

# WELCOME TO NPERS' STATE AND COUNTY PRE-RETIREMENT PLANNING SEMINAR

Presented by NPERS



## How To Contact Us

Nebraska Public Employees  
Retirement Systems

Located at:  
1526 K Street  
Suite 400

Mailing Address:  
PO Box 94816  
Lincoln, NE 68509

402-471-2053 or 800-245-5712  
Fax: 402-471-9493  
[npers.ne.gov](http://npers.ne.gov)



# Who Does What?

## Ameritas:

- Account Recordkeeping
  - Track account balances
  - Changes
  - Transfers



## NPERS:

- Plan Information
  - State Laws
  - Refunds
  - Retirements
  - Forms, etc.

800-245-5712 | 8am - 5pm M - F | Email Us

search  Login

**NPERS**  
NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

NPERS Plan Member Employer  
Info Info Reports

**Welcome to the Nebraska Public Employees Retirement Systems**

We recognize the importance of a successful retirement and are dedicated to providing the highest quality service necessary to assist members in achieving this goal.

[learn more](#)

**NPERS.NE.GOV**

- PERB Info
- Investment Council
- Legislative Info
- Plan Info
- Member Info
- Employer Info
- Videos
- Publications
- Forms
- Seminar Schedules
- Link to Ameritas
- Benefit Estimator

# Nebraska State/County Employees Retirement Systems

*The following retirement information provides an overview of the benefits available to members of the Nebraska State/County Employees Retirement Systems and does not constitute the plan documents which can be found in the Nebraska Statutes.*

*The provisions of the State/County Retirement Laws, in all cases, supercede the information provided in this notebook.*

# Office visits for retiring members:

By appointment only!  
Call (800) 245-5712 or (402) 471-2053

Scheduled appointments allow NPERS staff to:

- Calculate annuity estimates.
- Create your retirement packet.
- Answer questions specific to your account.

Initial requests for an office visit should be made no more than 6 and preferably no less than 1 month prior to termination/retirement.

If spouses are both members, they may share an appointment.

## How Much Will I Need?

To Maintain Your Standard of Living:

- What dollar amount will you need?

Mandatory Contributions:

- May not be enough
- Most will need to save more!



# Remember

- Your Money
- No one has access
- Invested
- Available when you quit or retire



# Program Outline

- Cash Balance or DC
- Contributions
- Vesting
- Investments/Rate of Return
  - Cash Balance
  - Defined Contribution
- Retirement/Termination Options
- Annuities/Benefit Estimator
- Disability
- Death Before Retirement
- Deferred Compensation Plan



# Which Benefit?



## **Mandatory** Participation:

- Cash Balance Tier 1 & 2 (CB1/CB2)
- Defined Contribution (DC)

## **Voluntary** Participation:

- Deferred Compensation Plan (DCP)

## Mandatory Participation

### Cash Balance or Defined Contribution?

- 01/01/2003 Defined Contribution members either:
  - Kept Defined Contribution, or
  - Converted to Cash Balance
- Cash Balance Tier 1 (CB1) began 1/1/2003
- A 2<sup>nd</sup> chance to transfer to CB1 came in 2007
- 3<sup>rd</sup> chance in 2012
- Cash Balance Tier 2 (CB2) began 1/1/2018

# Cash Balance vs. Defined Contribution

## Different

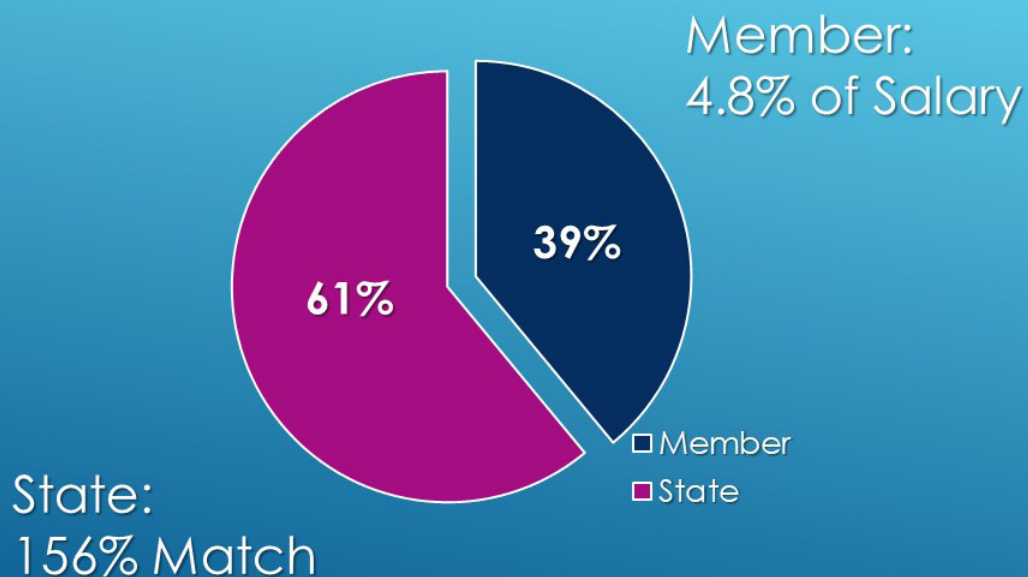
- Rate of Return/Risk
- Investment Choice
- Distribution Options
- Annuity Benefits

## Same

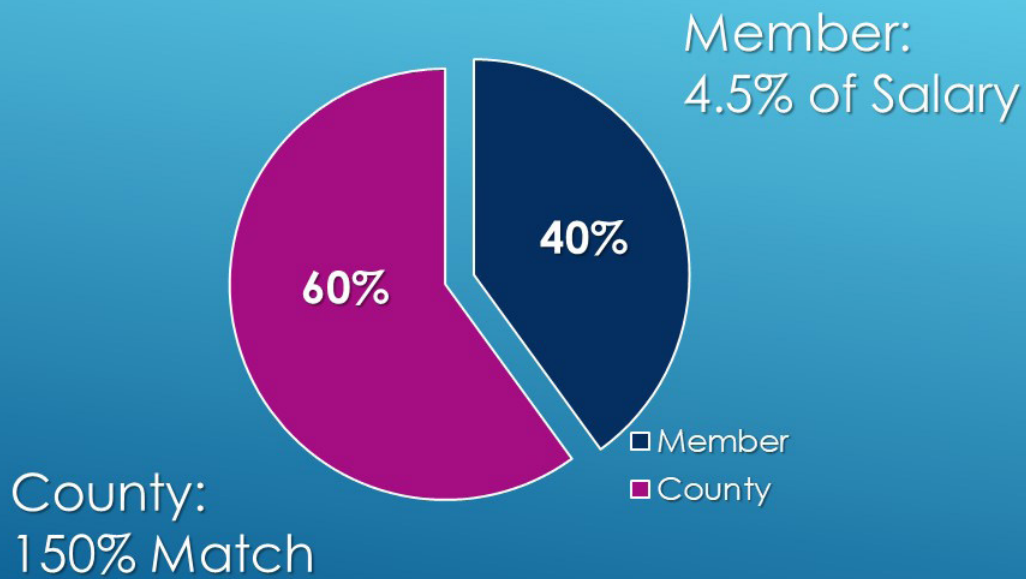
- Contribution Rates
- Vesting
- Retirement Age



