NEBRASKA STATE & COUNTY EMPLOYEES

RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS | OCTOBER 2024

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Ten Pieces of Retirement Advice FOR JUST ONE PENNY?!?

Anyone else remember Columbia House, BMG Music Club, or any of the other numerous vinyl, cassette, and CD-slinging mailers and TV commercials promising a bunch of music at an inappropriately low price? Anyone else fall for it? I did. I got even more upset when I read the fine print and realized I had to buy one at full price just to cancel the monthly subscription! There have been times when the excitement of a good sales pitch has led me down the wrong path. But you know who isn't selling you something? NPERS.

NPERS is a state agency, so no matter what you choose to do with your retirement, we want you to be knowledgeable and successful in your journey. Our mission is to help you get there. We may seem too good to be true—like 12 CDs for a penny—but we are fiduciaries for all the plans we administer.

We want you to read the fine print. In fact, we'll read it to you, in a manner of speaking. We provide educational opportunities that are both entertaining and informative. Talking about money, taxes, savings, health insurance, and estate planning can be dry and dull—or at least it can be if it's not done right. Speaking with individuals who are passionate and motivated to help you succeed in retirement can make all the difference.

If you are a vested member in your retirement plan, you can attend—no age restrictions. Plan members can attend up to three educational opportunities over their career (paid). Young or old, whether you're ready to retire or years away, a financial whiz or someone who doesn't even know what a budget is, all are welcome at an NPERS event.

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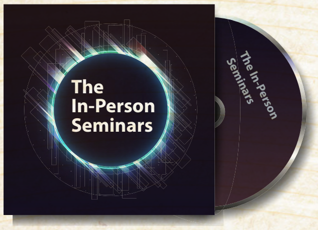
OFFERINGS CURRENTLY OPEN!



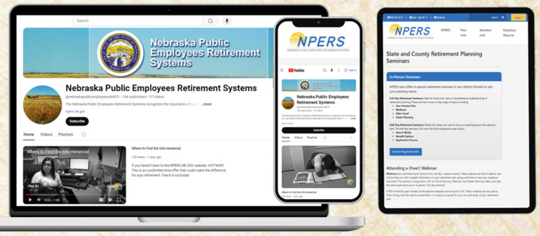
"Classic, Easy Listening"
- The In-person Seminars

For our State and County members NPERS provides in-person full day seminars at locations across the State of Nebraska. Enrollment brochures to register are on the website! Spots are still available! This great day includes plan information, presentations on Social Security, Elder Fraud, Medicare, and Estate Planning. A great day filled with great information - and a few jokes!

LaVista: October 29th, 30th
Lexington: October 23rd
Grand Island: November 13th
Gering: October 22nd
Lincoln: November 20th, and 21st
Kearney: November 14th

"The New Hit"
- Half-Day, In-person Seminars

This is a shortened half-day format, covering the Retirement Plan portion ONLY, to accommodate members who only want information regarding their NPERS retirement plan, and prefer a face-to-face seminar. Since it is not a full day, the registration fee is $10 per member. The remaining half-day seminar runs from 8:30 AM to 11:30 AM, in Lincoln, **November 5th**. You must pre-register using the Half-Day Brochure to attend. Secure a spot now!



"I Love MP3's"
- Web Offerings

Our web-based offering is a great alternative to our in-person seminars. The remaining ½ day webinars are Dec 3rd and Dec 4th from 9:00 AM to 12:30 PM. If you wish to register for one of our ½ day webinars all you have to do is e-mail your:

- NAME
- DATE OF BIRTH
- WEBINAR DATE YOU WISH TO ATTEND
- E-MAIL YOU WOULD LIKE TO USE

to NPERS.SEMINARS@NEBRASKA.GOV and a link will be e-mailed to you! **FREE TO ATTEND!**

"I Wanna Rock Right NOW!!"
- Resources anytime, anywhere

We frequently hear from people that they didn't start thinking about their retirement sooner because they simply didn't have time. We understand busy people. Maybe you don't have time during the day to pay attention to a 3–4-hour webinar, or to take off a whole day to go to an in-person. How about this? You can access the seminar at any time you want on our website. The same information we give at in-person seminars and at webinars, right there for you, to access at your leisure 24 hours a day, 7 days a week!

So, what are you waiting for? Listen to all your favorite retirement information now! NPERS representatives are standing by, waiting to hear from you! Don't delay and let these wonderful offerings slip away!

Required Minimum Distributions

Each year terminated plan members who reach their RMD age are required by federal law to take a taxable Required Minimum Distribution (RMD) amount from their retirement accounts.

What is your RMD age?

Federal tax law changes over the past few years have created different RMD ages depending on when you were born.

CURRENT RMD AGES	
If you were born *prior to* **7/1/1949**	your RMD age is **70 1/2**
If you were born *on or after* **7/1/1949** but *before* **1/1/1951**	your RMD age is **72**
If you were born *on or after* **1/1/1951**	your RMD age is **73**

➔ New RMD provisions **taking effect 1/1/2025** ←	
If you were born *on or after* **1/1/1951** but *before* **12/31/1959**	your RMD age is **73**
If you were born *on or after* **1/1/1960**	your RMD age is **75**

Failure to take RMDs can result in serious tax penalties and the eventual transfer of retirement assets to unclaimed property!

This article will examine when distributions should be taken and provide guidance on how plan members can comply with these regulations.

➔**NOTE:** These regulations do NOT apply to members who are still actively working at a participating employer.

