

RETIREMENT NEWS

PROVIDING
INFORMATION TO
STATE AND COUNTY
EMPLOYEES

RETIREMENT BOARD

Denis Blank
Chairperson
State Member

Glenn Elwell
Vice Chairperson
Patrol Member

Richard Wassinger
County Member

Glenn Camerer
Judge Member

Mark Shepard
School Member

Janis Elliott
School Member

Donald Pederson
Member-at-large

Elaine Stuhr
Member-at-large

Joe Jurich
Ex-officio (Interim)

PERB Members Reappointed

Governor Heineman recently reappointed three members of the Public Employees Retirement Board (PERB). The terms for board members Denis Blank, Glenn Elwell, and Mark Shepard have been extended to January 1, 2015. Denis Blank, the Chair of the PERB, is a member of the State Plan; Sgt. Glenn Elwell, Vice Chair, is a member of the State Patrol Plan; and Mark Shepard is a member of the School Plan.

Also a member of the School Plan, Janis Elliott's term expires in 2014. The terms of Richard Wassinger, County Plan member, and Judge Glenn Camerer, Judges Plan member, expire in 2011. The terms of Donald Pederson and Elaine Stuhr, both members at-large, expire in 2012 and 2013, respectively.



Standing (left to right): Don Pederson, Richard Wassinger, Glenn Elwell, Denis Blank, Phyllis Chambers (NPERS Director), Mark Shepard. **Seated (left to right):** Elaine Stuhr, Judge Glenn Camerer, David Bomberger, Janis Elliott.

PERB members in a non-voting, ex-officio capacity are Joe Jurich (not pictured), Interim State Investment Officer, filling the vacancy left by David Bomberger

who recently resigned and is now employed by Colorado Public Employees Retirement Association; and NPERS Director, Phyllis Chambers.

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Sterling Contract and Toll-Free Number Ends in August

At the May 18 PERB meeting, the Board decided to let the Investment Education Services contract with Sterling Financial Advisors expire on August 31, 2009. Sterling has contracted with NPERS since 1998 to provide financial planning seminars and a toll-free investment education line. The Sterling toll-free number (877-970-9300) for investment advice will be discontinued at the end of August.

The PERB is comprehensively reviewing all existing educational services activities and exploring new ideas for delivering these services using cost effective methods and newer technologies. The Board will decide in the future whether or not to issue a request for proposal (RFP) for services similar to those provided by Sterling Financial Advisors, to alter the provided services or attempt to deliver services with NPERS staff.

NPERS will continue to provide investment education and information regarding the 13 investment fund options in our Annual Investment Reports, our Investment Education video, and at our Financial Planning seminars (under age 50). The upcoming seminar schedule is listed in this newsletter and we will be conducting seminars at various locations throughout the state. The Investment Report and Investment Education video may be found on our website, npers.ne.gov. Members without internet access may request a paper copy of the Investment Report, or a DVD of the Investment Education video.

The NPERS toll-free number (**800-245-5712**) to our call center will continue to provide members with benefit information regarding all of our plans.

LEGAL CORNER

Legislative Update by NPERS Legal Counsel, Joe Schaefer

The 101st Nebraska Legislature, First Session, which adjourned May 29, 2009, adopted several legislative bills which made changes to the retirement plans administered by NPERS. Changes to the State Plan and the County Plan are as follows:

LB 188 – State & County – Signed into law by the Governor on May 13, includes an emergency clause and becomes operative on July 1, 2009:

- Increases the time frame for new employees to apply for vesting credit from 30 to 180 days.
- Increases the time frame whereby a surviving spouse of a deceased member may apply for the 100% Joint & Survivor annuity from 120 days to 180 days following the death of the member.
- Clarifies that Defined Contribution (DC) members who terminate and are reemployed after a 120 day or longer break in service will participate in the Cash Balance benefit (CB). Any funds remaining (deferred) in the DC account will also transfer to CB.
- Provides a required minimum distribution “holiday” for retired Defined Contribution participants who have deferred funds in their account. Because these individuals may have incurred significant investment losses due to the market downturn, Federal and State laws have been modified to waive the required minimum distribution which would otherwise have been due for calendar year 2009, providing participants the potential to recover losses should the market improve. (Note: It is anticipated the Public Employees Retirement Board (PERB) will adopt the same provision for the voluntary Deferred Compensation Plan.)

State Only:

- Allows terminating Cash Balance (CB) members to transfer all or part of the funds in their account to the voluntary Deferred Compensation

Plan (DCP) upon termination/retirement. If all of their funds are not transferred or taken as a lump sum distribution, the remaining funds in the CB account must be taken in the form of an annuity at the time of the transfer. The member must have enrolled and contributed to DCP prior to termination. (See article on page 3).

