

# Retirement Roundup

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

Nebraska Retirement Systems

Vol. 20, No. 4, Spring/Summer 2005

## PUBLIC EMPLOYEES' RETIREMENT BOARD

Charles Peters  
Chairperson  
Member-at-large

Julia Moeller  
Vice Chairperson  
County Member

Denis Blank  
State Member

William Hastings  
Retired Member

Mark Shepard  
School Member

Dale Kahla  
School Member

Roger Rea  
Member-at-large

Sgt. Glenn Elwell  
Patrol Member

Carol Kontor  
Ex-officio member

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## Meet the PERB

Some of them have been with us for several years and some just recently joined us. The Public Employees Retirement Board (PERB) consists of eight members appointed by the Governor for five-year terms. Members include five participants of board-administered retirement plans, a retired participant of a board-administered retirement plan and two public representatives who are not state employees or employees of its subdivisions. Also included are the State Investment Officer and the Director of NPERS, who are non-voting members.

Our Chairperson, **Charles Peters**, is a Public representative on the Board who has served for eight years, four of which have been as Chairperson. Charles is a real estate broker in Omaha, where he is the President of CAP Investments, Inc. Mr. Peters also is a member of the Omaha Area Board of Realtors and the Rotary Club of Downtown Omaha. He served two terms on the Board for the National Council on Teacher Retirement. Charles' term will expire January 1, 2007.

**Julia M. Moeller** is our Vice Chairperson and has been the Adams County Treasurer since 1979. She has represented the members of the County Plan for 10 years, two of which were as Chairperson. Ms. Moeller is a Hastings resident where she is a United Way and American Heart Association volunteer. She is active in the Nebraska Association of County Officials (NACO), Nebraska Association of County Treasurers and Central District County Officials Organization. Julia's term expires January 1, 2006.

As a retired Judge, Chief Justice **William Hastings** represents the Retired members. Currently



Back row, standing (left to right): Roger Rea, Mark Shepard, Charles Peters, Denis Blank and William Hastings Front row, seated (left to right): Glenn Elwell, Anna Sullivan, Carol Kontor, Julia Moeller and Dale Kahla

a Lincoln resident, Judge Hastings attended high school in Newman Grove, Nebraska, then received his Law Degree from the University of Nebraska. He began serving as a District Judge in 1965 and became a Supreme Court Justice and then Chief Justice. Judge Hastings' term expires January 1, 2006.

**Roger Rea** is a Public representative on the Board. He lives in Omaha where he retired from teaching in the Omaha Public Schools after a 34-year career. Roger has served as President of the Omaha Education Association and on the board of the Nebraska State Education Association. He currently serves as a Trustee for the Omaha School Employees Retirement System, is on the Board of Directors for the BC/BS Educators Health Alliance, serves on the Special Committee on Health Care for the National Council on Teacher Retirement, and is Chairman of the Board of Directors for First Nebraska Educators Credit Union. Mr. Rea's term expires January 1, 2008.

Representing the School Plan members is **Dale Kahla**. Dale has taught math and science for over 36 years and has been a teacher at York

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## com·pen·sa·tion

*The School Plan's definition of compensation has been modified.*

LBs 503 and 364 added "retirement separation payments" to the list of items *not* included in what is considered compensation.

Also, the law will impose a cap on salary used to calculate a retirement benefit. Any salary increases received by the member that exceeds the member's compensation with the same employer by more than **7%** above the *base* salary within **60 months** of termination will be ignored when calculating "final average compensation."

When a member terminates employment and submits an application for retirement, NPERS will look back 60 months from the termination date. The base salary will be considered as the salary received the year prior to the 60 month period immediately before termination.

There are *exceptions* to the 7% cap. The salary increase above the cap *will be included* in the calculation if the member experienced a substantial change in employment by an increase in duties or a promotion to a different position, if the increase was a result of a collective-bargaining agreement, or as a result of a district wide, permanent benefit change.

The 7% cap will also have an effect on the school districts as they will now be required to report to NPERS all instances when an employee's annual pay exceeds the 7% cap. Schools must report within 90 days of the end of the plan year, or by October 1.