# State Contributions



# County Contributions



# Vesting Schedule

- Under Age 55 – 3 Years
- Age 55 or Over – Vested
- Death – Vested
- Disability - Vested





STATE OF NEBRASKA  
NPERS  
PO BOX 94816  
LINCOLN NE 68509



WALTER WHITE  
3828 PIERMONT DR  
LINCOLN, NE 68506

*Important plan and investment-related information*

**STATE OF NEBRASKA EMPLOYEES RETIREMENT  
PLAN**

**Plan # 000000**

**October 1, 2022 - December 31, 2022**

**Plan Sponsor Message!**

**IMPORTANT VESTING INFORMATION**

You are vested in your Employer Account if you have been employed and contributed to the Plan for three full years (36 months of contributions) or if you terminated employment on or after age 55. If you terminated employment prior to April 18, 2002, you must have contributed to the Plan for five full years (60 months of contributions) to be vested. Vested status reported on this statement is based on the reported initial date of plan participation and may be adjusted due to account audits, breaks in service, vesting credit, or changes to employer reporting data.

**Account At A Glance**

Statement Period	10/1/22 - 12/31/22
<b>Beginning Balance</b>	<b>\$17,668.29</b>
Contributions	\$1,467.83
Withdrawals	\$0.00
Fees and Fee Credits	(\$6.95)
Other Activity	\$0.00
Earnings	\$227.46
<b>Ending Balance</b>	<b>\$19,356.63</b>
Vested Balance*	\$19,356.63

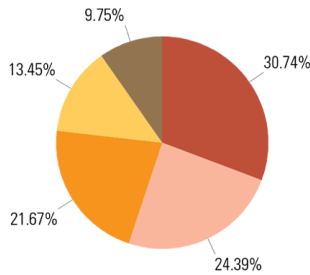
\* The vested balance represents your current percentage of ownership.

**If You Need Assistance**

**Website:** [npers.ne.gov](http://npers.ne.gov)  
**Phone:** 800-245-5712 or 402-471-2053  
**Email:**

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### Investment Allocation



Fund	Percentage	Amount
SMALL COMPANY STOCK FUND	30.74%	\$49,653.16
LARGE COMPANY GROWTH STOCK INDEX FUND	24.39%	\$39,401.57
S & P STOCK INDEX FUND	21.67%	\$35,001.15
STABLE VALUE FUND	13.45%	\$21,717.95
INTERNATIONAL STOCK INDEX FUND	9.75%	\$15,748.28

Investment allocation indicates the amount held in each investment account and the percentage of your overall account balance held in that investment as of the end of the reporting period.

### Vesting Summary

Contribution Source	Balance on 6/30/18	Vested Percent	Vested Balance on 6/30/18
MEMBER	\$63,629.54	100.00%	\$63,629.54
EMPLOYER	\$97,892.57	100.00%	\$97,892.57
<b>Total</b>	<b>\$161,522.11</b>		<b>\$161,522.11</b>

This section summarizes your vesting status. Your vested balance is the amount that you own today. Your contributions to the Plan are always 100% vested. If you have a question regarding your vesting, contact your plan administrator.

#### IMPORTANT VESTING INFORMATION

**You are vested in your Employer Account if you have been employed and contributed to the Plan for three full years (36 months of contributions) or if you terminated employment on or after age 55. If you terminated employment prior to April 18, 2002, you must have contributed to the Plan for five full years (60 months of contributions) to be vested. Vested status reported on this statement is based on the initial date of plan participation and may be adjusted by breaks in service or vesting credit.**

### Account Summary By Contribution Source

Contribution Source	Balance on 4/1/18	Contributions	Withdrawals	Fees and Fee Credits	Other Activity	Earnings	Balance on 6/30/18
MEMBER	\$60,949.73	\$559.26	\$0.00	(\$9.08)	\$0.00	\$2,129.63	\$63,629.54
EMPLOYER	\$93,758.00	\$872.46	\$0.00	(\$13.95)	\$0.00	\$3,276.06	\$97,892.57
<b>Total</b>	<b>\$154,707.73</b>	<b>\$1,431.72</b>	<b>\$0.00</b>	<b>(\$23.03)</b>	<b>\$0.00</b>	<b>\$5,405.69</b>	<b>\$161,522.11</b>

This section summarizes your account activity by contribution source during the reporting period.

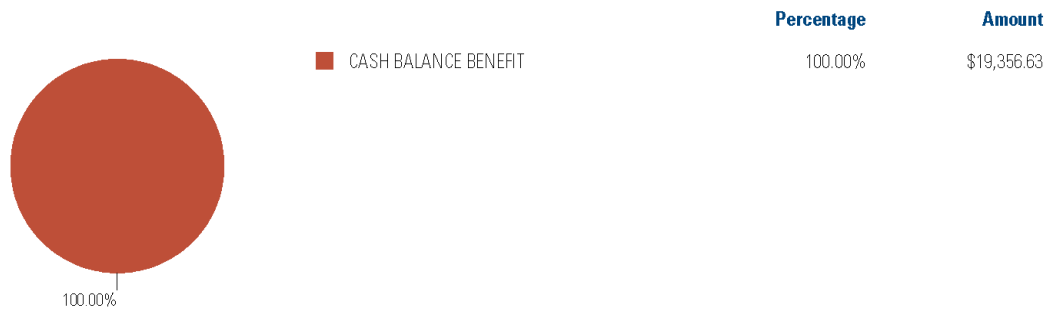
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### Beneficiary Information

Name	Percent	Relation
<b>Primary Beneficiary(s)</b>		
Skylar White	100.00%	Spouse
<b>Contingent Beneficiary(s)</b>		
Walter White Jr.	50.00%	Child
Holly White	50.00%	Child

Beneficiaries listed are as of the statement date. Recently submitted updates may not appear until your next statement. Failure to designate or update beneficiaries may result in unintended parties receiving death benefits, a significant reduction in death benefits, or death benefits paid to your estate.

### Investment Allocation



Investment allocation indicates the amount held in each investment account and the percentage of your overall account balance held in that investment as of the end of the reporting period.

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### Vesting Summary

Contribution Source	Balance on 12/31/22	Vested Percent	Vested Balance on 12/31/22
MEMBER	\$7,561.12	100.00%	\$7,561.12
EMPLOYER	\$11,795.51	100.00%	\$11,795.51
<b>Total</b>	<b>\$19,356.63</b>		<b>\$19,356.63</b>

This section summarizes your vesting status. Your vested balance is the amount that you own today. Your contributions to the Plan are always 100% vested. If you have a question regarding your vesting, contact your plan administrator.

