Dividend for County Cash Balance

Each year an actuarial study is conducted to determine the funded status of the State and County Cash Balance plans. The results of the current study were presented to the Public Employees Retirement Board (PERB) at the April 21 meeting. Per the actuary, the County Cash Balance plan had a funded status of 100.3% as of December 31st, 2013, and the State Cash Balance plan had a funded status of 99.2%.

After reviewing the actuarial report, the PERB voted to grant a 0.29% dividend for County Cash Balance plan members at the May 19 board meeting. State Cash Balance plan participants are not eligible for a 2013 dividend.

The dividend will be based upon the member’s Cash Balance account balance as of December 31, 2013. It will be credited to eligible County Cash Balance member accounts by September 1, or as soon as administratively possible. The dividend amount will appear on the following quarterly account statement.

All dividends must conform to the requirements stipulated in state statute and board policy. The plan must be 100% actuarially funded before and after the dividend to be eligible. The State and County Cash Balance actuarial studies are available on the NPERS website.
Dates and locations have been set for the 2014 Financial Management and Retirement Planning seminars. This year’s schedule and the enrollment brochures are available on the NPERS website for individuals who wish to take advantage of early registration.

**FINANCIAL MANAGEMENT PROGRAM**

FOR PLAN MEMBERS UNDER AGE 50

The Financial Management seminar provides a basic overview of both the mandatory and voluntary retirement plans offered to State and County members, and an hour-long presentation from an estate planning attorney. The main focus of this full-day seminar is dedicated to “The Complete Financial Management Workshop,” presented by a licensed financial planner. This segment provides a wealth of information designed to assist individuals in assessing their personal financial situation, set goals, and map out the proper course of action to achieve financial security.

**RETIREMENT PLANNING PROGRAM**

FOR PLAN MEMBERS AGE 50 AND OVER

Retirement Planning seminars are provided for State and County members age 50 and over. These full-day seminars provide participants with comprehensive information regarding their State and County retirement plans and the distribution options available at retirement. In addition, the program includes Medicare, Financial, and Estate Planning presentations.

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. Members may also bring one guest for an additional $20. Pre-registration of members and guests is required.

Financial Management seminars begin August 28, and end on November 20. Retirement Planning seminars begin August 27, and end on November 19. Registration forms will be mailed to eligible members approximately one month prior to the first seminar.
FINANCIAL MANAGEMENT SEMINARS

- Topics include: Keys to financial success, risk management, cash management, tax planning, investing, estate planning, retirement plan overview, Deferred Compensation Plan (DCP).
- Must be under age 50.
- Must be a participant (plan member) in the State or County retirement system.
- Eligible to receive paid leave from State or County employment to attend up to two Financial Management seminars.

LINCOLN
SECC – Cont. Ed. Center
301 S 68th St. Pl.
AUGUST 28 (Th)
NOVEMBER 20 (Th)

SCOTTSBLUFF
Ed. Service Unit #13
4215 Avenue I
SEPTEMBER 18 (Th)

LA VISTA
Ed. Service Unit #3
6949 S 110th St.
SEPTEMBER 25 (Th)

RETIREMENT PLANNING SEMINARS

- Topics include: Retirement Plan information, benefit options, Medicare, financial planning, estate planning, etc.
- Must be age 50 or over.
- Must be a participant (plan member) in the State or County retirement system.
- Eligible to receive paid leave from State or County employment to attend up to two Retirement Planning seminars.

LINCOLN
SECC – Cont. Ed. Center
301 S 68th St. Pl.
AUGUST 27 (W)
SEPTEMBER 3 (W)
OCTOBER 1 (W)
OCTOBER 2 (Th)
OCTOBER 22 (W)
OCTOBER 23 (Th)
NOVEMBER 19 (W)

LA VISTA
Ed. Service Unit #3
6949 S 110th St.
SEPTEMBER 24 (W)
NOVEMBER 13 (Th)

GRAND ISLAND
Boarders Inn & Suites
3333 Ramada Rd.
SEPTEMBER 4 (Th)
NOVEMBER 5 (W)

VALENTINE
Valentine’s Niobrara Lodge
803 E. Hwy 20
SEPTEMBER 11 (Th)

SCOTTSBLUFF
Ed. Service Unit #13
4215 Avenue I
SEPTEMBER 17 (W)

NORFOLK
NECC Lifelong Learning Center
801 E. Benjamin Ave.
OCTOBER 9 (Th)
OCTOBER 16 (Th)

