

# Retirement Roundup

"Providing Information to Nebraska School Employees"

Nebraska Retirement Systems

Vol. 16, No. 6, Fall 2001

**PUBLIC EMPLOYEES'  
RETIREMENT BOARD**

Julia Moeller  
Chairperson  
County Employee

Charles Peters  
Vice Chairperson  
Member-at-large

Denis Blank  
State employee

Lormong Lo  
Member-at-large

William Hastings  
Retired Member

Daniel S. Contonis  
Member-at-large

Rick D. Black  
School Employee

Rex Holsapple  
Ex-officio member

**In this issue...**

Statement Example ... 2  
 PIONEER ..... 2  
 Fail to Plan ..... 3  
 Legal Corner ..... 3  
 Employer Reporting .. 4  
 Seminar Calendar ..... 4



## See Your Statement of Account for Important Retirement Information!

One of the most important documents you receive from our office is your NPERS annual Statement of Member Account. Statements are mailed to members' home addresses every year in late August or early September. (See sample statement on page 2.) Your statement looks different this year. We've improved the way information is reported to you.

The statement not only shows your total accumulated contributions plus interest, it is filled with many other important pieces of information. You should look the statement over carefully before you file it away with your other important papers.

Statements this year will arrive by certified mail, return receipt requested. The law requires that every two years the Retirement Office send to each school plan member with money on account, a statement of service earned for the **two previous fiscal years**.

Make certain your personal information reported at the top of the statement is correct: your name, Social Security number, current employer and date of birth. Notify this office right away of any changes or errors by calling or writing (our phone numbers and address are on the last page of this newsletter).

Your statement is meant to verify information collected on your account, including information needed to calculate your retirement benefit. It explains that you have two options

in the School Retirement Plan:

(1) Take a retirement **annuity** (when you qualify) in which case your benefit will be based on this formula:

$$\begin{matrix} \text{Years of} & & \text{Final} & & \text{Formula} \\ \text{Creditable} & \times & \text{Average} & \times & \text{Factor} \\ \text{Service} & & \text{Compensation} & & \text{(currently 2\%)} \end{matrix}$$

(2) Take a **refund** of your contributions plus interest if you quit working. (Hint: Taking a retirement *annuity* results in a monthly retirement benefit **for your lifetime**, while a *refund* **cancels or erases** those corresponding years of creditable service.)

Your statement also explains why NPERS keeps compensation records. First, because your retirement benefit will be based on the three highest years of compensation – which are used to calculate “Final Average Compensation.” Second because, by law, you contribute 7.25% of your compensation to help pay for your benefit. We must verify your compensation is correct.

Besides Final Average Compensation, your benefit is also based on years of service you have accumulated in the school system. Your statement shows your total reported years of creditable service. Information on purchase of service, refunds and/or repayment of a refund is also included in your statement.

(Continued on page 2)



**New Statements** (Cont. from page 1)

Your contributions are reflected as those before 1986 (when taxes were already taken out before contributions were reported to this office), or after 1986 (which are not yet taxed), the interest earned, any penalties, and a **total** of the accumulated contributions plus interest credited to your account.

Be aware, you have **90 days** to contact us if you believe you have found errors in the NPERS records reflected on your statement. After 90 days has passed,

your right to contest is “forever barred.” Also, look for a separate insert included with the statement that describes protest and appeal procedures as well as tax information.

Please read your new statement carefully. If you have questions or if you did not receive your certified statement, please contact the Retirement Office. Call us toll-free at 1-800-245-5712 or in Lincoln at 471-2053, and someone from Member Services will be glad to visit with you. ☐

**Introducing...**  
**“PIONEER”**

For the past year we’ve been telling you about “our new technology plan.” We’ve kept you informed on our progress toward installing a state-of-the-art, automated system that will significantly improve our ability to manage member accounts. We’ve told you about our “phased approach” (right now we’re in Phase II), and of course we’ve mentioned that this project will integrate into one unified system most of the data management and processing systems currently in use by this office. We’ve told you we would award a contract for an experienced, reputable outside vendor to help us develop this system and put it into place. (We have successfully awarded that contract.)

