

NEBRASKA

JUDGES

RETIREMENT SYSTEM HANDBOOK



IMPORTANT

This member handbook contains time-sensitive information and should be read by all new judges within 30 days of service as a judge.



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NEBRASKA JUDGES RETIREMENT SYSTEM

Nebraska Revised Statutes §§24-701 through 24-714

The Nebraska Judges Retirement Plan is a defined benefit plan administered by the Public Employees Retirement Board (PERB) for all Nebraska Judges and Clerk Magistrates who were formerly Associate County Judges hired before August 26, 1983.

This defined benefit plan, authorized by Internal Revenue Code (IRC) §401(a), provides the member a lifetime, monthly retirement benefit based on a formula as defined in law. Pursuant to the IRC, Judges and covered Clerk Magistrates are employees of the State of Nebraska for the purposes of the Nebraska Judges Retirement Plan and are Constitutional Officers for all other purposes.

IMPORTANT



This booklet provides an *overview* of the benefits available to members of the Judges Retirement Plan as of the revision date and is not intended to be a substitute for retirement education. The provisions of the Judges Retirement Act in all cases supersede the information provided in this booklet. All retirement benefits will be determined by the laws in effect when employment is terminated.

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.

For more information, contact:

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You may schedule an appointment to visit NPERS at 1526 K Street, Suite 400, Lincoln, or visit our website, **npers.ne.gov**.

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BENEFIT TIERS

The Nebraska Judges Plan currently contains three separate “Tiers” of benefits. Tier membership is determined by the member’s date of plan participation.

TIER ONE*	TIER TWO	TIER THREE
Tier One refers to members participating prior to 7/1/2015.	Tier Two refers to members joining the plan on or after 7/1/2015 and prior to 7/1/2017.	Tier Three refers to members joining the plan on or after 7/1/2017.

*Effective July 1, 2004, LB 1097 implemented multiple changes to the Judges Retirement Plan including an enhanced Joint and Survivor benefit. All judges hired on or after this date and judges who opted to participate in the new benefit will fall under the updated provisions.

The majority of plan provisions for each tier are similar. This handbook will note the sections where benefits are different.

MEMBERSHIP

If you are a Supreme, Court of Appeals, District, County, Juvenile, or Worker’s Compensation Court Judge, you are required to be a member of the Judges Retirement Plan (the Plan) beginning with your first day of service as a judge.

Clerk Magistrates (formerly Associate County Judges) are included in the Plan if appointed between January 4, 1973, and August 26, 1983. Clerk Magistrates hired after August 1983 are members of the State Employees Retirement Plan.

CONTRIBUTIONS/FUNDING

As a member of the Judges Plan, you contribute a percentage of your gross salary, as set by law.

TIER ONE	
If you joined the plan on or after July 1, 2004, or you elected to participate in the provisions created by the passage of LB 1097:	<ul style="list-style-type: none"> ■ You contribute 9% of compensation if you have less than 20 years of service ■ You contribute 5% of compensation when you have 20 or more years of service
If you joined the plan prior to July 1, 2004, and elected NOT to participate in the provisions created by LB 1097:	<ul style="list-style-type: none"> ■ You contribute 7% of compensation if you have less than 20 years of service ■ You contribute 1% of compensation if you have 20 or more years of service

TIERS TWO & THREE

- You contribute **10%** of compensation

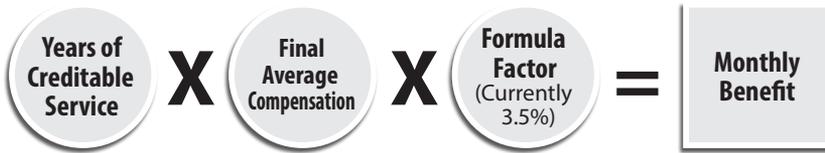
Court fees, as prescribed by law, are remitted by district and county courts to assist in the funding of retirement benefits.

In 2021, the State of Nebraska passed a law authorizing an additional contribution to the plan equal to a percentage of members' total compensation based on the actuary's recommendations. Currently, the law sets the contribution rate at 5% of members' total compensation for fiscal years beginning on or after July 1, 2023. The contribution amount cannot exceed 5% of the members' total compensation, but can be reduced or eliminated if certain conditions are met.

