

Retirement Roundup

State & County Employees

Nebraska Retirement Systems

Vol. 14, No. 1, Winter 1999

Three Commonly Asked Questions

I Have All My Money In The Quality Growth Fund. Should I Move It?

There is no need to make a change because of the change in the fund's management. Funds in Quality Growth are temporarily being invested in the Domestic Stock Index Fund. The Nebraska Investment Council is reviewing the options available and has started the process to hire a new money manager for the Quality Growth Fund. Both the Quality Growth Fund and the Domestic Stock Index Funds are all stock investment offerings and are subject to the same kind of general market risks and rewards. So you are in a very comparable holding while the Investment Council conducts a national search for a permanent manager.

Having said that, many employees do have all of their funds concentrated in one or two offerings. For some that may be an appropriate strategy. For others I'd guess it's more the result of habit and inertia since it was only recently that you've had additional choices besides the original three options. Your investment allocation should be reviewed in light of the new offerings and your decision based on your long term needs, objectives and risk profile. Diversification is prudent. You may have other investments outside of the plan that are providing you with that diversification or you may not. Now is a great time to review your choice of investment options.

Where Can I Learn More About Asset Allocation?

One easy place to start is in the back of your Employee Retirement System manual. Page 13 has some great information on how to diversify your portfolio. I'd highly recommend that you attend one of the Personal Planning seminars for a more in-depth look at how best to manage your money, including your retirement plan assets. Lastly, feel free to call us at Sterling Financial Advisors (877-970-9300 or in Omaha 970-9300). We'd love to visit with you about your situation.

What Exactly Is An Index Fund?

An index fund is a portfolio of stocks that match a broad-based benchmark of stocks like the S&P 500 or some other index. An index fund is a passive investment vehicle because the stocks in the fund will mirror exactly the particular index. The manager of the index fund does not have any discretion as to which stocks to put in the fund. As stocks are added or removed from the index, the manager of an index fund will make corresponding changes in their Index Fund. This is

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.

Our major service providers have provided us written assurances that they are on track for completion of their Y2K readiness plan. Ameritas Life Insurance Corp., our record-keeper for the state/county/DCP plans, has indicated all Y2K changes

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Notice Mailed

An important notice was recently mailed to all members. The notice provided you details on the decision by the Nebraska Investment Council to terminate KPM Management, Inc. as the manager of the Quality Growth and Conservative Balanced investment funds. We do not have space to reprint the notice here, but will be happy to send you a copy if you did not receive it. As with our quarterly statements, the notice was mailed to your home address.

Questions (Cont. from page 1)

contrasted with an active manager, who attempts to add value by eliminating stocks that in their judgement are unattractive and by including stocks they think will produce better returns. Both styles of investing have merit and a place in most retirement portfolios.

Wishing you a very happy and prosperous New Year! Feel free to call us at Sterling Financial Advisors with your questions! Love to hear from you!

Mary H. Jochim
President
877-970-9300 or
Omaha 970-9300

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.

*Each Day Comes
Bearing Its Gifts
Untie The Ribbons.*

—Ann Shabacker



Deferred Compensation Reminder

Federal DCP Limits

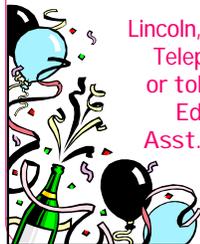
The maximum amount a Deferred Compensation Plan (DCP) participant may contribute during a calendar year is the lesser of 33 1/3% of includible compensation (roughly 25% of gross compensation) or a dollar limit. In prior years that dollar limit was fixed at \$7,500. Due to federal changes in 1997 allowing the maximum I.R.C. Section 457 contribution limit to be indexed with inflation, the dollar limit for 1998 increased to \$8,000. The limit will remain at \$8,000 for 1999.

Catch-up Rule

In our DCP plan you may elect to "catch-up" contributions in one or more of the last three years before you retire, if you have not contributed the maximum each year of your employment with the state. Once you request a "catch-up" we will require documentation of your salaries for all prior years of employment since December 31, 1978. The maximum contribution under a catch-up is \$15,000 per calendar year, less any amounts deferred for prior taxable years. Contact Tammy Lang in the Retirement Office if you would like more information on the State Employees' DCP.

RETIREMENT ROUNDUP

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2000 Ready (Cont. from page 1)

and testing were completed in October 1998. Hartford Insurance Company, who still holds a large portion of our DCP assets for members enrolled prior to September 1997, has assured us of their compliance. United of Omaha, the insurance company currently holding our annuity contract for retirees, has a projected completion date of January 1, 1999. The State of Nebraska's main-frame system used for our payroll and accounting services has been compliant since July of 1998.

So, 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!



Happy New Year!

Spring 1999 Seminar Calendar State & County Employees

Personal Planning (under age 50)

February 2	-	Lincoln
February 4	-	Lincoln
February 9	-	Beatrice
February 10	-	Lincoln
March 3	-	Kearney
March 4	-	Grand Island
March 17	-	Omaha
March 30	-	Scottsbluff
April 13	-	North Platte

Preretirement (age 50 and over)

March 2	-	Kearney
March 9	-	Columbus
March 18	-	Omaha
April 1	-	Scottsbluff
April 6	-	Beatrice
April 14	-	Ogallala
April 15	-	North Platte
April 21	-	Norfolk
April 22	-	S. Sioux City
May 11	-	Lincoln
May 20	-	Grand Island

All eligible members will receive registration information approximately four weeks prior to meetings in their area.