

RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS SJP • MARCH 2014

PERB Update



Public Employees Retirement Board (L-R): Ronald Ecklund, Janis Elliott, Randall L. Rehmeier, Phyllis G. Chambers, Richard Wassinger, Elaine Stuhr, Denis Blank, Jeffrey States, and Stuart Simpson.

At the January 21st meeting, the Public Employees Retirement Board (PERB) re-elected **Denis Blank** to serve as Chair, and Richard Wassinger as Vice-Chair, for the 2014 calendar year. Prior to his retirement, Denis Blank was the Chief Administrator at the Nebraska Department of Agriculture. Mr. Blank was first appointed to the PERB in 2001 as a State Plan representative. Richard Wassinger has served as the Cass County Treasurer since August 1, 1983. Mr. Wassinger was initially appointed to the PERB in 2006 as the County Plan representative.

Janis Elliot has been re-appointed and confirmed for another five-year term to the PERB as a School plan representative. Janis was originally appointed to the board in 2009. In addition to her service on the PERB, she also serves on the Nebraska State Education Association Executive Board and the Bellevue Education Association Executive Board. Janis teaches Physics at Bellevue West High School. In 2013, Janis was awarded the Teaching Excellence Award from the Nebraska State Education Association.

In December 2013, PERB member **Darrell E. Fisher** was appointed to serve as the executive director of the Nebraska Commission on Law Enforcement and Criminal Justice. In order to devote his energies to this new position, Mr. Fisher resigned from his position on the PERB. We would like to thank him for his service on the board and wish him well at his new position.



Lt. Dennis Leonard

Lieutenant Dennis Leonard has been appointed to replace Darrell Fisher as the State Patrol representative on the PERB. Lt. Leonard has been a member of the State Patrol for 27 years, serving as a Trooper, SWAT operator, narcotics investigator, criminal investigator, polygraph examiner, and narcotics unit supervisor. Since 2002, he has been the Troop C Investigative Lieutenant for a 17-county area of central Nebraska. Lt. Leonard resides in Grand Island, Nebraska.

Nebraska Tops Other State Plans In Studies

Two recent publications have ranked Nebraska lowest in the nation in overall retirement plan liability and debt. Barron's magazine and Moody's Investors Service have both given our state excellent ratings on how we manage our cash balance and defined benefit plans.

In September, Moody's published a study on states' pension liabilities. They ranked states based on their Adjusted Net Pension Liability or ANPL. The ANPL is the difference between the fair

Moody's noted:

"A key reason some states have a high pension burden is that they have consistently underfunded their pensions..."

States with the most severe pension burdens all have a long history of contributing less to their pension plans than is actuarially required to maintain sufficient asset levels to pay future pension expenses. To reduce current expenditures and achieve short-lived budget relief, states that underfund simply increase the portion of their liability that must be amortized, resulting in required contributions that become even larger and more difficult to meet."

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NPERs

Nebraska Public Employees Retirement Systems

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State Member

Richard Wassinger
Vice Chair
County Member

Elaine Stuhr
Member-At-Large

Janis Elliott
School Member

Randall Rehmeier
Judge Member

Stuart Simpson
School Member

Ron Ecklund
Member-At-Large

Dennis Leonard
Patrol Member

Jeffrey States
State Investment Officer

Director: **Phyllis Chambers**

RETIREMENT NEWS

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2013 NPERS EMPLOYEE AND MANAGER OF THE YEAR

The Nebraska Public Employees Retirement Systems is pleased to announce our recipients for Manager and Employee of the year. Our Employee of the Year is **Iryna Vercellino** and our Manager of the Year is **Sheila Linder**.



Iryna Vercellino
EMPLOYEE OF THE YEAR

Iryna works for our Information Technology (IT) department and has been with NPERS for over two years. Prior to joining our team, Iryna worked for Dell for 8 years. Her time here is devoted to multiple duties including the management of system updates where she coordinates the testing, and deployment of software updates.