YOUR BENEFIT

At retirement, eligible members 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 12-month periods of salary (final average monthly compensation) and a formula factor set by law (currently 3.5%).

DEFINED BENEFIT FORMULA



The maximum benefit is 70% of final average compensation.

CREDITABLE SERVICE

Creditable service means the total number of years served as a judge, including prior service, verified military service, and current service, computed to the nearest month. Creditable service only includes service for which you have made contributions to retirement. Creditable service does not include service for which member contributions are not made or are withdrawn (refunded) and not repaid.

Creditable service is not earned if you take leave without pay, are placed on suspension, or serve in a temporary capacity.

The maximum retirement benefit is 70% of your final average compensation. Therefore, the maximum creditable service is 20 years (20 years x 3.5% formula factor = 70%).

Military Service

Members who are reemployed after qualified military service may be eligible for vesting and service credit for their period of military service. The employer shall be responsible for funding covered military service benefits including member and employer contributions. 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 have their military service reviewed for potential service credit should file their request to NPERS in a timely fashion. 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

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

COMPENSATION

Compensation means the statutory salary of a judge or the salary being received by such judge pursuant to law.

TIER ONE

At retirement, your **three** highest 12-month periods of salary, counting back from the final month of pay, are used to determine your *final average monthly compensation* when calculating your benefit.

TIER TWO & THREE

At retirement, your **five** highest 12-month periods of salary, counting back from the final month of pay, are used to determine your *final average monthly compensation* when calculating your benefit.

COMPENSATION INCLUDES

- Overtime pay
- Member retirement contributions
- Wages ordered paid in legal proceedings
- Plans which defer income such as §457 DCP or §125 Cafeteria Plans

COMPENSATION DOES NOT INCLUDE

- Unused sick or vacation leave
- Insurance premiums converted to cash
- Expense reimbursements or per diems paid for expenses
- Fringe benefits
- Bonuses
- Early retirement inducements
- Cash awards
- Severance pay – except for retroactive salary payments paid pursuant to court order, arbitration, or litigation and grievance settlements

Final average compensation means the average *monthly* compensation for the three or five 12-month periods of service as a judge in which compensation was the greatest or, in the event of a judge serving less than three or five 12-month periods, the average monthly compensation for such judge's period of service.

ACCOUNT STATEMENT

Each fall, NPERS will mail an Account Statement to your home address. This is the document NPERS uses to inform you of your total estimated, reported years of service.

Your service credit is considered "estimated" until it has been reviewed and verified. Your total member contributions and the accumulated interest are also reported on your statement. To ensure you receive your statement, always inform your employer of any address changes. If you have terminated employment, please contact NPERS directly for address updates.

Remitted court fees, contributions by the State of Nebraska, and investment earnings on plan assets are used for funding the monthly lifetime retirement benefits and do not appear on your statement because they are not part of your individual account.

If you believe any information contained on your Account Statement is in error, you should contact NPERS in writing. We will review your records, provide you with a detailed breakdown of your service credit and then work with you and your employer to resolve any discrepancies.

VERIFICATION OF SERVICE/ COMPENSATION

Your years of service and compensation must be verified by NPERS before a retirement benefit can be calculated. Upon receipt of your retirement application, NPERS will contact the Court Administrator's office and request your work history. Service credit and compensation for retirement purposes will be determined by NPERS as defined by state statutes.

RETIREMENT ELIGIBILITY/AGE

Normal Retirement at Age 65

“Normal” retirement is considered age 65. When you apply for benefits at age 65 or older, you are eligible to receive an unreduced retirement benefit for your lifetime.

Early Retirement at Ages 55 up to 65: Reduced

Upon termination, members may begin drawing early reduced benefits prior to age 65.

EARLY RETIREMENT AT AGES 55 TO 65: REDUCED	
Ages 55 to 62	You may retire as early as age 55. If you retire before attaining age 62, your early retirement benefit will be reduced using an actuarial factor based on age.
Ages 62 to 65	If at retirement you are at least age 62 but not yet 65, your benefit will have a 3% reduction for each year your attained age is less than age 65. Age 64 = 3% reduction Age 63 = 6% reduction Age 62 = 9% reduction

IMPORTANT



There are four important points to remember:

- NPERS will calculate your benefit using your attained age (see “Effective Date”), rather than the age when you ceased employment.
- Benefits are calculated based on the law in effect **at the time you cease employment.**
- You are **not** required to start your retirement benefit payments immediately. You may choose to defer your retirement benefits (see “Terminating Employment Prior to Retirement Age”) until you reach Required Minimum Distribution (RMD) age.
- If you terminate employment after attaining age 65 (normal retirement age), you are no longer eligible for a refund of your account and can only apply for a monthly benefit.