Well, we’ve told you all **that**, but we haven’t told you **this**: We conducted a contest among our creative and dedicated staff and arrived at a name for our “technology project.” May we introduce



**Pension Information of  
Nebraska for Efficient,  
Effective Retirement**

This should help explain references to our new system made throughout this newsletter. Our technology project now has an identity and a face. We look forward to sharing PIONEER successes with you as we progress through the next phases and reach completion in 2004. ☐

**Statement of Member Account  
Nebraska School Employees Retirement System**

---

(Ret. #) \_\_\_\_\_ SSN **\*\*\*/\*\*/\*\*\*\***  
 NAME \_\_\_\_\_ Date of Birth **\*\*/\*\*/\*\*\*\***  
 Current Employer: [     ]

This is your “Section 79-907” Statement that is meant to verify the information that has been collected on your account for the previous two years, including all the information needed to calculate your retirement benefit. You have two options in the School Retirement Plan, you may either (1) take a retirement annuity (when you otherwise qualify) or (2) you may take a refund of your contributions plus interest at any time (if you quit working). If you take a retirement annuity, your benefit will be based on the following formula:

*Years of Creditable Service \* Final Average Compensation \* (formula factor – currently 2.0%)*

NPERS keeps compensation records for two reasons. First, because your retirement benefit will be based on the three highest years of compensation – which are used to calculate “Final Average Compensation.” Second, records of salary are kept because Section 79-958 require that you contribute at least 7.25% of your compensation to help pay for your benefit. NPERS must verify that your compensation is correct for the past two years. According to NPERS records your compensation for the past two years was:

(YEAR 1)	<b>[REPORTED SALARY]</b>
(YEAR 2)	<b>[REPORTED SALARY]</b>

Your benefit is also based on the years of creditable service you have accumulated in the School System. NPERS records show that you have the following years of creditable service:

(YEAR 1)	<b>[REPORTED SERVICE]</b>
(YEAR 2)	<b>[REPORTED SERVICE]</b>
(TOTAL SERVICE)	<b>[TOTAL REPORTED SERVICE]</b>

*If you are currently purchasing additional service, through installment payments, these years are not reflected in this statement. Once your payment is completed, your total creditable service will be adjusted to reflect your purchase.*

*If you have received a refund of your accumulated contributions plus interest and have not repaid the refund, the years of service associated with the refunded contributions are not counted for your total creditable service. In order to have these years counted, you must repay the refund. (See Section 79-921 for rules on repayment of refunds.)*

If you decide to take a refund, rather than a retirement benefit, NPERS will return your member contributions, plus a statutorily-set rate of interest. According to NPERS records, your contributions plus interest are as follows:

YOUR CONTRIBUTIONS BEFORE TAXES (1986 or after)	\$ X,XXX.00
YOUR CONTRIBUTIONS AFTER TAXES (before 1986)	<u>X,XXX.00</u>
TOTAL CONTRIBUTIONS	X,XXX.00
INTEREST	X,XXX.00
PENALTY	.00
<b>TOTAL ACCUMULATED CONTRIBUTIONS PLUS INTEREST</b>	<u>X,XXX.00</u>

**IF YOU BELIEVE YOU HAVE FOUND ERRORS IN THE NPERS RECORDS AND/OR THAT THIS STATEMENT OF ACCOUNT IS IN ERROR, PLEASE SEE INSERT FOR PROTEST AND APPEAL PROCEDURES. IF YOU HAD PREVIOUSLY RECEIVED A MEMBER STATEMENT OF ACCOUNT FROM NPERS IN 1999, YOU MAY ONLY CHALLENGE THE INFORMATION FOR THE TWO YEARS ADDRESSED BY THIS STATEMENT.**

**WARNING! YOU MUST CONTACT NPERS IN WRITING WITHIN 90 DAYS OR YOUR RIGHT TO CONTEST THIS STATEMENT OF ACCOUNT IS “FOREVER BARRED.” (SEE SECTION 79-907)**

# Fail to Plan or Plan to Spend?

by Mary H. Jochim  
Sterling Financial Advisors

At the end of each month, many Americans ask the following question: What happened to the money I was going to save? One of the best ways to gain control of your money is by developing a written spending plan.

