

RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

STCO • OCTOBER 2017

Last Call for DCP Three Year Catch-up

At the December 19, 2016, meeting, the Public Employees Retirement Board (PERB) voted to discontinue the Three Year Catch-up provision contained in the voluntary Deferred Compensation Plan (DCP). The PERB delayed elimination of the Three Year Catch-up in order to provide a final opportunity for eligible members to apply throughout 2017. Those individuals already participating in the Three Year Catch-up will be allowed to continue participation per plan provisions.

As with all applications, forms must be received by NPERS during normal working hours.



In 2017, December 30 and 31 fall on a Saturday and Sunday. As a result, Three Year Catch-up applications must be received in our office no later than 5 pm, December 29.

Individuals who wish to utilize the Three Year Catch-up are responsible for calculating the additional deferral amounts and submitting documentation supporting these calculations. Due to the complexity of this process, members may need to enlist assistance from a qualified tax professional.

The Age 50 provision will continue to be available for DCP participants. Contribution limits for 2017 are listed in the January Retirement News. For more information on DCP and the annual contribution limits including the Three Year Catch-up provision, please refer to the plan handbook on the NPERS website.

Phyllis Chambers' Retirement

At their monthly meeting on December 18, 2006, the Public Employees Retirement Board (PERB) announced Phyllis Chambers had been selected as the new Director at NPERS. Now, after ten plus years of dedicated service, Phyllis has decided to retire effective September 1, 2017.

Phyllis' hard work and leadership has greatly benefited our agency and plan members, and there have been many accomplishments under her direction. When asked if there were any specific ones she would like noted, her first comment was "Yes, but the achievements over the last decade



Phyllis Chambers

would not have been possible without the commitment of the PERB and the dedication of our incredible staff at NPERS."

Some of the highlights during her tenure include:

- On January 1, 2007, membership in all plans totaled 104,599 with assets of over \$9.2 billion. On June 30, 2017, membership had grown to 128,958 with assets of \$14.5 billion.
- During the ten-year period from 2007 to 2017:

- **Over \$5.4 billion dollars in benefits were paid out to plan members.**
- **22,955 retirements were processed.**
- **50,648 refunds were issued.**
- **NPERS Call Center answered 378,335 calls and conducted 21,720 office visits.**
- **NPERS Data Services processed 391,098 pieces of incoming mail, 2,656,979 pieces of outgoing mail, and scanned 3,253,158 documents.**
- **Multiple statutory changes to plan provisions were successfully implemented and communicated to plan members and employers.**
- **NPERS staff, working in conjunction with the Auditor of Public Accounts, successfully resolved and reduced the amount of audit points to zero.**
- **Internal audit procedures were improved for School and County employers.**
- **19,739 members attended 471 retirement seminars conducted across the state.**
- **Member handbooks were updated and revised on a regular basis.**

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Nebraska Public Employees Retirement Systems

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2017 NPERS EXCELLENCE in LEADERSHIP RECIPIENTS

The Nebraska Public Employees Retirement Systems is pleased to announce Charles Waity and Margaret Fintel have been selected for this year's Excellence in Leadership award.

The Nebraska Public Employees Retirement Systems is pleased to announce Charles Waity and Margaret Fintel have been selected for this year's Excellence in Leadership award.

Margaret has worked at NPERS for over 16 years. As the agency receptionist, Margaret is often the first line of contact for plan members visiting or calling our office. Her duties include

communicating with NPERS staff and plan members as she fields and routes incoming calls/visitors.

Margaret schedules appointments and office visits, mails



Margaret Fintel

out requested forms/publications, and logs documents dropped off at the front desk into the NPERS data management and processing system. She also assists with the training of new associates and whenever there is a task that needs an extra hand, Margaret is always willing to assist.

"Guarding the office" is a busy and stressful job, yet she is always friendly and goes above and beyond to make visitors and fellow staff feel welcome. Members frequently make positive comments about the service she has provided both over the phone and in person.

Charles began employment at NPERS in 2015 as an IT Business Systems Analyst Coordinator. His job entails multiple duties including coordinating with developers and NPERS staff to analyze and document current business processes in order to identify areas needing improvement. This includes creating, testing, and implementing new IT procedures in order to replace/improve our current practices with more

efficient and less costly procedures. In addition, Charles is responsible for troubleshooting software and hardware issues to reduce system downtime and increase efficiency.

