

# Retirement Roundup

"Providing Information to Judges, State Patrol and School Employees"

Nebraska Retirement Systems

Vol. 17, No. 2, Winter 2002

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## Members Ask About Purchase of Service

During the 2001 Legislative session, LB408 was passed which expanded the three-year purchase of service window and now allows members of the **School Retirement Plan** to make refund and service purchases throughout a member's working career. This has resulted in an abundance of inquires from members regarding the cost to purchase this service.

Our new web site calculator, called the "**Benefit Estimator**," is available to help you calculate the estimated costs to **purchase service** under the "Twelve Month Preretirement Service Purchase" (LB724) and "Out-of-State Service Purchase" (LB1076) provisions.

In addition, if you have an interest in **repaying**

**a past refund**, a table is available on our web site to help you *estimate* the cost of repaying a refund. If you know the approximate time period of your service and the refund amount, you can easily calculate the estimated cost to repurchase this service. To help you with your decision to make refund or service purchases, we urge you to use our web site at [www.nol.org/home/pers](http://www.nol.org/home/pers) to expedite answers to your questions regarding the estimated costs.

If you plan to retire during the current school year and wish to purchase service, write to us as soon as possible. Requests received from members retiring during this fiscal year (ends June 30) will have priority over those requests from members retiring at a later date. □

## Manager of the Year



The Nebraska Public Employees Retirement Systems (NPERS) office has chosen Jane Hansen as our 2001 Manager of the Year.

Jane, a state employee since 1987, began working with our agency as an Administrative Secretary in 1990.

After NPERS' reorganization in March 2000, Members Services was created and Jane accepted the position of Manager of this area. She oversees a staff of five, including our receptionist and four employees that make up the Call Center.

During the short time she has been a manager, Jane has shown great leadership and has been a tremendous help to her staff and other areas during this transition. She is a team player and we are grateful to have her with our agency. □

## Employee of the Year



Congratulations Ninna White, our 2001 Employee of the Year!

Ninna joined us in 1988 as the Secretary to our Deputy Director. She then moved to Records Management where she assisted with memberships and remittances. After several years, Ninna accepted a position in our Microfilm department. In 1996 she was promoted to a position in Benefits Processing, where she currently answers member correspondence, processes estimates, inputs data, and many other important functions for our members.

Because of Ninna's versatility and hard work, she is truly an asset to our agency.

Thank you Ninna. We appreciate your dedication and positive attitude! □



# Legislative Update

The following is a list of legislative bills affecting the **School, Judges and State Patrol Retirement Systems** introduced during the 2002 session. Remember, these are proposed changes and will not become law unless and until passed by the Legislature. Read your next issue of the "Retirement Roundup" to see which proposals became law this year.

**LB 1111** would make changes to the five retirement plans (**School, Judge, Patrol, State and County**) administered by NPERs. This technical bill was introduced by the Retirement Systems Committee at the request of NPERs. In summary, LB 1111 accomplishes the following:

1. Members would be allowed to *roll their funds out* of the plans and **into** 457 and 403(b) plans in addition to the current options (i.e. IRAs and 401(a) plans).
2. The plans could *accept rollovers into* the plans, coming **from** 457 and 403(b) plans in addition to the current options (i.e. conduit IRAs and 401(a) plans).
3. Forfeited employer monies in the **State and County Plans** would be *immediately restored upon repayment of a termination benefit*, rather than being delayed to the end of the plan year.
4. Several *late fees* in the **County and School Plans** would be modified, and a fee for *failure to file a membership form* in the **School Plan** is abolished.
5. The definition of "final average compensation" in the **School Plan** would be modified so it means the *three highest 12-month periods*, rather than the three highest fiscal years of compensation.
6. The PERB would be allowed to determine the *time span between audits of compliance* with statutory provisions, rather than the current "every four years" audit provision.

## School Plan Proposals

**LB 1027**, introduced by Senator Wickersham, further refines the definition of "termination" in the School Plan. In particular, the change prohibits members from *providing service on a "regular basis"* to a participating employer during the 180-day break in service. Also, the federal IRS term "*bona fide separation from service*" is added to the definition of termination, and the *PERB is reaffirmed in its power* to determine if a member has experienced a "bonafide

separation from service."

In addition to the two new bills, the following bills from last year have not been acted on by the Legislature.

