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Nebraska Public Employees Retirement Systems

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## RETIREMENT NEWS

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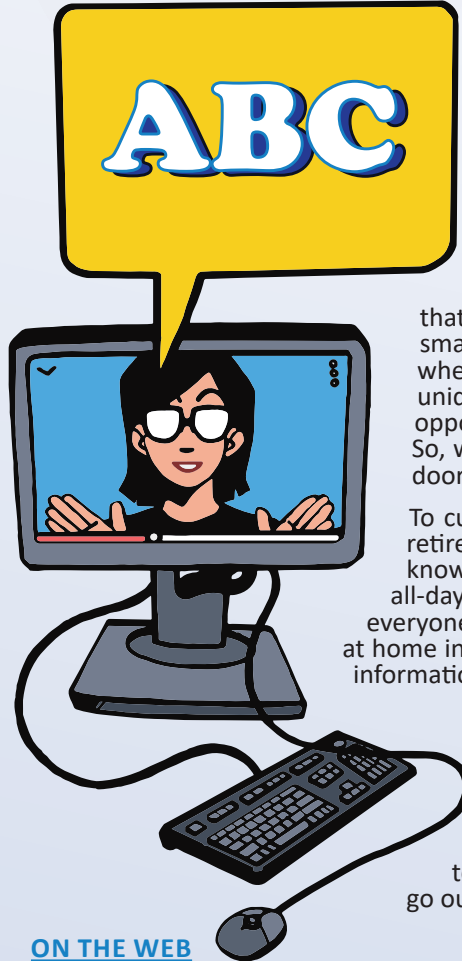
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For Nebraska State & County Employees

# RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS | JANUARY 2022



## Always Be Customized!

Ever purchased something that was 'one size fits all'? How did that work out? Did it fit you? Was it too BIG? Or was it a little too small? Very rarely does one size fit all. This can be especially true when we look at our financial situations. We are all coming from unique backgrounds, different savings habits, varied investment opportunities, and uneven education regarding money handling. So, why should your approach to retirement be just like your next-door neighbor's or your fishing buddy's? Often, it shouldn't be.

To customize our educational opportunities regarding your NPERS retirement plan we are rolling out some new ways to do things. We know that not everyone has time for or is going to learn best at an all-day seminar, especially in this fast-paced life. We know that not everyone wants to do things more online. Maybe you are tired of being at home in front of the computer? We know that perhaps you may need information right now.

### IN-PERSON SEMINARS

For our State and County members NPERS provides in-person full day seminars at locations across the State of Nebraska. We do these in-person events during the fall of each year. This year we hope to add a few new locations. Brochures to register, and send in with your fee, for these in-person events go out in August.

### ON THE WEB

In the wake of pandemic, we have been offering newer web-based alternatives to our in-person seminars – ½ day webinars. These have been very well received, so not only are we continuing to provide them, but we will also be making sure that we have them available year-round during 2022!

Right now, we have ½ day webinars available on **in the morning, on January 25th, January 26th, February 8th, February 11th, March 14th, April 4th, June 3rd and an afternoon offering May 19th.** These events are offered along with other various speaking engagements in conjunction with the Nebraska Department of Administrative Services and the Department of Health & Human Services in the spring of 2022. If you wish to register for one of our ½ day webinars all you have to do is e-mail your NAME, DATE OF BIRTH, WEBINAR DATE YOU WISH TO ATTEND, and E-MAIL YOU WOULD LIKE TO USE to [NPERS.SEMINARS@NEBRASKA.GOV](mailto:NPERS.SEMINARS@NEBRASKA.GOV) and a link will be e-mailed to you! **Free to attend and now even better times to do it** --You asked for it and we listened!

(cont'd. on pg. 2)



# ABC: Always Be Customized (cont'd.)

## 24/7 URGENCY

More than anything the excuse we hear from people about why they didn't start thinking about their retirement sooner is... that they just didn't have time. We understand how busy things are. Maybe you don't have time during the day to pay attention during a 3-4 hour webinar, or to take off a whole day to go to an in-person. How about this? You can access a seminar at any time you want to on our website. Maybe you only have time to watch five minutes before you put the kids to bed or do laundry. In the long run, it is worth taking that five minutes and investing it in becoming more financially knowledgeable.

We have recorded one of our ½ day webinars and have it up on our website right now, no charge. We have the binder document materials that go with this seminar, right there on the website at your fingertips. The same information we give at in-person seminars and at webinars, right there for you to access at your leisure 24 hours a day, 7 days a week!

## I WANT YOU TO WALK ME THROUGH IT. THAT'S YOUR JOB!

NPERS cares deeply about our members. However, it is so important that you are financially knowledgeable going into your retirement planning. Our friendly staff CANNOT, at any time, advise you on what to do with your retirement account. For that type of assistance with retirement planning, meeting with a *certified financial planner* may be the best option.

It is imperative that you know what you want to do with this money. We strive to give you tools to succeed and customize your retirement approach, on your terms. If, after reviewing a webinar or watching a video, you have a question regarding your account we have a knowledgeable, responsive Member Services team who is ready to help you, 402-471-2053 or 800-245-5712, option #1.

We know that with all the avenues of learning that are available you will be able to customize your retirement learning experience to what suits you, your lifestyle, and financial picture the best!

