

Retirement Roundup

"Providing Information to State & County Employees"

Nebraska Retirement Systems

Vol. 17, No. 1, Winter 2002

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Market Fluctuation Continues to Concern Members

by Mary Jochim

Recently, I received this e-mail from a concerned member:

I have opted to withdraw my retirement account (100%) after leaving my employment with the state of Nebraska. I mailed my form over a week ago. I want to know if the account is still active or if it has been "frozen" for disbursement. I am concerned about the continued fluctuations that might further deplete funds from my account before it is disbursed.

Can you give me some idea of this process. I am hoping to use the funds for an investment and need a timeline.

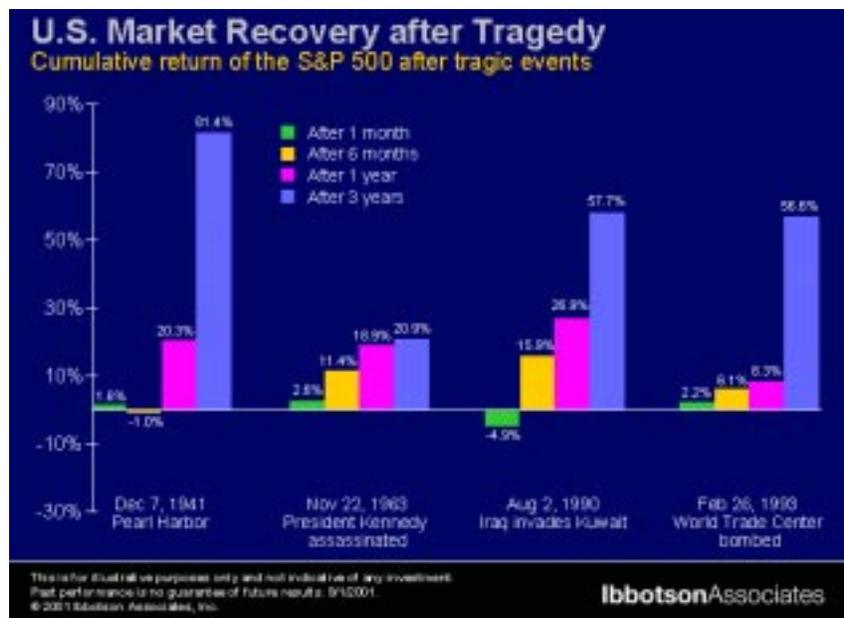
My Reply:

Sterling Financial is the company hired to assist Nebraska State and County employees with understanding the investment options in their plan. We also conduct financial planning seminars. It is the Nebraska Public Employees Retirement Systems that administers your plan. I will forward your e-mail to the Retirement Office where you will hear from someone shortly.

I'm a little concerned reading your note "between the lines" that you aren't planning on rolling this money over to an IRA to continue it's tax deferred status. If it doesn't get rolled over to an IRA, you will pay tax on the entire amount that has been tax deferred and there's a possibility of a 10% penalty. In some cases that means losing 30 - 40% right off the bat! In addition to a rollover IRA, you also have the option of leaving the funds on deposit in the State plan. You retain all the same investment options and ability to move funds you have currently. An added

benefit is the low cost structure (zero sales charges and extremely low management fees) of the State plan. It can't be beat!

The other item that has me wondering is your concern about market fluctuations depleting your account. I don't know how long you have been in the plan, but fluctuations are normal. And they occur with every other



ibbotsonAssociates

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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 a great asset to our agency.

We are very grateful to have Jane working with us and are very proud to have her represent 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! □

New Investment Video Available



Tired of watching all those action/adventure videos? How about "date" movies or comedies on tape? A new video explaining your investment choices in the State and County Retirement Plans is now available.

You as a plan member must take an active role in the direction of your retirement account. Whether you are a new employee, or have been around awhile, this 35 minute video explains in detail the make-up of the 11 investment choices available to you in your member account, and your three choices in the employer account. Selecting the appropriate investment account(s) is an important decision. Your investment strategy should result in an account selection mixture best suited to your financial needs and family circumstances.

Copies of the video were mailed to all state agencies and counties in October 2001. Members interested in viewing the video should contact their employer's personnel or payroll office.

Rest Increases Energy

Why don't more people rest? Good question! True, everyone is real busy these days, rushing here and rushing there, but there's more to it than that.

You see, most people are out of BALANCE in life. Because they're over-committed in certain areas, they're not getting what they truly need in others. As a result, they feel uncomfortable when they try to rest. When they just "look out the window," the disorder of their lives starts to surface, producing feelings of discomfort. Rather than listen to what their inner self has to say, they rush back to their busy lives, covering up their pain with another burst of "activity."

That's not going to get the job done, though. You really need to rest. A few times a day, actually.

Look out the window, sit in the park or at the beach, stare at the ceiling, or just sit and reflect for a time.

