

# NEBRASKA STATE RETIREMENT SYSTEM MANUAL FOR STATE AGENCIES

This manual is designed to assist State Employer Reporting agents with the multiple functions required to support the Nebraska State Employees Retirement Plan. Your role is very important and your cooperation in providing accurate and complete information is greatly appreciated.

The State Plan is designed to provide retirement benefits in recognition of a member's service to the State of Nebraska and is administered by NPERS under the guidance of the Public Employees Retirement Board (PERB). Permanent full-time employees are required to participate in the plan upon hire. The Plan is qualified under Internal Revenue Code 401(a) and is comprised of a Defined Contribution benefit and a Cash Balance benefit. The contribution rate for members and employers is defined in state statute. The plan year is January 1 through December 31.

When submitting information to NPERS, please use typewritten or printed blue or black ink. You may contact NPERS if you have questions or issues not addressed by this manual, or need assistance. Employees with questions about their plan benefits should be directed to the member handbook or advised to contact NPERS.

This guidance document is advisory in nature but is binding on the Nebraska Public Employees Retirement Systems (NPERS) until amended by NPERS. A guidance document does not include internal procedural documents that only affect the internal operations of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document.

In all cases, the provisions of State Retirement Laws and the Federal Tax code will supersede the information in this manual.



## Nebraska Public Employees Retirement Systems (NPERS)

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P.O. Box 94816  
Lincoln, NE 68509-4816

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# CHAPTER 1

## ELIGIBILITY AND ENROLLMENT

### Eligibility Requirements

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By law, permanent full-time employees are required to participate in the retirement plan upon hire. Each state agency is responsible for determining the eligibility status of its employees. If you do not make deductions when mandatory membership applies, the employer must “make-up” those contributions. Under rules and regulations adopted and promulgated by the Public Employees Retirement Board (PERB), state agencies must enroll, immediately upon hire, all employees authorized to participate in the Plan and make required contributions to the Plan starting with their first paycheck.

For both mandatory and voluntary membership (as discussed below), when an employee becomes a member of the Plan, he/she is subject to all provisions of the Plan and *cannot withdraw or cancel participation* until ceasing employment.

If a plan member experiences a change in employment status, i.e., from full-time to less than half-time or temporary employment, without a 120-day break in service, he/she must continue contributing to the Plan.

### ELIGIBILITY DETERMINED BY CITIZENSHIP AND IMMIGRATION STATUS

#### **U.S. CITIZENS - Eligible to participate in the retirement plans.**

If requested by NPERS, US citizens may prove their citizenship by providing a copy of their:

- Birth certificate showing birth in the US
- Form N-560, Certificate of Citizenship
- Form N-550, Certificate of Naturalization
- Form FS-240, Consular Report of Birth Abroad
- Valid, unexpired US passport

#### **LAWFUL PERMANENT RESIDENTS (LPR) - Eligible to participate in the retirement plans.**

If requested by NPERS, an LPR may prove their status by providing a copy of their valid, unexpired:

- Form I-1551, Permanent Resident Alien Card
- Form I-766, Employment Authorization Document (EAD)

#### **ALL OTHER IMMIGRATION STATUSES – Eligibility will need to be determined by a review of their immigration documentation by NPERS.**

Valid, unexpired documentation required:

- Either a Form I-766, EAD **OR**
- A visa showing the visa type and the specific employer for whom the individual is authorized to work, as applicable **AND**
- A passport.

\*\*Depending on the type of visa, additional documentation may be required.

## NPERS review of immigration status eligibility:

- To initiate this review, contact NPERS to obtain a ShareFile secure link.
- Upload the required documentation.
- NPERS will review the documentation and provide a determination to the employer.
- If eligible for retirement, the date of eligibility is determined as the date of review.
- Start contributions for the individual and retain valid, unexpired documentation to support eligibility.
- Inform the employee they need to notify NPERS and the employer, should their immigration status change.

## Employers should select the appropriate category in the payroll/HR system related to the employee's status.

Retirement eligible categories:

- Citizen
- Lawful Permanent Resident
- Retirement Eligible Alien

If you wish to find more information regarding Immigration Status and Eligibility, please refer to your [Immigration Eligibility Guide \(pdf\)](#).

## Mandatory Membership

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Participation is **mandatory upon hire** for all permanent employees who are 18 or older and work one-half or more of the regularly scheduled hours during each pay period. Service with the state is not interrupted by a temporary suspension that does not terminate employment, or by an unpaid leaves of absence authorized by the state due to medical, educational, or military purposes. An example of a work situation considered one-half or more:

- If full-time employment for your agency is considered 35 hours, anyone that works 17.5 or more hours during that pay-period would be considered full-time for retirement purposes.

## Permanent Part-Time Employment

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Permanent **part-time** employees are **NOT required** to participate in the Plan, but may join *voluntarily* if age 18 or older. The option to join must be exercised within the first 30 days of permanent part-time employment. Part-time employment is considered working less than one-half of the regularly scheduled hours in a pay period.

***Participation becomes mandatory when an employee works one-half or more of the regularly scheduled hours in a pay period for at least six bi-weekly pay periods, six semi-monthly pay periods, or three monthly pay periods in a calendar year. The pay periods may or may not be consecutive.*** The “mandatory effective date of participation” in the plan will be the next pay period following the six bi-weekly/six semi-monthly/three monthly pay periods that the employee worked one-half or more of the regularly scheduled hours. If the employee does not begin participation on the “mandatory effective participation date,” make-up contributions would be required going back to the “mandatory effective participation date” or two years, whichever is less.

