



RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS JULY 2022

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RETIREMENT NEWS

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EMPOWER DCP UPDATE

By Michael Walden-Newman, State Investment Officer

It is the mission of the Nebraska Investment Council to prudently manage the funds entrusted to us by the people of the State of Nebraska. We deliver investment management services to provide direct financial benefit exclusively to the owners of these funds. We are committed to thorough, sound, and informed analysis in order to achieve superior returns while maintaining prudent levels of risk.

On March 1st, State Investment Officer Michael Walden-Newman and Nebraska Public Employees Retirement Systems (NPERS) Director Randy Gerke informed Empower Retirement that the Nebraska Investment Council was terminating Mass Mutual investment options within the State’s Deferred Compensation plan.

They told Empower that NPERS will transition Plan participants to investment options in the State Deferred Compensation Plan (DCP). The State intends to continue offering the Group Annuity Contract to Empower Plan participants.

Participants will recall that Hartford Financial Services originally managed the State Deferred Compensation Plan. (Note: Mass Mutual Life Insurance Company bought Hartford Retirement Plans in 2013. Empower bought the Mass Mutual retirement business in 2021.)

Back in 1997, the Investment Council was charged by law with management of the State Deferred Compensation Plan. A new set of investment options were offered following the change in the law.

Participants in the Hartford Plan were allowed to keep their money with Hartford but were not allowed to make any new contributions to the Hartford Plan. Hartford participants could transfer their balances at any time to the State Deferred Compensation Plan.

To quote from the [Fall 2000 NPERS “Retirement Roundup” newsletter](#), “One of the major reasons the Retirement Board and State Investment Council decided to discontinue new contributions to Hartford back in 1997 was due to high fees.”

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EMPOWER DCP UPDATE (CONT'D.)

This has not changed. The State Deferred Compensation Plan offers lower fees and higher return options, especially with the upgraded investment line-up put in place in December 2020, after several years of study.

NPERS will help Empower Plan participants transfer to these better options. Participants will have until August 31, 2022, to move their funds into the State Deferred Compensation Plan investment options. NPERS will then move any remaining participant funds into the appropriate LifePath Fund, so that the full transition is completed by September 30, 2022.

As a reminder, LifePath Funds are the default investment option for the State Deferred Compensation Plan. LifePath Funds are target-date funds that help manage investment risk by matching participants to a fund closest to their retirement date. That fund then gradually changes the mix of the investments in the fund to reduce risk over time until retirement.

NPERS is communicating directly with affected participants.

WHAT TO DO NEXT?

(IF YOU HAVE FUNDS IN THE EMPOWER INVESTMENT OPTIONS)

If you are one of the members who will be affected by the discontinuation of the Empower Investment Options what do you do?

- **Let It Default into a LifePath Fund** - these accounts will automatically transfer Empower Plan participant funds (except for funds in the Group Annuity Contract) to the State DCP after **August 31, 2022**, so that a full transition of Empower Plan participants is complete by September 30, 2022. Any Empower Plan participant funds will be transferred into the appropriate State DCP LifePath Fund, if we receive no other directions from you.
- **If the LifePath Fund is Not Lining Up with Your Investment Strategy** - After the transfer, State DCP participants can register their personal Ameritas online account at accounts.ameritas.com/login. The Ameritas online account allows you to easily manage your funds in DCP and is the fastest way to transfer funds between any of the other investment options.
- **If You Are Not Certain What Your Investment Strategy Is** - Review the [NPERS' 2022 Investment Report](#), the NIC's [Performance Reports](#), or [NPERS' Investment Information page](#) (with videos) for more information on the State DCP's investment options.

Empower Plan participants who prefer may rollover their Empower Plan funds to the State DCP and select their investment options prior to the automatic transfer by the State. To do so, NPERS must receive the properly completed paperwork prior to **August 31, 2022**.

Please contact the NPERS Member Services Department at (402) 471-2053 or (800) 245-5712 if you have any questions about the transition of your Empower funds, or if you would like to request NPERS forms.

Please contact Empower at (855) 756-4738 if you have questions about your Empower funds, or if you would like to request Empower forms.

FLASHBACK 2009:

LOOKING BACK AT SAGE ADVICE FROM A DIFFERENT DOWNTURN IN THE ECONOMY

This article is a re-print of an article which was originally run in Volume 24, Issue No. 1 of NPERS Retirement News. All the facts in it remain pertinent and correct.

Can you Borrow from your Future?

Q: I'm having trouble making ends meet and just trying to "hold on" in this recession. High prices for gas and food are adding salt to the wound, and my car needs repairs. Is it possible to borrow against my retirement account or take a partial refund while I'm still working for an NPERS employer? How can I possibly save for my future right now?

A: NPERS can understand that it is tempting to borrow against your future retirement to ease financial worries today, but you cannot borrow from your NPERS member contributions, nor may you use them as collateral for a loan. This is a provision in Nebraska Statutes, which governs NPERS. There is no "hardship provision" available to members of

the State and County Plans. The law both prevents you from accessing your money while you are working for an NPERS employer and protects you against creditors as long as your contributions remain on deposit with NPERS.

The plan assets are held by NPERS in trust, which means the monies are immune from execution, garnishment, attachment, the operation of bankruptcy or insolvency laws, or any other process of law. The assets cannot be paid out because of any legal actions, except through a "qualified domestic relations order" in a divorce case, or through an IRS tax lien. You cannot take a refund (full or partial) of your account while you are still making contributions to the Plan. Keep in mind that your contributions are providing you with an important retirement benefit. Don't sell it short! Also consider saving even more for retirement by using the voluntary §457 Deferred Compensation Plan for State of Nebraska employees, or your county's deferred compensation plan.

THAT NEW CAR SMELL!

NPERS is a lively place. We are constantly changing, growing and upgrading what we do to incorporate new legislation passed each year, our ever-changing membership's needs, and industry best practices! Here are a couple of this most recent things we have done, so you know what we have been up to lately.

- We published the [Military Service Guidebook \(pdf\)](#) to help our members and employer reporting contacts to better navigate the sometimes confusing waters of requesting/verifying military service within each plan.
- In direct response to questions regarding LB700, which clarified eligibility for retirement plan enrollment for [State Agency School Plan Employers](#), we developed a flowchart that should help you determine proper plan eligibility and enrollment. Now with just a couple of questions proper plan enrollment is ensured!

- Speaking of eligibility...we also made available NPERS [County](#) and [State](#) Eligibility Checklists to help our Reporting Agents effectively determine plan eligibility with ease!
- For our savvy retirement investors, we recently published the [2022 Annual Investment Report](#). This report shows the past performance for the fund available to our Defined Contribution, Deferred Compensation, and State Patrol DROP plan members! It can also be a great tool to help with your financial planning/investment strategizing or to take with you to your Financial Planner's office.
- [New video](#) walkthrough for DCP enrollment and changes using Workday.

Remember we are adding new content all the time to our fantastic website to help you plan for retirement, this includes new videos and quarterly newsletters! [NPERS.NE.GOV](https://www.npers.ne.gov)

STATE AND COUNTY

CASH BALANCE DIVIDEND

At the May 16, 2022, 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 2022 actuarial reports for the plans were presented at the May 16, 2022, 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 7.5% dividend for State and 6.5% County Cash Balance members.**

The dividend will be based upon the member's Cash Balance account balance as of December 31, 2021. 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.



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NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

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CASH BALANCE RATE

For the quarter beginning July 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.