



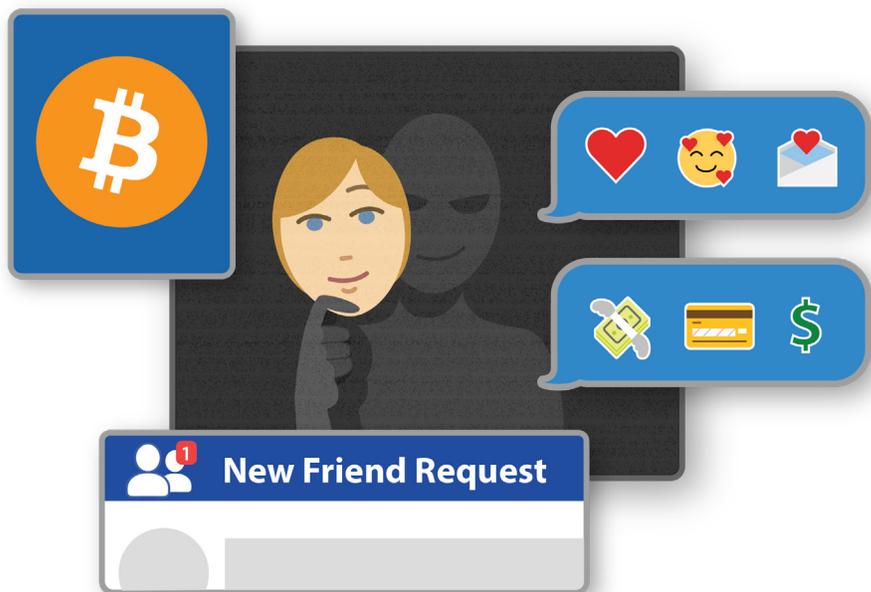
# RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
JULY 2023

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## FRAUD CORNER: BELOVED BEWARE!



**Nowadays we are all hyper-aware to guard our e-mails and private information lest we be defrauded of our hard-earned cash. However, sometimes scams are difficult to detect, particularly when we are in a vulnerable position -like dating online. One of the more prevalent scams is a romance scam.**

A newer romance scam to watch for is called "Pig Butchering". This is a romance scam that occurs when a person is lured by a prospective partner, in something such as crypto currency investing. The first couple of investments will be small and see major returns (this is called "fattening the pig"), but they only get bigger, until the person has been scammed out of large amounts of money –sometimes people's entire savings or retirement account.

### HERE ARE SIX THINGS YOU CAN DO TO STAY SAFE:

1. Don't share your personal information with people you've only met online. Would you share your bank credentials or Social Security number to a stranger? Of course not.
2. Never send money to anyone you haven't met in real life or don't personally know and trust. Scammers will often build trust via "love bombing" people they just started talking to, this is a huge red flag.

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3. Don't join any investment site, or download an app, at the behest of someone you have only met online. Even if it looks and seems real, it could be a fraudulent app that scammers are controlling to give the impression that you're earning profits.
4. You shouldn't believe any person or investment site that promises or "guarantees" returns — or requests minimum investment amounts.
5. Search online for third-party reviews and known scams related to any exchange, app, or investment platform before you get involved.

Following these safety tips can help to prevent you from falling victim to a scam while you are trying to fall in love!

## SOCIAL SECURITY & YOU

In an uncertain time, we all like to think there are more things to rely on than just death and taxes. Indeed, many of us nearing retirement are counting on a long-standing program to be there for us when we are ready to access our golden years. It is a program we have paid into for years and years via our FICA taxes that are deducted from our paychecks. That program is Social Security.

Considering the impact it has on life after retirement, it is natural to have questions and concerns about the Social Security program. How solvent is it? Should we be worried that when we get to retirement it might not be around?

Each year, the Board of Trustees that oversees the financial operations of the two trust funds that pay for Social Security publishes a study. This study examines the actuarial status and financial operations of the Old-Age & Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds; giving us insight into the how the program's funding is doing.

### **THE 2023 OASDI TRUSTEES REPORT COMMUNICATED THE FOLLOWING KEY FINDINGS:**

#### **The projections show:**

- The OASI and DI Trust Funds' combined assets will be exhausted in 2034, one year sooner than last year's predictions. Eighty percent (80%) of benefits will be payable at that time.
- The OASI Trust Fund's assets will be exhausted in 2033, one year sooner than last year's predictions. Seventy-seven percent (77%) of benefits will be payable at that time.
- The DI Trust Fund's assets should not be exhausted during the 75-year projection period.
- The total annual cost of the program is expected to exceed the total annual income in 2023.
- The annual costs are predicted to be higher than the annual income throughout the 75-year projection period.

#### **In 2022:**

- The OASI and DI Trust Funds' combined assets decreased by \$22 billion to a total of \$2.830 trillion.
- The OASI and DI Trust Funds' total income, including interest, was \$1.222 trillion. This consists of:
  - \$1.107 trillion from net payroll tax contributions from approximately 181 million people who had earnings covered by Social Security
  - \$49 billion from taxation of benefits
  - \$66 billion in interest
- The OASI and DI Trust Funds' total expenses were \$1.244 trillion.
- The cost to administer the Social Security program was \$6.7 billion, only 0.5% of total expenditures.
- Social Security paid \$1.232 trillion in benefits to about 66 million beneficiaries.

