

OMAHA SCHOOL

EMPLOYEES RETIREMENT SYSTEM HANDBOOK



 **NPERS**

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS



IMPORTANT

This member handbook contains time sensitive information and should be read by all new Omaha School Retirement Plan employees within 30 days of employment.



NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

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npers.ne.gov

OMAHA SCHOOL EMPLOYEES RETIREMENT SYSTEM

Nebraska Revised Statutes
§§ 79-978 through 79-9,124
Internal Revenue Code §401(a)

The Omaha School Employees Retirement System (the OSERS Plan) is a Defined Benefit Plan administered by the Public Employees Retirement Board (PERB) for **all Omaha Public School (OPS) and ESU #19 employees**, certificated and non-certificated. For this handbook, any reference to OPS employees also includes ESU #19 employees.

IMPORTANT



This handbook provides an overview of the benefits available to members of the OSERS plan as of the revision date and is not intended to be a substitute for retirement education. In most circumstances, benefits are established using the statutes in effect at the time of termination. The provisions of the Class V School Employees Retirement Act, in all cases, supersede the information in this handbook.

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

If you have questions, contact:

Nebraska Public Employees Retirement Systems (NPERS)
P.O. Box 94816
Lincoln, Nebraska 68509-4816

Fax 402-471-9493, or call 402-471-2053 or call toll-free 800-245-5712.

You may schedule an appointment to visit NPERS
at 1526 K Street, Suite 400, Lincoln.

For Plan information and to use the Benefit Estimator,
visit the NPERS website: npers.ne.gov.

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TABLE OF CONTENTS

Benefit Tiers	1
Your Benefit	1
Membership	2
Mandatory Membership	2
Reemployed Members	2
Ineligibility	3
Contributions/Funding	3
Exemption from Legal Process	4
Vesting	4
Beneficiary Designation	5
Before Retirement	5
After Retirement	6
Terminating Service Before Retirement Age	6
Deferral	7
Refund	7
Service Credit	8
Accrual Rate	9
Military Service	9
Service Credit Options	10
Repayment of Refund	10
Optional Service Credit	11
Methods of Payment to the OSERS Plan	13
Compensation	14
8% Salary Cap	14
Account Statement	15
Retirement: Age	15
Age 65: Unreduced Normal Retirement	16
Unreduced Early Retirement	16
Rule of 85: Unreduced Early Retirement	16
Early Retirement: Reduced	18
Rules of 82, 83, and 84	18
Retirement: Effective Date	19
Retirement: Application Process	21

Mortality Tables	22
Tiers One, Two, & Three	22
Tier Four	22
Retirement: Benefit Payment Options	22
Sample Benefit Amounts	24
Example: Tier One Calculations	25
Choosing a Payment Option.....	25
Benefit Estimator	25
State Service Annuity	26
Tiers One & Two Only	26
Cost-of-Living Adjustment (COLA)	26
Medical COLA.....	26
Direct Deposit	27
Suspension of Benefits	27
Reemployment	28
Reemployment Before Retirement	29
Reemployment After Retirement	29
Death Benefits	30
Death Benefit After Retirement	30
Death Benefit Before Retirement	30
20 Years of Service	30
Less Than 20 Years of Service	31
Disability Retirement	31
Qualified Domestic Relations Order	32
Retirement Planning Program	33
Taxation	33
When Receiving a Retirement Benefit	34
Safe Harbor	34
When Receiving a Refund of Your Account	35
Required Minimum Distribution	36
Administration of the Retirement Fund	37
Release of Information	38
Fax Policy	39
Appeals Process	39

BENEFIT TIERS

The OSERS plan currently contains four separate benefit “Tiers”. Tier membership is determined by the member’s date of plan participation.

TIER ONE

Tier One refers to members who joined the OSERS plan prior to 7/1/2013.

TIER TWO

Tier Two refers to members who joined the OSERS plan on or after 7/1/2013 and prior to 7/1/2016.

TIER THREE

Tier Three refers to members who joined the OSERS plan on or after 7/1/2016 and prior to 7/1/2018.

TIER FOUR

Tier Four refers to members who joined the OSERS plan on or after 7/1/2018.

WARNING



Members who terminate employment and take a refund or retirement benefit who later return to plan participation will be treated as a new employee per plan provisions. Their tier status will be determined using the date they return to plan participation. Individuals who have taken a refund may return to their prior tier status if the refund is repaid in full (see “Repayment of Refund”).

YOUR BENEFIT

At retirement age, eligible (vested) members will receive a monthly “pension” benefit paid for their lifetime. This benefit is calculated using a formula that multiplies total years of creditable service by the highest fiscal years of salary (final average monthly compensation) and formula factor set by law (currently 2%).

DEFINED BENEFIT FORMULA

Years of
Creditable
Service

X

Final
Average Monthly
Compensation

X

Formula
Factor
(Currently 2%)

=

Monthly
Retirement
Benefit
Payment

THREE IMPORTANT POINTS

- While you are required to contribute to the OSERS plan to accrue your retirement benefits, your account balance is NOT used in the formula when calculating your monthly retirement benefit amount.
- Members CANNOT take a distribution of benefits until they have ceased employment with OPS.
- It is your responsibility to apply for retirement benefits. A terminated member who qualifies for unreduced benefits but fails to apply will incur a partial and potentially complete loss of monthly benefit payments.

MEMBERSHIP

Mandatory Membership

MANDATORY PARTICIPATION

The following employees are *required* to participate in the retirement plan:

- All permanent employees of the OPS district, working at least 30 hours per week on an ongoing, regular basis or with a full-time contract.
- A permanent employee initially hired at less than 30 hours per week who provides service for an average of 30 hours or more per week in each calendar month of any three calendar months of a fiscal year must be enrolled in the retirement plan beginning with the next payroll period.

Employers will use a formula to calculate the 30 hours referenced above. That formula is the total number of hours worked in a calendar month, divided by the actual number of days in the month, times 7 (days in a week).

An employee must adequately prove citizenship or lawful presence, in alignment with Nebraska law, to participate in the plan.

Reemployed Members

- If you took either a refund or a monthly retirement benefit, then you must reestablish membership eligibility as stated above in the Mandatory Participation section.

In all circumstances, if you are returning to work after taking a refund or retirement benefit, you must incur a 180-day break in service prior

to reemployment at a OPS. As of March 19, 2024, the 180-day break begins between the later of: your date of separation from regular, full time service or the date NPERS receives your distribution application.

Ineligibility

EMPLOYEES NOT ELIGIBLE TO PARTICIPATE IN PLAN

The following employees are not eligible to participate in the retirement plan:

- Employees under age 18.
- **Substitutes** (unless employed in another capacity which qualifies for retirement). Substitute employee means a person hired by a public school as a temporary employee to assume the duties of regular employees due to the temporary absence of the regular employees. Substitute employee does not mean a person hired as a regular employee on an ongoing basis to assume the duties of regular employees who are temporarily absent.
- **Temporary employees.** A temporary employee is defined as an employee who is hired to provide service for a limited period of time to accomplish a specific purpose or task. When such specific purpose or task is complete, the employment shall terminate. The temporary employment period cannot exceed one year in duration and should be supported by an employment agreement.

CONTRIBUTIONS/FUNDING

FUNDING SOURCES

Your monthly benefit is *funded* from the following sources:

- Member contributions
- Employer contributions
- Contributions from the State of Nebraska
- Investment earnings

As a **MEMBER** of the OSERS plan, you are required to contribute a percentage of your gross compensation. Under current law your contribution rate is **9.78%**.