#### IMPORTANT VESTING INFORMATION

You are vested in your Employer Account if you have been employed and contributed to the Plan for three full years (36 months of contributions) or if you terminated employment on or after age 55. If you terminated employment prior to April 18, 2002, you must have contributed to the Plan for five full years (60 months of contributions) to be vested. Vested status reported on this statement is based on the reported initial date of plan participation and may be adjusted due to account audits, breaks in service, vesting credit, or changes to employer reporting data.

### Account Summary By Contribution Source

Contribution Source	Balance on 10/1/22	Contributions	Withdrawals	Fees and Fee Credits	Other Activity	Earnings	Balance on 12/31/22
MEMBER	\$6,901.62	\$573.37	\$0.00	(\$2.72)	\$0.00	\$88.85	\$7,561.12
EMPLOYER	\$10,766.67	\$894.46	\$0.00	(\$4.23)	\$0.00	\$138.61	\$11,795.51
<b>Total</b>	<b>\$17,668.29</b>	<b>\$1,467.83</b>	<b>\$0.00</b>	<b>(\$6.95)</b>	<b>\$0.00</b>	<b>\$227.46</b>	<b>\$19,356.63</b>

This section summarizes your account activity by contribution source during the reporting period.

### Account Summary By Investment

Investment	Balance on 10/1/22	Contributions	Withdrawals	Fees and Fee Credits	Other Activity	Earnings	Balance on 12/31/22
CASH BALANCE BENEFIT	\$17,668.29	\$1,467.83	\$0.00	(\$6.95)	\$0.00	\$227.46	\$19,356.63
<b>Total</b>	<b>\$17,668.29</b>	<b>\$1,467.83</b>	<b>\$0.00</b>	<b>(\$6.95)</b>	<b>\$0.00</b>	<b>\$227.46</b>	<b>\$19,356.63</b>

This section summarizes your account activity by investment during the reporting period.

### Fee Detail

Type	Amount
<b>Individual Fees</b>	
Statement Paper Mailing Fee	(\$0.50)
<b>Total Individual Fees</b>	<b>(\$0.50)</b>

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### Fee Detail (continued)

Type	Amount
<b>General Administrative Fees and Fee Credits</b>	
Ameritas Recordkeeping Fee	(\$6.45)
<b>Total General Administrative Fees and Fee Credits</b>	<b>(\$6.45)</b>
<b>Total</b>	<b>(\$6.95)</b>

This section lists the fee and fee credit detail for the statement period.

New Member Account Fees effective October 1, 2021. The monthly record keeping fees for Defined Contribution participants is \$2.40. For Cash Balance members, the fee is \$2.15, and DCP/DROP Participants pay a fee of \$2.05. Fees are also assessed when a member takes a distribution from their account. Full (final) distributions of \$150 up to \$500 are charged \$35, final distributions over \$500 are charged \$75, and no fee is assessed for final distributions of less than \$150. Partial distributions or systematic withdrawals are assessed a fee of \$5 for each distribution.

In addition, there is a quarterly mailing fee of \$0.50 to cover costs associated with the delivery of paper statements or documents. This fee is waived for members who have requested electronic distribution of correspondence. Members may sign up for electronic delivery at [ameritas.com](http://ameritas.com).

Effective December 25, 2016, administrative fees for County Defined Contribution participants decreased from 5.5 basis points to 4.5 basis points. Effective June 25, 2018, administrative fees for State Defined Contribution participants decreased from 4.0 basis points to 2.0 basis points. The administrative fees for the voluntary Deferred Compensation plan are currently 6.0 basis points. This fee is charged to cover a portion of NPERS operating expenses. Plan expenses are evaluated periodically by the Public Employees Retirement Board and fees are subject to adjustment as needed. Both the record-keeping fee and the separate administrative fee are reported in the Fees and Fee Credit column on the member quarterly statements.

The PERB makes every effort to keep fees low and reasonable for plan members. Fees are subject to adjustment and any changes are reported in the NPERS newsletters and on the NPERS website.

### Important Notices and Disclosures

#### CASH BALANCE ANNUALIZED RATE OF RETURN

The Cash Balance Benefit Annualized Rate of Return from 10/01/2022 through 12/31/2022 is 5.00%

The Cash Balance Benefit Annualized Rate of Return from 01/01/2023 through 03/31/2023 is 5.77%

Please make sure your address and beneficiaries are kept up-to-date!

This statement was prepared by the retirement plans division of Ameritas Life Insurance Corp. If you have participated or contributed less than three or five years (36 or 60 months of contributions), as applicable, and terminate employment, or question your vesting status, please request a formal vesting credit check from NPERS. If you believe there is an error in your statement or you have questions about this statement, please contact the Nebraska Public Employees Retirement Systems at 402-471-2053 or 800-245-5712. Your account can also be viewed at [ameritas.com](http://ameritas.com). Additional plan details are available at [npers.ne.gov](http://npers.ne.gov) or in your plan booklet.

#### RETIREMENT NEWSLETTER

NPERS newsletters are distributed to actively employed State and County members via email through their employer. Members who are no longer actively employed may access newsletters from the NPERS website at [npers.ne.gov](http://npers.ne.gov). Newsletters for all plans will be posted and maintained on our website. If you do not have access to email or the internet, you may call NPERS to request a printed newsletter.

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# Investments and Rate of Return

Cash Balance

Participants:

- No investment choices
- Federal Midterm + 1.5%
- Guaranteed 5% minimum
- Enhanced annuity rate
- Potential dividends



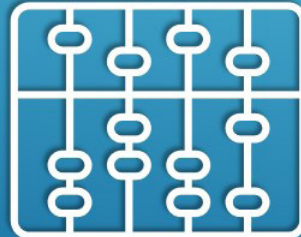
# Investments and Rate of Return

Defined Contribution Participants:

- You make investment choices
  - Investment help at [NPERS.NE.GOV](http://NPERS.NE.GOV)
    - Annual Investment Report
    - Investment Education Video
- No guaranteed rate of return
- Account balance may decrease or increase

## Investment Elections (DC)

- Investment Allocations
  - Allocates **future** contributions
  - Member and Employer
- Account Transfers
  - Moves **existing** funds
  - Member and Employer



## Investment Elections (DC/DCP)

- Methods
  - Investment Election Form
    - Found on [NPERS.NE.GOV](http://NPERS.NE.GOV)
  - Internet Access –Ameritas Online
    - Link from NPERS website (**faster**)

# Retirement Vs Termination

- Retirement
  - Ceasing employment **on or after age 55**
  - Continuation of health insurance (State)
- Termination
  - Ceasing employment **prior to age 55**
  - Early withdrawal tax penalty
- Same distribution options



## Retirement & Termination Options

### **Defined Contribution** Participants:

- Deferral
- Distribution
  - Lump Sum or Rollover
  - No limit on number of distributions
- Systematic Withdrawal
- Monthly Annuity
- Combination





