

Retirement Report

UPDATE FOR NEBRASKA SCHOOL EMPLOYER CONTACTS

FALL 2021

CHECKING IN ON LB147

Understanding that Nebraska legislation drives changes to your retirement plan is vital to remaining informed and up to date for your role as a reporting agent.

This past legislative session, the Nebraska Unicameral passed LB147. The new law, in part, made significant changes to how much service a member may render after retirement.

- **The old law said plan members could only provide voluntary and/or substitute service “on an intermittent basis” during the 180 days after termination of employment. It did not explain what “on an intermittent basis” meant.**
- **The changes to the law under LB147 define:**
 - o “Intermittent basis” as “service provided on a day-to-day basis that is not greater than eight days of service during a calendar month,” and
 - o “Day of service” as “any length of substitute service or unpaid voluntary service provided during a single calendar day.”

After the bill passed, NPERS sent out several communications summarizing these changes. (Please see our [Legislative Extra](#), [September newsletter](#), and the [FAQ](#) document posted on our website.)

Now that we’ve all had a few months to get used to the new protocols, we wanted to provide some additional guidance about the new law in practice.

First, some employers reported hours, compensation, and contributions for the 8 days of voluntary and/or substitute service during the 180 days after the employee’s termination. The purpose of the 8 days of voluntary and/or substitute service per calendar month during the 180 days after termination is to allow members to help schools satisfy their high demand for sub-

stitutes and still achieve a bona fide separation of service required to allow members to take a retirement distribution. If a member complies with the new standard, the member should not appear on the monthly retirement reports or contribute to the retirement plan.

Second, the terminating employees must strictly comply with the termination of employment rules. If they don’t, then their retirement distribution could be delayed, they could have to repay any distributions received plus interest, and the school and employee could be required to make up missed contributions. To comply with these rules, terminating employees must not, and schools must not allow terminating employees to:

- Prearrange a return to work,
- Perform any service other than bona fide volunteer and/or substitute service (i.e. coming back to train a replacement, coaching, refereeing, officiating, sponsoring, etc.), or
- Fill in for a vacant position, which is temporary employment, as opposed to filling in for an employee who is temporarily absent, which is substitute service. (This is not an all-inclusive list, but is meant to present the most common mistakes.)

Lastly, if an employee returns to work at an employer after having previously participated in the school plan, the employer should ask the employee whether the employee took a distribution from retirement. NPERS cannot give this information to employers. It is up to you, the employer reporting agent, to get this information from the employee to help you determine whether the employee must immediately begin participating in the retirement plan upon reemployment.

While the growing pains associated with these changes may be significant in the short run, LB147’s changes are a positive for our members and school districts.

AUDITING TOOLS

LB147 reinforced the importance of tracking hours. Regardless of category, all employees must have their hours tracked every time they render service, at the time they render service and reporting agents must accurately report service to NPERS.

We understand getting members to track their hours is often much easier said than done. With that in mind, the NPERS Internal Audit team has come up with several tools to help you. On our [School Employer Reporting Page](#), we have an electronic version of our [Substitute Log](#) and [Extra Duty Log](#). Paper samples of these tools have been available in our Employer Reporting Manual for many years. **CONT'D ON PG 2**

AUDITING TOOLS (CONT'D)

However, providing electronic versions may make it easier for your employees to track their time, thereby making them more willing to do so.

In addition, by providing these tools to your employees, the employees become responsible for tracking

and reporting their hours to you. Even if they neglect to do so, and you get audited by NPERS, you'll be able to show NPERS' auditors you did your due diligence (a.k.a. "checked your box") by giving your employees the tools and directive to comply with the law. You are not required to use these tools, but if you don't have something else in place, they may prove helpful.

WE NEED YOUR HELP!

The NPERS Education Services team is committed to providing our members with up-to-date information about their plans. We do this through seminars, webinars, videos, handouts, forms and, of course, our newsletters.

The newsletters contain vital information about retirement education opportunities, legislative changes to

our plans, updates from the Public Employees Retirement Board, etc. With over 96,000 members in the school plan, the best way to distribute our newsletters is through you, our reporting agents. If you have already been forwarding our newsletters on to your fellow employees, thank you! It really helps us and our members (your fellow employees) a lot. If you haven't, we ask that you please do so. Working together is the best way to help our plan members become, and remain, retirement savvy!

EMPLOYER REPORTING WORKSHOPS

A very successful Employer Reporting Workshop season is now over.

For the first time this year, we brought a member of the NPERS Internal Audit team in addition to members of our Accounting and Education Services teams. Collectively, we were able to address questions that come from both the "front" and the "back" sides of the employer reporting process.

Further, in addition to our six in-person events in six different cities across the state over the course of two weeks in July, we launched our brand-new employer reporting workshop live webinar event over WebEx. This allowed agents who could not attend one of our in-person events to remotely receive the same training as their peers.

If you were not able to participate in either an in-person or live webinar, we'd invite you to watch the recording of our webinar on our [School Employer Reporting Page](#) at any time. A big thanks to all of you who made this workshop season so successful!



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REMINDERS:

- Sick and vacation leave payouts do not qualify as compensation. Reporting them as compensation will delay an employee's benefit distribution. For details on what does or does not qualify as compensation, see chapter five in the [School Manual for Employer Contacts](#).
- We have one more School Pre-Retirement Webinar for 2021 on December 10th. If you'd like to register for this event, please send an email to NPERS.seminars@nebraska.gov including your name, date of birth, and email address and we will send you a link.
- We have a recorded Pre-Retirement School Webinar available on our [Retirement Seminars Page](#) for members who missed the Pre-Retirement Webinars offered in the Spring of 2021.