

RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS | MARCH 2021

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RETIREMENT NEWS

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Get WebEX-CITED!

The 2021 Retirement Planning seminar season has begun! Our season begins March 3rd and runs thru June 17th. This year, NPERS is excited to offer 3 convenient options to better meet the needs of our School Plan members. Seminar brochures with enrollment forms for on-site seminars and webinar enrollment instructions have been mailed and are also available on our NPERS website.



1/2 Day Webinars

If there's one thing that 2020 taught us, it's that technology provides us the flexibility to meet, collaborate, and learn in a variety of different ways. To that end, NPERS has added the option for a 1/2 day webinar.

Our 1/2 day webinar, when viewed in conjunction with our Social Security, Medicare, and Estate Planning videos on the NPERS website, provides an experience equal to our on-site seminars. All 14 of our 1/2 day webinars are **free of charge** and you can attend in the comfort of your own home via Webex. You can register for a webinar by sending an email to NPERS.seminars@nebraska.gov providing your name, email address, date of birth, and the date of the webinar you wish to attend. We will accept registrations for webinars up until the day before the event.

School Plan members age 50 and over are entitled to receive leave *with* pay to attend our on-site seminars and our 1/2 day webinars. Members meeting this age requirement may attend up to two retirement planning seminars prior to terminating employment (paid leave limited to once per fiscal year).

On-Site Seminars

Members must enroll in advance if they wish to attend one of our on-site sessions. Due to a reduction in both the number of on-site seminars and the capacity limits of our facilities, we expect the on-site seminars to fill up rapidly. The completed enrollment form and seminar fee of \$25 *per person/spouse*, must be received



and processed to secure a spot at a on-site seminar. Non-members or an additional guest may attend for \$50 per person.

A confirmation postcard will be mailed upon receipt of the registration form. Once a session is full, no additional enrollments will be accepted - no exceptions. NPERS recommends members contact our office if they do not receive a confirmation postcard within two weeks of mailing their registration. Confirmation cards will not be mailed for registrations received within one week of the seminar - late enrollees should contact our office to confirm their registration was received and seats are still available.

Evening Webinars



In our 2-hour evening webinars you will have a chance to hear our Retirement 101 presentation, outlining your School Plan and be given the opportunity to ask questions of our presenters. These events are **free to attend** and take place at a convenient after-work time. To get registered to attend one of these new events just send an email to NPERS.seminars@nebraska.gov containing your name, date of birth, email address, and the date of the evening webinar you wish to attend.

It's our desire that by offering a wider array of opportunities, all of our members will find an experience that works best for them. Be on the look-out for your seminar brochure or find it on our website.

Still don't have the time for a seminar? We've got you covered! Currently ALL of our day-long seminars are available online as videos on NPERS.NE.GOV

Retirement Planning in Uncertain Times

By Orron Hill, Legal Counsel

According to a recent survey published on July 29, 2020 by the Alliance for Lifetime Income (Alliance) that included working Americans between 56 and 75 years of age with a minimum of \$100,000 in assets:

- 60% are concerned about future unpredictability in the markets due to the volatility caused by COVID-19;
- 70% are more pessimistic about their retirement plans due to COVID-19;

- 56% are rethinking their retirement plans, including how much money they will need to retire;
- 20% have decided to retire later than originally planned;

(See the Retirement Reset Tracker Wave 3 Study Research Summary at https://assets.ctfassets.net/gd21fa23g7v7/4kF6QgqrDRzENN3XA02ift/374a1636c-1866b876ac6aec47a25bb66/Alliance_RetirementResetSurvey_Wave3-Research_Summary.pdf, and the full COVID-19 Retirement Reset Tracker Wave 3 Research Report at https://assets.ctfassets.net/gd21fa23g7v7/uGG6uRuti155ZhX00uuv5/caf04487d-11ba633cb3a3f49c37d67de/COVID-19_Retirement_Reset_Report_Wave3_7-7-20_FL-NAL.pdf.)

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Retirement Planning in Uncertain Times (cont'd.)

After reading this, you may be asking questions such as, “How do I avoid the uncertainty about retirement, expressed by the survey’s respondents?” or “How do I plan for my retirement, including identifying and addressing my desired discretionary spending?” Here are some things to consider...

Timing. It is never too soon to start planning for retirement and

Retirement Lifestyle Planning. Set out your vision of retirement.

After envisioning your retirement lifestyle, create a budget. When working up your budget, list your current living expenses, adjust it for expenses that will go away when you retire (like gas to get to work), readjust it for new expenses (like travel), then consider your healthcare expenses (co-pays and deductibles) and what they might be.

Next, estimate your Social Security retirement benefit. Consider creating an account at <https://www.ssa.gov/myaccount/>. You will also get access to a Social Security retirement benefits calculator to help you project your potential benefit based on your estimated future income.

Subtract your monthly Social Security retirement benefit from your monthly budget expenses total. The difference is the amount of money you need every month to have the retirement lifestyle you desire. Multiply that number by 12 to determine how much money you need every year from your savings. We will call this your “Required Annual Income from Savings” or “RAIFS.”

