

# Retirement Roundup

## Judges, State Patrol & School Employees I

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## LB 538 Redefines Definitions

**Passed on May 20, 1999, LB 538 was signed by the governor on May 25 and became effective May 26, 1999.**

The following is a summary of the provisions of LB 538 recently provided in a memo to all School Administrators.

The law now excludes from the benefit calculation compensation received by the member that exceeds the member's compensation with the same employer for the preceding fiscal year by more than 10%, unless the increase in compensation is due to a change in position.

LB 538 imposed a 10% per year cap on increases in compensation used to calculate a member's "final average compensation" to assist NPERs in addressing the salary spiking issue.

LB 538 also defines "Substitute School Employee" as "a person hired by a public school on an intermittent basis to assume the duties of regular school employees due to the temporary absence of the regular school employees." Substitute employees cannot be members of the system.

A clarification of "Disability" was adopted. Disability is redefined as "an inability to engage in a substantially gainful activity by reason of any medically determinable physical or mental

impairment which can be expected to result in death or be of a long and indefinite duration." This definition mirrors the definitions in the County and State plans and is similar to the definition in the Social Security laws.

**Retirees returning to work:** LB 538 amended the definition of "School Employee." School retirees who subsequently provide compensated service on a regular basis in any capacity are deemed to be "contributing members" of the school retirement system. If a contributing member performs 516 or more hours of service in a school/fiscal year, retirement contributions must be remitted on his or her behalf. It is our interpretation that "one-sport coaching", drivers education, and other temporary or short-term assignments/projects does not equate to providing service on a "regular basis". This last interpretation becomes important during the first year of retirement as discussed below.

Under existing law, a school employee must terminate his or her employment to be eligible to receive retirement benefits. The Nebraska School Employees Retirement Act defines "termination of employment" as "the date on which the member's employer determines that the member's employer-employee relationship with the employer is dissolved.... **Termination of employment does not include ceasing active work at the end of the school year if**

## Let's Review LB674

LB 674 adopts a cost of living adjustment (COLA) for retirees in the School, Judge and State Patrol plans beginning July 1, 2000. It also increases the annuity factor used in computing retirement benefits for current school employees.

The COLA provides that a retiree's benefit will not fall below a certain level after being adjusted for inflation. For the School and Judges' plans, the floor is 75% of the purchasing power of the member's initial benefit. For State Patrol retirees, the floor is 60% of the member's initial benefit. The COLA also provides an annual benefit adjustment equivalent to the lesser of the change in the Consumer Price Index (CPI) for the prior year, or two percent. For benefit examples, see the Spring 1999 edition of the *Retirement Roundup*.

Members of the School Retirement System who terminate their employment and retire on or after the effective date of LB674 will have their benefits calculated using a new annuity factor of 1.9%. To be eligible for the 1.9% factor, the school employee must acquire one-half year of service credit after July 1, 1998 and be employed on or after April 29, 1999, the effective date of the bill. □



### Moving? Remember to Notify Us!

When your address changes, please remember to write to the Retirement Office. It is very important to notify us of your change of address to be assured you will receive your annual fund statement.

## Read It And Keep!

Why didn't anyone tell me? How am I supposed to know? When did the law change? How does that affect me? These are just a few of the questions we've heard over the years.



The Retirement Office has been publishing the agency newsletter, the *Retirement Roundup*, since 1987. The *Retirement Roundup* is our primary source of getting law change information and other school, judge and patrol plan information to you throughout the year. Do you just "skim" the information, really read it or, (say it isn't so!) sometimes just "pitch it?"

The *Retirement Roundup* is packed with information, but YOU HAVE TO READ IT! And, it would be a great idea to get an inexpensive binder and keep copies for future reference. If you have questions pertaining to newsletter information, please call our office. □



## We Appreciate Your Patience!

Have you completed the retirement application process and are anxiously waiting to receive your first retirement check? Remember, you can expect to receive your first retirement benefit 60-90 days after your effective date of retirement.

