

# Retirement Roundup

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

Nebraska Retirement Systems

Vol. 21, No. 3, Spring 2006

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## Update on Funded Status of Pensions

Each year in the fall NPERS has an actuarial review of the **School, Judges' and State Patrol Retirement Plans**. This review is a "snapshot" of the funded status of the plans and provides our office and the State Legislature an assurance that our plans are in good financial condition.

Due to a downturn in the overall economy and the stock market falling from an all time high, our pension plans suffered losses in 2001 and 2002. In our defined benefit plans we recognize the losses over a 5-year period and thus smooth the returns to avoid sharp changes from year to year.

With a positive return in 2003 and a return in 2004 of 14% (our expected rate of return is 8%), we have steadily begun to recover the asset losses. Our investment return for the plan year ending June 30, 2005, was 9.6%.

### Judges' Plan

As of June 30, 2005, the Judges' Plan was 96% funded. This means if it were necessary, we could pay every plan member, regardless of age, 96% of the benefit owed to them for the remainder of their lives.

The increase in court fees over recent years has helped the funded status of the Judges' Plan. The results of the actuarial valuation show no additional contributions are needed for the coming plan year (FY06-07).

### School Plan

As of June 30, 2005, the School Plan was 85.6% funded. LB 503, passed last year, increased member contributions to 7.98%, then to 7.83% beginning September 1, 2006, then to 7.25% beginning September 1, 2007. This increase has helped the funded status of the Plan and an additional payment of \$12.8 million effective July 1, 2006, is being made toward the funding gap by the State of Nebraska.

### State Patrol Plan

The State Patrol Plan is 93% funded as of June 30, 2005. The Plan has suffered the same asset losses as the School and Judges' Plans and an additional contribution this year of \$1,080,050 is being paid by the State of Nebraska. LB503 passed last year raising member contribution rates to 13% of pay and the employer matching rate to 15% has helped the plan recover from previous market losses.

Once the rate of contributions is lowered in July of 2007 (by law, 12% for members and 13% for the employer), ongoing funding may need to be

*(Cont. on page 2)*

### Retirement Plan Assets Market Value Through 6/30/2005

Systems	Year 2004	Year 2005
School Employees	\$ 4,918,013,255	\$ 5,393,380,574
Judges	\$ 87,971,164	\$ 94,958,898
State Patrol	\$ 206,369,362	\$ 221,307,954

### Membership Through 6/30/2005

Systems	Active	Inactive	Retired	Totals
School Employees	36,042	16,451	13,049	65,542
State Judges	159	9	164	332
State Patrol	473	10	316	799



## **Status**

*(from page 1)*

addressed even with the recent returns exceeding the assumed 8% annual return.

### **Summary:**

All three of these pension plans are in strong financial condition. Even with the market losses, there are sufficient assets to pay benefits for years to come. This can be demonstrated by comparing the annual distributions to the asset value. The annual benefit distributions from our defined benefit plans as a percent of the actuarial value of assets on June 30, 2005, was 3.6% for the School Plan; 4.6% for State Patrol and 4.4% for Judges.

Please see printed original to view Estimate article

## **Annual Report to the Legislature**

NPERS' has prepared its Annual Report to the Legislature and submitted it to the Legislative Retirement Committee who oversees pension legislation.

The report summarizes NPERS' 2005 accomplishments and improvements in services to our plan members. It also outlines our goals for 2006 in the work we do as fiduciaries for Nebraska's Retirement Plans.

To view the report, visit NPERS' web site at [www.npers.ne.gov](http://www.npers.ne.gov), or call NPERS for a copy.

# STATISTICS

*During the last year at NPERS for all six retirement plans administered:*

**668** employers reported payroll information each month

**692** members visited in person with a Member Services representative

**859** members retired

**1,675** accounts were refunded or rolled over

**3,287** members and spouses attended one of the **87** retirement seminars held

**5,877** new plan members

**19,440** microfiche and paper files were converted to the PIONEER technology system

**31,222** phone calls were received and responded to

**74,400** pieces of incoming mail were processed

**96,473** total plan membership, with **61,655** of those actively working

**154,223** documents were electronically scanned into member and employer files

**336,255** pieces of mail were sent

**\$7,209,757,973\*** was the 2005 year-end market value of all retirement plan assets.

\*School, Judge & Patrol Assets as of 6/30/05  
State & County Assets as of 12/31/05.