Setting Your Savings Goal. Multiply your RAIFS by 25 to estimate the amount savings you need at retirement. This amount of money should last you approximately 30 years, assuming your money is invested, and you limit withdrawals during retirement to 4% annually. We will call this your “Savings Goal.”

Trimming Your Spending. “A penny saved is a penny earned,” the old saying goes. This is true. As a starting point, make it a habit to review your spending transactions at least once a week. Pay attention to patterns of when, how, and why you spend. Doing so should help you find areas where you can save.

Pay Off Debt. High-rate debt balances can hamstring efforts to reach your Savings Goal. Paying off these high interest balances will free up cash to fund your retirement savings, and, simultaneously, lower your cost of living.

Consider allocating 5% of your income to debt repayments, even if it means you have to lower your retirement contributions temporarily. Also, commit to sending every cash windfall to pay off your debts. Common cash windfalls are bonuses from work and tax refunds from the IRS.

Contribute to an IRA. A traditional IRA offers tax-deferred earnings, which can help you grow your nest egg. Ideally, you should contribute 15% of your income cumulatively to retirement accounts, or more if you’re close to retirement and behind on your savings.

Learn Basic Investing. You will have better investment results, and avoid unpleasant surprises, if you learn about market cycles, how different classes of investments work, and how to manage your investment risk. There are many helpful investment education courses out there. For example, NPERS has an investment education video for the State, County, DROP, and DCP plan members on our website at <https://npers.ne.gov/SelfService/public/otherInformation/FinancialFacts/>. In addition, the NPERS website includes links to the “Annual Investment Report” and “Preretirement” and “Retirement 101” videos for the State, County, and Patrol Plans. While that course may help you, nothing can beat one-on-one investment education from a trained, licensed professional.

Long-Term Investing. Remember, buying quality assets, and holding on to them, allows you to take advantage of the stock market’s long-term growth trends.

Build an Emergency Fund. An emergency fund helps you pay your expenses when life throws you a curveball. If you don’t have a sufficient emergency fund, you may have to borrow money or take on large amounts of credit card debt. Both of these options can come with high interest rates that diminish your ability to save for retirement.

Rehearse Your Retirement. Your retirement plan is built on the type of lifestyle you want after you leave the workforce. If that lifestyle is very different from how you live today, it is wise to do some test-runs, before you get locked into that lifestyle. Use your vacations while working to rehearse your retirement lifestyle. Monitor all aspects of your time on vacation, such as the costs, satisfaction with lifestyle, and sustainability for potentially multiple decades. You may learn you need something more, or less, from retirement than you thought.

While this is certainly not an all-inclusive list of how to best prepare yourself for retirement, it should offer you some basic tips and tricks to get you well on your way. We hope you found this information helpful, and apply it as you move toward reaching your retirement Savings Goal.

403(b) & 457 Contribution Limits

2021 maximum contribution limits have been announced by the IRS for 403(b) and 457 Deferred Compensation (DCP) retirement plans. For both plans, the standard yearly maximum contribution has been increased from \$19,000 to \$19,500. Individuals age 50 or older may contribute an additional \$6,500 using the *Age 50 Catch-up* provision, increasing their total limit to \$26,000.

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.

2021 limits for School employees participating in a 403(b)

| Tax Year | Standard Maximum Contribution | If you qualify for the \$3000 Lifetime Catch-up | If you qualify for the Age 50 Catch-up | If you qualify for BOTH the Age 50 & Lifetime Catch-up* |
|----------|-------------------------------|---|--|---|
| 2021 | \$19,500 | \$22,500 | \$26,000 | \$29,000 |

*The first \$3,000 of contributions in excess of the standard \$19,500 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](#).

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2021 limits for State Patrol employees and Judges participating in Deferred Compensation

| Tax Year | If you are under age 50 | If you qualify for the Age 50 Catch-up |
|----------|-------------------------|--|
| 2021 | \$19,500 | \$26,000 |

State Patrol and Judges plan members, 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. 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.

Ready...Set.... RETIRE!

Knowing your School retirement benchmarks and flags can help speed your way to the retirement victory of your dreams.

One Last Stretch Before the Race: Your effective date

A very important date, indeed. Your effective date is the starting line for you to start drawing your monthly benefit. The application process is dependent upon the effective date. Effective dates are always the first of the month, we use your age as of the effective date when calculating your benefit. So, if your effective date is July 1st, we will calculate your benefit based on your age on this date and you would be eligible to receive your first benefit at the end of July. In order to establish your effective date, you must have completed all the necessary steps listed below! Let's run that race!

Ready: Contact the Retirement Office You can contact NPERS to get the process started up to six months, but preferably no less than one month prior to retirement! At this point, you can also immerse yourself in the wealth of educational resources available to you right now on the NPERS website. You can watch Preretirement Videos that explain the nuances of your plan or learn about Social Security and Estate Planning, so you have a full healthy map of your retirement racetrack.

