

Retirement Roundup

"Providing Information to Judges, State Patrol and School Employees"

Nebraska Retirement Systems

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Market Impact on Pensions

The market volatility we have seen for nearly two years has caused all of us some concern, and many are asking, "How will the market affect my retirement benefit?" As members of the School Employees Retirement Plan, the State Judges Retirement Plan or the State Patrol Retirement Plan, your benefit is not affected by the market volatility since it is NOT based on the investment return in your retirement account or on how much money you have in that account when you retire. In a defined benefit plan your benefit at retirement is based on your salary and service years.

"The investment earnings are very important to the long-term stability of the pension plans but do not determine the amount of your retirement benefit."

As we recently described in your annual fund statement, your benefit is calculated using a formula that includes:

creditable average formula
service X salary X multiplier
years

The formula multiplier varies depending on which of the three plans (above) you belong to.

So, with that said, let's talk further about what impact the market has on our pension plan. The assets that are held in the retirement trust fund to pay member benefits include contributions made by both members and employers, annual contributions made by the State of Nebraska (as required by law) and investment earnings.

The investment earnings are very important to the long-term stability of the pension plans but do not determine the amount of your retirement benefit. The earnings on the assets, however, can and do impact the contribution needed and the ability to improve benefits in

the future if those earnings are less than what we assume they will be over the long-term (30 or more years).

There will be some years when the assets will earn more and some years the assets will earn less, based on market fluctuations. But, on average over a 30-year period we estimate that we will earn an 8% investment return using a 65/35 allocation.

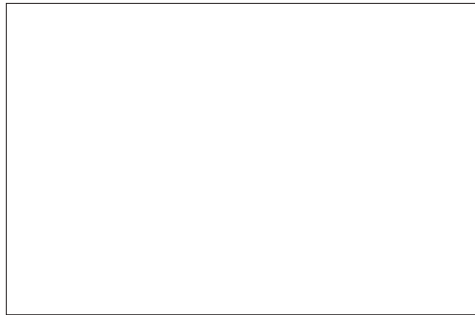
For example, right now the assets in the School, Judges and Patrol Plans are diversified among 13 different investment management firms under contract with the State of Nebraska. The asset allocation is made up of 65% equities (domestic and international stock) and 35% fixed income.

Our 20-year average return in the school, judges and patrol retirement trust funds is 10.36%, while our one-year average is -6.08%. It is important to focus on the long-term results and not the year-to-year fluctuations. We are investing for the long-term. But remember, none of the market fluctuations affect the amount of benefit you will receive when you retire.

In conclusion, NPERS cares very much about investment results in our retirement plans since we must "fund" the payments you have been promised. However, as a member you should not be worried that your benefit could be reduced due to market volatility. Your benefit is guaranteed by the State of Nebraska laws governing your retirement plan. □

Have You Seen These Two?

John and Nadine are the NPERS Training Specialists. They travel across the state each spring presenting "Preparing for Retirement" seminars to our School, Patrol, and Judges Plan members. These presentations provide a wealth of facts and information on your retirement plan and are open to all members age 50 and over.



Nadine "Crazylegs" Ault & John "DeWeezel" Winkelman

NPERS **strongly** recommends every member attend *at least one* "Preparing for Retirement" seminar. Each eligible employee is allowed leave with pay to attend up to two preretirement planning programs, one per fiscal year. See the seminar calendar at right. Registration information will be mailed to all eligible members approximately four weeks prior to meeting in your area.

TOP TEN LIST

Reasons to Attend a Preretirement Seminar

10. Hey, it's a day off with pay!
9. Nadine's famous catfish 'n prune preserves.
8. Explore the mysterious world of the Benefit Estimator.
7. Guest speakers on Estate Planning and Financial Management.
6. Donuts and lunch and cookies, Oh My!
5. Experience the magical "Rule of 85."
4. After lunch, Nadine and John reenact the battle of Gettysburg.
3. Discover how your years of service and salary impact your retirement benefit.
2. Learn about your annuity options at retirement.
1. Begin a plan for retirement!

