

RETIREMENT NEWS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS STCO • APRIL 2015

Beneficiary Blunders

Dos and Don'ts for Filling Out Your Beneficiary Designation Form

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NPERS
Nebraska Public Employees Retirement Systems

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In the last edition of *Retirement News* we reported on the NPERS Data Services Beneficiary Project. Our members have been responding and submitting updated beneficiary forms to our office. Unfortunately, we sometimes receive forms that are incomplete or submitted with errors. When this happens, we need to contact the member and ask them to resubmit a corrected form. Here are the most common mistakes and tips on how to properly complete the beneficiary form.

⊗ "Plan Type" not indicated.

NPERS administers six different retirement plans – School, State, County, Judges, Patrol, and Deferred Compensation (DCP). Members should indicate the appropriate plan

using the vertical column of boxes found in the upper right corner of the beneficiary form.

Plan Type (check all that apply)	
<input type="checkbox"/>	School
<input type="checkbox"/>	State
<input type="checkbox"/>	County
<input type="checkbox"/>	Judges
<input type="checkbox"/>	Patrol
<input type="checkbox"/>	DCP

Select correct plan type (upper right corner).



TIP!
State plan members also participating in the voluntary DCP can designate the same beneficiaries for DCP and their mandatory plan by checking both the "State" and "DCP" boxes. State plan members who wish to name different beneficiaries can do so by filling out and submitting separate forms for each plan.

⊗ Improper signature or notarization.

A valid form must be notarized with the member and notary signatures (in ink) at the bottom of the page. The notary must complete the notary section in full and stamp the form in the space provided for their seal.



TIP!
Check your form to ensure the notary section has both your and the notary signatures, the state and county name, and the notary seal/stamp in place. Do not sign your form until in the presence of the notary. The date for both the notary and member signatures must match.

⊗ Improper submission of supplemental form/pages.

Members with several beneficiaries may need to use the supplemental form. Be sure to complete the first page and THEN complete the supplemental form(s) to add additional beneficiaries as needed.



TIP!
Check to make sure all pages are mailed. Be sure to sign each supplemental form and complete the page number fields at the bottom right corner of every page.

Page number field (bottom right corner of form).

⊗ No beneficiary SSN.

NPERS must have a Social Security Number (SSN) in order to pay benefits to a beneficiary. The SSN ensures benefits are paid properly and in a timely manner.



TIP!
List the SSN for each primary and contingent beneficiary.

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2014: A Record Year for NPERS!

2014 has been a record year here at the Nebraska Public Employees Retirement Systems! Membership in the six retirement plans we administer has grown to a record high of approximately 121,920 members with combined assets over \$12.6 billion. During the 2014 calendar year, over \$650 million in benefits was distributed by NPERS to plan members!

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PERB News

At the January 20 meeting, the Nebraska Public Employees Retirement Board (PERB) re-elected Denis Blank to serve as Chair, Richard Wassinger as Vice-Chair, and Phyllis Chambers as Secretary for the 2015 calendar year. Mr. Blank was appointed to the PERB in 2001 as a State Plan representative, and prior to his retirement was the Chief Administrator at the Nebraska Department of Agriculture. Mr. Wassinger was initially appointed to the PERB in 2006 as the County Plan representative and has served as the Cass County Treasurer since August 1, 1983.

PERB member Randall Rehmeier has been appointed by Governor Ricketts to the Nebraska Board of Parole and has subsequently announced his resignation from the PERB. Originally appointed in 2010, Judge Rehmeier served in many capacities on the PERB including Chairman of the Assumed Rate Committee. A replacement Judges plan member has not yet been appointed.



Randall Rehmeier

On January 1st, 2015, the terms of board members Stuart Simpson, Denis Blank, and Dennis Leonard expired. Stuart Simpson has opted to not seek nomination to another

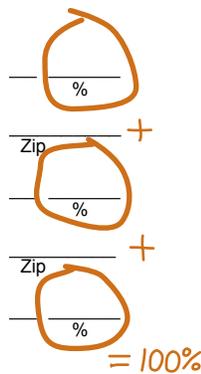


Stuart Simpson

term. Mr. Simpson is the district business manager for North Platte Public Schools and joined the PERB in 2012. A replacement school plan member has not yet been appointed. Denis Blank and Dennis Leonard will continue to serve on the PERB until they are reappointed, or new members are appointed by Governor Ricketts.

NPERS would like to thank Stuart Simpson and Judge Rehmeier for their years of service to the board. We wish them well in their future endeavors.

