

Retiree UPDATE

JANUARY 2012

Nebraska Public Employees Retirement Systems

PROVIDING INFORMATION TO RETIREES OF NEBRASKA'S SCHOOL, JUDGES, AND STATE PATROL RETIREMENT PLANS

A Reminder About Annuity Tax Withholding

Each year NPERS is required to notify retirees of your right to change, start or stop federal tax withholding from your monthly retirement benefit. You can do so at any time by filing a new Withholding Certificate for Annuity Payments. This form may be obtained from the "Forms" section of the NPERS website at npers.ne.gov or by calling our office at the numbers below.

You are not required to have federal income tax withheld from your monthly benefit; however, the Internal Revenue Service (IRS) may assess interest or penalty charges if your estimated tax payments or withholding amounts fall short of your tax liability.

If you are a Nebraska resident and you choose to have federal income tax withheld from your benefits, NPERS is required to withhold Nebraska taxes using the allowances and marital status you claimed for federal withholding. You may also elect additional amounts of withholding over and above the marital status and allowances you elected on your federal and/or state withholding; these amounts are not required to match. If you choose *not* to have federal tax withheld from your retirement benefit payment, you are not required to have Nebraska state income tax withheld. If you are *not* a Nebraska resident, NPERS is **not** required to withhold Nebraska taxes from your benefit payment.

No action is necessary if your present tax authorization for your monthly retirement benefit still fits your needs. If you have questions, please contact NPERS at 800-245-5712 or 402-471-2053. For tax *advice*, you should contact a tax professional about your individual situation.



Are you still receiving your monthly benefit checks in the mail? The US Postal Service has recently announced service changes that appear destined to increase delivery times and may delay receipt of your benefit check. Now might be a good time to consider taking advantage of the electronic delivery methods offered by NPERS – Direct Deposit or the new ReliaCard Visa debit card.

Direct Deposit will electronically transfer each monthly benefit directly into your checking or savings account. Direct Deposit of funds can be made to any financial institution in the United States and ensures speedy and secure receipt of retirement benefits.

The ReliaCard Visa is a prepaid debit card issued by U.S. Bank. Monthly benefits are automatically deposited into your account and the funds used to make purchases everywhere Visa debit cards are accepted.

You can also:

- Pay bills using the Bill Pay feature.
- Withdraw cash from ATMs, banks, or credit unions.
- Make online, phone or mail-order purchases.
- Receive cash back with purchases.

A PIN is required for ATM withdrawals using the ReliaCard or when requesting cash back with a purchase. Participants will select their own PIN when calling to activate the card. Card holders may go online to view account balances, account activity, or change their PIN. If a PIN is lost or forgotten, members should call the ReliaCard member services number found on the back of the card.

If you're not already taking advantage of Direct Deposit or ReliaCard, we encourage taking another look at these two options. Enrollment forms are available on our website (npers.ne.gov) or members may request one by calling our office.

2012 BENEFIT PAYMENT SCHEDULE

JANUARY 31
FEBRUARY 29
MARCH 30
APRIL 30
MAY 31
JUNE 29

JULY 31
AUGUST 31
SEPTEMBER 28
OCTOBER 31
NOVEMBER 30
DECEMBER 31

NOTE

If you use Direct Deposit and change banks or bank accounts after the 7th of any month, your payment may be delayed.



Address Change/Request Form

Please use this form to notify NPERS of any change to your address **OR** to request an NPERS form.

Social Security # - -

Retirement Number (If known)

Check here if this is a change of address.

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

- Withholding Certificate for Pension or Annuity Payments Form
- Direct Deposit Agreement Form
- Beneficiary Designation Form
- Other _____

Name _____

Address _____

City _____ State _____ Zip _____

Signature (A SIGNATURE IS REQUIRED FOR AN ADDRESS CHANGE.) _____

Understanding Your 1099-R

VOID CORRECTED

BOX 1

Box 1 shows everything NPERS paid to you in 2010.

BOX 2a

This is the amount that is taxable to you.