When an employee's hours go above one-half of the regularly-scheduled hours in a pay period, the employer should consider the likelihood that the employee's hours will go above one-half of the regularly-scheduled hours in a subsequent pay period during the plan year. *If the employer determines that*

*the employee's hours are likely to exceed this threshold, the employer should enroll the employee in the Plan.* In the event the employer does not enroll the employee in the Plan and the employee's hours again exceed one-half of the regularly-scheduled hours, the employer must immediately enroll the employee. Once an employee is enrolled in the Plan, he/she should remain in the Plan.

## "Seasonal" Employment

Participation for **permanent full-time "seasonal"** employees is **required**. Full-time employment is considered working one-half or more of the regularly scheduled hours during each pay period.

Participation for **permanent part-time "seasonal"** employees is **voluntary**. Part-time employment is considered working less than one-half of the regularly scheduled hours during each pay period.

### EXAMPLES of Permanent "Seasonal" Employment vs. Temporary "Seasonal" Employment

- If a full-time employee is hired with the intent that he/she will *return in subsequent seasons* to complete seasonal work, he/she should be considered a **permanent** employee and should be enrolled in the Plan.
- If a full-time or part-time employee is hired on a *one-season basis* with no agreement or understanding of returning to employment the next season, he/she should be considered a **temporary** employee and should **not** be enrolled in the Plan.

## Voluntary Membership

Participation is **voluntary** for permanent part-time employees, age 18 or older. To determine if someone is classified as part-time for retirement purposes, first consider how many hours he/she must work to be full-time with your agency. Anyone who works *less* than one-half of the full-time regularly scheduled hours and meets the age requirement of 18 years of age or older would be eligible to participate voluntarily in the Plan.

These employees must exercise the option to join the plan on a voluntary basis within the first 30 days of employment. A permanent part-time employee hired prior to age 18 will have 30 days to apply once they attain age 18. *After participation in the Plan begins, whether voluntary or mandatory, a member may not stop participation until termination.* Employees are not eligible to make up contributions for time they elected not to participate.

### FORM TO SUBMIT



Upon determining eligibility for voluntary enrollment, you should give a "State/County Cash Balance Voluntary Enrollment Form" to the employee (see FORMS) to complete and sign.

### IMPORTANT



You must sign the completed voluntary enrollment form and submit to NPERS before enrolling the employee in the plan.

## REEMPLOYED MEMBERS

Plan participation will vary depending on the length of the break in service. Please refer to the Reemployment chapter.

## EXCEPTIONS

The following state employees participate in separate retirement plans and **ARE NOT** eligible to join the State Plan:

- State judges
- State patrol officers
- Department of Education employees participating in the School Employees Retirement Plan
- Employees of the University of Nebraska, state colleges, and community colleges
- National Guard technicians
- Department of Labor (Division of Employment) employees hired prior to July 1, 1984
- Employees of the State Board of Agriculture (Fair Board) employed after July 1, 1982

**Appointed by the Governor:** An employee **appointed** by the Governor may *elect not* to become a member of the State Plan. If such a situation occurs, please contact NPERS for more information and instructions on how to proceed.

**Temporary Employees:** Service as a **temporary** state employee is **not considered service for purposes of plan eligibility**.

## Vesting/Vesting Credit

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### VESTING

Vesting allows a member to retain the employer matching contributions when he/she terminates employment. The date you report for plan participation (See “Date of Hire”), the number of contributions made by the member, and the members eligibility for vesting credit, will all be used by NPERS to determine vested status.

Determining vested status can, in some situations, be very complicated. Members with questions regarding their status should be directed to NPERS for assistance.

### VESTING CREDIT

If a newly hired, full-time employee previously participated in another Nebraska governmental retirement plan, that participation may count toward their vesting status. To apply for vesting credit, they must submit an Application for Vesting Credit form to NPERS within 180 days of their date of employment.

**Examples of Nebraska governmental employment include:** municipal government, public power district, public school, law enforcement, county government, state university or state college. (Examples of employment that would not qualify would be federal employment, out-of-state university or college, and any non-governmental employment.)

#### IMPORTANT



You should give an Application for Vesting Credit (see Sample on next page and FORMS) to every employee when first employed or rehired as an employee with your agency. It is the employer’s responsibility to give each new employee the form upon hire and explain its purpose.

#### FORM(S) TO SUBMIT



After receiving the Application for Vesting Credit form, the new employee must decide if they should complete the form and submit to NPERS. The Application for Vesting Credit must be received by NPERS within 180 days of date of employment, per state Statutes. There are no exceptions allowed! If an employee has any questions about vesting or applying for vesting credit, please have them contact NPERS.

# SAMPLE VESTING CREDIT APPLICATION FORM



Nebraska Public Employees Retirement Systems

npers.ne.gov

1526 K St., Ste. 400 PO Box 94816 Lincoln, NE 68509-4816 PHONE 402-471-2053 TOLL FREE 800-245-5712 FAX 402-471-9493

Name	Last Constantine	First John	Middle G.	Date of Birth	5 - 10 - 1977	Plan Type (Check One)
Social Security Number	123 - 45 - 6789		Retirement Number		<input checked="" type="checkbox"/> State	
Address	1953 Alan St.		City	Moore	State	NE
Home Phone	402-555-5555	Work Phone	402-123-4567	Employer	NE Dept. of Corrections	
<b>Application For Vesting Credit/Prior Service Credit</b>						

### SEE REVERSE SIDE FOR COMPLETE INSTRUCTIONS

State Agency/County Currently Employed By: Dept. of corrections	07 / 13 / 2016	<input checked="" type="checkbox"/> FT <input type="checkbox"/> PT
		DATE OF HIRE

### LIST ALL NEBRASKA PUBLIC EMPLOYMENT

The following should be completed by you.  
Please include all past participation with another Nebraska Governmental Entity as well as any past participation with your current employer.

