

# RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS STCO • JANUARY 2013

## Glenn Elwell Resigns; PERB Gains New Member & Appoints New Vice-Chair

Effective October 31, 2012, Sergeant Glenn Elwell has resigned from his position on the Public Employees Retirement Board (PERB). Mr. Elwell was appointed to the PERB in 2005 to serve as a representative of State Patrol Retirement Plan. He was elected as Vice-Chair of the PERB in January, 2008. All of us at NPERS would like to thank Sgt. Elwell for his dedication and years of service to the PERB. We wish him the best with his future endeavors.



Sgt. Elwell was recognized at the October 2012 board meeting for his years of service to the PERB.

Rhonda Lahm was appointed to replace Sgt. Elwell as the State Patrol representative on the PERB. Ms. Lahm has a Bachelor of Science Degree from Nebraska Wesleyan University, and a Master's Degree in Management and Leadership from Doane College. She is a graduate of Northwestern University's School of Police Staff and Command.



NPERS welcomes Rhonda Lahm to the PERB.

She was commissioned as an officer with the Nebraska State Patrol in June of 1983. Her first assignment as an officer was in the Field Services Division in Lexington, Nebraska. While stationed in Lexington, she also worked as a drug investigator and as a Drug Abuse Resistance Education Officer.

In 1993 she was promoted to Sergeant and relocated to Lincoln where she served as a supervisor at the Training Academy and later in the Field Services Division. Ms. Lahm then served as the agency liaison to the Nebraska Unicameral and Governor's Office. In 2001 she was promoted to Captain in the Field Services Division. Her responsibilities included overseeing the Aviation Support and Police Service Dog Divisions of the Nebraska State Patrol. In 2006, she was promoted to the rank of Major of Administrative Services, a position she held until her retirement in August of 2008.

In September 2011 she was rehired as the Records Manager for the State Patrol; a position she currently holds. Ms. Lahm will be serving in a non-voting capacity on the PERB until her confirmation by the Nebraska Legislature.

At the November 19 meeting, Richard Wassinger was elected as the new Vice-Chair of the PERB.

### Cash Balance Election Results

The last day of the Cash Balance election period was October 31, 2012, at which point, a total of 1,635 members of the Defined Contribution plan had elected to convert to Cash Balance. Four hundred fifty-nine of these elections were made via the Ameritas online account access. NPERS received 911 elections by mail, and the remaining 265 were submitted "in-person" to our office.

Once eligibility has been verified, these accounts will be converted to Cash Balance on January 2, 2013, at the end of the market day.

Following the January conversion, members who elected to transfer to Cash Balance should check their accounts for accuracy and report any errors to NPERS by **February 1, 2013**.

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Nebraska Public Employees Retirement Systems

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#### RETIREMENT NEWS

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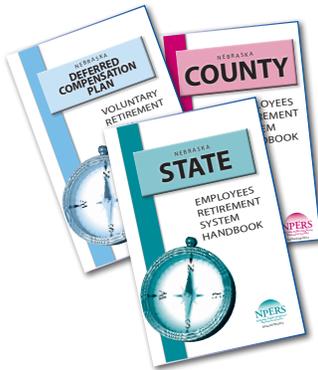
402-471-2053  
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[npers.ne.gov](http://npers.ne.gov)

# Member Handbooks

Do you have an outdated retirement plan handbook? Our Education Services department updates all our member handbooks as needed to reflect retirement plan changes made to Nebraska statutes or our internal rules and regulations. In an ideal world each member would be mailed a new handbook each time a new revision is completed. Unfortunately the printing and mailing costs associated with this would rapidly add up – costs that would be passed on to plan members in the form of higher administrative fees.

In an ongoing effort to keep our costs and fees as low as possible, NPERS provides the current version of our handbooks via the Publications page on our website at [npers.ne.gov](http://npers.ne.gov). The online versions will always represent the most up-to-date revision. Members who do not have access to our website can request a paper copy from their agency HR representative, or contact our office.

## What's in the handbook?



**NPERS Plan Handbooks offer a wealth of information for plan members, including the following topics:**

- Member Benefits
- Beneficiary Designations/ Death Benefits
- Vesting
- Payment Options
- Taxation of Benefits
- Fees
- Reemployment

# 2013 DCP Contribution Limits

2013 maximum contribution limits for voluntary Deferred Compensation Plans (DCP) have been announced by the IRS for section §457, tax sheltered retirement plans.