Your **EMPLOYER** is required by law to match your contributions at the rate of **101%**.

The State of Nebraska contributes a percentage of total members' compensation. These funds are appropriated by the Legislature. The current State of Nebraska contribution rate is **2.0%**.

The Nebraska Investment Council invests the assets of the OSERS plan to help fund the lifetime benefits issued to eligible members. The Investment Council invests in a variety of investment vehicles, including bonds and fixed investments and domestic and foreign equities (stock).

IMPORTANT



Employer contributions, funding from the State of Nebraska, and investment earnings are not credited to your account but instead provide funding for the lifetime monthly benefit provided to eligible members at retirement.

EXEMPTION FROM LEGAL PROCESS

All Plan assets are held *in trust*. Under current law, these assets are immune from execution, garnishment, attachment, bankruptcy and insolvency laws, or any other process of law. You cannot use your assets as loan collateral since they are not assignable.

EXCEPTIONS TO EXEMPTION FROM LEGAL PROCESS

There are only two means by which your trust assets can be paid to anyone other than yourself or your beneficiaries:

- A qualified domestic relations order; **OR**
- An IRS tax lien.

VESTING

Members must be vested in order to be eligible for a monthly retirement benefit. Unvested members are only eligible for a refund consisting of their contributions, plus interest.

VESTING PROVISIONS

There is one vesting provision per state statute:

- Accruing five years of service credit in the OSERS plan excluding years of prior service acquired through a purchase of service (refunded service that is purchased will count towards vesting).

BENEFICIARY DESIGNATION

Before Retirement

At the time you join the OSERS plan, you will be provided a Beneficiary Designation Form to designate the person or persons you wish to receive your benefits if you were to die before retiring and selecting a retirement benefit option. The Beneficiary Designation Form must be properly *completed, signed, notarized, and received* by NPERS prior to your death to be effective. You may change your beneficiary designations *at any time* before retirement and should **always** be sure your beneficiary information is *current* and up to date.

IMPORTANT



The beneficiary designations you elect can drastically impact the death benefit amount and payment options. (see “Death Benefits”).

COMPLETING THE BENEFICIARY DESIGNATION FORM

- You may name primary and contingent beneficiary(ies).
- You may name a person or a trust. Please include the full name and date of the trust, along with the name of the trustee and their contact information. When designating a living trust, NPERS will need a point of contact who in theory will survive you.
- If you have more than one retirement account at NPERS you may mark your Beneficiary Designation Form (“Plan Type” – upper right corner) for all accounts, or file separate Beneficiary Designation Forms if you want to name different beneficiaries for each account.

DISTRIBUTION OF BENEFITS

- Benefits will go to your primary beneficiary(ies) in equal amounts unless you assign specific percentages.
- If you designate multiple primary beneficiaries and one or more of them predecease you, your benefits will be divided among the remaining primary beneficiaries.
- NPERS does not observe the passing of benefits to the heir(s) of deceased beneficiary(ies) *per stirpes*.
- Only if all your primary beneficiary(ies) have predeceased you, will benefits go to your contingent beneficiaries.
- If there is no surviving designated beneficiary on file, a refund of the member account will be paid to the spouse married to the member on the member’s date of death. If there is no eligible spouse, benefits will be issued to the member’s estate.

IMPORTANT



Beneficiary(ies) designated on a beneficiary form generally take priority over beneficiary(ies) named in a will or trust.

To change or update your beneficiary designations, you should request a Beneficiary Designation Form from your employer, from NPERS, or print from the website at npers.ne.gov. When NPERS receives your properly completed, signed and notarized form, it will cancel any previous beneficiary designation. Be sure to fill out the form completely. If information is missing or not properly completed, a copy of the form will be returned to you and a new form provided for resubmission.

CIRCUMSTANCES FOR BENEFICIARY REVIEW

We recommend reviewing your beneficiary designation under the following circumstances:

- You or a beneficiary marries or becomes divorced.
- A beneficiary dies.
- You have a child.
- You return to OPS employment after having received a distribution of your account.
- You return to OPS employment after retiring (see Reemployment).

NPERS cannot provide beneficiary information over the phone; however, you may request this information in writing or submit a new beneficiary form to our office.

After Retirement

When you are going through the retirement process and completing the Omaha School Application for Retirement form, you will re-designate a person or persons as your beneficiary(ies) based on the retirement benefit payment option you select (see “Retirement Benefit Payment Options”).

TERMINATING SERVICE BEFORE RETIREMENT AGE

If you terminate service with OPS *before* you become eligible for monthly retirement benefits, you have the following choices:

Deferral

If you are vested, you may leave your account on an inactive basis until you reach retirement age and apply for your monthly benefit (see “Retirement: Age & Retirement: Effective Date”).

PLEASE NOTE

- Members who are not vested may defer their account up to the Required Minimum Distribution (RMD) age but are not eligible to receive a monthly retirement benefit (see “Eligibility/Vesting” and “Taxation”).
- Monthly benefits will not increase once a *vested and terminated* member reaches the age/status when they can draw an unreduced benefit. Failure to apply for benefits will result in a partial or potentially complete loss of monthly benefits.

IMPORTANT



Terminated members should report address changes in writing directly to NPERS. An address change form is available on the “Forms” page of the NPERS website. A terminated member *who has deferred taking benefits* (inactive member) may change their address online if they have created an NPERS online account. **Members who fail to maintain an updated address with NPERS may have their account balance transferred to Unclaimed Property and will forfeit their monthly benefit.**

IMPORTANT



Terminated members must apply for and begin receiving benefits prior to the Required Minimum Distribution (RMD) deadlines. Failure to meet these deadlines will result in the loss of pension benefits and the eventual transfer of the account to Unclaimed Property (see “Taxation”).

Refund

You may withdraw your accumulated contributions and interest in a lump sum refund paid directly to you or rolled over (transferred) to another eligible retirement plan or Individual Retirement Account (IRA).

To apply, you must request an Omaha School Application for Refund from NPERS or print the application from the website at npers.ne.gov. You are *eligible* to receive a refund no earlier than four months after termination. Applications are processed in the order received and as soon as administratively possible. (To understand the tax implications of taking a refund, see “Taxation.”)

WARNING



Refunds do not include employer matching contributions. In addition, taking a refund erases your years of service credit and terminates plan membership. Members who take a refund and return to plan participation will return as a new member and participate under the tier provisions in effect as of the date they returned to plan participation. These individuals may restore their prior tier status if the refund is repaid in full (see "Repayment of Refund").

IMPORTANT



A refund over \$25,000 must be PAID via Automated Clearing House (ACH). This is similar to a one-time direct deposit and will be made to the financial institution you choose.

SERVICE CREDIT

The service credit used to calculate your benefit is defined per state statute. All employees must have their hours tracked every time they render service, at the time they render service, to ensure they receive the correct retirement benefit.

There are different types of service credit that is earned for OSERS members.

- Membership service is service credit earned for hours of compensated service as an employee of OPS.
- Prior service is service credit which can be purchased (see Optional Service Credit).
- Creditable service is the sum of membership service and prior service.

CREDITABLE SERVICE INCLUDES

For members who joined the plan prior to July 1, 2018

- Hours worked
- Hours the member is paid by the school district during periods when no service is performed due to vacation or approved leave.

For members who joined the plan on or after July 1, 2018

- Hours worked
- Used sick hours, used vacation hours, federal and state holidays, and jury duty leave.