During his short time at NPERS, Charles has consistently demonstrated a positive, "can-do" attitude and dedication to our agency.

He has played a significant role in the increased efficiency of our agency and system processes and is always willing to help solve problems and provide training on IT related issues. He is an excellent team member who is highly respected by his co-workers for his character, work ethic, and positive attitude.

Congratulations to Margaret and Charles! We are pleased to acknowledge their hard work and dedication to our members.



Charles Waity

Cont. Phyllis Chambers' Retirement

- **NPERS Rules and Regulations were revised and updated on a regular basis.**
- **Procedures for handling deceased member accounts and beneficiary payments were improved.**
- **NPERS website evolved to provide greater transparency and accessibility as more member services, information, reports and publications were made available online.**

• In 2007 and 2012, a second and third opportunity for State and County Defined Contribution members to convert to Cash Balance was implemented.

• In 2008, the State Patrol Deferred Retirement Option Plan (DROP) was implemented per state statute.

• In 2009, with the assistance of the Office

of the Chief Information Officer, NPERS successfully completed the Information Technology conversion to the new Nebraska Public Retirement Information System (NPRIS). This data management and processing software added enhanced features and security.

• In 2010, working in conjunction with the plan actuary and Nebraska Retirement Systems Legislative Committee, software was created to study the long-term funding of the defined benefit plans.

• Experience studies were conducted by plan actuaries in 2011 and 2016. Data from these helped determine the actuarial assumptions to be used in plan valuations and funding.

• In 2012, compliance audits for all five retirement plans were conducted by Groom Law Group and The Segal Group. Statutory changes to the plans were coordinated with

the Legislature to ensure compliance with Internal Revenue Code requirements.

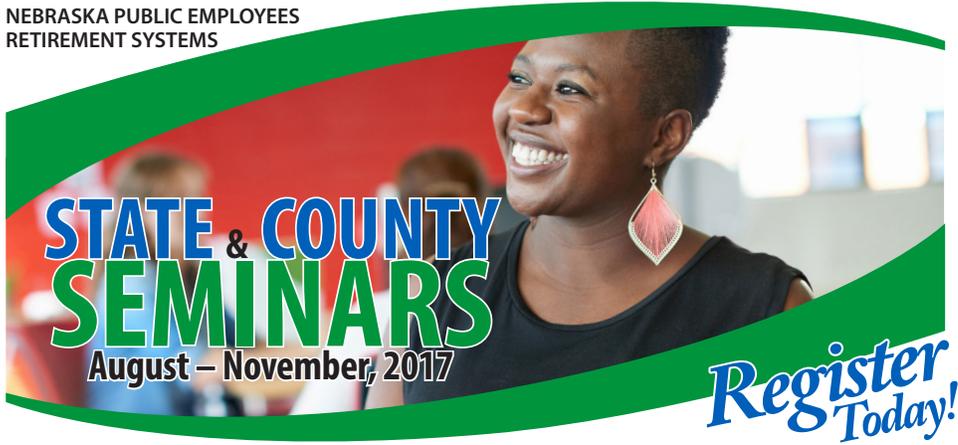
• Favorable determination letters were obtained from the Internal Revenue Service for the School, Judges, State Patrol, State, and County retirement plans.

• Changes to the School, Judges, and Patrol plans were made by the Legislature to help ensure plan sustainability. Tier 2 benefits were added to the School plan in 2013, to the Judges plan in 2015, and to the State Patrol plan in 2016.

• Successful implementation of the Tier 2 benefits required NPERS staff to update processing software, rework publications and seminar content, educate reporting agents, and update our internal benefit processing procedures.

• In 2013, working in coordination with the Department of Administrative Services,

Continued on Page 6



The 2017 NPERS State and County seminar season has begun and sessions have already been conducted in Norfolk, Lincoln, Grand Island, Columbus, Gering, and LaVista. Seminars will continue through October and November across the state. We strongly encourage registering in advance as remaining sessions often fill up.

NPERS offers two different seminars for plan members; Financial Management and Retirement Planning. Financial Management seminars are available for members who are under age 50. Retirement Planning seminars are offered to members age 50 and over. Eligible members are entitled to receive paid leave to attend up to two Financial Management seminars prior to age 50, AND paid leave to attend two Retirement Planning seminars at age 50 and older.