BELOW SHOULD REFLECT DATES YOU PARTICIPATED IN ANOTHER NEBRASKA GOVERNMENTAL PENSION PLAN.

PLACE OF EMPLOYMENT	(CHECK ONE)	DATES OF PARTICIPATION	
		FROM	TO
Valley County Sheriff	<input checked="" type="checkbox"/> Full Time <input type="checkbox"/> Part Time	02 / 15 / 2005	05 / 04 / 2008
Valley County Sheriff	<input checked="" type="checkbox"/> Full Time <input type="checkbox"/> Part Time	09 / 23 / 2008	06 / 01 / 2009
	<input type="checkbox"/> Full Time <input type="checkbox"/> Part Time	/ /	/ /
	<input type="checkbox"/> Full Time <input type="checkbox"/> Part Time	/ /	/ /
	<input type="checkbox"/> Full Time <input type="checkbox"/> Part Time	/ /	/ /

### IDENTIFY CONTACT PERSON FOR PREVIOUS GOVERNMENT PLAN:

Name: Chas Chandler	Dept.: Valley County Sherriff
Address: 1977 Astra Rd.	Phone: ( 555 ) 555 - 5555

This form must be completed and received by NPERS within **180 days** of your date of hire.

I hereby certify and warrant that, to the best of my knowledge and belief, the foregoing is true and correct.

Signature of Member: John Constantine Date: 8 / 10 2016

BAR CODE
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# Enrollment Procedures

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State agencies must enroll all employees authorized to participate in the Plan and make required contributions to the Plan per statute and under rules and regulations adopted and promulgated by the Public Employees Retirement Board (PERB). Please contact NPERS with any questions regarding enrollment eligibility.

## NEW PLAN MEMBERS – MANDATORY MEMBERSHIP

**New Plan Member Packet:** When an employee who meets mandatory participation requirements is hired, you should provide them with NPERS’ handout “[Welcome New State Plan Member](#)”. This handout is available in pdf format and may be downloaded from the State/Employer Reports or the State/Plan Info pages of the NPERS website.

When possible, NPERS recommends emailing this pdf or a link to the pdf to each eligible employee. The pdf contains links to:

- NPERS website.
- The plan handbook.
- The Application for Vesting Credit form.
- The Beneficiary Designation form.

When it is not possible to provide this to the member via email, please provide hard copies of the documents and forms listed above.

### FORM(S) TO SUBMIT



The new plan member should complete the Beneficiary Designation Form *in full* and have it *notarized* by a Notary Public before submitting to NPERS. Members who fail to submit (and update as needed) a beneficiary form will have death benefits paid to the estate which can create unwanted tax liabilities. (Refer to “Beneficiary Designation” in the State Plan booklet.)

**Re-Hired Employee:** You should also give a packet to each re-hired employee who is a member of the Plan from previous employment with the state, so he/she has the current plan information. It is important that a re-hired employee completes and submits a new Beneficiary Designation Form to NPERS to be sure we have current information on file.

\*\*If you are an employer reporting agent from an employing entity that is a State Agency School Plan Employer (SASPE), the State Department of Education (NDE), the Health and Human Services (DHHS), the Department of Correctional Services (DCS), or other State agencies with State Code Agency Teacher Association (SCATA) contract-covered employees, you may need to refer to the [LB 700 flowchart](#) to determine plan eligibility for a member.

## VOLUNTARY MEMBERSHIP

**New Plan Member Packet:** You should give an employee who qualifies for *voluntary* membership a “new plan member packet,” as described above.

## FORM(S) TO SUBMIT



If the employee decides to voluntarily join the Plan, he/she should complete and sign the Voluntary Enrollment form, which you should also sign and submit to NPERS. This form must be submitted within the first 30 days of employment. The employee should also complete the Beneficiary Designation Form **in full** and have it *notarized* by a Notary Public before submitting to NPERS. The Application for Vesting Credit, if applicable, should also be completed, signed, and submitted to NPERS.

## WHEN DEDUCTIONS SHOULD BEGIN

You are required to start retirement deductions for all new permanent full-time employees with their first paycheck.

Deductions for permanent **part-time** employees should begin the first pay period following:

- The date they elect voluntary participation, or:
- Begin working enough hours to require participation.

## DATE OF HIRE

### IMPORTANT



Each employee's date of hire that you report to NPERS through our record keeper is **VERY IMPORTANT** data as it helps determine the time frame for calculating vesting.

The date of hire is the **date the employee begins plan participation**. It is not the date the State and the individual reach agreement of employment, but the first day of work for which the employee will be paid compensation subject to retirement deductions.

The date of hire for a previous State employee who is **rehired** will be the **new** date the rehired employee returns to plan participation. This is not to be confused with an employee's continuous service date (adjusted service date).

## How to Report Deductions

You must report payroll deductions through the Employee Work Center on the Nebraska LINK website at [link.ne.gov](http://link.ne.gov). If you have questions or need technical assistance, click on the "User Guides" link.

## Deferred Compensation Plan (DCP)

The **Deferred Compensation Plan (DCP)** is a §457 *voluntary investment plan* designed to provide an employee with a *supplementary* retirement income.

### IMPORTANT



FICA taxes should be withheld from DCP contributions.

## ELIGIBLE UPON HIRE

Eligible State of Nebraska employees employed on a permanent or temporary basis, full-time or part-time, may participate in the Deferred Compensation Plan upon hire or anytime thereafter. Excluded from participation in DCP are individuals who are not United States citizens, employees of the University of Nebraska or any State College or technical Community College, and Independent Contractors.