The standard yearly maximum contribution for 2013 is \$17,500 for members under age 50. The additional contribution amount for members age 50 or older is \$5,500, increasing the total limit to \$23,000. The limit for individuals taking advantage of the Three-Year Catch-up Provision (for members who did not defer the maximum amount in previous years) is \$35,000.

## FORMULA: CONTRIBUTION LIMITS

 EXAMPLE	Normal Limitation Deferral	+	Age 50 Additional Catch-Up	=	Age 50 Max Deferral	OR	3-Year Catch-Up
2013 Formula	\$17,500	+	\$5,500	=	\$23,000	OR	\$35,000

The catch-up is allowed within three years of a member's anticipated retirement, so it cannot be started earlier than age 52. The Age 50 and the Three-Year Catch-Up Provisions may not be implemented simultaneously. Members cannot utilize the Three-Year Catch-Up during the calendar year they elect to retire.

DCP is a tax-sheltered retirement plan somewhat similar to a Traditional IRA. It is a long-term investment plan and not intended as a short-term savings account. All state employees are eligible to participate, as are county employees whose employer doesn't offer a section §457 plan. To learn more about this excellent way to save additional money for retirement, please refer to the DCP plan booklet or the Deferred Compensation page on the NPERS's website.

If you'd like to participate, the DCP Enrollment and Change Forms for State employees are available on the NPERS website under "Forms." These forms should be submitted to your agency payroll or HR rep so they can set up the payroll deduction. Enrollments are effective beginning the pay period following submission of the form. County members should contact their HR department for plan and enrollment information.



## Why Should I Go To a Financial Management Seminar?

- Financial Management Seminars are designed for Nebraska State and County employees **UNDER AGE 50**. Whether you're in your 20s, 30s, or 40s, **IT IS NEVER TOO SOON** to consider where you stand financially and where you want to go later in life.
- This seminar will equip you with valuable financial tools to help you understand and take charge of your finances.

**Take your finances to new heights. Plan to attend a Financial Management Seminar this fall. Visit [npers.ne.gov](http://npers.ne.gov) for details.**

# NPERS Employee and Manager of the Year

*The Nebraska Public Employees Retirement Systems is pleased to announce our recipients for Manager and Employee of the year for 2012. Our Employee of the Year is Ann Hille, and our Manager of the Year is John Winkelman.*

## Ann Hille Employee of the Year



Ann works for the Data Services department and has been with NPERS for over 6 years and was with the Department of Labor for 7 years before then. Her main duty is to scan all documentation that comes into our agency. She also scans all historical documentation from each department in the agency such as reports or documentation from outside sources. This involves preparing the documentation for scanning and then indexing (identifying) the documents in NPRIS. She also audits all documentation coded by the mail area.

In addition, Ann handles converting archived images and documentation into electronic images to input into our computer system for members and employers individual files. She also handles storing or destroying all scanned files according to our

agency's retention schedule. She maintains the scanning equipment and the log of scanned files according to our retention guidelines, and tracks the number of documents scanned.

## John Winkelman Manager of the Year



John is the manager of the Education Services department. He has been with NPERS for nearly 12 years. The Education Services department is responsible for creation of agency publications and conducting the annual retirement and financial planning seminars across the state. In addition, John helps maintain our agency website and creates/edits the NPERS educational videos.

Thanks to Ann and John for their many years of hard work and dedication to our members. Congratulations!

## Investment Allocations

How long does it take when a member makes a change to their investments for the transaction to occur? That depends on the method utilized. The fastest turn-around time is when the change is made using the Ameritas online account access. These changes are automatically processed at the end of the market day.

Investment changes may also be submitted using an approved NPERS form. Requests submitted by paper forms may take up to 3 days to process once received in our office. For the fastest processing, we encourage members to make allocation changes and transfers on the Ameritas website. Members are welcome to make changes using our approved forms, but should be aware of the longer processing timeframe.

Members who have not established an online account with Ameritas will find step-by-step instructions on creating a new account on our website.

## Cash Balance Rate

For the month of January 2013, the published federal mid-term rate is .87%; therefore the rate of return for Cash Balance participants will remain at the guaranteed rate of 5%.

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.

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.

**Visit the NPERS website today!**



- ⇒ Download Forms & Publications
- ⇒ View Informational Videos
- ⇒ Manage Your Account
- ⇒ Estimate Your Retirement Benefit
- ⇒ Access Seminar Information

**[npers.ne.gov](http://npers.ne.gov)**

# 2013 SAVER'S TAX CREDIT

Did you know contributing to the voluntary Deferred Compensation Plan (DCP) may reduce your taxes? **Low and moderate income employees** may be able to significantly reduce their taxes by qualifying for the Federal Saver's Tax Credit. By making *voluntary* contributions to an employer sponsored retirement plan or individual retirement arrangement (IRA), you *may* qualify for a maximum credit of up to \$1,000 per individual (\$2,000 if filing jointly).