NPERS will provide instructions to schools along with a suggested format for reporting salary increases over 7%. □

## The Effects of LB 503 and LB 364

On April 27, 2005, LB 503 was signed into law by the Governor and LB 364 was signed into law on May 31, 2005. LB 503 and LB 364 will make several changes to the retirement plans administered by NPERS. Changes to the **School, Judges, and State Patrol Plans** include the following:

**School Plan – Contribution Increase** – Currently School Plan members contribute 7.25% of gross compensation to retirement. This is matched by the employer at 101%.

- On **September 1, 2005**, the contribution percentage for plan members will increase to **7.98%**, which means the employer rate will increase from 7.32% to 8.06% (101%).
- On **September 1, 2006**, the contribution percentage will decrease from 7.98% to **7.83%**, which means the employer rate will go to 7.91% (101%).
- On **September 1, 2007**, the contribution rates will *return* to **7.25%**.

The employer match remains at 101% of member contributions during these periods. (See related article on page 3.)

**School Plan – 7% Salary Cap** – Effective July 1, 2005, the current 10% cap is lowered to a **7% cap** on salary increases that will be *excluded* when determining the member's three highest 12-month periods of compensation used to calculate a retirement benefit, and stipulates the cap will be on salary within **60 months** before retirement. (See related article on this page.)

In addition, the bill requires the school districts to report to NPERS within **90 days** of the end of the plan year all instances when an employee's annual pay exceeds the 7% cap.

**State Patrol Plan – Contribution Increase** – Effective July 1, 2005, contribution rates *increase* for a **two-year period** to **13%** for members and **15%** for the employer. On July 1, 2007, the rate *decreases* to **12%** for members and **13%** for the employer.

**Judges Plan – County and District Court Late Fee** – Allows the PERB to charge district and county courts a late administrative processing fee not to exceed \$25 if contribution amounts or information are delinquent or are not timely received.

**Testing Procedures/Additional Auditor** – Requires NPERS to implement testing procedures for **all Plans** in order to confirm the accuracy of employee information as reported by employers. In compliance with the requirement, a new auditor will be added to the NPERS staff.

**Public Employees Retirement Board Membership** – Provides that the six members of the PERB who are participants in a retirement system administered the Board may be either an active or a retired participant of their system. □

### Speakers Available

If your school or educational organization is planning a meeting, consider adding a speaker from NPERS to your agenda. Our retirement training specialists are available to visit your school to conduct an NPERS information meeting, free of charge! We'll explain how your plan works and talk about benefit payment options, planning for retirement, applying for benefits, purchasing service credit, and more.

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



## Military Service Credit

By Jane Hansen, Benefits Manager

As the number of Americans serving in the armed forces increases, it becomes more likely that you, or someone you know, will need to be aware of the steps to take to insure you receive retirement credit upon return from active duty.

During your absence, your employer is required to submit a Non-Contributing Member Form to NPERS explaining your leave; however, it is also a good idea for you to confirm with us that your absence has been properly documented as a military leave.

Upon your discharge from active duty, you will want to review with NPERS

the required timelines for returning to work with your employer. Once this is established and you have returned to work, please submit a copy of your honorable discharge or honorable separation papers (DD214) to us as soon possible. This documentation is required in order to receive credit for your time served with the military.

The Nebraska Retirement Systems, along with the rest of the country, wishes to thank each of our plan members who have and will serve in the nation's armed forces. We sincerely appreciate your personal sacrifice and service to our country. It is our goal to assist you as much as possible in achieving a smooth re-entry into civilian life. □

## Increase in Contribution Rates

Members of the **School Plan** and the **State Patrol Plan** will see contribution rate increases the next several years due to the passage of LB 503. The action taken by the Legislature was the result of NPERS' annual actuarial valuation that revealed a funding gap in both plans due to the national market decline that started in 2001. NPERS explained the need for the contribution increase in the Fall 2004 Retirement Roundup.

While the financial markets have bounced back somewhat, our pension investment returns for those few years were not adequate and additional contributions are necessary to help make up for some of the previous market

losses. The investment returns provide a very important source of funding for the School and State Patrol Plans. About 70% of the pension funding comes from the investment return with the remainder from the contributions made to the Plans.

The School and State Patrol Plans are well funded plans. But in order to keep assets and liabilities in balance, additional contributions sometimes are required when the expected investment returns are not realized.

Since the returns were less than expected, it is necessary to make additional short-term contributions to safeguard the future financial security of the Plans.

