

RETIREMENT NEWS

PROVIDING
INFORMATION TO
JUDGES, PATROL AND
SCHOOL EMPLOYEES

RETIREMENT BOARD

Denis Blank
Chairperson
State Member

Glenn Elwell
Vice Chairperson
Patrol Member

Richard Wassinger
County Member

Glenn Camerer
Judge Member

Mark Shepard
School Member

Janis Elliott
School Member

Donald Pederson
Member-at-large

Elaine Stuhr
Member-at-large

Joe Jurich
Ex-officio (Interim)

PERB Members Reappointed

Governor Heineman recently reappointed three members of the Public Employees Retirement Board (PERB). The terms for board members Denis Blank, Glenn Elwell, and Mark Shepard have been extended to January 1, 2015. Denis Blank, the Chair of the PERB, is a member of the State Plan; Sgt. Glenn Elwell, Vice Chair, is a member of the State Patrol Plan; and Mark Shepard is a member of the School Plan.

Also a member of the School Plan, Janis Elliott's term expires in 2014. The terms of Richard Wassinger, County Plan member, and Judge Glenn Camerer, Judges Plan member, expire in 2011. The terms of Donald Pederson and Elaine Stuhr, both members at-large, expire in 2012 and 2013, respectively.



Standing (left to right): Don Pederson, Richard Wassinger, Glenn Elwell, Denis Blank, Phyllis Chambers (NPERS Director), Mark Shepard. **Seated (left to right):** Elaine Stuhr, Judge Glenn Camerer, David Bomberger, Janis Elliott.

PERB members in a non-voting, ex-officio capacity are Joe Jurich (not pictured), Interim State Investment Officer, filling the vacancy left by David Bomberger

who recently resigned and is now employed by Colorado Public Employees Retirement Association; and NPERS Director, Phyllis Chambers.

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Increases in Contribution Rates

This year the Nebraska Legislature passed laws to increase retirement contribution rates for the **School Plan, State Patrol Plan** and **Judges Plan**. The employer contributions, state matching contributions, Judges salaries, and court fees were also increased. (See "Legal Corner" on page 3.)

The Legislature's action was taken to safeguard the future financial security of the Plans, based on NPERS' annual actuarial valuation that revealed a funding gap in all three Plans due to the national recession and market decline. While the Plans remain well funded, additional contributions are necessary in order to help make up for the market losses and keep the assets and liabilities in balance. It should be noted, however, that contributions are only a small part of the make-up of the Plans' assets. About 70% of the pension funding is derived from market returns.

School Plan: Member contribution rate increases to 8.28% from 9/1/2009 – 8/31/2014, then returns to 7.28%. The employer matching contribution remains at 101% of the member rate. For the same 5-year period, the state contribution increases to 1.0%, then returns to 0.7%.

State Patrol Plan: Member contribution rate increases to 15% on 7/1/2009, then increases to 16% on 7/1/2010. Employer matching contribution increases to 16% on 7/1/2010 only.

Judges Plan: Judges' salaries increase; their member contribution rate increases by 1% from 7/1/2009 – 6/30/2014; and the court fee for judges' retirement increases to \$6 for the same 5-year period.

Sterling Contract and Toll-Free Number Ends in August

At the May 18 PERB meeting, the Board decided to let the Investment Education Services contract with Sterling Financial Advisors expire on August 31, 2009. Sterling has contracted with NPERS since 1998 to provide a toll-free investment education line. The Sterling toll-free number (877-970-9300) for investment advice will be discontinued at the end of August.

The PERB is comprehensively reviewing all existing educational services activities and exploring new ideas for delivering these services using cost effective methods and newer technologies. The Board will decide in the future whether or not to issue a request for proposal (RFP) for services similar to those provided by Sterling Financial Advisors, to alter the provided services or attempt to deliver services with NPERS staff.

NPERS will continue to provide investment education and information regarding the Deferred Compensation and DROP Plans' 13 investment fund options in our Annual Investment Reports, and our Investment Education video, which may be found on our website, npers.ne.gov. Members without internet access may request a paper copy of the Investment Report or a DVD of the Investment Education video.

The NPERS toll-free number (800-245-5712) to our Call Center will continue to provide members with benefit information regarding all of our plans.

Recordkeeper Deploys New Website

In May, Ameritas Life Insurance Corp., a UNIFI company, deployed a new website with a new URL. As you know, Ameritas is NPERS' recordkeeper for the **Deferred Compensation Plan** for State of Nebraska employees and the State Patrol **Deferred Retirement Option Plan (DROP)**. From Ameritas' website, you may access your account information, transfer funds, make allocation changes, compare fund performance, and print statements.