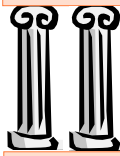
## A spending plan can help you to:

- See where your money goes.
- Reduce unnecessary expenses.
- Evaluate needs and wants.
- Locate money in your budget for large expenses, emergencies and long-term goals.

## Here's how to begin building your financial framework:

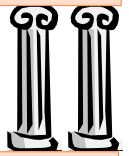
- Discover where your money goes. For one month make notes of all expenditures. Get out last year's checkbook register to determine what you paid for those items that are not predictable on a monthly basis (entertainment, hobbies, travel, etc.)
- Categorize your expenses by areas (i.e. food, clothing, childcare, utilities, and transportation). Write down everything, even the popcorn you had at the movies. You'll be surprised where those hard-earned dollars go.
- Prioritize your financial goals and determine how much you'll need to save each month. Think long-term and short-term goals.
- Bring your goals in line with your income (i.e. new car, less expensive car, wait another year for a car). Putting off a purchase is called "delayed gratification."

Make the written plan realistic. Over a few months time you can get your spending on track and make progress toward your specific financial goals. □



## LEGAL CORNER

by NPERS Legal Counsel,  
Shawn Nowlan



This summer, I spent time getting to know members of the school plan all over the State as I helped conduct NPERS Employer Education Seminars for the School Employees Retirement Plan. I was very pleased to see how many dedicated and knowledgeable people help NPERS enroll new plan members and report employee contributions each year.

### General Rule on Enrollment

These seminars made me think we could use a short refresher on who should be contributing to the School Employees Retirement Plan. If any school employee works at least 516 hours within a plan year (July 1 to June 30) that school employee earns a half-year of service credit in the plan and should be making contributions to the system. Of course, the number of hours worked has to be estimated at the beginning of the year, in order for the contributions to be made on behalf of the member. NPERS suggests that, as a guide, you should determine if the person works at least 60 hours a month. However, even if someone works less than 60 hours per month, they still should earn service credit if they work at least 516 hours in a plan year. If someone is likely to make the 516 hours in the year, they **must** contribute to the retirement plan.

### Exceptions to the Rule

There are only three types of people employed by a school who are **not mandatory** members of the retirement plan (assuming they work the 516 hours): (a) substitute school employees, (b) citizens of foreign countries who do not have permanent U.S. residency, and (c) people who are not yet 21 years of age.

A "substitute" is someone "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." If a person is replacing someone who is going to come back to work, that person is a "substitute."

People living legally in the United States who are not U.S. citizens fall into two categories – i.e. those who have the right to live permanently in the U.S. and those who have a right to live in the U.S. for a defined period (e.g. 3 years only). Only those foreign citizens who have the right to live permanently in the U.S. can participate in the School Retirement System.

People who are not yet 21 are called "Junior School Employees." Those who are less than 21 can choose to join the school retirement system, but the choice is voluntary. For everyone who is **older than 21**, participation in the retirement system is **mandatory**.

### Aggregation

One final, but important rule, is that the 516 hours is aggregated (gathered) from **ALL** Nebraska school districts for which a person works (except for the Omaha School District). If someone works in more than one school, the hours from each school are added together to determine how many hours the individual worked.

## Employer Education and Reporting

The "Employer Education and Reporting" section is a new addition to our newsletter! Intended for **School Authorized Reporting Agents**, it is our way of communicating with you. We recently began a major initiative to "gear up" our employer education efforts and a designated section in our newsletter is part of that initiative.

