

Retirement Roundup

Judges, State Patrol & School Employees I

PUBLIC EMPLOYEES' RETIREMENT BOARD

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NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

Meet Our Director, Again, For The First Time!

After a nationwide search, interviews with finalists and a unanimous vote from the Public Employees Retirement Board, Chairman, Clark Nichols announced our new Director, Anna J. Sullivan, during the December board meeting.

Although newly appointed to the Director's position, Anna Sullivan is not new to the Retirement business. Many of you may be familiar with Anna since she has been with the Public Employees Retirement Systems since August 1976, when she began as an Office Clerk in the School Retirement Area.

Led by her dedication and determination, Anna has held many different positions in the agency, learning all phases of Retirement Plan administration. She also holds a B.A. in Public Administration from Doane College and is a Certified Manager through the Institute of Certified Professional Managers.

We look forward to many positive changes in the future under Anna's administration. Congratulations Anna on a position well deserved!

Year 2000 Readiness

The Year 2000 (Y2K) problem arises when a computer performing date-dependent computations or operations produces erroneous results because its system recognizes years only by the last two digits, causing a "00" entry to be read as the year "1900" rather than "2000." Because the computer systems, both hardware and software, produced in the past have commonly used the two-digit date designation, virtually all businesses are now faced with the enormous task of determining the extent to which their systems will be affected by the Year 2000 problem.

The Retirement Office began addressing Y2K issues several years ago with our internal mainframe computer and is on schedule to complete our final testing before July 1999. The personal computers (PC's) we use for member correspondence and benefit estimates have been upgraded or replaced and new PC software has been installed to meet Y2K requirements. We are reviewing all other office equipment to insure readiness.

We feel confident in our Year 2000 readiness, and hope this gives you the assurance that your retirement services will not be interrupted when that big day arrives. Have a great 1999!

Suffering from Chronic CRS? (Can't Remember Stuff!)



Have you ever said, "I must be losin' it, I can't remember anything?" Have you ever gone into a room and then forgot why you went in there? How about this one, "I must be getting old, I can't remember anything" or, writing a "to-do list" and then forgetting where you put it?

We seem to come up with lots of reasons why we can't remember. Of course, in some instances, health or lifestyle issues play a part in remembering or not remembering. However, the number one reason we can't remember things or seem to forget them quickly is...our brains are on OVERLOAD. We have so much going on in our lives. Most of the time, we just need to SLOW DOWN and CONCENTRATE on what is going on at the moment and what we want to remember.

If you are concerned about your memory, you may want to visit with your doctor. In addition, there are unlimited resources on the Internet under "Mental Memory" as well as many resources at your local library. These resources may help you understand how memory works.

Don't Miss the Bus! Plan Ahead!



To avoid delays, plan ahead by submitting your written requests for estimates of benefits early. If you are planning on retiring at the end of this school year **your request should be in now!** If you will retire next year, **you need to submit your request this fall!**

Your Beneficiaries Will Thank You

If you die before retirement, the Retirement Office will pay the beneficiary(ies) you have listed on your Membership Registration or Change of Beneficiary Form. The Membership Registration form provides space for your beneficiary designation and must be completed when you join the Retirement System.

Keeping your beneficiary designation up to date will ensure that benefits are paid promptly and properly. You should review your choice of beneficiaries frequently, but especially if:

- you or one of your beneficiaries marries or becomes divorced
- one of your beneficiaries dies
- one of your beneficiaries changes his or her name or address
- you have a child

You may request a Change of Beneficiary form from our office at any time. The new form will cancel any previous beneficiary designation.

If a beneficiary has not been named or your beneficiary has predeceased you and a new form is not received in the Retirement Office prior to your death, your benefits will be paid to your estate.

If you return to employment after receiving a refund of your account and have not completed a Change of Beneficiary Form, your beneficiary is your estate.

If you want any of your beneficiaries to "share equally", you must bracket the names and write "share equally" next to the bracketed names.

If you want the Retirement Office to pay your beneficiary(ies) according to your will or trust, you must designate your Estate or give the name of your Trust. **Please provide Personal Representative or Trustee name and address.**

Please ask your attorney if you have questions regarding how you should list your beneficiary(ies).

Web Site Up and Going!



We have established a home page on the World Wide Web. You can find us at <http://www.nol.org/home/pers> or if you sign onto the State of Nebraska's home page you can find us under "state agencies," and "r" for retirement.



In prosperity our friends know us; in adversity we know our friends.

—Churton Collins



Spring 1999 Preretirement Seminar Calendar School Employees age 50 and over

March 2	-	Kearney
March 9	-	Columbus
March 11	-	Fremont
March 31	-	Scottsbluff
April 1	-	Scottsbluff
April 6	-	Beatrice
April 14	-	Ogallala
April 15	-	North Platte
April 20	-	Norfolk
April 22	-	S. Sioux City
May 19	-	Grand Island
June 3	-	Kearney
June 8	-	Lincoln
June 9	-	Omaha

Registration information will be sent to eligible members approximately 4 weeks prior to meetings in your area.

1999 Legislative Update

The following is a list of legislative bills affecting the School Employees, Judges and State Patrol Retirement Systems introduced during the 1999 session.

Remember, these are proposed changes and will not become law unless and until passed by the Legislature. We will keep you posted on the progress of these bills in future newsletters.

LB 82 - Provides an 18 month window from January 1, 2000 through June 30, 2001, for members of the school employees retirement system to elect to repay previously refunded contributions and reinstate previously forfeited service credit.

LB 123 - Provides a deduction from federal adjusted gross income, for state income tax purposes, for pension and deferred compensation income.