Spring 2003 Seminar Calendar

Omaha	-	February 5
Omaha	-	February 12
Lincoln	-	February 13
Beatrice	-	February 19
Lincoln	-	February 20
Lincoln	-	March 5
Omaha	-	March 6
Norfolk	-	March 13
S. Sioux City	-	March 14
Grand Island	-	March 18
Grand Island	-	March 19
Lincoln	-	March 26
Omaha	-	March 27
Omaha	-	April 2
Columbus	-	April 3
Kearney	-	April 9
Kearney	-	April 10
Norfolk	-	April 16
Norfolk	-	April 17
Valentine	-	April 22
O'Neill	-	April 23
Scottsbluff	-	April 30
Scottsbluff	-	May 1
Lincoln	-	May 6
Omaha	-	May 7
Ogallala	-	May 14
McCook	-	May 15

2003 Summer Session

Scottsbluff	-	May 28
North Platte	-	May 29
Grand Island	-	June 4
Kearney	-	June 5
Omaha	-	June 11
Norfolk	-	June 12
Lincoln	-	June 18
Omaha	-	June 19



Guard Against Identity Theft

Identity theft is the fastest growing type of robbery in the United States. A recent study estimated over 13% of Americans have been victims of ID theft and the number is growing. Identity thieves steal personal information and then use it to obtain credit, goods or services in your name.

If you discover someone has stolen your identity, it is up to you to contact credit bureaus, creditors and file a police report. Restoring your credit rating may be difficult and time consuming. For comprehensive information on ID theft and a complete listing of steps to restore credit, visit the Federal Trade Commission's ID Theft web site at www.consumer.gov/idtheft/ or call 877-438-4338.

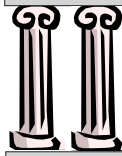
Another excellent source of information on ID theft is available in Consumer Bulletins published by the Consumer Protection Division, Nebraska Office of the Attorney General, see website, www.ago.state.ne.us or call 402-471-2682.

NPERS is aware of the problem of identity theft and has taken steps to increase security and maintain the confidentiality of your records.

Member Social Security numbers are no longer used in outgoing correspondence or emails and have been removed from annual fund statements.

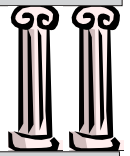
NPERS follows established methods to verify that anyone asking for a payment (i.e. benefit, rollover, lump sum, etc.) is, in fact, who they say they are and is legally entitled to the payment.

Confidentiality is a top priority and we will continue to monitor procedures to preserve your privacy. □



LEGAL CORNER

by NPERS Legal Counsel,
Shawn Nowlan



Choices for Carrier Enforcement Officers

Earlier this year, I spoke to a gathering of the Carrier Enforcement Division of the Nebraska State Patrol in Grand Island. In 2002, the Legislature passed LB 470, which allowed Carrier Enforcement Officers to be incorporated into the ranks of regular State Patrol Officers – this included giving the officers the opportunity to join the State Patrol Retirement System. This Legal Corner will highlight the choice those Carrier Enforcement Officers must make.

What choice did LB 470 provide?

- LB 470's retirement choice applies to those Carrier Enforcement Officers who become "Officers of the Nebraska State Patrol with the duties found in § 81-2001 through 81-2009;"
- The bill does *NOT* apply to Carrier Enforcement Officers who do not become officers of the State Patrol.
- Within *90 days* of being sworn in, these new officers of the State Patrol must choose between two retirement plans.

What are the choices?

- The officers may choose to participate in the State Patrol Plan; or
- The officers may choose to continue to participate in the State Employees Retirement Plan.

What happens if an officer chooses the State Employees Retirement Plan?

- Membership in the State Plan continues without interruption; *but*
- By December 1, 2002, the member must make a choice whether to stay with the current "defined contribution" benefit or switch to the new "cash balance" benefit.

What happens if an officer chooses the State Patrol Retirement Plan?

- The member starts as a NEW MEMBER of the Patrol Plan;
- The member automatically receives "eligibility and vesting credit" for their State Plan participation when they join the Patrol Plan (this service counts toward vesting, but is *NOT* used in calculating the monthly benefit amount);
- The member is automatically vested in the State Plan regardless of his/her service years to date; but
- The member may not take a distribution of his/her State Employees Plan account until he/she ceases employment with the State Patrol.

Can a person contribute to both plans at the same time?

- *No.* The definitions of "employee" in both plans are mutually exclusive. One must make the choice between the two plans. Members who choose to switch to the Patrol Plan are required to leave existing contributions invested in the State Plan.

If you have questions regarding the information contained in this Legal Corner, please call NPERS at 800-245-5712 or 402-471-2053.

Employer Education and Reporting

The "Employer Education and Reporting" section is intended for Authorized Reporting Agents.

Can Retirees Work as Subs?