# Top 5 Expenses for Retirees in 2020 According to the U.S. Bureau of Labor Statistics

*Orron Hill, Legal Counsel*

The U.S. Bureau of Labor Statistics (US BLS) recently published [consumer expenditure data](https://www.bls.gov) for 2020 on their website [www.bls.gov](https://www.bls.gov). According to the US BLS data, households whose heads are 65 or older (we will call them "retirees") are spending an average of \$47,579 per year, which is about \$13,755 less than the \$61,334 average for all households.

But this begs the question, "How are retirees spending their money?" Below are the top 5 expenses for retirees in 2020 according to the US BLS.

1. **Housing costs** were by far the number 1 area of spending for retirees in 2020, costing an average of \$17,435 (or 36.6% of total household spending). By comparison, all households spent an average of \$21,409 (or 34.9% of total household spending) on housing costs.
2. **Healthcare costs** were the second largest expense, at an average of \$6,668 (or 14% of total household spending). This is an increase from the average spending for all households at only \$5,177 (or 8.4% of total household spending). The bulk of the increased spending is tied to increased health insurance, medical services, and medical supplies/medication costs.
3. **Transportation costs** were third. This is a bit of a surprise. In both [2018](#) and [2019](#), transportation costs (fuel, vehicle maintenance, insurance, etc.) were the second largest expense for retirees. Presumably, travel restrictions tied to the COVID-19 pandemic led to the lower transportation costs in, and, thus, the lower ranking for, 2020. Retirees only spent an average of \$6,221 (or 13.1% of total house-

hold spending) on transportation costs in 2020, which is approximately \$1,049 less than they spent in 2018, and \$1,271 less than what they spent in 2019.

4. **Food** was the fourth largest expense. Retirees spent an average of \$5,698 (or 12% of total household spending) on food. This is about the same percentage of total household spending on food for all households (11.9% of total household spending), but about \$1,618 less in raw dollars.
5. **Utilities and public services** round out the top 5. These accounted for an average of \$3,783 (or about 8% of total household spending) in 2020.

In total, the top 5 expenses account for around \$39,805 (or 83.7%) of household spending for retirees.

Often, the follow-up question is, "How do I know if I have saved enough for retirement?"

Looking at the national average for retiree household spending is an excellent place to start. However, it is important to note, the local costs-of-living, inflation, and your desired retirement life style can significantly impact your retirement spending, and, thus, how much you need to save.

NPERS' website, [NPERS.NE.GOV](https://www.npers.ne.gov), has several helpful resources to help you educate yourself about retirement. However, sometimes the best course of action may be to talk to a certified financial planner, licensed tax preparer, attorney, or other professionals to address your unique financial situation.

# See A Penny, Pick It Up...

In this day and age, we hear a lot of sensational speculation regarding retirement. Will Social Security be there when we need it? What happens if we retire and outlive our money? Will rising healthcare costs rob us of the lifestyle we want in retirement? There are many topics today that highlight a trend in retirement, insecurity and fear. We can only address the here and now, make our best educated guesses on things to come, and be knowledgeable.

There is one more thing we can do. We can save now. The Deferred Compensation Plan (DCP) can help us do this. The DCP

account allows you to defer some of your compensation, PRE-TAX, to an account you invest according to your investment strategy, to be accessed at retirement. It is a minimum of \$25 a month to start and the money is automatically deducted from your paycheck. State plan members may enroll or change their contributions at any time using the Workday System. Eligible County plan members should contact their HR representative regarding enrollment. Do something now to help ensure a more secure tomorrow -get into DCP!

## Defined Contribution Annuity and Cash Balance Annuity Rate Changes

Effective January 1st, the annuity rate for **Defined Contribution** members has been updated from the 2021 rate of 2.44% to the 2022 rate of 3.12%. Per Nebraska statutes, this rate is determined using the January Pension Benefit Guaranty Corporate rate (2.37%) plus 0.75%. This rate will apply to all annuities purchased by Defined Contributions with a 2022 effective date.

At this time, the annuity rate for **Cash Balance Tier One** mem-

bers is 7.75% and the annuity rate for **Cash Balance Tier Two** members is 7.3%. The Tier Two rate was adjusted based on actuarial assumptions provided in 2021 and will decrease each January by .1% until the rate is 7%.

Please refer to your plan handbook for more information on the annuities offered to State and County members at retirement or termination.

HAPPY HOLIDAYS FROM NPER!



# 2022 DCP Contribution Limits

The 2022 maximum contribution limits for the voluntary Deferred Compensation Plan (DCP) have been announced by the IRS. The normal maximum contribution deferral remains at \$20,500 for members under age 50. The additional contribution amount provided for individuals age 50 or older remains \$6,500. Which makes the 2022 total contribution limit for members age 50 and older \$27,000.

If you are not already participating in DCP, you should consider enrolling! DCP is a tax-sheltered retirement plan somewhat similar to a Traditional IRA. All state employees are eligible to participate, as are some county employees whose employer does not offer a section 457 plan. For more information on DCP, we feature a ten-minute informational video about the plan on our website – [NPERS.NE.GOV](http://NPERS.NE.GOV).



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NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

## **RETIREMENT NEWS**

NEBRASKA STATE AND COUNTY EMPLOYEES | JANUARY 2022



### **CASH BALANCE RATE**

For the quarter beginning January 1st, 2022, 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.