

RETIREMENT NEWS

Nebraska Public Employees Retirement Systems

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PROVIDING
INFORMATION TO
STATE AND COUNTY
EMPLOYEES

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Meet Your Investment Council

This is the first in a series of articles about the Nebraska Investment Council.



*Dave Bomberger,
State Investment Officer*

The Nebraska Investment Council doesn't get much recognition or "atta boy" pats on the back for a job well done, but the assets for which they are responsible netted nearly \$1.5 billion in investment earnings during 2006.

The Council manages the investments of 30 different entities with total assets of \$13.8 billion. This includes the funds of the **State and County Retirement Plans**, the **457 Deferred Compensation Plan**, and the **School, Judges and State Patrol Plans**, all administered by NPERS.

Dave Bomberger is the State Investment Officer. He directs the Council activities, makes recommendations and implements their decisions, and manages the agency of three

investment analysts and three administrative staff. The five Council members are appointed by the Governor, with the State Treasurer and the NPERS Director serving in ex officio (non-voting) positions.

Mr. Bomberger was appointed the State Investment Officer effective July 1, 2006, after the resignation of Carol Kontor. A native Nebraskan, Dave was born and raised in Lincoln and received a Bachelors degree from the University of Nebraska-Lincoln and a Masters of Business Administration from the University of Nebraska-Omaha. He has been a Chartered Financial Analyst since 1981.

"Throughout my career, I have been involved in investing money for others," Dave responded when asked what credentials he brings to his position. "In my 21 years with

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Another Chance to Join Cash Balance

State and County Plan members who are in the **Defined Contribution benefit** will have another opportunity to convert your account to the Cash Balance benefit. By passing LB 328, the 2007 Legislature has designated **November 1 through December 31, 2007**, as the election period for you to submit your decision to NPERS.

Remember, Cash Balance was created in 2002 and every contributing State and County Plan member was allowed to either *keep* their Defined Contribution account (the "old plan") or *convert* it to the "new plan" (Cash Balance) effective January 2003. At that time, almost one-third of State and County Plan members elected to convert their accounts.

Since 2003, the "old plan" has been closed to new members and all new employees have been automatically enrolled in Cash Balance. Currently, about half of the State and County Plan members are in Defined Contribution and the other half are in Cash Balance.

In the next few months, NPERS will mail to almost 11,000 active Defined Contribution members a packet of information explaining the choice available, outlining the election deadline, and providing the necessary form. There will be more articles about this topic in future NPERS' newsletters. So stay tuned, check your mail, and be sure to read your newsletters from NPERS.

Investment Council

(Cont. from pg. 1)

Guarantee Mutual Life Company of Omaha, part of those as Chief Investment Officer, I worked with clients, through their agents, to make investments that helped achieve their goals. In my seven years with Caterpillar Investment Management Ltd. in Peoria, IL, before returning to Nebraska, I worked with our clients' employees to provide investments and allocation tools that helped them build portfolios that met their needs. My roles included selecting, hiring and firing "best in class" investment managers based on investment process and long-term performance."

"The Council works closely with NPERS and Ennis Knupp & Associates, the Council's investment consultant, to identify the investment needs of all of the retirement plans we manage."

"For the Defined Benefit plans (**School, Judges and State Patrol**), we construct an asset allocation that is expected to produce solid returns. The 2006 return was 15.2% which exceeded the policy benchmark and added \$899 million in investment earnings to the Plans. The annualized rate of return for the Plans since 1983 is 10.6%, which compares very favorably to the actuarial assumption of 8%. These earnings help reduce the long-term cost of operating the Plans."

"The asset allocation for the State and County **Cash Balance** benefit is designed to mirror the returns of the Defined Benefit plans. In 2006, the Cash Balance assets earned 15.0%. Since its implementation in 2003, the average annualized rate of return is 13.1%. With the interest credit rate paid to participants averaging 5.5% over this four-year period, the surplus

resulted in dividends to members for the third year in a row."

