

# Retirement Roundup

*"Providing Information to Judges, State Patrol and School Employees"*

Nebraska Retirement Systems

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## In this issue...

Q & A .....	2
How It Works .....	2
Legal Corner .....	3
Seminar Calendar ...	3
Manager of the Year ..	4
Employee of the Year .	4



## Need More Retirement \$'s? Notice to Judges & Patrol Officers

Have you ever wondered how you can save more money for your future? As members of the Judges and Patrol Retirement Systems, you have an excellent opportunity to save additional money. What is it? A Deferred Compensation Plan, also referred to as DCP.

DCP is not part of your mandatory Retirement Plan. Participating in the Deferred Compensation Plan is a voluntary way to accumulate supplementary retirement income.

A Deferred Compensation Plan is a plan whereby you authorize your employer to reduce your current salary so that you can receive the amount deferred at a later date, such as retirement. You may defer a minimum of twenty-five dollars per month.

Participation in DCP may be beneficial to you because as you defer your salary, you also defer the payment of income taxes, therefore, reducing your current tax bill. If you begin to take your deferred salary at retirement it is possible that those dollars will be taxed at a lower rate due to the fact that you are no longer working, which could put you in a lower tax bracket, due to the tax benefits retired persons enjoy.

During your employment you may choose to have your salary reduction invested in a variety of investments. When you terminate or retire there are numerous options available to you in which to receive your money.

Contact the Retirement Office to learn more about DCP. Visit us at our new office at: 1221 N Street, Suite 325. Or call us toll-free 1-800-245-5712 or in Lincoln, 471-2053. □

## Get Paid to Plan For Your Retirement

What a great way to learn about your retirement plan! Take a day to come listen and learn, to pause briefly and evaluate where you are and where you want to be. You owe it to yourself now and for your future!

We have a full day planned for you. An education specialist from the Retirement Office will discuss your retirement plan, health insurance, Social Security and the emotional preparation for retirement. A financial planner is included on the agenda. He/she will explain the various investment/savings available. To complete the day, an attorney will visit with the group about estate planning — planning for life and death. And the icing on the cake, good food!

To be eligible to attend the Preretirement Seminars, you must be age 50 or over and participating in the Nebraska Public Employees' Retirement Systems.

The law instituting the program says, "The employer shall provide each eligible employee leave with pay to attend up to two Preretirement Planning seminars." According to this law, "...leave with pay shall mean a day off paid by the employer and shall not mean vacation, sick, personal, or compensatory time." You may choose to attend each program more than twice, but leave shall be at your expense and shall be at the discretion of your employer.

Please see page four for a complete listing of the Spring 2001 seminars. Call us at the Retirement Office if you have any questions regarding the law or the Preretirement Planning Seminar Programs. □

## Answers To Your School Plan Questions

With our new Call Center up-and-running, and receiving over 750 calls a week, we thought that maybe we would answer some of the most common questions being asked by school members.

### Q. Is it possible to receive an estimate of benefits?

A. Yes, simply call or write to our office and request a projected retirement date. We will also need your spouse's date of birth (if applicable.)

### Q. Whom do I have listed as my beneficiary?

A. You may write to our office and we will mail your beneficiary listing to you or you may request a Beneficiary Form, which you can fill out, have notarized and return to our office.

### Q. What do I need to do to update my address?

A. You may update your address by phone if you provide us with the required identifying information. If you are receiving a benefit or refund payment, you must mail or bring a signed and dated address change to our office.

### Q. Can I borrow from my retirement account?

A. You cannot borrow from or against your retirement account for any reason. Your account is not accessible until you cease employment.

### Q. What will happen with my account when I cease employment?

A. This answer depends on the circumstances of each individual at the time that they quit working. The possibilities include: normal retirement, early retirement, a deferral of your account or a refund of your contributions and earnings. As soon as you know when you will be leaving work, just call or write to our office and we will be able to give you more specific details.

### Q. How can I get an Application for Refund?

A. You can print an Application for Refund from our web site (<http://www.nol/home/pers>), you may request a form from our office via phone or mail, or you can pick up an Application at our office. (To qualify for a refund of your account, you must no longer be working for a Nebraska school)

### Q. When will I receive my refund?

A. You are eligible for payment approximately 4 months from the date of final pay from the school or 20 to 55 days after we receive your Application for Refund, whichever is later. If you return to employment with a Nebraska Public School within 180 days of ceasing employment, you will be required to repay your refund.