# Retirement & Termination Options

## Cash Balance Participants:

- One time distribution
  - Must include entire account
- Multiple distribution options
  - Monthly Annuity
  - Lump Sum
  - Rollover
  - Combination of Annuity/Lump/Rollover
- Deferral
  - No later than RMD Age



## Deferral

- Available for both **DC** and **CB**
- Defer distribution
  - Until April 1<sup>st</sup> following the year you reach RMD Age
- **DC** – Account remains invested
- **CB** – Receives mid-term or 5% minimum
- **CB** – Potential dividends
  - Limitations may apply
- No taxes due until distribution



# Lump Sum Distributions

- Withdraw all or part of account
  - Either a percentage or dollar amount
- Limit on number of distributions?
  - **DC** has no limit
  - **CB** limited to a “one-time” distribution
- Complete request for distribution form
- 20% withheld for federal tax
- 5% withheld for Nebraska tax
  - Additional tax penalties for early withdrawal
- For additional withholding/State Exemption W4-R and W-4N

# Rollovers

- Rollover all or part of account
  - To an eligible retirement plan or a traditional IRA
- No taxes due at time of rollover
  - Exception when rollover is to a Roth IRA
- Limit on number of rollovers?
  - **DC** has no limit
  - **CB** limited to “one-time” distribution
- State **CB** members can rollover into State Deferred Compensation
  - Allows for multiple withdrawals
  - Establish DCP account prior to termination
- Complete Request for Distribution and NPERS Rollover Forms

# Systematic Withdrawal

- Not available for Cash Balance
- Establishes an automatic payment schedule
  - \$100 minimum
  - Monthly, quarterly, semi-annual or annual
  - Can change amount or frequency twice a year
- Account balance remains invested
- Complete Request for Distribution Form
- 20% withheld for federal tax
- 5% withheld for Nebraska tax
  - Additional tax penalties for early withdrawal

The screenshot shows the NPERS website interface. At the top, there is a navigation bar with contact information (800-245-5712, 8am - 5pm M - F, Email Us), a search bar, and a Login button. Below the navigation bar is the NPERS logo and the text "NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS". The main content area is titled "Financial Resources" and features a blue background with white text. A callout box on the right side of the page highlights the "Financial Resources" section, listing the following items:

- NPERS + NCEE
- Enrich for Nebraska
- Financial Wellness Resources
- NE Financial Education Resources
- Financial Planning Video

Below the list, the callout box also includes the link [npers.ne.gov](http://npers.ne.gov) - Member Info.

The main content area also includes a section titled "Enrich for Nebraska" with a description: "Discover the ultimate financial education hub at no cost for Nebraska adults of all ages - Enrich, is a robust and personal financial education learning center. With Enrich, you have the freedom to choose the specific financial resources that resonate with you, allowing you to boost your financial knowledge and confidence." Below this, it lists popular features of the Enrich program:

- Monthly Challenges
- Money Personality Analysis
- Budget Tools
- Student Loans Tracker

At the bottom of the Enrich section, there is a link to sign up for Enrich: "Click on the logo below to sign up for Enrich. Access and explore useful features that help people achieve their financial goals."

# Monthly Annuity

- Automatic monthly benefit
- Amount of monthly benefit determined by
  - Account balance (account used for purchase)
  - Age of you and your beneficiaries
    - CB Tier 1 uses 1994 mortality tables
    - CB Tier 2 uses updated mortality tables  
\*recommended by the plan actuary and approved by the retirement board
- Annuity rate at time of purchase
  - CB provides higher annuity rate
  - Current CB rates:
    - Tier 1 – 7.75%
    - Tier 2 – 7.1%
  - Rates may fluctuate – especially DC (every Jan)
  - Rate “locked-in” when purchased
- Annuity option you select and COLA

# Annuity Options

- Life Only
  - Modified Cash Refund
  - Period Certain and Continuous
    - 5-, 10-, & 15-year options
  - Joint & Survivor
    - 50, 75 & 100% options
  - Non-Spousal Joint & Survivor
    - 50% only
- 
- Designated Period – **No lifetime guarantee**
    - 5-year option has mandatory tax withheld and may be subject to early withdrawal penalties

# Sample Annuity Estimates

Based on a \$60,000 "Purchase" Price at Age 65  
(State & County – As of January 2024\*)

Annuity Options	Defined Contribution		Cash Balance (Tier 1)	
	No COLA	COLA	No COLA	COLA
1) Life Only	\$470.24	\$380.58	\$527.97	\$435.60
2) Modified Cash Refund	\$441.07	\$345.95	\$498.12	\$403.94
3) Period Certain & Continuous				
a. 5-Year	\$464.63	\$376.57	\$521.26	\$430.61
b. 10-Year	\$449.48	\$364.59	\$504.22	\$416.67
c. 15-Year	\$428.27	\$345.84	\$481.91	\$396.29
4) Joint & Survivor Annuity**				
a. 50%	\$433.77	\$345.91	\$490.79	\$399.69
b. 75%	\$417.56	\$330.84	\$474.10	\$383.87
c. 100%	\$402.53	\$317.03	\$458.50	\$369.25

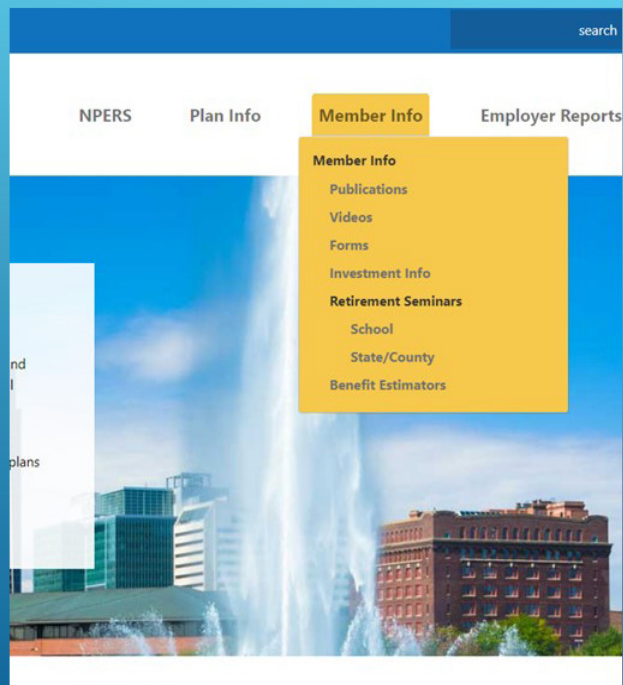
\*Annuity Rates are subject to change

\*\*Assumes spouse is the same age

## Benefit Estimator

### Benefit Estimator

- Non secure section
- Calculates annuity amounts



# Benefit Estimator

## Benefit Estimators

### Please read the following BEFORE using a benefit estimator!

NPERS provides benefit estimators for use as an educational tool to help you plan for retirement. The estimators calculate monthly pension amounts for School, Judges, and State Patrol plan members. State and County plan members who are considering purchasing an annuity for their mandatory Cash Balance or Defined Contribution accounts can use the estimator to determine monthly benefits under each of the annuity options. For a complete listing of your options at retirement, please refer to your member handbook (available in the Publications section).

