

RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS SJP • MARCH 2016

PERB Elects New Officers

RICHARD WASSINGER RETIRES FROM BOARD

At the January 25 meeting, the Nebraska Public Employees Retirement Board (PERB) elected the Chair and Vice-Chair for 2016. By unanimous vote, the PERB selected Ron Ecklund as the new Chair and Janis Elliot as Vice-Chair.



Ron Ecklund

Ron Ecklund was originally appointed to the PERB in 2012 as a Public representative. Mr. Ecklund is a certified public accountant and a Director at HBE Becker Meyer Love LLP. He has previously served as a Director and Chair of the Lincoln Electric System Administrative Board, the Lincoln Independent Business Association, and the Lincoln Community Foundation Board. He received his MBA and BS from the University of Nebraska.

Janis Elliott was originally appointed to the PERB in 2009 as a School Plan representative. Janis has served as a Physics teacher at Bellevue Public Schools and is currently the Department Chairperson at Central High School in Omaha. She has served on various educational boards and committees including serving as the President of the Bellevue Education Association and a member of the Executive Board at the Nebraska State Education Association. Janis has received national and state recognition for excellence as an educator. Janis traveled as an NEA Foundation Global Educator to Peru in 2015 after receiving the NSEA Teaching Excellence Award.



Janis Elliot

We are sad to report long-time board member Richard Wassinger has decided to retire from the PERB. Initially appointed to the board in 2006 as the County Plan representative, Mr. Wassinger also serves as the Cass County Treasurer. In 2013 he was elected Vice-Chair of the PERB and re-elected to this position in 2014 and 2015. Hall County Supervisor Pamela Lancaster has been appointed by Governor Ricketts as the new County representative on the PERB. Mr. Wassinger will continue to serve on the board until Ms. Lancaster has been confirmed by the Unicameral.



Richard Wassinger

NPERS would like to congratulate our new officers, and express our gratitude to Mr. Wassinger for his years of service and dedication to the board. We wish him the best in his future endeavors.

PLAN FUNDED STATUS CONTINUES TO INCREASE

The 2015 actuarial reports for the School, Judges, and Patrol plans were presented at the November joint meeting of the Public Employees Retirement board and Nebraska Investment Council. We are happy to report the study found the actuarial funding status has increased for all three defined benefit plans.

As of July 1, 2015:

- The Nebraska Judges plan funded status increased from 92.6% to 97.1%.
- The Nebraska School plan funded status increased from 82.7% to 88%.
- The Nebraska State Patrol plan funded status increased from 81.2% to 86.9%.

For more information, copies of the annual actuarial reports are available on the Publications/Videos page on the NPERS website.

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NPERS

Nebraska Public Employees Retirement Systems

PUBLIC EMPLOYEES RETIREMENT BOARD

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Vice Chair

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School Member

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Richard Wassinger
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403(b) & 457 CONTRIBUTION LIMITS

2016 maximum contribution limits have been announced by the IRS for 403(b) and 457 (Deferred Compensation) retirement plans. The limits for 2016 remain the same as the limits previously set for 2015. For both plans, the standard yearly maximum contribution is \$18,000. Individuals age 50 or older may contribute an additional \$6,000 *using the Age 50 Catch-up provision*, increasing their total limit to \$24,000.

School employees who have completed 15 or more years of service in the same school district and have contributed, on average, less than \$5,000 a year to their 403(b) may be able to contribute more under the *Lifetime ("Long Service") Catch-up provision*. This allows eligible 403(b) participants to contribute up to an additional \$3,000 per year up to a lifetime maximum of \$15,000.

FOR TAX YEAR 2016

Standard maximum contribution	\$18,000
If you qualify for the \$3,000 Lifetime Catch-up.....	\$21,000
If you qualify for the Age 50 Catch-up	\$24,000
If you qualify for BOTH the Age 50 and the Lifetime Catch-up*	\$27,000

*The first \$3,000 of contributions in excess of the standard \$18,000 limit will apply to the Lifetime Catch-up and reduce the \$15,000 Lifetime Catch-up limit. For more information on 403(b) limits, please refer to IRS publication 571.