When accessing the site, the only visible changes will be the look and feel of the site, along with some new color schemes. Navigation will not change, so you will be able to access data from the same locations you're accustomed to.

You can go directly to the new Ameritas site at the following address: <https://secure.unificompanies.com/service/login.asp>

For ease, you may also access the Ameritas site via NPERS' website at npers.ne.gov after selecting the "click to login" button under "State, County, DCP and DROP." If you've not already established a user I.D., you'll find instructions after selecting the "click to login" button.

Save with DCP

Have you been "hunkering down" lately, like most Americans, and trying to spend less than you make? It's scary, but in recent years most people have spent more than they earned, dipping the personal savings rate below zero.

Putting money into savings (and practicing frugality) can help you reverse the image of being a "negative net saver." However, just "saving" is not enough. Saving and investing through a \$457 deferred compensation plan offers a few key advantages over most other savings vehicles, such as tax benefits when you contribute with deductions taken automatically from your paycheck before you pay any taxes. This lowers the amount of taxes you pay, and the pre-tax contributions are allowed to grow in your account until you withdraw them. It's a great short-cut to reaching your retirement goals. Consider joining the **voluntary Deferred Compensation Plan (DCP)** for State of Nebraska employees.

PRE-TAX V. AFTER TAX SAVINGS USING DCP

	PRE-TAX SAVINGS	AFTER TAX SAVINGS
Gross Monthly Pay	\$3,000	\$3,000
Pre-Tax Contribution to DCP	\$200	\$0
Taxable Pay	\$2,800	\$3,000
Estimated Taxes Withheld	840	900
Social Security/Medicare Taxes	230	230
After Tax Contribution to a Regular Savings Account	0	200
Take Home Pay	\$1,730	\$1,670
Before Tax Advantage	\$60	None

For illustrative purposes only. This example is based on a federal withholding tax of 25%, a hypothetical state tax of 5% and a Social Security/Medicare/FICA tax of 7.65%

- ◆ Participation is voluntary
- ◆ Your employer defers a portion of each paycheck before taxes and it is "contributed" to your DCP account
- ◆ Your pre-tax contributions lower your salary reported to the IRS, thereby lowering your taxes
- ◆ You decide how to invest your account
- ◆ There is no waiting period to join
- ◆ You may change, stop or re-start your contributions at any time
- ◆ \$25 is the smallest amount you can contribute each month
- ◆ \$16,500 is the maximum contribution amount for 2009
- ◆ "Age 50" and "3-Year" Catch-Up provisions are allowed
- ◆ You may defer sick and vacation leave payout (it must be coordinated a month in advance)
- ◆ Your money is taxed as ordinary income when you withdraw it

ges Plan are eligible to participate
r State of Nebraska employees.
hat is relevant to members of DCP.

Fees Reduced!

At their April meeting, the Public Employees Retirement Board (PERB) voted to reduce the annual fees charged to State of Nebraska members of the **Deferred Compensation Plan**. Using a time and usage formula, the fees are assessed in the form of basis points (BP).

Effective May 1, 2009, the fees were lowered from 15 BP down to **5 BP**. For example, a member charged 5 BP (.0005) on a \$10,000 account balance would pay \$5 per year or \$1.25 per quarter.

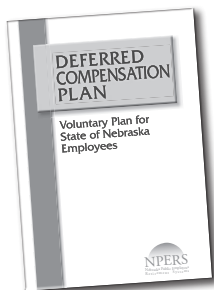
Members pay a pro-rata share of NPERS' annual operating expenses, which tend to fluctuate, and so we raise or lower the fees as necessary. By law, the fees may only be used to pay for expenses incurred in the plan from which the fees were collected.

It is important to note that plan members also pay investment related expenses which are charged on plan assets by our custodial bank, and are disclosed in NPERS' Annual Investment Report (available by request or at npers.ne.gov), as well as recordkeeping fees. Contact NPERS if you have questions about the fees assessed on your DCP account.

New DCP Booklet

The member handbook for the *voluntary* **Deferred Compensation Plan (DCP)** for State of Nebraska employees was revised in July and is now available online at npers.ne.gov.

You can get a printed copy from your employer or by calling NPERS.



Get to Know Your Retirement Plan Through "Retirement 101"

"If I had only known that when I first started teaching!" is a comment we hear all too often after an NPERS "Retirement 101" orientation or retirement seminar. Learning valuable information about your retirement plan early in your career will minimize regrets once retirement draws near.