TERMINATING EMPLOYMENT PRIOR TO RETIREMENT AGE

The State Court Administrator's office determines the date your employer-employee relationship with the State of Nebraska is dissolved. The Court Administrator's office is required to notify NPERS of the date on which such termination has occurred by submitting a Non-Contributing Member Form.

Termination of employment does not include ceasing employment as a judge if you return to regular employment as a judge or are employed on a regular basis by another agency of the State of Nebraska within 120 days after ceasing employment.

If you cease employment as a judge before you reach age 65, you have the following options:

Deferral

You may leave your account on an inactive basis, continue to earn interest, and apply for monthly retirement benefits as early as age 55 (on an actuarially reduced basis). There is no actuarial reduction if you apply for benefits at age 65 or later.

Refund

If you have not reached age 65 at the time you terminate employment, 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).

WARNING



Taking a refund cancels all service credit and terminates plan membership!

To apply for a refund, you must first request from NPERS in writing an Application for Separation Refund, then complete the form and submit it to NPERS. You are eligible to receive a refund no earlier than 60 days after termination. Due to processing timelines, distribution of a refund will occur no sooner than 20 business days following receipt of your completed application.

If you return to employment as a judge or employment on a regular basis with another agency of the State of Nebraska prior to the end of a 120-day break in service, you will be required to repay the total amount of your refund.

IMPORTANT



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

For more information, see “Taxation.”

Address Updates

Please report any address changes in writing directly to NPERS to ensure you receive your account statement and other items. An address change form is available on the “Forms” page of the NPERS website. All address change forms must be signed by the member. In addition, a terminated member *who has deferred taking benefits* (inactive member) may change their address online if they have created an NPERS online account.

WARNING



A terminated member who fails to maintain an up to date address with NPERS may have their account balance transferred to unclaimed property. This may result in loss of benefits and potential tax implications.

EFFECTIVE DATE

Your retirement effective date is the date when you are eligible (attained retirement age and terminated employment) and have applied for your monthly retirement benefits. Your age on your effective date, not your age when you terminate, is used when determining any early retirement benefit reduction (see “Retirement Eligibility/Age”).

EFFECTIVE DATE

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

- The date you cease providing service as a Judge (including any short term assignments); **AND**
- The date your completed application is received by NPERS; **AND**
- The date your age and service allow eligibility for benefits

For information on how to apply for your benefit, see Retirement Application Process.

MORTALITY TABLES

Tiers One & Two

Benefits are calculated using 1994 mortality tables.

Tier Three

Benefits are calculated using mortality tables and actuarial factors recommended by the plan actuary and approved by the Public Employees Retirement Board (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).

BENEFIT PAYMENT OPTIONS

At retirement, you must choose a retirement benefit payment option. **You will receive a retirement benefit for your lifetime regardless of the benefit payment option selected.**

THE OPTION SELECTED WILL:

- Define the *potential* death benefit
- Increase or decrease the amount of the monthly benefit. Generally, the greater the potential for a death benefit payout, the lower the monthly retirement benefit

IMPORTANT



There may be limitations on which option a member may select.

IMPORTANT: LIMITATIONS

- *Married* members who became a judge on or after July 1, 2004, or those members who elected to participate in the provisions created by the passage of LB 1097, are limited to benefit options 4 and 5. Option 4, Joint and Survivor, offers the enhanced spousal benefit.
- *Married* members who began plan participation prior to July 1, 2004, and elected NOT to participate in the provisions created by LB 1097 may choose from any of the options. If they select option 4, they are not eligible for the enhanced Joint and Survivor benefit created by LB 1097. If option 1 or 3 is selected, the member may designate whomever they wish as beneficiaries and change their beneficiaries any time after retirement.
- *Single* members may choose from options 1, 2, and 3.