Set: Patience is a Virtue Once we have your application, we will begin to review your work history to make sure your salaries are verified and your years of service are correct, to ensure you an accurate retirement benefit. A benefit estimate will be created, and

your retirement packet will be mailed about 45 to 30 days prior to your effective date. Next, you complete and mail your Application for Retirement to NPERS.

The Starting Pistol: BANG! It seems obvious, but one of the most important things you must do, in order to get your benefit, is STOP working for a Nebraska Public School prior to your effective date! To be eligible for a retirement benefit you must cease employment. If you provide any service or accept pay for contractual time periods after your desired effective date, you will not be eligible, and your effective date must be pushed. Members who cease employment and receive delayed pay over the summer months can establish an effective date, provided the delayed pay is for service provided prior to the effective date.

And They're Off: Run the Retirement Race with NPERS!

Processing time for your first benefit may take around 90 days following your effective date, depending on how soon we receive your application and any paperwork requested from your employer, particularly during the summer. Some retirements may take longer if there is a discrepancy or we are waiting for information from you or your employer. If payment is delayed past the first benefit period (benefits are issued at the end of each month), then your first check will be retroactive and include all the months you were eligible.

Crossing that Finish Line: You made it! You retired and are living the good life! Make sure you keep an up-to-date address on file with NPERS, because each year we will send you an annual 1099R tax form. This is needed to file your taxes each year.

2021 Legislation

The 107th Legislature, convened on January 8, 2021, for a 90-day session. The bills impacting the NPERS plans and Nebraska retirees are listed below.

Bills may be amended during the legislative session. Some bills may not become law. Please refer to [the Legislation page of the NPERS website](#) for updates and progress as the session continues. The final results of the 2021 session will be reported in the Fall newsletter.

LB 16 This bill provides for a State of Nebraska contribution to the Nebraska Retirement Fund for Judges. This bill, as written, would establish a state contribution to the Judges plan equal to 4% of compensation for fiscal years beginning 7/1/2021, through 6/30/2023, and 6% of compensation for fiscal years beginning 7/1/2023. The amendment to this bill, AM 135, filed 2/8/2021, changes that contribution to be equal to 5% of the total annual

compensation for fiscal years beginning 7/1/2023.

LB 17 This bill would change the amortization period in the DB Plans from 30 years to 25 years, based on the recommendation of the actuary, in line with recent changes in industry standards.

LB 24 This bill would change fee, remittance, and distribution provisions, relating to the Nebraska Retirement Fund for Judges. Particularly, it would increase the amount of court fees earmarked for the Judges Retirement Fund over time.

LB 144, LB 145, LB 146, LB 147, and LB 582 - OSERS bills

These bills refer to the transfer of administration of the OSERS (Omaha School Employees Retirement System) from the Board of Trustees to NPERS (Nebraska Public Employees Retirement Systems). LB 144 adds/modifies the definition of administrator, board of trustees, and retirement board, that would be appointed by the PERB after transfer of administration of the OSERS plan. LB 145 requests audits to be conducted prior to OSERS transfer. LB 146 defines current terminologies. LB 147 is the transfer of

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2021 Legislation (cont'd.)

management bill. LB 582 reinstates the Omaha Board of Education as the primary party responsible for the administration of the OSERS plan during the time it takes to transfer the management of the OSERS Board of Trustees to NPERS, making the Board of Trustees a subset of that Board.

LB 64 (cross referenced with LB 237) Changes provisions in relation to the taxation of Social Security benefits in the state of Nebraska. These would allow federal adjusted gross income (AGI) to be adjusted by a percentage of the Social Security benefits received. The percentages change would be based on marital status and AGI.

LB 184 Amends portions of the Nebraska State Patrol Retirement Act to allow Troopers to deduct insurance premium costs from their retirement benefit.

Being Empower-ed

Please note, for members who have DCP accounts that were administered by MassMutual (formerly Hartford), MassMutual was recently acquired by Empower. Empower will honor all contracts and terms of existing MassMutual plans. Empower has sent correspondence to those members with MassMutual accounts announcing this acquisition. They have stated the only noticeable change will be in the branding.

Previous Branding: 

New Branding: 



Nebraska Public Employees
Retirement Systems

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NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

RETIREMENT NEWS

NEBRASKA SCHOOL JUDGES AND PATROL EMPLOYEES | MARCH 2021

Retirement Board News

At the January 25 meeting, the Nebraska Public Employees Retirement Board (PERB) elected the Chair and Vice-Chair for 2021. By unanimous vote, the PERB retained Janis Elliott as the Chair and elected Kelli Ackerman as Vice-Chair of the board.



Janis Elliott



Kelli Ackerman



Judge J. Russell Derr

Judge J. Russell Derr has elected to retire from the PERB at the end of his current term. Judge Derr was originally nominated to the Board in 2015 and served as the Judge Member position for 6 years. NPERS would like to thank Judge Derr for this service on the PERB and we wish him the best in his future endeavors.