The Results provided by the Benefit Estimators are provided for purposes of illustration and discussion only and do not reflect the actual amount you will receive when you retire. Benefits will be determined after your employer submits your final salary and service data to our office and subsequent receipt of your retirement application.

#### Prior to using the Benefit Estimators, please be aware of the following information:

- Estimates are based on the data you input and are not official estimates.
- Tax calculations are determined using current tax tables and are based only on the amount of the estimated benefit. They are not a determination of your actual taxes during retirement.
- Federal law may limit benefits to some highly compensated members.
- The State of Nebraska does not offer annuities for the voluntary Deferred Compensation Plan.

I have read this disclaimer and understand the estimate I am generating is not an official determination of benefits.

School Judges Patrol County State

## State Estimator

Your Information

Your Estimate

Your Date of Birth (MM/DD/YYYY)

Estimated Termination Date (MM/DD/YYYY)

Estimated Month to Begin Benefits   Help  
Must be after termination date.

When did you begin plan participation?  Help

Estimated Amount You Wish to Convert to a Monthly Annuity  Help

What type of retirement will you be taking?  Help

Beneficiary Type  Help

Beneficiary's Date of Birth

Would you like to calculate your taxes?  Read Before Calculating Taxes

Calculate Your Estimate

Reset Fields

Your Information

Your Estimate

Estimates created by these benefit estimators are not official estimates, and they are provided for purposes of illustration and discussion only.

Actual benefit amounts will only be provided upon receipt of a valid application for retirement. The results provided by a benefit estimator should be considered approximations of any benefit or value, and may not reflect the actual amount you will receive when you retire.

For more information on your distribution options, please refer to the State Plan Handbook or our Publications page.

### Benefit Calculations

Option	Gross Benefit Amount	Net Benefit Amount
Option 1 - Life Only	\$922.19	\$922.19
Option 2 - Modified Cash Refund	\$857.97	\$857.97
Option 3-5 Year Certain & Life	\$907.39	\$907.39
Option 3-10 Year Certain & Life	\$870.96	\$870.96
Option 3-15 Year Certain & Life	\$824.37	\$824.37
Option 4A - 50% J&S	\$851.93	\$851.93
Option 4B - 75% J&S	\$820.66	\$820.66
Option 4C - 100% J&S	\$791.62	\$791.62
Designated Period 5 Years	\$1,990.79	\$1,990.79
Designated Period 10 Years	\$1,179.01	\$1,179.01
Designated Period 15 Years	\$920.57	\$920.57
Designated Period 20 Years	\$799.85	\$799.85

### Your Estimate Information

Estimate Calculation Date	10/17/2022
Date of Birth	08/10/1955
Retirement Type	Cash Balance - No COLA
Plan	State Employees Retirement System Tier 1
Plan Participation	Before 1/1/2018
Benefit Start Date	02/01/2023
Termination Date	01/31/2023
Estimated Account Balance	\$100,000.00
State Tax Additional Withholding	\$0.00
Federal Tax Additional Withholding	\$0.00
Beneficiary Date of Birth	12/17/1955

How was my benefit calculated?



Print your personal benefit estimates



# When Choosing an Option

Things to consider and discuss before choosing an option:

- Your health and family health history
- Other financial income in addition to your retirement benefit
- Do you have a current estate plan
- The age difference between you and your beneficiaries
- Debt to Income ratio
- Are you the Bank of Mom & Dad? 😊
- Lifestyle you want in retirement

# Salary Replacement Example

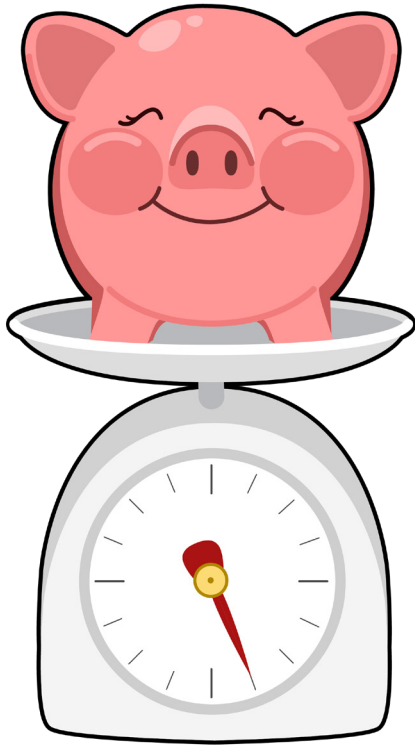
If you retire at age 60 and live to age 90:

- If your salary at retirement was **\$30,000**
  - \$2500 per month
  - Social Security on average replaces 40%
    - 40% = \$1000 per month
    - You will need to provide \$1500 per month

**Per the Nest Egg handout, you will need an estimated \$496,000!**







# How BIG

## Should Your NEST EGG Be?

*Ever wonder how much money you should have saved to be “reasonably” prepared for retirement? No two people are alike and no two retirements will be alike! It is a very big guessing game. What will be your personal financial situation during retirement? Are you single or married? When will your spouse retire? What will your health care costs be during retirement? How about travel? Will you still be making mortgage payments? Will you have kids in college? Will you continue to work part-time? These are just a few of the questions that will have a profound impact on how much you need to save.*

What will the economy be like during your retirement? High inflation? Low Inflation? How will you invest your nest egg and what rate of return will you receive? What tax bracket will you be in during retirement? There are a tremendous number of assumptions and unanswered questions that go into each retirement needs calculation. Oh, we’ve left out the two BIG questions. How fast are you going to spend the money? And when will you die?

Because there are so many variables affecting the final outcome, it is impossible to calculate a retirement nest egg amount that will be exactly right. The chart below is a “ballpark” attempt to “guesstimate” how much money you should have in your account at age 65 to maintain your level of income.

### Here are the assumptions:

- You retire at age 65
- You are single
- Inflation averages 4% annually
- Your Social Security is calculated using current rates
- Social Security COLA’s will average 1.6% annually
- Your retirement plan account balances earn 5% annually during retirement

Salary At Age 65	Life Expectancy/Nestegg Amount			
	Age 85	Age 90	Age 95	Age 100
\$20,000	\$234,000	\$292,000	\$349,000	\$406,000
\$30,000	\$402,000	\$496,000	\$588,000	\$679,000
\$40,000	\$534,000	\$659,000	\$782,000	\$903,000
\$50,000	\$673,000	\$830,000	\$985,000	\$1,137,000
\$60,000	\$808,000	\$996,000	\$1,182,000	\$1,364,000
\$70,000	\$942,000	\$1,162,000	\$1,379,000	\$1,592,000
\$80,000	\$1,083,300	\$1,332,459	\$1,585,626	\$1,823,470
\$90,000	\$1,234,962	\$1,519,003	\$1,807,614	\$2,078,756
\$100,000	\$1,395,507	\$1,716,474	\$2,042,604	\$2,348,994

How should you read this chart? Assuming you were earning a gross salary of \$40,000 when you terminated employment at age 65, if you expect to live to age 90, you want an estimated \$659,000 in your retirement accounts. This amount, based on the assumptions, will allow you to maintain your level of income to age 90. If you die before age 90, there would be funds left in your account. If you lived longer, in theory you would have depleted your account at age 90.

