

RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS SJP • AUGUST 2013

WE'RE MOVING!



The new NPERS office location at 1526 K Street, across the street from the State Capitol.

IN THIS ISSUE...

- NPERS is Moving.....1
- Managing Retirement Assets.....2
- LB 553 Tiers3
- What Will You Do?4
- NPERS Member Services.....5
- 2013 Legislation.....5
- Handbook Revisions6
- PERB News.....6

NPERS
Nebraska Public Employees Retirement Systems

PUBLIC EMPLOYEES RETIREMENT BOARD

- Denis Blank**
Chair
State Member
- Richard Wassinger**
Vice Chair
County Member
- Elaine Stuhr**
Member-At-Large
- Janis Elliott**
School Member
- Randall Rehmeier**
Judge Member
- Stuart Simpson**
School Member
- Ron Ecklund**
Member-At-Large
- Jeffrey States**
State Investment Officer

Director: **Phyllis Chambers**
RETIREMENT NEWS

Editor: **John Winkelman**
Asst. Editor: **Angela Hatcher**
402-471-2053
800-245-5712
npers.ne.gov

The Department of Administrative Services has decided to relocate the NPERS office. We will be moving this fall to the fourth floor of 1526 K Street in Lincoln. The building, formerly the home of Assurity Life, is located just north of the Capitol and was initially opened in 1955. Constructed of the same Indiana limestone as the Capitol, the building originally was home to Woodman Accident and Life. The State of Nebraska purchased the building in 2007.

Our moving date was originally scheduled for late October to early November, but the date has been changed to September 3–13. During the week of September 3–6, NPERS’ office will be unavailable to visitors. There may be some disruptions in call center availability during the process of relocating our phone service and Member Services staff. We hope to have limited visitor access at our new location beginning September 9.

We anticipate the move to take approximately 2 weeks. During this time, our staff will make every effort to minimize the

effect this may have on plan members. The move should not disrupt any monthly benefit payments to current retirees. Members applying for retirement benefits, rollovers, refunds etc. during the move may see some delays in processing times. We will make every effort to process all requests as quickly as possible.

After the move, our telephone numbers and P.O. Box will remain the same. Our new mailing address will be:

Nebraska Public Employees Retirement Systems
1526 K St., Suite 400
PO Box 94816
Lincoln, NE 68509-4816

Please bear with us during this time and if possible, plan to call ahead to confirm our office is open if planning an in-person visit.



Nest Egg Management AFTER Retirement

Managing retirement assets after ceasing employment is every bit as important as the process employed to accumulate a nest egg. Retirees need to ensure assets are available over the rest of their lifetimes, regardless of how long they may live. With more and more Americans living well into their 90s, many retirees run the risk of depleting their savings during retirement. In order to maintain these assets, most strategies focus on asset distribution and asset allocation.

Asset Distribution

A common mistake made by many new retirees is spending too much, too soon. Buying new toys and going on extravagant vacations certainly has its appeal, but retirees who expend too many assets at the start of retirement are jeopardizing their future financial security. The goal is to stretch these distributions out so they last over your lifetime.

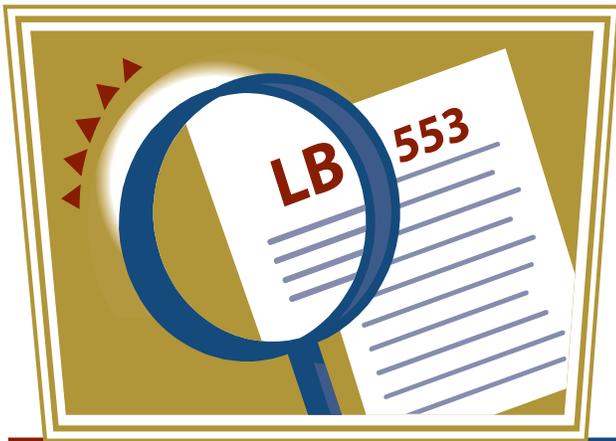
As a general rule of thumb, many financial advisors currently recommend a 4% annual distribution rate from retirement assets. For example, a \$100,000 nest egg would create \$4,000 in annual income. Remember, this is not a fixed amount. If distributions and investment losses result in a \$90,000 account balance at the end of the year, then next year's distribution needs to be limited to \$3,600. Be aware that multiple years of poor returns, especially in the initial years of retirement, could require a re-evaluation and reduction in distributions.



