Questions have been raised about the funded status of our pension plans due to a recent asset projection given to the Legislature for planning purposes. NPERS’ latest actuarial valuation reports, as of June 30, 2003, show that the School, Judges and State Patrol Retirement Plans continue to be well funded. The pension assets for these plans have suffered market losses in the past three years due to the general market downturn nationwide. However, the assets are well diversified and so we have minimized those losses. The investment returns for the past three years were: – 4.3% in 2001; – 6.18% in 2002; and a positive 5% on June 30, 2003. Although these losses may seem small compared to many investment portfolios, the returns have had an impact on the contributions needed, at least for the short-term, for these three defined benefit pension plans. The good news is that as of December 31, 2003, the pension assets returned 23.6% on a calendar year basis and nearly 12% for the six months from July to December of 2003. So, we are starting to see a significant turnaround in the investment returns.

In order to pay for the benefits provided by these three defined benefit plans, members contribute during each year from their salaries and the employers match those contributions. However, the primary source of funding for a defined benefit plan is the investment return on those contributions. We assume an annual return of 8% per year and so if investment returns are lower than expected, there are times when additional contributions may need to be added to make-up for investment returns that are below 8%.

Recently, to assist the State’s planning process we had our consulting actuary project NPERS’ funded status through the end of our plan year as of June 30, 2004, given a variety of investment return scenarios. Although we can only guess what our actual investment returns will be, the projection estimates that unless we return 32% on our investments as of June 30, 2004, there will likely be an additional contribution required for the School and the Patrol Plans for the year beginning July 1, 2005. If there is no change to the Judges’ benefits this year, we would not expect there to be a need for additional contributions to the Judges’ Plan, according to the actuary.

If additional contributions are needed in 2005, NPERS will submit a funding request to the Governor and the State Legislature as part of our annual budget. The Governor and the Legislature would then decide whether to fund the additional contributions with an appropriation from general tax receipts or possibly by requiring a shared contribution from members and employers.

Given the uncertainty around the State’s tax receipts at the current time, we cannot say how the additional contributions, if needed, would be funded. What is certain is that our pension plans continue to be well-funded and there is no reason to be overly concerned about the need for an additional contribution being required. Our hope is that the economy continues to recover and our investment returns become more predictable than what we have experienced in the past three to four years.
The main objective of Education Services is to keep you, the Plan member, informed. Many of you have attended the Retirement Planning seminars, where you have encountered part of the Education Services team. In addition to the retirement seminars, Education Services produces the publications and the forms our office generates and sees that members and employers receive the necessary materials. The team also makes this information available on our web site at www.npers.ne.gov.

Jan has been a state employee for 19 years and began working with NPERS in 1999 as one of our seminar presenters. In 2001 she became manager of Education Services where she is also the public information officer.

Nadine and John make up the seminar presentation team. In addition to their quirky sense of humor, both John and Nadine have a vast knowledge of NPERS’ six Retirement Plans, making them the perfect pair to present the seminars. You need to attend a retirement seminar to appreciate their ability to keep a serious topic light and easy to understand. With 24 years of state employment, Nadine began working as a seminar presenter in 1999 and was joined by John in 2001. Also the agency web master, John worked in the insurance industry prior to coming to work for NPERS.

Pam started working with NPERS in 1988 as the receptionist. In 1991 she accepted her current position with Education Services. In addition to processing seminar registrations, Pam is the graphic artist/desktop publisher for the office, responsible for designing forms and publications, including the Retirement Roundup. She also serves on various committees in the office.

Michelle began working in our Benefits department in 1999. She then moved to Data Purification and came to her current position in Education Services in 2001. Michelle’s priority is to respond to member and agency requests for publications and forms. She also assists with other mailings, seminars, and is the “back-up” to our office receptionist. Her willingness to help others makes Michelle a great asset to the Education Services team.

This group of knowledgeable yet fun-loving individuals are truly dedicated to bringing retirement education to our members.

Where Would Your Money Go?

When was the last time you updated your beneficiary designation with NPERS? Have any of the following happened since you joined the retirement plan:

- Have you gotten married or divorced?
- Have you had a child?
- Has a family member died?
- Has a named beneficiary changed address?

If you answered yes to any of the questions, you should complete a new Beneficiary Designation Form right away and mail to NPERS. Any new Beneficiary Designation Form received will automatically replace what we have on record for you.

Give yourself peace of mind knowing that if you were to die unexpectedly before having a chance to retire, your retirement benefit would be distributed according to your wishes.

Workshops for School Employer Contacts

NPERS will hold employer education workshops again this year in June for School Employer Contacts and any administrative personnel such as bookkeepers, payroll contacts, human resource/personnel representatives, business managers, etc.