She also handles the monthly status reports, system security coordination and reporting, disaster recovery updates and coordination, SharePoint Services management, and weekly file transfers from/to third party vendors.

Along with her IT duties, Iryna spearheaded a successful State Campaign Against Hunger food drive for the NPERS agency and coordinated the State Charitable Giving and Lincoln Food Bank Drive campaigns. She also participates on the NPERS Safety Committee.



Sheila Linder
MANAGER OF THE YEAR

Sheila is the NPERS Administrative Assistant II/HR Manager and has been with NPERS for nearly 14 years. As our Administrative Assistant, Sheila handles the HR and payroll duties for our agency. She reviews our time sheets and leave status. She posts open job positions and assists with the interviewing and hiring of new employees.

She also assists our staff during open enrollment and trains/supervises our front desk and Administrative Secretary I position.

Thanks to Iryna and Sheila for their many years of hard work and dedication to our members. Congratulations!

403(b) & 457 Contribution Limits

The IRS recently announced the 2014 contribution limits for 403(b) and 457 (Deferred Compensation) retirement plans. For both plans, the standard yearly maximum contribution will remain unchanged at \$17,500. Individuals age 50 or older may contribute an additional \$5,500 using the Age 50 Catch-up provision, increasing their total limit to \$23,000.

School employees who have completed 15 or more years of service in the same school district and have contributed, on average, less than \$5,000 a year to their 403(b) may be able to contribute more under the *Lifetime* ("Long Service") Catch-up provision. This allows eligible 403(b) participants to contribute up to an additional \$3,000 per year, up to a lifetime maximum of \$15,000.

FOR TAX YEAR 2014

Standard maximum contribution.....	\$17,500
If you qualify for the \$3,000 Lifetime Catch-up ...	\$20,500
If you qualify for the \$5,500 Age 50 Catch-up.....	\$23,000
If you qualify for BOTH the Age 50 and the Lifetime Catch-up*	\$26,000

*The first \$3,000 of contributions in excess of the standard \$17,500 limit will apply to the Lifetime Catch-up and reduce the \$15,000 Lifetime Catch-up limit. For more information on 403(b) limits, please refer to IRS publication 571.

State Patrol employees and Judges participating in Deferred Compensation (DCP) can contribute more using the *Three Year* Catch-up provision. This provision allows members who did not defer the maximum amount in prior years to contribute up to a maximum of \$35,000. The Three Year Catch-up is allowed once, within three years of anticipated retirement, and cannot be implemented at the same time as the Age 50 provision or during the calendar year the member elects to retire.

FOR TAX YEAR 2014

If you're under age 50	\$17,500
If you qualify for the Age 50 Catch-up	\$23,000
If you qualify for the Three-Year Catch-up	\$35,000

State Patrol and Judges who would like to participate in the State DCP can access the enrollment form on the NPERS website under "Forms." This form should be submitted to your agency payroll or HR rep so they can set up the payroll deduction. Enrollments are effective beginning the calendar month following receipt of the form.

NPERS does not administer 403(b) plans. *School* employees who wish to participate in a 403(b) should contact their HR department for plan and enrollment information.

2014 LEGISLATION



The 103rd Legislature, second session, convened on January 8, 2014, for a 60-day session that will end on April 17. During the first ten days allotted for introducing new legislation, the following new bills addressing the School, Judges, and Patrol retirement plans were introduced.

LB 918 **Patrol DROP**

Removes the requirement that the Stable Value fund be invested only in guaranteed investment contracts and allows the inclusion of investment options that will provide "capital preservation and consistent, steady returns."

LB 927 **Judges**

Clarifies that court fees to be credited to the Nebraska Judges Retirement plan cannot be waived by the court.

LB 1042 **School**

This bill proposes multiple changes to the school plan. Language from LB 1041 was amended into this bill.

Under current statute, the price to repay a refund of member contributions is calculated at cost plus interest or cost plus the assumed rate. If passed, LB 1042 will increase the price to repay a refund to the full actuarial cost to the plan.

