

RETIREMENT NEWS

Nebraska Public Employees Retirement Systems

Vol. 23, No. 5, Fall 2008

PROVIDING
INFORMATION TO
STATE AND COUNTY
EMPLOYEES

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Revised Cash Balance Distribution Options

The Public Employees Retirement Board (PERB) discussed the State and County Cash Balance Plans during their August meeting and revised their policy as it relates to Cash Balance Plan dividends.

The PERB clarified the Board's crediting policy to state, *"All accounts with an account balance as of December 31 of the previous year will be credited with the dividend amount, except that no dividend shall be paid to any account with a final account valuation made on or prior to December 31 of the year for which the dividend is granted."*

This means that if you take a distribution on or prior to December 31 in the year for which the dividend is awarded, you will not receive the dividend for that year. If, however, you take a distribution after December 31 but before the dividend is awarded, you will receive the dividend amount. The Board determines if and when a dividend is granted based upon the Plan's audited annual financial statements.

Also, the change to the PERB's policy does not allow for partial deferrals or partial distributions. Any combination of annuity and lump sum or rollover distribution must be completed *at the same time*.

Here are some basics of the Plan: Cash Balance (CB) is a hybrid defined benefit plan that blends elements of both the traditional Defined Benefit (DB) and Defined Contribution (DC) retirement plans. Before 2003, all State and County Plan members participated in a DC plan. School Employees, State Patrol and Judges Plan members participate in a traditional DB plan. Unlike the traditional DB plans, Cash Balance participants' years of service and highest salary are not considered when calculating their benefit. Instead, over their years of participation, members' contributions are accumulated in a common fund for investment by the Nebraska Investment Council and participants have an account where their contribution credits are recorded. A statutory interest crediting rate is added to the member accounts each day. The interest credit rate is equal to the federal mid-term rate plus 1.5%, but the rate cannot fall below 5%. Similar to DB Plan members' benefits, whether the markets rise or fall, CB Plan participants' benefits continue to grow because the State guarantees the interest credit will be added to the participants' account. In addition to the



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Cash Balance Dividend

Cash Balance participants of the State and County Plans will receive a dividend payment, as approved by the PERB at their meeting on June 23, 2008.

State Plan members' dividend rate will be **5.18%**, and County Plan members' rate will be **5.34%**. For example, a State member's account balance of \$25,000 as of 12/31/07 would result in a one-time dividend of \$1,295 plus interest, and a County member's would be \$1,335 plus interest. The County Plan rate is higher due to membership demographics and

actuarial assumptions that are different from the State Plan.

During the first week of October, 2008 (or as soon thereafter as administratively possible), a dividend with interest will be distributed to each participant who had an account balance on December 31, 2007. The interest earned between January 1, 2008, and the day the dividend is issued will be credited to each participant's account.

The dividend amount will also be shown on the fourth quarter account statements mailed

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Department Profile

Data Services

A lot has changed at NPERS over the past few years, including staff, technology and procedures. But one thing that remains the same is that our Data Services department is still the "heart" of the Retirement Systems. They make it easier for the other departments to do their jobs.

Dennis Cooper manages a staff of nine hardworking employees who perform a wide variety of crucial tasks.

When correspondence is received, our mail room is the first area of Data Services to handle it. They sort, "prep" and distribute all incoming mail, which is normally over 3000 pieces a month!

Most incoming correspondence is then sent to our scanning area



Front row, seated: Erin, Tracy. Back row, standing L to R: Barb, Dana, Joy, Jeremy, Ann, Dennis, Johnetta. Not pictured, John

where it is electronically imaged into members' files. In an effort to reach "paperless" status, the scanning area "back-end" scans all paper records in the agency. Thanks to our efficient scanning personnel, this process is now nearing completion.

Purification/demographics is another crucial area of Data Services. They

make sure that all member information is accurate and up-to-date, making it easier for the other departments to work on a member's file as well as making all transactions complete and error-free. This area ensures that forms (such as Beneficiary Forms) received in the office are completed correctly, notarized where needed, and signed. They also make sure all School members' Service Credit is accurate and verified.

Without Data Services doing the work they do everyday, NPERS wouldn't be able to process retirements, refunds and other services efficiently for our members.

We appreciate each and every member of the Data Services team for their hard work and dedication to our members.

New Investment Video



A new video is available from Sterling Financial Advisors, who are under contract with NPERS to provide investment education services to State and County Plan members.

The video runs 42 minutes and the presentation explains the basics of sound investment principles as they relate to the investment funds available in the **Defined Contribution (DC)** and **Deferred Compensation Plans (DCP)** for State of Nebraska employees.