# Salary Replacement Example

- How State and County annuity rates can help:
  - **Defined Contribution** Cola Annuity
    - **\$236,500** purchase price at age 65 (6.20% rate\*)
    - Will provide \$1,500.14 per month (Life Only)
      - Increases 2.5% every year to help offset inflation
      - Paid for your lifetime
  - **Cash Balance** Tier 1 Cola Annuity
    - **\$206,700** purchase price at age 65 (7.75% rate\*)
    - Will provide \$1,500.63 per month (Life Only)
      - Increases 2.5% every year to help offset inflation
      - Paid for your lifetime

\*Rates as of January 2024. Rates may fluctuate over time but are “locked in” at time of purchase.

## Annuity Taxes

- Taxes withheld from each check
  - Federal and Nebraska (W-4P & W-4N)
- Change as needed (Federal)
  - Must use W-4P (on website with *Checklist*)
- Nebraska taxes for Nebraska residents
  - Cease NE withholding if not a resident –Must file W4-N stating “Exempt”, withholding NOT based on address
  - State taxes determined by your new state of residence



# Income Tax Information

The following information is NPERS' understanding of current tax laws. Since tax laws frequently change, NPERS recommends you contact the Internal Revenue Service or a certified tax consultant for more information.

Current contributions to the Plan are not taxed when deducted from your salary and remitted to NPERS. Taxable income reported on your Wage and Earning Statement (IRS Form W-2) issued by your employer is reduced by the amount you contribute to your retirement account.

When your contributions and earnings are returned to you, either as an annuity or another form of distribution, the funds are taxed as ordinary income in the year you receive them. Payments are subject to both federal and state income tax. State income tax will be based on your state of residence when you receive payments.

Contributions made prior to January 1, 1985, were taxed before being deducted from your compensation. Therefore your contributions made prior to January 1, 1985 are returned to you "tax-free."

Once you receive payments from your retirement account, the income will be reported to you on an IRS Form 1099-R each year in January for the payments received during the prior year. A copy of that form will also be provided to the IRS.

## Taxation of Withdrawals

Any amounts from your account that are rolled into a Traditional IRA or another qualified retirement plan are not subject to taxation at the time of the rollover. Those amounts will be subject to taxation when you take a distribution from the rollover account.

NPERS is required by law to withhold **20%** for federal income taxes and **5%** for Nebraska state income taxes for all withdrawals paid directly to you. These withholdings may or may not cover your full tax liability. Your actual tax liability will vary depending on your total taxable income for the year and the tax laws in effect at the time. If you are no longer a resident of Nebraska and have notified our office in advance, the 5% Nebraska state tax will not be withheld. You will however, be subject to state income tax in accordance with your new state of residence.

If you cease work **prior to age 55** and take a withdrawal **PRIOR** to age 59½, you may be subject to a Federal **10% tax penalty** and a Nebraska **3% tax penalty** for early withdrawals. You *may* be able to avoid the early withdrawal penalties if one of the following applies:

- The taxable portion of your refund is "rolled over" into a Traditional IRA or another qualified pension plan within 60 days of the payment date.
- If payment is made after separation from service and the member will be at least age 55 **in the year of separation**.
- Payment is made to an alternate payee under a qualified domestic relations order (QDRO).
- Your payment is used for large and eligible medical expenses.
- You are eligible for retirement due to disability.

Early withdrawal penalties are assessed at the time you file your tax return.

## Required Minimum Distributions

Terminated plan members are required to take a taxable Required Minimum Distribution amount from their retirement accounts once they reach RMD age. Failure to take RMD's can result in serious tax penalties, such as up to 25% of the original RMD amount, and the eventual transfer of retirement assets to unclaimed property.

RMD ages are as follows:

BIRTH YEAR	RMD AGE
Prior to 7/1/1949	70½
On or after 7/1/1949 But before 1/1/1951	72
On or after 1/1/1951	73

## Taxation of Annuities

NPERS will withhold federal taxes from each monthly check at the rate you specify on the W-4P tax form (included in the retirement packet and available on the NPERS website). If you do not complete and submit this form to NPERS, we will withhold at the rate of "married plus three exemptions." You may change your withholding at any time by submitting a new form.

If you are a resident of the State of Nebraska, NPERS will withhold Nebraska taxes at the rate you indicate on the W-4N tax form. If you move and are *no longer a resident of Nebraska*, you need to submit an updated W-4N form. Your benefit will be taxable in accordance with the laws of the state you move to. You may need to contact the Department of Revenue for the state you have moved to in order to determine tax liability and establish a payment process. NPERS can withhold Federal and Nebraska taxes, but not taxes due to another state.

## Safe Harbor Annuity Taxation

Pre-1985 contributions are returned tax-free based on the "Safe Harbor" method, as required by the Internal Revenue Service. NPERS calculates the "tax-free" portion of your monthly retirement check by dividing pre-'85 contributions by the fixed number of payments assigned per your age at retirement.

### EXAMPLE:

Under the current tax tables, 260 monthly payments are designated for individuals commencing benefits from ages 61 to 65. If you had a total of \$9,100 of pre-'85 contributions, this amount would be divided by 260 and you would receive \$35.00 of your benefit tax-free for the first 260 monthly payments.

After you have received the fixed number of payments assigned, your monthly benefit becomes 100% taxable.



## Required Minimum Distributions

IRS requires a distribution be taken from your 401(a) account to create a taxable event so taxation can be assessed on the funds that have been growing tax free.

*VERY important not to miss deadline –particularly if you are **Cash Balance.***

If you were born **prior to 7/1/1949**  
your RMD age is **70½**

If you were born **on or after 7/1/1949**  
but **before 1/1/1951**  
your RMD age is **72**

If you were born **on or after 1/1/1951**  
your RMD age is **73**

## Disability Retirement

- Allows retirement prior to age 55
- Must have occurred while employed and active in the plan
- Apply within one year
  - Medical exam required
- Allows continuation of medical insurance
- No early withdrawal tax penalties



# Death **Before** Retirement/Termination

## Non-Spousal Options:

- Withdrawal – Direct or rollover
  - Full distribution within 5 years of death
- Systematic Withdrawal – DC only
  - Full distribution within 5 years of death



# Death **Before** Retirement/Termination

## **Spousal** Options:

- Withdrawal – Direct or rollover
  - Full distribution within 10 years of death
- Systematic Withdrawal – DC only
  - Full distribution within 10 years of death
- 100% Joint & Survivor Annuity
  - Must notify NPERS within 180 days of death



# Death **After** Retirement/Termination

- If money still in account:
  - Same options as death before retirement
- If account was used to purchase annuity
  - Benefits based on annuity option selected



# Beneficiary Changes

Don't confuse with NIS/Life Ins. Beneficiaries!

