NEBRASKA STATE & COUNTY EMPLOYEES

RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS | JULY 2026

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State & County Cash Balance Dividend

At the May 18, 2026, board meeting, the Public Employees Retirement Board (PERB) approved a dividend for eligible members of the State and County Cash Balance retirement plans.

Each year an actuarial study is conducted to ascertain the funded status of the Cash Balance plans. The 2026 actuarial reports for the plans were presented at the May 18th, 2026, PERB meeting. These reports found both plans sufficiently funded to allow the PERB to grant a dividend. After reviewing the actuarial reports and discussing them with the plan actuary, the PERB voted to grant a **3.47% dividend to State Cash Balance members and a 3.36% dividend to County Cash Balance members**.

The dividend will be based upon the member's Cash Balance account balance as of December 31, 2025. It will be credited to eligible Cash Balance member accounts by July 31st, or as soon as administratively possible. The amount of the dividend will be included in the "earnings" on your third quarter account statements.

All dividends must conform to the requirements stipulated in state statute and board policy. The plan must be 100% actuarially funded before and after the valuation date of the report. The actuarial reports are published on NPERS' Publications page for members who wish to review the content.

RETIREMENT NEWS | EDITOR HEATHER CRITCHFIELD-SMITH | CO-EDITOR JARED JEHLE

Changes to Basis Point Fees 2026

The Public Employees Retirement Board (PERB) officially approved an operational fee adjustment following its most recent review of plan basis points. Effective April 1, 2026, the administrative charges for the State of Nebraska Defined Contribution Plan increased from 1.5 basis points to 2.0 basis points.

Simultaneously, the board approved a fee reduction for the voluntary Deferred Compensation Plan, dropping it from 1.5 basis points down to 1.0 basis point while maintaining its standard $2.00 flat monthly fee. The County Defined Contribution Plan is unaffected by this round of updates and continues forward under its existing rate of 3.0 basis points.

The new rate structure will first be visibly reflected on participants' July 2026 quarterly account statements.

Retirement Plan Type	Previous Fee	New Fee (Effective April 1, 2026)
State Defined Contribution	1.5 basis points	2.0 basis points
Deferred Compensation	1.5 basis points	1.0 basis point (plus $2.00 flat fee)
County Defined Contribution	3.0 basis points	3.0 basis points (No change)

One basis point is equivalent to 0.01% or 0.0001 in decimal form. For a $10,000 account, 5.0 basis points would result in a $5.00 annual fee. A breakdown of the administrative fees may be found in the "Fee Detail" section on member statements.

This fee is charged to cover a portion of NPERS operating expenses. NPERS strives to keep these fees reasonable and affordable. Plan expenses are evaluated periodically, and fees are subject to adjustment as needed. By law, these fees may only be used to pay for the expenses incurred in the plan from which the fees were collected.

Stability Meets Market Potential
Cash Balance Rate of Return

Cash balance plans offer a unique hybrid structure in the retirement landscape, combining the predictability of a defined benefit plan with the portability of a defined contribution plan. A critical component of these plans is the **interest credit rate**, which determines how much your hypothetical account grows each year. Unlike traditional 401(k) plans where returns depend entirely on market performance, cash balance plans provide a statutory formula that guarantees a minimum return while allowing for upside when interest rates rise.

The Statutory Formula: A Built-in Floor

The interest credit rate is not arbitrary; it is defined by state statute to ensure a baseline level of growth for participants. The formula is straightforward: the rate is set as the **greater of 5% or the applicable federal mid-term rate plus 1.5%**.

This mechanism creates a powerful safety net. If the federal mid-term rate falls below 3.5%, the formula automatically triggers the **5% minimum guarantee**. This means that even in periods of historically low interest rates, participants are assured a solid, compounding return on their accounts. Conversely, when the federal mid-term rate rises, the credit rate increases, allowing participants to benefit from a higher return without the volatility of direct stock market exposure.

How Rates Are Determined

The rate is not static; it is recalculated **each calendar quarter** (January, April, July, and October). The determination relies on the federal mid-term rate published by the Internal Revenue Service (IRS) as of the **first day of that quarter**.

Once set for a quarter, the interest is **compounded annually**, meaning the growth builds upon itself over time. This quarterly adjustment ensures the rate remains responsive to the broader economic environment while maintaining the protective floor.

Recent Performance Trends (2010–2026)

The historical data from 2010 through the projected rates for 2026 illustrates the stability of this formula. For over a decade, from 2010 through 2019, the federal mid-term rate remained low enough that the **5% minimum guarantee** was the active rate for all quarters. This provided a decade of consistent, predictable growth for participants.

However, as economic conditions shifted, the formula began to yield higher returns. Starting in 2022, the rates remained at the 5% floor, but by 2023, the federal mid-term rate began to climb, pushing the credit rates slightly above the minimum.

Year	Range of Quarterly Rates	Year Average	Notable Trend
2010–2022	5.00% (All Quarters)	5.00%	Consistent statutory floor active
2023	5.35% – 5.93%	5.68%	Rates begin to exceed 5%
2024	5.20% – 5.99%	5.72%	Peak rates observed in Q3
2025	5.37% – 5.74%	5.62%	Slight moderation but above floor
2026 (Proj.)	5.31% – 5.85%	5.49%	Continued premium over 5%

Note: 2026 data reflects the first three quarters and a projected annual average.

