Welcome to The 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

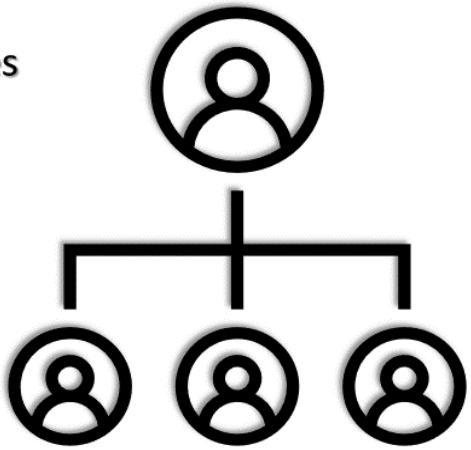
Who Does What?

Ameritas:

- Account Recordkeeping
  - Track account balances
  - Changes
  - Transfers

NPERS:

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



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

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.

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.

Revised February 2023

How Much Will I Need?

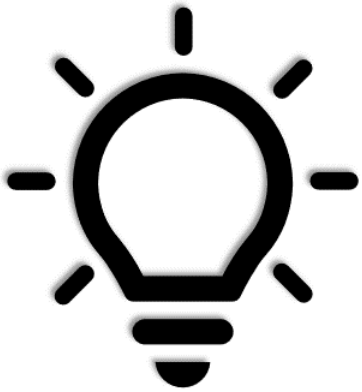
To Maintain Your Standard of Living:

- 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?