## CONTRIBUTION LIMITS

The *minimum* amount that can be deferred and contributed to DCP is \$25 per month. The *maximum* amount is the lesser of 100% of the employee's annual compensation less mandatory retirement contributions, or an annual dollar limit established by the IRS. The annual limits are updated each year and can be found on the DCP enrollment form.

## ENROLLMENT/EFFECTIVE DATE

State employees and Nebraska Judges should use the Employee Work Center (Workday) to enroll in DCP and adjust contribution amounts. The election to participate is included as an option during State Open Enrollment, but State employees and Judges may enroll or change contribution amounts year round via their Workday access.

Enrollments and contribution changes made in Workday will begin as soon as administratively possible, but no earlier than the first of the following month. Elections made during Open Enrollment will be reflected on the first paycheck in July.

The Workday online access **should NOT** be used by employees:

- If the employee contributed to another 457 plan this year. Refer them to NPERS.
- If the employee is deferring unused leave to DCP. See **Deferral of Unused Leave**.
- If they are not a United States citizen or permanent resident alien. Please contact NPERS to determine eligibility.

## AFTER ENROLLMENT STEPS

After initial DCP enrollment, employees need to:

- Designate beneficiaries using the NPERS Beneficiary Designation form. Beneficiaries designated for the mandatory retirement plan and beneficiaries named during Open Enrollment (or Workday) do NOT apply to DCP.
- Choose their investments. NPERS recommends members use the Ameritas Online Access. If they already have created an Ameritas access for their mandatory plan, their DCP account will be added once Ameritas receives their first contribution. If they do not have an online account, Ameritas will send them correspondence containing the data they need to create an account.

## DEFERRAL OF UNUSED LEAVE

Employees may defer unused leave payouts to DCP at termination/retirement. These requests must be submitted using a Deferred Compensation Enrollment Form or a DCP Change Form (see FORMS). Employees should complete the appropriate form and submit it to their HR/Payroll department. The reporting agent should review the form for accuracy, sign the "Agency Signature" section at the bottom of the form, and forward to NPERS for approval.

## IMPORTANT



For vacation and sick leave payments for terminating employees, this form must be received by NPERS the calendar month prior to the month of termination.

## NO WORKDAY ACCESS

In the event an employee does not have the ability to access Workday and wishes to join DCP, please contact NPERS for assistance.

## THE DCP CHANGE FORM

Employees already participating in DCP may use this form to make changes to their investments or defer unused leave at termination/retirement. If they are deferring leave, please refer to Deferral of Unused Leave for submission instructions/deadlines. If they are **only changing their allocation percentages or transferring amounts among investment funds**, they should submit the form directly to NPERS. NPERS recommends participants utilize the Ameritas Online Access for investment elections.

## FORM NOT PROPERLY COMPLETED/SIGNED

### WARNING



If NPERS receives an improperly completed Enrollment or Change form, we will **return it to the member**. This may result in delays for changes to deductions, or the inability to defer unused leave.

## FORM TO DESIGNATE BENEFICIARIES

### FORM(S) TO SUBMIT



A participant may submit a separate Beneficiary Designation Form for their DCP account, or may submit only one form to designate the same beneficiaries for both the State Plan account and the DCP account. This is accomplished by checking only one or both of the appropriate boxes under "Plan Type" on the upper right corner of the form.

# CHAPTER 2 CONTRIBUTION INFORMATION

## Contribution Rates

State Plan members contribute **4.8%** of gross compensation each payroll period. The state matches the member's contributions each payroll period at the rate of **156%**.

If a member is on leave and is receiving sick or vacation pay, he/she **must continue** to make contributions to the Plan.

When a member terminates employment, you must take retirement deductions out of any pay for unused sick and vacation leave and contribute the employer matching amount.

The law does not allow a member to contribute more than the amount specified in the Plan.

### DEFINITION OF GROSS COMPENSATION

“Compensation means gross wages or salaries payable to the member for personal services performed during the plan year.” —Neb. Rev. Stat. §84-1301(5)(a)

#### COMPENSATION INCLUDES:

- Overtime pay
- Retirement contributions
- Any amounts contributed by the member to plans under sections 125, 403(b), and 457 of the Internal Revenue Code or any other section of the code which defers or excludes such amounts from income.

#### COMPENSATION DOES NOT INCLUDE:

- Insurance premiums converted into cash payments.
- Reimbursement for expenses incurred or per diems paid for expenses.
- Fringe benefits, or bonuses for services not actually rendered, including, but not limited to, early retirement inducements, cash awards, and severance pay, except for retroactive salary payments paid pursuant to court order, arbitration, or litigation and grievance settlements.

## Make-Up Contributions

If retirement contributions under mandatory membership are started late, the member and the employer must “make-up” those contributions. As the employing agency, you must contact the employee informing him/her of the need for make-up contributions. You must also coordinate the make-up terms with NPERS.

#### FORM(S) TO SUBMIT



You must complete a **Make-up Contribution Agreement** form (see the example on the next page) stating the deduction amount and terms in which the contributions will be repaid. After both you and the employee have signed the form, you should submit the form to NPERS, together with supporting documentation. If you cannot obtain the employee's signature within 15 working days on the agreement form, you must sign it for your agency and send to NPERS. You must inform the employee of the terms and the date the make-up deductions will begin.

## IMPORTANT



The employer is responsible for submitting employer and employee contributions. These contributions must be remitted within 60 days even if the employee has not signed the form.

**Supporting Documentation:** You are responsible for calculating the number of missed payroll periods and the contribution amount based upon the Gross Salary for the time period missed. When calculating the contributions, you must use the correct contribution rate (**4.8%** of gross compensation each payroll period) applicable for the salary during the period of missed contributions. Submit your supporting documentation on the prorated percentages to NPERS, together with the Make-up Contribution Agreement.