NPERS Retirement Planning seminars provide a wealth of information regarding your plan design and the benefit options at retirement. Additional information is provided on Medicare, financial planning, and estate planning via guest presenters.

The Financial Management seminars are tailored to younger members and focus less on the State and County retirement plans and more on the Complete Financial Management Workshop. This workshop is presented by a licensed financial planner and covers a wide variety of topics designed to help attendees manage their assets and make informed investment decisions.

Enrollment/Registration forms were previously mailed to all eligible State and County plan members. If you lost or misplaced this mailing, don't panic! The form is available on the NPERS website on the State and County seminar page. You can complete and print the online registration form, then mail it to our office with the required payment to reserve a spot in the desired session.

The cost to attend is \$25 for eligible members. You may bring a spouse or one guest for an additional \$25. Space is limited so if you wish to attend, don't delay submitting your registration!

Retirement Planning Program

FOR PLAN MEMBERS
AGE 50 AND OVER

LINCOLN

OCTOBER 11
OCTOBER 18
OCTOBER 19
NOVEMBER 15

LA VISTA

OCTOBER 26

NORTH PLATTE

NOVEMBER 1

GRAND ISLAND

NOVEMBER 7

Financial Management Program

FOR PLAN MEMBERS
UNDER AGE 50

LINCOLN

OCTOBER 12
NOVEMBER 14

NORTH PLATTE

NOVEMBER 2

GRAND ISLAND

NOVEMBER 8

Nebraska Public Employees Retirement Systems



For the Plan Year Ending December 31, 2016
CASH BALANCE | DEFINED CONTRIBUTION | DCP | DROP

Annual Investment Report Available Online!

Did you know each year NPERS updates and posts our Annual Investment Report on the NPERS website? This publication provides a wide variety of investment information for the Defined Contribution, Deferred Compensation, and State Patrol DROP plans, including descriptions of the 13 investment options, historical performance, and the fundamentals of saving and investing for retirement.

Information for Cash Balance plan members is also included, and the report provides a breakdown of the plan asset allocation, the current portfolio managers, the interest credit rate (historical rates of return), and the dividend history.

Members may access the report on the Publications/Videos page on our website at npers.ne.gov. For additional investment education and assistance, be sure to watch the Investment Education video found on the same page. This 30-minute video explains the 13 investment fund options and provides basic information on how to make informed investment decisions.

Identity/Credit Theft

There are three major credit reporting firms—Equifax, Experian and TransUnion. These companies compile data on your credit history and sell this information to businesses who use it to determine if you are “credit worthy.” In order to track and compile your credit history, these firms also store personal data including your birth date, addresses, driver’s license number and Social Security number.

In September 2017, Equifax revealed hackers accessed the personal information of approximately 143 million U.S. citizens. Per Equifax, this compromised data included names, social security numbers, credit card numbers and, in some cases, driver’s license numbers. To make matters worse, the September 8th warning from Equifax came several weeks after the July 29th date when the data was stolen.

The severity of the Equifax breach has generated significant press, yet it isn’t the first instance of hackers gaining access to personal and credit information. There have been prior hacks of other major corporations including Target, Home Depot, Neiman Marcus, and Holiday Inn.

If you purchase anything using a credit or debit card, obtain a loan or mortgage, or even have a checking or savings account, your personal data is at risk. Sadly, there is nothing that can be done to prevent criminals from trying to steal this information. So what can you do to minimize the risk and keep your personal and credit information safe? Essentially this is a two-part and ongoing process which requires you to:

1. Safeguard your existing accounts; and
2. Prevent identify thieves from creating new accounts in your name.

Safeguard Your Existing Accounts

Unsecured public wifi is a potential goldmine for identity thieves. Never access your financial accounts or enter any personal data (including usernames/passwords or credit card information) when connected to these hotspots.

Don’t use your debit card when making purchases online. The Fair Credit Billing Act (FCBA) provides better guarantees for credit cards than online payment services or debit cards. Under the FCBA, your liability for unauthorized use of your credit card tops out at \$50. However, if you report the loss before your credit card is used, the FCBA says you are not responsible for any charges you didn’t authorize. If your credit card number is stolen, but not the card, you are not liable for unauthorized use.