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

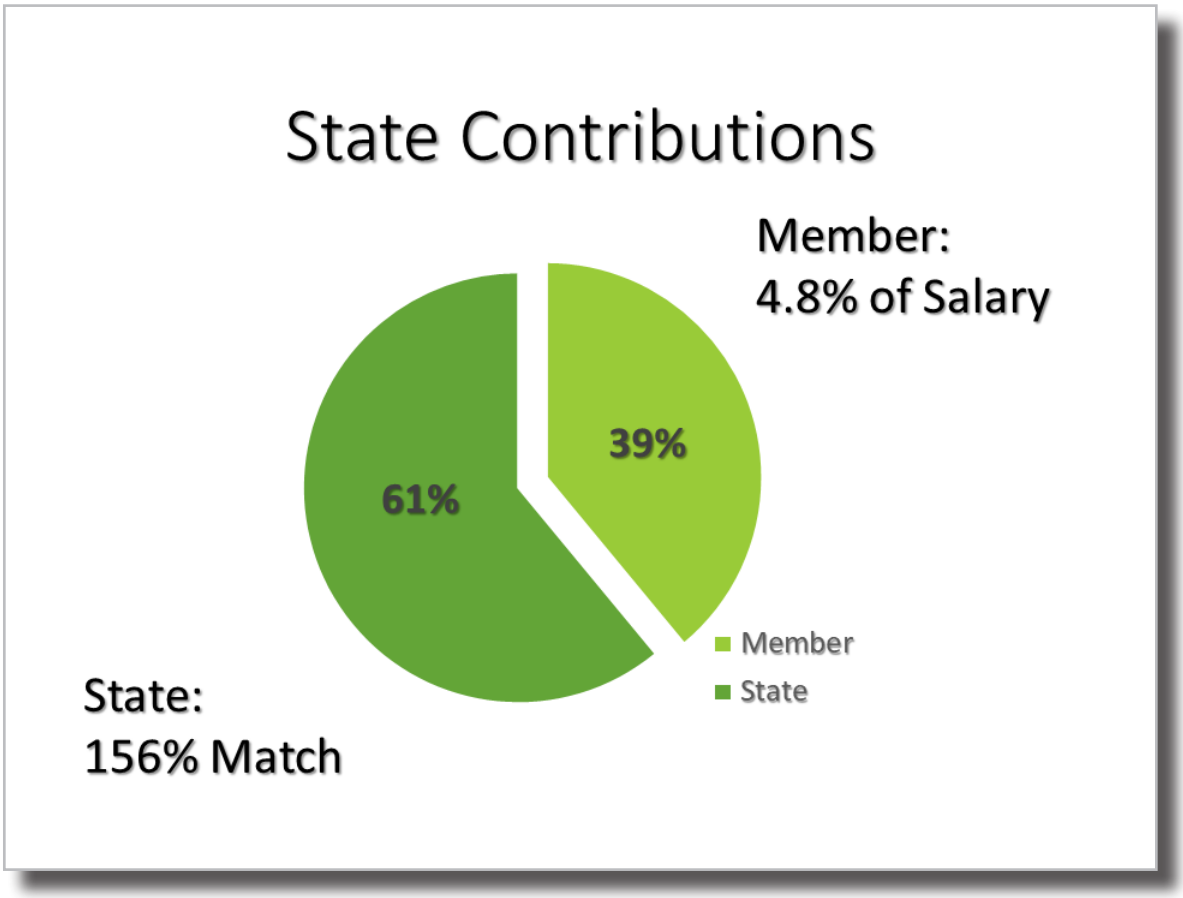
Cash Balance vs. Defined Contribution

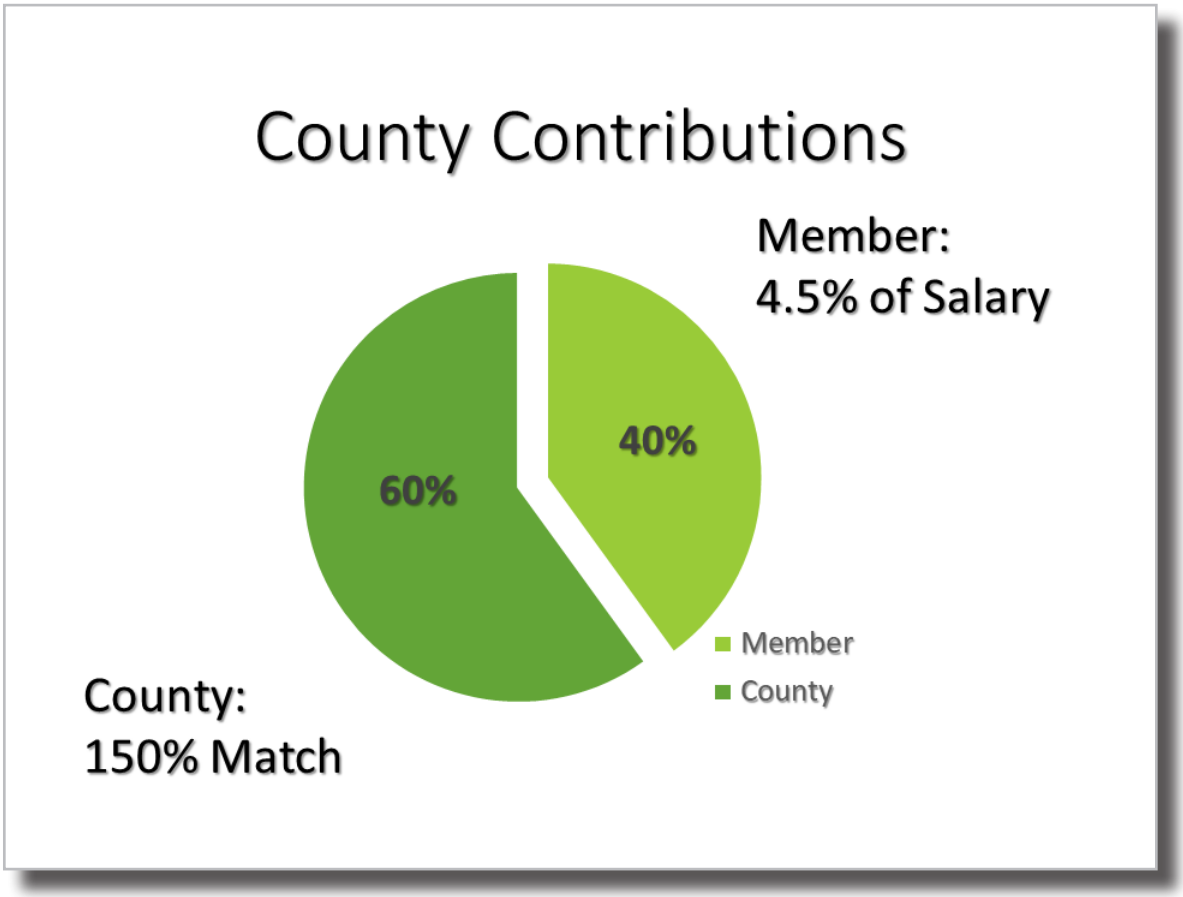
<u>Different</u>

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

<u>Same</u>

- Contribution Rates
- Vesting
- Retirement Age


State Contributions
Member:
4.8% of Salary
39%
61%
Member
State
State:
156% Match


County Contributions
Member:
4.5% of Salary
40%
60%
Member
County
County:
150% Match

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

NPERS
NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

WALTER WHITE
3828 PIERMONT DR
LINCOLN, NE 68506

Important plan and investment-related information

Account At A Glance

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

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

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.

If You Need Assistance

Website: npers.ne.gov
Phone: 800-245-5712 or 402-471-2053
Email:

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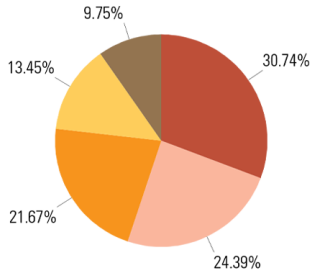
Investment Allocation



	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
Total	**$161,522.11**		**$161,522.11**

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
Total	**$154,707.73**	**$1,431.72**	**$0.00**	**($23.03)**	**$0.00**	**$5,405.69**	**$161,522.11**

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

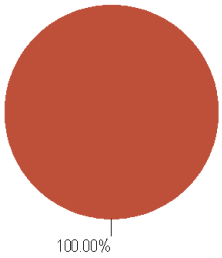
WALTER WHITE

Beneficiary Information

Name	Percent	Relation
Primary Beneficiary(s)		
Skylar White	100.00%	Spouse
Contingent Beneficiary(s)		