## Remember

If your name or address changes, notify your employer right away!

## Legislative Update

Two bills enacted by the 2006 Legislature make changes to the **School, Judges' or State Patrol Retirement Systems**. (A list of retirement bills introduced in the 99<sup>th</sup> Legislature can be found on NPERS' web site at [www.npers.ne.gov](http://www.npers.ne.gov). Click on "Legislation" at the upper left of the page.) Of the bills enacted, NPERS' technical clean-up bill LB 1019, a Legislative Retirement Committee priority bill, was signed into law by the Governor on March 22, 2006.

**Legislative Bill 1019** makes several changes to the Plans, as follows:

- For the **Patrol Plan**, clarifies that the final retirement annuity payment date will be the end of the calendar month which contains the date of death of the annuitant (similar to the School and Judges provisions).
- For the **School Plan**, changes the definition of compensation so that "category of school employee" means all employees who are administrators or certificated teachers; or all employees who are not administrators or certificated teachers; or both.
- For **all three plans**, changes the amortization period for unfunded accrued actuarial liabilities from 25 to 30 years. This provision was originally introduced as LB 1020 and was amended into LB 1019. This section is operative July 1, 2006.
- Provides that members of the Public Employees' Retirement Board (PERB) "shall not have a duty in their official capacity to seek the enhancement of plan benefits through the legislative process if such benefits are not already contained within the plan document."
- Changes the dates of the five-year terms of the Nebraska Investment Council members to begin on January 1 instead of the current provision of September 17.

**Legislative Bill 1024**, the "OPS/Learning Community Bill" prioritized by the Education Committee, was enacted on the last day of the session. While the details of any changes to the OPS system and surrounding school districts are yet to be determined, there is a potential for retirement system changes in the bill as adopted. NPERS will be closely following developments which may affect the retirement benefits of **School Plan** members. As such developments occur, information will be posted on the NPERS web site.

If you have questions about legislation enacted, please contact NPERS at **800-245-5712** or **402-471-2053**. For a complete list of the Legislative Bills introduced in 2006, please contact the **Clerk of the Legislature** at **402-471-2271**, or use the Legislature's web site at [www.unicam.state.ne.us](http://www.unicam.state.ne.us).

## Summer 2006

### Preretirement Seminar Schedule

#### School Members age 50 and over

Sidney	-	May 31	Omaha	-	June 15
N.Platte	-	June 1	Omaha	-	June 21
Lincoln	-	June 7	Lincoln	-	June 22
Lincoln	-	June 8	Kearney	-	June 28
Norfolk	-	June 14	Grand Island	-	June 29

## Thanks to Previous Board Members!

Two members of the Public Employees Retirement Board (PERB) terms expired in January. Julia Moeller and Judge William Hastings will be missed by their fellow Board members as well as NPERS' Director and staff.



Ex-PERB member Julia Moeller (left) and NPERS Director, Anna Sullivan

**Julia M. Moeller** has served on the Board, representing members of the County Plan, for ten years, two of which were as Vice Chairperson. She also has been the Adams

County Treasurer since 1979. 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 the Central District County Officials Organization.

Also a ten year PERB member, retired Chief Justice **William Hastings** represented the retired members. Currently a Lincoln resident, Judge Hastings attended high school in Newman Grove 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 then Chief Justice. □



Ex-PERB member William Hastings

## Welcome New Board Members

The Public Employees Retirement Board (PERB) consists of eight members appointed by the Governor for five-year terms. This year NPERS is pleased to welcome two new members.

**Richard Wassinger** is currently the Cass County Treasurer and will represent the County Plan members on the Board. Richard resides in Plattsmouth where he is very active in the community and his church. He belongs to the American Legion, the Plattsmouth Rotary Club, and serves on the legislative committee for the County Treasurers Association. Mr. Wassinger received his education at the University of Nebraska, Lincoln.

The other new Board member is **Glenn Camerer**, a Scottsbluff resident and currently a Scotts Bluff County Judge. He also has served as the Deputy County Attorney. Judge Camerer has been active for many years on behalf of the judges of Nebraska and their retirement program. He received his degrees at the University of South Dakota.

NPERS welcomes both gentlemen to the PERB and looks forward to working with them. □



Happy Spring!

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Editor: Jan E. Fox  
Asst. Editor: Pam Williamson



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