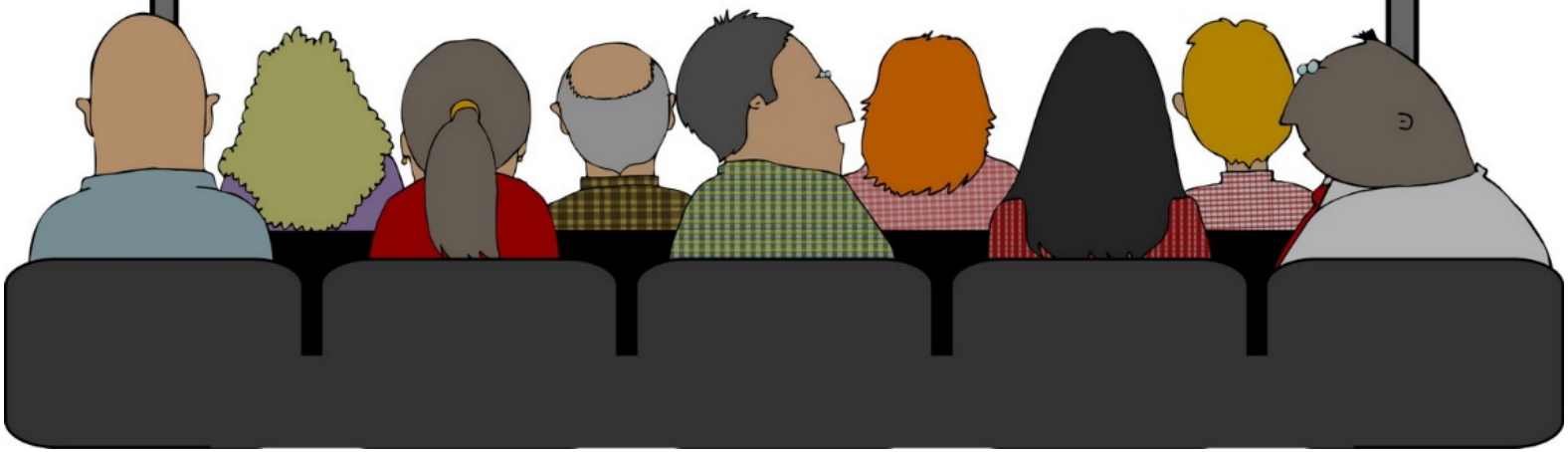
NPERS

NACO Convention 2017



Topics

- LB415 Legislation
- NPERS Rules & Regulation Update
- Reemployment/Termination Issues
- Vesting Credit/New Member Packet
- Employer Reporting Manual Updates
- Dividend/Seminars/Website
- New NPERS Director

LB415

Disability

- Updated definition…

"…an inability to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which was initially diagnosed or became disabling while the member was an active participant in the plan and which can be expected to result in death or be of a long-continued and indefinite duration."

LB415

Disability

- Clarifies a disability be initially diagnosed or became disabling while the member was actively employed.
- Allows the Retirement Board to waive the medical exam if they determine...

"...extraordinary circumstances exist which preclude substantial gainful activity by the member. Such circumstances shall include hospice placement or similar confinement for a terminal illness or injury."

LB415

Military Service

- The County is now required to pay both member and employer contributions.
- Provisions effective for service that begins on or after 1/1/2018.
  - Service must fall under the USERRA definition of uniformed service

LB415

Prior Service Benefit

- Counties may now make payments on a quarterly, semiannual, or annual basis.
- Impacts employees working prior to your entry into the NE County plan.
- More details in County Manual
  - Chapter 7

LB415

Cash Balance Annuity

- Changes were made to the calculation factors for the Cash Balance Annuity
- Affects member joining the plan on or after 1/1/2018…
  - Annuity rate reduced from 7.75 to 7.5
  - Mortality tables updated
- Plan handbooks will be updated.

Insufficient Contributions

- NPERS Rules & Regulations updated
- Employer must remit both employer and employee contributions
  - Amount may include interest
  - Shall be paid within 60 days of notification
- The employer may attempt reimbursement from the employee of the employee contributions.

Reemployment

- Not a termination if service in *any capacity* during the first 120 days.
- A reduction in hours worked is also not a termination.
- If *any* service is provided within120 days...
  - Distributions must be repaid, with interest.
  - Return to immediate plan participation.

Reemployment

- Prearranged return to service/work?
  - IRS calls this a “Sham Termination.”
  - Includes returning for part-time or temp work.
  - Becomes an issue if distributions were taken.
- If a prearranged return is discovered...
  - Distributions must be repaid, with interest.
  - Potential garnishment of pay and assets.
  - The member & employer could be required to pay missed contributions, plus interest, late fees, and penalties.

Reemployment

- Break of 120 days up to 5 years...
  - Member “terminated” prior to age 55...
    - Plan participation is mandatory if they return to permanent full-time or part-time employment.
  - Member terminated (retired) at or after age 55...
    - Same eligibility criteria as a new employee.
- 5 or more year break...
  - Same eligibility criteria as a new employee.

Vesting Credit

- Please provide Vesting Credit form to all new hires.
- Employee must submit to NPERS within180 days.
- Credit for full time employment in another NE governmental plan.

New Member Packet

Welcome, New County Plan Member!

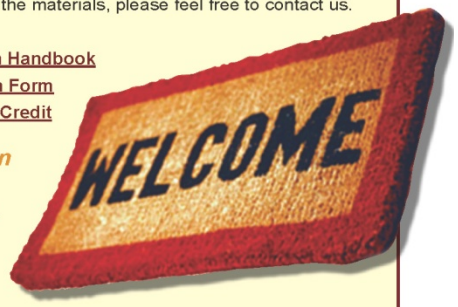
Welcome to the Nebraska Public Employees Retirement Systems (NPERS). Whether you are beginning your career or you previously worked for the County, we welcome your membership and the opportunity to help you with your retirement plan.