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



	Percentage	Amount
CASH BALANCE BENEFIT	100.00%	$19,356.63

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.

WALTER WHITE

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
Total	**$19,356.63**		**$19,356.63**

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
Total	**$17,668.29**	**$1,467.83**	**$0.00**	**($6.95)**	**$0.00**	**$227.46**	**$19,356.63**

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
Total	**$17,668.29**	**$1,467.83**	**$0.00**	**($6.95)**	**$0.00**	**$227.46**	**$19,356.63**

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

Fee Detail

Type	Amount
Individual Fees	
Statement Paper Mailing Fee	($0.50)
Total Individual Fees	**($0.50)**

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Fee Detail (continued)

Type	Amount
General Administrative Fees and Fee Credits	
Ameritas Recordkeeping Fee	($6.45)
Total General Administrative Fees and Fee Credits	**($6.45)**
Total	**($6.95)**

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.

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. Additional plan details are available at 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. 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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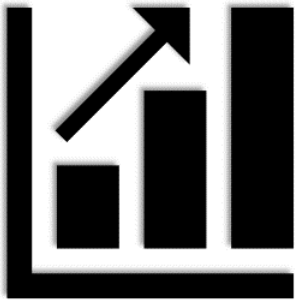
Investments and Rate of Return

Cash Balance Participants:

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



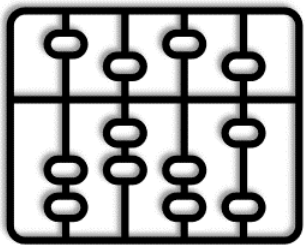
Investments and Rate of Return

Defined Contribution Participants:

- You make investment choices
  - Investment help at NPERS.NE.GOV
    - Annual Investment Report
    - Investment Education Video
- No guaranteed rate of return
- Account balance may decrease or increase

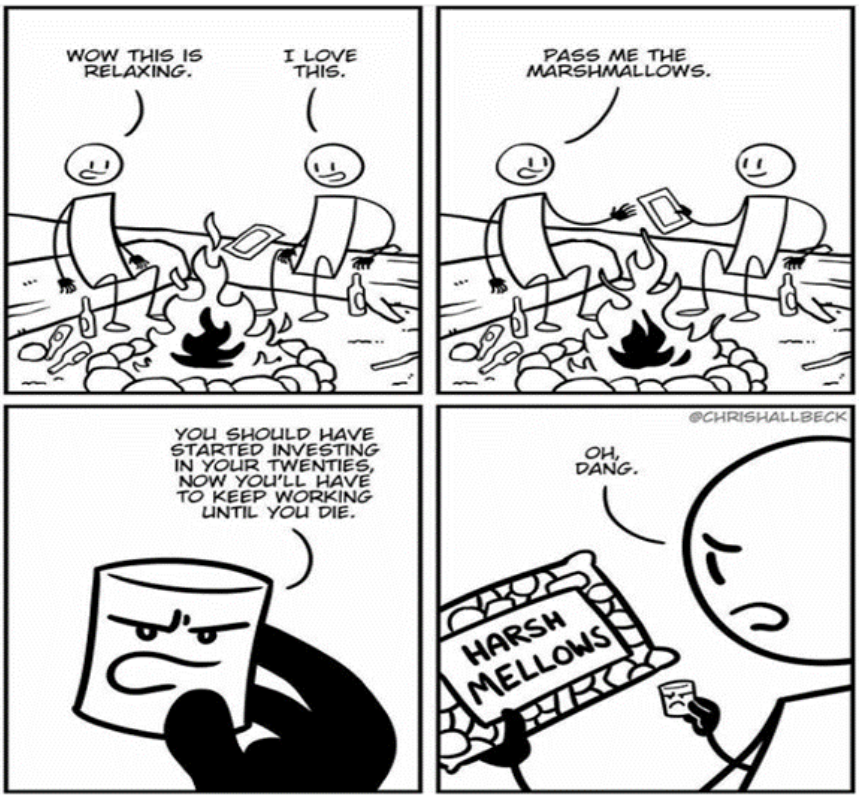
Investment Elections (DC)

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



Investment Elections (DC)

- Methods
  - Investment Election Form
    - Found on NPERS.NE.GOV
- Internet Access
  - Link from NPERS website



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**

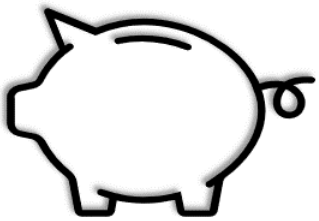
Retirement Vs Termination

- 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:

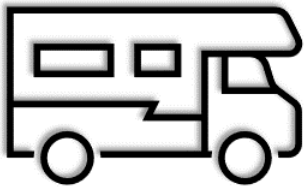
- Deferral
- Distribution
  - Lump Sum or Rollover
  - No limit on number of distributions
- Systematic Withdrawal
- Monthly Annuity
- Combination



Retirement & Termination Options

Cash Balance Participants:

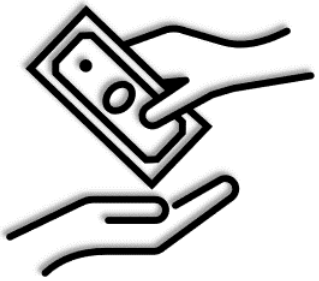
- One time distribution
  - Must include entire account
- Multiple distribution options
  - Monthly Annuity
  - Lump Sum
  - Rollover
  - Combination of Annuity/Lump/Rollover



