Judge G. Glenn Camerer retired on February 1, 2010, as County Judge for the Twelfth County Court Judicial District. He also resigned from the Public Employees Retirement Board (PERB), where he had represented the Judges Retirement Plan since 2006.

Before being appointed to the PERB, Judge Camerer had been active in retirement issues on behalf of the judges of Nebraska. A Scottsbluff resident, he is widely credited with starting problem-solving courts in Scotts Bluff County including juvenile, adult, and family drug courts. He was an active member of the Nebraska Supreme Court Committee on Problem-Solving Courts and on the Supreme Court Commission on Children in the Courts. He was also on the Legislative Committee for the Nebraska County Judges Association and had served in all officer positions for the organization.

NPERS would like to thank Judge Camerer for his professional contributions to the work of the PERB, and we wish him the very best in retirement.

PERB Chair, Denis Blank (right) presents Judge Camerer (left) with a plaque acknowledging his contributions to the PERB.

Judge Randall L. Rehmeier has been appointed by the Governor to fill the recent PERB vacancy left by Judge Glenn Camerer. Since 1990, Judge Rehmeier has been the District Court Judge for District 2 encompassing Otoe, Cass and Sarpy Counties. Previously, he served three years as a County Judge for the same counties. For the 15 years prior, he was in private law practice and served as the Otoe County Attorney. He received his undergraduate and law degrees at the University of Nebraska – Lincoln.

Judge Rehmeier has served on numerous bar and judicial association committees and civic organizations, including past president of the Nebraska District Judges Association, Second Judicial District Bar Association, Otoe County Bar Association, Nebraska State Young Lawyers Association, past member of the Nebraska State Bar Association House of Delegates, past president of the Nebraska City Rotary Club, Elks Exalted Ruler, and Chairman of the Board of Trustees of the First United Methodist Church of Nebraska City.

Judge Rehmeier resides in Nebraska City with Candace, his wife of 37 years. They have two children and two grandchildren to help occupy their spare time. NPERS welcomes Judge Rehmeier to the PERB and looks forward to working with him.

IMPORTANT CHANGE TO RETIREMENT NEWS!

Beginning with this issue, Retirement News will be distributed to actively employed State and County members by email via their employer.

Like other state agencies, NPERS has experienced a reduction in our base budget of 2% this year and 5% for next year. After examining the costs of newsletter printing and distribution, we found that expenses could be significantly reduced by publishing electronically.

Newsletters for all plans will continue to be posted and maintained on our website: npers.ne.gov. Those without internet access may call NPERS at 402-471-2053 or toll free at 800-245-5712 to request a printed newsletter.

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**Love and Paperwork: A Cautionary Tale**

For as long as he could remember, Karl had always loved hunting, fishing and camping. As a child he dreamed of working as a park ranger and was thrilled when he finally landed his dream job as a Park Superintendent with Nebraska Game and Parks. Although meticulous at his job duties, he wasn’t quite as focused when it came to paperwork. His desk was always cluttered with papers he intended to get to… someday.

One day Karl met Ellen. They began dating and despite a rather rocky relationship, they eventually married. Unfortunately their marriage was never wedded bliss. Arguments ensued over various issues and soon they agreed to file for divorce. Disappointed and distraught, Karl focused on his work and tried to put the past behind him.

A few years later a friend introduced him to Delores. After his failed marriage, Karl was hesitant to begin a new relationship but Delores shared his love of the outdoors and soon he found himself head over heels in love.

*Continued on page 4*

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**Legislative Update**

**Legal Corner** by NPERS Legal Counsel, Joe Schaefer

A number of legislative bills with implications for Nebraska’s Retirement Systems are now before the Second Session of the 101st Legislature. The session is scheduled to end April 14, 2010, and NPERS will update the progress of this legislation in the next “Retirement News.”

**THE LEGISLATION INCLUDES THE FOLLOWING:**

**MULTIPLE PLANS**

**LB 950 — Retirement Committee Priority Bill.** Clarifies in the County, State and School retirement plans that a disability must have occurred while the member was a participant in the plan.