For debit cards, if you report a loss or theft before someone uses it, you are not responsible for any unauthorized transactions. If someone uses your card before you report it lost or stolen, your liability depends on how quickly you report it. If you report the loss or theft within 48 hours of discovery, your liability is limited to \$50. After 48 hours, the limit increases to \$500 and after 60 days there is no limit.

In addition, the protections afforded to credit cards under the federal Fair Credit Billing Act do not apply to purchases made with debit cards. These regulations contain protections for (but not limited to) fraudulent charges and items damaged during delivery or failed delivery.

Use strong passwords and unique user ID’s. Avoid using your email address or Social Security number as the user ID for financial accounts. Use a unique user ID and safeguard it

the same you as would a password. Studies have indicated many individuals think they have strong passwords when they have not. Simply replacing an “i” with “!” is not a strong password. Identity thieves can employ computer programs which allow millions of attempts to crack your password in a short period of time.

Password Tips:

- The strongest passwords will include a minimum of 12 characters. Use both upper and lower case letters, and numbers and symbols. Don’t place the capital letters only at the beginning or the numbers/symbols just at the end.

- Avoid using passwords/usernames that include pet names, places you’ve lived, favorite bands/musicians/sports teams/hobbies, birth/wedding/graduation dates, or song lyrics. Don’t use common phrases like “gobigred” or patterns like “1,2,3.”

Monitor your bank and credit accounts on a regular basis. If you haven’t already done so,

specific charges – enable these protections. Report all suspicious activity as soon as it is detected.

NEVER give any personal information to individuals who call you on the phone. After the Equifax breach, scam artists posing as Equifax employees began calling people “to verify your account information” in an attempt to gather confidential data. These calls can also come from identify thieves posing as IRS, Medicare, or Social Security representatives.

Be alert for “phishing” emails or websites that mimic legitimate banks or businesses in order to steal your personal data. Never include personal or confidential information when you reply to any email. Avoid clicking on links in emails to access online accounts. When online, only enter personal information on websites with a secure address (look for the “s” at the end of https).

Watch out for “card/keypad skimmers” when making purchases with your credit or debit cards. These devices are



Card Skimmer

set up online access and review these accounts on a weekly basis for unauthorized purchases. Some companies will allow you to set up text or phone alerts for

placed over or inside card readers and are used by thieves to steal your card number and PIN. Skimmers are often placed on gas pumps but they can also

be attached to other card readers such as ATM's or check-out lanes.

When making purchases, check the machine for signs of tampering. Look for parts that are loose, don't align correctly, or have mismatched colors. See if the keyboard is securely at-



Keypad Skimmer

tached and just one piece. Does anything move when you push/pull it?

Use ATMs that are in well-lit and high traffic locations – generally ATM's inside bank lobbies are safer options because of the security cameras. Cover the keypad when you enter your PIN. If the ATM (or card reader) has the option to use a chip reader, use it instead of inserting the card into the magnetic strip reader. It's harder for thieves to access personal data off the chip.

Finally, keep the phone number of your credit card issuer stored in your phone so you can immediately contact them in the event a card is lost or stolen.

Preventing Fraudulent Accounts

In order to create fake accounts, identify thieves must gain access to your personal and confidential information. As demonstrated by the Equifax breach, there is little you can do to prevent the theft of this data from professional hackers, but there are steps you can take to make it difficult to access your private information and prevent thieves from creating fraudulent accounts.

Review your credit report

You are eligible to receive a free report every year from each of the three crediting reporting firms (Equifax, Experian, and TransUnion). You can alternate between each firm and request a free report as often every four months. Doing this allows you re-

view the data they have collected and spot any unauthorized accounts that may have been created by identity thieves. These reports can be requested directly from each firm, or accessed online at annualcreditreport.com.

Fraud Alerts & Credit Freezes

There are two additional low-cost or free methods you can employ to try and prevent identity thieves from creating fake accounts; fraud alerts and credit freezes.

A fraud alert requires businesses to verify your identity when they receive a request to issue a new line of credit. If you initiate a fraud alert, you may receive a phone call or a request for a copy of your driver's license to verify your identity before a new account is opened.

An initial fraud alert can be placed on your file for 90 days. For longer time frames, you must submit a copy of a theft report filed with a law enforcement agency. There is no charge to request a fraud alert and you only need to contact one of the three credit bureaus

and they are required to inform the other two.

