

Retirement Roundup

"Providing Information to State & County Employees"

Nebraska Retirement Systems

Vol. 15, No. 2, Spring 2000

PUBLIC EMPLOYEES' RETIREMENT BOARD

Julia Moeller
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County Employee

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Vice Chairperson
Member-at-large

Robert Corner
State employee

Lormong Lo
Member-at-large

Merrit C. Warren
Retired Member

Daniel S. Contonis
Member-at-large

Rick D. Black
School Employee

Rex Holsapple
Ex-officio member

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We're Moving!

In an effort to serve members more efficiently, the Nebraska Public Employees Retirement Systems is expanding its workforce and use of technology. As a result, we will be relocating our offices.

We will be vacating our existing space in the State Office Building as of May 1, 2000. Our new office will be located at:

1221 N Street, 3rd Floor
(skywalk level)

Services to members will continue with minimal interruption. Our existing telephone numbers will remain the same: Toll-free 1-800-245-5712 or local 402-471-2053.

Questions? Call . . . Toll Free!

For Account Balances, Transfers, Allocation changes and Updated Returns, call the Pension Access Line toll free, 1-800-449-2696 or 467-6925 in Lincoln.

For Change Forms, Fact Sheets, distribution and other plan details, call the Retirement Office toll free, 1-800-245-5712 or 471-2053 in Lincoln.

For fund investment concerns call Sterling Financial in Omaha at 402-970-9393 or toll free, 1-877-970-9300.

By Appointment Only



Effective March 1, 2000, the Retirement Office now requires you to have a scheduled appointment to receive specific account information. Walk-in visitors will be provided general retirement plan information and/or forms only.

Appointment times are 9:00 AM, 2:00 PM and 3:30 PM, Monday through Friday. We recommend you schedule an appointment at least one week in advance, whenever possible. This will provide our staff adequate time to research your records prior to your visit.

If you and your spouse are both plan members and wish to review both retirement accounts, you must indicate this at the time the appointment is made. NOTE: One appointment time will be shared by spouses.

To schedule an appointment please call 1-800-245-5712 or 402-471-2053 and press four (4) when you are prompted by our voice response system. Our receptionist will schedule your appointment.

We appreciate your cooperation and hope these new procedures will help us to serve members in a more timely and efficient manner. □

"Learn to listen. Opportunity could be knocking at your door very softly."

-Frank Tyger

Welcome New Board Members

There are two changes to the Public Employees Board (PERB) this year as terms expire and new members are appointed.

Dr. Rick Black of Murray, Nebraska has been appointed to the Board. Dr. Black will replace Joseph Higgins, Board member since 1995, as a representative of the school members.

Currently, Dr. Black is the Assistant Superintendent of Human Resources at Papillion LaVista Public Schools. He is active in several upstanding organizations including the Horace Mann League of America and is a member of the Legislative Committee of the Nebraska Council of School Administrators.

Daniel Contonis will replace Clark Nichols, who has served on the Board for five years, as a representative of the public-at-large.

Mr. Contonis is a businessman from Alliance, Nebraska, where he has been employed with Gregory's Inc. Insurance Company since 1966. Dan has held positions on various boards and is involved with many organizations in his community.

Thank you Joe and Clark for your contributions over the past five years. We wish you well in your future endeavors. Welcome Dr. Black and Mr. Contonis. We look forward to your upcoming years of service on the Board. □

Call Us . . .
TOLL FREE!
1-800-245-5712



Plan Recordkeeping/ Fund Management Fees

The three separate cost elements in your retirement plan are: recordkeeping expenses; NPERs administrative and investment management expenses.

Recordkeeping Fee

The recordkeeping services provided currently by Ameritas Life Insurance Company consist of the annual charge subtracted directly from your account, (this was \$12.45 for 1999). Beginning in January of this year this fee is being assessed on a monthly basis rather than a one-time charge in December.

Administrative Fee

The cost of the Retirement Office operations is assessed against the forfeitures that occur in the state/county retirement plans. These forfeitures occur when a nonvested plan member quits working for the state/county and the employer match is forfeited by the member. The funds in the forfeiture account are used to pay the prorata share of our state/county monthly office expenses. At the end of the year any excess funds in the separate state/county forfeiture funds are returned to the state and each individual county as a credit against future employer contributions. In summary, each plan member DOES NOT personally pay for our office operations; the cost is borne by the forfeited funds. **Exception:** Deferred Compensation Plan (DCP) members are charged a \$20.00 annual fee to cover the Retirement Office expenses since there are no employer funds in the DCP. These fees are prorated monthly and deducted on your quarterly statement.

Fund Management Fees

The investment management expenses include the operation cost of the Nebraska Investment Council, the cost of our custodial bank fees to handle the plan level accounting expenses, and the

Investment Funds Merged

Effective April 17, 2000, the separate State and County Employees Retirement "Stable Fund" will be pooled into a common Stable Fund for investment purposes. The larger pool of assets created by combining these funds will keep the fund management costs lower through the efficiencies of operating one fund instead of two. Rates of return will remain consistent for all state and county members who contribute to the Stable Fund.

