Retirement Roundup
"Providing Information to State & County Employees"
Nebraska Retirement Systems
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In this issue...

Say Good-bye to a Familiar Face

After educating thousands of Judges, State Patrol, School, County and fellow State employees in retirement matters, Louise Weyer is getting the opportunity to put some of her knowledge to the test!

As of February 23rd, Louise has retired from the Nebraska Public Employee's Retirement Systems, where she has been employed over 13 years! Louise has spent the past ten years traveling across the state educating the Retirement Plan Members as part of the Preretirement and Personal Planning seminars. Louise stated, "I will really miss the people, but not the traveling"!

In addition to the seminars, Louise was also the manager of our agency's Education Services department, which included duties such as, editing the agency newsletter and overseeing the publication of retirement plan booklets and other agency publications. Her many accomplishments during her career include, 1989 Employee of the Year, 2000 Manager of the Year and receiving her Certified Retirement Counselor (CRC) through INFRE in 1999.

Louise has great faith in the future of the Retirement Systems' and its leadership, stating, "The new Technology Plan is going to be awesome! With the combination of the staff, leadership and new technology, it couldn't be better"!

Nicknamed "Shorty" by those closest to her, Louise will long be remembered for her upbeat personality and team spirit. She will be sorely missed by her co-workers as well as members across the state. We wish Louise and her family all the best! ❑

Irrational Pessimism? Repeat after me, "I am a long term investor."

It has been a long cold winter not only for Nebraskans but also for the American consumer—and it's not over yet! As much as I'd like to report that we are now entirely out of the woods, we still have some difficult terrain to navigate this year. By most accounts we're now officially in a bear market.

So what now? Pull your money out of the stock market and invest in bonds or the stable fund? Sell low? No way! An unfortunate axiom of market forecasting is that once you are able to prove something may be coming, it's already here and more than half over! The only reasonable thing to do is to wait for this bear market to go back into hibernation. When will this happen? When people feel confident things are about to turn around, bear markets tend to continue. When all hope is extinguished and as one pundit stated, "stocks are as popular as Saddam Hussein at a Veteran of Foreign Wars meeting," then stocks will go up. Repeat after me, "I am a long term investor. I don't sell at the bottom."

So where do we go from here? Irrational pessimism is replacing the irrational exuberance of year 2000. Eventually, though not necessarily immediately, the market will go higher, much higher. A soft economy is still in store for a few months, but if the Federal Reserve now adheres to a policy of remedying its earlier overkill with a series of rate decreases, the economy will start to look much better in the second half of the year.

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Legislative Update

Enough of the 2001 Legislature has passed that it is becoming clearer which bills have a good chance of passing this year. This article mentions those that are likely to effect the State and County Retirement Plans. *REMEMBER these proposals have not yet passed. Please check back in the next issue of the "Retirement Roundup" to see which proposals became law this year.*

County Plan Proposals

LB 186 had already made it to the final stage of legislative debate by March 1, 2001. This bill makes two changes to the County Employees Retirement Act. First, it raises the contribution rate for county employees from 4.0% of pay to 4.5% of pay. This increase means more money will be set aside in retirement accounts for county plan members. Second, the bill creates a supplemental contribution for certified law enforcement personnel (i.e. sheriffs) employed by counties with populations of eighty-five thousand or less – meaning all Nebraska's counties except Lancaster, Douglas and Sarpy Counties. This new supplemental plan consists of an additional 1% of pay being placed in the members' employee accounts, and with county matching funds of 1% being added to the employer accounts. LB 186 has a ***delayed*** effective date; the new levels of contributions will commence January 1, 2003.

NPERS Technical Bill

LB 408 makes NPERS technical changes for the year.

With respect to the State and County Plans, the changes include giving the PERB the ability to set percentage increments for investments (currently, NPERS allows allocations in 5% increments, which will continue under the new law). Other provisions of the statutes are made consistent, with respect to disability retirement provisions. There are other technical administrative matters addressed in the bill. If you want further information, NPERS will provide it upon your request.

Studying a Cash Balance Element in the State & County Plans

LB 687 was introduced by the Legislature's Nebraska Retirement Systems Committee in response to a benefit study done during the summer of 2000 by Buck Consultants. Among the recommendations made by Buck was to explore adding a cash balance element to the State and County plans. A "Cash Balance Plan" is a defined benefit plan that simulates a defined contribution plan. Benefits are definitely determinable, but account balances are credited with a guaranteed rate of return and converted to a monthly pension benefit at retirement.

The Legislature will hold LB 687 for study during the summer of 2001.

Further Information

If you want more information on any of these bills, you can contact our office at 1-800-245-5712. Or you can contact the Clerk of the Legislature at 402-471-2271, or use the Legislature's web site: www.unicam.state.ne.us.

Call Us...Toll Free! 1-800-245-5712

CORRECTION!!

In the last issue of the *Retirement Roundup* there was an article titled, **Deferred Compensation Update**. In this article, under the Catch-up Rule, we stated that "the maxium contribution under a catch-up is $15,500 per calendar year ..." This amount is incorrect. The maximum contribution under a catch-up is actually **$15,000** for eligible employees.

We apologize for our error and any confusion it may have caused. If you have any questions, please contact us.

Don't Quit Until You Read This

You know the old cliche - quitters never win and winners never quit. But, of course, it's a cliche for a reason. The temptation to quit and walk away is ever present, yet turning your back on a situation and leaving is rarely the best option. Below is some advice to help you persevere when faced with new obstacles:

- You will never know what you could have achieved if you quit.
- Your competitors would love for you to give up - don't give them the pleasure.
- No matter what your station or position in life, there will always be a reason to quit.
- When the going gets hardest, that's when you're almost there.
- When you give up, you're only quitting on yourself.
- Anything worthwhile takes time and effort.
- When you give up, will you start something else and quit when it gets hard?
- The price of quitting is higher than the price of sticking it out.