The data shows that since 2023, participants have consistently received returns **above the 5% floor**, with quarterly rates ranging from the low 5.30s to nearly 6%. This demonstrates the dual nature of the plan: it protected participants during the low-interest era of the 2010s and has now delivered enhanced returns as the economic landscape shifted.

Why This Matters for Participants

For retirement savers, the cash balance rate of return offers a compelling alternative to traditional investment risk. The guarantee of a 5% return (or higher) provides a level of certainty that is rare in the retirement space. Participants do not need to worry about market crashes eroding their account balances; instead, their growth is tied to a transparent, government-calculated formula.

As we move into 2026, with projected average rates around **5.49%**, the plan continues to offer a competitive yield that outpaces many conservative fixed-income investments, all while retaining the statutory safety net that has protected participants for over a decade.

Why Annuitize Your Retirement Account?

In an era of market volatility and unpredictable economic shifts, having an income stream you can count on provides the psychological security necessary to enjoy retirement without constant financial anxiety. Unlike investment accounts subject to daily market swings, a guaranteed income source—such as pension, annuity, or Social Security—acts as a financial foundation, ensuring that essential living expenses like housing, food, and healthcare are covered regardless of economic downturns. This predictability allows retirees to maintain their standard of living even when the stock market crashes, preventing the need to liquidate assets at a loss during a bear market, a strategy often called "sequence of returns risk."

Beyond mere survival, a reliable income stream empowers retirees to plan for the future with confidence. When basic needs are met through a guaranteed source, individuals can allocate their remaining investment portfolios toward growth or discretionary spending, knowing that a safety net exists if their investments underperform. This stability reduces the cognitive load of constantly monitoring market trends and makes long-term planning for travel, hobbies, or legacy goals feasible. Ultimately, the peace of mind derived from a guaranteed income transforms retirement from a period of financial worry into a time of genuine freedom and enjoyment.

If you are considering establishing an income stream by annuitizing some or all of your NPERS retirement account, you may wish to run estimates to see what your monthly benefit may be. You can run estimates on our website without having to log into a portal, with just a few simple pieces of information. You could sit down with your financial planner, open **NPERS.NE.GOV** and have them run estimates with you.

How to run benefit estimates:

1. Go to **NPERS.NE.GOV**
2. Locate the **Member Info** dropdown and select **Benefit Estimators**
3. Read the disclaimer and select the blue button for **your plan**
4. Enter your information (if you are not sure what to enter there is a HELP link for each field) and press **Calculate Your Estimate** to receive your estimate
5. Rinse and Repeat – You can run an unlimited number of estimates depending on your situation

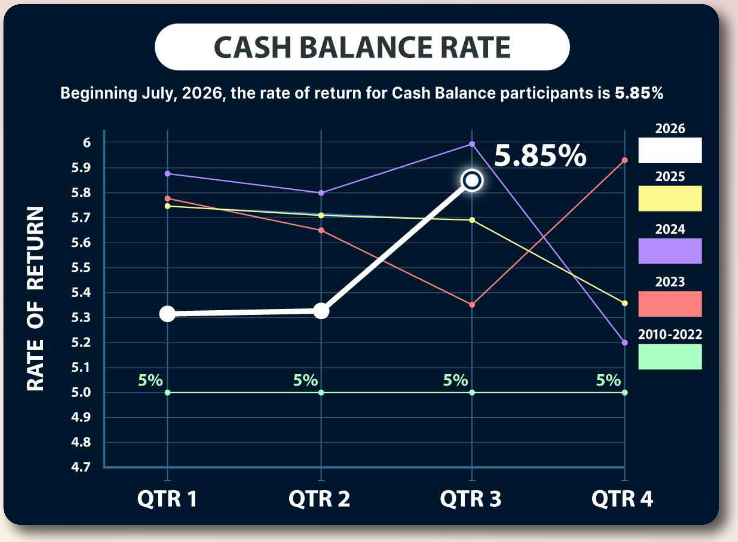
Now that you understand the importance of establishing an income stream and how to view your benefit estimates, learn more by watching our **Annuity Options Video**.

Cash Balance Rate

For the quarter beginning July 1st, 2026, the rate of return for Cash Balance participants is 5.85%. The Cash Balance rate of return is calculated using the federal mid-term rate plus 1.5% or a guaranteed rate of 5%, whichever is greater.

Most people believe they are only getting the 5% guaranteed rate, but do you know how long Cash Balance has received a rate of return higher than that 5%? For the last four years. Average rate of return for 2023 was 5.68%, for 2024 was 5.72%, for 2025 was 5.62%. With a rate of 5.31% for Q1, 5.32% for Q2, and 5.85% for Q3 the current average for 2026 is 5.49%

The current and historical Cash Balance rates of return are available via the "Cash Balance Rates of Return & Dividends" link on our website.



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Coming Soon!!

Nebraska Public Employees Retirement Systems (NPERS) is hosting fall retirement planning seminars for state and county employees, offering in-person, full-day sessions and free online webinars to help members prepare for retirement. These educational sessions provide insights into plan rules, with paid leave available for eligible employees to attend.

For registration, visit the NPERS State and County Retirement Planning Seminars Portal, **the full Fall schedule will be posted toward the end of July!!** We look forward to seeing you there!

PSST ...if you can't wait...check out the awesome videos for previous State & County Webinars on our website videos page or on our YouTube Channel.