Retirement Roundup

“Providing Information to State & County Employees”

Nebraska Retirement Systems Vol. 14, No. 4, Fall 1999

In this issue...

The Results Are In!

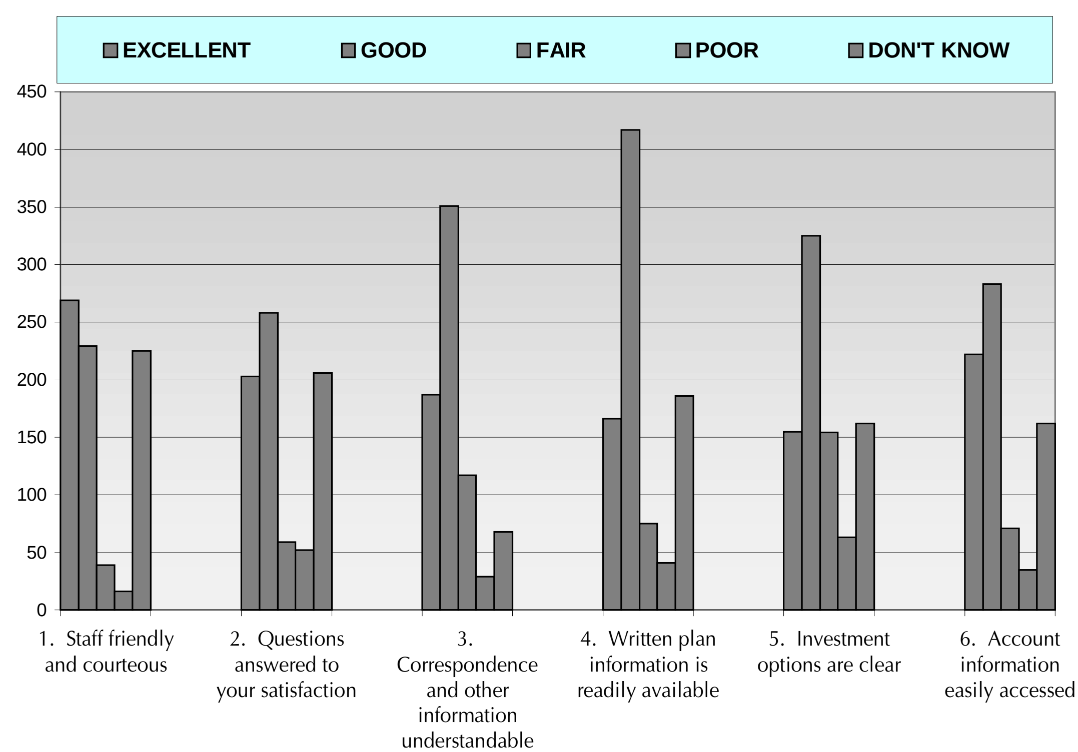
In your March statements you received a short survey asking you to rate our staff, correspondence, publications, investment options and account information.

After receiving approximately 800 responses to our survey, we are happy to report that, using our scale from “poor” to “excellent,” the overall response was “good” in all categories except in the Staff category, which was overwhelmingly “excellent!” Written comments from some of you were very helpful and have provided us feedback on ways we can improve our services to you.

From your responses, we also see that there are some questions regarding investment options and/or returns. If you have questions about the options and would like further details, we suggest that you contact Sterling Financial Advisors at 877-970-9300. Sterling is under contract with our office to provide member investment education. So, please utilize this service.

Thank you for responding to our survey. If you have any questions or comments, please contact us.

1999 State & County Survey



Sunshine to Follow Rain in Small Company Fund?

As surely as sunshine does follow the rain … better days lay ahead for investors in stock funds that invest in smaller companies. The Small Company Stock Fund (the new name for old Aggressive Fund renamed to more accurately describe its investing style) has been fighting the same stormy weather pattern as other stock funds that invest in small companies. (Generally, we define small company stocks as those companies whose total market value, or market capitalization, is less than $500 million at the time of investment.) For the past five years investors in small capitalization stocks have seen lackluster performance, particularly when compared to their big capitalization brothers who have been enjoying their day in the sun.