State Patrol employees and Judges participating in Deferred Compensation (DCP) may be able to contribute more using the *Three Year Catch-up provision*. This provision allows members who did not defer the maximum amount in prior years to contribute up to a maximum of \$36,000. The Three Year Catch-up is allowed once, within three years of anticipated retirement, and cannot be implemented at the same time as the Age 50 provision or during the calendar year the member elects to retire.

FOR TAX YEAR 2016

If you're under age 50.....	\$18,000
If you qualify for the Age 50 Catch-up	\$24,000
If you qualify for the Three-Year Catch-up	\$36,000

State Patrol and Judges who would like to participate in the State DCP can access the enrollment form on the NPERS website under "Forms." This form should be submitted to your agency payroll or HR rep so they can set up the payroll deduction. Enrollments are effective beginning the calendar month following receipt of the form.

NPERS does not administer 403(b) plans. School employees who wish to participate in a 403(b) should contact their HR department for plan and enrollment information.

2015 NPERS

Employees of the Year

The Nebraska Public Employees Retirement Systems is pleased to announce our two recipients for Employees of the year, Brenda Dinges and Dennis Rohren.

Brenda Dinges EMPLOYEE OF THE YEAR

Brenda works for our Member Service department as a lead worker. She has been a part of the NPERS team for 26 years, also working as a Retirement Specialist I & II. Her duties include overseeing the NPERS Call Center, assigning and performing office visits, and calculating benefit estimates for State, County, and DCP members. In addition, Brenda helps audit state, county, and DCP refunds, and reviews/audits updates to the NPERS online access portal of the Ameritas website.



Dennis Rohren EMPLOYEE OF THE YEAR

Dennis is a lead worker in the NPERS accounting department. He began his career at NPERS in 2012 as an Accountant III, which is the position he holds today. During his 3 years as an NPERS associate, he has been responsible for the internal monthly and annual financial statements for the School, Judges, and Patrol plans; and the external financial statements for all of the plans we administer here at 1526 K Street. Dennis is also our lead contact for assisting state auditors and has been a key figure in implementing the new GASB reporting procedures.