## Judges Plan Proposals

**LB 109** would create an *early retirement benefit with full benefits* for members of the Judges Plan, who have attained the maximum benefit and age 60. The bill would also allow for *reduced early retirement benefits* for judges between age 60 and 65 who have not attained the maximum benefit. (Advanced to General File from 2001 session.)

**LB 622** creates a *state appropriation* to the Judges Plan, beginning at \$200,000 per year. (Heldover from 2001 session.)

## State Patrol Plan Proposals

**LB 726** would add to the membership of the Patrol Plan *officers who were transferred* to the State Patrol in 1986 and were subsequently sworn in as patrol officers. Language transferring their plan assets from the State Plan to the Patrol Plan is also included. (Heldover from 2001 session.)

**LB 728** would increase the minimum benefit floor for retirees in the Patrol Plan to *80% of the purchasing power* of the officers' original retirement benefits. (Heldover from 2001 session.)

## NPERs Proposals

**LB 407** changes NPERs administrative provisions and will serve as a vehicle to discuss how School Plan members earn *service credit* each year. (Heldover from 2001 session.)

**LB 686** is an NPERs actuary-suggested bill to change the *technical actuarial method* for determining annual contributions to the Judges, School, and Patrol Plans. (Heldover from 2001 session.)

For more information on any of these bills, contact our office at **1-800-245-5712**. Or contact the Clerk of the Legislature at **402-471-2271**, or use the Legislature's web site: [www.unicam.state.ne.us](http://www.unicam.state.ne.us). □

## 2002 Preretirement Seminars

February 13 - Omaha	April 3 - Omaha	May 16 - McCook
February 14 - Omaha	April 4 - Columbus	May 29 - North Platte
February 20 - Beatrice	April 10 - Kearney	May 30 - Kearney
February 21 - Lincoln	April 11 - Grand Island	June 5 - Grand Island
March 6 - Lincoln	April 16 - Norfolk	June 6 - Lincoln
March 7 - Omaha	April 17 - Columbus	June 12 - Norfolk
March 19 - Norfolk	April 24 - Lincoln	June 13 - Omaha
March 20 - Norfolk	May 1 - Scottsbluff	
March 26 - Lincoln	May 2 - Scottsbluff	
March 28 - Omaha	May 15 - Ogallala	

Registration brochures will be mailed approximately 4 weeks prior to meetings in your area.

## New School Plan Booklets Available



Members of the **School Retirement Plan** will soon receive a copy of the updated plan booklet. This booklet is revised for 2002 and will be mailed in bulk to each school for distribution to all school plan members.

You can view the plan booklet at [www.nol.org/home/pers](http://www.nol.org/home/pers) or call us at **1-800-245-5712** and request a copy.

File your NPERS School plan booklet with other retirement information. It contains up-to-date details about membership status, purchase of service, membership termination, death before retirement, disability retirement, service retirement, and staff services offered by our office. □

## Call for Appointment

Planning a trip to Lincoln soon? If you'd like to visit our office to get specific account information, you'll need an appointment.



We recommend scheduling an appointment one month in advance. This allows our staff adequate time to research your records, obtain pertinent information from you employer, calculate benefit estimates and provide up-to-date information. Appointments are scheduled from 9:30 am - 3:30 pm daily and are limited to one hour. Spouses are welcome at these sessions.

If you and your spouse are both plan members, one appointment time can be shared to review both accounts. But, you must indicate this at the time you make the appointment.

To schedule an appointment, please call **1-800-245-5712** or **402-471-2053**. Our receptionist will gladly schedule your appointment. □

## LEGAL CORNER

by NPERS Legal Counsel,  
Shawn Nowlan

### Economic Growth and Tax Reduction Reconciliation Act (EGTRRA)

If you can remember the pre-September 11, 2001 world, you might recall that President Bush and Congress passed a large tax cut bill. That bill also included changes to the rules that govern "Qualified Pension Plans" – such as those administered by NPERS. The following sections outline some of the changes made by EGTRRA, the "tax cut bill."

#### New Rollover Options

The new law will permit rollovers *between and among* governmental section 457 plans (deferred compensation plans), section 403(b) plans (tax-sheltered annuity plans) and qualified plans (most retirement plans, including the School, Judges and Patrol plans), effective as soon after December 31, 2001, as changes to the local plans may allow. **These changes will be effective for transfers made after the Legislature acts to amend Nebraska's statutes.**

In addition, the new law allows after-tax employee contributions to be included in a direct rollover to an IRA or another qualified plan (if the plan agrees to separately account for such contributions and earnings). However, after-tax contributions may not be rolled over from an IRA to a retirement plan, and may not be rolled over to 403(b) or 457 plans, effective for distributions made after 2001.

