

# RETIREMENT NEWS

Nebraska Public Employees Retirement Systems

STCO • July 2011

PROVIDING  
INFORMATION TO  
STATE AND COUNTY  
EMPLOYEES

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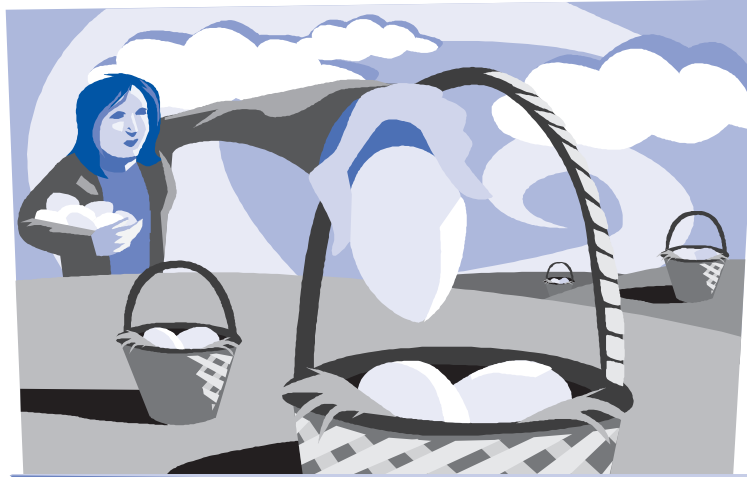
**NPERS**

Nebraska Public Employees  
Retirement Systems

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## DCP Special Features Now You Can Rollover to Roth!



*There are two wonderful features of the voluntary Deferred Compensation Plan (DCP) that we would like to share with our members. While one of these features is brand new, the other has been available for many years.*

### Rollover DCP to a Roth IRA

At the May meeting, the Public Employees Retirement Board (PERB) gave approval to allow terminated DCP participants the ability to rollover funds to a Roth IRA. Previously, members could rollover to a Traditional IRA but not a Roth. The amount rolled into the Roth will be subject to State and Federal income taxes *in the year of the rollover*. Under current law, qualified distributions taken from the Roth account are then *tax free* provided the member is age 59 1/2 or older and the withdrawal is made at least five years after the Roth IRA was established and initially funded. Members will be responsible for filing and paying taxes on the Roth

IRA rollover. NPERS will not withhold taxes on Roth IRA rollovers.

### Defer Accumulated Sick/Vacation Pay

At termination/retirement, some State employees may be eligible for a payout of unused sick and vacation leave. While nice to receive, there can be unwanted tax implications depending on the amount of the payment. These unused leave payments count as income for that year. Depending on the individual's salary, a fairly sizeable payout could push them into a higher tax bracket.

To help manage this tax liability, DCP participants may elect to defer accumulated sick pay and vacation pay and contribute it to their DCP account.

These contributions will not be counted as income or subject to income taxes for the current year. Any funds taken from the account in the future will be subject to State and Federal income tax the year they are distributed to the member. Members can delay distributions up to age 70½ at which point they will be required by law to begin taking taxable disbursements.

To take advantage of this feature, members must have an active DCP account and sign an agreement to defer the payout in the calendar month prior to termination. All contributions are subject to the annual or catch-up limits for DCP. *Plan ahead and contact NPERS several months in advance of retirement for more information.*



Before you leap...

LEARN ABOUT YOUR RETIREMENT PLAN  
& HOW TO PREPARE FOR RETIREMENT.

# FALL 2011 SEMINARS

PRESENTED BY NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

Registration forms for the 2011 State and County seminars are now available on the NPERS website. Each year we offer Financial Management seminars for State and County employees under 50 years of age, and Retirement Planning seminars for members age 50 and over. Plan members who wish to take advantage of early enrollment may do so now by visiting the State and County seminar page on our website. Fill out and print the registration form, then mail to our office with the required payment to reserve your spot in the desired session.

Eligible State and County employees are entitled to receive paid leave to attend up to two Financial Management and two Retirement Planning seminars. Members who fall outside the age restrictions of a specific seminar, or wish to attend more than twice may do so at the \$20 fee, but will not be eligible to receive paid leave time. Non-members may attend for \$30. Members may also bring a guest for an additional \$20.

Financial Management seminars begin this year on September 8, and end November 1. Retirement Planning seminars begin this year on August 31, and end November 16. Registration forms will be mailed to eligible members approximately one month prior to the first seminar.

## REGISTER NOW! SEMINARS MAY FILL UP QUICKLY!

### Age 50 or Over?

#### RETIREMENT PLANNING SEMINARS

The NPERS Retirement Planning Seminars for State and County plan members offer complete information on your retirement plan and how to prepare for your retirement.