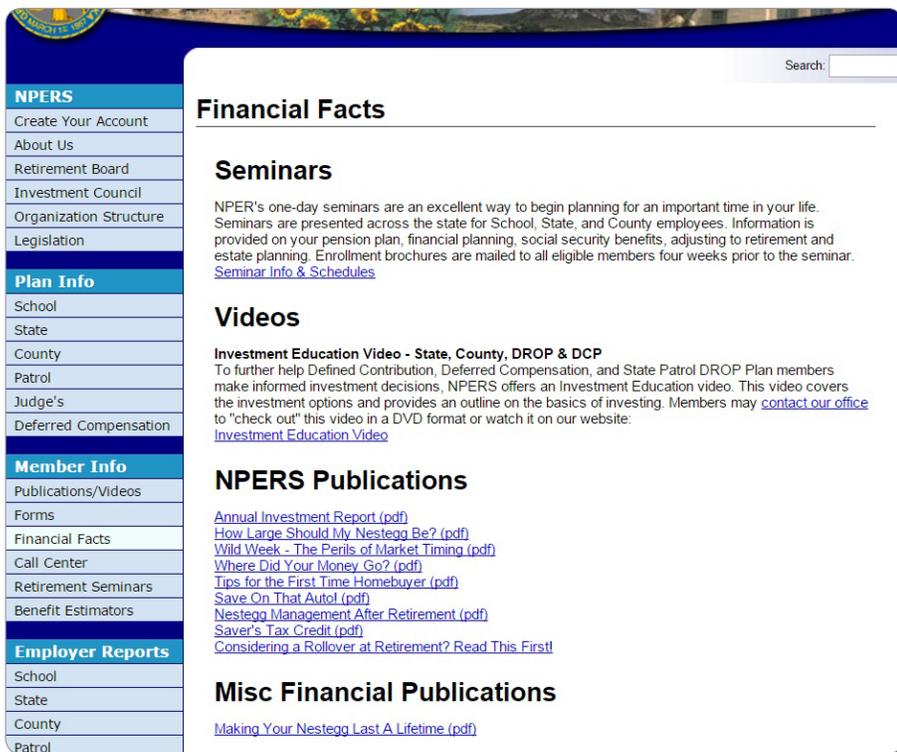


Congratulations to Brenda and Dennis! We are pleased to acknowledge their hard work and dedication to our members.

Financial Facts:

Visit the NPERS Website for Helpful Tools & Information!

Have you visited the Financial Facts page on the NPERS website? This page is designed as a “one-stop” access to all the various retirement and financial planning educational materials created by NPERS. This page contains our Investment Education video, various publications, and notification of our retirement and financial management seminar schedules.



Seminars

The Financial Facts page provides a link to our Seminar page where members can access the upcoming seminar schedule and download the enrollment form. Each year NPERS conducts statewide Preretirement seminars. These seminars are for plan members at and over age 50 and provide participants with comprehensive information regarding their School retirement plan and the distribution options available at retirement. In addition, the program includes Medicare, Financial, and Estate Planning guest presentations.

Publications

The NPERS Education Services department has created several publications designed to educate plan participants on a wide variety of financial related topics. Topics include investment education, tips for buying a home or automobile, managing assets after retirement, and rolling retirement assets into the private sector. In addition, NPERS publishes an Annual Investment report which provides current data on the various investments utilized in the Nebraska retirement plans.

Investment Education Video

Judges and State Patrol members participating in the voluntary State Deferred Compensation (DCP) plans are responsible for making their own investment choices. School plan members participating in a voluntary 403(b) retirement plan via their school district are also tasked with the process of selecting appropriate investment elections. These plans do not provide a guaranteed rate of return and individuals participating in them will see their retirement accounts *increase or decrease* depending on the investment options they selected and market performance during that time.

Making sound investment decisions is critical in building an adequate nest egg for retirement. Plan members who take the time to educate themselves on the basic principles of investing and the investment options available to them have a much better chance of making sensible investment decisions. In an effort to help, NPERS offers an Investment Education video on the Financial Facts page. This video covers the 13 available investment options offered to DCP members and provides an outline on the basics of investing designed to assist all plan members.

NEW RETIREMENT 101 VIDEO FOR SCHOOL PLAN MEMBERS

Would you like to learn more about your retirement plan? If yes, then take a look at the new school *Retirement 101* video on the NPERS website. This 27 minute long video provides an overview of the Nebraska School Retirement plan including such topics as the plan design, how benefits are calculated, eligibility for benefits, and sample benefit amounts. The video may be streamed online from the **Publications/Videos** page on our website (npers.ne.gov).

Saver's Tax Credit



Did you know contributing to either a 403(b) or 457 (Deferred Compensation) retirement plan may significantly reduce your taxes?

Low and moderate income employees who make voluntary contributions to an employer sponsored retirement plan or individual retirement arrangement (IRA) may qualify for a "Saver's Tax Credit" of up to \$1,000 per individual (\$2,000 if filing jointly).

Eligibility and the amount of the credit are determined by *filing status* and *adjusted gross income (AGI)*.

FILING STATUS/ADJUSTED GROSS INCOME LIMITS FOR 2016

CREDIT RATE	JOINT	HEAD OF HOUSEHOLD	SINGLE
50%	\$0 to \$37,000	\$0 to \$27,750	\$0 to \$18,500
20%	\$37,001 to \$40,000	\$27,751 to \$30,000	\$18,501 to \$20,000
10%	\$40,001 to \$61,500	\$30,001 to \$46,125	\$20,001 to \$30,750

For example, a couple filing a joint return with an AGI of \$37,000 or less is eligible for the 50% rate. If both contributed \$2,000 (or more) to a qualified plan, both would receive the maximum \$1,000 Saver's Credit. If their AGI was a bit higher at \$38,000, they move to the 20% bracket and both would receive a \$400 credit.