- This provision will apply to members hired or rehired on or after the effective date of this legislation.
- Members employed and participating in the plan prior to the effective date will have until July 1, 2016, to submit a one-time application for repayment under the cost plus interest or cost plus the assumed rate, whichever is applicable. On or after July 1, 2016, all refunded service purchases will be calculated at the full actuarial cost to the plan.

In addition, the bill clarifies individuals reemployed on or after July 1, 2013, who

were previously participating under Tier 1 provisions and took a refund, will return to plan participation under Tier 2 status. These members may return to Tier 1 status only after repaying the refund in full thereby restoring all Tier 1 service credit.

In all instances, members must be actively employed and participating in the plan to repay a refund. All refund repayments must be completed within five years or prior to termination. Service credit will be restored in proportion to the amount repaid.

The bill would also require individuals who initially join the plan on or after July 1, 2014, to acquire a minimum of ten years of service credit prior to purchasing additional years of service under the 12-month preretirement service purchase.

Read Your Retirement Plan Handbook Online

NPERS handbooks offer a wealth of information for plan members, including information on the following topics:

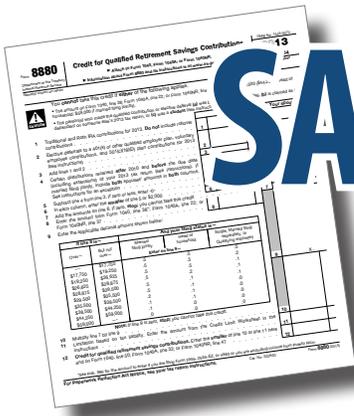
- ◆ Member Benefits
- ◆ Beneficiary Designations/Death Benefits
- ◆ Reemployment
- ◆ Payment Options
- ◆ Taxation of Benefits
- ◆ Fees
- ◆ Vesting

All handbooks are available in PDF format on the Publications/Videos page on the NPERS website.

npers.ne.gov



Please refer to the Legislation page of the NPERS website for updates and progress as the session continues. Additional legislative and refund repayment information will be included in the future newsletters.



SAVER'S TAX CREDIT

Did you know contributing to either a 403(b) or 457 Deferred Compensation Plan (DCP) may reduce your taxes? **Low and moderate income employees** may be able to significantly reduce their taxes by qualifying for the Federal Saver's Tax Credit. By making *voluntary* contributions to an employer sponsored retirement plan or individual retirement arrangement (IRA), you *may* qualify for a maximum credit of up to \$1,000 per individual (\$2,000 if filing jointly).

This credit only applies for contributions made to voluntary retirement accounts. Eligibility and the amount of the credit are determined by *filing status* and *adjusted gross income (AGI)*.

FILING STATUS/ADJUSTED GROSS INCOME LIMITS FOR 2014

CREDIT RATE	JOINT	HEAD OF HOUSEHOLD	SINGLE
50%	\$0 to \$36,000	\$0 to \$27,000	\$0 to \$18,000
20%	\$36,001 to \$39,000	\$27,001 to \$29,250	\$18,001 to \$19,500
10%	\$39,001 to \$60,000	\$29,251 to \$45,000	\$19,501 to \$30,000

For example, a couple filing a joint return with an AGI of \$36,000 or less is eligible for the 50% rate. If both contributed \$2,000 (or more) to a qualified plan, both would receive the maximum \$1,000 Saver's Credit. If their AGI was a bit higher at \$37,000, they move to the 20% bracket and both would receive a \$400 credit.

Don't confuse tax "credits" with "deductions." A deduction reduces the amount of your taxable income and you pay taxes on the remaining income at a percentage based on the IRS tax brackets. A credit reduces the final amount of taxes you owe dollar for dollar and provides *significantly* better savings. Even better, contributions made to a 403(b) or DCP plan reduce your AGI and may help you qualify for a higher Saver's Tax Credit.