Why then invest some of your funds in the Small Company Stock Fund? Just as driving using only your rear view mirror is dangerous or using yesterday’s forecast for today’s weather, it is equally foolish to invest looking only at recent performance. Every time in the past when small company stocks have under-performed for five years it led to five years of out-performance. Right now small stocks are cheaper than they’ve ever been relative to big blue chip stocks. They are actually selling at levels they last saw in the spring of 1977 and the fall of 1990, periods that ushered in five-year winning streaks for small stocks.

Smaller companies often capitalize on an industry niche or operating advantage, and in general, have the ability to grow faster than large companies. Smaller companies are often acting on or creating a structural shift, such as new technology, product or manufacturing capability in their industry. This structural change can be a more powerful influence on their growth than cyclical or seasonal factors, giving them the potential to grow even during an economic downturn.

The sky is not falling on the value of small cap stocks. Indeed the AOLs and Microsofts of the future will come from small cap stocks of today. However, small company investors must be long term investors. Over a full investing cycle, the stocks of smaller companies have historically out-performed big company stocks but have done so with great volatility, larger year to year price swings and longer periods of under-performance as well as out-performance. Small company stocks in a word or two are not well suited for fair weather investors. They will certainly be rewarding for long-term investors and for investors who understand the benefit of diversifying their retirement savings by including both the stocks of small companies as well as their bigger brothers.

If you’d like to visit about the appropriateness of using the Small Company Fund for part of your retirement or have other investing questions please give us a call at Sterling Financial. We are always glad to visit with you!

Mary H. Jochim
President
Sterling Financial Advisors
877 970 9300 (toll free) 402 970 9300

County Employees and DCP

LB 703, effective August 28, 1999, provides individuals working for a county that <u>does not</u> offer a voluntary deferred compensation plan an opportunity to participate in the State Deferred Compensation Plan, at the individual’s request.

The investment options in the State DCP are the same as the eleven offered under the County Employees Retirement Plan. The three employer funds are not available to DCP members since there is no employer match for this voluntary plan.

Individuals who are interested, must inform their county clerk of their intent to participate in the State Deferred Compensation Plan. Upon notification from the County, we will need at least 90 days to begin the process and provide instructions and the appropriate enrollment forms.

The start-up cost will not be known until we receive an approximation of the number of employees and counties who are interested in participating in the plan.

Please contact your County Clerk or the Retirement Office if you have questions. ❑

The Best Things Aren’t Things

One of the most valuable pieces of information many retirees have shared is, “don’t drive yourself nuts with retirement finances. Plan financially the best you can and then just kick back and roll with it. Things have a way of working out. After all, it isn’t how much you have to enjoy, but how much you enjoy what you have!”

All too often when we plan for retirement we focus only on the financial preparation. However, our emotional preparation for retirement is equally as important. ❑

Change Is Good!

You may notice that the Preretirement and Personal Planning seminar calendar below shows a few more seminars scheduled for this fall. In an effort to address our members more efficiently, we have made a few changes in seminar scheduling.

From now on the Fall sessions will be open to State and County members only! All Spring seminars will be held for School plan members. Rather than addressing several different plans within the same week, or in some cases, the same day, this will allow our seminar staff and presenters to focus only on your plans for an entire season! We are also hoping that this will improve our attendance numbers in the western part of the state so that it won't be necessary to cancel seminars because of low registration.

You will be receiving your registration infomation very soon. We hope to see you this Fall! ❑

Fall 1999 Seminar Calendar
State & County Employees

Personal Planning
(under age 50)

September 30	-	Sidney
October 6	-	Kearney
October 19	-	Norfolk
November 16	-	Lincoln
November 18	-	Omaha
November 23	-	Beatrice
December 8	-	Lincoln
December 9	-	Lincoln

Preretirement
(age 50 and over)

September 23	-	North Platte
September 29	-	Scottsbluff
October 7	-	Kearney
October 20	-	Norfolk
November 2	-	Lincoln
November 4	-	Lincoln
November 9	-	Omaha
November 17	-	Lincoln

Seminar registration information will be sent to all eligible members approximately 4 weeks prior to meetings in their area.