"For the employee directed plans (**Defined Contribution** for the State and County Plans, and 457 **Deferred Compensation Plan**), we seek to provide employees access to many of the same investment managers who manage for the Defined Benefit plans. An individual's investment objectives and risk tolerance can differ considerably, so we provide them a range of options. A member's individual rate of return depends upon the portfolio mix he/she selects from the 13 funds offered."

"We start from a philosophy that it is difficult for active investment managers to outperform passive funds, after expenses, over the long term. As a result, many of the investment choices available to employees are low-cost, index funds. We do provide employees access to some actively managed funds whose managers we have high confidence in."

As the State Investment officer, Dave Bomberger has a few things he'd like all plan members to know. "The Council reviews the risk adjusted performance of each investment choice on a quarterly basis and replaces underperforming managers when it loses confidence in a manager's ability to outperform. We are faithful stewards of the assets entrusted to our care and seek to understand each portfolio's objectives, invest accordingly, and focus on long-term results rather than short-term volatility. We are committed to fulfilling our duties with integrity, prudence, and hard work."

For more information about the Nebraska Investment Council, visit their website at www.nic.ne.gov.

Nuts & Bolts



by Mary H. Jochim

Sterling Financial Advisors LLC

Any plan worth its weight in paper, needs to be written on paper. I am always amazed at how easy it is to forget just about anything short of my name. The memory game isn't a good game to play when it comes to your financial records. The "nuts & bolts" of your financial plan will depend on your accurate records providing the details. You need accurate information to form your plan. When it's time, your heirs will be greatly assisted in the last stage of your financial plan, your estate. Don't make your heirs go "nuts" trying to find the "bolts" of your last wishes and your financial assets. A written list will help your loved ones at a difficult time. It will also save your estate money.

This list will help you gather your "nuts & bolts" to build a foundation for budgeting, investing, planning for college, looking toward retirement and estate planning. Your records should include:

- √ Full, legal name
- √ Social Security number
- √ Legal residence
- √ Date and place of birth
- √ Names and address of spouse and children (location of death certificates if deceased)
- √ Location of will or trust
- √ Location and contents of any safe deposit boxes
- √ Location of birth certificate and marriage, divorce and citizenship certificates
- √ List of employers and dates of employment
- √ Education and military records
- √ Religious affiliation (name of church or synagogue)
- √ Memberships in organizations and awards received
- √ Names and addresses of relatives, close friends, doctors, lawyers or financial advisers you will want contacted
- √ Requests, preferences, or prearrangements for burial

(Cont. on pg. 4)

Fall 2007 Seminar Calendar

Seminar registration information will be mailed to all State and County members in August.

Retirement (age 50 and over)

Lincoln	September 5
Valentine	September 12
Gering	September 26
Fremont	October 3
Lincoln	October 11
Omaha	October 17
Grand Island	October 31
Kearney	November 1
North Platte	November 7
Norfolk	November 13
Lincoln	November 28
Lincoln	November 29
Grand Island	December 5
Lincoln	December 11

Financial Planning (under 50)

Lincoln	September 6
Valentine	September 13
Gering	September 27
Fremont	October 4
Lincoln	October 10
Omaha	October 18
North Platte	November 8
Norfolk	November 14
Grand Island	December 6
Lincoln	December 12

Reminder:

If you move, make sure your employer has your new address.



LEGAL CORNER

by NPERS Legal Counsel,
Joe Schaefer

One Hundredth Legislature First Session Summary

The 100th Nebraska Legislature, First Session, which adjourned May 31, adopted several legislative bills which made changes to the retirement plans administered by NPERS. **Legislative Bill 328**, which became law on May 30, 2007, following the Governor's signature, made changes to the **State Plan** and to the **County Plan**.