There is no charge for the workshop, although lunch is available for $6. A registration brochure will be mailed to every school, and may also be copied from our web site at www.npers.ne.gov.

Ask your personnel contact for a new form, copy it from our web site at www.npers.ne.gov, or call us at 800-245-5712 or 402-471-2053.

2004 School Employer Education Workshops

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<th>Location</th>
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<tbody>
<tr>
<td>Omaha</td>
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<td>Lincoln</td>
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<td>Norfolk</td>
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<td>North Platte</td>
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<td>Kearney</td>
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**Legislative Update**

The sixty-day session of the Legislature adjourned on April 15. Many issues consumed the Legislature’s time, and only late in the session did many bills advance to Final Reading, among them significant retirement legislation.

**LB 514:** As adopted by the Legislature on April 7 and signed by Governor Johanns on April 13, the bill temporarily increases the member and the employer contribution rate in the State Patrol Plan from the current 11% of monthly compensation to 12%. The increase would begin July 1, 2004, and would terminate on June 30, 2005. The provision resolves the shortfall of $434,202 which existed this year, but would not address any future funding concerns.

**LB 679:** As introduced last year, the bill enhanced benefits for the Judges’ Plan including a joint and survivor benefit and an early retirement benefit. Provisions similar to the joint and survivor benefit in LB 679 (also contained in LB 1208) and for an increase in member contributions for judges appointed after the operative date (and an opt-in procedure for judges currently serving as in LB 1208) were amended into NPERS’ technical bill, LB 1097, on April 13.

**LB 960:** Changed the makeup of the Public Employees Retirement Board (the board which oversees NPERS). The bill was advanced to General File with a committee amendment which increases the number of members to eight (2 school, 1 judge, 1 patrol, 1 county, 1 state, 2 public). LB 960 was a speaker priority bill. Another bill dealing with the board makeup, LB 1115, was indefinitely postponed by the Retirement Committee. The provisions of the committee amendment to LB 960 were amended into LB 1097.

**LB 961:** Changed the School Plan requirement that semi-annual statements be sent by registered mail, thus saving about $166,000 each biennium by utilizing first class mail instead. The bill was adopted by the Legislature on March 11 and was signed by the Governor on March 19.

**LB 1097:** Cleaned up various provisions of retirement statutes (NPERS’ technical bill). LB 1097 was advanced to General File on March 4, 2004, with a committee amendment containing a couple of additional technical changes, as well as incorporating the provisions of several other bills, including LB 679, LB 960, LB 961, LB 1013, LB 1030, LB 1098, and LB 1132. LB 1097 was a committee priority bill. It was adopted by the Legislature on the last day of the session, April 15.

(Continued on page 4)
Employee of the Year

Congratulations to our 2003 Employee of the Year, Teresa Miller. Teresa has been with NPERS nearly six years, where she is an essential part of our Member Services team.

Teresa strives to keep herself informed and up-to-date on the techniques and procedures in the office. She is always eager to assist her coworkers and volunteers for special projects or committees.

Her warm smile and outgoing personality make Teresa a pleasure to work with. Thank you Teresa, for your devotion and hard work!

Manager of the Year

We are proud to have Pat Kuhry as our 2003 Manager of the Year. After just two years as the manager of our Project Team, Pat has had a great impact on the success of our on-going technology plan as well as gaining the respect and admiration of his staff and coworkers.

His blend of humor and knowledge make Pat an asset to the agency. Thanks Pat, for all your hard work and dedication!

Speakers Available to Visit Your School

If your school or educational organization is planning a meeting, consider adding a speaker from NPERS to your agenda.

NPERS’ retirement training specialists are available to visit your school to conduct an NPERS information meeting. Free of charge!

This is the perfect opportunity to learn more about your retirement plan, benefit payment options, planning for retirement, applying for benefits, purchasing service credit, and much more.

Call Jan Fox at 800-245-5712 or 402-471-2053 to request a speaker.

Summer 2004 Seminar Calendar

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<td>Sidney</td>
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<td>North Platte</td>
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Summer registration information was mailed to all eligible school members in April. We cannot accept registrations by phone. If you need a registration form, please contact NPERS or print from our web site at www.npers.ne.gov.

Legislative

LB 1098: Amended provisions of the survivor benefit for members of the State Patrol Plan to account for situations not explicitly addressed in the statute. LB 1098 was amended into LB 1097.

LB 1132: Made technical changes to provisions for administration of the Class V (Omaha) School Service Annuity. LB 1132 also was amended into LB 1097.

LB 1208: In the Judges’ Plan, enhanced retirement benefits, increased court fees, and increased member contributions for newly-appointed judges. Also contained an opt-in provision for currently-serving judges. Provisions similar to LB 1208 were amended into LB 1097.