## MAKE-UP RULES/TERMS

The following rules/terms apply for all make-up contributions as defined in NPERS' Rule and Regulation Chapter 18:

### 004 Insufficient Contributions

#### 004.01 Active Members

**004.01(a)** Except as provided in subsection 004.03, if NPERS determines that a retirement system has received insufficient contributions from an employer of an active member, NPERS shall require the employer remit the additional required employee and employer contributions, and this amount may include interest.

**004.01(b)** Additional employee contributions required under subsection 004.01(a) shall be picked up by the employer and the contributions so picked up shall be treated as employer contributions in determining federal tax treatment under the Internal Revenue Code. The employer shall pay these employee contributions from the same source of funds which is used in paying earnings to the employee.

**004.01(c)** Except as provided in subsection 004.03, any additional employer contribution shall be made in conjunction with the employee contribution. If a member in a defined benefit plan terminates employment prior to payment of the required employee contribution, then the employer shall complete payment of the employee and employer share of the required contribution.

**004.02** Inactive Members. Except as provided in subsection 004.03, if NPERS determines that a retirement system has received insufficient contributions from an employer of an inactive member, then NPERS shall require the employer remit the additional required contributions, including interest, as necessary to make up the insufficient employee and employer contributions.

**004.03** All insufficient contribution amounts required under this section shall be paid by the employer unless the Director determines it is either unreasonable or unfeasible for the employer to pay the insufficient employee or employer contributions.

**004.04** All employee and employer contributions amounts required to be paid under this section shall be paid by the employer within sixty (60) days of NPERS providing notice to the employer that there is an insufficient employee or employer contribution remittance due.

Please contact NPERS if you have questions regarding make-ups or have a situation where you are unsure if an employee needs to complete make-ups.

The LINK website provides instructions for entering retirement make-up contributions at [link.ne.gov](http://link.ne.gov).

# SAMPLE MAKE-UP CONTRIBUTION AGREEMENT FORM



Nebraska Public Employees Retirement Systems

npers.ne.gov

1526 K St., Ste. 400 PO Box 94816 Lincoln, NE 68509-4816 PHONE 402-471-2053 TOLL FREE 800-245-5712 FAX 402-471-9493

Name	Last <u>Goddard</u> First <u>Andrew</u> Middle <u>L.</u>	Date of Birth	<u>1 - 19 - 1948</u>	Plan Type (Check One)
Social Security Number	<u>123 - 45 - 6789</u>	Retirement Number		<input checked="" type="checkbox"/> State
Address	<u>1010 Sunny St.</u>	City	<u>Cloverdale</u>	State
			<u>NE</u>	Zip
			<u>68888</u>	<input type="checkbox"/> County
Home Phone	<u>402-555-5555</u>	Work Phone	<u>402-555-1234</u>	Employer
			<u>DHHS</u>	

## Make-Up Contribution Agreement

I, Andrew Goddard (the Employee) an employee of DHHS (Agency, County, etc.) and a member of the Nebraska State or County Employees' Retirement System (the "Retirement System"), hereby authorize the Retirement Contact personnel to deduct the following amounts from my compensation and directly contribute such amounts to the Retirement System for the make-up contributions as described below:

Time Period for Missed Contributions: May 1 - June 3, 2016  
 Number of Payroll Periods during Time Period: \_\_\_\_\_  
 Salary per Payroll Period Total Salary during Time Period: \$3,000  
 (Circle One)  
 Total Amount to Be Contributed by Employee: \$129.90  
 Total Amount to Be Contributed By Employer: \$264.64  
 Total Number of Pay Periods for Re-Payment: 8  
 Repayment Start and End Date: Mo 7 (7/31/16) thru Mo 2 (2/28/17)

The undersigned agree, acknowledge, and understand that the above contributions are mandatory contributions to be made by the employee and the state or county per statute LB 84-1307, LB 84-1308, LB 23-2306 and LB 23-2307, of the State of Nebraska.

The undersigned have executed this agreement this 7th day of July, 2016.

Andrew L. Goddard  
 (Signature of Employee)

Jayne Wheaton  
 (Signature of Employer)

Accepted and agreed to:

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEM

By: Emma Emperson  
 Title: Retirement Specialist

BAR CODE

# CHAPTER 3

## TERMINATIONS/BREAKS IN SERVICE

It is your responsibility to notify NPERS of all instances when an employee will cease working and contributing to the plan on a permanent or temporary basis. This may include (but not limited to) resignations, dismissals, death, disability, retirements, transfers, seasonal employment, or leaves of absence. This data is needed to determine member eligibility to begin benefit distributions, and vested status.

### FORM(S) TO SUBMIT



To notify NPERS, fill out and submit the State/County/DCP Non-Contributing Member Form within the electronic non-con portal within *20 days* of the termination/breaks in service.

## When Completing the Form

Check the appropriate Plan Type box. Check both State and DCP if the member participated in the mandatory State plan and the voluntary Deferred Compensation plan.

Indicate on the form if this is a **permanent** or **temporary** situation, or a **transfer**. A transfer is when a member is moving from one State agency to another State agency. An employee participating in the State plan who is permanently ceasing State employment to work for a Nebraska County or public School would be reported as a resignation. It is not necessary to notify NPERS if a member is transferring from one State agency to another, unless you are aware the transfer will result in an interruption in contributions (break in service) or if the member is becoming a sworn officer in the NE State Patrol or a NE Judge.