Seminar presenters, John and Cheryl

Be informed about your retirement plan! Ask your employer to contact NPERS at **800-245-5719** or **402-471-2053** to schedule a "Retirement 101" one-hour session, conducted by NPERS' prized training specialists, John Winkelman and Cheryl Mueller.

LEGAL CORNER

Legislative Update by NPERS Legal Counsel, Joe Schaefer

The 101st Nebraska Legislature, First Session, which adjourned May 29, 2009, adopted several legislative bills which made changes to the retirement plans administered by NPERS. Changes to the School, Judges and State Patrol Plans are as follows:

LB 187 – School – Increases the contribution rate for School members. From 9/1/09 through 8/31/14, the member contribution rate increases from 7.28% to 8.28%. On 9/1/14 the rate returns to 7.28%. In addition, from 9/1/09 through 8/31/14 the state contribution of 0.7% increases to 1.0%, then returns to 0.7% on 9/1/14. The employer match remains at 101% of the member rate.

LB 188 – State Patrol – Increases the contribution rate for State Patrol members from 13% to 15% on 7/1/09 through 6/30/10. The employer contribution rate remains unchanged at 15%. On 7/1/10 both the member and employer contribution rates increase to 16%.

LB 403 – All Plans – Individuals who are not in the United States lawfully would not be eligible to

participate in the School, Judges or State Patrol retirement plan after October 1, 2009, the operative date of the bill. Members who had previously accrued a benefit would not be denied their benefit by the legislation.

LB 414 – Judges – Increases Judges' salaries. Also increases Judges retirement contribution rates 1%, and the Nebraska Retirement Fund for Judges court fee from \$5 to \$6, beginning 7/1/09 through 6/30/14.

LB 449 – School – Allows School members who are receiving disability retirement benefits to return to service and continue to receive the benefit if they work fewer than 15 hours per week. It applies to members who are under age 65 and have been certified as permanently disabled.

NPERS' website, npers.ne.gov, maintains a current list of Legislative action pertinent to Nebraska's retirement plans. For a complete list of the Legislative Bills introduced in 2009, visit the Legislature's website: nebraskalegislature.gov or contact the Clerk of the Legislature at **(402) 471-2271**.



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Important Reminders!

ANNUAL STATEMENTS

One of the most important documents you receive from NPERS is your annual Account Statement. You should *look your statement over carefully* before you file it away with your other important papers. Contact NPERS if you believe there is an error on your statement. No matter how minor the error appears, we encourage you to *write* to NPERS stating the discrepancy.

CURRENT ADDRESS

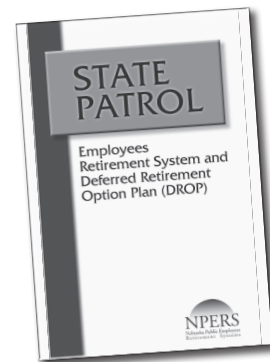
Statements are mailed to members' home addresses every year in August. Remember to *notify your employer* whenever your address changes since your current personal information is submitted to us by them. Members who are receiving a retirement benefit should send a written, signed notice of address change directly to NPERS. Inactive members in non-payment status may contact NPERS in writing or may make their own change if they have created their online account access on our secure member section at npers.ne.gov.

REQUEST A RETIREMENT PACKET

"Retirement Packets" are not sent automatically and you should request one from NPERS during your last year of employment. This packet will include an estimate of your benefit, an Application for Retirement and other important retirement information.

BENEFICIARY DESIGNATIONS

School and Judges Plan members should complete a new Beneficiary Designation form (the **State Patrol** process is different) and send to NPERS when anything significant happens in your life, such as a marriage (or divorce), the birth or adoption of a child, the death of a parent, etc. Or, if you designated your beneficiary(ies) so long ago *you can't remember* who you listed, obtain a Beneficiary Designation form from your employer or print it from our website at npers.ne.gov, complete it in full, have it notarized, and submit it to NPERS.



The new State Patrol Handbook combines information on the **State Patrol Plan** and the **Deferred Retirement Option Plan (DROP)**.

State Patrol Handbook Revised

The member handbook for the **State Patrol Plan** has been revised to include timely information on the Deferred Retirement Option Plan (DROP), membership, service credit, compensation, retirement eligibility, sample benefit calculations, taxation, death benefits, disability retirement, reemployment, and NPERS services.

You may access the handbook on NPERS' website at npers.ne.gov or by requesting a paper copy from the State Patrol Office or directly from NPERS.