

SCHOOL | TERMINATING MEMBER

The Nebraska Public School Employees Retirement plan is a defined benefit plan. After termination and reaching retirement age, *vested* members may apply for benefits in the form of a monthly annuity (pension), paid for their lifetime. *Unvested* members are not eligible to receive a monthly pension, but may request a refund of their contributions.

ARE YOU VESTED?

For most members, vesting occurs when they accrue five (or more) years of service credit. If you are unsure of your years of service or vesting status, you may contact NPERS.

VESTED MEMBERS

WHEN CAN YOU BEGIN BENEFITS?

Your age (when you start receiving benefits) and your years of service determine when you may begin drawing reduced or unreduced benefits.

UNREDUCED BENEFITS

AT AGE 65

If vested, you are eligible for unreduced benefits at age 65.

OR

THE “RULE OF 85”

You may receive unreduced benefits prior to age 65 if you meet the “Rule of 85.” If you are participating in *Tiers One, Two, or Three* you reach this status when:

- **You attain the minimum age of 55, and;**
- **Your age plus service credit equals 85 (or more).**

If you are participating in *Tier Four* you reach this status when:

- **You attain the minimum age of 60, and;**
- **Your age plus service credit equals 85 (or more).**

REDUCED “EARLY” BENEFITS

AT AGE 60

If you are vested but do not meet the Rule of 85, you may apply for reduced benefits as early as age 60. There will be a 3% per year reduction for each year your age is less than 65. Be aware this is a permanent reduction.

WHAT TO DO NOW (VESTED MEMBERS)

APPLY!

If you are eligible to begin receiving *unreduced benefits*, you should contact our office (402-471-2053 or 800-245-5712) to begin the application process.

APPLY?

If you are eligible to begin receiving *reduced benefits*, you need to decide if you want to apply now, or hold off applying to a later age to mitigate or eliminate the benefit reduction.

DEFERRAL

If you are not eligible to begin benefits, you may wait until you reach benefit eligibility and then apply. Benefits will be calculated using the salary/service credit you accrued as of your termination.

Be aware your pension benefits will not increase after you attain age 65 or qualify for the “Rule of 85.”

Failure to apply in a timely manner will result in a loss of benefit payments.

If you defer your account, please KEEP YOUR ADDRESS UPDATED WITH NPERS.

WHAT TO DO NOW (UNVESTED MEMBERS)

DEFERRAL

You may defer your account, but unvested members are not eligible for the monthly pension benefit. If you return to employment at your prior employer or begin qualifying employment at another participating employer, you will return to plan participation and resume earning service credit.

You cannot defer your account past the age where the federal tax code requires you to take a required minimum distribution (RMD). Failure to take a distribution at RMD age may result in loss of benefits, tax penalties, and transfer of the account to unclaimed property.

If you defer your account, please KEEP YOUR ADDRESS UPDATED WITH NPERS.

REFUND

You may request a refund paid directly to you, or rolled over to another eligible retirement plan or Individual Retirement Account (IRA). Refunds do NOT include employer matching contributions, and taking a refund erases your years of service credit and terminates plan membership.

Unless rolled over to another eligible retirement plan or Traditional IRA, refunds are subject to State and Federal income tax and may incur early withdrawal penalties if taken prior to age 59 ½.

The refund request form is available on the School “Plan Info” page of the NPERS website.