## OPS Proposes Change

We at the Nebraska Public Employees Retirement Systems (NPERS) are aware of a proposal by Omaha Public Schools (OPS) to exercise control of schools and property within the Millard, Ralston, and Elkhorn School Districts. This would impact some of the members of our School Plan.

Omaha Public Schools maintains and operates its own retirement system (the Class V School Employees Retirement System) separate from the Nebraska School Employees Retirement System. The Nebraska School Employees Retirement System (NSERS) is administered by NPERS, but the Class V System is not. Millard, Ralston, and Elkhorn school districts are members of NSERS. If the proposed changes were to go forward, employees of Millard, Ralston, and Elkhorn school districts transferred to OPS would no longer be employed by an employer participating in NSERS.

It is unclear at this time whether transferred employees would be required to immediately terminate their membership in NSERS and join the OPS plan, whether statutory changes would be made to address the situation, or whether some other solution will be proposed. We do not, however, believe this change will occur soon. There appear to be many legal and procedural questions yet to be addressed in addition to the retirement questions. We are working to obtain further details of the OPS plan. We will keep our members advised by way of bulletins on our web site, [www.npers.ne.gov](http://www.npers.ne.gov), by newsletters, and by other means as needed.

## Do You Know What You're Missing?

Each time we send out a mailing there are always a batch of envelopes that are returned due to incorrect addresses. We also have several members that we can't mail to because we have *no* address on file for them.



All address changes should come through your employer's payroll system. Be sure to check with your employer to make sure that they have your current address. If you know someone that's not getting this newsletter or other mailings at home, please remind them to do the same.

If we don't have your correct address, **you'll never know what you're missing!**

## Judges and State Patrol Officers!

The State of Nebraska offers a voluntary retirement plan known as the Deferred Compensation Plan (DCP) for all state employees, including you. In addition to your regular pension, you have the option of setting aside additional money for retirement on a tax-deferred basis through DCP.

The federal government regulates our DCP under Section 457 of the Internal Revenue Code. It allows you to defer as little as \$25 a month or a maximum of \$14,000 a year (\$15,000 in 2006). And, because contributions are tax deferred, it's like spending only 80 cents for every \$1 invested.

If you realize you need to save more for retirement and are looking for a tax-deferred way to do it, see your Human Resources department or contact NPERS for more information about DCP. □

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## Board *(Cont. from page 1)*

Public Schools since 1973. He is also a member and seven-time president of the local Education Association. Dale's term expires January 1, 2009.

As an employee of the Nebraska Department of Agriculture since 1971, **Denis Blank** is the State Plan member representative. Denis attended high school in Franklin, Nebraska and earned his degrees from McCook College and Kearney State College. Mr. Blank has also served on a variety of boards including the Nebraska Aquaculture Board, Dairy Industry Development Board, National Management Association and Association of Food and Drug Officials. Denis' term expires January 1, 2010.

**Mark Shepard** has been a School Administrator for Fremont Public Schools since 1995 and he represents the School Plan members. Mark attended college at Northern Illinois University, University of Nebraska, Peru State College and Wayne State College. He currently serves as the Vice Chairman for the Nebraska Council of School Administrators. Mr. Shepard's term expires January 1, 2010.

**Sergeant Glenn Elwell** represents the State Patrol members. Glen has been with the Nebraska State Patrol for over 18 years where he has an in-depth background in criminal/drug investiga-

tions. He has served on the SWAT team, was a NSP Clandestine Laboratory Coordinator and a member of the Governor's Summit Committee concerning methamphetamine. Sergeant Elwell also served in the United States Marine Corps. His term will expire on January 1, 2010.

**Carol Kontor**, CFA has been the State Investment Officer for the State of Nebraska for the past three years, following four years as a member of the Nebraska Investment Council. An Omaha resident, Carol received both her B.A. and Masters Degrees in Mathematics from Creighton University. She currently is on the Board of Directors of the Omaha/Lincoln Society of Financial Analysts. Carol serves as an Ex-Officio (non-voting) member on the PERB.

**Anna Sullivan** has been the Director of the Nebraska Public Employees Systems since 1998. Since she has been with our agency nearly 30 years, Anna is familiar with all phases of retirement plan administration. She earned her B.A. in Public Administration from Doane College and is a Certified Manager through the Institute of Certified Professional Managers.

Each of our Board members are highly qualified professionals. We are fortunate to have them appointed to our Board. The PERB meets the third Monday of each month. □

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