BOX 4

This is the amount that was withheld for federal taxes.

BOX 5

This is the amount that is not taxable.

BOX 12

This is the amount that was withheld for state taxes.

PAYER'S name, street address, city, state, and ZIP code		1 Gross distribution \$ 1	OMB No. 1545-0119 2011		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$ 2a	Form 1099-R		
PAYER'S federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$ 4	Copy 1 For State, City, or Local Tax Department	
RECIPIENT'S name		5 Employee contributions / Designated Roth contributions or insurance premiums \$ 5	6 Net unrealized appreciation in employer's securities \$		
Street address (including apt. no.)		7 Distribution code(s)	8 Other \$ %		
City, state, and ZIP code		9a Your percentage of total distribution %	9b Total employee contributions \$		
10 Amount allocable to IRR within 5 years \$	11 1st year of desig. Roth contrib.	12 State tax withheld \$ 12	13 State/Payer's state no.	14 State distribution \$	
Account number (see instructions)		15 Local tax withheld \$	16 Name of locality	17 Local distribution \$	

Form **1099-R**

Department of the Treasury - Internal Revenue Service

NOTE:

Box 1

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Box 2a

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Box 5

Watch Your Mail for Form 1099-R

NPERS will mail your IRS Form 1099-R tax statement by the end of January 2012. **Be sure NPERS has your current address** so you receive your 1099-R in a timely fashion.

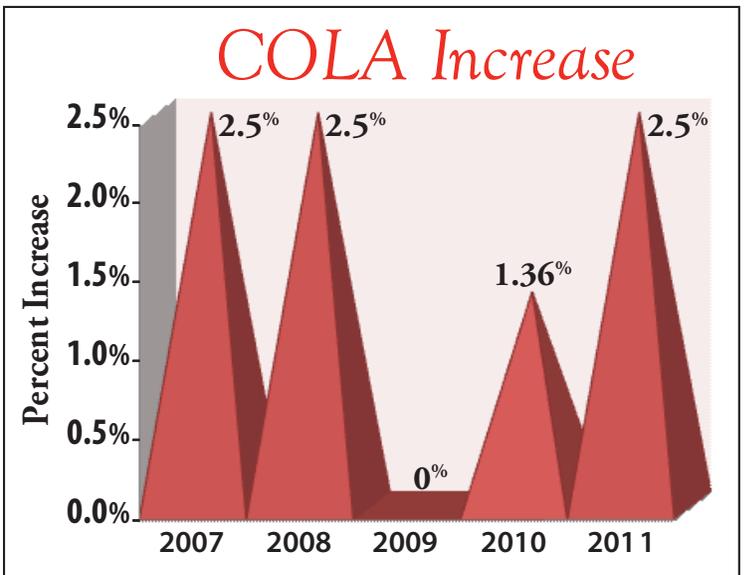
The information on Form 1099-R should be used to file your 2011 federal and state tax returns. Your 1099-R will show the gross benefits you received from NPERS in 2011. This form will also indicate the federal income tax which was withheld from your benefit payments and, for most people, the taxable portion of your benefit.

Direct questions about individual tax liability to your accountant, tax professional, the Internal Revenue Service, or your state Department of Revenue.

2.5% COLA for 2011

Did you notice an increase in your benefit check? School, Judges, and Patrol retirees who have received benefits at least one full fiscal year (July 1-June 30) were issued a cost of living adjustment (COLA) in July 2011. The COLA is calculated using the consumer price index – capped at a maximum of 2.5% percent. For the year ending June 30, 2011, the CPI increase was 4.06%. As a result, the majority of School, Judges, and State Patrol retirees saw the maximum 2.5% increase in their July benefits.

NPERS issued correspondence to all affected retirees at the end of July 2011. 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.



npers.ne.gov

FAX: 402-471-9493
PH: 402-471-2053 TOLL FREE: 800-245-5712

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Nebraska Public Employees Retirement Systems

Retiree
JANUARY 2012

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85-28-51

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