Also on April 17th the three State "Employer Funds" (Conservative, Moderate and Aggressive) will be pooled with the three County "Employer Funds" (same names) to gain efficiencies in the management of the funds and thus control costs. Like the "Stable Funds" the three "Employer Funds" are invested identically so plan members will see no change in investment returns through the pooling of these assets.

Since July of 1997, when the investment options were first expanded for state and county plan members, all other investment funds have been pooled at the fund manager level for efficiencies. The decision to delay the merger of the state/county Stable Value funds and the merger of the state/county Employer Funds, until now, was primarily due to the differing maturity schedules and rates of return of the underlying GIC's (Guaranteed Investment Contracts) held by the State and County plans. Now that the two plans returns are tracking very closely it is time to merge these funds and realize the benefits and efficiencies of a larger pool of assets for the fund manager. □

(Continued on page 4)

Legislative Update

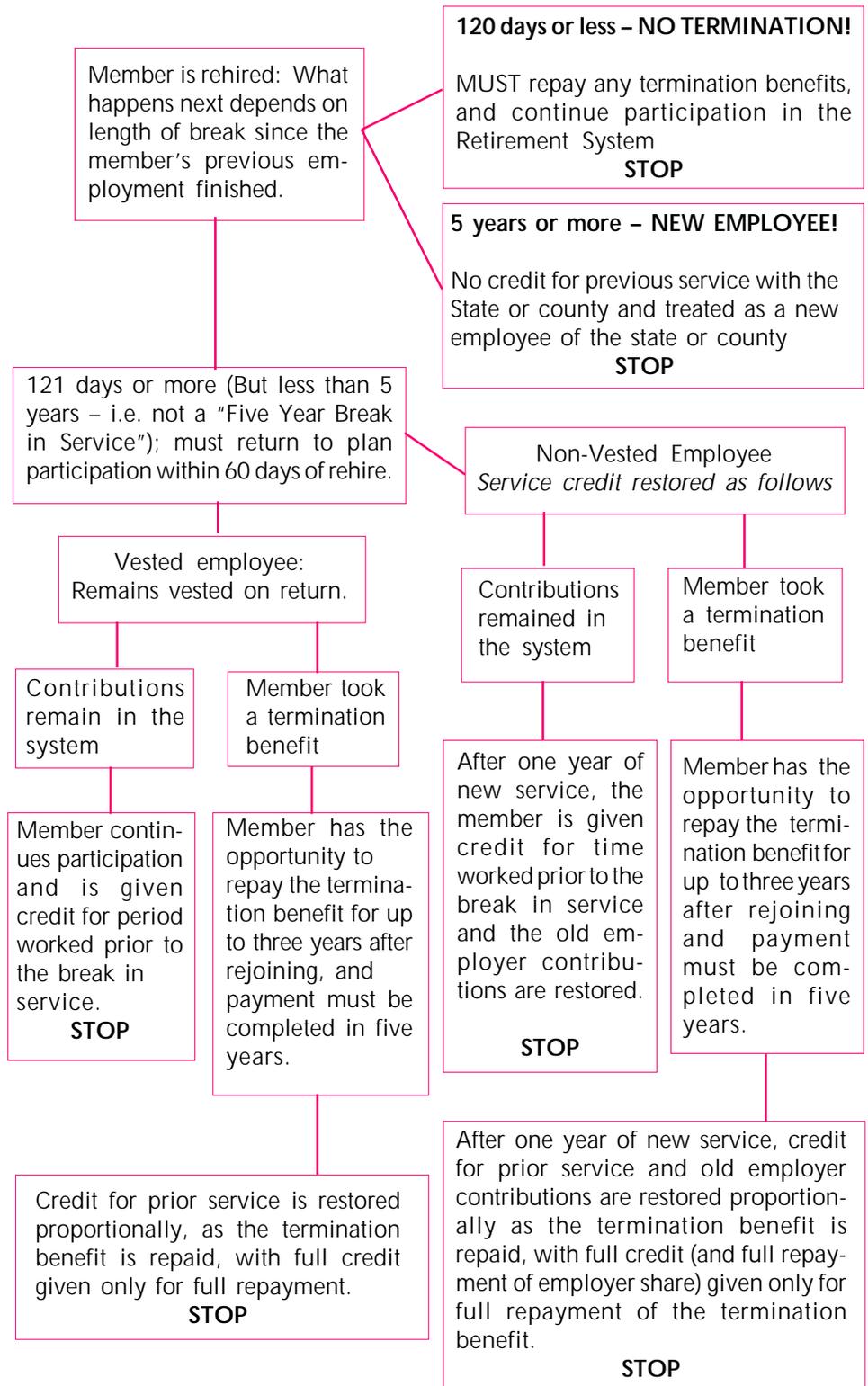
This has been a year in which very few legislative changes have been proposed for the State and County Retirement systems. Only three bills up for consideration make any changes to these retirement plans. They are as follows:

LB 1200 - The Retirement Systems Committee of the Legislature introduced LB 1200 to update and clarify the way in which NPERS administers member fees in the State and County systems. On February 7, 2000, the committee advanced the bill for consideration by the whole legislature. As advanced, the bill increases NPERS flexibility in structuring fees, so long as the fees remain reasonable. As of March 10, 2000, the bill was awaiting debate by the full Legislature.

