RETIREMENT NEWS

Nebraska Public Employees Retirement Systems Vol. 23, No. 4, Summer 2008

PROVIDING INFORMATION TO STATE AND COUNTY EMPLOYEES

In this issue...

NPERS
Nebraska Public Employees Retirement Systems

PIONEER Is Evolving Into NPRIS

The automated system currently used by NPERS is called PIONEER. Just as technology changes with personal computers, so has the technology changed that is used for PIONEER, which now requires updating. The upgrades have been defined and a vendor has been selected. The upgraded system has been named **NPRIS (Nebraska Public Retirement Information System)** and will use web-based technologies.

The vendor selected to create NPRIS is Saber Corporation (formerly known as Covansys). They've had a long relationship with NPERS, dating back to the creation of PIONEER, and are considered experts in providing software and services for public retirement programs. Saber was founded in 1997 and is headquartered in Portland, Oregon. They are a division of EDS which has now merged with Hewlett Packard. The website is www.sabercorp.com.

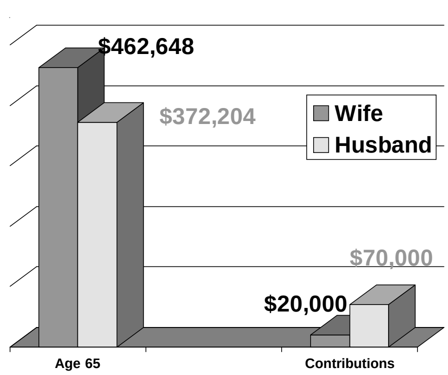
NPRIS will be completed in 2009. Leadership is being provided by is a volunteer steering committee consisting of Dale Kahla, PERB member; Phyllis Chambers, NPERS Director; Brenda Decker, State Chief Information Officer; Randy Gerke, NPERS Deputy Director; Joe Schaefer, NPERS Legal Counsel; Tom Conroy, OCIO Administrator; Jerry Brown, NPERS IT Manager; Robin Goracke, NPRIS Project Manager; Sanjay Gupte, Saber; and Sriram Ramanujam, Saber. Quality reviews of project management are being provided by the University of Nebraska-Lincoln.

The changes that members will experience with the self-service portion of NPRIS will be minimal. NPERS will continue to update members, through future newsletters, concerning progress and member impact.

Time is on Your Side – Until it Isn't

by Mary Jochim, Sterling Fincial Advisors

Consider the saving habits of this 20-year old couple. The wife starts putting $2,000 per year ($166 a month) into the 457 Deferred Compensation Plan when she is 20 years old. After 10 years, she decides to stop investing and just let her money grow until she retires. Her husband decides to start investing when his wife stops. He also invests $2,000 a year in the same 457 Plan from the time he is 30 until he retires at age 65. If they both earn 8% on their savings, who will have more money at age 65?



Time and Compound Interest Favor the Wife:

She will have invested only $20,000 and will have $462,648 at age 65!

Her husband will have invested $70,000 and will only have $372,204 at age 65!

Time is Money and Money Will Buy You More Time In Retirement. Don't Delay Investing In the 457 Deferred Compensation Plan, For Time and Compounding Waiteth for No Investor!

Attend a Financial Planning or Retirement Planning Seminar This Fall!

Summer is already here, the flowers are blooming and vacations are well under way. Before you know it, the season will be here for ***State and County Plan*** *seminars.*

Starting in September, NPERS will begin another educational series on Financial Planning and Retirement Planning (see schedule at right). The registration fee for a plan member is only $20, a bargain in today's economy. For an additional $20, you may bring a spouse or a guest. Not only will you get a "day off with pay" to attend (which your employer is *required* to grant to you, if schedules allow), you'll enjoy a fun learning experience and lots and lots of snacks!

As the title implies, the **Retirement Planning** seminars are intended for members who are *age 50 and over*. We focus on the annuity and with-drawal options and the requirements of your retirement plan, as well as social security, financial management, estate planning, health insurance, wellness, and adjusting emotionally to retire-ment.

The **Financial Planning** seminars are for members *under age 50*. We'll explain how your retirement plan works and then delve into the basics of investing, savings plans, tax advantages and other methods of planning for your financial future. The earlier you start planning and saving, the more prepared you'll be when that magical time arrives.

Although it is not well known, our seminars are open to *non-members* (if space allows) who are charged a slightly higher registration fee of $30. This means anyone may attend one of our Financial Planning seminars, whether you are under age 50 or not. Likewise, anyone may attend one of our Retirement Planning seminars, even if you are not over age 50. You would not get the day off with pay to attend ... but you'd still get to enjoy all those snacks.

The Future is Now!