Asset allocations range from aggressive to conservative. In order to obtain higher rates of return, an aggressive investor will expose a larger percentage of their assets to investments with greater volatility. On the other hand, a conservative investor will choose more stable allocation options. The conservative approach has less risk, but generates a lower rate of return over time. Retirees need to find an appropriate asset allocation, balancing risk vs. returns. Retirees with an overly aggressive allocation may have to sell stocks or bonds during a downturn in the market, essentially locking in losses. An overly conservative approach reduces risk, but the lower rate of return over time may create a loss of purchasing power due to inflation.

One way to minimize the damage from a market downturn is by creating an emergency fund of assets in cash or any other low risk and easily liquidated option. This fund should be kept separate from all other assets and contain enough capital to keep you “afloat” for a minimum of two years. During a market downturn you can access these assets to pay your expenses, avoiding the danger of having to sell when the market is low. Once the market has rebounded, be sure to replenish your emergency fund and only tap into these assets during market downturns.

Managing your assets during retirement is essential to maintaining financial security. This can be a complicated process, depending on your individual situation. Selecting an appropriate asset allocation and distribution strategy is a personal decision. Many factors need to be considered as part of the process. NPERS encourages retirees to take the steps necessary to educate themselves. There are several books, classes, and online resources that can help. Some retirees may need to seek help from a professional financial advisor. Some individuals charge for a financial plan and others may charge only for the investments made. Shop around and compare – there are a wide variety of financial services available.



LB553 Introduces New Benefit Tier for School Plan Members

Tier One	Tier Two
Membership	
Joined plan prior to 07/01/2013	Joined plan on or after 07/01/2013
Calculation of Final Average Compensation	
Uses the <i>three</i> highest 12-month periods of service	Uses the <i>five</i> highest 12-month periods of service
COLA Increase Cap/Limit	
2.5%	1.0%
75% Purchasing Power COLA	
Yes	No

The passage of LB553 made multiple changes to the Nebraska Public School Plan including the creation of a new 2nd tier of benefits. This new benefit tier only affects members joining the plan on or after July 1, 2013.

- **Tier One** represents benefits for members participating prior to July 1, 2013.
- **Tier Two** represents benefits for members joining the plan on or after July 1, 2013.

The majority of plan provisions for Tier One and Tier Two members are identical. The differences between Tier One and Tier Two are how the plan determines final average compensation and the cost-of-living adjustment.

Final Average Compensation

Monthly retirement benefits are calculated using a member's total years of creditable service and their highest 12-month periods of salary (final average monthly compensation).

TIER ONE MEMBERS

Final average compensation is calculated using the *three* highest twelve-month periods of service.

TIER TWO MEMBERS

Final average compensation is calculated using the *five* highest twelve-month periods of service.

Cost-Of-Living Adjustment (COLA)

After a full year of retirement, members are eligible for an annual benefit increase designed to help offset the

loss of purchasing power due to inflation. The COLA is based on the change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the previous fiscal year.

TIER ONE MEMBERS

The COLA increase is capped at 2.5%. If the CPI-W is less than 2.5%, Tier One members will receive the CPI-W, but if the CPI-W is higher than 2.5%, the COLA increase is limited to 2.5%.

During retirement, if inflation erodes the value of the benefit below 75% of the original purchasing power, Tier One members will qualify for a COLA adjustment increasing the benefit to the equivalent of 75% of the purchasing power of the original benefit. There is no cap or maximum percent for retirees who qualify for the 75% floor.

TIER TWO MEMBERS

The COLA increase is capped at 1.0%. If the CPI-W is less than 1.0%, Tier Two members will receive the CPI-W, but if the CPI-W is higher than 1.0%, the COLA increase will be limited to 1.0%. There is no 75% purchasing power COLA for Tier Two members.

Additional Changes

- In addition to the new tier of benefits, the bill also made the following changes that affect all plan participants.
- Increased the number of hours used to determine initial plan membership from 15 to 20 hours per week.
- Removed the language that would have reduced member contributions from the current rate of 9.78% to 7.28% on 9/1/2017.
- Increased State contributions from 1 to 2 percent of member salary beginning 7/1/2014.

What Will You Do?



During retirement, some individuals may struggle to find ways to fill their newfound “free time.” Often their pre-retirement planning revolved around financial issues and little thought was given to what they would do during their retirement years. Building that nest egg is important, but don’t overlook the need to also begin planning on how you will fill those extra hours.

All retirees are different. An activity that may be a great choice for one could be a poor choice for another. Still, be cautious to dismiss something, especially if it’s an activity you’ve never done before. Your retirement years are a great time to branch out and try new things. Don’t limit your horizons!