WARNING



You **CANNOT** change your retirement benefit payment **option** after your effective date of retirement. Therefore, NPERS recommends you review the potential death benefits for each available option, refer to the estimates provided during the retirement process, and pick the option you feel will work best for your personal situation.

OPTION 1

Modified Cash refund

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

OPTION 2

Life Only

Provides a monthly payment for your lifetime with no refund or death benefit. There is no beneficiary designation under this option.

OPTION 3

Period Certain and Continuous

Provides a monthly payment for your lifetime with a potential death benefit based on a time frame to your beneficiary(ies) or estate. You may list as many beneficiaries as you wish, and you may change these beneficiaries at any time, contingent upon NPERS receiving your properly completed beneficiary designation form prior to your death.

- 5-Year** Provides a monthly payment for your lifetime, with a guarantee that if you die before receiving 60 payments, the remaining monthly payments will be paid to your beneficiary(ies).
- 10-Year** Provides a monthly payment for your lifetime, with a guarantee that if you die before receiving 120 payments, the remaining monthly payments will be paid to your beneficiary(ies).
- 15-Year** Provides a monthly payment for your lifetime, with a guarantee that if you die before receiving 180 payments, the remaining monthly payments will be paid to your beneficiary(ies).

OPTION 4

Joint and Survivor

Provides a monthly payment for your lifetime, and a percentage of that benefit to your spouse for his/her lifetime after your death. You must list only your spouse as your beneficiary and should he/she predecease you, you cannot select another beneficiary. NPERS will require legible proof of age for your spouse and a legible certified copy of your marriage license. This option is not available to an Alternate Payee (see Spousal Pension Rights Act).

NOTE: Judges hired on or after July 1, 2004, and those who opted to participate in the provisions created by LB 1097 will receive a higher monthly benefit under this option.

- 50%** Provides a monthly payment for your lifetime. When you die, your surviving spouse will receive 50% of your benefit, paid monthly for his/her lifetime.
- 66 ²/₃%** Provides a monthly payment for your lifetime. When you die, your surviving spouse will receive 66 ²/₃% of your benefit, paid monthly for his/her lifetime.
- 100%** Provides a monthly payment for your lifetime. When you die, your surviving spouse will receive 100% of your benefit, paid monthly for his/her lifetime.

OPTION 5

Joint and Last Survivor

Provides a monthly payment for the life of you and your spouse. Upon the death of either you or your spouse, the monthly payment continues to the survivor for his/her lifetime at the percentage selected at retirement. You must list only your spouse as your beneficiary and should he/she predecease you, you cannot select another beneficiary. NPERS will require legible proof of age for your spouse and a legible certified copy of your marriage license. This option is not available to an Alternate Payee (see Spousal Pension Rights Act).

NOTE: Judges hired on or after July 1, 2004, and those who opted to participate in the provisions created by LB 1097 will receive a higher monthly benefit under this option.

- 50%** Provides a monthly payment for your lifetime. When you die, your surviving spouse will receive 50% of your benefit, paid monthly for his/her lifetime.
- 66 ²/₃%** Provides a monthly payment for your lifetime. When you die, your surviving spouse will receive 66 ²/₃% of your benefit, paid monthly for his/her lifetime.

- 100%** Provides a monthly payment for your lifetime. When you die, your surviving spouse will receive 100% of your benefit, paid monthly for his/her lifetime.

Choosing an Option

CONSIDERATIONS UPON CHOOSING A PAYMENT OPTION

Things to consider 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 this is not an *official* estimate and is not a guarantee of the benefits you will receive at retirement.

At retirement, an official estimate of benefits will be provided by NPERS after verification of all creditable service and compensation.

RETIREMENT APPLICATION PROCESS

STEPS TO TAKE BEFORE YOU RETIRE

- Step 1** Contact NPERS in writing, by telephone, or in person at least three months before your anticipated retirement date to avoid delays in payment. **Your retirement benefit will not start automatically.**
- Step 2** Verify your age by filing with NPERS a legible copy of your Certificate of Birth recorded before you were five years of age. If your birth certificate was not recorded before age five, you will need to submit an additional document to prove your age. Contact NPERS for a list of allowable documents.