Beneficiary Blunders (cont'd from p. 1)



Enter percentage to allocate for each beneficiary (right side of form). Total must equal 100%

⊗ Improper percentages listed for beneficiaries.

A form with multiple beneficiaries should total 100% for BOTH the Primary and Contingent sections. Members may designate percentages allocated to each beneficiary using the percentage field found on the right side of the form.



TIP!
The allocation for both the primary section and the contingent section must EACH total 100%. A beneficiary form that totals 50% for the primary and 50% for the contingent section has NOT been properly completed (see bullet points on completing the form).

⊗ Original form not submitted.

NPERS must have the original, notarized form, *not a copy*.



TIP!
It's a great idea to make a copy of the form for your records, but be sure to mail the original to our office.

Points to remember when completing the Beneficiary Designation Form:

- ✔ You may name the primary and contingent beneficiary(ies).
- ✔ You may name a person or a trust. Please include the full name and date of the trust, along with the name of the trustee and their contact information.
- ✔ Benefits will go to your named, primary beneficiary(ies) in equal amounts unless you assign specific percentages.
- ✔ If you designate multiple primary beneficiaries and one or more of them predecease you, your benefits will be divided among the remaining primary beneficiaries.
- ✔ NPERS does not observe the passing of benefits to the heir(s) of deceased beneficiary(ies) per stirpes.
- ✔ Only when all your named, primary beneficiary(ies) have predeceased you, will benefits go to your contingent beneficiaries.

Changes to Administrative Fees

At the January 20 meeting, the Public Employees Retirement Board approved three changes to NPERS' administrative fees. Effective January 25, administrative fees for *County Defined Contribution* participants will decrease from 6.0 basis points to 5.5 basis points. Participants in *State Defined Contribution* will see a reduction of the administrative fee from 3.0 to 1.5 basis points. Individuals participating in the voluntary *Deferred Compensation* plan will see the fee increase from 3.5 to 5.5 basis points.

One basis point is equivalent to 0.01% or 0.0001 in decimal form. For a \$10,000 account, 5.5 basis points would result in a \$5.50 annual fee. A breakdown of the administrative fees may be found in the "Fee Detail" section on member statements.

This fee is charged to cover a portion of NPERS operating expenses. NPERS strives to keep these fees reasonable and affordable. Plan expenses are evaluated periodically and fees are subject to adjustment as needed. By law, these fees may only be used to pay for the expenses incurred in the plan from which the fees were collected.

2015

LEGISLATION

The 104th Legislature, first session, convened on January 7, 2015 for a 90-day session that will end on June 5. During the first ten days allotted for introducing new legislation, the following new bills that might impact the State, County, and Deferred Compensation retirement plans were introduced.

Provisions may be amended during the legislative session, and not all bills will advance out of committee or be passed by the legislature. Please refer to the Legislation page of the NPERs website for updates and progress as the session continues. The results of the 2015 session will be reported in the July newsletter.

LB 40 **County, Judges, School, Patrol, & State Plans**

LB 40 was introduced at the request of the Nebraska Public Employees Retirement System. It grants the Public Employees Retirement Board the authority to investigate irregularities in retirement benefit payments.

The PERB shall have the power to compel the attendance of witnesses and the production of books, papers, records, and documents; and issue subpoenas. Such subpoenas shall be served in the same manner and have the same effect as subpoenas from district courts.

LB 41 **County Plan**

LB 41 would increase the population cap designated for participation in the Nebraska County Retirement Plan from 200,000 to 250,000.

LB 236 **All Plans**

LB 236 would provide for attachment or garnishment of retirement benefits when a plan member is convicted of or pleads no contest to a felony or misdemeanor and is subsequently found liable for civil damages. The bill would exempt from garnishment any benefit or annuity payments "reasonably necessary for the support of the member or any of his or her beneficiaries." The legislation would apply to persons convicted and found liable for civil damages prior to, on, or after the effective date of this act. If the conviction is reversed, all benefits paid as civil damages would be forfeited and returned to the member.

LB 484 **County Plan**

LB 484 would increase the current 4.5% member contribution rate to 6.75% for counties with a population over 100,000. The current employer contribution rate would remain at 6.75%. If

passed, the proposed change would only affect Sarpy County members at this time. Provisions in the bill would apply to both current and incoming Sarpy County plan members.

LB 551 **Local Governmental Employees Plan**

LB 551 proposes creating a new Cash Balance retirement plan for individuals who are employed by local governmental entities. Individuals already participating in existing local governmental plans would be given a one-time option to "opt in" and transfer their accounts. Vesting credit would be granted for service accrued under the prior plan.