SPRING 2014

RETIREMENT PLANNING SEMINARS

FOR SCHOOL PLAN MEMBERS AGE 50 & OVER

The 2014 Retirement Planning seminar season has begun. Numerous seminars are being held across the state, ending on June 26. Enrollment brochures were previously mailed in advance of the first session. Individuals who wish to attend may also utilize the enrollment form on our website. Click on the "Retirement Seminars" link on the left side of the homepage and then scroll down to the "School Schedules" link. The online enrollment form can be completed using your keyboard, then printed off and mailed along with the appropriate registration fee(s) to NPERS.

School plan members age 50 and over are entitled to receive leave *with pay* to attend up to two retirement planning programs. Members may bring *one* guest. The fee to attend is \$20 per person. Non-members or an *additional* guest may attend for \$30 per person.

Check-in on the day of the seminar begins at 8 a.m. – please no early arrivals. Seminars begin promptly at 8:30.

LINCOLN
SECC – Cont. Education Center,
301 S 68th St. Pl.

COMPLETED MAY 8 (Tu)
COMPLETED JUN 5 (Th)
COMPLETED JUN 11 (W)
APR FULL (W) JUN 26 (Th)

COLUMBUS
ESU #7, 2657 44th Ave.

MAY 16 (W)

LA VISTA
ESU #3, 6949 S 110th St.

COMPLETED APR 22 (Tu)
COMPLETED JUN 12 (Th)
MAR 25 (Tu) JUN 18 (W)
APR 9 (W)

VALENTINE
Valentine's Niobrara Lodge,
803 E. Hwy 20

APR 2 (W)

GRAND ISLAND
Howard Johnson Riverside Inn,
3333 Ramada Rd.

MAY 19 (W) JUN 25 (W)

NORTH PLATTE
Holiday Inn Express,
300 Holiday Frontage Rd.

APR 3 (Th) MAY 29 (Th)

KEARNEY
ESU #10, 76 Plaza Blvd.

MAY FULL (Th) MAY 28 (W)

NORFOLK
NECC – Lifelong Learning Center,
801 E. Benjamin Ave.

APR 10 (Th) JUN 19 (Th)

SCOTTSBLUFF
ESU #13, 4215 Avenue I

APR 16 (W) APR 17 (Th)

If you have misplaced your registration form, you can download a new one at npers.ne.gov.



College Savings As Part of Your Financial Plan

State Treasurer Don Stenberg has launched a new online program available through the State Treasurer's website at treasurer.org to help Nebraskans better understand state-sponsored 529 college savings plans in general and the Nebraska Educational Savings Trust (NEST) in particular. The new program, launched October 1, is called *Nebraska NEST Financial Scholars for Families*.

The program provides basic information about 529 college savings plans including a section on myths vs. facts and a section for users to check their knowl-

“Our purpose for offering this program is to provide concise, easy-to-understand information about 529 college savings programs for parents and grandparents and others who may be interested in establishing accounts for children, grandchildren, nieces, nephews, and friends.”

– State Treasurer Don Stenberg



edge. Another feature is a calculator that suggests how much a parent or grandparent should be saving based on the child's age. Audio is provided during part of the presentation.

“Our purpose for offering this program is to provide concise, easy-to-understand information about 529

college savings programs for parents and grandparents and others who may be interested in establishing accounts for children, grandchildren, nieces, nephews, and friends,” Treasurer Stenberg said.

“We know that many Nebraskans—as well as families across the United States—are not well acquainted with the process for opening a college savings plan, or the tax advantages of state-sponsored 529 college savings plans, or how the beneficiaries can use the accounts. We want to make the system and the process easier for all, with the expectation that even more Nebraskans will discover the value of saving for college through NEST,” Stenberg said.

The Nebraska NEST Financial Scholars for Families program is being supported by the Nebraska Educational Savings Trust, Nebraska's state-sponsored 529 college savings program. As State Treasurer, Stenberg is Trustee of NEST. State-sponsored 529 college savings programs take their name from Section 529 of the U.S. Internal Revenue Code.

NEST has more than \$3 billion in assets with 208,000 accounts nationwide. More than 59,000 of those accounts are owned by Nebraskans.

