

# Retirement Roundup

"Providing Information to State & County Employees"

Nebraska Retirement Systems

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## Who Wants To Be A Millionaire? Nebraska Style!

Do you have any idea how many of your fellow employees are well on their way to becoming millionaires? The strong market returns have given many employees a significant boost to where they'll be using not one comma but two commas to delineate their financial worth!!!

Several years back I received a call I'll never forget from a State employee who announced he had become a millionaire and had called to say "thanks". Back in 1985 he attended one of the original seminars and after listening to me decided that the wise thing to do was to diversify. He took advantage of the new State investment options offered at that time but in addition went ahead and diversified his outside savings into several stock mutual funds. Guess what? He retired early!

This December I received a call from a retiring state employee that reminded me of the early millionaire state employee. This gentleman had a goal to accumulate \$450,000 before he could retire. He had hit his target, had done so ahead of schedule and was pretty happy about it! He called to discuss the timing of his withdrawals due to Y2K and general market volatility. More about that later.

I congratulated my December caller and was surprised to learn that he was not an early convert in diversifying his state retirement account. It wasn't until later that he started to take advantage of the other investment choices. Yet he was about half way to the millionaire mark! Left alone his account would cross the million-dollar mark without adding another dime in a little over 7 years if he averaged only an 8% return! As of December 1st, 966 state and county employees had accumulated over \$100,000 and

217 had over \$250,000 in the retirement plan! Another 36 people had crossed the \$400,000 mark and are well on their way to needing two commas! You don't need to pin your hopes of financial security by being a contestant on the new "Who wants to be a millionaire?" TV show. As a state or county employee you are already enrolled in a great retirement plan that can get you there!

To get "there from here", first you need to do your part and attend one of the personal planning educational seminars offered each year by the Nebraska Retirement System. At these seminars you will learn how your retirement plan works and gain an understanding of your investment options as well as learning about other financial planning tools. You'll also learn about the voluntary Deferred Compensation Plan (457). It's a day off with pay that could pay you great dividends. Second, when you have investment questions please call us. Sterling Financial has been hired by the Retirement System to assist you in making sound investment choices. We are here to serve you. Lastly, read the newsletters and information you receive to stay informed about improvements in your plan.

Now back to my December caller who was trying to figure out when to withdraw his \$450,000! After chatting a bit I realized he wasn't aware of the rule change that would allow him to keep his money invested in the same investment choices and enjoy great flexibility of monthly or periodic payments after retirement. He thought he would need to move the money to an IRA. While making an IRA rollover is a viable option for many, **serious consideration should be given to leaving the money invested in the plan because of the**

(Continued on page 2)

## A Day Off With Pay!

Have you attended a Preretirement or Personal Planning seminar? 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!

To be eligible to attend the Preretirement Seminars, you must be age 50 or over and participating in the Nebraska State or County Employees' Retirement Systems. To be eligible to attend the Personal Planning Seminars, you must be under age 50 and participating in the Nebraska State or County 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 and two Personal Planning programs." 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.

You may be age twenty-five or fifty-five. Regardless of your age, it makes sense to periodically stop and review your personal and financial goals.

Please call us at the Retirement Office if you have any questions regarding the law or the Preretirement or Personal Planning Seminar Programs. ☐

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



## Systematic Withdrawal Option

Approved by the Governor in April 1999, the Nebraska Public Employees Retirement Systems Rule 24 allows State, County, and DCP plan members a Systematic Withdrawal option at termination (under age 55) or retirement (age 55+).

A systematic withdrawal provides payment to you at the frequency and dollar amount you determine. The payment may be made on a monthly, quarterly, semi-annual or annual basis and must be a minimum withdrawal of \$100.00 (withdrawals will be pro rata if your investments consist of more than one fund).

While receiving a SWO payment, you will continue to have the investment choices you had while employed and may make investment changes to your remaining account balance at your discretion. You will continue to pay the same fees paid by a regular account participant.