### PERMANENT TERMINATION OF SERVICE

- Check the "Permanent" box.
- Enter the last date of employment including any used leave (sick, vacation, etc.). If the member was previously on a temporary break, enter the date when you were notified they will not be returning to employment.
- Enter the date their last paycheck was/will be issued and the gross pay.
- Enter the reason for the termination.
- Indicate if the member is contesting a dismissal. If a member files a grievance after you have submitted this form, **IMMEDIATELY** notify NPERS and submit a revised form.

### TEMPORARY BREAK IN SERVICE

- Check the "Temporary" box.
- Enter the date their last paycheck was issued.
- Enter the reason for the break in service.
- Enter the anticipated date of return (if known). If a temporary break turns into a permanent termination of employment, send NPERS an updated form ASAP.

### TRANSFER TO ANOTHER STATE AGENCY WITH A BREAK IN SERVICE

- Check the "Transfer" box.
- Enter the last date of employment or final date of used leave (sick, vacation, etc.) at your agency.
- Enter the date their last paycheck was/will be issued and the gross pay.

After NPERS receives a Non-Contributing Member Form indicating a member has separated employment **on a permanent basis**, we will send the member (regardless of age) a letter describing the options available regarding their retirement account.

NPERS recommends advising employees the importance of notifying our office of any future address changes. Failure to maintain an accurate address can result in tax penalties and/or transfer of an account to Unclaimed Property.

#### WARNING



If a member returns to work with the state *in any capacity* **before 120 days** have elapsed from their separation from service, they are not considered terminated and are ineligible to take distributions from the account. You should **notify NPERS immediately** if this situation occurs. NPERS will contact the member as soon as possible to discuss repayment options if a withdrawal has occurred or stop a withdrawal from being taken from their account if one is in progress. (See "Reemployment.")

### DEFINITION OF TERMINATION OF EMPLOYMENT, AS DEFINED BY LAW:

*Termination of employment occurs on the date on which the agency which employs the member determines that the member's employer-employee relationship with the State of Nebraska is dissolved. The agency which employs the member shall notify the board of the date on which such a termination has occurred. Termination of employment does not occur if an employee whose employer-employee relationship with the State of Nebraska is dissolved enters into an employer-employee relationship with the same or another agency of the State of Nebraska and there are less than one hundred twenty days between the date when the employee's employer-employee relationship ceased with the state and the date when the employer-employee relationship commenced with the same or another agency. It is the responsibility of the employer that is involved in the termination of employment to notify the board of such change in employment and provide the board with such information as the board deems necessary. If the board determines that termination of employment has not occurred and a retirement benefit has been paid to a member of the retirement system pursuant to section 84-1321, the board shall require the member who has received such benefit to repay the benefit to the retirement system.*

## Deferral of Unused Leave

Employees may defer unused leave payouts to DCP at termination/retirement. These requests **must** be submitted using a Deferred Compensation Enrollment Form or a DCP Change Form (see FORMS). Employees should complete the appropriate form and submit it to their HR/Payroll department. The reporting agent should review the form for accuracy, sign the "Agency Signature" section at the bottom of the form, and forward to NPERS for approval.

#### IMPORTANT



For vacation and sick leave payments for terminating employees, this form must be received by NPERS the calendar month prior to the month of termination.

## Military Leave

### PRIOR TO JANUARY 1, 2018

**To Receive Vesting Credit:** If an employee is on Military Leave and returns to active employment

with the state **within 90 days** after honorable discharge or honorable separation from active duty, he/she is eligible to receive vesting credit for the period of military service, *even if he/she does not make employee contributions for that period*. The employee must provide to NPERS a copy of the DD214 discharge documents to show he/she had an “honorable” discharge and to show the start and stop dates of active duty in the military. If the type of military service does not generate a DD214, the other documents, such as the employee’s orders, may be submitted in place of the DD214.

**To Receive Employer Match:** To receive employer matching contributions for the period of military service, the employee must make employee contributions through payroll deductions during a timeframe that is no greater than three times the military leave, but not to exceed five years. The employer will match the member’s contribution month by month for the time period the member chooses. There will be no interest earned or fees charged for the military service credit. Individuals who wish to pay employee contributions should notify NPERS in writing of their intent as soon as possible after returning to employment.

It is the responsibility of the agency to calculate the total contributions due, advise the employee of the amount and the maximum number of payments allowed, and to remit the information to NPERS. The employee’s contribution amount should be based on the compensation they would have earned during the period of military service. If you are unable to reasonable determine what they would have earned, then the amount may be determined using their average compensation rate during the 12-month period immediately before the military service. The employer must complete, have the member sign, and submit to NPERS a Make-up Contribution Agreement. A spreadsheet on how the amount of retirement was calculated should also be submitted.

## **AFTER JANUARY 1, 2018**

Members who are reemployed after qualified military service will be granted vesting and benefit credit for the period of military service. The employer shall be responsible for funding military service benefits for both the member and employer contributions.

**Payment Time Frame:** Per statute, payments for eligible military service shall be paid to NPERS *“...as soon as reasonably practicable following the date of reemployment but must be paid within eighteen months of the date the board notifies the employer of the amount due. If the employer fails to pay the required amount within such eighteen-month period, then the employer is also responsible for any actuarial costs and interest on actuarial costs that accrue from eighteen months after the date the employer is notified by the board until the date the amount is paid.”*

These provisions only apply to military service that begins on or after January 1, 2018 and falls with-in the definition of uniformed service per the Uniformed Services and Reemployment Rights Act of 1994 (USERRA).

### **FORM(S) TO SUBMIT**



To notify NPERS when a member has a military leave assignment, please submit a Non-Contributing Member Form for the anticipated period the member will be gone.

**Deferred Compensation Participants:** DCP participants should be notified and offered the opportunity to make-up contributions missed due to qualified military service, as required by the Uniformed Services Employment and Re-employment Rights Act (USERRA).