Don't confuse tax "credits" with "deductions." A deduction reduces the amount of your taxable income and you pay taxes on the remaining income at a percentage based on the IRS tax brackets. A credit reduces the final amount of taxes you owe dollar for dollar and provides significantly better savings. Even better, contributions made to a 403(b) or Deferred Compensation account will reduce your AGI and may help you qualify for a higher Saver's Tax Credit.

2016

LEGISLATION

The 104th Legislature, second session, convened on January 6, 2016 for a 60-day session that will end on April 20. During this session, the following bills impacting the School, Judges, and Patrol retirement plans were introduced or “carried over” from the prior session.

Provisions may be amended during the legislative session and some bills will not advance out of committee, or be passed by the legislature. Please refer to the Legislation page of the NPERs website for updates and progress as the session continues. The results of the 2016 session will be reported in the September newsletter.

LB 236 All Plans

LB 236 is a carryover bill from the 104th Legislature, first session. The bill provides for attachment or garnishment of retirement benefits when a plan member is convicted of or pleads no contest to a felony or misdemeanor and is subsequently found liable for civil damages after the effective date of the act. The bill exempts from garnishment any benefit or annuity payments “reasonably necessary for the support of the member or any of his or her beneficiaries.” If the conviction is reversed, all benefits paid as civil damages would be forfeited and returned to the member.

LB 447 School Plan

As amended by AM1979 & AM2282, LB 447 removes the current statutory language allowing payment of disability retirement benefits to individuals who work less than 20 hours as a school employee. If passed, disability retirement benefits cease if a member returns to active service as a school employee after receiving disability retirement benefits or if a physician certifies the member is no longer disabled for service as a school employee.

In addition, the bill proposes to remove the ½ year of service vesting for members who are actively employed on or after age 65. All members, regardless of age, would require a minimum of five years of service credit to vest in the plan. This provision would apply to:

- All new members hired on or after 7/1/2016.
- Members who have taken a refund or retirement and are hired or rehired on or after 7/1/2016.

This bill also transfers investment authority from the Omaha School Employees Retirement System (OSERS) Board of Trustees to the Nebraska Investment Council, and makes the Public Employees Retirement Board/NPERs the pass through agency for OSERS payment processing fund.

AM1979 also adds language from LB 922 & LB 986 to this bill.

LB 467 Patrol Plan

As amended by AM1865, LB 467 proposes several changes to the Nebraska State Patrol plan.

The state would be liable to fund the cost of military service for members hired prior to 7/1/2016 who are reemployed with the Patrol on or after 12/12/1994 following a period of eligible military service. New plan members hired on or after 7/1/2016 will be required to pay their contributions in order to receive service credit.

In addition, the bill creates a second tier of benefits for members joining the Nebraska State Patrol plan on or after 7/1/2016. This benefit tier would mirror the current plan with the following exceptions:

- Individuals participating in Tier Two would contribute 17% of salary.
- Monthly retirement benefits for Tier Two members would be calculated using their five highest 12-month periods of salary.
- Compensation would not include unused sick leave, vacation, holiday compensatory time, vacation, compensatory time, or similar benefits converted to cash payments.
- Increases in salary will be capped at 8% per year when determining the final average compensation used to calculate retirement benefits.
- The 60% purchasing power cost of living adjustment (COLA) provision is removed and COLAs for retirement payments would be capped at 1% for Tier Two participants. If the annual actuarial valuation report indicates the plan is fully funded with a sufficient actuarial surplus, the retirement board may elect to issue a supplemental lump-sum cost of living payment for that year. The supplemental COLA payment cannot exceed 1.5%.
- Members who qualify for military service credit will receive such credit provided they pay to the system “an amount equal to the sum of all contributions which would have been made from the salary which he or she would have received during the period of military service for which creditable service is desired.”
- Tier Two members would not be eligible

to participate in the Deferred Retirement Option Plan (DROP).

