

Retirement Roundup

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

Nebraska Retirement Systems

Vol. 18, No. 6, Fall 2003

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Your Annual Statement is Your Link to NPERs

An undetected error on your annual statement could affect your future

As a member of the **School, Judges' or State Patrol Plans**, one of the most important documents you receive from NPERs is your annual Benefit Statement. Statements are mailed to members' home addresses every year in August. Remember to notify your employer whenever your address changes since your current personal information is submitted to us by them. (Members not currently working or who are receiving a retirement benefit should call, write or fax address changes directly to NPERs.)

Your statement contains many important pieces of information and it explains why NPERs keeps compensation and service records. Your statement is meant to verify records collected on your account, including amounts needed to calculate your retirement benefit. NPERs reports fiscal year salary information, so amounts listed will not match your contracted yearly salary. You should look your statement over carefully before you file it away with your other important papers.

Make certain your personal information reported at the top of the statement is correct: your name and date of birth. Since your employer reports your information to NPERs along with contribution amounts, you should notify *your employer* right away of any changes or errors.

Your contributions are separated into: those reported to NPERs after taxes were already taken out (Judges' and State Patrol Plans – before 1985; School Plan – before 1986), and those which are not yet taxed. Also shown is the interest earned, any penalties, and a total of the accumulated contributions plus interest credited to your account as of the end of the fiscal year, June 30, 2003.

statements every other year by certified mail, return receipt requested. (See Neb. Rev. Stat. §79-907.) This law was enacted in 1998 by the Legislature to be sure each school employee had been given proper legal notice of his/her service credit within the Nebraska Public Schools for all years prior to July of 1999 (first year certified statements were issued) and that every two years since 1999, statements be issued by certified mail to give each member notice of the service earned in the previous two years.

The cost to the **School Plan** for this mailing is substantial and can seem like an inconvenience to members. Several problems this year beyond NPERs' control caused the statements to arrive after summer break ended and members were

(Continued on page 3)

NEBRASKA SCHOOL EMPLOYEES RETIREMENT SYSTEM BENEFIT STATEMENT As of June 30, 2003	
HERMAN MUNSTER	Date of Birth 12/15/1953 Retirement No. 100001
BENEFIT OPTIONS	
This statement is meant to verify the information that Nebraska Public Employees Retirement Systems (NPERs) has collected on your account, including all the information needed to calculate your retirement benefit. Under the School Retirement Plan, you have two payment options:	
(1) Receive an annuity for your lifetime (when you qualify) based on the following formula: Monthly Benefit = Final Monthly Avg. Compensation x Years of Creditable Service x Factor (currently 2.0%) (may be reduced for early retirement).	
(2) Take a refund of your contributions plus interest if you quit working.	
COMPENSATION & YEARS OF CREDITABLE SERVICE	
Your compensation is used for two reasons: (1) your retirement benefit will be based on your three highest 12-month periods of compensation (Final Monthly Average Compensation), and (2) your member contribution of 7.25% (Neb. Rev. Stat. § 79-905) will be determined using these amounts. According to NPERs records your compensation for retirement plan purposes, for the past two fiscal years was:	
July 1, 2001 – June 30, 2002	\$ XXX,XXX.XX
July 1, 2002 – June 30, 2003	\$ XXX,XXX.XX
Your benefit is also based on the years of creditable service you have accumulated in the School System. NPERs records show that you have ***** estimated years of service through 06/30/03 which are subject to verification by your employer. If you received a refund of your account, you must repay the refund in order to receive credit for these years (§ 79-921). If you are currently repaying a refund or purchasing service, these years will not be reflected in this statement until your payment is completed.	
MEMBER CONTRIBUTIONS	
If you decide to take a refund, NPERs will return your contributions plus a statutory-set rate of interest (§ 79-902(6)). Interest is credited monthly, currently at a compounded annual rate of 2.09%.	
Your contributions plus interest as of the above date:	
CONTRIBUTIONS (Before tax - 1986 or after)	\$ 7,440.94
CONTRIBUTIONS (After tax - before 1986)	2,558.88
TOTAL CONTRIBUTIONS	\$ 10,009.80
INTEREST	14,872.13
PENALTY	
TOTAL CONTRIBUTIONS PLUS INTEREST	\$ 24,881.93
The employer contributions and investment earnings on plan assets are used for funding the retirement annuities, but are not included in your account balance. Your annuity is not based on your account balance.	
IF YOU BELIEVE THAT THIS BENEFIT STATEMENT IS IN ERROR, PLEASE CONTACT YOUR EMPLOYER OR NPERs AND SEE INSERT FOR PROTEST AND APPEAL PROCEDURES.	
YOUR RIGHT TO CONTEST THIS STATEMENT OF ACCOUNT IS "FOREVER BARRED" (§ 79-907) IF YOU DO NOT CONTACT NPERs IN WRITING WITHIN 90 DAYS OF RECEIPT.	