TRAVEL

Travel consistently ranks near the top of activities for most retirees. This can include shorter trips spent visiting family and reconnecting with old friends or longer jaunts to foreign locales. Before you leave, do your research. Pick out some sites and places you want to visit. When traveling abroad, make an attempt to experience the culture. Try new foods and interact with the locals. Learn some of their language. You don’t need to be fluent, but at the very least make an attempt to master some common phrases.

VOLUNTEER

Pick a charity or organization and offer your services. You have a wealth of knowledge and experience to share. Even if you have physical limitations you might be able to visit residents of a nursing home, hospital, or long-term care facility; or perhaps read to children at a nearby library. This is a great way to give something back to your community and gain a sense of accomplishment.

LEARN

Your brain, just like your body, needs to be exercised. Challenge yourself to expand your range of knowledge and skills. Learn a new language. Begin playing a new musical instrument. Not only will you experience personal growth, but also make new friends and help ward off certain age related diseases of the mind. Perhaps you are uncomfortable with the idea of sitting in a classroom with much

younger students. Many colleges and universities offer programs specifically designed for older adults and retirees. In Lincoln, the Osher Lifelong Learning Institute (OLLI) at the University of Nebraska-Lincoln offers “lifelong learners” age 50 and older multiple classes on topics ranging from genealogy, beginning guitar, yoga, and DNA Analysis.

HOBBIES

Your retirement is a wonderful time to pick up some new pastimes. Hobbies can provide physical activity and help develop new skills. Hobbies also give retirees a chance to form new friendships.

JOIN

There are many clubs and organizations looking for new members. Clubs range from organizations that are devoted to a specific hobby or interest to clubs that cater to specific age groups or genders. Join a club that provides a chance to meet new people with interests common to your own. Make sure the club provides meetings or events that will allow you to interact with other members.

WORK

Aside from the obvious economic factor, work can offer retirees many positive benefits. Work can give a sense of accomplishment and self worth. It can provide a boost to your social life and even have health benefits. Review your interests and passions when considering possible employment options. If you love camping or fishing, then consider

working at a sporting goods store or as a fishing guide. Is art or history a passion? Then a job at a museum or art gallery may be a great fit. Working can also be for *yourself*. Do you have any home improvement ideas that have been put off over the years? Maybe now is the time to add that Koi pond to the backyard. What about finally buying and restoring that ‘71 Mustang you’ve always wanted?

EXERCISE/HEALTH

Don’t be a couch potato during retirement. An overly sedentary lifestyle and/or poor diet can have serious health and mental consequences. Avoid processed or packaged foods. Focus on fresh fruit, vegetables, lean meats and whole grains. Exercise can help keep off the pounds and also improve cardiovascular functions, ward off diabetes, enhance mental health, and increase your overall quality of life. There are many options for exercise—even if you are unable to engage in the more “extreme” physical activities. Find an exercise that works for you and stick with it. Many retirees enjoy swimming, aerobics, biking or simply walking. Be sure to first check with your doctor to ensure the exercise program you have selected is appropriate.

RELAX

Lastly, make sure you spend some time simply relaxing. Relaxation can provide both mental and physical benefits. Relaxing options can include yoga, meditation, or massage. Devote time to yourself and enjoy your retirement.

NPERS MEMBER SERVICES

We Can Help You.

Do you have questions about your retirement plan or benefits? Give us a call!

NPERS implemented its Member Services department (call center) in June 2000 to assist plan members with telephone inquiries and personal visits to the Retirement Office. Our staff consists of four retirement specialists, each trained in all of the plans administered by NPERS. Member Services provides many important one-on-one personal services to members, which allows other agency staff to process members' written requests and applications in a more timely and efficient manner.

When you call NPERS, you are greeted by an automated attendant system. You may speak to a member services specialist on the telephone by pressing **3**, or make an appointment to meet with a specialist in person by pressing **1**.

Common questions that may be answered over the telephone:

- Information and facts about your plan including an explanation of the annuity and distribution options at retirement.
- Requests for benefit estimates.
- Status reports on inquiries or applications you have submitted to NPERS.
- Questions concerning correspondence you have received from NPERS.
- Assistance in using either the NPERS or Ameritas online account access.

Common requests for information which cannot be completed over the telephone:

- Online account log-in information. For security reasons, log-in information such as usernames or passwords cannot be provided over the phone. Passwords may be reset using the online access—provided you remember your security question and answer. If you cannot access this backup data, our staff can advise you on the steps required to reset your account.
- Beneficiary information. For privacy concerns, inquiries about named beneficiaries will not be provided over the telephone. If you are unsure who you have listed, you may complete a new beneficiary form and submit to our office. The completed form will supersede any previous beneficiary designations. Members may be able to view beneficiaries online if they have created an NPERS online account.

