

RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS STCO • APRIL 2014

PERB Update



Public Employees Retirement Board (L-R): Ronald Ecklund, Janis Elliott, Randall L. Rehmeier, Phyllis G. Chambers, Richard Wassinger, Elaine Stuhr, Denis Blank, Jeffrey States, and Stuart Simpson.

At the January 21st meeting, the Public Employees Retirement Board (PERB) re-elected **Denis Blank** to serve as Chair and **Richard Wassinger** as Vice-Chair for the 2014 calendar year. Prior to his retirement, Denis Blank was the Chief Administrator at the Nebraska Department of Agriculture. Mr. Blank was first appointed to the PERB in 2001 as a State Plan representative. Richard Wassinger has served as the Cass County Treasurer since August 1, 1983. Mr. Wassinger was initially appointed to the PERB in 2006 as the County Plan representative.

Janis Elliot has been re-appointed and confirmed for another five-year term to the PERB as a School plan representative. Janis was originally appointed to the board in 2009. In addition to her service on the PERB, she also serves on the Nebraska State Education Association Executive Board and the Bellevue Education Association Executive Board. Janis teaches Physics at Bellevue West High School. In 2013, Janis was awarded the Teaching Excellence Award from the Nebraska State Education Association.

In December 2013, PERB member **Darrell E. Fisher** was appointed to serve as the executive director of the Nebraska Commission on Law Enforcement and Criminal Justice. In order to devote his energies to this new position, Mr. Fisher resigned from his position on the PERB. We would like to thank him for his service on the board and wish him well at his new position.



Lt. Dennis Leonard

Lieutenant Dennis Leonard has been appointed to replace Darrell Fisher as the State Patrol representative on the PERB. Lt. Leonard has been a member of the State Patrol for 27 years, serving as a Trooper, SWAT operator, narcotics investigator, criminal investigator, polygraph examiner, and narcotics unit supervisor. Since 2002, he has been the Troop C Investigative Lieutenant for a 17-county area of central Nebraska. Lt. Leonard resides in Grand Island, Nebraska.

2013



IN REVIEW

NPERS has compiled data for our annual Legislative Report and would like to share some of our 2013 accomplishments.

Call Center

- Answered 38,047 incoming calls.
- Provided retirement information and counseling for over 2,421 members who visited our office in person.

Benefits

- Processed 1,926 annuity retirements, and 4,718 refunds, rollovers and other distributions.
- Distributed over \$606 million in benefits to plan members including monthly annuity payments, refunds, rollovers, systematic withdrawals, and required minimum distributions.

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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
- Dennis Leonard**
Patrol Member
- Jeffrey States**
State Investment Officer

Director: **Phyllis Chambers**

RETIREMENT NEWS

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Data Services

- Processed 33,357 pieces of incoming mail.
- 220,915 pieces of outgoing mail.
- Scanned 302,617 documents.
- Processed 16,624 new beneficiary forms, 8,054 changes of information, 2,978 tax withholding forms, and 3,201 changes to direct deposits.

Education Services

- Held 46 Retirement Planning seminars across the state, speaking to a total of 1,926 members.
- Coordinated three Financial Planning seminars for a total of 70 members.
- Updated all six plan handbooks.
- Issued six newsletters.
- Published the 2013 Legislative and Annual Investment Reports.

Auditing

- Performed 35 school employer audits and 32 county employer audits.

More details of our 2013 accomplishments can be found in the 2014 Annual Legislative Report available on the Publications page of the NPERS website.

Bona Fide Separation From Service

All participants in the State and County retirement plans must terminate their State or County employment prior to taking a distribution from their respective retirement accounts. In addition, they cannot prearrange a return to work with any participating employer at the time of separation. Per Nebraska statutes and the Federal tax code, plan members must also incur a “bona fide separation from service” prior to returning to employment. The Nebraska State and County retirement plans require a break in service of at least 120 calendar days prior to reemployment as part of the separation from service requirement.

During the required 120-day break, absolutely no service, paid or unpaid, temporary or permanent, may be provided to a participating employer. **Members who have taken a distribution must comply with these requirements in order to incur a bona fide separation from service.** If the Public Employees Retirement Board determines the member took a distribution without experiencing a bona fide separation of service:

- ✓ The member will be required to repay all distributions issued.
- ✓ All annuity or systematic withdrawal payments will cease. If an annuity was selected, the contract will be cancelled and all annuity payments issued must be repaid. Funds used to purchase the annuity will be restored to the account.
- ✓ The member will return to immediate participation in the same plan (Defined Contribution or Cash Balance) they were in prior to separation from service.