CREDITABLE SERVICE DOES NOT INCLUDE

- Lump-sum payments to the employee upon termination or retirement in lieu of accrued benefits for such days
- Service years for which member contributions are withdrawn and not repaid by the member
- Service which the board determines was rendered with the intent to defraud the retirement system

Accrual Rate

Service credit is accrued based on the total eligible hours worked.

SINCE SEPTEMBER 1, 2005

- If you work 1,000 or more hours in a plan year (September 1-August 31), you will receive one year of creditable service.
- If you work less than 1,000 hours in a plan year, you will be credited service in 1/10th year increments for every 100 hours worked.

Military Service

Members who are reemployed after qualified military service may purchase service credit for their period of military service. The member shall pay the sum of all deductions which would have been made from salary they would have received during the period of military service for which service credit is desired. Military service credit provisions only apply to service that falls within the definition of uniformed service per the Uniformed Services and Reemployment rights Act of 1994 (USERRA).

Members who wish to purchase credit must complete payment within five years of their return from active military service. Please contact NPERS for further assistance regarding eligibility, the application process, applicable time frames, and the documentation necessary to support such an agreement.

HEART ACT

Heroes Earnings Assistance and Relief Tax Act of 2008

For any member whose death occurs on or after January 1, 2007, while performing qualified military service, the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act) requires their beneficiary(ies) be entitled to any additional death benefit he or she would have received had the member been employed during the period of military service when the death occurred. For assistance, contact NPERS.

SERVICE CREDIT OPTIONS

INCREASING YOUR CREDITABLE SERVICE

There are several ways you can increase your creditable service through the payment of money to the OSERS plan. *These fall into two categories:*

1. Repayment of Refund

2. Optional Service Credit

Repayment of Refund

Repaying a refund reinstates prior membership service and if the refund is repaid in *full*, it will return you to your prior benefit tier status. In addition, if this restored service includes any of your highest fiscal years of compensation, it will be used when calculating your final average compensation.

An application to repay a refund may be submitted on a **one-time basis** under the following conditions:

- You must be a regular employee contributing to the OSERS plan.
- You must apply for and repay the refund **within the first five years of reemployment or prior to termination**, whichever is earlier.
- Due to processing timelines, your Application for Purchase of Refunded Service form must be received by NPERS **at least 60 days prior to the five-year or termination deadlines**.
- If the refund is not repaid in full by the deadline, service credit will be restored in proportion to the amount repaid.

Repayment costs are calculated based on the amount of the refund and the interest on the amount of the restored refund for the period of his or her absence from service that would have been earned on the funds from the time the refund was taken until it is repaid. For your convenience, you may *estimate* the cost using the refund repayment factors on the Omaha School “Plan Info” page on the NPERS website.

You may repay all or a portion of the refund. Your “most recent” years must be purchased first. If you wish to return to your prior benefit tier, you must repay the refund in full.

EXAMPLE

If you took a refund which erased three years of service credit:

Starting with the most recent service, you may elect a **one-time** repayment for one, two, or all three years.

STEPS TO REPAY A REFUND

Step 1

Make a request to NPERS at least 90 days in advance of the five-year or termination deadlines to request a refund repayment estimate. NPERS will calculate an estimated cost and send you the Omaha Application for Purchase of Service and Method of Payment forms.

Step 2

Complete and submit the Omaha Application for Purchase of Service and Method of Payment forms to NPERS. These forms must be received at least 60 days prior to the five-year or termination deadline. Be aware this will be your one-time opportunity to elect repayment. NPERS will assign a payment due date and calculate a final cost based on the repayment option you selected. You will be notified by mail of this amount and the due date.

Step 3

Payment must be received in our office by the five-year or termination deadlines. Methods of payment are explained at the end of this section. Members who submit a repayment application within one year of the five-year or termination deadlines cannot utilize the payroll deduction option for repayment of a refund.

Optional Service Credit

There are three types of optional service credit that may be purchased:

1 OUT-OF-STATE / NEBRASKA PUBLIC SCHOOL SERVICE

You may purchase credit for public school service outside of Nebraska or in the Nebraska Public Schools under these conditions:

- You are a regular employee contributing to the OSERS plan.
- Credit is limited to the amount of service forfeited, up to a maximum of 10 years.
- Credit is limited to an amount equal to your total membership service acquired at OPS upon termination.
- You must provide proof of forfeiture of benefits in order to purchase service.
- You must pay the total amount you would have contributed to the OSERS plan had you been a member during the period for which out of state service is being purchased and interest that would have accrued.

Your application to purchase out-of-state service credit may be made at any time before the fifth anniversary of your membership to the OSERS plan or your termination, whichever is earlier.

Full payment must be received within five years of your membership in the OSERS plan. If you terminate with OPS before full payment for out-of-state service has been made, any remaining installments shall be due immediately.

The service purchased will be used when calculating your retirement benefit, but the salary associated with the out-of-state service will not be used in the calculation.

Your out-of-state or Nebraska Public School service and salary must be verified before NPERS can provide a purchase cost to you.

2 ALL PURPOSE BUY-IN

You may purchase additional years of service credit. To qualify, all of the following conditions must be met:

- You are a regular employee contributing to the OSERS plan.
- If you joined the OSERS plan before July 1, 2014, you must have a minimum of five years of membership service. If you joined the OSERS plan on or after July 1, 2014, you must have a minimum of ten years of membership service. Membership service credit does not include service obtained through a purchase of service (see “Vesting”).

You may purchase up to five additional years of service. The election to purchase additional service credit may be made at any time before your termination and the purchase must be completed within five years after the election or your termination, whichever is first.

STEPS TO PURCHASE OPTIONAL SERVICE CREDIT

STEP 1	Contact NPERS and indicate type and amount of service you wish to purchase. Due to the time frames involved, NPERS recommends initiating requests to purchase optional service credit no less than 12 months prior to termination.
STEP 2	NPERS will calculate an estimated cost and send you the Omaha Application for Purchase of Service and Method of Payment forms.
STEP 3	Complete and submit the Omaha Application for Purchase of Service and Method of Payment forms to NPERS no less than 60 days prior to your last day of employment. If this paperwork is not received 60 days prior to termination, you will not be allowed to purchase service credit.

STEP 4	You will be notified by mail of the final purchase price and payment due date.
STEP 5	Payment must be received in our office by the due date or prior to termination – whichever is earlier.

3 LEAVE OF ABSENCE

A leave of absence includes but is not limited to a sabbatical, maternity leave, exchange teaching programs, full-time leave as an elected official of a professional association or collective-bargaining unit, or leave of absence to pursue further education or study. You may purchase service credit for a qualified leave of absence under these conditions:

- You must be a regular employee contributing to the OSERS plan.
- The leave of absence must be authorized by your board of education or the school district.
- You may purchase time equal to the leave which cannot exceed four years in length.
- You must return to employment with OPS within one year after completing the leave of absence.
- You must pay the required employee and employer contributions that would have been made on your behalf if you had not taken the leave of absence, plus interest that would have accrued on the contributions, based on your compensation for the period immediately prior to the leave of absence. Payment must be completed within five years of the date the leave of absence ends or prior to your termination date, whichever is sooner.

The creditable service purchased for a leave of absence will be used to calculate your retirement benefit, but the salary associated with the service cannot be used in the calculation.

The leave of absence must be verified before NPERS can provide a purchase cost to you.

Methods of Payment to the OSERS plan

You may make payment to the OSERS plan through after-tax direct payments or installment payments, after-tax payroll deductions, or rollover payments. Payment options may be restricted in order to satisfy statutorily mandated deadlines. Personal checks are not accepted.