LB 403 – State & County – Signed into law by the Governor on April 8, 2009; becomes operative October 1, 2009:

- Individuals who are not in the United States lawfully would not be eligible to participate in the State or County retirement plan after October 1, 2009. Members who had previously accrued a benefit would not be denied their benefit by the legislation.

LB 121 – State & County – Signed into law by the Governor on April 22, 2009; becomes effective Aug. 30, 2009:

- Transfers property tax assessment duties from the State back to certain Counties so that property assessments will again be the responsibility of each county. If a county has not hired staff to perform these duties by July 1, 2013, State employees of the Department of Revenue currently involved in the county assessment function would become County employees. Those employees would immediately participate in the County Plan and their retirement funds would be transferred from the State Plan to the County Plan. Vesting credit will be granted for transferred employees.

NPERS’ website, 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 2009, visit the Legislature’s website: nebraskalegislature.gov or contact the Clerk of the Legislature at (402) 471-2271.

Recordkeeper Deploys New Website

In May, Ameritas Life Insurance Corp., a UNIFI company, deployed a new website with a new URL. As you know, Ameritas is NPERS’ recordkeeper for the **State Plan, County Plan, and Deferred Compensation Plan** for State of Nebraska employees. From their website, you may access your account information, transfer funds, make allocation changes, compare fund performance, and print statements.

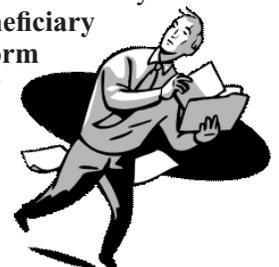
When accessing the site, the only visible changes will be the look and feel of the site, along with some new color schemes. Navigation will not change, so you will be able to access data from the same locations you’re accustomed to.

You can go directly to the new Ameritas site at the following address: <https://secure.unificompanies.com/service/login.asp?user=client>

For ease, you may also access the Ameritas site via NPERS’ website at npers.ne.gov after selecting the “click to login” button under “State, County, DCP and DROP.” If you’ve not already established a user I.D., you’ll find instructions after selecting the “click to login” button.

Have You Updated Your Beneficiaries?

Remember: Selecting beneficiaries for your retirement account is *separate* from the “open enrollment” process. It is up to you to make sure your beneficiary designations for your retirement plan are up-to-date. You may obtain an **NPERS Beneficiary Designation Form** at npers.ne.gov or from your employer.



FALL 2009 RETIREMENT Seminar Schedule

For complete information on your pension plan and how to prepare for your retirement, register now to attend one of our Fall 2009 Retirement Planning Seminars.

For a registration form, visit our website at npers.ne.gov and click on "Retirement Seminars" under "Member Info." Select "State and County Schedules." On the Schedules page, you can click on "Enrollment/Registration Form" to download a PDF which you can then print off and send in with your registration fee.

LINCOLN

Southeast Community College (SECC)
301 S. 68th St. Pl.

- September 3
- October 7
- October 8
- November 19
- December 8

GERING

Gering Civic Center, 1050 "M" St.

- September 10

GRAND ISLAND

Holiday Inn-Midtown, 2503 S. Locust

- September 29
- December 3

VALENTINE

Holiday Inn Express, 803 E. Hwy 20

- September 24

OMAHA

ESU #3, 6949 S. 110th (La Vista)

- October 15

NORTH PLATTE

Holiday Inn Express
300 Holiday Frontage Rd.

- October 22

NORFOLK

NECC-Lifelong Learning Center
801 E. Benjamin Ave.

- October 29

New Cash Balance Option to DCP

State Plan members who are in **Cash Balance (CB)** now have another choice to make when retiring or otherwise terminating employment (not available to County Plan members).

Effective July 1, 2009, State Cash Balance plan members who terminate and take a distribution may transfer (rollover) all or part of their retirement funds to the Deferred Compensation Plan (DCP) per LB 188 passed by the Legislature this year.

This change was in response to member requests for a systematic withdrawal option, which is not allowed in the Cash Balance plan.

In order to make this transfer of your CB funds, you must already be a member of DCP and have made a previous contribution(s) before your termination. DCP rules require that your completed and signed forms necessary to change your DCP contribution amount be received by NPERS in the calendar month prior to the month your change will take place. This means advanced planning on your part in order to make use of this transfer option. The transfer to DCP is irreversible once made.

If you do not transfer all of your CB funds to DCP, or take all your CB funds as a lump sum distribution, you must take the remaining funds in your CB account in the form of an annuity at the time of the transfer. Systematic withdrawals in DCP prior to age 59½ may be subject to early withdrawal penalties.

If you have questions about this rollover option, please contact NPERS.