LB 537 - Provides that the funds necessary in connection with the administration and operation of the deferred compensation plan (DCP) shall be a direct obligation of the State (i. e. General Fund appropriation). Currently, all DCP expenses are deducted from participant account balances.

LB 538 - Amends the definition of "Final Average Compensation" in the School Retirement Plan. Excludes from the benefit calculation compensation received by the member that exceeds the member's compensation with the same employer for the preceding fiscal year by more than 10% unless the increase in compensation is due to a change in position.

Defines "substitute school employee" as "a person hired by a public school on an intermittent basis to assume the duties of regular school employees due to the temporary absence of the regular school employees."

Adopts a new definition of "Disability" in the School Retirement Plan. Under current law, a school employee may receive disability retirement benefits if

the physician certifies that the member is "physically or mentally incapacitated for the further performance of duty as a school employee and ought to be retired." Disability is re-defined in the proposed legislation as "an inability to engage in a substantially gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or be of a long and indefinite duration."

LB 545 - Revises the definition of "termination of employment" in the School Employees Retirement Act. Under current law, a termination has not occurred, (and an employee is thus ineligible to receive retirement benefits), if the employee returns to active work with a school during the school year immediately following the employee's termination date. LB 545 revises the definition to state that any member returning to work on either a temporary-substitute or part-time basis not exceeding a total of five-hundred paid hours in one school year shall not be considered as returning to active work, if the member was previously employed on a full-time basis.

LB 620 - Changes age requirements for retirement in the Judges Retirement System. (Reintroduction of LB 796 from last session.)

LB 673 - State Patrol cost-of-living adjustment (COLA); increases current benefits to 75% of purchasing power of initial benefit and provides an annual adjustment of 2% or the Consumer Price Index (CPI), whichever is less, commencing July 1, 2000.

LB 674 - School employees COLA; increases current benefits to 75% of purchasing power of initial benefit and provides an annual adjustment of 2% or the CPI, whichever is less, commencing July 1, 2000. Also, increases the annuity factor to 1.9% beginning July 1, 1999. To be eligible for the 1.9% annuity factor, a school employee must acquire one-half year of service credit after July 1, 1999.

LB 675 - Judges COLA; increases current benefits to 75% of purchasing power of initial benefit and provides an annual adjustment of 2% or the CPI, whichever is less, commencing July 1, 2000.

LB 676 - Amends the school service annuity funding provisions to eliminate actuarial reduction for persons retiring under the rule of 85. Extends the period for a school employee to apply for disability retirement for up to five years from date of termination.

LB 703 - Requires all purchase of service payments be completed by the member's termination date. Current law requires payments be completed by the member's retirement date, which may be months or years after an employee has terminated employment.

Authorizes an IRC section 414(h)- tax-deferral (employer pick-up) of payments for purchase of military service.

Coordinates LB 532 COLA adopted in 1998 with other COLA's to ensure that total increase does not exceed change in the CPI.

LB 773 - Amends the targeted COLA provisions in the State Patrol Plan adopted by LB 532 in 1998 to apply the COLA to a greater number of retirees.

LB 848 - Provides a state income tax adjustment for federal pension payments and payments under the Nebraska State Patrol Retirement Act.

LB 874 - Eliminates a state contribution to the School Employees Retirement System. Under current law, the state contributes an amount equal to seven-tenths of one percent of all compensation paid to school employees to partially fund the school employee retirement benefits. LB 874 eliminates this contribution.

Did You Know?

Your account balance is not used to calculate your retirement benefit. You have a “Defined Benefit Plan”. This means we determine your benefit at retirement based on a FORMULA set in state law.

The two distinct concepts of a Defined Benefit Plan are a) calculation of your benefit (how much you get) and b) funding of your benefit (who pays for it).

Calculation of your benefit

Your benefit will be calculated based on a formula using your age, number of years of creditable service and an average of your highest three years of salary. For school employees and judges, you may choose one of several actuarially equivalent payout options at retirement.

Funding of Your Benefit

Your retirement benefit is “paid” from the following sources:

1. Your account (your contributions and earnings.) You contribute a percentage of your gross compensation to retirement as set in law. (The statutory rate for school employees is a “floor rate” which may be raised

if recommended by our consulting actuary.)

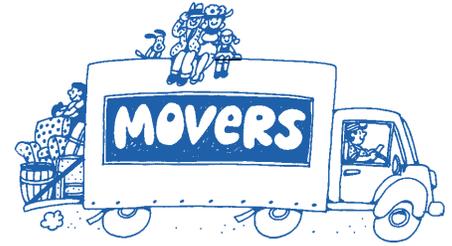
2. Your Employer: The school district’s contributions, the state patrol’s contributions and court fees for Judges are not credited to members’ individual accounts but provide funds for payment of a portion of the formula benefit at retirement.
3. The State of Nebraska contributes at a rate of 7/10 of 1% of the total school employee salaries to the school formula annuity fund. The state also pays \$3.50 per month for every year of service, at retirement. (known as the “state service annuity”).

At retirement the funds from these sources are combined to pay your monthly benefit. Ultimately, the State of Nebraska “guarantees” your benefit after retirement, regardless of investment or actuarial losses the fund may incur.

So relax. No one has access to your money. It is invested and will be available for you at retirement, and retirement will be here before you know it.

For details on how to calculate your benefit or your contribution rate, please refer to your plan booklet or contact the Retirement Office.

Moving?



Remember to Notify Us!

When your address changes, please remember to write to the Retirement Office. It is very important to notify us of your change of address to be assured you will receive your annual fund statement.



RETIREMENT ROUNDUP

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