The new law also permits surviving spouses to roll over distributions to a qualified plan, 403(b) plan, or governmental 457 plan in which the spouse participates, effective for distributions made after 2001. **These changes will be effective for transfers made after the Legislature acts to amend Nebraska's statutes.**

#### Purchase of Permissive Service Credit

In the future, members will be able to transfer funds from 403(b) plans and 457 plans to a governmental defined benefit plan to purchase permissive service credit (e.g. "out-of-state" service in the School plan). These monies could also pay for the repayment of refunds. **These changes will be effective for transfers made after the Legislature acts to amend Nebraska's statutes.**

#### Annual Compensation Limit

The annual compensation that may be taken into account in determining contributions or benefits under a qualified retirement plan will increase to \$200,000 with indexing in \$5,000 increments, effective years beginning after December 31, 2001. **NPERS is issuing a regulation to implement these new limits.**

*Many thanks to the National Conference of State Legislatures, Rod Crane (The Segal Company), Tom Cavanaugh (Buck Consultants) and Paul Zorn (Gabriel Roeder Smith) for their assistance in reviewing the final legislation and summarizing the applicable provisions and for drafting much of this Legal Corner article.*

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# Employer Education and Reporting

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The "Employer Education and Reporting" section is intended for **Authorized Reporting Agents**.

**Web Site** - Since we began PIONEER, our technology project, we've made many additions to our web site at [www.nol.org/home/pers](http://www.nol.org/home/pers). Check out the **Employer Education and Reporting** link where information is posted for employers only, such as a downloadable copy of the Manual for Authorized Reporting Agents. Also, please encourage your employees to try out the **Benefit Estimator** where they can calculate their own retirement benefit "estimates."



**Technology Survey** - In January we mailed a **Survey/Questionnaire for Employer Reporting** to all schools, requesting information to help us improve our processes through PIONEER. By completing this survey, you provide information about your school's current technological capabilities that will help us develop a more effective and efficient way to transmit and receive membership and contribution data. Ensuring data is correct before actual money is transferred is an important component of the design of this process.

As employers, you support your employees by sending the correct data to NPERS. The importance of your role will increase with the evolution of PIONEER. If you have not yet done so, please complete the survey and mail to NPERS. Questions or need another copy? Contact Tammy at 402-471-9498 or Toll Free at 1-800-245-5712.

**Application for Vesting Credit** - It is **your** responsibility to provide an Application for Vesting Credit to all **new employees** on their date of hire. It is the **employee's** responsibility to submit the Application for Vesting Credit to us within 30 days of their date of hire **if** they have participated in any other Nebraska governmental retirement plan. This form is used to determine if eligibility and vesting credit is available to a member. It is not necessary to submit the form if the employee does not have prior government plan participation.

**Enrolling New Employees** - Please verify that new members submit registration forms. Individuals who need to submit this form will show a retirement number of "555555" on the monthly report.

**Questions?** When you have specific questions on employer reporting, contact Cheryl at 402-471-9497 or Toll Free at 1-800-245-5712.

## New Options Available Soon

New retirement benefit options should soon be available for members of the **School Retirement Plan**. If you are retiring at the end of the current school year and are interested in reviewing these additional benefit options before making your selection, you may wish to delay filing your retirement application until later this spring. Remember, your **effective date** of retirement is the first of the month following the date of:

- a) your last day of employment, or
- b) receipt of your completed application in the retirement office, whichever is later.

This means an application for a June 1 effective date of retirement could be filed as late as the last day of May.

A timeline of the process to adopt a new rule and regulation allowing new retirement benefit options follows: The Public Employees Retirement Board passed a motion to expand the current retirement options at its November Board meeting. The next step to the adoption process was a public hearing, which was held January 2, 2002. NPERS is awaiting approval of the rule and regulation by the Attorney General, the Governor and the Secretary of State offices. When this approval process is complete, the new rule will be put into effect.

Although NPERS does not know the exact date the new options will become effective, we feel reasonably certain of approvals in time for members retiring this spring to utilize them. □

### These new forms are available:

Non-Contributing School Member Form ..... Revised 8/01  
Beneficiary Designation Form ..... Second Revision 9/01

***Remember to discard all old forms!***

A decorative border made of small, white, square-like shapes arranged in a rectangular pattern, surrounding the text.

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