### Q. When will I receive my first retirement check?

A. You will receive your check approximately 60-90 days after your effective date of retirement. However, you must file an Application for Retirement to begin the process.

### Q. What if I return to work after retirement?

A. You may return to work with the school system after 180 calendar days. You may substitute any amount of hours as long as you are filling in for a working school employee.

## How It Works!

The Nebraska School Retirement Plan is a "Defined Benefit Plan." This means that the method for determining your retirement benefit at retirement is based on a formula as defined in the Nebraska School Retirement System Law.

There are two distinct concepts of a Defined Benefit Plan, **CALCULATION** of your benefit at retirement (how much your benefit will be) and **FUNDING** of your retirement benefit (where the money comes from).

### Calculation of Benefit

It is important to know that as a member of a Defined Benefit Plan your account balance **IS NOT** considered when calculating your retirement benefit.

As a School Plan (Defined Benefit Plan) member, your benefit at retirement is **calculated** based on a **formula**. Your benefit will be calculated using an average of your three highest years of compensation (as reported by the school for services rendered between July 1 and June 30) multiplied by your total years of creditable service, the formula factor set by law, and the option you select.

Average High 3 years Compensation  
X Creditable Service years X Formula factor X Option Factor (fiscal year – July 1 to June 30)

**NOTE:** Your benefit is calculated based on the law in effect at the time you cease employment.

### Funding of Your Benefit

Your retirement benefit is "paid" from three sources; a.) your account (contributions and interest earned), b.) your employer contributions and interest, and c.) the State of Nebraska.

#### A.) Your Account

As a member of the School Retirement System, you must contribute a percent-

*Continued on page 4*

## Mission Accomplished!

Since our spring newsletter, we have completed our move to our new location at 1221 N Street, Suite 325! Thanks to the hard work and dedication of our Director and employees, the move was accomplished with very few problems.

We are still in the process of getting 'settled' and it may take a while to get used to all the changes that are taking place for both our staff and our members.

**One thing for you to remember is that it is now necessary for you to make an appointment in advance when you are planning to visit our office.** Please call our receptionist, toll-free, at 1-800-245-5712 or, in Lincoln, call 471-2053 to schedule an appointment. □

## Spring Planning

As you probably know, all Preretirement Seminars for School members are now being held in the spring. This will be the perfect opportunity for you to do some "Spring cleaning."

Below is a Spring 2001 calendar of seminars. You will receive registration information approximately four weeks prior to the meetings in your area. Plan to attend!

### 2001 Preretirement Seminars School Members Only

February 14	-	Omaha
February 15	-	Omaha
February 21	-	Beatrice
February 22	-	Lincoln
March 6	-	Lincoln
March 7	-	Lincoln
March 8	-	Omaha
March 20	-	Omaha
March 21	-	Omaha
March 28	-	Lincoln
March 29	-	Lincoln
April 3	-	Norfolk
April 4	-	Norfolk
April 5	-	Fremont
April 11	-	Grand Island
April 12	-	Kearney
April 18	-	Norfolk
April 19	-	Columbus
April 24	-	Lincoln
May 1	-	Valentine
May 3	-	Scottsbluff
May 16	-	Ogallala
May 17	-	McCook

## LEGAL CORNER

by NPERS Legal Counsel,  
Shawn Nowlan

In Nebraska, members of the School Employees, Judges and State Patrol retirement plans have a "defined benefit plan." In theory, a defined benefit plan should be secure, because the risk of not having money to pay benefits falls on the State, not on the plan members. The most famous defined benefit plan is the Social Security system, where the size of your social security check is based on how long you worked and your career salary (rather than on how much you contributed to the system).

Because of Social Security, it often seems that defined benefit plans are not as secure as we would think. With Social Security, we are currently in the middle of a debate in our society centering on how to "save Social Security." There are many predictions about when Social Security will run out of money.

In Nebraska, by contrast, all three of our statewide defined benefit plans (School Employees, Judges and Patrol) are currently fully funded – that is, there is no date predicted on which they will "run out of money." There simply isn't the debate to "save" these plans.