Reemployment means returning to work at the *same* employer. A state employee who returns to work for *any* state agency or position participating in the State retirement plan would be considered reemployed. A county employee who returns to work for *any* county or position participating in the County retirement plan would be considered reemployed. There may be situations where defining reemployment can be confusing. When in doubt, contact NPERS.

Failure to comply with these requirements could potentially jeopardize the plan’s IRS tax-qualified status. To put it in the simplest terms; members who have taken a distribution from their mandatory retirement plan must completely sever employment for a minimum of 120 calendar days, cannot prearrange a return to work with any employer or position participating in the plan, and must **apply for and receive** their distribution prior to reemployment.

Defined Contribution Annuity Rate Change

Effective January 1st, the annuity interest rate for **Defined Contribution** members has been updated from the 2013 rate of 3.42% to the 2014 rate of 4.10%. Per Nebraska statutes, this rate is determined using the January Pension Benefit Guaranty Corporate rate (which was 3.35%) plus 0.75%. The annuity rate for **Cash Balance** members remains unchanged at 7.75%.

WHO ARE YOUR BENEFICIARIES?



Do you know who you currently have listed for your retirement plan beneficiaries? What are the chances someone needs to be added or removed from the current form on file? Your beneficiary is the person or persons you designate to receive your account balance upon your death. Keeping your beneficiary designation at NPERS up to date will ensure benefits are paid promptly and properly upon your death.

When is it necessary to review your beneficiary designations?

- **If you or a beneficiary marries or becomes divorced.**
- **If you return to employment after receiving a distribution of your account.**
- **If a beneficiary passes away.**
- **If you have a child.**

It's up to you to make sure your beneficiary designations for your retirement plan are up-to-date. If you are unsure who you have listed, you can review named beneficiaries by creating an NPERS online account. Please be aware beneficiary information may not display for members who have beneficiary forms on file that are more than ten years old. Submitting a new form to our office will enable online review.

Due to confidentiality issues, beneficiaries cannot be identified over the phone. Our call center staff can advise you the date of the current form on file. You may request beneficiary information in writing, or simply complete a new form and submit it to our office. All new forms will supersede prior designations.

Individuals participating in the voluntary State of Nebraska Deferred Compensation plan (DCP) account should submit a beneficiary form when enrolling in DCP. The beneficiaries designated for the mandatory plan will not automatically transfer to DCP. Members may assign the same beneficiaries for both plans if desired. If DCP beneficiaries are not designated, all death benefits will be issued to the estate.

STATE EMPLOYEES:

Be aware the beneficiaries you name during "open enrollment" through AS are for your life insurance benefit and do not apply to your retirement plan. Currently, the only way to name beneficiaries for your retirement account is by submitting a properly completed and notarized NPERS Beneficiary Designation form. You may obtain this form at npers.ne.gov or from your employer.



QUARTERLY CASH BALANCE RATE

For the quarter beginning January 1, 2014, the rate of return for Cash Balance participants is 5%.

The current and historical Cash Balance rates of return are available via the "Cash Balance Rates of Return & Dividends" link on our website.

Changes to Quarterly Statements, Website

Ameritas, our plan recordkeeper, is in the process of updating the State, County and Deferred Compensation plan account statements, along with the website. Both will have a colorful new look and some added enhancements, along with familiar features that you already enjoy. Statements will be easy to read and provide additional information about your account. The streamlined website will be easier to navigate, along with added functionality. Implementation is scheduled for later this year. Stay tuned for more details in the July newsletter.

2014 STATE & COUNTY LEGISLATION



The 103rd Legislature, second session, convened on January 8, 2014 for a 60-day session that will end on April 17. During the first ten days allotted for introducing new legislation, only one bill addressing the State, County, and Deferred Compensation retirement plans was introduced.

LB 918

State/County Defined Contribution & Deferred Compensation

Removes the requirement the Stable Value fund be invested only in guaranteed investment contracts and allows the inclusion of investment options that will provide "capital preservation and consistent, steady returns."

Please refer to the Legislation page of the NPERS website for updates and progress as the session continues.

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FOR NEBRASKA STATE AND COUNTY EMPLOYEES

RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

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