Step 3 NPERS will send you an Application for Retirement packet and estimates of monthly benefits for the applicable retirement benefit payment options. For estimates under Options 4 and 5, NPERS will need legible proof of age for your spouse and a legible certified copy of your marriage license.

NOTE: This documentation may be submitted at any time prior to retirement.

Step 4 File your Application for Retirement with NPERS preferably within 30 days, but no more than 120 days prior to your effective date of retirement. You may file your Application by mail or in person by making an appointment with NPERS. Regardless of how you file, please note the following:

- NPERS cannot accept an application more than 120 days prior to your effective date (see “Effective Date”).
- If your completed application is received more than 120 days prior to your effective date, your application will be void and must be resubmitted.
- The latest you can file your application without losing benefits is the last business day (per NPERS schedule) prior to your desired effective date.

You can expect your first payment approximately 60 to 90 days **after** your effective date of retirement, provided NPERS has received all necessary documentation and all your contributions have been reported by the Court Administrator’s office and posted to your account. No matter when you actually receive your first payment, it will be retroactive to your effective date of retirement.

IMPORTANT



It is important you keep your address updated during retirement. Please report any address changes directly to NPERS to ensure you receive items we mail to you. An address change form is available on the “Forms” page of the NPERS website. All address change forms must be signed by the member. Failure to report address updates may lead to suspension of benefits (see “Suspension of Benefits”).

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 you change or cancel it in writing. To change the direct deposit account, a member must complete and sign a new direct deposit form and submit it 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.

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 taxation.

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

Contributions made prior to January 1, 1985, 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 Withholding Certificate for Annuity Payments 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. 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, NPERS will withhold Nebraska taxes from your benefit at the same withholding rate you select for federal taxes.

If you move and are *no longer a resident of Nebraska*, you will need to submit an updated withholding form. Your benefit will be taxable in accordance with the laws of the state to which you moved. You may need to contact that state's Department of Revenue 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 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.

Safe Harbor

Pre-1985 contributions are returned tax free based on the “Safe Harbor” method, in accordance with Internal Revenue Service guidance. 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.

When Receiving a Refund of Your Account

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 provided 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 1985 have already been taxed and will be returned to you tax-free. These after-tax contributions can be rolled over if your rollover company will accept them and you make the appropriate election on your Application for Refund form.

WARNING



A refund taken prior to age 59 ½ may result in an additional 10% federal tax penalty assessed when filing your tax return.

You can AVOID the 10% penalty 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 medical expenses
- You attained age 55 anytime during the year of separation from service
- **In the event of death or disability, the 10% tax penalty will not apply, regardless of your age**

COST-OF-LIVING ADJUSTMENT (COLA)

After you have been retired for at least one full fiscal year, your benefit will be reviewed for a COLA each July 1. This increase will be determined using the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) during the previous fiscal year.

COLA provisions vary depending on Tier status.

For Tier One Recipients

Your COLA is capped at 2.5%. If the CPI-W is 2.5 % or less, you will receive the CPI-W, but if the CPI-W is higher than 2.5%, your COLA will be 2.5%.

Any time inflation erodes the value of your retirement benefit below 75% of the original purchasing power, your COLA for that fiscal year will be the amount of the CPI-W rate. The 2.5% cap does not apply to the 75% purchasing power COLA.

For Tier Two & Three Recipients

Your COLA is capped at 1.0%. If the CPI-W is 1.0% or less, you will receive the CPI-W, but if the CPI-W is higher than 1.0%, your COLA will be 1.0%.

If the annual actuarial report indicates the plan is fully funded with a sufficient actuarial surplus, the retirement board may elect to issue a supplemental lump-sum cost of living payment for that year. The supplemental payment cannot exceed 1.5%.

There is no 75% purchasing power COLA provision for Tier Two or Tier Three participants.

SUSPENSION OF BENEFITS

NPERS will periodically send correspondence by mail regarding Cost of Living Adjustments (COLA), 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.

DEATH BENEFITS

Death **After** Retirement

If your death occurs *after* you have begun receiving your retirement benefits, your beneficiary(ies) or estate may be eligible for death benefits depending on the retirement benefit payment option you selected at retirement. Proof of death is required before payment can be made.