Contribution rates and account rates of return are not yet designated. An unspecified additional supplemental contribution would be required for police officers and firefighters employed by cities with populations of more than 5,000 up to 100,000.

Vesting would occur after three years of plan participation or working for a participating employer up to age 55. Newly enrolled members would be able to apply for vesting credit for participation in another Nebraska governmental plan.

Distribution options at retirement or termination would include an annuity, lump sum, or rollover.

The bill would also add a new member representing the plan to the Public Employees Retirement Board.

LB 594 **County Plan (Law Enforcement)**

Under current legislation, counties with specified populations are required to create a supplemental retirement plan for commissioned law enforcement personnel. For populations in excess of 85,000, both the member and the county are required to contribute an additional 2% of salary to these accounts. For populations of 85,000 or less,

the required member and employer contribution rate is 1%. LB 594 would insert the language "at least" in front of the named contribution rate thereby allowing the employees and employer to contribute an amount higher than the current percentage.

LB 655 **Firefighters Plan**

LB 655 proposes to create a new "Cities of the First Class Firefighters Cash Balance" retirement plan for firefighters employed by cities with populations of more than 5,000 up to 100,000. The bill would offer employees already participating in the Cities of the First Class Defined Benefit plan a one-time opportunity to keep their current retirement plan or join the Cash Balance plan.

Participants would contribute 6.5% of compensation with a 200% employer match. Accounts would receive a rate of return based on the Federal Mid-term rate plus 1.5%, or a minimum of 5%, whichever is greater.

Vesting time frames are incremental. Members with less than four years of plan participation are not vested. Starting at four years of plan participation, members will be vested at 40% of the employer match. At five years, 60% vested. At 6 years, 80% vested. At 7 years, fully vested. Newly enrolled members would be able to apply for vesting credit for participation in another Nebraska governmental plan.

Distribution options at retirement or termination would include an annuity, lump sum, or rollover. The bill would also add a new member representing the plan to the Public Employees Retirement Board.

The bill contains an emergency clause and would take effect when passed and approved according to law.

Here are a few highlights of our 2014 accomplishments. More details of our 2014 accomplishments can be found in the 2015 Annual Legislative Report available on the Publications page of the NPERS website.

NPERS Call Center

- Answered **41,220** incoming calls.
- Provided retirement information and counseling for over **2,390** members who visited our office in person.

Data Services

- Processed **37,052** pieces of incoming mail and **253,103** pieces of outgoing mail.
- Scanned **306,872** documents.
- Processed approximately **30,000** beneficiary forms,

8,451 changes of information, **3,128** tax withholding forms, and **3,151** changes to direct deposits.

State & County Benefits

- Processed **813** distributions totaling over **28 million** in annuity retirements, lump sum distributions, systematic withdrawals, rollovers, and other distributions for Nebraska County plan members.
- Processed **2,069** distributions totaling over **121 million** in

annuity retirements, lump sum distributions, systematic withdrawals, rollovers, and other distributions for Nebraska State plan members.

- Processed **393** distributions totaling over **12 million** to Deferred Compensation Plan members.

Education Services

- Conducted **15** Retirement Planning and **4** Financial Management seminars across the state, speaking to over

700 State and County plan members.

- Issued **8** member newsletters, including *Retirement News* and *Retiree Update*.
- Published the *2014 Annual Report to the Legislature* and the *NPERS Annual Investment Report* for the plan year ending December 31, 2013.

Auditing

- Performed **40** county employer audits.

Defined Contribution Annuity Rate Change

Effective January 1st, the annuity interest rate for **Defined Contribution** members has been updated from the 2014 rate of 4.10% to the 2015 rate of 3.64%. Per Nebraska statutes, this rate is determined using the January Pension Benefit Guaranty Corporate rate (which was 2.89%) plus 0.75%. The annuity rate for **Cash Balance** members remains unchanged at 7.75%.

Updated Quarterly Statements & Website

Ameritas, our plan recordkeeper, has recently updated the State, County, and Deferred Compensation plan account statements, along with the online account access. These redesigns incorporate a new look and added enhancements, along with the same familiar features found prior to the update. As always, members with questions regarding their statements can contact our office.



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QUARTERLY CASH BALANCE RATE

For the quarter beginning April 1, 2015, the rate of return for Cash Balance participants is 5%.

The current and historical Cash Balance rates of return are available via the "Cash Balance Rates of Return & Dividends" link on our website.

FOR NEBRASKA STATE AND COUNTY EMPLOYEES

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NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS STCO • JANUARY 2015

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