Plan to attend a Retirement Planning Seminar on one of the following dates:

|  |  |
|--|--|
| <b>LINCOLN</b>   |  |
| SECC Continuing Education Center<br>301 S. 68th St. Pl.  |  |
| <ul style="list-style-type: none"> <li>■ August 31</li> <li>■ September 7</li> <li>■ September 27</li> <li>■ September 28</li> </ul> | <ul style="list-style-type: none"> <li>■ October 26</li> <li>■ November 15</li> <li>■ November 16</li> </ul> |
| <b>GRAND ISLAND</b>  |  |
| Holiday Inn–Midtown<br>2503 South Locust   |  |
| <ul style="list-style-type: none"> <li>■ September 1</li> <li>■ November 2</li> </ul>  |  |
| <b>VALENTINE</b>   |  |
| Niobrara Lodge<br>803 E. Hwy 20  |  |
| <ul style="list-style-type: none"> <li>■ September 14</li> </ul>   |  |

|  |  |
|--|--|
| <b>OMAHA</b>   |  |
| Educational Service Unit (ESU) #3<br>6949 S. 110th (La Vista)                          |  |
| <ul style="list-style-type: none"> <li>■ September 21</li> <li>■ November 9</li> </ul> |  |
| <b>GERING</b>  |  |
| Gering Civic Center<br>1050 M St   |  |
| <ul style="list-style-type: none"> <li>■ October 5</li> </ul>                          |  |
| <b>NORFOLK</b>   |  |
| NECC Lifelong Learning Center<br>801 E. Benjamin                                       |  |
| <ul style="list-style-type: none"> <li>■ October 12</li> </ul>                         |  |
| <b>NORTH PLATTE</b>  |  |
| Holiday Inn Express<br>300 Holiday Frontage Rd.  |  |
| <ul style="list-style-type: none"> <li>■ October 19</li> </ul>                         |  |

### Under Age 50?

#### FINANCIAL MANAGEMENT SEMINARS

The NPERS Financial Management Seminars for State and County plan members offer an in-depth financial management course, plus basic information on your retirement plan.

Plan to attend a Retirement Planning Seminar on one of the following dates:

|   |  |
|---|--|
| <b>LINCOLN</b>  |  |
| SECC Continuing Education Center<br>301 S. 68th St. Pl.                               |  |
| <ul style="list-style-type: none"> <li>■ September 8</li> <li>■ October 27</li> </ul> |  |
| <b>VALENTINE</b>  |  |
| Niobrara Lodge<br>803 E. Hwy 20   |  |
| <ul style="list-style-type: none"> <li>■ September 15</li> </ul>                      |  |
| <b>OMAHA</b>  |  |
| Educational Service Unit (ESU) #3<br>6949 S. 110th (La Vista)                         |  |
| <ul style="list-style-type: none"> <li>■ September 22</li> </ul>                      |  |

|  |  |
|--|--|
| <b>GERING</b>  |  |
| Gering Civic Center<br>1050 M St                               |  |
| <ul style="list-style-type: none"> <li>■ October 6</li> </ul>  |  |
| <b>NORFOLK</b>   |  |
| NECC Lifelong Learning Center<br>801 E. Benjamin               |  |
| <ul style="list-style-type: none"> <li>■ October 13</li> </ul> |  |
| <b>NORTH PLATTE</b>  |  |
| Holiday Inn Express<br>300 Holiday Frontage Rd.                |  |
| <ul style="list-style-type: none"> <li>■ October 20</li> </ul> |  |
| <b>GRAND ISLAND</b>  |  |
| Holiday Inn–Midtown<br>2503 South Locust                       |  |
| <ul style="list-style-type: none"> <li>■ November 1</li> </ul> |  |

For more information, contact Nebraska Public Employees Retirement Systems (NPERS) at 402-471-2053 or 1-800-245-5712.

Registration forms are currently available on our website: [npers.ne.gov](http://npers.ne.gov).



## ReliaCard Now Available for Retirement Benefit Distributions

The ReliaCard Visa is a prepaid debit card issued by U.S. Bank. It can be used to make purchases everywhere Visa debit cards are accepted.

- Pay bills – using the bill pay feature.
- Make online, phone or mail order purchases.
- Withdraw cash from ATM's, banks or credit unions.
- Receive cash back with purchases.

In the last edition of Retirement News, the new NPERS Electronic Disbursement Policy was announced. Starting July 1, State and County members who elect to purchase an annuity at retirement will have two options of distribution for their monthly benefits: Direct Deposit to their bank account, or the new ReliaCard Visa debit card.

For those who choose the ReliaCard, annuity payments will be automatically “loaded” into the account each month and all purchases will be deducted from the account balance.

Participants can request email or text notifications when funds are posted to their account, or for low balances.

A PIN is required for ATM withdrawals or when requesting cash back with a purchase. Participants will select their own PIN when calling to activate the card. Keep PIN numbers safe and secure. Do not write them on the card and be careful who you share them with. A PIN is not required when making “signature-based” purchases. If a PIN is lost or forgotten, contact the

ReliaCard member services number found on the back of the card.