### Characteristics of the State/County SWO

- ◆ Minimum withdrawal - \$100.00
- ◆ Monthly, quarterly, semi-annual, or annual distributions
- ◆ May make changes in amount twice per year once payment begins
- ◆ Withdrawal amount subject to 20% tax withholding if paid to member directly and not "rolled" over into an IRA or qualified plan
- ◆ Possible 10% Federal penalty if under age 55 and paid to member directly and not "rolled" over into an IRA or qualified plan
- ◆ Remaining account continues to earn based on investment fund allocation
- ◆ Member has investment direction on remaining account balance
- ◆ No lifetime payment guarantee

### Characteristics of the Deferred Compensation SWO

- ◆ Minimum withdrawal - \$100.00
- ◆ Monthly, quarterly, semi-annual, or annual distributions
- ◆ Once dollar amount is determined, cannot be changed
- ◆ Once started, cannot stop
- ◆ Taxes are the member's responsibility
- ◆ No 10% Federal Penalty for early withdrawal
- ◆ Remaining account continues to earn based on investment fund allocation
- ◆ Member has investment direction on remaining account balance
- ◆ No lifetime payment guarantee

If you have questions about the SWO at termination or retirement, please contact the Retirement office at 1-800-245-5712 or 471-2053.

### Millionaire (Cont. from page 1)

#### low fees associated with your plan.

Because of economies of scale and the State's negotiating power, the investment fees on your funds are extremely low. The fees range from less than 20 basis points (1/5 of 1%) on the money market fund to 1.2% in the more investment management intensive choices like the Small Company Stock Fund. Investment management fees could easily be twice as high outside of the plan in comparable mutual funds. In addition, sales charges might apply. My \$450,000 caller might have paid as much as \$22,500 in up front sales charges depending on

the program he enrolled in plus an extra 25 basis points (1/4 of 1%) on balances annually thereafter.

So smile as you walk down the halls at work, remember those are potential future millionaires you are working with, and that face in the mirror, is the most deserving person of all! ☐

Mary Jochim, Sterling Financial Advisors Securities offered through Raymond James Financial Services, Inc. Omaha, 402-970-9300 or Toll Free 877-970-9300

## Things to Remember...



To access account information and make account changes via the web site or the VRU (voice response unit) at Ameritas, you will need to know your four digit PIN number, social security number and the plan number.

Your four digit PIN number was printed on your June 1997 statement. If you don't know your PIN number, please assign yourself a new number by completing the reverse side of your statement or by completing a Change Form.

If you are a state employee, your plan number is 2002. The DCP plan number is 2000. If you are a county employee, check with your County Clerk to obtain your plan number, or check your last statement.

Keep your beneficiary listing up to date. If, in the event of your death, you wish any of your beneficiaries to share equally, the beneficiary name(s) must be bracketed or otherwise indicated to share equally.

State employees, obtain a Change of Beneficiary form from your agency personnel contact. County employees, see your County Clerk. You may also contact the Retirement Office.

Please keep your mailing address current. If you are presently employed, state employees should change addresses through the agency personnel contact and county employees should make address changes through the County Clerk. If you have ceased employment, please mail your change of address to the Retirement Office.

Plan to attend an educational seminar in the fall 2000! The calendar of seminar dates will be published in the next *Retirement Roundup*. A registration brochure will be mailed directly to your home approximately four weeks prior to the seminar dates. □

## It's Up To You!

### Employer Investment Options

As members of a Defined Contribution plan you need to be proactive in learning about your investment options since the amount of money in your account at retirement will determine the amount of your retirement benefit from the State or County Retirement plans and the voluntary Deferred Compensation plan.

Since July you have had, for the first time, some direction over the investment of the Employer Fund due to LB687.

The new Employer Fund investments are required by LB687 to be three different mixtures of stocks and fixed income investments. The law requires a fund which is 25% stocks and 75% fixed income, which we have named the "Employer Conservative Fund;" a fund which is 50% stocks and 50% fixed income, we have named the "Employer Moderate Fund"; and a fund which is 75% stocks and 25% fixed income, we have named the "Employer Aggressive Fund." The Employer Funds will continue to be maintained separately and cannot be mingled with the member share of your account.

In July you were mailed a "Change Form" with your quarterly statement. This form can be used to change your "employer fund" investment. If you have not made an investment election on the employer fund, your existing funds have been automatically invested in the "Employer Moderate Fund", which is 50% stocks and 50% fixed income.