This year we have had many new retirees request an "exact" amount of your benefit while waiting to receive your first check. (An estimate of your benefit was sent to you during the paper work process.) Due to a large volume of retirements and our goal to provide you a benefit check as soon as possible, we do not have the "staff power" to generate an additional letter and a second estimate. You will receive a letter with your first retirement check. If you have questions after you receive your first benefit check and letter, please write to the retirement office. □

## Do You Qualify?

Do you qualify for Military Service credit? Military Service credit may be allowed for your military service at no cost to you.

For details on current requirements, please contact the Retirement Office.

## When You're Caught Napping

Even if you never need this advice, we thought you could use a humor break. So if the boss finds you dozing, try one of these tongue-in-cheek responses:

- ◆ "The people at the blood bank told me this might happen."
- ◆ "I was just trying out that 15 minute power nap they recommended at that management seminar you sent me to."
- ◆ "I realize you think I was sleeping, but I was actually meditating on our mission statement."
- ◆ "I read that this yoga exercise is a great way to relieve stress so you can be more productive, but it won't work unless you close your eyes."
- ◆ "It's too bad you woke me. In my dream, I was just on the verge of solving the firm's thorniest problem."
- ◆ "Someone must have put decaf in the regular pot."
- ◆ "Amen."



Source: www.superkids.com, cited in Workforce, ACC Communications Inc., 245 Fischer Ave., Ste. B-2, Costa Mesa, CA 92626.

## Information Technology Project

The Nebraska Public Employees Retirement Systems (NPERS) has planned a reengineering of its current information technology. In a 1998 report to the Nebraska State Legislature and the Nebraska Information Technology (NIT) Commission, we outlined our objectives. The NIT Commission subsequently issued a recommendation, attaching a rating of "strongly recommended" with regard to our technology needs and goals.

The overall goal of the Integrated Information System (IIS) project is to improve productivity, responsiveness, customer service, flexibility, functionality, and effectiveness while minimizing operating expenses and staff growth rate. The ability to handle future plan changes and membership growth with a minimum of expense and effort will also be required of the new system.

The support project, including implementation of a new Integrated Information System (IIS) will be divided into four phases as follows:

- Phase I - Planning;
- Phase II - Conducting the Procurement;
- Phase III - Quality Assurance and Oversight Project Management of the Implementation;
- Phase IV - Actual Implementation of the new Integrated Information System.

Because of the significant amounts of resources that must be dedicated to the implementation of an Information Technology plan, it is imperative that a knowledgeable consultant be employed as a first step toward accomplishing a successful Information Technology plan.

To assist in planning, managing, and quality assurance for this major system re-implementation project, NPERS has sought the services of a qualified consultant with previous experience in supporting public employees retirement

system implementations. The support portion of the project must be provided by a firm that is totally independent of the system implementation/integration vendor who will eventually be selected. NPERS' budget request in connection with this service has been approved by the legislature. The Requests for Proposals (RFP) have been returned. A review committee, comprised of members of the retirement staff, has selected four finalists, based on established criteria. The selected finalists will be interviewed at NPERS' office on August 16, 1999.

The anticipated completion date for the entire four-phase Information Technology plan project is June 30, 2003. □



The National Council on Teacher Retirement (NCTR) has developed an internet web site to help people with all aspects of retirement. They call their website **LIFEPLAN**. The site is free and open to all public employees. **LIFEPLAN** means Learning and Investing For an Energetic and Productive Life while Accumulating a Nest egg. The primary goal of NCTR's **LIFEPLAN** is to encourage all public employees to save more for their retirement through supplemental tax-sheltered annuity plans, such as 403(b) and 457 plans approved by the Internal Revenue.