## **HEART ACT**

For any member whose death occurs on or after January 1, 2007, while performing qualified military service, the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act) requires

their beneficiary(s) be entitled to any additional death benefit he or she would have received had the member been employed during the period of military service when the death occurred. The employer shall be liable for the full actuarial cost to provide this benefit. NPERS will calculate the actuarial cost and submit an invoice. Payment shall be made within 30 days of receipt of the invoice.

# CHAPTER 4 DEATH AND DISABILITY

## Death Benefits

### FORM(S) TO SUBMIT



Upon the death of an actively working plan member, the agency should immediately contact NPERS using a Non-Contributing Member form or Notification of Death form (see FORMS). We will then contact the member's named beneficiary of the retirement account regarding their options.

### IMPORTANT



For the spouse to receive the 100% Joint and Survivor Annuity, he/she must file an application (that we provide to the spouse) with NPERS within 180 days of the death of the member. Therefore, if you have contact with the surviving spouse, NPERS requests you provide them a copy of the plan handbook for further information about this stipulation.

## Disability Retirement

Plan members may qualify for certain rights if they are approved for disability retirement by the Public Employees Retirement Board (PERB), regardless of their age. Disability is defined as 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 can be expected to result in death or be of a long and indefinite duration.”*

### FORM(S) TO SUBMIT



If you are aware an employee is permanently ceasing their employment for reasons of health or disability, please report this information on the State/County/DCP Non-Contributing Member Form. When this information is indicated on the form, NPERS will provide the member information regarding disability retirement.

### To qualify for disability benefits, an employee must:

- Be under age 55 at termination.
- Have incurred the disability while a member of the plan
- Apply for disability retirement status within *one year* of the date he/she ceased employment.
- Submit to a medical examination by a physician selected by NPERS and at the expense of the Plan.

To apply, the member must contact the Retirement Office. They will be sent a Disability Retirement Packet and asked to provide a description of the disability and the names of the physicians they have consulted regarding the disability. The application will be reviewed by the PERB.

### If they qualify:

- They will automatically be vested in the employer contributions, regardless of length of service.
- Payment options will be the same as regular termination/retirement payments under the Plan.
- Federal and State early withdrawal penalties will be waived on disability retirement distributions.

If the member is approved for disability, NPERS will notify the member, Employee Relations at State Personnel, and the member's employer/agency. After the approval of the disability, if the

member is paid one-quarter of their sick leave, per NAPE/AFSCME and State of Nebraska Labor Contact Section 14.14, the employer/agency must report the payout information to NPERS so we can inform the member of the additional contribution posting to their account.

#### WARNING



A disability retirement benefit is **NOT** long-term disability *insurance*. If an employee is receiving disability insurance benefits in addition to retirement benefits, the insurance company may reduce their payment to the member by the amount the member receives from the State Plan.

#### IMPORTANT



Qualifying for disability retirement benefits through NPERS will also qualify the employee for *continuation of health insurance coverage* through the State of Nebraska provided he/she elects the COBRA program when terminating employment. Upon approval by NPERS for disability retirement benefits, the state Administrative Services will convert the employee's coverage to the Early Retiree Health Plan. (Please have the employee check with Administrative Services or their agency payroll/personnel department regarding premium rates.)

# CHAPTER 5 REEMPLOYMENT

## Reemployment

**Reemployment** is defined as severing service as a state employee, then returning to work for the State of Nebraska. This does not include employment in the private sector, or any other employer not participating in the State retirement plan.

Plan members **MUST** cease employment at **ALL** state agencies participating in the plan in order to remove funds from their account.

- Individuals who cease employment prior to age 55 are considered “TERMINATED” for plan purposes.
- Individuals who cease employment on or after age 55 are considered “RETIRED” for plan purposes.

### ELIGIBILITY/RESUMING PLAN PARTICIPATION

#### Reemployment Under 120 Days

- For retirement purposes, there was no cessation of employment. The employee must immediately resume plan participation regardless of the number of hours worked.

#### Reemployment After 120 Days

- Plan participation is mandatory if they return to either permanent full-time or permanent part-time employment..

#### IMPORTANT



Any member who has taken a distribution of their account must incur a 120 calendar day break in service prior to reemployment. During the 120-day break, absolutely no service, paid or unpaid, temporary or permanent, may be provided. If a member returns to work before 120 days have elapsed from their termination/retirement, they will be required to repay any funds distributed to them.

You should notify NPERS immediately if you believe an employee has been reemployed in any capacity within the 120-day time frame. NPERS will contact the member as soon as possible to discuss repayment options, if necessary, or stop a withdrawal from being taken from their account if one is in progress.

#### IMPORTANT



If a member has taken (or plans to take) a distribution from their account, they cannot pre-arrange a return to work at any participating employer. If at any time it is determined there was a written or verbal agreement for the return to work, benefits will be suspended and all benefits previously issued must be repaid – including interest. Failure to repay can result in garnishment of assets including wages, checking and savings accounts, and other retirement assets.

## REEMPLOYMENT CHECKLIST

- Have employee/member complete an Application for Vesting Credit form (see FORMS) and submit to NPERS within 180 days of employment. NPERS will determine if the employee/member should receive vesting credit from another outside governmental entity since they last left employment with the state.
- Inquire if the employee has recently terminated employment (120 days – see above) with the state and took a distribution from their retirement account.
- Give employee/member a Beneficiary Designation Form (see FORMS) to use in updating their account information. In addition, give the employee/member a State Plan booklet so they are aware of any changes to the Plan since they last participated.
- If you are unsure of an employee's/member's eligibility to rejoin the Plan, please call NPERS to receive verification on when they should resume contributions to the Plan.
- Provide the employee/member with information on enrolling in or reentering the Deferred Compensation Plan (DCP).