- Deferral
  - No later than RMD Age

Deferral

- Available for both DC and CB
- Defer distribution
  - Until April 1st 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

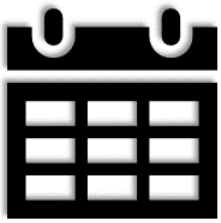
- Rollover all or part of account
  - To an eligible retirement plan or a traditional IRA
- No taxes due at time of rollover
  - Exception when rollover is to a Roth IRA
- Limit on number of rollovers?
  - DC has no limit
  - CB limited to "one-time" distribution
- State CB members can rollover into 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

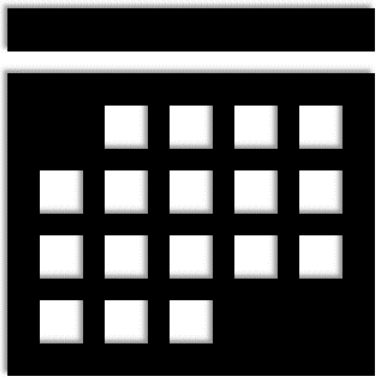
Monthly Annuity

- 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 – 7.2%
  - 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 2023*)

Annuity Options	Defined Contribution		Cash Balance (Tier 1)	
	No COLA	COLA	No COLA	COLA
1) Life Only	$437.34	$348.83	$527.15	$434.75
2) Modified Cash Refund	$409.17	$316.78	$497.35	$403.15
3) Period Certain & Continuous				
a. 5-Year	$432.88	$345.73	$520.45	$429.77
b. 10-Year	$420.29	$336.03	$503.44	$415.85
c. 15-Year	$401.91	$320.21	$481.17	$395.52
4) Joint & Survivor Annuity**				
a. 50%	$403.36	$316.72	$490.03	$398.91
b. 75%	$388.27	$302.78	$473.36	$383.12
c. 100%	$374.27	$290.02	$457.60	$368.53

*Annuity Rates are subject to change **Assumes spouse is the same age

Benefit Estimator

Benefit Estimator

- Non secure section
- Calculates annuity amounts

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

Your Information | Your Estimate

Your Date of Birth (MM/DD/YYYY)	01/01/1957
Estimated Termination Date (MM/DD/YYYY)	02/01/2022
Estimated Month to Begin Benefits Must be after termination date.	Mar 2022 Help
When did you begin plan participation?	Before 1/1/2018 Help
Estimated Amount You Wish to Convert to a Monthly Annuity	60000 Help
What type of retirement will you be taking?	Cash Balance - No COLA Help
Beneficiary Type	Spousal Help
Beneficiary's Date of Birth	01/01/1957
Would you like to calculate your taxes?	No 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