As a payment, you may use a rollover from another qualified 401(a) plan, [including a 401(k) plan], a 403(a) or (b) Tax Sheltered Annuity Account,

a 457(b) Eligible Deferred Compensation Plan, or a 408(a) Individual Retirement Account. You may also use a trustee-to-trustee transfer from a 457 Deferred Compensation Plan or a 403(b) Tax-Sheltered annuity. Roth money is not permitted to be used to purchase service credit.

Payments made to purchase service on an after-tax basis will be subject to contribution limits under §415 of the Internal Revenue Code. §415 limits do not apply to a repayment of refund. You may wish to consult with a tax professional for assistance.

COMPENSATION

TIER ONE	TIERS TWO/THREE/FOUR
<p>At retirement, your three highest fiscal years of salary are used to determine your <i>final average monthly compensation</i> when calculating your benefit (see “8% Salary Cap”).</p>	<p>At retirement, your five highest fiscal years of salary are used to determine your <i>final average monthly compensation</i> when calculating your benefit (see “8% Salary Cap”).</p>

Compensation means gross wages or salaries payable to the member during a fiscal year and includes overtime pay, member retirement contributions, retroactive salary payments paid pursuant to court order, arbitration, or litigation and grievance settlements, and amounts contributed by the member to plans under sections 125, 403(b), and 457 of the Internal Revenue Code.

Compensation **does not include** fraudulently obtained amounts as determined by the retirement board, amounts for accrued unused sick leave or accrued unused vacation leave converted to cash payments, insurance premiums converted into cash payments, reimbursement for expenses incurred, fringe benefits, per diems paid as expenses, bonuses for services not actually rendered, early retirement inducements, cash awards, severance pay, or employer contributions made for the purposes of separation payments made at retirement and early retirement inducements.

Compensation in excess of the limitations set forth in section 401(a)(17) of the Internal Revenue Code, as defined in section 49-801.01, shall be disregarded.

8% Salary Cap

8% CAP
<p>Increases in compensation for plan members will be capped at 8% per fiscal year when calculating retirement benefits per Nebraska statute. Capping is applied to the five fiscal years prior to your date of final compensation or retirement date, whichever is later. No exceptions of increasing the 8% cap will be allowed.</p>

ACCOUNT STATEMENT

Each year, NPERS will mail an account statement to your home address. To ensure you receive your statement, **always inform your employer of any address changes**. Members who terminate prior to reaching retirement age should notify NPERS of any address changes.

The annual account statement is the document NPERS uses to inform you of your estimated years of service credit and compensation for the prior fiscal year as reported by your employer. Compensation and service credit are considered “estimated” until reviewed and verified by NPERS.

Your benefit is determined using your total years of creditable service and highest fiscal years of compensation. It is critical you review this data as reported on your Account Statement! **It is your responsibility to notify NPERS of any potential service or salary errors.**

If you believe your account statement is in error, you should contact NPERS. We will review your records, provide you with a detailed breakdown of your service credit and reported compensation, and then work with you and your employer to resolve any discrepancies.

Your total member contributions and accumulated interest are also reported on your statement. Interest is compounded annually and at a rate equal to the daily treasury yield curve for one-year treasury securities, as published by the Secretary of Treasury of the United States. The interest rate is updated at the beginning of each fiscal year on September 1. Employer contributions and investment earnings are used for funding the monthly lifetime retirement benefits and are not credited to your account. Therefore, they will not appear on your statement.

RETIREMENT: AGE

Once vested, your age and creditable service will determine if you are eligible to begin receiving monthly benefits and if those benefits are reduced or unreduced.

IMPORTANT



There are two important points to remember:

- NPERS will calculate benefits using your age on your effective date of retirement rather than your age when you ceased employment.
- Benefits are calculated based on the law in effect at the time you terminate employment.

Age 65: Unreduced Normal Retirement

“Normal” retirement age is age 65. Vested members are eligible to receive an unreduced retirement benefit at age 65.

Unreduced Early Retirement

TIERS ONE & TWO

At age 62 with ten years of creditable service, including five years of membership service, you may qualify to receive an unreduced retirement benefit.

Rule of 85: Unreduced Early Retirement

TIERS ONE/TWO/THREE

At ages 55 to 64, you may qualify to receive unreduced benefits under the “Rule of 85” if your attained age plus your creditable service equals 85 or greater.

EXAMPLE: 55 YEARS OF AGE, 30 YEARS OF SERVICE



55
Years of Age

+

30
Years of Service

=

85

There is no early retirement reduction of your benefit.

EXAMPLE: 58 YEARS OF AGE, 27 YEARS OF SERVICE



58
Years of Age

+

27
Years of Service

=

85

Eligible for an unreduced retirement benefit.

NPERS measures your years of service credit and attained age in one-half year increments.

EXAMPLE: 55.5 YEARS OF AGE, 29.5 YEARS OF SERVICE



55.5
Years of Age

+

29.5
Years of Service

=

85

Eligible for an unreduced retirement benefit.

TIER FOUR

At ages 60 to 64, you may qualify to receive unreduced benefits under the “Rule of 85” if your attained age plus your creditable service equals 85 or greater.

EXAMPLE: 60 YEARS OF AGE, 25 YEARS OF SERVICE



60
Years of Age

+

25
Years of Service

=

85

There is no early retirement reduction of your benefit.

EXAMPLE: 63 YEARS OF AGE, 22 YEARS OF SERVICE



63
Years of Age

+

22
Years of Service

=

85

You are eligible for an unreduced retirement benefit.

NPERS measures your years of service credit and attained age in one-half year increments.

EXAMPLE: 60.5 YEARS OF AGE, 24.5 YEARS OF SERVICE



60.5
Years of Age

+

24.5
Years of Service

=

85

If you have 24.5 years of service, you will meet the “Rule of 85” once you attain the age of 60 and six months.

Early Retirement: Reduced

TIERS ONE AND TWO

You may qualify to receive a reduced retirement benefit as early as age 55 with ten years of service including five years of membership service. There will be a **permanent** 0.25% reduction for each month or partial month your attained age is less than age 62.

TIERS THREE AND FOUR

You may qualify to receive a *reduced* retirement benefit as early as age 60 if you have five or more years of creditable service.

There will be a **permanent** 0.25% reduction for each month or partial month your attained age is less than age 65.

ATTAINED AGE (MUST BE AT LEAST 60)	BENEFIT REDUCTION
60	15%
61	12%
62	9%
63	6%
64	3%

**Your attained age is measured in one-half-year increments.*

Rules of 82, 83, & 84

TIERS ONE AND TWO ONLY

Any retirement annuity which begins prior to your 62nd birthday will be reduced by 0.25% for each month or partial month between the date the annuity begins and your 62nd birthday, unless

- The sum of your attained age and creditable service is 84, then your annuity will not be reduced by more than 3%;
- The sum of your attained age and creditable service is 83, then your annuity will not be reduced by more than 6%;
- The sum of your attained age and creditable service is 82, then your annuity will not be reduced by more than 9%.

Your creditable service and attained age are measured in one-half-year increments.

RETIREMENT: EFFECTIVE DATE

An “effective date” is the starting point when your monthly retirement benefits commence.

EFFECTIVE DATE

The effective date of your retirement will be the first day of the month following:

- The date your OPS employment terminates;
AND
- The date your completed Omaha School Application for Retirement is received by NPERs;
AND
- The date your age and service allow eligibility for benefits.