NPERS changed by written form – not online

- Obtain form from employer or NPERS' website
  - Cannot ID beneficiaries by phone
- Complete form and mail in
  - Signature must be notarized

When to designate

- Now - Keep updated!
- When purchasing an annuity, based on annuity option



## Beneficiary Designation Form

- Mark plan type
- List **primary** beneficiary(ies)
  - Your survivors **or**
  - Your estate **or**
  - A trust (or other legal entity)
    - Need name of Trust and Trustee
  - Percentages must equal 100%
- List **contingent** beneficiary(ies)



Name Last First Middle Maiden		Date of Birth - -		Plan Type (check all that apply) <input type="checkbox"/> School <input type="checkbox"/> State <input type="checkbox"/> County <input type="checkbox"/> Judges <input type="checkbox"/> Patrol <input type="checkbox"/> DCP
Social Security Number - -		Email Address		
Address		City	State Zip	
Home Phone	Work Phone	Employer		

**Beneficiary Designation Form**

**READ CAREFULLY BEFORE COMPLETING:** Benefits will be paid to your survivors exactly as you provide on this form. This form supersedes prior beneficiary designation forms. If you name a trust or other legal entity as your beneficiary, include the name of both the trust and the trustee. Submit the original document only; **photocopies and faxes will not be accepted.** If you wish to designate more than five beneficiaries in either the Primary or Contingent category, you must attach a supplemental form(s) and indicate the number of additional pages here. \_\_\_\_\_

**PRIMARY BENEFICIARY(IES):** I designate the following person(s) to be my Primary Beneficiary(ies) for the Retirement Plan noted above. All Primary Beneficiaries designated will share equally in the benefit unless I have included a percentage (%) amount on the line following the date of birth below. **(The shares of all Primary Beneficiaries must total 100%. PLEASE PRINT.)**

Name of Beneficiary	Spouse/Child/Other	M / F Gender	Social Security Number	Date of Birth	%
Name of Beneficiary	Spouse/Child/Other	M / F Gender	Social Security Number	Date of Birth	%
Name of Beneficiary	Spouse/Child/Other	M / F Gender	Social Security Number	Date of Birth	%
Name of Beneficiary	Spouse/Child/Other	M / F Gender	Social Security Number	Date of Birth	%
Name of Beneficiary	Spouse/Child/Other	M / F Gender	Social Security Number	Date of Birth	%

**CONTINGENT BENEFICIARY(IES):** I designate the following person(s) to be my Contingent Beneficiary(ies) for the Retirement Plan noted above. I understand my Contingent Beneficiary(ies) will receive a share of my benefit if all Primary Beneficiaries pre-decease me or refuse their share of the benefit. All Contingent Beneficiaries designated will share equally in the benefit unless I have included a percentage (%) amount on the line following the date of birth below. **(The shares of all Contingent Beneficiaries must total 100%. PLEASE PRINT.)**

Name of Beneficiary	Spouse/Child/Other	M / F Gender	Social Security Number	Date of Birth	%
Name of Beneficiary	Spouse/Child/Other	M / F Gender	Social Security Number	Date of Birth	%
Name of Beneficiary	Spouse/Child/Other	M / F Gender	Social Security Number	Date of Birth	%
Name of Beneficiary	Spouse/Child/Other	M / F Gender	Social Security Number	Date of Birth	%
Name of Beneficiary	Spouse/Child/Other	M / F Gender	Social Security Number	Date of Birth	%

**SIGNATURE OF MEMBER** \_\_\_\_\_ **Date** \_\_\_\_\_  
I hereby certify that the above member, whose identity I have established to my own satisfaction, freely and voluntarily signed this beneficiary designation form in my presence.

State of \_\_\_\_\_ }  
County of \_\_\_\_\_ }  
Subscribed and sworn before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.



**NOTARY PUBLIC SIGNATURE** \_\_\_\_\_ My commission expires: \_\_\_\_\_.



## Beneficiary Designation Supplemental Form

**IMPORTANT:** This form is to be used as a supplement to the Beneficiary Designation Form only if you wish to designate more than five Primary or Contingent Beneficiaries. You may use as many Supplemental forms as needed. ***This form will NOT be accepted without the original, notarized Beneficiary Designation Form.***

**NAME** \_\_\_\_\_

**SOCIAL SECURITY NUMBER** \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

**PRIMARY BENEFICIARY(IES) (continued):**

Fill in a percentage amount (%), for all persons designated below (the shares of **all primary beneficiaries must total 100%**, including those listed on page 1). If all beneficiaries are to share equally, no percentage needs to be listed. **PLEASE PRINT.**

Name of Beneficiary _____	Spouse/Child/Other _____	M / F Gender _____	Social Security Number _____	Date of Birth _____	%
Name of Beneficiary _____	Spouse/Child/Other _____	M / F Gender _____	Social Security Number _____	Date of Birth _____	%
Name of Beneficiary _____	Spouse/Child/Other _____	M / F Gender _____	Social Security Number _____	Date of Birth _____	%
Name of Beneficiary _____	Spouse/Child/Other _____	M / F Gender _____	Social Security Number _____	Date of Birth _____	%
Name of Beneficiary _____	Spouse/Child/Other _____	M / F Gender _____	Social Security Number _____	Date of Birth _____	%
Name of Beneficiary _____	Spouse/Child/Other _____	M / F Gender _____	Social Security Number _____	Date of Birth _____	%
Name of Beneficiary _____	Spouse/Child/Other _____	M / F Gender _____	Social Security Number _____	Date of Birth _____	%
Name of Beneficiary _____	Spouse/Child/Other _____	M / F Gender _____	Social Security Number _____	Date of Birth _____	%

**CONTINGENT BENEFICIARY(IES) (continued):**

Fill in a percentage amount (%), for all persons designated below (the shares of **all contingent beneficiaries must total 100%**, including those listed on page 1). If all beneficiaries are to share equally, no percentage needs to be listed. **PLEASE PRINT.**