Provisions related to the passage of LB 403 in 2009 (see below) are amended into the County, Judges, State Patrol, School, State and the Deferred Compensation retirement plans. LB 403 prohibits participation by non-citizens or those not lawfully in the United States.

**ALL PLANS**

**LB 140 — Restrictions or prohibits investments with companies having ties to Sudan.** The bill exempts self-directed investments (Defined Contribution and Deferred Compensation accounts) from the provisions of the Act. Bill Introduced.

**LB 958 — LB 958 provides that up to $20,000 of the federal adjusted gross income that comes from retirement benefits would be excluded from state income tax, with the exclusion phased in over a three-year period starting in 2011. Eligible retirement benefits would include Social Security benefits, public pension benefits, military retirement benefits, and other qualified retirement income under the Internal Revenue Code. Taxpayers filing a single return in 2011 would be able to exclude up to $10,000 in retirement income. If both spouses receive qualifying retirement income, the exclusion would be up to $20,000. The exclusion would be phased in over a three-year period, increasing the excluded amount each year until the $20,000 maximum exclusion for single taxpayers is reached in 2013.

**STATE PLAN**

**LB 366 — Increases the member contribution rate from 4.8% to 5.0%.** Employers would continue to contribute an amount equal to 156% of the employee amount.

**COUNTY LAW ENFORCEMENT**

**LB 427 — Creates the “County Law Enforcement Officer Retirement Act”. This bill would create a separate retirement plan for County employees who are “any person employed by a county of the State of Nebraska on a permanent basis as a law enforcement officer”. This plan would be a Defined Contribution design with five year vesting and unspecified contribution rates. This plan would be similar to the State and County Defined Contribution plans. Participants would make their own investment decisions using the same funds as offered in the State and County DC plans. There would be no guaranteed rate of return.

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**Ameritas Voice Response System for Balance Information Only**

Effective July 2010, the Ameritas Voice Response System (VRS) will only be available to members for obtaining your account balance. Very few members are using the VRS for any other purpose. Technology has improved dramatically and most people are using the Ameritas website to make transfers and allocation changes and view account information. To access your retirement account information online, visit [npers.ne.gov](http://npers.ne.gov) and log in to “Online Account Access” by clicking the blue button. You may also make changes to your account by mailing or faxing a change form to NPERS. If you have questions, please call NPERS at 402-471-2053 or toll free at 800-245-5712.
Nebraska Retirement Plan Gets Solid Rating From Pew Center

How well has Nebraska managed our retirement plans for public sector employees? A recent report entitled “The Trillion Dollar Gap” issued by the Pew Center on the States gives Nebraska high marks. The study graded all 50 states on how well they managed their retirement systems and their current funded status. Pew assessed plans using three criteria and awarded each state up to four points. Those who earned four points were considered “solid performers.” Two or three points earned the designation “in need of improvement.” Anything lower was listed as “cause for serious concerns.”

Sixteen states, including Nebraska, received a perfect score of four out of four points and were awarded the title of Solid Performer. The grade of Solid Performer was earned by demonstrating adequate funding, having a manageable unfunded liability, and consistently making actuarially required contributions. Unfortunately, 19 other states were listed as “cause for serious concerns.”

Alarming is the study finds a nationwide collective liability of more than $3.35 trillion for pensions, health care and other retirement benefits promised to public sector employees. To meet this liability, states have accumulated only $2.35 trillion in assets. This has created a shortfall of more than $1 trillion that state and local governments must deal with over the next 30 years.

Why should this matter to Nebraskans? While there may be no direct impact upon our state, it’s important to understand the errors other states have made to ensure we don’t make the same mistakes here. The report identifies three common issues:

1. Failure to adequately fund plans at actuarially recommended levels.
2. Increasing benefits without fully considering long term costs, or how to cover these obligations.
3. Providing subsidized retiree health care without funding it.