Source: *The Road to Happiness Is Full of Potholes*, by Tim Connor (Connor Resource Group)

New DCP Procedures

There have been some changes in the procedure of enrolling in the Deferred Compensation Plan and making changes in your DCP Contribution amount.

As of March 1st you may acquire Enrollment and Change Forms Catch-up Provision Worksheets and Beneficiary Forms from your agency personnel contact.

When you make a change to your DCP contribution amount, the completed forms must be returned to your agency for processing and then forwarded to the Retirement Office.

If you are not making a change to your DCP contributions amount and you are making changes to any of the following: 1) investment election, 2) transfer of funds, 3) Personal Identification Number (PIN), your form can be mailed or faxed directly to our office. If you would like immediate changes, we encourage you to use the Pension Access Line (1-800-449-2696) or Pension Access On-Line (http://www.nol.org/home/pers), or fax your form to our office to assure same day transaction processing, provided that the information is received by 3:00 p.m. that day.

We are hoping that these changes in procedure will help to assure that your requests are processed in a more timely and efficient manner.

If you have any questions regarding the new procedures, please contact your agency personnel contact or call our office at 1-800-245-5712 or in Lincoln 471-2053. ❑

"Constant kindness can accomplish much. As the sun makes ice melt, kindness causes misunderstanding, mistrust, and hostitility to evaporate."

- Albert Schweitzer

LEGAL CORNER

by NPERS Legal Counsel,
Shawn Nowlan

Qualified Domestic Relations Orders Explained

Unfortunately, divorces from time to time occur among members of retirement plans, and in many such cases the pension assets NPERS administers need to be divided.

The Nebraska Legislature has created a special method to divide pension assets in Nebraska governmental pension plans. This method is codified in the "Spousal Pension Rights Act," Nebraska Revised Statutes sections 42-1101 to 42-1113. Whenever a member's assets under a pension administered by NPERS needs to be divided, the attorney involved should review these sections of the law *before* they write a domestic relations order. It is also helpful to contact the Retirement Office for assistance.

What is a QDRO?
A "qualified domestic relations order" (QDRO) is one that has been approved by NPERS and is therefore effective in dividing pension assets in one of the NPERS-administered plans. A QDRO is important because pension assets are normally immune from all processes of law except a QDRO. This means that an ordinary court order will not effectively divide pension assets.

More than just a Divorce Decree or Property Settlement
Divorce decrees and property settlements, although effective for most purposes *do not* divide pension assets unless they include a QDRO. Once the judge has created a QDRO, it must be sent to NPERS to be approved, and *only* when NPERS approves it does the order actually divide the pension assets.

If I have a QDRO, when can I get the money? Do I have to wait?
The person who receives a share of a member's account through a QDRO is called the "alternate payee." Becoming an alternate payee gives the former spouse certain rights in the pension assets, but does not mean he or she will have immediate access to the money.

There are two ways that an alternate payee can gain access to the pension assets:
(1) If the member quits work (at any time); and
(2) If the member is 50 years of age or older.
If a member is under 50 and working, the alternate payee *cannot* gain access to the pension assets.

Rights of an Alternate Payee to a Benefit
When the Alternate Payee is able to gain access to the assets, the method of payment depends on what options the member is entitled to at the time the alternate payee makes application for the assets. For example, if a member is vested, the alternate payee will be able to receive a refund of his or her share of the contributions and matching employer account. But if the member is non vested, then the alternate payee can only receive his or her share of the member account.

Further Questions Answered
If you have any questions about how a QDRO works, please contact Shawn Nowlan at (402) 471-2053 or outside Lincoln at 1-800-245-5712.

Long Term Investor *(Cont. from page 1)*

History is very clear that when the Federal Reserve starts to lower interest rates, this virtually always reignites stocks. And with meaningful tax relief on the way from Washington, the next decade could turn out to be at least as impressive as the last one. I'd be willing to bet it will even be more so.

The market goes up 70% of the time according to the people who keep track of these things, like those at Ibbotson & Associates. Granted the 30% of the time when it declines can be nerve wracking and revolting to your stomach. Keep your stomach in check and engage your brain. Remember, while prices are down your monthly retirement contributions are buying you shares at low prices. And that's a good thing! The technological and scientific wonders of our age combined with economies all across this small planet moving towards freedom and capitalism, have Louis Rukeyser and other successful investors convinced that "only long term losers will bet against the future."

Now is the time to sit tight, review your asset allocation, make plans to attend a Personal Planning seminar this fall, and call us if you'd like some old fashioned hand holding during the market turbulence. We are here for you. Everything will be OK. Repeat after me, "I am a long term investor. I don't sell at the bottom."

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Investment Allocation Reminder

When making or changing your investment elections, it is important to remember that all choices **must be made in 5% increments**. For example, if you want your investments split between three different funds, you might list your choices as follows:

35%	Stable Fund
35%	Money Market Fund
30%	Bond Market Index

You **cannot** designate 33.3% in each fund.

It is also important that you understand what funds are available for the investment of your account and that you do not include the **Employer Funds** as part of your member account percentages.

If the Investment Elections are not completed properly, your form will be returned to you for corrections, which will cause a delay in processing.

If you have any questions while completing an Enrollment form or an Investment Change Form, please call our office at 1-800-245-5712 or 471-2053 and press 3 to speak to Member's Services for assistance.

RETIREMENT ROUNDUP
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