Given Social Security's uncertain future, plan members should consider whether their Social Security benefits may be lower than expected and consider saving more for retirement through one or more of the available options, such as traditional individual retirement accounts (IRAs), Roth IRAs, 403(b) plans, Deferred Compensation Plans (DCPs), etc. Consulting with a financial planner is often the best way to determine what savings options are best for each plan member's unique circumstances. However, NPERs offers multiple retirement education events for our plan members, such as seminars and webinars. To learn more about these events please visit the [Retirement Seminar](#) page on our website.

## MAKING MOVES:

### **FUND ALLOCATIONS & TRANSFERS USING AMERITAS ONLINE ACCESS**

The quickest way to make investment election/transfers is via the Ameritas Online account access. Changes may be submitted using DCP paper forms but be aware these forms may take up to three business days to process after we have received it. Investment elections and transfers made using the Ameritas Online access are processed at the *end of the market day*.

An Account Allocation changes which fund you would like your future contributions to go into. If you make an allocation, it will not affect money already in your account, but only new contributions following the new allocation.

A Transfer is taking money from one fund and moving it to a different fund.

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This transaction applies to your account balance, the money you have already, not new money being contributed.

Essentially, an allocation or transfer is choosing an investment fund you would like your money invested in for either your new money contributions (Allocations) or old money that is in your account or in a fund already (Transfer).

In addition, the online access provides a wealth of information on your account, including investment performance for specific time frames using the Online Statements link, found in the Plan Documents drop down. An Ameritas Online account allows access to the record-keeping data Ameritas maintains for your account including account balances and access to quarterly statements.

## UPDATE ON THE INVESTOR SELECT INVESTMENT OPTION

### OFFERED IN THE DEFINED CONTRIBUTION PLAN VOLUNTARY DEFERRED COMPENSATION PLAN AND PATROL DROP

The Nebraska Investment Council (NIC) implemented changes to the Investor Select investment option offered to participants. This investment option is a premixed fund invested with an asset allocation and investment strategy substantially similar to the investment allocations made for the Defined Benefit and Cash Balance Benefit Plans. During the second quarter of 2023, changes were made to the Investor Select Fund which reflect similar changes made in the Defined Benefit and Cash Balance Benefit Plans.

- **New target asset allocation:**
  - 29% U.S. Equity
  - 22% Global Equity
  - 11.5% Non-U.S. Equity
  - 30% Fixed Income
  - 7.5% Real Estate
- **New underlying funds:**
  - U.S. Equity: The Russell 3000 Index Fund replaced the DFA Small Company Stock Fund and the Russell 1000 Index Fund.
  - Global Equity: The MSCI ACWI IMI Index Fund replaced the MFS Global Equity Fund.
  - Non-U.S. Equity: MSCI ACWI ex-U.S. IMI Index Fund replaced the MSCI ACWI ex-U.S. Index Fund.

## WHAT'S NEW?

NPERS is a lively place, we are constantly changing, growing, upgrading what we do to incorporate new legislation passed each year, our ever-changing membership's needs, and industry best practices! Here are a couple of the most recent things we have done, so you know what we have been up to lately.

- In light of the new provisions for the recently passed LB 103, which incorporated LB 105 with amendment 417, we have re-published the [Military Service Guidebook \(pdf\)](#) to help our members and employer reporting contact to better navigate the sometimes confusing waters of requesting/verifying military service within each plan. The new legislation helps us be USERRA compliant.
- In direct response to questions regarding LB700, and this sessions LB 103, which clarified eligibility for retirement plan enrollment for [State Agency School Plan Employers](#), we developed a flowchart that could be used step-by-step for easy reference! Now with just a couple of questions proper plan enrollment is ensured!
- LB 103 also increased the contribution percentage for our County Plan Law Enforcement members. For counties with populations in excess of 85,000, the additional law enforcement contribution rate increased from 2% to 3%. For counties with populations of 85,000 or less, the additional law enforcement contribution rate increased from 1% to 2%. Interested in more legislative updates? Check out of our [Legislation Page](#) on our website.
- For our savvy retirement investors, we recently published the [2023 Annual Investment Report](#). This report shows the past performance for the funds available to our Defined Contribution, Deferred Compensation, and State Patrol DROP plan members! It can also be a great tool to help with your financial planning/investment strategizing or to take with you to your Financial Planner's office.
- Looking for some fun-employment? Check out NPERS new [Careers page](#) on our website. We are searching for great people to become a part of the NPERS team!

Remember we are adding new content all the time to our fantastic website to help you plan for retirement, this includes new videos and quarterly newsletters! [NPERS.NE.GOV](https://www.npers.ne.gov)



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### CASH BALANCE RATE

For the quarter beginning July 1st, 2023, the rate of return for Cash Balance participants is 5.35%.

The rate of return for the Cash Balance plan is the federal mid-term rate plus 1.5% or a guaranteed rate of 5%, whichever is greater. This year we have seen some of the best rates of return for the Cash Balance plan. First quarter was 5.77%. The second quarter rate was 5.65%. Now, the third quarter rate is 5.35%. This gives the Cash Balance plan a year average rate of return of **5.59%**.

The current and historical Cash Balance rates of return are available via the [Cash Balance Rates of Return & Dividends](#) link on our website.