WARNING



If you do not file your application for retirement with NPERs in a timely manner in accordance with these requirements, it will result in a loss of benefit payments. ***If you have questions about how your effective date of retirement is established, please contact NPERs for clarification.***

EXAMPLE: DETERMINING EFFECTIVE DATE



If you are age 55, have 30 years of service and your OPS employment terminates May 25, your effective date would be June 1 (provided your application has been received prior to June 1).

$$\begin{array}{|c|} \hline \mathbf{55} \\ \hline \text{Years of Age} \\ \hline \end{array} + \begin{array}{|c|} \hline \mathbf{30} \\ \hline \text{Years of Service} \\ \hline \end{array} + \begin{array}{|c|} \hline \mathbf{5/25} \\ \hline \text{Termination} \\ \hline \end{array} = \begin{array}{|c|} \hline \mathbf{6/1} \\ \hline \text{Effective Date} \\ \hline \end{array}$$

However, if you have 30 years of service, your OPS employment terminates May 25, but you do not turn age 55 until June 15, your effective date would be July 1. If you were to inadvertently wait until September to submit your completed application to NPERs, your effective date would be October 1, and you would have lost benefit payments for July, August and September.

Your employer will notify NPERS of the date of your termination by submitting a Non-Contributing Member Form. Your employment contract language will be used to determine the date your employer-employee relationship is dissolved for purposes of determining your effective date of retirement.

You must incur a bona fide termination in order to begin drawing your retirement benefit.

You can expect your first payment as soon as administratively possible after your effective date of retirement provided NPERS has received all necessary documentation. No matter when you actually receive your first payment, it will be retroactive to your effective date of retirement. *During peak summer retirement months, processing time could be longer.*

- If the school has reported your total hours and submitted all contributions at the time NPERS processes your account, we will process your benefit payment as a final monthly retirement benefit.
- If the school has reported your total hours but not yet submitted all contributions to NPERS, we may be able to process a 95% “preliminary” monthly retirement benefit. The recalculation will include all salary and contribution information received from the school and will finalize your monthly retirement. Recalculation of your benefit may or may not change your monthly benefit amount.

RETIREMENT: APPLICATION PROCESS

IMPORTANT



It is your responsibility to apply for your benefit! Retirement benefits will not start automatically. **Delaying your application may result in a partial or complete loss of pension benefits!**

STEPS TO TAKE BEFORE YOU RETIRE

Step 1

Contact NPERS at least three months before your anticipated retirement/ effective date to avoid delays in payment. If you contact NPERS in writing, please include your name, phone number, home address, retirement number, position, and your anticipated date of termination. If you wish to include estimated benefits for the Joint and Survivor options, please include the date of birth of the individual you intend to select as your beneficiary. (see "Retirement Benefit Payment Options").

Step 2

NPERS will verify your salary and service history and create an estimate of benefits based on your current account status. Final benefit amounts will be determined when your employer submits your final salary and service data to our office and when your retirement application is received by NPERS.

Step 3

NPERS will send you a retirement packet. This packet will contain your estimate of benefits and the paperwork you need to complete including the Application for Retirement form.

Step 4

Complete and return your Omaha School Application for Retirement to NPERS preferably 30 days prior to your effective date of retirement. You may file your application by mail or in person by making an appointment with NPERS.

Step 5

Verify your age by filing with NPERS an acceptable proof of age. A list of proofs will be provided in the retirement estimate packet sent to you.

MORTALITY TABLES

TIERS ONE, TWO, & THREE

Benefits are calculated using 1994 Mortality Tables.

TIER FOUR

Benefits are calculated using mortality tables and actuarial factors recommended by the OSERS plan actuary and approved by the PERB.

These rates are subject to change per the PERB's discretion. Monthly benefits will be calculated using the mortality table and actuarial factors in effect when a member begins retirement (effective date).

RETIREMENT: BENEFIT PAYMENT OPTIONS

IMPORTANT



You will receive a retirement benefit **for your lifetime** regardless of the benefit payment option (annuity) you select. The option selected will determine the potential death benefit and final benefit amount.

For examples of benefit dollar amounts, see "Sample Benefit Amounts."

GUARANTEED PAYMENTS

All annuity options below, excluding option B, have a guarantee of 60 payments should you and your beneficiary(ies) die before receiving 60 payments. If you and your beneficiary die before the guaranteed payments have been made, then NPERS will pay the beneficiaries of the last surviving of the member or beneficiary(ies). If there is no beneficiary form on file, then the payments will be made to the estate of the last surviving of the member or beneficiary(ies).

OPTION A

5-YEAR CERTAIN AND CONTINUOUS

Provides a monthly payment for your lifetime. If you die before receiving 60 payments, the remaining monthly payments will be paid to your beneficiary(ies) or estate. You may list as many beneficiaries as you wish, and you may change these beneficiaries at any time after retirement.

OPTION B

10-YEAR CERTAIN AND CONTINUOUS

Provides a monthly payment for your lifetime. If you die before receiving 120 payments, the remaining monthly payments will be paid to your beneficiary(ies) or estate. You may list as many beneficiaries as you wish, and you may change these beneficiaries at any time after retirement.

OPTION C

100% JOINT AND SURVIVOR ANNUITY

Provides a monthly payment for your lifetime. When you die, your survivor will receive 100% of your benefit, paid monthly for his/her lifetime. Your survivor may be your spouse or another person whose adjusted age (see adjusted age definition below) is less than 10 years younger than your attained age in the year your benefit starts. Should your survivor predecease you, you cannot select another survivor. NPERS will require legible proof of age for your beneficiary. This option is not available to an Alternate Payee.

OPTION D

75% JOINT AND SURVIVOR ANNUITY

Provides a monthly payment for your lifetime. When you die, your survivor will receive 75% of your benefit, paid monthly for his/her lifetime. Your survivor may be your spouse or another person whose adjusted age is less than 19 years younger than your attained age in the year your benefit starts. Should your survivor predecease you, you cannot select another survivor. NPERS will require legible proof of age for your beneficiary. This option is not available to an Alternate Payee.

OPTION E

50% JOINT AND SURVIVOR ANNUITY

Provides a monthly payment for your lifetime. When you die, your survivor will receive 50% of your benefit, paid monthly for his/her lifetime. Should your survivor predecease you, you cannot select another survivor. NPERS will require legible proof of age for your beneficiary.

OPTION F

“POP-UP” JOINT AND SURVIVOR ANNUITY

Provides a monthly payment for your lifetime. When you die, your survivor will receive 100% of your benefit, paid monthly for their lifetime. Your survivor must be your spouse or a person whose adjusted age in the calendar year that payments start is less than 10 years younger than your attained age in that calendar year. If your survivor dies before you, your monthly benefit will increase to the amount you would have received had you chosen the 5-Year Certain and Continuous annuity. NPERS will require legible proof of age for your beneficiary.

ADJUSTED AGE

Your survivor's adjusted age is their attained age in the calendar year in which payment of your annuity commences plus the number of years, if any, by which your attained age in the calendar year in which payment of your annuity commences is younger than seventy years.

EXAMPLE

You are age 65 in the year when your annuity commences, and your survivor is age 55. Therefore, your survivor's adjusted age is 60.

$$70-65 \text{ (your age)} = 5; 55 \text{ (your survivor's age)} + 5 = 60$$

Sample Benefit Amounts

The following are examples of benefit amounts for a tier one member with a final average monthly compensation of \$2,916.66 (\$35,000 gross annual salary) and 20 total years of service. The “Rule of 85” estimate increases the years of service from 20 to 30, which accounts for the larger benefit amount.