- Pre-registration is required.
- We cannot reserve a space for you over the phone.
- Registration information will be mailed to all eligible members in August.
- Registration forms are currently available on our website at **www.npers.ne.gov.**

Fall 2008 Seminar Calendar

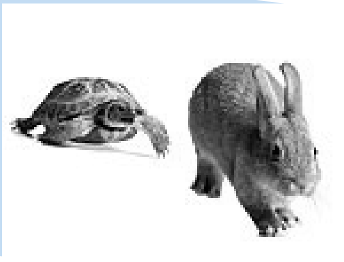
Retirement Planning (age 50 and over)

Lincoln	September 4
Valentine	September 11
Gering	September 25
Grand Island	October 1
Kearney	October 2
Lincoln	October 8
Lincoln	October 9
Omaha	October 16
North Platte	November 6
Lincoln	November 13
Norfolk	November 20
Grand Island	December 4
Lincoln	December 9

Financial Planning (under age 50)

Lincoln	September 3
Valentine	September 10
Gering	September 24
Omaha	October 15
North Platte	November 5
Lincoln	November 12
Norfolk	November 19
Grand Island	December 3

The Tortoise or the Hare



When people plan and invest for retirement, the decision of when to begin taking social security benefits eventually comes up. Along with your State Plan or County Plan benefits, social security is an important source of retirement income for most individuals. Your decision of when to take these benefits can make a big impact on retirement income.

A retired worker who is fully insured can elect to start receiving benefits at any time between age 62 and 65 (or even later). Benefits can start as early as 62, but if you so elect, they are permanently reduced by 20%. Here is the million dollar question. Is it better to start taking checks at a reduced amount or wait until Normal Retirement Age and receive full benefits? Before addressing the inherent problems with this question, let's look at some of the factors and considerations.

The early bird who decides to get the worm first gets three years' worth of checks - 36 payments - that the sleeping bird will never see. Make that 48 checks if you were born after 1937. Thus, it will take some time for the total benefits of the person who waits until age 66 to catch up to those of the early collector. Thus, the early bird will receive even more checks than the retiree who bides his time for full benefits.

If the early bird also did not need the benefit income and chose to invest instead of spending the checks, the investment income would partially offset the reduced yearly benefit as well as extend the catch-up period for the age 65 collector. Sounds like most people would opt to be an early bird.

There are other factors to consider (is anything ever simple?). Working an extra three years will probably increase the retiree's benefits. This is so because more earnings will be credited toward the Social Security account. Chances are that old low-earning years will be replaced in the benefit equation with a current high credit year. These higher benefits will then shrink the catch-up period.

Delaying retirement benefits beyond 65 until age 70 will also increase the size of the benefit due to a credit provided by the Social Security Administration for such patience. Further, for those born after 1937 choosing to begin receiving benefits at age 62, the reduction-in-benefits penalty is further stiffened from 20% to an eventual 30% in 2022. The hare will feel the tortoise closing even quicker.

(Continued on pg. 4)

Legal Corner

by NPERS Legal Counsel,
Joe Schaefer

Legislative Update

Retirement legislation enacted by the 100th Unicameral Legislature during the Second Session was limited to the provisions in LB 1147, which was adopted on Final Reading on April 17, 2008, and signed by the Governor on April 21st.

Although the bill contained the emergency clause, the provisions affecting the Retirement System for Nebraska Counties and the State Employees Retirement System will take effect on July 18, 2008, three calendar months after Legislative adjournment. Those County/State provisions are minimal and include:

- Beneficiaries of deceased County or State defined contribution plan members are permitted to transfer sums between the 13 investment options which are provided to members.
- Language requiring employers to enroll employees returning to work and to commence contributions on their behalf within 60 days under rules and regulations adopted by the Public Employees Retirement Board was removed. The language was no longer appropriate because under the provisions of LB 366 adopted in 2006, employees returning to work are required to be immediately reenrolled in the plan.

In addition to the sections affecting the County and State plans, LB 1147 adopted changes to the Judges, School Employees, State Patrol, and Class V (Omaha) Retirement Systems.

Tortoise or Hare

(Cont. from pg. 3)

Taxation of benefits may also enter the picture. Poor timing of social security and other income may result in a good portion of early benefits being subject to inclusion in income and painfully taxed. (For more information on this important topic, go to **www.ssa.gov** website, for the social security's on line calculator. On the other hand, a lower age 62 benefit may mean that the taxpayer will not meet the "combined income" threshold for benefits inclusion.

Empirical studies have been done which generally arrive at the same conclusion. Early bird collectors are ahead of the game for about 12 to 15 years and then are left behind the hare that was slow to collect benefits. If you are a person in good health and foresee another 10+ years of retirement life, it is probably better to defer taking benefits until normal retirement age. So look at your gene pool, if your granny just bought a new Ford Mustang and is planning a cross country trip with her new boy-friend, you might consider waiting. If you are not in the best of health, take the money now.

Of course, a universal rule for when to take benefits is impractical. Depending upon an individual's circumstances, it might make more sense to begin taking benefits as soon as possible regardless of the net economic benefit in the future.

This brief article is no substitute for a careful consideration of your unique personal situation and consultation with a tax professional or financial advisor. In any case, remember what Mom said,"Eat your vegetables and look both ways before crossing the street."

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Information When You Need It

Are you a night owl?

Or can't get away from your job to visit the NPERS office?

All the important things you need to know about your retirement plan are right here, 24/7.

www.npers.ne.gov

- Cash Balance Interest Credit Rate
- Time-Weighted Rates of Return
- PERB Information
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