

# Retiree UPDATE

JANUARY 2012

Nebraska Public Employees Retirement Systems

PROVIDING INFORMATION TO RETIREES OF NEBRASKA'S STATE AND COUNTY RETIREMENT PLANS

## A Reminder About Annuity Tax Withholding

Each year NPERS is required to notify retirees of your right to change, start or stop federal tax withholding on your monthly annuity. You can do so at any time by filing a new Withholding Certificate for Annuity Payments. This form may be obtained from the "Forms" section of the NPERS website at [npers.ne.gov](http://npers.ne.gov) or by calling our office at the numbers below.

You are not required to have federal income tax withheld from your monthly annuity, however, the Internal Revenue Service (IRS) may assess interest or penalty charges if your estimated tax payments or withholding amounts fall short of your tax liability (certain restrictions apply if you have the 5-Year Designated Period Annuity).

If you are a Nebraska resident and you choose to have federal income tax withheld from your benefits, NPERS is required to withhold Nebraska taxes using the allowances and marital status you claimed for federal withholding. You may also elect additional amounts of withholding over and above the marital status and allowances you elected on your federal and/or state withholding; these amounts are not required to match. If you choose not to have federal tax withheld from your retirement benefit payment, you are not required to have Nebraska state income tax withheld. If you are **not** a Nebraska resident, NPERS is **not** required to withhold Nebraska taxes from your benefit payment.

**No action is necessary if your present tax authorization for your monthly retirement benefit still fits your needs.** If you have questions, please contact NPERS at 800-245-5712 or 402-471-2053. For tax advice, you should contact a tax professional about your individual situation.

## 2012 BENEFIT PAYMENT SCHEDULE

JANUARY 13	JULY 13
FEBRUARY 15	AUGUST 15
MARCH 15	SEPTEMBER 14
APRIL 13	OCTOBER 15
MAY 15	NOVEMBER 15
JUNE 15	DECEMBER 14

**NOTE**

If you use Direct Deposit and change banks or bank accounts after the 7th of any month, your payment may be delayed.



Are you still receiving your monthly annuity payments in the mail? The US Postal Service has recently announced service changes that appear destined to increase delivery times and may delay receipt of your benefit check. Now might be a good time to consider taking advantage of the electronic delivery methods offered by NPERS – Direct Deposit or the new ReliaCard Visa debit card.

**Direct Deposit** will electronically transfer each annuity benefit directly into your checking or savings account. Direct Deposit of funds can be made to any financial institution in the United States and ensures speedy and secure receipt of retirement benefits.

**The ReliaCard Visa is a prepaid debit card issued by U.S. Bank. Monthly benefits are automatically deposited into your account and the funds used to make purchases everywhere Visa debit cards are accepted.**

**You can also:**

- Pay bills using the Bill Pay feature.
- Withdraw cash from ATMs, banks, or credit unions.
- Make online, phone, or mail-order purchases.
- Receive cash back with purchases.

A PIN is required for ATM withdrawals or when requesting cash back with a purchase. Participants will select their own PIN when calling to activate the card. Card holders may go online to view account balances, account activity, or change their PIN. If a PIN is lost or forgotten, members should call the ReliaCard member services number found on the back of the card.

If you're not already taking advantage of Direct Deposit or ReliaCard, we encourage taking another look at these two options. Enrollment forms are available on our website ([npers.ne.gov](http://npers.ne.gov)) or members may request one by calling our office.



## Address Change/Request Form

Please use this form to notify NPERS of any change to your address **OR** to request an NPERS form.

Social Security #  -  -

Retirement Number (If known)

Check here if this is a change of address.

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

- Withholding Certificate for Pension or Annuity Payments Form
- Direct Deposit Agreement Form
- Beneficiary Designation Form
- Other \_\_\_\_\_

Name

Address

City  State  Zip

Signature  (A SIGNATURE IS REQUIRED FOR AN ADDRESS CHANGE.)

# Understanding Your 1099-R

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**BOX 1**  
Box 1 shows everything NPERS paid to you in 2010.

**BOX 2a**  
This is the amount that is taxable to you.

**BOX 4**  
This is the amount that was withheld for federal taxes.

**BOX 5**  
This is the amount that is not taxable.

**BOX 12**  
This is the amount that was withheld for state taxes.

PAYER'S name, street address, city, state, and ZIP code		1 Gross distribution	OMB No. 1545-0119	
		\$ <b>1</b>	2011	
		2a Taxable amount	Form 1099-R	
		\$ <b>2a</b>	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
PAYER'S federal identification number	RECIPIENT'S identification number	2b Taxable amount not determined <input type="checkbox"/>	Total distribution <input type="checkbox"/>	Copy 1 For State, City, or Local Tax Department
		3 Capital gain (included in box 2a)	4 Federal income tax withheld <b>4</b>	
RECIPIENT'S name		5 Employee contributions / Designated Roth contributions or insurance premiums <b>5</b>	6 Net unrealized appreciation in employer's securities	
Street address (including apt. no.)		7 Distribution code(s)	8 Other	
City, state, and ZIP code		9a Your percentage of total distribution %	9b Total employee contributions %	
10 Amount allocable to IRR within 5 years	11 1st year of desig. Roth contrib.	12 State tax withheld <b>12</b>	13 State/Payer's state no.	14 State distribution \$
Account number (see instructions)		15 Local tax withheld	16 Name of locality	17 Local distribution \$
				18 State distribution \$
				19 Local distribution \$

Form 1099-R

Department of the Treasury - Internal Revenue Service

**NOTE:**

**Box 1** - **Box 2a** = **Box 5**

## Watch Your Mail for Form 1099-R

NPERS will mail your IRS Form 1099-R tax statement by the end of January 2012. **Be sure NPERS has your current address** so you receive your 1099-R in a timely fashion.

The information on Form 1099-R should be used to file your 2011 federal and state tax returns. Your 1099-R will show the gross benefits you received from NPERS in 2011. This form will also indicate the federal income tax which was withheld from your benefit payments and, for most people, the taxable portion of your benefit.

Direct questions about individual tax liability to your accountant, tax professional, the Internal Revenue Service, or your state Department of Revenue.

## Establish an Estate Plan Now AND KEEP IT UP-TO-DATE!

Although it may be difficult to discuss, it is important to make preparations now for the well-being of your family after your death. Ensuring now that they will be cared for when you are gone is a loving and considerate act.

Whether you are financially comfortable or live on a tight budget, you want to be sure that your family will be provided for in the future. A carefully conceived estate plan will allow you to accomplish the following goals:

- Choose who will receive your assets upon your death.
- Prevent your assets from being given to unintended beneficiaries.
- Establish the future care and guardianship of minor children in your care.
- Minimize estate or inheritance taxes.
- Ease the burden on surviving family members administering your estate.
- Ensure that your final wishes are legally binding.

Estate planning is a complex process. It is advised that you seek the counsel of a professional financial advisor and/or attorney with expertise in estate planning. Tax laws, in particular, change frequently and may vary from state to state. It is worthwhile to get expert advice when navigating your estate plan.

You should also review your estate plan at least once a year, as well as on any occasion that may change the circumstances of your plan. Events that may necessitate an update of your estate plan include:

- Marriage or divorce
- Birth or adoption of children or grandchildren
- Relocation to another state
- Death of a loved one
- A significant change in assets
- A revision of estate tax laws

Keeping your estate plan updated and accurate will potentially prevent conflict and misunderstandings. It may also help to save money on taxes that your loved ones would otherwise be responsible for.

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PH: 402-471-2053 TOLL FREE: 800-245-5712  
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[npers.ne.gov](http://npers.ne.gov)