Benefits are actuarially adjusted to offset potential death benefit payments and benefits for the other tiers will differ from the tier one examples in this handbook. All members are encouraged to utilize the benefit estimator on our website. When you apply for benefits, an official estimate of your monthly benefits will be included in your retirement packet. This estimate will be based on the creditable service and compensation you have acquired at that time.

Example: Tier One Calculations

Based on \$2,916.66 as final average monthly compensation	<u>Normal</u>	<u>Reduced</u>	<u>Rule of 85</u>
	Age 65 (20 Years)	Age 60 (20 Years)	Age 55 (30 Years)
5-Year Certain	\$ 1,166.66	\$ 1,096.66	\$ 1,750.00
10-Year Certain	\$ 1,147.72	\$ 1,085.96	\$ 1,738.78
J&S 100%	\$ 1,071.42	\$ 1,021.78	\$ 1,650.09
J&S 75%	\$ 1,098.23	\$ 1,042.58	\$ 1,677.58
J&S 50%	\$ 1,126.43	\$ 1,064.22	\$ 1,706.02
Pop-Up J&S	\$ 1,054.01	\$ 1,010.09	\$ 1,632.72

J&S options assume the beneficiary is the same age as the member.

Choosing a Payment Option

CONSIDERATIONS WHEN CHOOSING A PAYMENT OPTION

Things to consider and discuss with your family before choosing a payment 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

Benefit Estimator

Members who wish to calculate an estimate of benefits may visit the benefit estimator on the NPERS website. This tool will allow you to enter whatever data you wish and estimate a monthly benefit **based on your input**. Please be aware that this is not an **official** estimate and is not a guarantee of the benefits you will receive at retirement.

IMPORTANT



The benefit estimator will not reduce or adjust salary per the 8% cap on compensation.

STATE SERVICE ANNUITY

Tiers One & Two Only

Members who qualify for retirement shall also receive the State service annuity. The amount of this annuity is \$3.50 multiplied by number of years of service and will commence when you begin receiving your Omaha monthly benefit. The State service annuity will be unreduced based on the list below. If you do not meet one of the criteria, your State service annuity will be reduced. The State service annuity will cease upon your death.

Your State service annuity will be unreduced if:

- You were hired before April 1, 1988, and retire with thirty-five or more years of service or retire under the disability provisions.
- You provided compensated service after April 1, 1988 but before July 19, 1996, and retire with thirty-five years or more of service, retire at or after age 65, or retire under the disability provisions.
- You were hired on or after July 19, 1996, and retire at or after age 65.

COST-OF-LIVING ADJUSTMENT (COLA)

Each year, your account will be reviewed for a COLA. This increase will be determined using the Consumer Price Index for All Urban Consumers (CPI-U). If eligible to receive a COLA, then it will be applied on the January 3rd payment. COLAs will not be applied to the State service annuity.

COLA provisions vary depending on tier status.

TIER ONE
Your COLA is capped at 1.5%. If the CPI-U is 1.5% or less, you will receive the CPI-U, but if the CPI-U is higher than 1.5%, your COLA will be 1.5%.
TIERS TWO/THREE/FOUR
Your COLA is capped at 1.0%. If the CPI-U is 1.0% or less, you will receive the CPI-U, but if the CPI-U is higher than 1.0%, your COLA will be 1.0%.

Medical COLA

TIERS ONE & TWO

On October 3rd of each year, a medical COLA will be paid to members who have been receiving a retirement benefit for at least ten years as of September 1st. If you had twenty or more years of service when you retired, your initial medical COLA payment will be \$100 per month. If you had less

than twenty years of service when you retired, then your initial medical COLA payment will be determined by using the formula below. Regardless of your years of service, the medical COLA will increase by \$10 each subsequent year. The medical COLA will be capped at \$250 per month.

MEDICAL COLA FORMULA						
<div style="border: 1px solid gray; padding: 5px; width: 100%;"> <p style="text-align: center; margin: 0;">Years of Retirement System Service Credit</p> <hr style="margin: 5px 0;"/> <p style="text-align: center; margin: 0;">Divide by 20 <small>(number cannot be larger than 1)</small></p> </div>	X	<div style="border: 1px solid gray; padding: 5px; width: 100%;"> <p style="text-align: center; margin: 0;">Number of Years The Member Has Been Retired</p> </div>	X	<div style="border: 1px solid gray; padding: 5px; width: 100%;"> <p style="text-align: center; margin: 0;">\$10</p> </div>	=	<div style="border: 1px solid gray; padding: 5px; width: 100%;"> <p style="text-align: center; margin: 0;">Medical COLA</p> </div>
FORMULA EXAMPLE (USING 10 YEARS SERVICE CREDIT & 10 YEARS RETIRED)						
<div style="border: 1px solid gray; padding: 5px; width: 100%;"> <p style="text-align: center; margin: 0;">10 <small>(Years of Service Credit)</small></p> <hr style="margin: 5px 0;"/> <p style="text-align: center; margin: 0;">Divide by 20 <small>(number cannot be larger than 1)</small></p> </div>	X	<div style="border: 1px solid gray; padding: 5px; width: 100%;"> <p style="text-align: center; margin: 0;">10 Number of Years The Member Has Been Retired</p> </div>	X	<div style="border: 1px solid gray; padding: 5px; width: 100%;"> <p style="text-align: center; margin: 0;">\$10</p> </div>	=	<div style="border: 1px solid gray; padding: 5px; width: 100%;"> <p style="text-align: center; margin: 0;">\$50</p> </div>

DIRECT DEPOSIT

Pension benefits are issued via direct deposit. A direct deposit form is available on the NPERS website and will be included in your retirement packet. If you are unable to secure a bank account for direct deposit, please contact our office.

The direct deposit authorization will remain in effect until changed or canceled by the member in writing. To change the direct deposit account, a member must complete and sign a new direct deposit form and submit to NPERS. Any changes to direct deposit **MUST** be received by NPERS 30 days prior to the date scheduled for the annuity benefit payment for which the change is to occur.

SUSPENSION OF BENEFITS

NPERS will periodically send correspondence by mail regarding COLAs, tax information, or other retirement plan information. If this mail is designated undeliverable and returned to our office, we will attempt to contact you. After 60 days, if we are unable to reach you and have not received written confirmation of your new address, NPERS will place a hold on your benefit. The benefit will be resumed as soon as administratively possible upon receiving written documentation of your new address.

REEMPLOYMENT

State statute and federal tax code regulations stipulate a member MUST incur a bona fide termination of employment in order to receive a refund or retirement benefit. If it is determined a reemployed member did not incur a bona fide termination of employment, benefits will be suspended, and the member shall be required to repay all refunds or benefits plus interest.

Per Nebraska Statute, a member shall not be deemed to have incurred a bona fide termination if he/she subsequently provides service (paid or voluntary) for OPS within 180 calendar days after ceasing employment unless such service is minimal substitute and/or volunteer service provided on an intermittent basis.

In this context, “intermittent basis” means no more than 8 days in a calendar month of voluntary and/or substitute service provided on a day-to-day basis (no prearrangement) and a “day of service” means any length of voluntary and/or substitute service provided during a single calendar day (whether that is 5 minutes or 8 hours of service). For more information regarding this type of service refer to our Frequently Asked Questions (FAQ) about LB 147’s Changes to the Termination of Employment Rules document available on our website.

On March 19, 2024, LB 198 became law and changed provisions related to reemployment. LB 198 changed the date the 180 day sit out period begins to the later of: a member’s date of separation or the date NPERS receives a distribution application. LB 198 also allows for unlimited substitute/volunteer service if a member does not make a request for distribution.

