMATIC WITHDRAWALS, ETC.	PARTIAL DISTRIBUTIONS, SYSTEMATIC WITHDRAWALS, ETC.

We would be sorry to see you leave the plan, whichever one you are currently in, however, we are delighted that you will be able to keep more of your account for important things, like umbrella drinks on the beach during retirement!



Risk-y Business



Have you taken the time to assess your risk tolerance so you can make smarter, personalized investment decisions planning for your retirement?

Now is the time! There are many factors that may determine a person's own risk tolerance. Very simply a person's risk tolerance is a measure of how much loss an investor is willing to endure. A good risk tolerance strategy will take into account many factors, such as:

- *Stock volatility* -this is the tendency of a stock to fluctuate up or down or how much its price varies from its original price.
- *Stock market swings* -sharp shifts in the stock market caused by increased volatility, easily seen when a specific security has a rapid directional change in value.
- *Economic and political events* -certain events may cause a company to have difficulties delivering products or impact their operations which can lead to increases or decreases of a security.

Other factors that play into determining risk tolerance are a person's age, investment goals, income, and financial comfort level.

Typically, as a person gets closer to their anticipated date of retirement the more money they will need, their risk tolerance decreases, and they may move their investments into more conservative funds to try to preserve as much capital as possible. This more conservative strategy means you have a lower risk tolerance, so you are trying to avoid market volatility.

On the other hand, there are investors who wish to get a jump on their retirement savings or make up for some previous poor financial decisions, their strategy may be far more aggressive. An aggressive investor is someone who has a high risk tolerance. They may be willing to risk more money for the possibility of better returns. Aside from those two extremes, there are middle of the road investors who have a moderate risk tolerance and will attempt to balance their need for good returns with their need for capital preservation.

What is your tolerance for risk? Can you endure losing capital in your current financial situation? How close are you to retirement? Knowing your risk tolerance can help you make a successful investment plan. Want to learn more? Visit our [Investment Information page](#) for great resources to get you started on your journey!

2021 Legislative News

Understanding that Nebraska legislation drives changes to your retirement plan is vital to remaining informed and up-to-date for your retirement planning. We want to showcase some of the bills passed during this session of the 107th legislature that may impact Nebraska retirees, in general, as we did not have anything pass that would directly affect the State, County, or Deferred Compensation plans. If you wish to see the bills, in their entirety, there is a link under each one that will take you to the legislative page for that specific bill.

LB 83 - Public Employees Retirement Board (PERB)

[LB 83](#) changes public meeting provisions and provide for virtual conferencing under the Open Meetings Act.

LB 147 - School

This bill, amongst other things, directs the transfer of management of the OSERS (Omaha School Employees Retirement System) from the Board of Trustees to NPERS (Nebraska Public Employees Retirement Systems), and the tasks associated with the transfer of management. Though it will not affect our State, County, or DCP plans, there was a lot of interest regarding this bill and NPERS administrating a new plan.

[LB 147](#) transfers duties and responsibilities for management of the OSERS to the PERB/NPERS effective September 1, 2024. The bill specifies that OPS remains solely liable for the funding obligations and will cover all costs for the management transfer.

LB 209 - Deferred Compensation Plan (DCP)

[LB 209](#), as amended, does not impact the Deferred Compensation Plan administered by NPERS.

LB 64 - Retirees

[LB 64](#) changes how Social Security benefits are taxed in the state of Nebraska. The changes allow federal adjusted gross income (AGI) to be reduced by a percentage of the Social Security benefits received. The percentages change would be based on marital status and AGI. The pertinent percentages are:

- 5% for taxable years beginning or deemed to begin on or after 1/1/2021 and before 1/1/2022
- 20% for taxable years beginning or deemed to begin on or after 1/1/2022 and before 1/1/2023
- 30% for taxable years beginning or deemed to begin on or after 1/1/2023 and before 1/1/2024