Information on planning for retirement, establishing credit, buying a home, and estate planning are just a few of the financial planning issues addressed. NCTR is a national association of 73 state and local retirement systems founded in 1924. For more information on LIFEPLAN, log onto: [www.nol.org/home/pers](http://www.nol.org/home/pers) or [www.nctr.org](http://www.nctr.org) □

## Change Is Good!

You may notice that the Preretirement seminar calendar below does not list any dates for seminars this fall. In an effort to address our members more efficiently, we have made a few changes in seminar scheduling.

Beginning in February, 2000, the entire Spring session will be open to School members only! Our Fall seminars will be held for State and County plan members. As you can see, we have added many dates to next spring's schedule. Rather than addressing several different plans within the same week, or in some cases, the same day, this will allow our seminar staff and presenters to focus only on your plan for an entire season! We are also hoping that this will improve our attendance numbers in the western part of the state so that it won't be necessary to cancel seminars because of low attendance.

We'll see you next Millineum! □

### 2000 Spring Session Preretirement Seminars for School Members age 50 and over

February 16	-	Omaha
February 17	-	Omaha
February 23	-	Beatrice
February 24	-	Lincoln
March 7	-	Lincoln
March 8	-	Omaha
March 21	-	Omaha
March 29	-	Lincoln
March 30	-	Lincoln
April 4	-	Norfolk
April 5	-	Fremont
April 12	-	Kearney
April 13	-	Grand Island
April 19	-	Norfolk
April 20	-	Columbus
May 3	-	Scottsbluff
May 4	-	Sidney
May 10	-	McCook
May 11	-	North Platte
May 23	-	Kearney
May 24	-	Grand Island

Registration forms will be sent to all eligible members approximately 4 weeks prior to meetings in their area.

## LB 538 - (Cont. from page 1)

*the member will return to active work during the following school year with any school district under the retirement system.” Neb. Rev. Stat. Section 79-902(38).*

Active work is not defined in the Act. Based upon LB 538 and the definition of “school employee”, it is our interpretation active work would encompass any compensated service performed on a regular basis in any capacity (employee or independent contractor). Thus, a retiree may not receive retirement benefits and perform any regular compensated service during the school year following their retirement. As stated above, we would not consider temporary, short-term assignments or projects to be “regular service.” After the one-year break-in-service, a retiree may resume full-time or part-time employment in any capacity and continue to receive retirement benefits per *Neb. Rev. Stat. Section 79-922*. If, after the one-year break, the retiree performs 516 or more hours of service, retirement contributions must be remitted on his or her behalf.

If you have any questions regarding these definitions, please contact the Retirement Office. ☐

Nebraska Retirement Systems  
Retirement Information Office  
P.O. Box 94816  
Lincoln, Nebraska 68509-4816

## The Best Things Aren't Things

One of the most valuable pieces of information many retirees have shared is, “don’t drive yourself nuts with retirement finances. Plan financially the best you can and then just kick back and roll with it. Things have a way of working out. After all, it isn’t how much you have to enjoy, but how much you enjoy what you have!”

All too often when we plan for retirement we focus only on the financial preparation. However, our emotional preparation for retirement is equally as important.

Retirement is coming. It’s a new life stage. We may be single; we may have a mate. Our emotions may be mixed. We may be excited and yet feel somewhat fearful. These emotions are quite normal. The most important thing is keeping a positive attitude. Enthusiasm and laughter are also important. “Inner peace” is vital in our retirement. Spiritual wellness will nourish our body and mind.

We’ll have a wealth of leisure time to explore opportunities and challenges. Rediscovering relaxation, relationships

and self can be exciting. We’ll experience transitions from schedules, clocks and control. With newfound freedom we can reach our retirement goals. We can choose to work or play, or both. Our plans may be simple or even outrageous. Our decisions will pave our retirement way.

Retirement is an adventure, there is so much in store. Our retirement time is precious, it belongs to us. Let’s welcome retirement, we have a second chance and the best may be just around the corner! ☐

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or Toll-Free 1-800-245-5712  
<http://www.nol.org/home/pers>

Director: Anna J. Sullivan  
Editor: Pam Williamson  
Editor: Louise Weyer