Federal law prohibits an employee and employer from prearranging ANY return to employment or service at an OPS employer during or before the 180-day period. These arrangements are considered by the IRS as a “sham termination.” If at any time it is determined a sham termination has occurred, benefits will be suspended, and all benefits previously issued must be repaid – including interest. Failure to repay can result in garnishment of assets including wages, checking and savings accounts, and other retirement assets.

Reemployment Before Retirement

REEMPLOYMENT BEFORE RETIREMENT

If you have previously taken a refund:

If you have previously taken a refund of your accumulated contributions plus interest, you may repay the total amount and reestablish your prior service credit. If you choose to not repay the refund, you will reenter the system as a new member (see “Repayment of Refund”).

If you have **NOT** previously taken a refund:

If you have NOT taken a refund of your account, the new service credit you acquire will be added to your previous service when determining total “credit-able service” for retirement purposes.

WARNING



If you have terminated employment and taken a refund, your previous beneficiary designation(s) is void and you must complete and submit to NPERS a new Beneficiary Designation form.

Reemployment After Retirement

If you return to employment after fulfilling the requirements for a bona fide termination and meet membership requirements, you will return to plan participation as a new member. Retirement contributions will be withheld from your compensation, and you will receive service credit for service commencing from the date of eligibility. Your tier of participation will be based on the date you returned to plan participation. You should fill out a new Beneficiary Designation Form for your new account when you return to work.

IMPORTANT



If you return to employment, that is to provide service other than intermittent voluntary and/or substitute service, at OPS prior to 180 calendar days from your termination date, you must notify NPERS of your return to service.

DEATH BENEFITS

Death Benefits After Retirement

If your death occurs after you have begun receiving your retirement benefits, your beneficiary(ies) or estate will be eligible for any payments remaining under the retirement option you selected when you retired. Proof of death is required before payment can be made.

If you selected either the 5-year certain period or the 10-year certain period, your beneficiary may choose to receive a single sum payment which is actuarially equivalent, in lieu of the remaining monthly payments.

If your beneficiary dies before all remaining payments under the retirement option you selected have been made, their beneficiary(ies) or estate will be eligible for any remaining payments.

Death Benefits Before Retirement

If you die prior to your effective date of retirement, your benefits will go to your named, primary beneficiary(ies). Your benefits will go to your named, contingent beneficiary(ies) only if all your primary beneficiary(ies) have predeceased you. NPERS does not observe the passing of benefits to heir(s) of deceased beneficiary(ies) per stirpes (see "Beneficiary Designation").

If you die while employed with OPS, your employer should notify NPERS as soon as possible. NPERS will send the necessary forms to the beneficiary(ies) you have listed.

20 Years of Service

If you die prior to retirement, have twenty or more years of creditable service, and have designated your spouse or one other person whose attained age is less than ten years younger than your attained age as the sole, primary beneficiary, the following options are available:

YOUR BENEFICIARY MAY CHOOSE

ANNUITY OPTION

He/she may select a monthly retirement annuity benefit, paid for the rest of his/her life under a 100% Joint and Survivorship option. The benefit is effective on the date of your death, regardless of your age at death.

OR THEY MAY CHOOSE

REFUND OPTION

Provided your beneficiary applies to NPERS within 60 days of the date of your death, they may elect to receive a lump sum refund of your contributions plus interest.

IMPORTANT



At any time prior to your death, you may file a form requiring that your beneficiary receive either an annuity or a lump sum. These forms would limit your beneficiary to receiving only the option you designated.

Less Than 20 Years of Service

If you die prior to your effective date of retirement and you have less than twenty years of creditable service, or your primary beneficiary does not meet the criteria above, your beneficiary(ies) shall be entitled to a lump sum distribution of your accumulated contributions plus interest.

All or part of a death benefit refund may be rolled over or transferred to another eligible retirement plan or IRA (Traditional or Roth).

DISABILITY RETIREMENT

If you cease employment with OPS because of a disability, you may be eligible for monthly retirement benefits.

DISABILITY BENEFIT QUALIFICATIONS

To qualify you must:

- Have at least five years of membership service.
- Provide a brief description of your illness and the name of your personal physician and any other physicians or specialists you have seen regarding your illness.
- Submit to a medical examination by two physicians designated by the PERB.
- If you are on a medical leave of absence, you are not eligible to receive a disability retirement benefit until the leave ends and your employment terminates.

The retirement board shall consider a member totally disabled when it has received an application by the member and a statement by at least two physicians designated by the retirement board certifying that the member is totally and presumably permanently disabled and unable to perform his or her duties.

If you are approved for disability, your retirement may be deferred. In deferred disability retirement, you will continue to earn creditable service for each year or partial year that you defer retirement up to a maximum of thirty-five years of total creditable service, including creditable service accrued before you

became totally disabled. Creditable service will begin to accrue from the first day of the month following the date of the first examination by which you are determined by the retirement board to be totally disabled.

You may at any time request the deferral to end and retirement annuity payments to begin. Your retirement annuity shall be based on your total number of years of creditable service, including the years credited to you during your total deferred disability retirement, and your final average salary as of the date you became totally disabled.

Your retirement benefit will be adjusted by the cumulative percentage COLAs that were made after the date your deferred disability retirement was approved and before the cessation of the accrual of additional creditable service.

Your retirement benefit will not be reduced due to any early commencement of benefits, except that it shall be reduced by the amount of any periodic payments you received from workers' compensation benefits.

IMPORTANT



NPERS may require a semi-annual medical examination or other information from you to continue your benefits. This is NOT a long-term disability insurance plan. Disability benefits are calculated in the same manner as regular retirement benefits.

QUALIFIED DOMESTIC RELATIONS ORDER

A “qualified domestic relations order” (QDRO) is a domestic relations order (DRO) that has been approved by NPERS and is therefore effective in dividing the member account. A divorce decree and/or a property settlement, although effective for most purposes, *does not* divide a retirement account unless it includes a QDRO. Once a judge has approved a QDRO, it must be sent to NPERS to be approved. If NPERS pays out benefits or a refund and later receives an order that would have affected the money already paid out, NPERS is legally held harmless for making the earlier payments. Therefore, whenever a domestic order is signed, it should be sent to NPERS as quickly as possible.

The person who receives a share of a plan member’s account through a QDRO is called the “*alternate payee*.” Becoming an alternate payee gives the former spouse certain rights in the benefits, but does not mean he/she will have immediate access to the money.

ALTERNATE PAYEE ACCESS

There are two ways an alternate payee can gain access to the retirement account:

- The member terminates employment
- The member is age 50 or older

If a member is under age 50 and working, the alternate payee *cannot* gain access to the account.

When the alternate payee gains access to the account, the method of payment depends on the options the member is entitled to at the time the alternate payee *makes application*.

RETIREMENT PLANNING PROGRAM

Every year, NPERS conducts retirement planning seminars for plan members. A registration fee is charged, and for an additional fee a member may bring a spouse or a guest.

These daylong sessions are an excellent way to begin planning for an important time in your life. Information is provided on retirement payment options, financial planning, Social Security benefits, Medicare, health insurance, adjusting to retirement, and estate planning.

Each eligible employee is allowed leave with pay to attend up to two retirement planning programs. You may choose to attend a seminar more than twice, but such leave is at your expense and your absence is at the discretion of your employer. You may not attend more than one seminar per fiscal year (September 1 - August 31).

Seminar registration brochures are distributed to all eligible members approximately four weeks prior to seminars and are also available on the NPERS website.