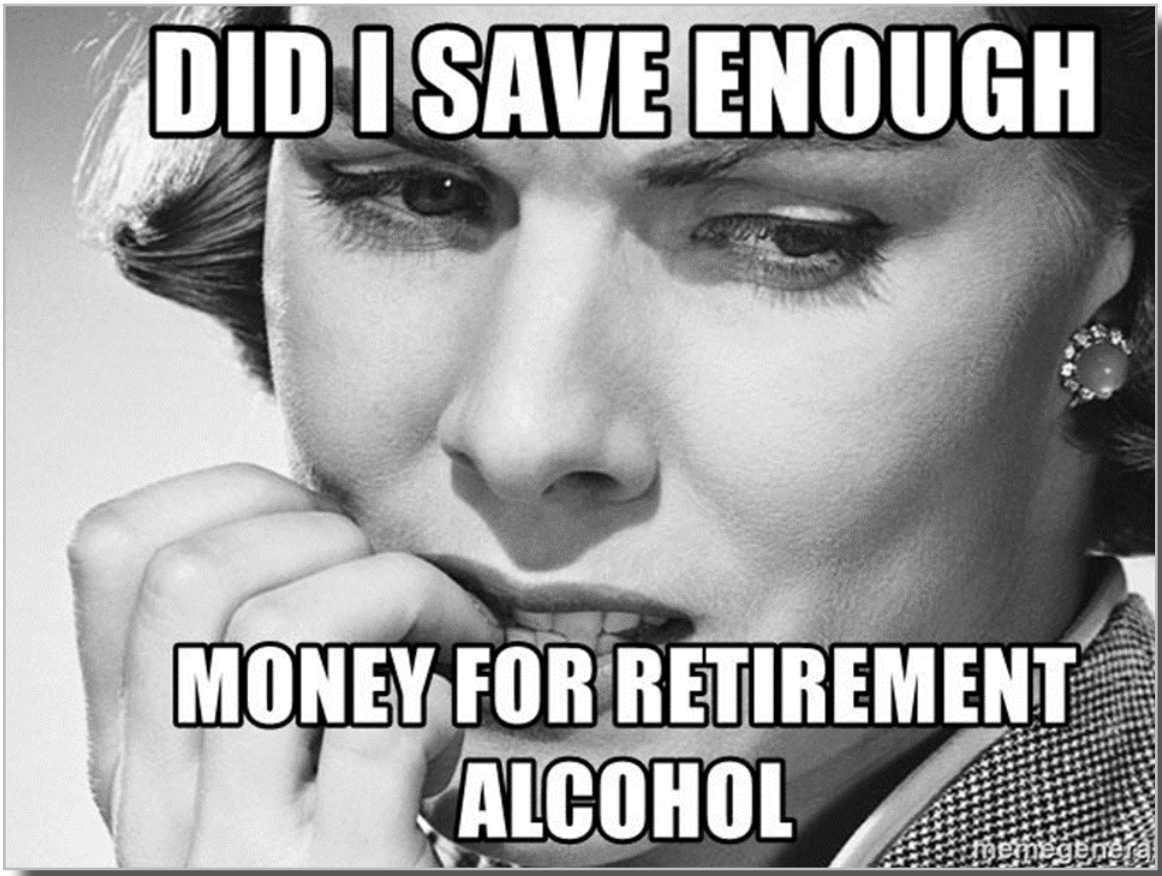
Option	Gross Benefit Amount	Net Benefit Amount
Option 1 - Life Only	$527.15	$527.15
Option 2 - Modified Cash Refund	$497.35	$497.35
Option 3-5 Year Certain & Life	$520.45	$520.45
Option 3-10 Year Certain & Life	$503.44	$503.44
Option 3-15 Year Certain & Life	$481.17	$481.17
Option 4A - 50% J&S	$490.03	$490.03
Option 4B - 75% J&S	$473.36	$473.36
Option 4C - 100% J&S	$457.80	$457.80
Designated Period 5 Years	$1,194.47	$1,194.47
Designated Period 10 Years	$707.41	$707.41
Designated Period 15 Years	$552.34	$552.34
Designated Period 20 Years	$479.91	$479.91

Your Estimate Information

Estimate Calculation Date	01/06/2022
Date of Birth	01/01/1957
Retirement Type	Cash Balance - No COLA
Plan	State Employees Retirement System Tier 1
Plan Participation	Before 1/1/2018
Benefit Start Date	03/01/2022
Termination Date	02/28/2022
Estimated Account Balance	$60,000.00
State Tax Additional Withholding	$0.00
Federal Tax Additional Withholding	$0.00
Beneficiary Date of Birth	01/01/1957

How was my benefit calculated?

Print your personal benefit estimates



When Choosing an Option

Things to consider and discuss before choosing an option:

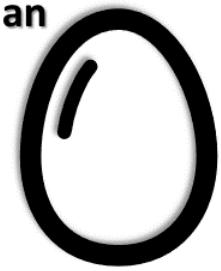
- Your health and family health history
- Other financial income in addition to your retirement benefit
- Your beneficiaries who might depend on a benefit if you die
- The health of your beneficiaries
- The age difference between you and your beneficiaries

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!