RETIREMENT PLANNING & FINANCIAL MANAGEMENT SEMINARS

- Fee to attend is $20 for a State or County plan member.
- Members may bring one guest for an additional fee of $20 ($40 total for member and guest).
- Non-members must pay a fee of $30 if not accompanied by and attending as the guest of a plan member.
- May attend only one seminar per calendar year.
- State and County seminars are held every fall, between August and November.
- Registration brochures are mailed to eligible plan members in mid-late summer.
- Registration forms are also available for download on the NPERS website: npers.ne.gov.
- Registration forms must be mailed or dropped off at the NPERS office with payment in order to secure a seat in a seminar. NPERS does not accept registrations/reservations made by phone, fax, or email.
- Seminars may fill up quickly. It is recommended to register as soon as possible to ensure a seat in the desired seminar. Registration is required at least one week prior to the seminar date.
- To receive a refund of registration fees or to be able to switch to a different seminar date, plan members must notify NPERS of any cancellations or changes at least THREE business days prior to the seminar date. (ABSOLUTELY NO EXCEPTIONS—Even in the event of unforeseen circumstances.) Please consider this before selecting a seminar date.
- There must be a minimum of fifteen registrants in order for a seminar to take place. If you are registering for a seminar in a less densely populated region of the state, consider encouraging fellow eligible members to register as well.
Save On That

The April 2012 Retirement News contained an article titled, “Where Did Your Money Go?” That article reviewed the three main sources of fixed debt—mortgages, car loans, and school loans—and how to calculate a “Debt to Income” ratio (DTI). This companion article will examine car payments and provide tips on how to navigate the process of purchasing an automobile.

Don’t Spend Too Much

Everyone loves a shiny new car, but unlike a house or higher education, they should not be considered an investment. The vast majority of vehicles will decrease in value over their lifetime. Unfortunately, we often spend more than we should on them, thereby reducing funds that could have been allocated to down payments for a home or saving for retirement.

Many auto industry “experts” recommend car payments consume no more than 20% of monthly income. This is too much to allocate on an asset that will depreciate in value. Another rule of thumb is to limit the total purchase price to one-third or less of your annual gross income. An individual making $30,000 a year (pre-tax) should spend no more than $10,000.

Set your budget and stick with it! Once you are on the lot you may be tempted by that nicer vehicle that is just a bit out of your range. Don’t be lured into long term financing that would lower your monthly payment. Depending on the financing, one extra year of payments can add thousands to the overall cost of the vehicle. In addition, when finally paid in full it will be one year older with a lower resale value. Focus on the overall price of the vehicle, not the monthly payment.

Patience is a Virtue

Never make an “impulse” purchase. Individuals who wander onto a car lot, look at the inventory, test drive one or two cars, and then “sign on the dotted line” are running the risk of buying the wrong vehicle—at the wrong price.

Do your research prior to kicking tires. After you have calculated the maximum amount you can spend, then determine the features you need. Consider seating, fuel economy, and operating costs including insurance and yearly taxes. Avoid the temptation to purchase a vehicle based on emotional, rather than real world needs.

Once you have a price range and a good understanding of your requirements, now you can begin the process of researching makes and models. Try to narrow your search to vehicles that meet these needs. There are many online sources of automotive information that can assist with this process providing reviews and pricing. Make sure you are knowledgeable of the make/model/year of the vehicles you have selected and the fair market prices for your area of the country.

New or Used?

There is no denying the joy of ordering and owning a brand new car. A vehicle custom built for you with no potential history of poor maintenance or abuse is a beautiful thing. You might find a dealer offering rebates and financing that will drop the price of a new car into your budget. The downside is most new cars will depreciate significantly in the first two or three years of ownership. Buying a three or four year old vehicle will generally save you as much as 30% to 40% and allow you to purchase a make or model that would otherwise be outside your price range.

Most manufacturers have made improvements in design and build quality in recent years and newer model used cars generally last longer and have fewer maintenance issues. The problem with buying a pre-owned vehicle is the potential for ending up owning someone else’s “lemon.” There are steps you can take to reduce this risk.

Test drive and inspect.

During daylight, inspect the vehicle making sure to note any damage to the body, tire wear, and cleanliness of the engine compartment. Make sure all electrical devices function correctly including the wipers, radio, door locks, power windows, etc. During the test drive, turn off the radio and listen carefully for noises that may indicate mechanical issues. Does the vehicle start promptly and accelerate and stop smoothly? Is the seat comfortable? Does the air conditioner and heater work properly? Create a checklist prior to the inspection. If you need help, there are online resources that can recommend a list of items to review. Lastly, always have a final inspection done by your mechanic. If the seller refuses to allow this—then walk away.