Save with DCP

Have you been "hunkering down" lately, like most Americans, and trying to spend less than you make? It's scary, but in recent years most people have spent more than they earned, dipping the personal savings rate below zero.

Putting money into savings (and practicing frugality) can help you reverse the image of being a "negative net saver." However, just "saving" is not enough. Saving and investing through a \$457 deferred compensation plan offers a few key advantages over most other savings vehicles. Such as tax benefits when you contribute with deductions taken automatically from your paycheck, before you pay any taxes. This lowers the amount of taxes you pay, and the pre-tax contributions are allowed to grow in your account until you withdraw them. It's a great short-cut to reaching your retirement goals.

Consider joining the **Deferred Compensation Plan (DCP)** for State of Nebraska employees (most Counties have their own deferred compensation plans):

- ◆ Participation is voluntary
- ◆ Your employer defers a portion of each paycheck before taxes and it is "contributed" to your DCP account
- ◆ Your pre-tax contributions lower your salary reported to the IRS, thereby lowering your taxes
- ◆ You decide how to invest your account
- ◆ There is no waiting period to join
- ◆ You may change, stop or re-start your contributions at any time
- ◆ \$25 is the smallest amount you can contribute each month
- ◆ \$16,500 is the maximum contribution amount for 2009
- ◆ "Age 50" and "3-Year" Catch-Up provisions are allowed
- ◆ You may defer sick and vacation leave payout (it must be coordinated a month in advance)
- ◆ Your money is taxed as ordinary income when you withdraw it

PRE-TAX V. AFTER TAX SAVINGS USING DCP

	PRE-TAX SAVINGS	AFTER TAX SAVINGS
Gross Monthly Pay	\$3,000	\$3,000
Pre-Tax Contribution to DCP	\$200	\$0
Taxable Pay	\$2,800	\$3,000
Estimated Taxes Withheld	840	900
Social Security/Medicare Taxes	230	230
After Tax Contribution to a Regular Savings Account	0	200
Take Home Pay	\$1,730	\$1,670
Before Tax Advantage	\$60	None

For illustrative purposes only. This example is based on a federal withholding tax of 25%, a hypothetical state tax of 5% and a Social Security/Medicare/FICA tax of 7.65%

Under 50?

For State and County Plan members who are under 50 years of age, NPERS offers an in-depth financial management course. This one-day seminar provides complete information on your retirement plan and the Deferred Compensation Plan (DCP), plus invaluable information on managing your finances and planning for your future. These seminars are tailored specifically for State and County employees who are not yet ready to retire but would like to take stock of their financial fitness and plan ahead for the future.

To download a registration form go to npers.ne.gov. Under "Member Info," click on "Retirement Seminars." Select "State and County Schedules." On the Schedules page under the heading "**2009 Financial Planning Seminars—under age 50**," you can click on "Enrollment/Registration Form" to download a PDF which you can then print off and send in with your enrollment fee.

LINCOLN Southeast Community College (SECC), 301 S. 68th St. Pl. ■ September 2 ■ November 18	NORTH PLATTE Holiday Inn Express 300 Holiday Frontage Rd. ■ October 21
GERING Gering Civic Center, 1050 "M" St. ■ September 9	NORFOLK Northeast Community College (NECC) Lifelong Learning Center 801 E. Benjamin Ave. ■ October 28
VALENTINE Holiday Inn Express, 803 E. Hwy 20 ■ September 23	GRAND ISLAND Holiday Inn—Midtown 2503 South Locust ■ December 2
OMAHA ESU #3, 6949 S. 110th (La Vista) ■ October 14	

Fees Reduced!

Just when you thought everything cost more these days, hearing about lower fees should make you smile. At their April meeting, the Public Employees Retirement Board (PERB) voted to reduce the annual fees charged to State and County **Defined Contribution** members and State of Nebraska members of the **Deferred Compensation Plan**.

Members pay a pro-rata share of NPERS' annual operating expenses, which tend to fluctuate, and so we raise or lower the fees as necessary. By law, the fees may only be used to pay for expenses incurred in the plan from which the fees were collected. Using a time and usage formula, the fees are assessed in the form of basis points (BP). As an example, a member charged 25 BP (.0025) on a \$10,000 account balance would pay \$25 per year or \$6.25 per quarter.

The new rates are as follows:

County Plan DEFINED CONTRIBUTION	State Plan DEFINED CONTRIBUTION	Deferred Compensation Plan
25 BP	5 BP	5 BP
(Down from 35 BP)	(Down from 30 BP)	(Down from 15 BP)

It is important to note that plan members also pay investment related expenses which are charged on plan assets by our custodial bank, and are disclosed in NPERS' Annual Investment Report (available by request or at npers.ne.gov), as well as recordkeeping fees. Contact NPERS if you have questions about the fees assessed on your account.



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