Death **Before** Retirement – Married Member with Five or More Years of Service

Per Nebraska statute, your spouse is your sole primary beneficiary. The surviving spouse is entitled to receive a lifetime monthly benefit paid as a 100% Joint and Survivor benefit. If you are under age 65 when you die, the benefit will be calculated as if you had retired at age 65.

Your surviving spouse must exercise this option *within 12 months* of your death. If your surviving spouse does not choose this monthly benefit option within 12 months, your beneficiary will receive a lump sum payment of your retirement account (your contributions plus accumulated interest).

Death **Before** Retirement – Married Member with Less than Five Years of Service

If you die with **less than five years of service**, a refund of your retirement account (your contributions plus accumulated interest) will be paid to your surviving spouse as the death benefit.

In the event the spouse predeceases the member, death benefits will be issued to the contingent beneficiary(ies). Benefits shall consist of a refund of your retirement account (your contributions plus accumulated interest).

Death **Before** Retirement – Single member

A refund of your retirement account (your contributions plus accumulated interest) will be paid to your beneficiary(ies). This refund will be issued to your

primary beneficiary(ies) per the current beneficiary form on file at NPERS. Benefits are issued to your contingent beneficiary(ies) only if all your primary beneficiary(ies) have predeceased you. NPERS does not observe the passing of benefits to heirs of deceased beneficiary(ies) per stirpes. If you do not name a beneficiary, your benefits will go to your estate (see “Beneficiary Designation”).

IMPORTANT



If you apply for a refund of your account and die before payment is made to you, the beneficiary designation you have on file will not be valid. The refund you requested will be paid to your estate.

BENEFICIARY DESIGNATION

Before Retirement

At the time you join the Plan, you will be provided a Beneficiary Designation Form to use in designating the person(s) or entity you wish to receive your benefits if you die before retiring and selecting a retirement benefit payment option. The Beneficiary Designation Form must be properly *completed, signed, notarized, and received* by NPERS to be in effect.

BENEFICIARY LIMITATIONS

There are limitations on who a member may select as a primary beneficiary depending on their marital status.

Married Members

- Must designate their spouse as the sole, primary beneficiary
- May name contingent beneficiary(ies). These are “backup” beneficiaries in the event the spouse predeceases the member (or divorce) and no new primary was designated
- If you do not name beneficiaries, any eligible benefits will be paid to your spouse

Single Members

- May name primary and contingent beneficiary(ies)
- Benefits will go to the primary beneficiary(ies) in equal amounts *unless* you assign a specific percentage
- If you designate multiple primary beneficiaries and one or more of them predecease you, your benefits will be divided among the remaining primary beneficiaries
- Only if *all* your named, primary beneficiary(ies) have predeceased you will benefits go to your contingent beneficiaries
- If you do not name beneficiaries, benefits will be paid to your estate

Please review your beneficiary designations periodically for compliance with the Judges Retirement Act. Failure to update beneficiary(ies) may result in unintended parties receiving death benefits, or death benefits paid to your estate. To update beneficiary(ies), you may obtain a Beneficiary Designation Form from the NPERS website, your employer, or our office. When NPERS receives your properly completed, signed, and notarized form, it will cancel any previous beneficiary designations.

IMPORTANT



If your beneficiary designation conflicts with Nebraska law, death benefits will be paid according to statute, not your beneficiary designation.

After Retirement

Beneficiaries will be based on the retirement benefit option selected at retirement. Members who select options 4 or 5 have automatically designated their spouse as their one and only beneficiary. Members who select the Modified Cash Refund or Period Certain and Continuous option may continue to change beneficiaries using the Beneficiary Designation form (see “Retirement Benefit Payment Options”).

IMPORTANT



NPERS does not observe the passing of benefits to heirs of deceased beneficiary(ies) (i.e., per stirpes).

DISABILITY RETIREMENT

If you become unable to perform your duties as a judge because of a physical or mental disability which is determined to be permanent or likely to become permanent, you are entitled to receive a disability retirement benefit. A disability retirement benefit is calculated in the same manner as a regular retirement benefit. There is no actuarial age reduction if you are disabled before age 65.

The **Commission on Judicial Qualifications** determines disability eligibility for all judges. Upon application to the Commission, you may be required to be examined by a physician appointed by the Commission or provide other evidence and proof of disability necessary to reach a determination. When eligibility is determined by the Commission, your benefit will be processed by the Public Employees Retirement Board (PERB).