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- 40% for taxable years beginning or deemed to begin on or after 1/1/2024 and before 1/1/2025
- 50% for taxable years beginning or deemed to begin on or after 1/1/2025 and before 1/1/2026

Amendment 1360 filed May 11, 2021, adds a legislative intent clause that states the intent to exclude social security benefits from taxation to:

- 60% for taxable years beginning or deemed to begin on or after 1/1/2026

- 70% for taxable years beginning or deemed to begin on or after 1/1/2027
- 80% for taxable years beginning or deemed to begin on or after 1/1/2028
- 90% for taxable years beginning or deemed to begin on or after 1/1/2029
- 100% for taxable years beginning or deemed to begin on or after 1/1/2030

LB 387 - Retirees

[LB 387](#) excludes military retirement benefit payments from state income tax.

Another GREAT Open Enrollment!

We announced that enrolling in the voluntary Deferred Compensation Plan (DCP) during open enrollment became available last year. We are thrilled to report there were approximately 442 new DCP enrollments during open enrollment! In addition, over 649 individuals who were already participating in DCP increased their contribution amounts.

If you opted to NOT participate in DCP during open enrollment and are now regretting that decision, it's not too late! Open enrollment is over, but the ability to enroll and/or change DCP contribution amounts is available year round via the Employee Work Center.

For more information on DCP, please refer to the [DCP handbook](#) on the NPERS website, the [DCP video](#), or contact NPERS at 800-245-5712 or 402-471-2053.

Another Reminder... If You Enroll: The "To Do" List

If this is your *initial* enrollment in DCP, there are two more steps to take.

Step One: Designate Beneficiaries

Your beneficiary is the person (or persons) who will receive any funds remaining in your DCP account upon your death. Beneficiaries designated for the mandatory retirement and beneficiaries named during open enrollment do NOT apply to DCP accounts! You may designate beneficiaries using the [NPERS Beneficiary Designation form](#) on the NPERS website.

If a DCP participant does not submit a Beneficiary form for the DCP account, death benefits will be paid to the spouse married to the member on the member's date of death. If there is no designated beneficiary or eligible spouse, death benefits are issued to the member's estate.

Step Two: Choose Your Investments

At initial enrollment, contributions to DCP will be placed in the default investment option until the member selects their desired investments.

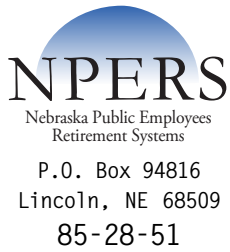
NPERS recommends using the Ameritas Online Access to choose investments. If you have already created an Ameritas account for your mandatory retirement, your new DCP account will be added to your existing login credentials once Ameritas receives enrollment data from NPERS. If you have not created an online account, Ameritas will mail correspondence containing the information (personal certificate #) you will need to create an online account. When you receive your letter from Ameritas, please register your online account as soon as possible. Registering and activating the multifactor security helps protect you from fraudulent activity.

Remember, when participating in DCP, it is your responsibility to determine your retirement goals and select an investment strategy that works for you. If you want more information on our investment options, check out our [Investment Education Video](#).

Exploring a New Electronic Frontier!

We are excited to bring you a new pilot program for our County plan, submission of Electronic Non-Contributing Member forms! The Non-Contributing Member Form verifies the termination date and final salary for our members. NPERS must receive this document before we make any distribution from your retirement account. This new pilot

program allows Non-Contributing Member Forms to be submitted via an Electronic Non-Con Portal -making this process faster and more efficient! If you are a County reporting agent who would like to be a part of this opportunity to streamline, please reach out to our County Reporting Agent contact, Clint Holmes, for more information.



NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

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NEBRASKA STATE AND COUNTY EMPLOYEES | JULY 2021



CASH BALANCE RATE

For the quarter beginning July 1st, 2021, the rate of return for Cash Balance participants is 5%.

The current and historical Cash Balance rates of return are available via the "[Cash Balance Rates of Return & Dividends](#)" link on our website.