LB 1192 - For State and County members, language on eligibility and vesting credit is clarified by LB 1192. This bill also contains many other provisions, which were introduced to streamline various procedures in all five of the plans administered by NPERS. As of March 10, 2000, the bill had passed the first and second stages of debate by the full Legislature and was awaiting debate on Final Reading (the third stage of debate).

LB 743 - For county employees, the Retirement Systems Committee voted to advance LB 743 (introduced in 1999). The committee submitted for debate by the whole Legislature a modified bill that would raise employee contributions in the County Retirement system to 4½ % of compensation. Currently, county employees pay 4 % of compensation. As of March 10, 2000, the bill was awaiting debate by the full Legislature. □

Re-Employment and Plan Participation of Returning State and County Plan Members (under age 55)



NOTE: If you retire from the state or county (must be at least age 55), and you later return to employment with an agency or county under our retirement system, you will return as a "new" employee. There will be no recognition of prior state service toward eligibility or vesting credit.

Price for Every Prize !

Just when we were starting to have fun, the markets remind us that we will receive some pain along the way to financial gain! I wish it weren't so but it is a part of investing that won't go away. None of us enjoy negative returns on our investments. If you have been participating in the retirement plan for any length of time you should comfort yourself. It's the "been there ... done that" part of investing. You've had negative results and survived!

Stocks and bonds have to be allowed to fluctuate downward from time to time if they are to be allowed to fluctuate upward over time. Stock prices move as investors weigh the pros and cons of a particular company's strategy relative to other investments. The prices of bonds vary as interest rates change as investors debate the economy and other investment alternatives. At various times big or small company stocks, international stocks, growth or value stocks produce attractive returns relative to each other and other alternatives. It is a fundamental part of the free enterprise system.

Would you really want all your retirement funds in so-called "guaranteed investments?" Other than the fact that strategy isn't prudent; there really are no "risk free" investments. There are a small number of investments labeled "guaranteed" which may not 'show' negative returns. However, that is not a free lunch proposition. Inflation and eventually taxes will "eat your lunch" when your funds are withdrawn. Your odds are actually worse with guaranteed investments. History has shown many times you'll be lucky to break even. Sometimes you end up with less buying power than you had when you contributed the money. That's a permanent negative return that keeps on hurting!

If you reflect for a moment, there isn't much in life that is guaranteed against pain or loss. Children certainly don't come with guarantees! Talk about fluctuating performance! Nor is your spouse, health or job guaranteed. If a performance report were handed out any given day you might just see negative returns in any of those categories! While we'd all like to eliminate negative financial returns they will be there whether we like it or not.

If you have concerns about your account the first thing you must do is educate yourself in the ways of investments. The Personal Planning Program administered by your Retirement System should be at the top of your to do list! Check out the list of seminars at the right. You are allowed to attend twice during your career and receive the day off with pay! Talk about a no lose proposition! Second, there are also many good books that discuss the investments and the proper diversification of your retirement accounts. Third, the Retirement System has hired Sterling Financial to be a resource for you. So when you have questions, doubts, need reassurance or just need a sounding board pick up the phone! We would love to talk to you.

Bottom line ... relax ... negative returns are normal and a part of life. Granted, not the best part of life, but neither is poverty, taxes or death. At least you are in a position to do something about poverty!

Mary H. Jochim, President
Sterling Financial Advisors
402-970-9300 or 877-970-9300
Securities offered exclusively through
Raymond James Financial

Fees (Cont. from page 2)

management fee charged by each fund manager. These fees are not reflected in the adjustment column of your quarterly statement. The fees are subtracted from the earnings of each individual fund.

If you have more detailed questions regarding fund management fees or fund performance, please contact Sterling Financial in Omaha at 402-970-9300 or toll free, 1-877-970-9300. □

Fall 2000 Seminar Calendar State & County Members

Preretirement (age 50 and over)

September 20	-	Scottsbluff
September 21	-	Ogallala
October 5	-	Grand Island
October 12	-	Norfolk
October 24	-	Omaha
October 31	-	Lincoln
November 29	-	Beatrice
December 13	-	Lincoln
December 14	-	Lincoln

Personal Planning (under age 50)

October 4	-	Kearney
October 11	-	Norfolk
October 26	-	North Platte
November 1	-	Lincoln
November 15	-	Lincoln
November 16	-	Lincoln
November 28	-	Omaha

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

RETIREMENT ROUNDUP



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