Name of Beneficiary _____	Spouse/Child/Other _____	M / F Gender _____	Social Security Number _____	Date of Birth _____	%
Name of Beneficiary _____	Spouse/Child/Other _____	M / F Gender _____	Social Security Number _____	Date of Birth _____	%
Name of Beneficiary _____	Spouse/Child/Other _____	M / F Gender _____	Social Security Number _____	Date of Birth _____	%
Name of Beneficiary _____	Spouse/Child/Other _____	M / F Gender _____	Social Security Number _____	Date of Birth _____	%
Name of Beneficiary _____	Spouse/Child/Other _____	M / F Gender _____	Social Security Number _____	Date of Birth _____	%
Name of Beneficiary _____	Spouse/Child/Other _____	M / F Gender _____	Social Security Number _____	Date of Birth _____	%
Name of Beneficiary _____	Spouse/Child/Other _____	M / F Gender _____	Social Security Number _____	Date of Birth _____	%
Name of Beneficiary _____	Spouse/Child/Other _____	M / F Gender _____	Social Security Number _____	Date of Birth _____	%

**SIGNATURE OF MEMBER** \_\_\_\_\_ **Date** \_\_\_\_\_

# Reemployment

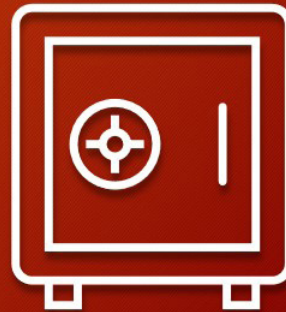
On or After 1/1/2020:

- 120 days or less = No termination!
  - Must repay all benefits
  - Resume prior plan participation
- 121 days or more
  - Return to prior plan
    - DC to DC
    - CB to CB
  - If previously vested – retain vested status
  - If not previously vested...
    - No distribution – vesting credit granted
    - Distribution taken – vested credit restored if repaid



## Deferred Compensation Plan

- Voluntary Participation:
  - Available for ALL State employees
  - Most Counties have their own DCP
- Defers part of salary to a later date
  - Reduces current taxes
- Long term investment, NOT short term savings



## Deferred Compensation Plan

- Automatic paycheck deductions
  - No employer match
- 17 investment funds
  - same funds used for Defined Contribution
  - transfer funds at any time
- Start/adjust/stop/restart contributions
  - as desired per plan provisions
- Contributions are tax deferred



## Deferred Compensation Plan

- Contribution Limits:
- Minimum of \$25 per month
- Higher limits than IRA's
- 2024 Maximum Contribution is \$23,000
- Catch-Up Contributions
  - Age 50 provision  
Maximum increases to \$30,500



## Deferred Compensation Plan

- Deferred Leave Payouts:
  - Terminating member may defer payout of eligible sick, vacation, & back pay
    - DCP Change or Enrollment Form must be received by NPERS prior to receiving funds.
  - Subject to IRS annual or catch-up limits.



# Deferred Compensation Plan

## Account Distribution:

### Only at retirement or termination

- Severe and unforeseen emergency

### Same options as Defined Contribution

- Withdrawals (direct or rollover)
- Systematic withdrawal
- Defer

## Taxes

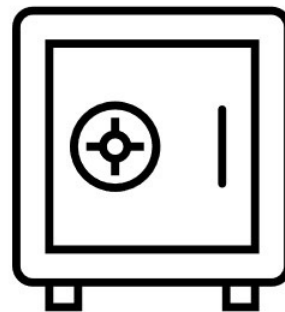
- No penalties for early withdrawal
- Penalty may apply to incoming rollovers



## Deferred Compensation Plan

- Plan booklets at [NPERS.NE.GOV](http://NPERS.NE.GOV)
  - Contact NPERS with additional questions

Now enrolling on  
**Workday!**



# Health Insurance

Termination at ages 55-65

- Affordable Care Act?
- State Retiree Health Insurance
- County options will vary



## Retiree Continuation of Health Insurance

**State Policy Governing Continuation of Retiree Program:** State employees who are eligible for retirement and do retire, are afforded the opportunity to continue health insurance coverage in the group plan **until the first day of the month in which they turn 65**. The employee is responsible for paying 100% of the premium (no State contribution) plus, in some cases, an additional 2% administrative charge.

**Eligibility:** Employees between the ages of 55 and 64 who retire or terminate from State employment and who are enrolled in a Health Insurance Plan and have actively contributed into the Retirement Plan for State of Nebraska employees prior to leaving State employment will be offered the opportunity to continue in the State of Nebraska Retiree Health Insurance Program.

**Note:** *If the employee is over 65, he or she will be offered 18 months of COBRA continuation.*

**Eligibility of Family Members:** Family members of a retired State employee are eligible for continuation of health insurance coverage, as dependents only, until the employee reaches 65 years of age. **Note:** *If the spouse is already 65 or older at the time the State employee retires, he or she will be eligible for an 18 month COBRA event only.*

- If a spouse reaches age 65 before the employee, he or she is not eligible to continue their health insurance through the Retiree Program.
- If the Retiree reaches 65 and has dependent(s) covered under their benefit plan, the dependent(s) will be offered COBRA to continue their health insurance for a period not to exceed 36 months. If the dependent should reach the age of 65 prior to exhausting the 36 months of COBRA, the COBRA coverage would cease effective the first day of the month in which the dependent turns 65.

**Length of Eligibility:** There are circumstances that would terminate continuation of health coverage *before* the age of 65 for the Retiree or dependent. Those instances are:

- The Retiree or dependent begins receiving Medicare, including Medicare disability benefits;
- The Retiree fails to make the monthly premium payment on time;
- The Retiree benefit provision is changed in a subsequent labor contract;
- The administrative regulation, contract provision and/or applicable statutes are changed and continued coverage is no longer available;
- The State of Nebraska ceases to provide group health insurance to employees.

**How to enroll:**

The State utilizes ASI COBRA (ASI) to administer the program.

Upon leaving employment, the State will notify ASI who will send an enrollment packet to the Retiree. To enroll, the Retiree has 60 days from the date coverage ends to complete the enrollment paperwork and return the paperwork along with payment to ASI.

All coverage will be terminated until an election is made and the initial premium payment is submitted. When ASI has received the election form and the initial premium payment, they will notify all vendors of the eligibility of the Retiree and dependents, if any. Once benefits are elected and premiums are paid, then coverage is retroactive back to date the coverage ended.

- When the participant is notified of their option to continue coverage, they may not add dependents who were not previously covered on the State's plan when they left State employment.
- During the State's Annual Open Enrollment period, Retirees may change coverage but are not allowed to add new dependents or new coverage. For example, if the retiree did not have dental coverage, they cannot add it during Open Enrollment.
- Retirees and spouses, if enrolled in a state health plan, are eligible to participate in the insurance carrier's eligible health and wellness programs.
- Individuals continuing coverage under the Retiree Program must follow all of the contract provisions as current employees, including all cost containment features. Any changes made in the contract will apply to all persons on the Retiree continuation coverage. Individuals continuing coverage under the Retiree Program will be subject to any and all changes in benefits or premiums.

***If you have questions regarding retiree continuation of health insurance contact:***

**AS –Employee Wellness & Benefits**

**(402) 471-4443**

**Toll Free 1-877-721-2228**

**Fax (402) 471-1862**

**[as.employeebenefits@nebraska.gov](mailto:as.employeebenefits@nebraska.gov)**