Information Technology Project

The Nebraska Public Employees Retirement Systems (NPERS) has planned a reengineering of its current information technology. In a 1998 report to the Nebraska State Legislature and the Nebraska Information Technology (NIT) Commission, we outlined our objectives. The NIT Commission subsequently issued a recommendation, attaching a rating of "strongly recommended" with regard to our technology needs and goals.

The overall goal of the Integrated Information System (IIS) project is to improve productivity, responsiveness, customer service, flexibility, functionality, and effectiveness while minimizing operating expenses and staff growth rate. The ability to handle future plan changes and membership growth with a minimum of expense and effort will also be required of the new system.

The support project, including implementation of a new Integrated Information System (IIS) will be divided into four phases as follows:

Phase I - Planning;
Phase II - Conducting the Procurement;
Phase III - Quality Assurance and Oversight Project Management of the Implementation;
Phase IV - Actual Implementation of the new Integrated Information System.

Because of the significant amounts of resources that must be dedicated to the implementation of an Information Technology plan, it is imperative that a knowledgeable consultant be employed as a <u>first step</u> toward accomplishing a successful Information Technology plan.

To assist in planning, managing, and quality assurance for this major system re-implementation project, NPERS has sought the services of a qualified consultant with previous experience in supporting public employees retirement system implementations. The support portion of the project must be provided by a firm that is totally independent of the system implementation / integration vendor who will eventually be selected. NPERS' budget request in connection with this service has been approved by the legislature.

Recently bids were received from seven consulting forms. Following a review of the bids and interviews the contract was awarded to Raymond T. Clarke and Associates. The firm has had extensive information technology experience with public pension plans throughout the United States.

We will keep you updated on this project. The anticipated completion date for the entire four-phase Information Technology plan project is June 30, 2003. ❑

What's My Risk Tolerance?

Questions	Points
1. *I want to retire in...*	
More than 15 years	10
5 to 15 years	6
Less than 5 years	3
2. *I expect to change jobs and take a pre-retirement withdrawal from the plan in...*	
More than 15 years	10
5 to 15 years	6
Less than 5 years	3
3. *A small decline in the value of my investment at any time would...*	
Not concern me very much	10
Make me somewhat uncomfortable	6
Make me very uncomfortable	3
4. *I would be comfortable with negative returns on my investment...*	
As the market fluctuates	10
Sometimes	6
Very infrequently	3
5. *If my investments performed poorly during the year, I would...*	
Not change my investments	10
Wait to consider performance during the next year	6
Change my investments as soon as possible	3
6. *The statement that best describes my attitude toward investing is...*	
Growth of money is my main goal	10
Safety and growth of my money are equally important to me	6
Safety of my money is my main goal	3

Now add up your points. These scores can help you determine your strategy for investing in your retirement.

If Your Points Equal:	Your Investment Objectives May Be:
24 or less	Conservative... with a stable value objective
25 to 48	Moderate...with an income and growth objective
49 or more	Aggressive... with a growth objective

The information provided here may give you an idea of your current tolerance for risk. However, your sensitivity to risk can change over time due to your personal circumstances. It's a good idea to reassess your tolerance level from time to time.

Before investing, you should read the State / County Investment Booklet. You may also want to contact an investment advisor. ❑

Read It And Keep!

Why didn't anyone tell me? How am I supposed to know? When did the law change? How does that affect me? These are just a few of the questions we've heard over the years.

The Retirement Office has been publishing the agency newsletter, the ***Retirement Roundup***, since 1987. The ***Retirement Roundup*** is our primary source of getting law change information and other state, county and DCP plan information to you throughout the year. Do you just "skim" the information, really read it or, (say it isn't so!) sometimes just "pitch it?"

The ***Retirement Roundup*** is packed with information, but YOU HAVE TO READ IT! And, it would be a great idea to get an inexpensive binder and keep copies for future reference. If you have questions pertaining to newsletter information, please call the Information Department in our office. ❑

RETIREMENT ROUNDUP

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Nebraska Retirement Systems
Retirement Information Office
301 Centennial Mall South
6th Floor, State Office Building
P.O. Box 94816
Lincoln, NE 68509-4816
402-471-2053
or Toll-Free 1-800-245-5712
http://www.nol.org/home/pers

Director: Anna J. Sullivan
Editor: Pam Williamson
Editor: Louise Weyer