Defined Contribution Vs. Cash Balance

For Defined Contribution members, this will mean taking a withdrawal of at least the minimum distribution amount, deferring the remainder of the account if you wish, and taking subsequent RMDs on that balance each year in the future. For Cash Balance members, this will mean initiating a one-time distribution event, meaning all the money from the account must be distributed in some way (annuity, lump sum, or partial rollover of non-RMD amount).

RMD Deadlines

Distribution requirements are broken down into two separate deadlines – the initial RMD and subsequent RMDs.

The initial RMD is due:

- The calendar year the terminated member attains RMD age **OR**:
- If the member works beyond their RMD age (at a participating employer) then the initial RMD is due the calendar year of termination.

The federal tax code allows individuals to delay taking their initial RMD to April 1 of the following year. For example, if a terminated member attains RMD age in 2024, the initial RMD amount must be taken by April 1, 2025. If that same individual were still actively working past their RMD age then the initial RMD would be due by April 1, following their year of termination.

The April 1 "grace period" provides individuals who terminate late in the year additional time to apply for and begin taking benefits prior to the initial RMD deadline. Even with the additional time, it's still very important for members to be aware of this deadline.

If the member fails to apply for AND begin receiving a monthly benefit, or account distribution, prior to the April 1 deadline, they may incur an IRS penalty. If the member continues to defer applying for a distribution, NPERS will transfer their account to Unclaimed Property on or about November 1.

Application Deadlines

NPERS recommends members contact our office three to six months prior to termination to apply for retirement benefits. Applying well in advance takes on even more significance for terminated members who need to meet an April 1 RMD deadline. Those members should preferably contact NPERS three to six months prior to termination, but no later than November 1. After they contact us, we will create and mail a retirement packet containing the paperwork they need to complete and return to our office.

- The completed Application for Retirement form must be received in our office by the last working day in February in order to meet the April 1 deadline. This deadline cannot be waived!
- All additional required paperwork such as birth certificates, marriage licenses, etc. should be submitted with the application. These documents must be received by NPERS in time to process the application and issue the first monthly benefit prior to the April 1 RMD deadline.
- **Failure to meet these deadlines may result in the loss of the lifetime benefit!**

Members who terminate on or after their RMD age should be aware of these deadlines and apply for benefits in a timely manner.

How We Help

Clearly this can be a complicated process, but NPERS does provide assistance.

NPERS includes annual RMD notifications in all statements (both active and terminated plan members) when members reach age 67. This notice is designed to inform them of the potential for a future RMD.

Your Responsibilities

NPERS will make every effort to provide RMD notifications to plan participants, **but it is the member who is ultimately responsible to apply for benefits in a timely manner.** We recommend these steps:

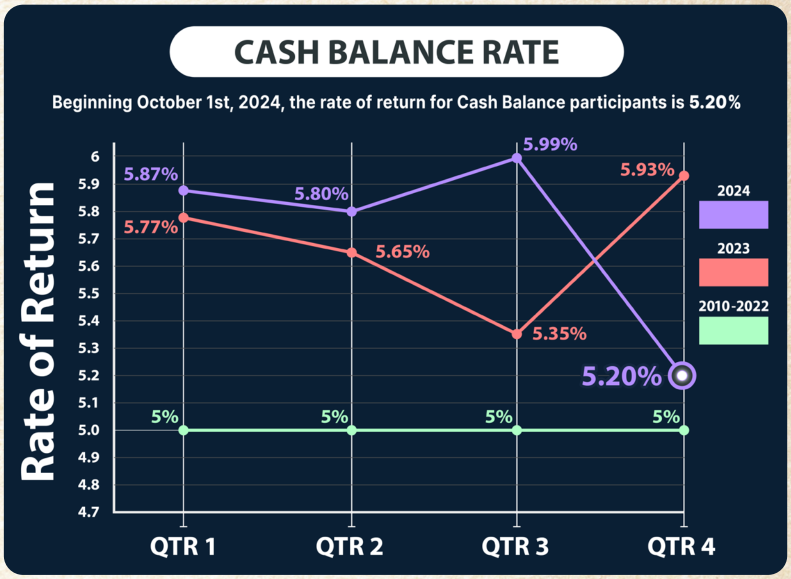
1. Keep your address up to date with NPERS. We can't provide RMD warnings if we don't have a valid address.
2. File a timely request for benefits if you receive an RMD notification from our office.

Cash Balance Rate

For the quarter beginning October 1st, 2024, the rate of return for Cash Balance participants is 5.20%.

The rate of return for the Cash Balance plan is the federal mid-term rate plus 1.5% or a guaranteed rate of 5%, whichever is greater. This year and last year we have seen some of the highest rates of return for the cash balance plan! First quarter of 2024 was 5.87%. Second quarter rate was 5.80%. Third quarter rate is 5.99%. The fourth quarter is 5.20%. This gives the Cash Balance plan a year average rate of return of **5.72%**.

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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Upcoming Changes to the LifePath 2025 Fund

For members making investment choices for their Defined Contribution Plan, Voluntary Deferred Compensation Plan, and/or Patrol DROP account: As detailed in our July newsletter, the LifePath 2025 Fund will be dissolved. If you currently hold assets in this fund, they will be transferred to the LifePath Retirement Fund. This is what the fund is designed to do at its target date, regardless of whether the member is actually retiring in 2025.

Any account balances in the LifePath 2025 Fund were transferred into the LifePath Retirement Fund after the close of business on **October 4th, 2024.** The process is automatic, so there is nothing members will need to do if they are comfortable with their assets moving to the LifePath Retirement Fund. If you wish to transfer from the LifePath 2025 or LifePath Retirement Fund into a different fund offered, you can do this using your Ameritas Online Access.