Salary Replacement Example

- How State and County annuity rates can help:
  - Defined Contribution Cola Annuity
    - $251,500 purchase price at age 65 (5.61% rate*)
    - Will provide $1,502.72 per month (Life Only)
      - Increases 2.5% every year to help offset inflation
      - Paid for your lifetime
  - Cash Balance Tier 1 Cola Annuity
    - $207,100 purchase price at age 65 (7.75% rate*)
    - Will provide $1500.60 per month (Life Only)
      - Increases 2.5% every year to help offset inflation
      - Paid for your lifetime

*Rates as of January 2023. Rates may fluctuate over time but are "locked in" at time of purchase.

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

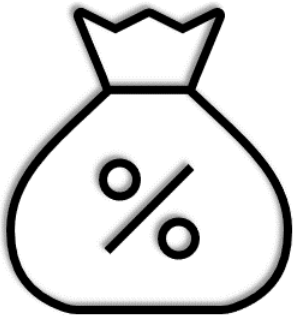
Pre-1985 contributions are returned tax-free based on the "Safe Harbor" method, as required by the Internal Revenue Service. NPERS calculates the "tax-free" portion of your monthly retirement check by dividing pre-'85 contributions by the fixed number of payments assigned per your age at retirement.

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.

Annuity Taxes



- Taxes withheld from each check
  - Federal and Nebraska (W-4P & W-4N)
- Change as needed
  - 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

Disability Retirement

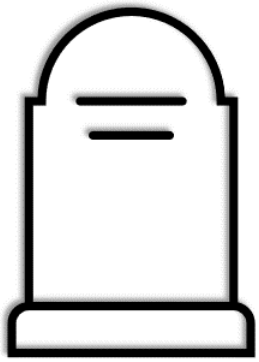
- Allows retirement prior to age 55
- Must have occurred while employed and active in the plan
- Apply within one year
  - Medical exam required

- Allows continuation of medical insurance
- No early withdrawal tax penalties

Death Before Retirement/Termination

Non-Spousal Options:

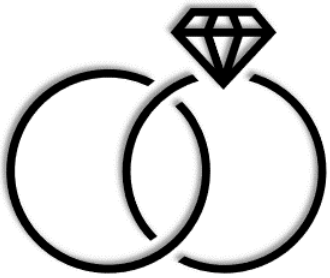
- Withdrawal – Direct or rollover
  - Full distribution within 5 years of death
- Systematic Withdrawal – DC only
  - Full distribution within 5 years of death



Death Before Retirement/Termination

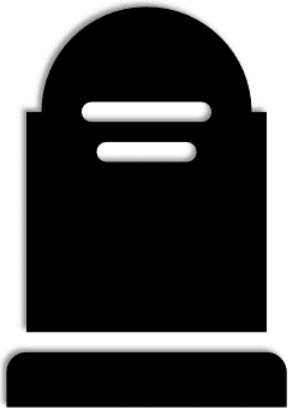
Spousal Options:

- 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

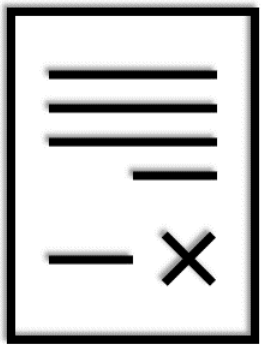
Don't confuse with NIS/Life Ins. Beneficiaries!

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)

NPERS Nebraska Public Employees Retirement Systems

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

Name (Last / First / Middle / Maiden)		Date of Birth - -	Plan Type (check all that apply)
Social Security Number - -	Email Address		☐ School ☐ State ☐ County ☐ Judges ☐ Patrol ☐ DCP
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 shares 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 _____

STAMP HERE

Subscribed and sworn before me this _____ day of _____, _____.