There are no fees to make purchases, get cash back with purchases, or obtain cash withdrawals from a teller at any bank or credit union. There may be ATM fees assessed when withdrawing funds using a “foreign” (non U.S. Bank) ATM. Accounts are protected by the Visa “Zero Liability Policy” and are FDIC insured. Free account information and customer service is available 24 hours a day via the toll free number on the back of the card or online at [reliacard.com](http://reliacard.com).

## Fees Reduced

Keeping plan expenses to a minimum is an ongoing priority here at the Nebraska Public Employees Retirement Systems (NPERS). In light of this, we are pleased to announce the Public Employees Retirement Board (PERB) approved the reduction of NPERS *administrative fees* for members participating in the County Defined Contribution plan, and individuals participating in the voluntary State Deferred Compensation plan.

For **County Defined Contribution participants**, effective April 25th, the current fee of 5 basis points will be reduced to zero basis points. For a \$10,000 account, this would translate from a \$5 annual fee to no annual administrative fee.

For **State Deferred Compensation participants**, effective April 25th, the current fee of 5 basis points will be reduced to zero basis points. For a \$10,000 account, this would translate from a \$5 annual fee to no annual administrative fee.

Plan expenses are evaluated periodically and fees are subject to adjustment as needed.

## 2011 Legislation

The 102<sup>nd</sup> Legislature, first session, adjourned on May 26, 2011. Out of a total of 272 bills passed this session, only one bill impacting the state and county retirement plan benefits was passed.

### LB509

State and county members who have filed a grievance or appeal of a termination may withdraw a maximum of up to \$25,000 from their employee (member) account pending the final outcome of the grievance. If reinstated, the member must repay the distribution.

This bill also lowers the minimum age from 20 to 18 for permanent part-time state and county employees who choose to participate in the mandatory plans.



# Cash Balance Plans Financially Sound

The 2010 year end actuarial reports for the State and County Cash Balance trust funds were completed and presented to the Public Employees Retirement Board (PERB) at the April board meeting. The actuary found that no additional contributions will be required from the State of Nebraska during the 2012-2013 fiscal year.

*“The Cash Balance plan was designed to perform well in adverse conditions and has weathered the market losses of 2008-2009. The higher investment returns in 2010 helped significantly to stabilize the Cash Balance funding status.”*

—NPERs Director Phyllis Chambers

For the County plan the actuarial funding ratio was 94.5% as of December 31, 2010. For the State plan, the actuarial funded ratio was 93.6%.

While financially sound, neither plan currently demonstrates the surplus needed to issue a dividend to Cash Balance participants. State statute requires the Public Employees Retirement Board (PERB) to use the results of the annual actuarial report to determine if a dividend can be issued. The PERB policy is to maintain a 100% funded ratio before and after any dividend can be considered. Given the current funded status, no Cash Balance dividends will be issued for State and County participants. The full actuarial reports are available on the Publications/Videos page of the NPERs website.

## Cash Balance Rate

The interest credit rate (rate of return) for participants in the Cash Balance plan is defined in statute as the greater of 5%, or the applicable federal mid-term rate plus 1.5%. When the federal mid-term rate falls below 3.5%, participants in Cash Balance are guaranteed to receive a 5% return on their accounts. The interest credit rate is determined each calendar quarter (January, April, July and October) based on the federal mid-term rate published by the Internal Revenue Service as of the first day of that quarter.

For the month of July 2011, the published federal mid-term rate is 2.00%; therefore the rate of return for Cash Balance participants will remain at the guaranteed rate of 5%.

Each quarter NPERs publishes the Cash Balance rates of return on our website. Go to our home page at [npers.ne.gov](http://npers.ne.gov) and look for the “NPERs News” section. Click on the link titled “Cash Balance Rates of Return & Dividends.” This page will display the historical returns for Cash Balance since the plan’s inception in 2003, and list any dividends issued in prior years.



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## Download the NPERs Annual Investment Report!



The new Annual Investment Report for the year ending December 31, 2010, is now available on the NPERs website. This publication contains investment information for the Defined Contribution, Deferred Compensation and State Patrol DROP plans, including descriptions of the 13 investment options, historical performance, and a summary of assets.

Information for Cash Balance plan members is also included and provides a breakdown of the plan asset allocation, the current portfolio managers, and the interest credit rate and dividend history.

Members may view the report on the Publications/Videos page on our website at [npers.ne.gov](http://npers.ne.gov). If you’d prefer to have a printed copy, contact your human resources department, or our office. For additional investment education and assistance, be sure to watch the Investment Education video. This 30 minute video explains the investment fund options and provides basic information on how to make informed investment decisions.

**Visit the NPERs website! [npers.ne.gov](http://npers.ne.gov)**