**Manual for Authorized Reporting Agents** - Recently updated and mailed to all schools, the manual explains current procedures and provides samples to help you submit reports and complete forms. We will update the manual yearly to reflect improvements and changes in our processes and procedures. Call us if you did not receive the manual or could use another copy.

**Educational Workshops a Success** - Six employer education workshops were held across the state in July. Almost 300 bookkeepers, payroll contacts, business managers and administrators participated in sessions held in Gering, North Platte, Kearney, Columbus, Lincoln and Omaha.

Topics included an introduction to PIONEER, our new Technology Project, and to our designated contact person for employer reporting, Tammy Lang. The highlight of the workshop was an in-depth training on compliance issues regarding compensation, membership, termination and reemployment conducted by Shawn Nowlan, our legal counsel.

We will offer these workshops again in June 2002 and every year thereafter.

**Web Site** - We have made many additions to our web site <http://www.nol.org/home/pers>, including a Benefit Estimator. An Employer Education and Reporting link will be added soon, as well as downloadable copies of the Manual for Authorized Reporting Agents and all forms.

**New Forms** - As a result of PIONEER, we are redesigning all forms. Finished and available for use are the **Beneficiary Designation Form** and the **Non-Contributing School Member Form**.

These new forms were distributed at the employer workshops. If you don't yet have copies, contact us and we will mail one of each to you from which you can make your own supply of copies.

**Reminder on Membership Registration Forms** - All employers should use the 9/1999 version of the Membership Registration form (revision date is printed on the bottom left corner of the form). If you do not have this version, please contact our office. Remember to dispose of all old forms.

When you enroll a member in the school retirement plan, remember to have them complete the Membership Registration form **as soon as possible**, fill in all the blanks, and send to our office right away. These forms should be completed at the same time a new employee completes W-4s, insurance forms, etc. It is imperative we receive the Membership Registration form **before** retirement contributions are submitted. Our office experiences many posting delays and increased file maintenance when a Membership Registration form is late.

**New Requirements** - We now require copies of birth certificates and Social Security cards with Membership Registration forms. These records are easier to establish when membership begins rather than at retirement. Please make sure copies are **legible** for our electronic scanning equipment.

**Questions?** Authorized Reporting Agents should contact these staff members when you have specific questions on employer reporting:  
Cheryl 402-471-9497  
Nancy 402-471-6098  
or Toll Free at 1-800-245-5712. □

## Plan to Attend!

Below is the Spring 2002 calendar of seminars. This will give you the opportunity to schedule your time so you may attend next spring!

### 2002 Preretirement Seminars School Members Only

February 13	-	Omaha
February 14	-	Omaha
February 20	-	Beatrice
February 21	-	Lincoln
March 6	-	Lincoln
March 7	-	Omaha
March 19	-	Norfolk
March 20	-	Norfolk
March 26	-	Lincoln
March 27	-	Omaha
April 3	-	Omaha
April 4	-	Columbus
April 10	-	Kearney
April 11	-	Grand Island
April 16	-	Norfolk
April 17	-	Columbus
April 24	-	Lincoln
May 1	-	Scottsbluff
May 2	-	Scottsbluff
May 15	-	Ogallala
May 16	-	McCook
May 29	-	North Platte
May 30	-	Kearney
June 5	-	Grand Island
June 6	-	Lincoln
June 12	-	Norfolk
June 13	-	Omaha

Registration brochures will be mailed to your home address approximately 4 weeks prior to meetings in your area.



**RETIREMENT  
ROUNDUP**

Published by  
Nebraska Retirement Systems  
1221N Street, Suite 325  
P.O. Box 94816  
Lincoln, NE 68509-4816  
402-471-2053  
Toll-Free 1-800-245-5712  
<http://www.nol.org/home/pers>

Director: Anna J. Sullivan  
Editor: Jan E. Fox  
Asst. Editor: Pam Williamson