### Member Investment Options

Changes to the investment options for member contributions include: **1)** Three new "Premixed" investment options; **2)** Name changes on several of the existing funds; and **3)** Two new funds to replace the old Quality Growth Fund. The following is a summary of these changes:

**1) Three new "premix" funds** are now being offered for member contributions, which are almost identical to the new Employer Fund options now being offered.

**2) New Names** have been assigned to some of our *existing* investment funds to better describe the make-up of those funds. An updated investment booklet was sent to all members in September.

**3) The Two New Funds** are the "Large Company Value Stock Index" and the "Large Company Growth Stock Index."

As a member of the State and County Retirement plans you have many resources available to educate you on your investment options: **1)** Educational seminars are offered every fall. Personal Planning seminars are available for members under age 50 and Preretirement seminars for plan members age 50 and over. A registration brochure is sent directly to you approximately four weeks prior to the seminar dates. **2)** The agency newsletter, the *Retirement Roundup*, is included in your quarterly fund statements. **3)** An investment video is available through your employer. **4)** Sterling Financial is under contract with the Nebraska Retirement Systems to assist you with fund information regarding investment details, market analysis, etc. Call Sterling in Omaha at 402-970-9300 or toll free 1-877-970-9300.

If you have questions regarding account information such as account balances, changes, transfers etc., please call Ameritas at 1-800-449-2696 or the Lincoln number at 402-467-6925. You may also access your personal account information via the Nebraska Public Employees Retirement Systems web site at <http://www.nol.org/home/pers>; you will need your PIN and social security number. For plan information such as laws, refunds, retirements, forms etc., please contact NPERS at 471-2053 or toll-free at 1-800-245-5712. □

## Just Forget About “New Year’s Resolutions!”

Yesterday is only a memory, tomorrow is but a dream; today is the only day we really have.

This January, we can resolve to lose weight, get more exercise, stop smoking, drink less, etc. but the fact is – we still live our lives only one day at a time.

So, the most important question we can ask ourselves this January is:

“How are we going to spend our moments this year?”

We really can't make New Year's Resolutions; we can only resolve to take care of ourselves one day at a time.

We don't have to watch our diets or exercise or quit smoking for an entire year. We only have to take care of ourselves one day at a time. . . . and anyone can do that.

If we can just concentrate on treating ourselves right for the next 24 hours, and the 24 hours after that, then the whole of 2000 will take care of itself! ☐

## Employee of The Year

Congratulations Kim Tiedtke, our 1999 Employee of the Year!

Kim joined the Retirement Systems in April 1997 in the position of Accounting Clerk II. Her primary duty was to balance school contribution reports. Because of her hard work and positive attitude, Kim was promoted to Accountant I where she continues to work with the school contribution deposit reports and has the added responsibility of judge remittances as well as many other tasks.

Kim is highly acclaimed by her co-workers and is an asset to our agency as a team player. She is always willing to pitch in whenever and wherever she is needed. We appreciate her hard work and dedication. Thanks Kim! ☐

## Holiday Calorie Burners

One of the great things about this season is that when you're busier than usual, your body is, too. Here's a quick look at how many calories per hour some classic seasonal activities use up.\*

Dreaming of a white Christmas 61  
Snow blowing 306  
Splitting firewood 408



Brushing snow off car 170



Shoveling snow 408  
Pushing a car out of a snowdrift 510

Building a snowman 238  
Trudging through the snow 340  
Having a snowball battle 544  
Making snow angels 306



Holiday shopping 157

Dashing through the snow 408

Holiday shopping with packages 170



Mashing potatoes for 25 people 170



Changing clothes for New Year's Eve (10 times) 170

Washing dishes from dinner for 25 157

Dancing the night away 306



Vacuuming pine needles off the floor 170

Sledding 476  
Cross-country skiing 612  
Snowshoeing 544  
Ice skating 476

*Prevention* magazine, December, 1996. Adapted from “Compendium of Physical Activities,” *Medicine and Science in Sports and Exercise*, January 1993, with assistance by Barbara E. Ainsworth, PhD, and Melinda Irwin MA, department of exercise science, University of South Carolina, Columbia.

\*Calories burned based on a 150-pound person.

## Happy New Year!

### RETIREMENT ROUNDUP

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