Why is there this difference between Social Security and our Retirement Plans? On a basic level, there is one simple answer: How the system is funded. Social Security has been funded on a "Pay-as-You-Go" basis – i.e. the current taxpayers pay the benefits for the prior generation of taxpayers (now receiving Social Security). The problem in Social Security is that when the Baby Boom Generation retires, there might not be enough workers paying into the system to cover the benefits paid out to retired "Boomers." By contrast, the School Employees, Judges and Patrol plans have more security in Nebraska. Our Nebraska plans are prefunded over the life of members' careers. We don't have to rely on future plan members to fund current member's benefits. In fact, at the point each member retires, there should be enough money already in the system to fund that member's retirement benefit as long as it continues.

To make sure the goal of pre-funding is met, NPERS and our actuary created an actuarial report each year that predicts how much money will be needed that year to "prefund" the retirement benefits earned by plan members during the year. Your contribution rate is then set to help collect the money needed to prefund the benefits. The money that has already been collected is invested by the Nebraska Investment Council, under the leadership of Rex Holsapple, the State Investment Officer. Together, the Council and the Investment Officer determine investment strategy and set guidelines for the investment of particular funds. The Nebraska Investment Council also determines the allocations of funds among professional money managers and selects external fund managers and consultants.

As of January 1, 2000, combined assets for the school judges and state patrol plans were in excess of four billion dollars. It is these combined funds that the State uses to fulfill its promise of a lifetime benefit.

*Continued on page 4*

## Employee of the Year

Congratulations Vicki Stoll, our 2000 Employee of the Year!

In July 1996, Vicki began working in the Accounting Department of the Retirement Systems. She soon accepted a position assisting the County Retirement plan members.

Due to her hard work and adaptability, Vicki was recently promoted to Lead Worker in Benefits Processing, where she is working with all five plans.

Thank you Vicki. Your dedication and positive attitude are truly an asset to our agency!

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### How It Works *(Cont. from page 1)*

age of your gross compensation, determined by the Retirement Board based on the recommendations of our consulting actuaries (subject to change from year to year and subject to a statutory floor rate of 7.25%).

#### B.) Your Employer:

The school district is required by retirement law to match your contributions at the rate of 101%. The employer contributions **are not** credited to your individual account, but provide funds for payment of a portion of the formula benefit at retirement.

#### C.) State Of Nebraska:

The State of Nebraska annually contributes .7% of total members' salaries. These funds are appropriated by the Legislature from the state's general funds.

At retirement the funds from these three sources are "pooled" and your benefit is paid to you monthly. □

### LegalCorner *(Cont. from pg. 3)*

There are four sources of funds that accumulate money to pay retirement benefits:

- (1) Employee Contributions
- (2) Employer Contributions
- (3) State General-Fund Appropriations, and
- (4) Investment Earnings on the Monies Collected.

If you take a retirement benefit or annuity, all four sources are pooled to pay your benefit. If you take a refund, you are only able to access the first source (i.e. employee contributions plus interest credited). The other monies are still pooled to fund member's benefits.

As you look at your retirement benefit, remember that you have been promised a retirement benefit for your lifetime. It is the State's responsibility to make sure that the money you put in the plan, along with other sources of revenue, is enough to fund your retirement benefit, and if the system were to run short of money, then the State must make general fund appropriations to cover the shortfall. In any case, your Nebraska Retirement is already better funded than Social Security. □

## Manager of the Year

The Nebraska Public Employees Retirement System office has chosen Louise Weyer as Supervisor/Manager of the Year for 2000.

Louise joined the Retirement Systems in 1987 and has been the supervisor/manager of our agency's Member Education Department since August of 1998. She oversees a team of four whose duties include conducting Pre-retirement Planning and Personal Planning Seminars statewide, publishing the agency newsletter, and overseeing the publication of retirement plan booklets and other agency publications.

Louise has fostered a great "team" environment in her department and encourages ongoing staff development. She has trained two new staff to conduct our planning seminars for members of all five major public retirement plans in record time.

During the past two years Louise took on the additional responsibility of managing four employees in our mail/microfilm area until recent office reorganization was completed and a separate manager was hired. This additional work required Louise to balance a wide variety of duties and still maintain a hectic travel schedule for the seminars. Louise handled the extra work without a complaint and provided needed guidance to this area.

Louise is a visionary and a leader. She is dedicated to our mission of assisting members in preparation for their retirement. She is professional and she sets an example for our agency by continuing her own education in many areas. In December of 1999 Louise received her Certified Retirement Counselor (CRC) through INFRE. We are proud of her many accomplishments and are especially proud to have her represent our agency! □



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