### IMPORTANT



Reemployed members should be referred to the plan handbook or our office for information on benefits, vesting and repayment of refunds after reemployment.

## Repayment of Refunds/Distributions

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### MANDATORY REPAYMENT OF REFUND

#### (Return of Ineligible Distributions)

If a mandatory repayment is required, NPERS will provide a Mandatory Repayment of Ineligible Distribution form to the member to complete and return to the agency. NPERS will also provide a copy to the agency. The agency should then forward the completed form to NPERS. On this form, the member will indicate the method of repayment (direct after-tax payment, qualified pre-tax roll-over, or installment payments).

If installment payments are selected, the member will also indicate a number of months over which the repayment will take place, *up to 24 months*, unless the deduction exceeds 25% of the employee's pay. If this occurs, please contact NPERS regarding alternate arrangements.

If a member does not complete the required paperwork to repay the refund **within 30 days** of notice being provided to them, the agency should set up an installment repayment utilizing the maximum time allowed to the member. (When calculating the maximum repayment period, please remember the repayment must be completed by the 24th month after re-employment.)

**Information to Submit For Installment Payments:** NPERS requests that each agency provide NPERS, on a **quarterly basis**, a list of members making installment payments together with payment amounts. For your convenience, this information may be provided to NPERS via fax (402-471-9493) or at [npers.ne.gov](http://npers.ne.gov).

### VOLUNTARY REPAYMENT OF REFUND

During the first 3 years after reemployment, a reemployed member may submit a request to NPERS to voluntarily repay a refund/distribution in order to restore any lost vesting credit and employer matching contributions. Repayment must be completed within five years of the date of reemployment or prior to termination.

**Information to Submit for Voluntary Repayments:** In addition, NPERS requests that for voluntary repayments, each agency provide NPERS, on a **quarterly basis**, a list of members making installment payments together with payment amounts. For your convenience, this information may be provided via fax (402-471-9493) or email **[npers.ne.gov](mailto:npers.ne.gov)** to NPERS.

# CHAPTER 6 MISCELLANEOUS

## Address Changes

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The agency reports the member's address to NPERS through the LINK website. Therefore, it is **important address information be updated through LINK any time there is a change.**

## Preretirement / Financial Planning Programs

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Every fall NPERS conducts seminars statewide for members and spouses or guests. Registration brochures are mailed to all eligible members, and the schedules and maps to locations are posted on the website at [npers.ne.gov](http://npers.ne.gov).

By law, each eligible member is entitled to receive **leave with pay** to attend **up to three** Preretirement Planning programs. Leave with pay means a day off paid by the employer and does not mean vacation, sick, personal, or compensatory time. The member may attend a seminar more than three times, but such leave will be at their expense and will be at the discretion of the employer. The law limiting attendance to three is not retroactive and therefore will not include attendances prior to September 9, 1995. Members may not attend more than once per fiscal year (July 1 - June 30).

### FINANCIAL PLANNING PROGRAM

(For Members Under Age 50)

State law in 1991 authorized NPERS to conduct Financial Planning programs for State Plan members **under age 50** and their spouses or guests. Information is provided on personal financial planning, the State Plan, and general estate planning.

### PRERETIREMENT PROGRAM

(For Members Age 50 and Over)

State law in 1987 authorized NPERS to conduct Retirement Planning programs statewide for members **age 50 and over** and their spouses or guests. Information is provided on the State Plan, payment options, Medicare, financial planning, and estate planning.

## Administration of the Retirement Plan

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The **Public Employees Retirement Board (PERB)** consists of eight members appointed by the Governor for five-year terms. Six members are participants in the retirement systems administered by the PERB. Two are at-large members and are not employees of the State of Nebraska or any of its political subdivisions. The State Investment Officer is also a member of the PERB in a non-voting, ex-officio capacity.

The PERB is responsible for the administration of the Judges, State Patrol, School Employees, State Employees and County Employees Retirement Systems and the Deferred Compensation Plan. The PERB meets regularly and meeting dates are posted on NPERS' website at [npers.ne.gov](http://npers.ne.gov).

The **Nebraska Public Employees Retirement Systems (NPERS)** is the agency responsible for the administration of the State Plan.

A **Director** is hired by the PERB and directs NPERS in its administration of the various systems.

The Director is subject to the approval of the Governor and a majority vote of the Legislature.

The **State Treasurer** is the custodian of the funds and securities of the retirement systems.

The **Nebraska Investment Council** is responsible for the investment and management of the system's assets. The Council contracts with outside managers to invest the various funds.

The **Record keeper** is a company under contract with the PERB to maintain individual member accounts, provide quarterly statements and allow for changes in investment allocations where applicable.

# APPENDIX A NPERS FORMS

## NPERS Forms for State Employer Contacts

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Forms are subject to updates throughout the year. Please refer to the NPERS website at [npers.ne.gov](https://npers.ne.gov) for current versions.

<b>FORM NAME</b>	<b>FORM NUMBER</b>
Application for Vesting Credit	NPERS2100
Beneficiary Designation Form (and supplemental)	NPERS1300
Deferred Compensation Plan Change Form	NPERS8400
Deferred Compensation Plan Enrollment Form	NPERS8000
Investment Election Form	NPERS2500
Make-Up Contribution Agreement	NPERS5350
Notification of Death	NPERS4030
Order Form	NPERS0205
State/County Cash Balance Voluntary Enrollment Form	NPERS1040
State/County/DCP Non-Contributing Member Form	NPERS2430
Voluntary Repayment of Refund—Method of Payment	NPERS5430