Member Services strives to serve all our plan members by assisting them in understanding their plan provisions and helping them plan for a successful retirement!

2013 Retirement Legislation Summary



The 103rd Legislature, first session, has been completed. During this session, three bills impacting the School, Judges and State Patrol retirement plans were passed.

LB263 – RETIREMENT COMMITTEE BILL

As adopted, this bill includes various clean-up and corrections to the existing public retirement plans to clarify provisions, conform certain terminology among the plans, and adopt compliance audit recommendations.

School

Increases the filing time for retirement applications from 90 to 120 days prior to effective date of retirement.

For members who retire on or after July 1, 2013, salary increases are capped at 8% when determining benefits. There are no exemptions to the 8% cap.

The time frame for a new member to submit an application for eligibility and vesting credit increased from 30 to 180 days.

Clarifies termination dates. Stipulates employment contracts shall specify the period of employment including starting and ending dates.

State Patrol

The time frame for a new member to submit an application for eligibility and vesting credit increased from 30 to 180 days.

LB306 – JUDGES

The court fee designated for the Nebraska Retirement Fund for Judges was scheduled to decrease from six to five dollars on July 1, 2014. This bill removed this language, keeping the fee at six dollars.

The passage of LB414 in 2009 increased member contributions by 1 percent. This increase was scheduled to be removed on 7/1/2014. LB306 removed this sunset provision, thereby retaining the higher contribution rates.

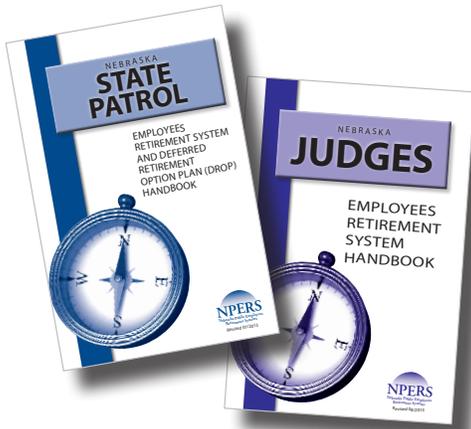
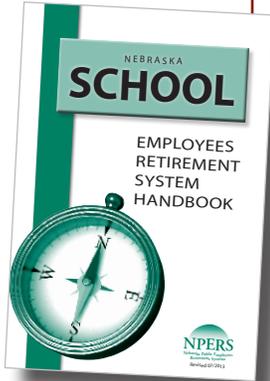
LB553 – SCHOOL

See companion article in this newsletter.

HANDBOOKS REVISED!

The member handbook for the **School** Retirement Plan has been revised. The current revision date is 07/2013.

New revisions to the **Judges** and **State Patrol** handbooks will be completed shortly. You may access the current versions on the "Publication" page on the NPERS' website.



PERB News

Elaine Stuhr from Bradshaw has been re-appointed and confirmed for a second five-year term to the PERB as a public or "at-large" member. Previously, Ms. Stuhr served for 12 years as a State Senator in the Nebraska Unicameral. During that time she served on several different committees, including the Retirement Committee as Chair and Vice Chair.



Elaine Stuhr

Lincoln resident Darrell E. Fisher has been appointed and confirmed to fill the State Patrol plan member position on the PERB. Mr. Fisher gradu-



Darrell Fisher

ated from the University of Nebraska at Kearney with a Bachelor of Science degree, majoring in Criminal Justice. He began employment with the Nebraska State Patrol in 1979 and rose to the rank of Lieutenant Colonel during his 29 years of service. Mr. Fisher retired from his position of Assistant Superintendent with the State Patrol in 2008.

NPERS would like to welcome Mr. Fisher to the Retirement Board and congratulate Ms. Stuhr on her re-appointment.



Be on the lookout!

NPERS account statements for School, Judges, and Patrol Plans will be mailed in mid-August. Check your mail to keep abreast of your account status!

PERB News..... 6
 Handbook Revisions 6
 2013 Legislation 5
 NPERS Member Services – We Can Help You! 5
 What Will You Do After You Retire? 4
 LB 553 Introduces New Benefit Tier 3
 Managing Your Retirement Nest Egg 2
 NPERS is Moving 1

IN THIS ISSUE...

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
RETIREMENT NEWS
 STATE PATROL RETIREMENT PLAN MEMBERS
 FOR NEBRASKA SCHOOL, JUDGES, AND
 SFP • AUGUST 2013

NPERS
 Nebraska Public Employees
 Retirement Systems
 P.O. Box 94816
 Lincoln, NE 68509
 85-28-51