And, despite that nagging voice which says that doing nothing is bad, you can't really lose if you genuinely rest. Why? Because if your life is pretty much in BALANCE, you'll increase your ENERGY level -- even if you rest for only a few minutes. If you're out of BALANCE, on the other hand, that feeling of anxiety when you plop down

on a park bench or just relax on the beach tells you it's time to reassess your life and make some changes.

So... take time to rest. Do nothing, even if it's only for five minutes a day. You'll return to your whirlwind life with some more ENERGY -- and, possibly, a clearer sense that you need to create more BALANCE in your life.

**TO DO MORE,
DO NOTHING!**



Source: *Pelizza's Positive Principles for Better Living*

Market Fluctuation

(Cont. from pg. 1)

investment you find outside of the State plan that invests in stocks. Your account, in reality, can't be depleted without the USA going bankrupt. (If that were to happen, even cash in your mattress would be worthless.)

The State plan does have investment options for you that are guaranteed and free from fluctuations. There is no free lunch. While investments like the Stable Fund or Money Market Fund don't experience volatility, they have, over time, a substantially lower return. I'd hate to see you "sell low" here without fully understanding the risks you are taking. The larger concern besides just "selling low" is that, while this distribution may help solve a short term money problem, it is contributing to a longer term retirement problem, called poverty. I or someone on my staff would be glad to visit with you. In the meantime I will forward this to the Retirement Office and they will gladly answer questions about your disbursement.

Best of Luck!

Mary H. Jochim
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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 State and County plans) effective as soon after December 31, 2001, as changes to the local plans may allow. **In Nebraska, these changes require new legislation, which will be in the Unicameral this spring.**

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.

All these rollover provisions will require legislative action in Nebraska to be implemented.

Note to Deferred Compensation (457) Plan Participants

There are several changes made by the tax law passed this summer – the "Economic Growth and Tax Reduction Reconciliation Act" (EGTRRA) – that will make substantial changes to your 457 deferred compensation plan. The Internal Revenue Service is issuing guidance very soon (hopefully by December 31, 2001) that NPERS will use to modify the State's 457 deferred compensation plan. At that time, a letter will be sent to all those who are participating in the 457 deferred compensation plan that will explain the changes. Look for that letter in January or February 2002.

Employer Education and Reporting

The "Employer Education and Reporting" section is a new addition to our newsletter! Intended for **County Clerks** and **State Agency Personnel**, it is our way of communicating with you.

Web Site - Since we began PIONEER, our Technology project, we've made many additions to our web site <http://www.nol.org/home/pers>. Check out the **Employer Education and Reporting** link where we post information for employers only, such as downloadable copies of forms and the Manuals for County Clerks and for State Agencies. Also, please encourage your employees to try out the **Benefit Estimator** where they can calculate their own "estimates" of a monthly retirement annuity.

New Forms - As a result of PIONEER and our imaging system, we are re-designing all forms using a "template" heading with demographic information. Our goal is to consolidate and reduce the number of forms we use. All revision dates are tracked on the lower, left corner of each form. As a reminder, since many forms are used by more than one retirement plan, please remember to **check the appropriate plan type** before submitting. Forms you submit should include original signatures. Remember to retain a copy for your records and provide a copy to the member.

These new forms are available:

State/County Enrollment Form Revised 8/01
State/County Non-Contributing Member Form Revised 8/01
Beneficiary Designation Form Second Revision 9/01
Remember to discard all old forms!

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 additional 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 Employees In The Plan - When you enroll a new employee in the retirement plan, we suggest you provide them with a "packet" of retirement information and forms. That packet should include:

- Enrollment Form
- Retirement Plan Booklet
- Beneficiary Designation Form
- Annual Investment Report
- Pension Access Brochures

It is **your** responsibility to submit the completed **Enrollment Form** and **Beneficiary Designation Form** to us as soon as possible.

Questions? Contact these staff members when you have specific questions on employer reporting:

Clint 402-471-9497
Kim 402-471-9483
Or Toll Free at 1-800-245-5712

We'll Make Your Changes...Fast!

Many of our plan members enjoy their ability to control and maintain their retirement accounts – they transfer funds, elect new fund allocations for future contributions, and change PINs. These changes can be accomplished in several ways: through Ameritas' voice response system at 1-800-449-2696 (or 467-6925 in Lincoln); through Ameritas' website, accessible through the Retirement Systems' site at www.nol.org/home/pers or directly at <http://pension.ameritas.com>; or by completing paper request forms.

When completing **requests for transferring balances and investment election changes** on paper, some members may not realize that the **Retirement Systems, not Ameritas**, makes those changes for them. Our current forms state this, although some older forms, with incorrect instructions, remain in circulation. When forms are received in our office prior to 3:00 p.m. Central Time (market closing time), they are processed on that date. However, if sent to Ameritas instead, delays in processing occur and we cannot guarantee a form will process on its date of receipt.

To help you accomplish your fund movements in a timely manner, **please return forms for investment changes and transfers to the Nebraska Retirement Systems** at 1221 N Street, Suite 325, Lincoln, NE 68508 or fax to 402-471-9493. ☐



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