NOTARY PUBLIC SIGNATURE _____ My commission expires: _____.

NPERS1300 Rev. 03/2018 Page 1 of _____

BAR CODE

Sample

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** _____.

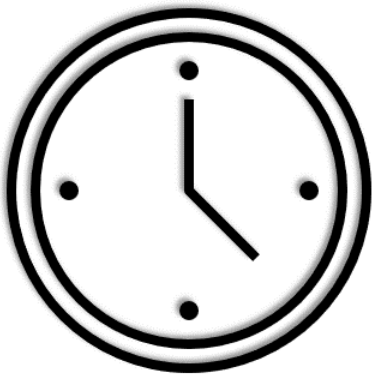
NPERS1300 Rev. 03/2018 Page_____ of _____

BAR CODE

Sample

Reemployment

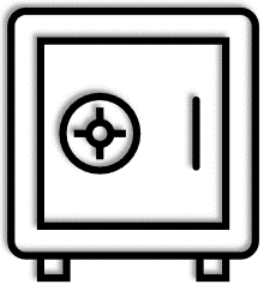
On or After 1/1/2020:



- 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

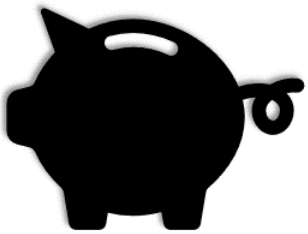
Deferred Compensation Plan

- 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

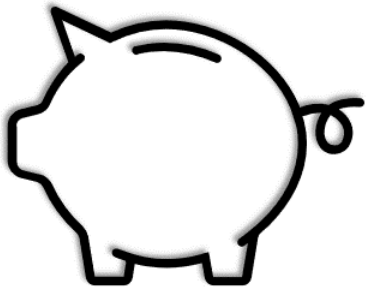
- Automatic paycheck deductions
  - No employer match
- 17 investment funds
  - same funds used for Defined Contribution
  - transfer funds at any time
- Start/adjust/stop/restart contributions
  - as desired per plan provisions
- Contributions are tax deferred



Deferred Compensation Plan

Contribution Limits:

- Minimum of $25 per month
- Higher limits than IRA's
- 2023 Maximum Contribution is $22,500
- Catch-Up Contributions
  - Age 50 provision
    - Maximum increases to $30,000



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 the calendar month prior to termination.
  - Subject to IRS annual or catch-up limits.

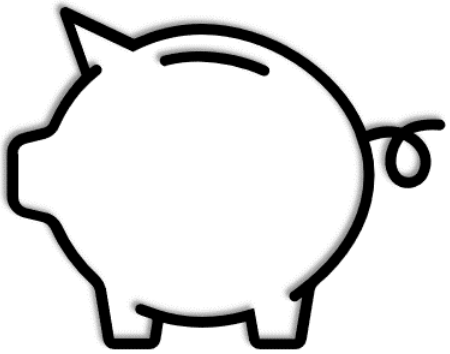
Deferred Compensation Plan

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

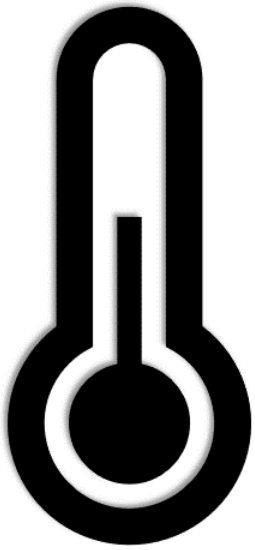
- Plan booklets at NPERS.NE.GOV
    - Contact NPERS with additional questions
- Now enrolling on **Workday**!



Health Insurance

Termination at ages 55-65

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



NEBRASKA

DEPT. OF ADMINISTRATIVE SERVICES

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.

NEBRASKA

DEPT. OF ADMINISTRATIVE SERVICES

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