Special Notice About School Statements

State law requires NPERs to mail **School**

NOTE: The above statement is an example of a School member's statement. The Judge and State Patrol members' statements will vary slightly.

Behind the Scenes

With 12 employees, Benefits Processing is NPERS' largest department. They shoulder a great deal of responsibility including benefit and purchase of service estimates, payments, disabilities and member correspondence.

Vicki S., the Benefits manager, has been with the agency for 7 years. She and the 11 employees she supervises are a hard working group.

Iona is the "lead worker" of Benefits. She assists with calculating monthly benefits for School members and proofs all outgoing correspondence and benefit estimates. Iona has been with the agency for 18 years.

Diane is the "veteran" of her area and has been with NPERS for over 21 years! Diane assists retirees with tax and deposit forms, answers benefit questions, processes death notifications and assists beneficiaries.

Ninna, a hard-working 15-year employee, prepares individual School benefit calculations. She also helps with estimates and retirement packets.

Benefits Processing



Front Row, L to R: Vicki S., Jennifer, Anne, Iona, MaryKay, Ninna Back Row, L to R: Vicki F. Kim, Mitch, Diane, Linda, Johnnetta

Jennifer, a 12-year employee, and Mary Kay, who has been with us for 5 years, are specialists with the Judges and State Patrol Plans where they calculate benefits. They also assist with School estimates and calculate costs for service purchases.

State, County and Deferred Compensation Plan member accounts are handled primarily by Kim, a 6-year employee, and Anne, who has been here for 2 years. They process enrollments, dis-

bursments, deaths, disabilities and purchase of service transactions.

Vicki F. has been with the agency for over 3 years. She specializes in refunds for School members and also assists with benefit estimates.

Mitch works with Qualified Domestic Relations Orders (QDROs). He has been with NPERS for 5 years. Mitch also helps with disabilities, estimates, retirements and service purchases.

Johnnetta sorts and routes all incoming mail for the area. She also answers general correspondence and assists with benefit estimates. She has been with NPERS for 3 years.

Linda, who is the newest member of the Benefits area, has been here nearly 2 years. She assists with the benefit estimates.

These 12 people deserve our thanks and applause for going above and beyond expectations everyday. Their hard work and dedication are greatly appreciated.

Member Account Access



Pension Information of Nebraska for Efficient, Effective Retirement

Because of PIONEER, the new technology information system at NPERS, all **School, Judges' and State Patrol Plan** members may now access their own personal account information via the Internet.

By logging on to our new web site at www.npers.ne.gov, you will be able to check your member account information at any time.

You will need a few pieces of information in order to create your web account:

- Your first name, middle initial and last name that NPERS has on file (as shown on your address label on this newsletter).
- A password. You must choose a password to create your web account and can change it anytime after the web account has been created.
- Your social security number.
- A valid e-mail address. This can be changed anytime after the web account has been created.