We have created this document to provide new members with important information regarding the retirement benefits offered to County employees. Click on the links or visit our website to obtain copies. **If you do not have internet access, your employer should provide these documents.** If you have questions about the materials, please feel free to contact us.

- ❑ County Retirement Plan Handbook
- ❑ Beneficiary Designation Form
- ❑ Application for Vesting Credit

Seminar Registration Brochures:

- ❑ Financial Management (UNDER AGE 50)
- ❑ Retirement Planning (OVER AGE 50)



Nebraska Public Employees Retirement Systems
1221 N Street, Suite 325 or P.O. Box 94816 Lincoln, NE 68509-4816
402-471-2053 or 800-245-5712 Fax: 402-471-9493
npers.ne.gov

The Basics

County Retirement Plan

All new employees participate in the *mandatory* **Cash Balance** benefit immediately upon employment.

- Members contribute 4.5% of salary pre-tax and the County matches contributions at 150%.
- Members are "vested" after three years.
- Member accounts receive an "interest credit rate" (rate of return) based on the federal mid-term rate plus 1.5% and are *guaranteed* a minimum annual rate of return of 5%.
- Members may choose to retire at age 55.
- Members have multiple payment options of their account at retirement.
- For more information, please refer to the plan handbook.

457 Deferred Compensation Plan (DCP)

All County employees may participate in their County's tax-sheltered, *voluntary* retirement plan even if employed on a temporary or part-time basis.

- Participants may set and change contribution amounts, or cease and resume contributions at any time. (A County that does not offer a 457 Plan may participate in the plan offered to State of Nebraska employees.)
- Taxes on the contributions and earnings are deferred until disbursement.
- Plan participants choose their own investments from multiple funds.
- This is a *long-term* retirement plan, **not** a short-term savings plan. Members cannot remove funds until they cease employment.
- For more information, please contact your employer.

Have you done your homework?

NPERS' Financial Management Seminars

How much time have you spent learning how to manage your finances? Do you know the basics of investing and how to use savings plans that offer significant tax advantages? Have you ever sat down with a professional financial advisor to answer these questions and develop a strategy that will put more money in your pocket? If you are like most of us, the answer is "NO," but as a Nebraska County Employee you have an excellent "perk" available to help you—NPERS' Financial Management Seminars.

As part of your benefit package, all employees **under age 50** are eligible to attend *up to two* of these full-day seminars. These seminars provide a wealth of information and are conducted by NPERS staff and a licensed financial planner. The cost is $20 per member and for an additional $20 you may bring a guest. Food and materials are provided and your employer allows you a day off *with pay* to attend.

Seminars are held each year starting in September and ending in November. Registration brochures are mailed to all eligible members at least four weeks in advance—or members may print the brochure from npers.ne.gov. Seminar schedules and maps are also available on our website.

For those closer to retirement!

NPERS' Retirement Planning Seminars

All employees **age 50 and over** are eligible to attend *up to two* of these full-day seminars. The focus is on your County Plan and your options at retirement. The cost is $20 per member and for an additional $20 you may bring a guest. Food and materials are provided and your employer allows you a day off *with pay* to attend. View a registration brochure by clicking here.

Forms, Forms, Forms...

Beneficiary Designation Form—Upon the death of a plan member, NPERS needs to know who should receive the funds remaining in his/her retirement account. Complete this form and be sure to update as needed. Please be aware that selecting beneficiaries for your retirement account is separate from selecting beneficiaries during "open enrollment" for insurance purposes through your employer. Additional beneficiary forms may be printed from our website.

Application for Vesting Credit—If you have participated in another Nebraska governmental plan, that participation may count toward the three years required to vest in the County Plan. To qualify, you must complete this form and submit to NPERS within 180 days of your date of hire.

October Manual Updates

Chapter 2

- Outdated Ameritas interface removed
  - Most using MIPS to submit to Ameritas
  - Contact NPERS if you need assistance

Chapter 3

- Updated make-up (insufficient) contribution rules and regulations.

October Manual Updates

Chapter 4

- Military leave section updated per provisions of LB415.

Chapter 5

- Disability section updated per provisions of LB415.

October Manual Updates

Chapter 6

- Reemployment section updated.
  - Clarification of “retired” vs “terminated” and how it affects plan participation if reemployed.
  - Pre-arranged return to work warning added.

Chapter 7

- Prior service benefit updated per provisions of LB415.

Cash Balance Dividend

- Actuarial report submitted 4/24.
- County plan funded at 105.35%.
- Dividend of 0.51%
  - Account balance on 12/31/2016.
  - Issued in August.

NPERS Seminars

Summer/Fall Sessions

- Under age 50 – Financial Management
- Age 50 & above – Retirement Planning
- Eligible members may attend two of each.
  - Paid time off to attend.
- Registration forms mailed to members.
  - Approximately 30 days prior to 1st session.
  - Also available on the NPERS website.

Website

npers.ne.gov

- Plan Information
  - New Member Packet
- Legislation
- Videos
- Publications
- Forms
- Benefit Estimator
- Online Account Access

New NPERS Director

- Phyllis Chambers retired 9/1/2017.
  - Ten years under her leadership.
- Randy Gerke chosen by the PERB as our new director.
  - Previously was the agency Deputy Director and Accounting Services manager.

Thank-you!