TAXATION

IMPORTANT



NPERS does not provide tax advice. In all cases, members should consult the Internal Revenue Service, their state's revenue agency, or a tax professional, as appropriate, for information on tax consequences, questions, or matters.

Contributions to the OSERS plan are not taxed when deducted from your salary. Distributions, whether in the form of a monthly benefit or refund, are therefore subject to state and federal income tax.

Contributions made prior to January 1, 1986, were taxed before being deducted from salary. These contributions are not subject to state and federal income tax and will be returned to you tax free (see “Safe Harbor”).

When Receiving a Retirement Benefit

NPERS will withhold federal taxes from each monthly check at the rate you specify on the W-4P 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 “single plus zero exemptions.” You may change your withholding at any time by submitting a new form. Members who have created an online account via the NPERS website may also change withholding online.

If you are a resident of the State of Nebraska when receiving monthly retirement payments, you may complete a W-4N to elect your Nebraska income tax withholding allowances. This may include an additional amount.

If you move and are no longer a resident of Nebraska, you may claim your exemption from Nebraska state income taxes by submitting a new W-4N completed for “Exempt Status.” 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.

Your retirement income will be reported to you on a 1099-R form mailed each year in January for the payments received the prior year. A copy of that form will also be provided to the Internal Revenue Service. For retirees receiving payments prior to September 1, 2024, you will receive a 1099-R from OPS for these payments. NPERS will send you a 1099-R for any payments made on or after September 1, 2024.

If you need a 1099-R reissued to you, then you must contact the organization that issued the 1099-R.

Safe Harbor

Pre-1986 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-'86 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-'86 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.

When Receiving a Refund of Your Account

REFUND OPTIONS

Refund Paid Directly to You

All or part of your refund may be paid directly to you and all pre-tax amounts will be reported as taxable income. NPERS is required by law to withhold 20% for federal income tax and 5% for Nebraska state income tax.

Refund By Rollover Distribution

All or part of your refund may be rolled over or transferred to another eligible retirement plan or IRA (Traditional or Roth). With the exception of rollovers to a Roth IRA, amounts are not taxable at the time of the rollover. You will be taxed when you eventually withdraw the money from the other plan. Roth IRA rollovers are subject to state and federal income taxes in the year of the rollover. You will be responsible for filing and paying taxes on the Roth rollover.

An IRS Form 1099-R will be mailed to you the January following the year in which you receive a refund payment. The form will show the amount of your refund, the taxable income and the capital gains, if applicable.

Contributions prior to 1986 have already been taxed and will be returned to you tax-free.

WARNING

A refund taken prior to age 59 1/2 may be subject to a 10% federal tax penalty and a 3% Nebraska penalty assessed when filing your tax return.

You may AVOID the early withdrawal penalties if one of the following applies:



- The taxable portion of your refund is “rolled over” into an Individual Retirement Account (IRA) or another qualified pension plan within 60 days of the payment date.
- Payment is made to an alternate payee under a qualified domestic relations order.
- Your payment is used for large and eligible medical expenses.

Early withdrawal penalties are assessed at the time you file your tax return. In the event of death or disability, the early withdrawal penalties will not apply, regardless of your age.

Required Minimum Distribution (RMD)

After termination, you are required to take a taxable RMD from your OSERS retirement account once you reach RMD age.

To satisfy this federal regulation, you must have already applied for and begun receiving the monthly benefit or taken a full refund of your account by the initial RMD due date.

YOUR INITIAL RMD IS DUE ON APRIL 1 FOLLOWING

- The year you reach RMD age, or
- If you have not terminated prior to RMD age, the year you terminate employment.

RMD ages are determined by the federal tax code. Effective December 29, 2022, the RMD age was increased from 72 to 73 for individuals who were born on or after January 1, 1951.

YOUR RMD AGE

- If you were born on or before December 31, 1950, your RMD age is 72.
- If you were born on or after January 1, 1951, your RMD age is 73.

NPERS will make every effort to provide RMD warnings to terminated plan participants, but we cannot guarantee accurate notification for every member. It is your responsibility to understand your RMD age and due date and apply for benefits in time to meet application deadlines (see “Retirement/Application Process”).

IMPORTANT



If you fail to apply for AND begin receiving the lifetime monthly (pension) benefit prior to the initial RMD deadline, your benefit option is restricted to a refund of your account. You are no longer eligible for the lifetime pension which could result in a significant loss of retirement benefits. If you continue to defer applying for a distribution, NPERS will transfer your account to Unclaimed Property on or about November 1.

It is the responsibility of the beneficiary(ies) or estate to understand RMD requirements and RMD payments pertaining to a deceased member’s account. Please contact your financial advisor, tax preparer, and/or accountant with detailed questions about your unique financial situation.

ADMINISTRATION OF THE RETIREMENT FUND

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

The PERB is responsible for the administration of the Judges, State Patrol, School Employees, Omaha School Employees, State Employees, and County Employees Retirement Systems and the State Deferred Compensation Plan. PERB meetings are held regularly each month.

The Nebraska Public Employees Retirement Systems (NPERS) is the agency responsible for the administration of the Omaha School Employee’s Retirement Plan.

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

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

OSERS Funds are invested by the **State Investment Officer** under the direction of the **Nebraska Investment Council**.

Consulting Actuaries employed by the PERB annually conduct actuarial investigations into mortality and service experience of the contributors and beneficiaries, recommend actuarial tables to the PERB and evaluate the system's assets and liabilities. These reports are available on the NPERS website.

RELEASE OF INFORMATION

Member account information, including name, address, account balances, or payment options, will only be released under the following conditions:

CONDITIONS OF RELEASE OF INFORMATION

- Personal visit to NPERS by the member with adequate proof of identity.
- Adequate proof of identity provided over the phone (not including beneficiary listings).
- Written and signed request from the member.
- Written release signed and dated by member (release date must be less than 12 months old).
- A court ordered release.
- Request from guardian or conservator accompanied by a certified copy of letters of guardianship or conservatorship.
- A request from a personal representative of a deceased member accompanied by a certified copy of letter of appointment.
- A request from individual holding power of attorney and the power of attorney contains a provision specifically granting the authority to deal with retirement plans, OR provisions granting the authority to do all things on the member's behalf and authorizing the release of information.
- A request from a third party signed by the third party and the member.

Account information may be released to your employer for verification of necessary information. The Internal Revenue Service may receive account information to comply with federal tax laws. Account information may be released as necessary under a qualified domestic relations order

Fax Policy

FAXABLE DOCUMENTS

The following will be honored via facsimile (fax) if signed by the member:

- Requests for account information
- Requests for beneficiary listings
- Requests for annuity estimates
- Changes in tax withholding
- Changes in direct deposit or debit card

Original NPERS forms are required to process annuities or payments, to change beneficiaries, or change of address for payment requests. However, faxed applications (must be properly completed, signed and notarized) for a retirement benefit will be accepted to determine effective date of processing of payment if the original, notarized form is received within seven working days.

APPEALS PROCESS

NPERS makes every effort to follow Federal and State statutes, and rules and regulations when administering the OSERS plan. As a member of the OSERS plan, you have the right of review if you disagree with a decision reached by NPERS Director or the Public Employees Retirement Board (PERB). You must file your appeal form within 30 days after you receive notice of the Director's or the PERB's decision.

A hearing officer appointed by the PERB will schedule a formal hearing and send written notice to all parties concerned. If you wish to further appeal a decision, you are entitled to judicial review under the Nebraska Administrative Procedures Act.

The time limits prescribed may be extended at the discretion of the PERB.

State laws and NPERS policies are subject to change. Please view our website or contact our office for the most current plan information.