In response to the first two issues, the Cash Balance plan design used for Nebraska State and County members minimizes exposure to these risks. In the section titled “States to Watch: Models For Success,” the Pew report states:

“Nebraska’s shift to the cash balance plan stemmed from research that it conducted on its defined contribution approach. In 2000, the state compared the retirement income of its state and county employees in the defined contribution plan with state teachers, who have a defined benefit plan. The results were bleak, showing that employees in the defined contribution plan tended to invest extremely conservatively, amassing dramatically fewer dollars by retirement than the state’s investment team generated for the defined benefit teacher fund. The cash balance approach was established as a compromise, offering employees the higher returns and greater security of a defined benefit plan and the flexibility of a defined contribution plan, while protecting the state from the risks inherent with a defined benefit plan.”

In addition, each year an actuarial study is performed on the State and County Cash Balance plans to ensure adequate funding. Previous studies have revealed surplus funds for most years and dividends relating to those years were issued to plan participants. Nebraska has not yet experienced a significant funding issue with Cash Balance, but when faced with potential funding shortfalls in the School, Judges or State Patrol plans the Unicameral has taken swift action and increased both member and employer contributions to those plans.

As to the third point, part of the shortfall arises when states offer some form of subsidized retiree health coverage. In other states these benefits, along with other non-pension related expenses, account for a $587 billion liability in the coming years, with only $32 billion currently on hand. Nebraska does not offer subsidized retiree health coverage. Subsequently this is not an issue affecting our funded status.

In light of the recent economic downturn, it’s nice to see our Nebraska State and County Cash Balance plans are still on sound financial footing. A common sense approach to managing our benefits and investments has placed us in the top tier of state retirement systems.

To read the full report, visit the Pew Center on the States website or follow this link: http://downloads.pewcenteronthestates.org/The_Trillion_Dollar_Gap_Final.pdf

Our thanks to the Pew Center for permission to reprint content from this report.
They married and lived happily for many years. Then one day, tragedy struck. As Karl was driving home from work, another vehicle crossed the median and collided with his car. He died at the age of 59.

Following Karl’s death, Delores assumed that as his widow she would inherit his retirement account at Nebraska Public Employees Retirement Systems (NPERS). Although the couple’s finances were sound, Delores had recently lost her job and a few years still remained on the mortgage. The money would be needed.

She located Karl’s retirement account statement, which indicated he had an account balance of over $350,000. There was a reference to the npers.ne.gov website. She searched the site, found the State Plan member handbook, and learned that eligible surviving spouses had several options for distribution of a deceased member account.

The next morning Delores notified NPERS of Karl’s death. She was asked to submit a copy of the death certificate and advised that NPERS would notify his beneficiaries by mail. Days, then weeks passed and no mail arrived from NPERS. Delores called again and was informed that Karl’s beneficiary had been notified and the account was closed! To her disbelief and horror she was told, “We are very sorry, but we cannot release the identity of the named beneficiary due to privacy concerns.”

Time stood still. Delores had received nothing. She nearly fainted.

After a few phone calls to friends and family, Delores finally discovered Karl had designated his first wife, Ellen, as his primary beneficiary for his retirement account and had never updated his beneficiary form after the divorce. Even though Delores was listed in his will as his sole beneficiary, the beneficiary form on file at NPERS took precedence over the will. Legally there was no recourse and the death benefit had been issued to Karl’s first wife.

All those years ago when Karl got married for the first time, Ellen had insisted he submit an updated beneficiary form listing her as his primary beneficiary. He had mistakenly assumed that the divorce proceedings would automatically remove Ellen as his beneficiary and never gotten around to submitting an updated form.

NPERS strongly encourages our members to keep your beneficiary information up to date. The above “dramatization” is unfortunately not entirely a work of fiction as situations similar to this have occurred in the past. We recommend updating beneficiary forms any time a member gets married or divorced, a child is born, or an existing beneficiary passes away. Beneficiary forms are available on our website, through your employer, or by request from our office. If you are not 100% sure who you currently have listed, now is an excellent time to complete a new form, make a copy for your records and submit the original to our office.