Clerk Magistrates participating in the plan will have eligibility for disability decided by the Public Employees Retirement Board (PERB) by a physician appointed by the PERB. The application for disability must be submitted to the

PERB **within one year** of termination of employment. For any Clerk Magistrate under the age of 65, the PERB may require a medical examination or other information on an annual basis.

IMPORTANT



Disability retirement is not the same as long-term disability insurance. If you receive disability insurance payments in addition to your disability retirement benefits, the insurance company may reduce payment to you by the amount you receive from NPERS. Contact your disability insurance provider for your policy details.

INTEREST/INVESTMENTS

Regular interest is posted to your account monthly, and the rate is subject to change on an annual basis.

Regular interest is defined by law as “interest fixed at a rate equal to the daily treasury yield curve for one-year treasury securities, as published by the Secretary of the Treasury of the United States, that applies on July 1 of each year, which may be credited monthly, quarterly, semiannually, or annually as the board (the PERB) may direct.” You may contact NPERS for the current interest rate.

The Nebraska Investment Council invests all assets of the Judges Plan to provide the money necessary to pay for your statutory retirement benefit. The Investment Council invests in a variety of investment vehicles, including bonds and other fixed investments, and both foreign and domestic equities. The earnings on the Plan assets help provide funds both for your future benefit and for the interest credited each month to your account. However, the interest credited to your account is determined by law and not by the earnings from the Plan investments.

REPAYMENT OF REFUND

If you previously terminated employment and took a refund from the Plan, you are eligible to repay the refund upon return to active employment (re-employment). Your cancelled service credit will be reinstated when the refund is repaid. You may repay all or part of the refund. Service credit will be restored in proportion to the amount repaid.

The cost will include the original amount of the refund plus the interest that would have accrued if the account had not been withdrawn. Full payment must be received within five years of your election to purchase service or prior to termination, whichever comes first.

You may pay this cost through after-tax direct payments (making certain the payments do not exceed certain IRS limitations), installment payments, post-tax payroll deductions or rollover payments. Personal checks are not accepted.

ROLLOVERS

Rollovers from the following qualified plans are accepted.

- §401(a) plan (includes 401(k) plan)
- §403(a) or (b) Tax Sheltered Annuity account
- §457(b) Eligible Deferred Compensation Plan
- §408(a) Individual Retirement Account containing only monies from a qualified plan (“Conduit” IRA)
- Use a trustee-to-trustee transfer from a 457(b) or 403(b) account without a termination of employment

Contact NPERS for details.

REEMPLOYMENT

You are considered reemployed if you return to regular employment as a judge or begin employment with any agency of the State of Nebraska.

After Retirement

Reemployed members must have at least a 120 day break in service. If a member is reemployed prior to the 120 day break, retirement benefits will be suspended and all benefits previously issued must be repaid.

Members reemployed *after* the 120 day break in service will continue to receive retirement benefits. Upon permanent reemployment, members will return to plan participation as if they were a new member. Retirement contributions will be withheld from compensation and service credit earned commencing from the date of reemployment.

Before Retirement

If you terminate employment and later are permanently reemployed as a judge, either full-time or part-time, you should consider the following:

REEMPLOYMENT BEFORE RETIREMENT

- If you have previously taken a refund of your accumulated contributions plus interest, you may elect to repay the total amount of your refund and reestablish your prior service credit (see “Repayment of Refund”). If you elect not to repay the refund, service credit cancelled due to the refund **cannot** be counted when determining your monthly payments at retirement unless you repay the refund.
- If you have **not** taken a refund of **your account**, the service credit you acquire will be added to your previous service when determining total years of creditable service for retirement purposes.

If you are reemployed as a judge in Nebraska, you should update your beneficiary listing by filing a Beneficiary Designation Form with NPERS.

SPOUSAL PENSION RIGHTS ACT

Your account is exempt from attachment (as in garnishment of wages) and is unassignable (for example, as loan collateral). In 1996 the Spousal Pension Rights Act codified the rights of divorced spouses and children to a share of a plan member’s retirement account. To claim this share, proper language must be included in a domestic relations order and be qualified by NPERS.

