PERB Update

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 Elliott 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 replace Darrell Fisher as the State Patrol representative on the PERB. Lt. Fisher 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. Fisher resides in Grand Island, Nebraska.

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.”

Continued on page 5
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.
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.

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

<table>
<thead>
<tr>
<th>CREDIT RATE</th>
<th>JOINT</th>
<th>HEAD OF HOUSEHOLD</th>
<th>SINGLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>$0 to $36,000</td>
<td>$0 to $27,000</td>
<td>$0 to $18,000</td>
</tr>
<tr>
<td>20%</td>
<td>$36,001 to $39,000</td>
<td>$27,001 to $29,250</td>
<td>$18,001 to $19,500</td>
</tr>
<tr>
<td>10%</td>
<td>$39,001 to $60,000</td>
<td>$29,251 to $45,000</td>
<td>$19,501 to $30,000</td>
</tr>
</tbody>
</table>

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.

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### 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.

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 knowledge. 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.”

— State Treasurer Don Stenberg

NEST
Nebraska Educational Savings Trust

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)

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
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:
402-471-2053
Toll Free:
800-245-5712
Or visit us online:
npers.ne.gov