A credit (or security) freeze is more effective than fraud alerts, but freezing your credit will bring additional inconvenience and fees into the mix. A credit freeze prevents the credit reporting bureaus from sharing your data, effectively restricting any new attempts to open a line of credit. It will not apply to businesses with whom you have an existing account, or a collection agency acting on behalf of those accounts. To freeze your credit, you must submit a separate request to all three credit reporting bureaus. Each bureau will send you a PIN, which you will need in order to request a temporary or permanent removal.

Things to consider before submitting a credit freeze request:

- How often will you have to lift the freeze? This information is necessary to open new lines of credit such as a mortgage or car loan, but may also be needed in other situations such as renting an apartment or applying for a job. Lifting a freeze requires you to find out which reporting bureau to contact, waiting up to three days for removal of the freeze, and bureaus normally charge a fee which varies by state*.

- The freeze will not affect your credit score but it may limit your ability to check it on third-party websites.

- A credit freeze is effective against new credit being opened using your personal information, but does nothing to prevent thieves from stealing and using your existing credit.

*For Nebraska residents, Experian charges \$3 to add or remove a freeze, Transunion charges \$3 to add or temporarily lift (no charge to permanently remove), and Equifax has agreed to waive its credit freeze fees until November 21, 2017 as part of its response to the data breach.

Were you a victim of the Equifax hack?

The first step is to contact Equifax to determine if your data was included in the security breach. Equifax has set up a website at <https://www.equifaxsecurity2017.com/> where you can enter your last name and the last six digits of your SSN to see if your personal data was part of the breach.

If your data was compromised, the next step is checking if this information has been used to create any fake credit accounts. Gather your personal financial data such as mortgage or loan information – you will need this to verify your identity – and go to annualcreditreport.com to request a free credit report from one of the three reporting agencies.

If your credit report indicates thieves have created a fake account, you can go to the FTC Identity Theft website at <https://www.identitytheft.gov/> to report and access information on how to recover from the theft.

If your credit report does not show any fraudulent accounts, the next step is preventing thieves from creating one in the future. Equifax is currently offering one year of free access to their identify theft and credit monitoring service. Enrollment must begin prior to November 21 and after one year, you will need to pay for continued enrollment. Other alternatives include initiating a free fraud alert and/or placing a credit freeze (please refer to the companion article), or using other credit monitoring services. Finally, remember to make a return visit to annualcreditreport.com every four months to request a new report from a different agency.

NPERS office was relocated to 1526 K Street. Backup servers were relocated to an alternative site for purposes of disaster recovery.

- A CEM Benchmarking study in 2013 compared NPERS services with other public retirement systems in a similar peer group and found administrative costs at NPERS averaged \$68 per active annuitant, which was \$53 below the peer average of \$121 per annuitant.

- A multi-year “data purification” project was carried out to confirm member data. This project has simplified benefits processing and will increase our capabilities to implement future processing enhancements.

- In 2015, a six-year beneficiary project was completed during which 46,262 beneficiary

records were updated and entered into our NPRIS data system.

- The “Legacy Media Scanning Project” was initiated in 2015. This project consists of scanning member and employer records from ledgers, microfilm, and microfiche into our system. When completed, over 5 million pages of content will have been prepped, scanned, indexed, and audited for quality control.

- NPERS was one of the state retirement systems awarded the Public Pension Standards Award for Funding and Administration in 2012, 2013, 2014, 2015, and 2016 by the Public Pension Coordinating Council.

Despite experiencing two recessions during this decade, NPERS plans remain well

funded. As of the most recent actuarial valuations, plan funding is at 90% for the School plan, 89% for the State Patrol plan, 98% for the Judges plan, 105% for the County Cash Balance plan, and 105% for the State Cash Balance plan.

When asked about her plans during retirement, Phyllis commented during her first year she is simply looking forward to enjoying life and spending more free time with her family and friends. After that, time will tell.

Retirement will surely offer many new opportunities. Phyllis, those of us who have worked alongside you these past years sincerely hope retirement brings you the same success and happiness you experienced here at NPERS. Best wishes to you in all your future endeavors!



QUARTERLY CASH BALANCE RATE

For the quarter beginning October 1st, 2017, 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.