In addition, you will need *one of the following* to complete the validation process:

- Your Retirement Number (can be found on your address label on this newsletter, located to the right of your name).
- Your most recent, reported monthly salary.
- Your last contribution amount.
- Social Security number of one of your primary beneficiaries.

To create a web account:

- Log on to our new web site at www.npers.ne.gov and click on the "click here" button.
- An Electronic Agreement will appear on your screen. You will need to click on "I Agree."
- Next you will see a screen entitled Manage Your Login Account. Here you will select "member account."
- Follow the instructions on the screen.

You will be able to log on and access your own records showing your creditable service years, reported salary, account balance, earned interest, etc., and use that information as a planning tool to calculate your own estimates of retirement benefits.

NPERS is excited to offer this system to you for accurate, current information on your retirement benefits. If you have questions or need assistance logging on, call us at **800-245-5712** or **402-471-2053**. □

Don't be fooled by a "Copy-Cat" seminar



It has come to the attention of the Nebraska Public Employees Retirement Systems (NPERS) that the Nebraska Council of School Administrators (NCSA) is promoting one of their corporate sponsors, an insurance company offering retirement products, to **School Plan** members. In a letter the NCSA recently sent to its member school districts, they encourage School Plan members to attend one of the company's "free" seminars to learn about the "Nebraska Retirement System."

Be aware, NPERS does NOT endorse nor have we authorized any company to represent or use our name in any way to educate members about the School Plan or any other plan we administer. While this company's presentation about the School Plan may contain valuable information, we believe it may include inaccuracies and could potentially confuse plan members about their benefits.

NPERS recognizes the importance of early planning and the compounding of time and money in reaching retirement goals. There are many choices available in the retirement planning business that are credible and valid ways of saving for an important time in your life. However, NPERS cautions members in dealing with companies who offer "free" seminars. These companies typically take advantage of new contacts by promoting their products and frequently use "hard sell" tactics to get the unsuspecting to buy.

Some companies who encourage members to take lump sum withdrawals of their retirement account (and use the proceeds to purchase the company's products) may not (usually) have the member's best interest in mind. As an example, NPERS recently learned of a situation where a school member died and his widow's financial planner encouraged her to take a lump sum of the account to use to purchase the planner's products. In doing so, she gave up a monthly annuity benefit of over \$2,000 per month *for her lifetime!* It is rare a member can get a better deal outside of the School Plan. No company can compete with the lifetime guarantee PLUS an automatic cost-of-living (COLA) benefit provided by the Plan.

By law, NPERS is the state agency responsible for administering the retirement plans for all public employees. The Nebraska Legislature has also charged us with educating our plan members. Only NPERS can provide final and accurate benefit information. Each eligible employee, **age 50 and over**, is allowed **leave with pay** to attend up to two preretirement planning programs. (You may choose to attend a seminar more than twice, but such leave is at your expense and your absence is at the discretion of your employer. You may not attend more than one seminar per fiscal year.) The seminar dates are listed on page 4.

For those plan members who are **under age 50**, you may call NPERS at any time for information about your plan. Or you may make an appointment to visit one-on-one with a specialist. And, NPERS will provide special presentations, upon request, to any school district where members *of all ages* may learn about their plan. Ask your employer to call NPERS' Education Services to arrange a special meeting that can be tailored to your school's needs. Call toll-free at **800-245-5712** or in Lincoln at **471-2053**. ☎

Statement *(Cont. from page 1)*

back at work. NPERS realized too late the delay would occur, but our statutory duty required the mailing be sent to you.

Although the cost to the **School Plan** seems extravagant (around \$150,000) and unnecessary, the law when passed in 1999 made good sense. It helped NPERS clean up job history records from the 1950s and '60s and structured an ongoing method of keeping the records up to date. As a result, when you retire, you can expect your benefit checks to begin quickly and accurately.