The bill began as NPERS' technical bill, and provisions taken from LB 370 and LB 665 were amended into it:

State Plan and County Plan

- Provides for an election period in which members of the **State Plan** Defined Contribution option and the **County Plan** Defined Contribution option may elect to participate in the Cash Balance option of their respective plan. The new election period will be from *November 1 through December 31, 2007*. Members who previously elected to participate in the Cash Balance option will not be required to reelect. Defined Contribution members who do not file an election during the new election period will continue to participate in the Defined Contribution option. (See article on page one.) (This cash balance election provision was introduced by Senator Karpisek in LB 665.)
- Removes the 60-day period during which **State Plan** and **County Plan** members who return to permanent, full-time employment are to be reenrolled. The members will begin participation immediately under the bill. (Immediate participation for newly hired State and County employees was instituted last year in LB 366.)
- Creates the **State** Employees Cash Balance Expense Fund and the **County** Employees Cash Balance Expense Fund. Currently, NPERS accounts for Cash Balance expenses in sub-funds of the applicable plans.

Law Enforcement Survey

- Provides that NPERS will conduct a survey of all **law enforcement** retirement systems in the State of Nebraska and file a report with the Retirement Committee of the Legislature not later than October 1, 2007. Information such as the types of retirement plans currently available to law enforcement officers and demographic information of the officers is to be included in the survey. Political subdivisions of the state are required to provide the information to NPERS. An actuarial analysis of the data will be conducted after the survey is completed. (The law enforcement survey provision was introduced by Senator Erdman in LB 370.)

NPERS' website at www.npers.ne.gov maintains a current list of Legislative action pertinent to Nebraska's retirement plans. For a complete list of the Legislative Bills introduced in 2007, please visit the Legislature's website at www.nebraskalegislature.gov or contact the **Clerk of the Legislature** at 402-471-2271.

Nuts & Bolts

(Cont. from pg. 2)

It isn't necessary to get fancy with your records. Keep these records in one secure place. A safe deposit box is not the recommended depository. Death often occurs at rather inconvenient times and it could be many days before your heirs can gain legal access to a safe deposit box. Copies can be made and left at a location known by a family member or friend. Along with your records you should provide information about insurance policies, bank accounts, deeds, investments and other valuables to insure that all of your assets can be found when the need arises. Recheck to be certain all the following information is in one convenient place:

- * Sources of income and assets (State or County Retirement Plan, including funds in the 457 Deferred Compensation Plan)
- * Social Security and Medicare information
- * Insurance information (life, health and property with policy numbers)
- * Bank accounts (even credit union)
- * Location of safe deposit boxes
- * Copy of most recent income tax return (it will be valuable in helping your personal representative locate sources of interest or dividend income)
- * List of liabilities (to whom and when due)

- * Mortgages and debt (including how and when payments are paid)
- * Credit card and charge account names and numbers
- * Property tax records
- * Location of personal items (jewelry and family treasures and how or to whom you wish them distributed. This is very important as objects that aren't of much financial value often become of great emotional value.)

Having all this information organized (remember it doesn't have to be fancy) will help you and your heirs meet the challenges of your later years and assist you with intelligent decisions today.

Please call us if you'd like to discuss this article or visit about your State or County Retirement Plans including the 457 Deferred Compensation Plan. **Sterling Financial Advisors** is under contract with NPERS to help you in any way we can. Call us toll free at **877-970-9300** or in Omaha at **402-970-9300**.

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Investment Report



The Annual Investment Report for the **State and County Plans** and the **Deferred Compensation Plan (DCP)**, for State of Nebraska employees, was mailed to members in May 2007, and is also on NPERS' website at www.npers.ne.gov. The report is for the plan year ending December 31, 2006.

The report includes annual *Cash Balance* results. And for DCP and State or County *Defined Contribution* members, the report shows investment results, plan statistics and fact sheets for the 13 investment funds.

The comprehensive report also features an "investment basics" tutorial to help all plan members construct a sound base for retirement, understand investment principles, asset allocation, risk related to return and diversification. If you have questions about the report, please call NPERS.



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