The easy-to-follow, interactive online program was developed by EverFi, an educational technology company based in Washington, D.C. The 30-minute tutorial can be accessed through the Treasurer's website at treasurer.org. There is no charge. Visitors can return as often as they like to seek answers to specific questions or to review the content.

Pension Liability (cont'd from page 1)

market value of a pension plan's assets and its adjusted liabilities. The three states with the lowest (best) ANPL-to-revenue as of fiscal year 2011 were Nebraska at 6.8%, Wisconsin at 14.4%, and Idaho at 14.8%. The three states with the worst numbers were Illinois at 241%, Connecticut at 190%, and Kentucky at 141%.*

In October, Barron's financial weekly also ranked Nebraska the lowest in the country for pension debt and unfunded liability. Their data, compiled by the investment management firm Eaton Vance, found the

state with virtually no tax-supported debt and the lowest unfunded pension liability in the country, at just 0.7 percent.

Barron's noted that one of the things that helps keep Nebraska's pension liability low is that it has a cash balance plan. Nebraska's Cash Balance plan, a cross between a defined benefit plan and a defined contribution plan, is utilized for both the Nebraska State and County retirement plans.

*Moody's, September 13, 2013

NPERS Has Moved!



In case you missed our earlier notifications, please be aware the NPERS office has moved to a new location! During the first two weeks of September we relocated to the fourth floor of 1526 K Street in Lincoln. The move was accomplished with very few issues thanks to the hard work and dedication of the NPERS staff, the Nebraska State Building Division associates, our former property manager, and the moving company employees.

Our new building is located on K Street in Lincoln—just across the street and north of the Capitol. Street parking is available on the north and south sides of the building. The parking lot on the north side of the building is not open to the public.

The building has two entrances. One on the north and one on the south side of the building. The handicapped access is currently available via the lower level north entrance. Visitors should take the elevators to the 4th floor and follow the signs to the NPERS lobby.

We look forward to greeting retirement plan members in our comfortable new reception area.

Our staff of Retirement Specialists will be happy to assist you in one of our private meeting rooms.



Our telephone numbers and P.O. Box are unchanged.

Our new mailing address is now:

Nebraska Public Employees Retirement Systems
1526 K St., Ste. 400
P.O. Box 94816
Lincoln, NE 68509

To contact us by telephone:

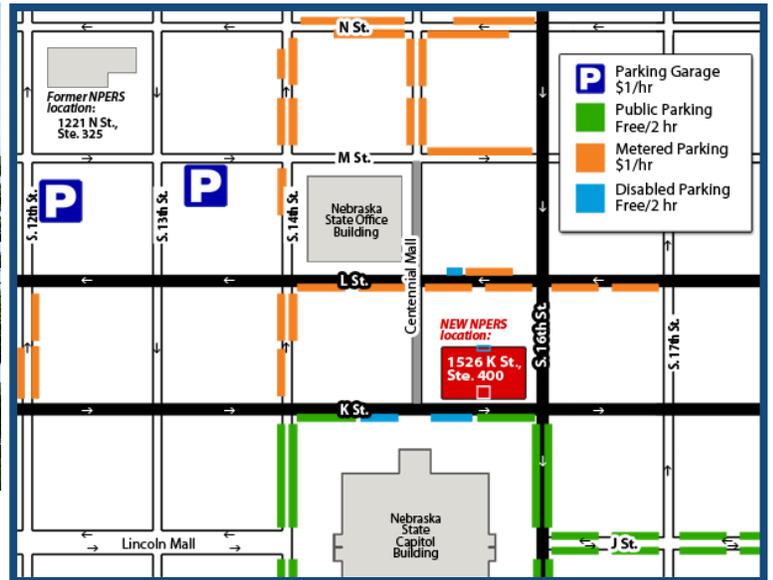
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Toll Free:

800-245-5712

Or visit us online:

npers.ne.gov



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FOR NEBRASKA SCHOOL, JUDGES, AND STATE PATROL RETIREMENT PLAN MEMBERS
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