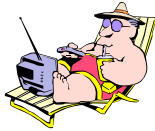
While NPERS cannot predict what the Legislature will do, it is likely we will request this particular requirement in the School Retirement Laws be modified.

Also this year, some **School** members reported inconsistencies on the amount of service credit reported on their statements. Mostly reemployed members and those that have purchased optional service credit have been affected. This "glitch" occurred when records from previous data bases were merged into PIONEER, the new technology information system at NPERS. PIONEER uses 4 decimal points in calculations (the previous systems used 2), and rounding differences occurred when the system attempted to reconcile the merged data. Be assured, NPERS is resolving these rounding errors.

However, be aware that as a **School** member you have **90 days** to contact NPERS if you believe you have found an error on your statement. No matter how minor the error appears, we encourage you to *write* to NPERS stating the discrepancy (find the address on the last page of this newsletter). After 90 days has passed, your right to contest is "*forever barred*." Look on your statement insert for a description of protest and appeal procedures as well as tax information.

All **School**, **Judges'** and **State Patrol Plan** members should read your new statement carefully. If you have questions, contact NPERS at **800-245-5712** or **471-2053**. ☐

It's Retirement Season!



July, August and September are the busiest "retirement" months at NPERS when **School Plan** members typically "bite the bullet" and retire. About 530 School retirement applications were processed during this three month period, including four **Judges'** and nine **State Patrol** applications.

The numbers are comparable to last year's statistics with all estimates and calculations handled by NPERS' Benefits Processing department (see related article in this newsletter). NPERS is pleased to report we are on track with processing the applications and getting benefit checks to retirees promptly.

In contemplation of retirement, many **School Plan** members ask for estimates of the cost to purchase optional service credit or repay a refund, with NPERS tallying about 200 requests for the year. The calculations are complex and time consuming, but we are making headway on this backlog of requests.

Did you know you can calculate your own retirement benefit estimates? Go to www.npers.ne.gov to use NPERS' Benefit Estimator.

Record High Returns!



The **School, Judges' and State Patrol Plans'** experienced a 12.96% gain for the 2nd quarter that ended June 30, the best quarter the Plans have had in 20 years. This 2nd quarter performance alone added \$493 million, boosting the total fund to \$4.5 billion for the benefit of plan participants. For the year ending June 30, the rate of return on the combined assets was 6.6%.

The Nebraska Investment Council oversees the investments of the Plans. The Council did not make major changes in the firms it hires to manage the money, and it stuck to its formula of 50% of its holdings in U.S. stocks, 15% in international stocks and 35% in U.S. corporate and government bonds.

The gain outperformed most other \$1 billion-plus public pension funds, which averaged 11.06% returns. Nebraska's percentage return is ranked in the top 5% of those funds.

The investment gains are important and necessary to build up the fund since, in the near future, employee and employer contributions are expected to roughly balance with benefits paid out. With a very long investing time horizon, it is necessary for the return to be in excess of inflation. The Plans can withstand short-term volatility as long as a good return is achieved over the long term. □

Spring 2004 Seminar Calendar

Omaha	-	February 11
Lincoln	-	February 12
Lincoln	-	February 18
Omaha	-	February 19
S. Sioux City	-	March 3
Norfolk	-	March 4
Lincoln	-	March 10
Omaha	-	March 11
Kearney	-	March 17
Grand Island	-	March 18
Lincoln	-	March 24
Omaha	-	March 25
Omaha	-	March 31
Columbus	-	April 1
Kearney	-	April 6
Grand Island	-	April 7
Valentine	-	April 21
Norfolk	-	April 22
Scottsbluff	-	April 27
Scottsbluff	-	April 28
North Platte	-	May 12
McCook	-	May 13
Lincoln	-	May 18
Omaha	-	May 19

Registration brochures will be mailed to all eligible members in January. Watch for Summer seminar dates in the next issue of the Retirement Roundup.

RETIREMENT ROUNDUP



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