Ensure the vehicle has a clean title.

There are multiple firms that can research the history of a used vehicle by its VIN number. Look for a history of prior accidents or other damage. Make sure the mileage reported in the past makes sense for the current odometer reading. If the car has a salvage title, it’s best to walk away. You may get a lower price, but you will also have a lower resale value when the time comes to sell or trade-in.
Is there “life” left in the original warranty?

Most manufacturers limit basic warranty coverage to three years or 36,000 miles. A few may offer up to four or five years with higher mileage limits, and many will extend the coverage for the powertrain up to five or six years and 100,000 miles. A vehicle with remaining coverage is worth more, but make sure the warranty will transfer if you purchase the vehicle.

Buy a certified pre-owned vehicle.

Many dealers now offer factory certified pre-owned vehicles. While slightly higher in price, these cars have been inspected and repaired as needed by the dealer and are sold with a new warranty. When buying a certified vehicle, make sure the manufacturer—not the local dealer—stands behind the certification and warranty. A factory certified warranty will be honored at other dealerships nationwide. Be sure to carefully read the warranty and review the certification checklist to ensure you understand what is covered and all major components of the vehicle were inspected.

Financing Matters

Get a pre-approved loan in advance. This opens up the ability to purchase from a private party and allows you to shop around for the best rates. Credit unions generally provide the lowest rates and a motivated dealer may offer an even lower rate.

Shop Around

Once you’ve narrowed down your desired vehicle options, it’s time to start searching. Online websites such as AutoTrader or Cars.com allow you to peruse inventory and pricing for both local car lots/dealers and private sellers. Check the want ads in the local newspaper. Many areas of the country have third-party publications at the front of local stores with used car listings. Once you have identified all the potential purchase options/prices available, it’s finally time to grab your inspection checklist and go shopping.

Negotiate!

You have finally found the vehicle(s) that meets your needs and now it’s time to buy. Before starting the negotiations, be sure to mention you are aware of the book value of the car and indicate you are checking out multiple vehicles. Never lead the seller to believe this is your “dream” car.

Now it’s time to make your offer. You can start with an initial “low” offer and then begin the back and forth “haggle” or simply state the price you are willing to pay based on your research and stipulate that is your one and only offer. If negotiations are stalling, politely thank them for their time and walk away.

Final Thoughts/Tips

If you have a current vehicle it may be best to sell it yourself. In many circumstances you can get more from a private buyer than the trade-in amount offered by a dealer. If you prefer to trade-in your old car, first establish the purchase price for your new vehicle before discussing the trade-in. Make sure you have a solid idea of the value of your trade-in and be prepared to refuse to sell if you aren’t getting a reasonable offer.

It’s been said the best time to buy a new car is in late December when dealers are trying to reduce inventory. As for used, many recommend waiting until the end of the month. Salesmen may be trying to make quota and a used car that has been on the lot for more than 60 days is a deal waiting to happen. Shop during “low traffic” times when there are few other shoppers on the lot. Avoid weekend afternoons.

Watch out for additional “add-ons” increasing the price. Dealers may try to add items like rust-proofing, paint sealant, extended warranties, or “prepping” to inflate the negotiated price. Again, stick to your negotiated price and walk away if necessary.

Understand the contents of the sales contract. If there is any part of the paperwork you do not understand or if the numbers are not adding up, then be sure you resolve this before signing.

Remember, this is a major purchase. Don’t rush the process. It may take time to find the right car at the right price.
2014 STATE & COUNTY LEGISLATION

The 103rd Legislature, second session, ended April 17. During this session, only one bill affecting the State, County, and Deferred Compensation retirement plans was passed.

**LB 759**
State/County Defined Contribution & Deferred Compensation

Removes the requirement the Stable Value fund be invested only in guaranteed investment contracts and allows the inclusion of investment options that will provide “capital preservation and consistent, steady returns.” This change in statute provides the Investment Council greater flexibility when selecting appropriate investment options for the Stable Value fund.

This language was originally proposed in LB 918 and subsequently amended into LB 759.

New Parking Spaces Make It Easier to Visit NPERS

We are pleased to announce the addition of nine new parking spaces at our 1526 K Street location. The city of Lincoln has added six new 2-hour metered spaces on 16th street along the east side of our building. In addition, three new spaces including one handicapped space have been added to the south side of the building on K Street. To further aid handicapped access, a new ramp has also been installed on the south side of the building.