You can view the video at www.npers.ne.gov using Microsoft Windows Media Player in broadband or dial-up format, or call NPERS to request a DVD.

Your investment strategy should result in an account selection mixture best suited to your financial needs and circumstances, and this video can help you set that strategy. For individual assistance at no charge, you can also call **Sterling Financial Advisors** at **877-970-9300** toll free or in Omaha at **402-970-9300**.

Dividends *(Cont. from pg. 1)*

the first part of January 2009. The paper statements from Ameritas, NPERS' recordkeeper, will incorporate a new design containing more detailed account information. Members who use Ameritas' on-line account access to view their account statement will see the dividend amount shortly after it is paid.

By law, the PERB has the option to grant a dividend once per year while maintaining the required cushion of 10% of the assets. The PERB uses the results of the annual actuarial valuation and the actuary's recommendation to determine if a dividend can be paid and the dividend rate.

Financial Facts

To view a new feature on NPERS' website called "Financial Facts," go to www.npers.ne.gov and the section on the left called "Member Info." Click on "Financial Facts" to find information from **Sterling Financial Advisors**, our investment education professionals.

These articles provide timely financial-related information that's informative, no matter what retirement plan you are in:

- Ten Things You Might Not Have Known About Social Security
- Market Turmoil: The Value of Staying the Course
- Estimating Your Retirement Income Needs
- Bond Basics 101

Bookmark "Financial Facts," and check back often for new information from Sterling Financial Advisors.

Are You a Risk Taker? Don't Take This Risk

Have you been skydiving lately? How about whitewater rafting, mountain climbing or spelunking? Not that adventurous? Like most of us, you will probably spend your fall raking leaves, chauffeuring kids and watching football.

No matter what recreational or leisure activities are a part of your lifestyle, making a proper beneficiary designation is a *very important* part of your financial planning. You should review your situation annually and seek competent professional advice where needed.

At the time you joined the State Plan or the County Plan, you designated

your beneficiaries by completing and submitting an NPERS Beneficiary Designation Form. You may change your designation at any time before retirement, and should always be sure NPERS has current information on your beneficiaries. If you were to die unexpectedly before having a chance to retire, NPERS will use this designation to distribute your benefit. If you've married or divorced, had a child, or a family member has moved or passed away, or you just don't remember who you listed, it's time to complete and submit a new form like the one below. You may also name your estate, a trust or a charity.

Note: Beneficiary designations for your retirement plan are separate from designations you make for life insurance during open enrollment.

You should read the instructions on this form *carefully* before completing it, as your designations will override bequests you've made in your will. All your benefits will go to your named, primary beneficiaries in equal amounts, unless you assign specific percentages. Your spouse must be named as your sole, primary beneficiary to be eligible for the surviving spouse's options. Only if all primary beneficiaries have predeceased you will any of your benefits go to your contingent beneficiaries. There is space to list three primary and three contingent beneficiaries. If you would like to name more than three, you will need to complete and include a Supplemental Beneficiary Designation Form.

Any new Beneficiary Designation Form NPERS receives that is properly filled out will automatically replace a previous designation. Even if you list the same person(s), we don't mind processing the paperwork knowing we have your current designations and contact information. **You should complete the Form carefully**, including all of the beneficiary information requested. Be sure to have your signature notarized, make a photocopy of the form for your records, and then send the original to NPERS.

The form may be printed from the website at www.npers.ne.gov or obtained from your human resources department. Contact NPERS if you have questions.

National Save for Retirement Week is October 19, 2008
www.retirementweek.org



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Name		Date of Birth		Plan Type	
Social Security Number		Retirement Number		<input type="checkbox"/> School <input type="checkbox"/> State <input type="checkbox"/> County <input type="checkbox"/> Judges <input type="checkbox"/> Patrol <input type="checkbox"/> DCP	
Address		City		State Zip	
Home Phone	Work Phone	Employer			

Beneficiary Designation Form

Read Carefully Before Completing: Use this form to designate or change your beneficiaries for the Retirement Plan indicated above. Benefits will be paid to your survivors exactly as you provide on this form. This form supersedes prior beneficiary designation forms. If you name a trust or other legal entity as your beneficiary, include the name of both the trust and the trustee. Submit the original document only; **photocopies and faxes will not be accepted.** If you wish to designate more than three beneficiaries in either the Primary or Contingent category, you must attach a supplemental form(s) and indicate the number of additional pages here. _____

