

Retiree Update

Providing Information to Retirees of the Judges, State Patrol and School Plans

Nebraska Retirement Systems

December 2003

Review Your Tax Withholding

Once each year federal law requires the Nebraska Public Employees Retirement Systems (NPERS) to remind you, as a benefit recipient, of your ongoing right to start, stop or change the tax withholding from your retirement benefit.

You are not required to have income tax withheld from your monthly benefit. However, if your estimated tax payments or withholding amounts fall short of your tax liability, the Internal Revenue Service may assess interest or penalty charges. **No action is necessary if your present tax authorization still fits your needs.**

If you want to make a change, complete the "request form" below to obtain withholding forms and instructions from NPERS. If you have questions, please call **402-471-2053** or toll-free **800-245-5712**.

2004 Benefit Payment Schedule

If you have your monthly payment deposited directly with your bank, the following is a month by month schedule of the date payment will be made to the bank in the year 2004:

January 30	July 30
February 27	August 31
March 31	September 30
April 29	October 29
May 28	November 30
June 30	December 31

For those of you who receive your check by mail, your payment will be mailed by the payment date.



Are You Moving?

If your address changes, please notify NPERS as soon as possible so your benefit information can reach you quickly.

Why Stress? – Direct Deposit!



Did you know that along with distress (the bad kind of stress), there is also a good kind called "eustress" (you stress)? "Eu" means "good" in Greek, and the term defines what happens to the body when it feels mirthful (or the opposite of distress). Like the joyful stress you feel when a son or daughter marries, or your first grandchild arrives.

Recently, many of you encountered a little "distress" when your retirement benefit check did not arrive through the mail on time. The checks are scheduled to be mailed by a payment date. While this normally happens, there are *occasional* problems in processing the checks which can result in a day or more delay. While a delay may not be a problem for all members, it can create a definite hardship for those with automatic draws on their bank accounts or that have bills due early the next month.

Here's a way to make sure that at least once a month you suffer "eustress" (the good kind!) where your finances are concerned. Sign up for direct deposit to avoid distress caused by late mail, bad weather, a drive to the bank, holidays, vacations, construction or whatever other stressor you can think of, including theft and loss of your check. We're sure once you try it you won't ever go back. It's a free service of NPERS.

Use the attached "Request Form" to request a Direct Deposit Agreement or contact NPERS for details. □

We have a new web site!

For up-to-date retirement information, log on to:

www.npers.ne.gov



Address Change/Request Form

To notify NPERS of a change of address OR to request a form, you may call or use the form below. **(Please print)**



Check here if this is a change of address. Your signature is required for a change of address.

Signature _____

Account Number (shown on address label) _____

Social Security Number _____

Name _____

Address _____

City, State, Zip _____

If you need additional information, please check the appropriate box(es) below:

- Federal Tax Withholding Form W-4P
- Nebraska State Tax Withholding Form
- Direct Deposit Agreement
- Beneficiary Designation Form
- Other _____

1099-R Tax Statements Coming Soon

Watch your mail in mid to late January for an envelope marked **Important Tax Return Document Enclosed**, which will include benefit information to be filed with your 2003 income tax returns. Each box on the 1099-R is defined on the back of the form. Make sure NPERS has your current address so you receive your 1099-R in a timely fashion.

Questions about individual tax liability should be directed to your accountant, the Internal Revenue Service or your state Department of Revenue.

The following is a brief explanation of your 1099-R form:

- Box 1 shows everything we paid to you in 2003.
- Box 2a is the amount that is taxable to you.
- Box 4 is the amount that was withheld for federal taxes.
- Box 5 is the amount that is not taxable.
- Box 10 is the amount that was withheld for state taxes.

Form 1099-R		Department of the Treasury - Internal Revenue Service	OMB No. 1545-0119	2003
CORRECTED (if checked)				
1 Gross distribution	2a Taxable amount	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.		
2b Taxable amount not determined	Total distribution			
PAYER'S name, street address, city, state, and ZIP code				
PAYER'S Federal identification number		RECIPIENT'S identification number		
3 Capital gain (included in box 2a)	4 Federal income tax withheld	5 Employee contributions or insurance premiums		
6 Net unrealized appreciation in employer's securities	7 Distribution code(s)	IRA/SEP/SIMPLE	8 Other	%
9a Your percentage of total distribution	9b Total employee contributions			
RECIPIENT'S name and street address (incl. apt. no.), city, state and ZIP code				
Account number (optional)		10 State tax withheld		
11 State/Payer's state no.		12 State distribution		
13 Local tax withheld	14 Name of locality	15 Local distribution		
16-0331690 Report this income on your Federal tax return. If this form shows Federal income tax withheld in Box 4, attach this copy to your return. This information is being furnished to the Internal Revenue Service.				

COLA Set at 2.1%

Did you notice a cost of living adjustment (COLA) in your benefit check this year? Retirees of the **School, Judges and State Patrol Plans** who have received benefits at least one full fiscal year (July 1-June 30) are granted a COLA increase. This increase is based on the consumer price index (CPI) and capped at a maximum percentage. By law, the COLA percentage is either capped at 2.5%, or the increase in the CPI, whichever is less. Late last July the U. S. Department of Labor revealed a CPI of 179.6 for the year ending June 30, 2002, compared to the prior year's CPI of 175.9. As a result, the majority of School, Judges and State Patrol retirees saw a 2.1% increase in their July benefits, an amount more than the prior year's COLA of .74%.

By law, a minimum or "floor" is set to a retiree's purchasing power. For the **School and Judges Plans**, the floor is 75% of the purchasing power of the initial benefit. For the **State Patrol Plan**, the floor is 60% of the initial benefit. If your retirement benefit would erode to an amount below the minimum floor purchasing power, your benefit adjustment would reflect the amount necessary to return to the minimum purchasing power.

NPERS issued correspondence to all affected retirees at the end of July 2003. If you were eligible for the COLA increase, this letter explained the type of COLA and actual dollar amount of your increase. If you have questions about the COLA, please contact NPERS. ☐

Happy New Year!



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