

# Retiree Update

Providing Information to Retirees of the Judges, State Patrol and School Plans

Nebraska Retirement Systems

December 2004

## Review Your Tax Withholding

Once each year federal law requires the Nebraska Public Employees Retirement Systems (NPERS) to remind you, as a benefit recipient, of your ongoing right to start, stop or change the tax withholding from your retirement benefit.

You are not required to have income tax withheld from your monthly benefit. However, if your estimated tax payments or withholding amounts fall short of your tax liability, the Internal Revenue Service may assess interest or penalty charges. **No action is necessary if your present tax authorization still fits your needs.**

If you want to make a change, complete the "request form" below to obtain withholding forms and instructions from NPERS. If you have questions, please call **402-471-2053** or toll-free **800-245-5712**.

### 2005 Benefit Payment Schedule

If you have your monthly payment deposited directly with your bank, the following is a month by month schedule of the date payment will be made to the bank in the year 2005:

January 31	July 29
February 28	August 31
March 31	September 30
April 29	October 31
May 31	November 30
June 30	December 30

**For those of you who receive your check by mail, your payment will be mailed by the payment date.**

## Simplify Your Life!

*Direct Deposit is a great place to start*

*by John Winkleman, Training Specialist*

For as long as I can remember, the digital clock on my parents' stereo has always flashed 12:00, 12:00, 12:00... My sisters and I joke "at least it's on time twice a day." Someone probably should have searched out the instructions and set it, but we had learned our lesson from the VCR clock. Every time a fuse blew, one of us would get the call to drive over and reset it. So the stereo clock was ignored and left to blink moronically at 12:00, 12:00, 12:00...

Often Mom and Dad were asked, "Why not learn how to set those digital clocks?" The answer, "Because it's too complicated."

NOBODY likes complicated. Complicated is confusing. To quote our President, "it's hard work!" NPERS wants to make our retirees lives *less* complicated and one of the best ways to simplify retirement is Direct Deposit. Direct Deposit will electronically transfer your retirement benefit directly into your checking or savings. It's easy to set up and doesn't cost a penny. Unfortunately there are still thousands of NPERS retirees who wait by the mailbox each month for their retirement checks, then drive to the bank to stand in line. Sounds complicated.

Uncomplicate your life and try Direct Deposit. Use the attached "Request Form" to request a Direct Deposit Agreement or obtain a form by contacting us or visiting our website at [www.npers.ne.gov](http://www.npers.ne.gov). Filling it out is much easier than setting the clock on the VCR.

### Keep Us Up-To-Date

If you have a change of address or any other demographic changes, please be sure to let NPERS know. You can use the form below or send us a note. If you don't keep us up-to-date, we can't keep you up-to-date!

## Address Change/Request Form

To notify NPERS of a change of address OR to request a form, you may call or use the form below. **(Please print)**



Check here if this is a change of address. Your signature is required for a change of address.

Signature \_\_\_\_\_

Account Number (shown on address label) \_\_\_\_\_

Social Security Number \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_

If you need additional information, please check the appropriate box(es) below:

- Federal Tax Withholding Form W-4P
- Nebraska State Tax Withholding Form
- Direct Deposit Agreement
- Beneficiary Designation Form
- Other \_\_\_\_\_

## 1099-R Tax Statements Coming

Watch your mail in mid to late January for an envelope marked **Important Tax Return Document Enclosed**, which will include benefit information to be filed with your 2004 income tax returns. Each box on the 1099-R is defined on the back of the form. Make sure NPERS has your current address so you receive your 1099-R in a timely fashion.

Questions about individual tax liability should be directed to your accountant, the Internal Revenue Service or your state Department of Revenue.

### The following is a brief explanation of your 1099-R form:

- Box 1 shows everything NPERS paid to you in 2004.
- Box 2a is the amount that is taxable to you.
- Box 4 is the amount that was withheld for federal taxes.
- Box 5 is the amount that is not taxable.
- Box 10 is the amount that was withheld for state taxes.

## COLA Set at 2.5%

Did you notice a cost of living adjustment (COLA) in your benefit check this year? Retirees of the **School, Judges and State Patrol Plans** who have received benefits at least one full fiscal year (July 1-June 30) are granted a COLA increase. This increase is based on the consumer price index (CPI) and capped at a maximum percentage. By law, the COLA percentage is either capped at 2.5%, or the increase in the CPI, whichever is less. Late last July the U. S. Department of Labor revealed a CPI of 185.3 for the year ending June 30, 2003, compared to the prior year's CPI of 179.6. As a result, the majority of School, Judges and State Patrol retirees saw a 2.5% increase in their July benefits, an amount more than the prior year's COLA of 2.1%.

By law, a minimum or "floor" is set to a retiree's purchasing power. For the **School and Judges Plans**, the floor is 75% of the purchasing power of the initial benefit. For the **State Patrol Plan**, the floor is 60% of the initial benefit. If your retirement benefit would erode to an amount below the minimum floor purchasing power, your benefit adjustment would reflect the amount necessary to return to the minimum purchasing power.

NPERS issued correspondence to all affected retirees at the end of July 2004. If you were eligible for the COLA increase, this letter explained the type of COLA and actual dollar amount of your increase. If you have questions about the COLA, please contact NPERS. □

## Any Questions?

*Do you have questions regarding resources available to you or an aging parent?*

There is a great source to answer questions that may come up in day to day living. The *Benefit and Resource Guide for Older Nebraskans* is available from the Department of Health & Human Services, Division of Aging and Disability Services.

This guide covers Health Services, Insurance, Housing, Long-Term Care and more.

The 2004-2005 guide will be available in March 2005. To receive your copy, contact Theresa at (402) 471-2307 or (800) 942-7830 or write to:

Nebraska Dept. of Health & Human Services  
Division of Aging and Disability Services  
P.O. Box 95044  
Lincoln, NE 68509-5044

Happy  
New Year!



### RETIREE UPDATE

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