Primary Beneficiary(ies) I designate the following person(s) to be my Primary Beneficiary(ies) for the Retirement Plan noted above. All Primary Beneficiaries designated will share equally in the benefit unless I have included a percentage (%) amount on the line following the date of birth below. **(The shares of all Primary Beneficiaries must equal 100%.)**

Name of Beneficiary	Spouse/Child/Other	M/F	Gender	Social Security Number	Date of Birth	%
Address						
Address						

Contingent Beneficiary(ies) I designate the following person(s) to be my Contingent Beneficiary(ies) for the Retirement Plan noted above. I understand my Contingent Beneficiary(ies) will receive a share of my benefit if all Primary Beneficiaries pre-decease me or refuse their shares of the benefit. All Contingent Beneficiaries designated will share equally in the benefit unless I have included a percentage (%) amount on the line following the date of birth below. **(The shares of all Contingent Beneficiaries must total 100%.)**

Name of Beneficiary	Spouse/Child/Other	M/F	Gender	Social Security Number	Date of Birth	%
Address						
Address						

Signature of Member _____ Date _____

I hereby certify that the above member, whose identity I have established to my own satisfaction, freely and voluntarily signed this beneficiary designation form in my presence

State of _____ }
 County of _____ } Subscribed and sworn before me this _____ day of _____, _____

Notary Public Signature _____ My commission expires: _____

NPERS1300 Rev. 06/08

2008 Seminar Schedule

Retirement Planning
(age 50 and over)

Grand Island	October 1
Kearney	October 2
Lincoln	October 8
Lincoln	October 9
Omaha	October 16
North Platte	November 6
Lincoln	November 13
Norfolk	November 20
Grand Island	December 4
Lincoln	December 9

Financial Planning
(under age 50)

Omaha	October 15
North Platte	November 5
Lincoln	November 12
Norfolk	November 19
Grand Island	December 3

Seminar registrations were mailed to all members in August. You may also print a registration form from our website www.npers.ne.gov.

NPERS' Employee & Manager of the Year



We are proud to announce that Liz Poma-jzl has been elected as our 2008 Employee of the Year!

Liz began with NPERS in 1984 as receptionist, and has worked diligently as an accountant in our Accounting department for the last 20 years.

Handling the agency "check book" keeps Liz very busy. She pays the bills, taxes and other expenses using the state NIS system and always makes time to assist others whenever needed. Liz earned her first Employee of the Year award in 1991. She is admired and respected by her coworkers and is the perfect choice for this year's Employee of the Year.



We would also like to congratulate Sheila Linder, our Manager of the Year.

Sheila has been the agency's Administrative Assistant for the past nine years. In addition to assisting our Director and Board Members during our monthly board meetings, Sheila is our liaison with State Personnel, handles all human resource matters and manages all environmental issues within the agency.

Also a second-time award winner, Sheila was our 2004 Manager of the Year. She is an invaluable asset to all of us and her kind and caring demeanor has made her everyone's favorite "go-to" person.

Thank you Liz and Sheila, for going above and beyond everyday and being

Cash Balance Distribution (Cont. from pg. 1)

interest credits, the PERB may elect to issue dividend credits to increase CB Plan participants' account balances during periods of strong market returns. Unlike DC, CB participants do not make investment decisions, but they share a common goal – to accumulate as large an account balance as possible in preparing for retirement.

The DB element in CB also comes into play by providing an annuity option as the default benefit at retirement or termination. The plan provides that if participants do not select one of the options at age 70½, they will receive an annuity for their life with at least 60 months of benefit payments guaranteed. The other options available for disbursement (payment) at termination or retirement are as follows:

- **Annuity** – all or part of the account may be used to purchase a guaranteed

pension paid monthly to the participant, with or without a cost-of-living adjustment. A number of different types of annuities are available, including ones which provide joint and survivor benefits or a guaranteed term of payments. (Note: the CB plan provides a higher annuity rate – bigger monthly benefit payments than the annuities offered to DC Plan participants);

- **Lump Sum Distribution** – all or part of the account may be withdrawn in the form of a lump sum payment to the participant (included in taxable income);

- **Rollover Distribution** – all or part of the account may be rolled over to another tax-sheltered retirement plan (IRA, etc.); or

- **Combination** of annuity, lump sum or rollover distribution completed at the same time.

CB participants may also elect to

defer their account at retirement or termination:

- **Deferral**– distribution can be delayed until any time the member chooses, but the account must be distributed at age 70½. While it is deferred, the account continues to receive the CB interest credit rate and any dividends issued by the PERB (see below). The account also continues to be assessed monthly fees. You must begin payment of your deferral at age 70½ unless you are an active member of the Plan and still working.

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