The bill contains an emergency clause and would take effect when passed and approved according to law.

LB 790 Judges & School Plans

The bill alphabetizes the statutory definitions for the Judges and School plans.

LB 803 Judges Plan

This bill updates the portion of the \$42 clerk of the district court docket fee remitted to the Nebraska Retirement Fund for Judges. Currently, \$2 of the docket fee is remitted to the Judges Retirement Fund. This bill increases this amount to \$4 effective 7/1/2016. On 7/1/2017, this amount increases to \$6.

LB 922 Retirement Board

The bill staggers the terms of board members in order to prevent multiple terms from expiring in the same year. In addition, the bill clarifies that the Governor has the authority to remove members of the Public Employees Retirement Board “for cause after notice and an opportunity to be heard.”

LB 986 Retirement Board

In addition to annual actuarial reports, this bill requires an experience study to review actuarial assumptions be conducted at least once every four years, or at the request of the Nebraska Retirement Systems Committee. If the Public Employees Retirement Board does not adopt all of the recommendations in the experience study “the board shall provide to the committee within ten business days after the board’s decision at a public meeting a written explanation describing the board’s analysis and factors considered in reaching its decision.”

In addition, the bill requires a confidential, initial, and final draft of actuarial valuation reports and experience studies be provided to the Governor and the Nebraska Retirement Systems Committee.

Retirement Planning Seminars

for **SCHOOL**
Plan Members Age 50 & Over



2016

2016 School Seminar Schedule

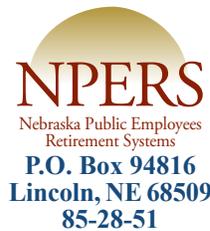
LINCOLN M FULL (h) JUN 8 (W) MAY 4 (W) JUN 23 (Th) JUN 2 (Th)	VALENTINE APR 6 (W)
LA VISTA MAR 15 (Tu) MAY 5 (Th) MAR 16 (W) JUN 1 (W) MAR 17 (Th) JUN 22 (W) M FULL (v)	NORTH PLATTE APR 7 (Th) MAY 26 (Th)
KEARNEY M FULL MAY 25 (W)	NORFOLK APR 20 (W) JUN 15 (W)
GRAND ISLAND M FULL (h) JUN 7 (Tu)	SCOTTSBLUFF APR 13 (W) APR 14 (Th)
	COLUMBUS APR 27 (W)

The 2016 Retirement Planning seminar season has begun. Seminars will be held across the state beginning March 1 and ending on June 23. Enrollment forms have been mailed and are also available on the NPERS website.

School plan members age 50 and over are entitled to receive *leave with pay* to attend *up to two* retirement planning seminars (paid leave limited to once per fiscal year). Members may bring one guest. The fee to attend is \$20 per person. Non-members or an *additional* guest may attend for \$30 per person.

Please be aware there are attendance limits depending on location and some sessions will fill up. Individuals who delay submitting an enrollment form may not be able to attend their preferred session.

Check in on the day of the seminar begins at 8:00 a.m. —please, no early arrivals. Seminars begin promptly at 8:30 a.m.



An “Official” NPERS Seminar?

Individuals nearing retirement are often approached by investment advisors offering their services. During the 2015 school seminar season, our presentation staff was questioned about “school retirement seminars” conducted by private financial advisors on school grounds/property. This has led some plan members to mistakenly conclude these individuals are affiliated with NPERS. To clarify, our office does not sanction or participate in any manner with these seminars.

The NPERS Educational Services staff conducts day-long retirement seminars across the state for our plan members, pursuant to Nebraska state law. These seminars are listed in our newsletters and on our website. Our 2016 seminar sessions began in March – see above for more information.

FOR NEBRASKA SCHOOL, JUDGES, AND
STATE PATROL RETIREMENT PLAN MEMBERS

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