This question has been on everyone's mind due to the law requiring a complete 180-day break before a retiree can perform services in a public school on a regular basis. With the passage of LB 407 this spring, we are also concerned about retirees performing "regular" substitute work under the new law.

A retiree who is asked to "sub" a day here and a day there should not have a problem, but if that substitute work is for an employee who will be absent over a long period of time, a retiree could jeopardize his/her retirement benefits. An example would be if a retiree worked as a substitute for someone on a medical leave or military call-up. These situations can turn into long-term work arrangements and turn a substitute into a regular employee.

NPERS cannot give you a hard and fast ruling on this. We must review the details on a case-by-case basis. So, if you have new retirees on your "sub list," be cautious about the work you have them do and especially if the work could lead to something long-term (more than a couple of weeks).

We urge you to contact our office with the details of any such situation and we will be happy to provide you guidance. If in doubt, check with our office!

Reminders for Authorized Reporting Agents (ARAs)

- Please submit information to NPERS *promptly* and correctly. Many processes require this information:
 - termination dates
 - name changes, for both members and ARAs
 - address changes, for both members and ARAs. Remember to complete a new ARA form for any changes in ARA's, addresses or phone numbers
- We require original ARA signatures and do not accept signature stamps or photocopied signatures.
- Please use blue or black ink *only* in completing reports and do not use pencil, red or other colored ink.
- As a safeguard, initial your changes and avoid using "white out."
- When making adjustments, please provide a brief explanation of the reason for the adjustment. □

Are You Retiring Soon?

Here are some important details you should know

Contact NPERS as soon as you make your decision to retire!

The sooner you start, the sooner we can process your application. Once you are eligible to retire (you meet age and creditable service requirements) the law states your *effective date* is the first of the month following:

- the date you file your Application for Retirement with our office, or
- the date you terminate employment, whichever is later.

Statutorily we cannot accept an Application for Retirement earlier than 90 days prior to your termination date.

Request A Retirement Application Packet

If you have received benefit estimates from our office within the past 18 months and feel certain about the payment option you wish to select, you may call our office and, with proper identification, request a Retirement Application packet.

If you have not received benefit estimates from our office in the past 18 months or you are not sure of the payment option you wish to select, you should write or call our office to begin the process. Or you can calculate *your own* estimate using the **Benefit Estimator** now available on our web site at www.nol.org/home/pers. Generally, the estimates can help you with your decision even though the numbers are not final.

If you write to request a retirement packet, you should include the following information: full name (printed or typed), retirement number if you know it, date of termination and date of last pay. Of course, you must sign your request and include your current address. Upon receipt of your signed letter, we will send the retirement packet and benefit estimates. **Note:** If you are married and would like a benefit estimate under the

Continued on page 6

Manager of the Year

Congratulations Vicki Stoll, our 2002 Manager of the Year!

Vicki has been with NPERS since July of 1996, when she began working in our Accounting department. She then became a Retirement Specialist, working with State and County members and eventually with the Deferred Compensation Plan. Because of her hard work and perseverance, Vicki was named "lead worker" in her area.

In May of 2000, Vicki accepted the position that she currently holds as Manger of our Benefits department.

We are very proud to have Vicki represent our agency as the ideal manager and a valued employee!

Moving?



Remember to Notify Us!

When your address changes, please remember to write or call the Retirement Office. It is very important to notify us of your change of address to assure you receive your annual fund statement and other important information.

Employee of the Year

The Nebraska Retirement Systems is proud to name Cheryl Mueller as our 2002 Employee of the Year!

In October of 2000, Cheryl joined our Accounting department where she works with the school reporting agents. She also helps in balancing contributions, making adjustments to member accounts and is always eager to help out wherever she is needed.

Because of her positive work attitude and pleasant demeanor, Cheryl is liked and respected by all of her coworkers.

Thank you Cheryl, for doing a great job and being a team player!

NOTICE: Below is an attachment containing revisions to your 2002 School Plan Booklet. Please remove and insert into your booklet.

Nebraska School Employees Retirement System Plan Booklet Changes October 2002

The following rules for the School Retirement Plan are effective July 1, 2002.

MEMBERSHIP (Booklet Pages 1 and 2)

Membership Requirements – You must contribute to the School Employees Retirement System if:

- your employer is a Nebraska school district, an educational service unit, the state or a county (if your position with the state or county requires you to hold a teaching certificate); and
- you are employed as a **permanent** employee who works at least **15 hours per week** on an **ongoing, regular** basis, or with a full-time contract (if you are a teacher or administrator).