For further details, refer to Receiving Funds for an Alternate Payee link found on your “Plan Info” page of the NPERS website, or contact our office.

PRERETIREMENT PLANNING PROGRAM

Since 1987, NPERS has conducted statewide retirement planning seminars for plan members and their spouses. Plan members who are age 50 or within five years of qualifying for retirement are eligible to attend a retirement seminar.

Information is provided on your pension plan, retirement payment options, financial planning, Social Security benefits, Medicare, health insurance, healthy lifestyles, social and psychological adjustments to retirement, and estate planning.

Each eligible employee is allowed **leave with pay** to attend **up to two** of these full-day 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.**

You are welcome to register and attend any preretirement seminar scheduled in your area. An NPERS representative will be available to discuss your pension plan with you. For information on seminars scheduled in your area, contact NPERS or visit the web site at npers.ne.gov.

ADMINISTRATION OF THE RETIREMENT FUND

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

The PERB is responsible for the administration of the Judges, State Patrol, School Employees, State Employees and County Employees Retirement Systems and the Deferred Compensation Plan. [§84-1501] PERB meetings are held regularly each month.

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

Judges Retirement 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.

Exemption From Legal Process

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

IMPORTANT



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

- Through a qualified domestic relations order under the Spousal Pension Rights Act
- Through an IRS tax lien

IMPORTANT



Members CANNOT take a distribution (receive any funds) until they have ceased employment.

RELEASE OF INFORMATION

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

CONDITIONS FOR RELEASE OF INFORMATION

- Your personal visit to NPERS with adequate proof of identity
- Adequate proof of identity provided over the phone (not including beneficiaries)
- Written and signed requests from the member
- Written release signed and dated by member (release date must be less than 12 months old)
- Court ordered release
- Request from guardian or conservator accompanied by a certified copy of letters of guardianship or conservatorship
- 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
- Request from a personal representative of a deceased member accompanied by a certified copy of letters of appointment
- A request from a third party signed by the third party and the member

Beneficiary designation(s) are only provided to you upon your signed, written request or personal visit by you to NPERS (with adequate proof of identity).

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 retirement benefit estimates
- Changes in tax withholding
- Changes in direct deposit or debit card
- DCP Enrollment and Change Forms

Original NPERS forms are required to process benefits or payments, to change beneficiaries, or change of address for payment requests. However, a faxed application for a retirement benefit will be accepted to determine effective date of processing of payment **if the original, notarized form is received within five working days.**

Email Policy

General questions about the pension plan and requests for forms may be communicated through email.

At the present time, NPERS does not answer individual account questions by email. NPERS will respond to signed, written requests.

DEFERRED COMPENSATION PLAN

As an employee of the State of Nebraska, you are eligible to participate in the voluntary Deferred Compensation Plan (DCP) for State of Nebraska employees. This is a tax-deferred, voluntary investment plan authorized by IRS Code **§457**. This plan is designed to provide employees a supplementary retirement income.

The plan permits you to “defer” a specified amount of your current salary until retirement or termination. Your deferral is invested at your discretion in any combination of the 13 investment funds offered. As with other retirement plans, there are restrictions on withdrawals. Therefore, your participation should be considered a long-term investment program and not a short-term savings program.

As a participant in the Deferred Compensation Plan, you may defer an elected amount from your compensation, the *minimum* being **\$25** per month. The *maximum* you can defer and contribute to DCP is the lesser of 100% of your annual compensation less mandatory retirement contributions or an annual

dollar limit established under the Internal Revenue Code. The dollar limit is adjusted for inflation every year by the U.S. Secretary of the Treasury. The percentage limit remains fixed at 100% of your compensation less mandatory contributions to retirement plans.

You may join DCP by completing a Deferred Compensation Enrollment Form and submitting it to your employer. Your employer must then sign the form and submit it to NPERS. The calendar month after NPERS receives the completed form is the month your contributions to DCP will begin.

After you have started contributing to DCP, you may change, stop, or re-start your contributions by completing and signing a Deferred Compensation Plan Change Form.

For more information, please refer to the DCP handbook available on the NPERS website.

APPEALS PROCESS

NPERS makes every effort to follow Federal and State statutes, and rules and regulations when administering the plan. As a member of the Judge's 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.

IMPORTANT



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



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