This credit only applies for contributions made to voluntary retirement accounts. Eligibility and the amount of the credit are determined by *filing status* and *adjusted gross income* (AGI).

## FILING STATUS/ADJUSTED GROSS INCOME LIMITS FOR 2013

CREDIT RATE	JOINT	HEAD OF HOUSEHOLD	SINGLE
50% of \$2,000	\$0 to \$35,500	\$0 to \$25,625	\$0 to \$17,750
20% of \$2,000	\$35,501 to \$38,500	\$25,625 to \$28,875	\$17,751 to \$19,250
10% of \$2,000	\$38,501 to \$59,000	\$28,876 to \$44,250	\$19,251 to \$29,500

For example, a couple filing a joint return with an AGI of \$35,500 or less is eligible for the 50% rate. If both contributed \$2,000 (or more) to a qualified plan, both would receive the maximum \$1,000 Saver's Credit. If their AGI was a bit higher at \$36,000, they move to the 20% bracket and both would receive a \$400 credit.

Don't confuse tax "credits" with "deductions." A deduction reduces the amount of your taxable income and you pay taxes on the remaining income at a percentage based on the IRS tax brackets. A credit reduces the final amount of taxes you owe dollar for dollar and provides *significantly* better savings. Even better, contributions made to DCP reduce your AGI and may help you qualify for a higher Saver's Tax Credit.

NPERS is unable to advise whether or not the end of year tax negotiations between Congress and the Administration will impact these rates. *At this time*, it is our understanding they will not be affected.

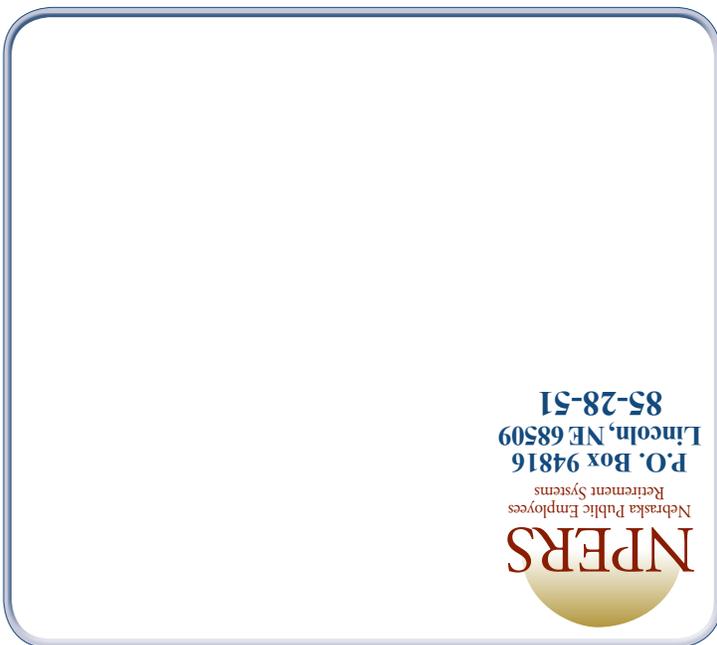
## Hartford DCP Sale

In the July *Retirement News*, we notified members of Hartford's decision to sell its retirement plan business. This sale would affect the roughly 776 State members who still have active accounts for their voluntary Deferred Compensation Plans (DCP) with Hartford. The sale would also impact those Counties who are using Hartford as their private vendor for DCP.

On September 4th, Hartford announced Massachusetts Mutual Life Insurance would be purchasing this line of business. The sale, subject to regulatory approval, is expected to close by the end of 2012.

At the October 22 meeting of the Public Employees Retirement Board (PERB), board members were provided with information regarding the contract and features of the Hartford plan and the impact of the transfer to Mass Mutual. The PERB was also informed there would be no major changes for plan participants. Investment funds will remain the same as well as the guaranteed General Account earnings rate of 4%. As part of the acquisition, Mass Mutual will employ the Hartford DCP call center staff and will continue using the Hartford DCP Customer Service toll free number of **1-800-528-9009** to provide customer service. Quarterly statements will look the same or similar to what members have been receiving.

If you have issues with your account as a result of this transfer, please contact NPERS.



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 FOR NEBRASKA STATE AND COUNTY EMPLOYEES  
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 NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

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