Substitute School Employee – Temporary employees and substitutes not hired on an ongoing, regular basis may not participate in the retirement plan.

CREDITABLE SERVICE (Booklet Page 8)

Service credit is granted as follows:

If you work **1,000 or more hours** in a plan year (July 1 – June 30), you will receive **one year** of creditable service.

You will receive credit for the **fractional portion of the year** worked (1/1000 of a year credit for each hour worked). Salaried employees who are part-time receive the same percentage of credit as their percentage of full-time equivalency.

PURCHASE OF SERVICE AND REPAYMENT OF REFUND (Booklet Pages 10 and 12)

- You must be working at least 15 hours per week on an ongoing, regular basis and contributing to the plan in order to purchase service.

Rollover as Payment for Purchase of Service (Booklet Page 13)

If you have received a distribution from another qualified 401(a) plan, you may "roll" all or part of the proceeds into the Nebraska School Employees Retirement System to purchase service credit. You may also use a trustee-to-trustee transfer from a 457 deferred compensation plan or a 403(b) tax-sheltered annuity (without terminating employment) to purchase service.

Contributions made to purchase service on an after-tax basis will be subject to contribution limits under Section 415 of the Internal Revenue Code. Contact the Retirement Office for details.

COMPENSATION (Booklet Page 15)

At retirement, your three highest **12-month** periods of salary, counting back from the final month of pay, are used to determine your average monthly salary when calculating your benefit.

Plan Booklet Changes (Continued)

REEMPLOYMENT (Booklet Pages 17 and 18) After Retirement

If you are a retiree who returns to work after July 1, 2002, you will continue to receive retirement benefits so long as you have not provided service on a regular basis to any Nebraska public school during the previous **180 calendar days**. (Termination of employment **does not** include ceasing work at the end of the school year if the member provides service, **whether or not compensated**, on a regular basis in any capacity in any school district under the Retirement System **within** 180 calendar days after ceasing employment.)

DEATH BENEFITS (Booklet Pages 28 and 29) Death Before Retirement

General Beneficiaries' Option

If a member dies before retirement, his/her named beneficiaries, except for the surviving spouse (see below), shall receive the following:

- A lump-sum refund of the member's contributions, plus accumulated interest.

Surviving Spouses' Options

If a member dies prior to receiving retirement benefits, and the member's sole primary beneficiary is the **surviving spouse**, that spouse may select either a refund or a surviving spouse's monthly retirement annuity benefit. **IMPORTANT: To receive the annuity benefit the spouse must file an application with NPERS within 90 days of the member's death.** The Surviving Spouses' Options are as follows:

- If a member dies with **20 or more** years of creditable service and is **at least age 65** at death:
 - **Refund Option** – the surviving spouse may elect to receive a lump-sum refund of member contributions plus accumulated interest; **OR**
 - **Annuity Option** – The surviving spouse may select a monthly retirement annuity benefit, paid for the rest of his or her life, under a joint and survivorship annuity option. The benefit begins immediately after death, regardless of the member's age.
- If a member dies with **5 or more** years of creditable service, but **less than 20** years of creditable service and is **younger than age 65** at death:
 - **Refund Option** – The surviving spouse may elect to receive a lump-sum refund of member contributions plus interest and an *additional amount* equal to 101% of the total contributions plus interest.
 - **Annuity Option** – The surviving spouse may select a monthly retirement annuity benefit, paid for the rest of his or her life, under a joint and survivorship annuity option. The annuity will be reduced for early retirement.

The Sandwich Generation Does Double Duty



While a majority of Americans take care of aging or sick relatives, adults 45-55 years old are the most likely to end up helping both their aging parents as well as their children. In this age group, 54% care for children, parents or both, and 22% focus exclusively on a parent.

The highest rate of caring for parents is among Asians, with 42% giving care or financial help. They are followed by Hispanics at 32%, blacks at 28% and whites at 22%.

—adapted from *USA Today* & *Minneapolis Star Tribune*

Retirement

(Cont. from page 4)

spousal option, include the birth date of your spouse.

You may complete the retirement process in its entirety by mail. However, if you wish to come to our office to apply for your benefits, you must schedule an appointment. Call our office between the hours of 8:00 am and 5:00 pm. Appointments are scheduled from 9:30 am - 3:30 pm daily and are limited to one hour. □

