

Retiree UPDATE

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

Inaccurate Information Can Lead To Suspension of Benefits

It is essential NPERS maintain accurate demographic information for retirees or beneficiaries receiving a retirement benefit. We periodically send correspondence by mail regarding Cost of Living Adjustments (COLA), annual tax documents, or other benefit information. Retirees who move and forget to update their address with NPERS run the risk of missing this important correspondence. In addition, returned mail may indicate benefits are no longer reaching the appropriate destination due to a change in bank accounts and/or member status.

To ensure benefit payments and correspondence are reaching the proper recipients, the Public Employees Retirement Board has revised Board Policy 12 regarding Electronic Disbursements. **The policy now includes a provision to suspend electronic benefit payments**, such as Direct Deposits or ReliaCard, when NPERS does not have an accurate and up-to-date address, and/or bank account data, for a retired member.

HAS YOUR ADDRESS CHANGED?

Retired members or beneficiaries receiving a monthly benefit should notify us *in writing* when they have a change of address.

If correspondence is designated as undeliverable and returned to our office, we will attempt to contact the benefit recipient. After 60 days, if we are unable to reach them and have not received written confirmation of the new address, NPERS will place a hold on benefit payments. Benefits will be resumed as soon as administratively possible upon receipt of written documentation confirming their address.

HAS YOUR BANK ACCOUNT CHANGED?

Retired members or beneficiaries who are receiving benefits via direct deposit should notify our office if they close out or switch bank accounts.

If we are alerted a direct deposit has been sent to an inactive account, we will attempt to contact the benefit recipient. If we are unable to reach them and have not received a new direct deposit form, NPERS will place a hold on deposits to the account. Benefits will be resumed as soon as administratively possible upon receipt of a properly completed NPERS Direct Deposit form.

2015 BENEFIT PAYMENT SCHEDULE

JANUARY 30

FEBRUARY 27

MARCH 31

APRIL 30

MAY 29

JUNE 30

JULY 31

AUGUST 31

SEPTEMBER 30

OCTOBER 30

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.

NPERS does not wish to suspend anyone's benefit; however, it is our responsibility to ensure accurate delivery of correspondence and benefit payments. Promptly informing us of any address changes during retirement will prevent disruption of benefit payments.

Use the form on page 4 to update your address or to request a new Direct Deposit form.

Watch Your Mail for Form 1099-R

NPERS will mail your IRS Form 1099-R tax statement by the end of January 2015. Please remember to keep your mailing address updated with NPERS in order to receive your 1099-R in a timely fashion and ensure uninterrupted benefit payments. Individuals who need to update their address may use the address change form. All benefit recipients are strongly encouraged to read the companion article in this newsletter outlining the necessity to maintain an up to date address at NPERS.

The information on Form 1099-R should be used to file your 2014 federal and state tax returns. Your 1099-R will show the gross benefits you received from NPERS in 2014. 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.

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

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.

Understanding Your 1099-R

CORRECTED (if checked)

BOX 1
Box 1 shows everything NPERS paid to you in 2014.

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 or town, state or province, country, and ZIP or foreign postal code		1 Gross distribution \$ 1	OMB No. 1545-0119 2014	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	2b Taxable amount not determined <input type="checkbox"/>	Total distribution <input type="checkbox"/>	Copy B 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.
3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$ 4	5 Employee contributions / Designated Roth contributions or insurance premiums \$ 5	6 Net unrealized appreciation in employer's securities \$	
RECIPIENT'S name	Street address (including apt. no.)	7 Distribution code(s)	8 Other \$ %	This information is being furnished to the Internal Revenue Service.
City or town, state or province, country, and ZIP or foreign postal code	9a Your percentage of total distribution %	IRA/SEP/SIMPLE <input type="checkbox"/>	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

www.irs.gov/form1099r

Department of the Treasury - Internal Revenue Service

NOTE:

Box 1

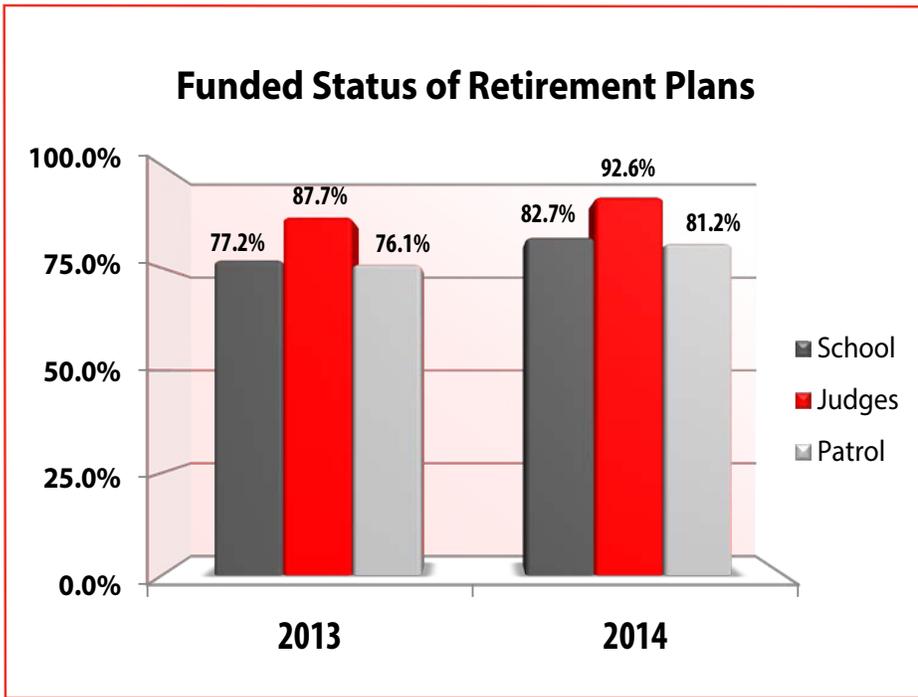
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Box 2a

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Box 5

Plan Funded Status Shows Strong Increase in 2014



At the November joint meeting of the Public Employees Retirement Board and the Nebraska Investment Council, the 2014 actuarial reports were presented by Cavanaugh Macdonald Consulting, LLC.

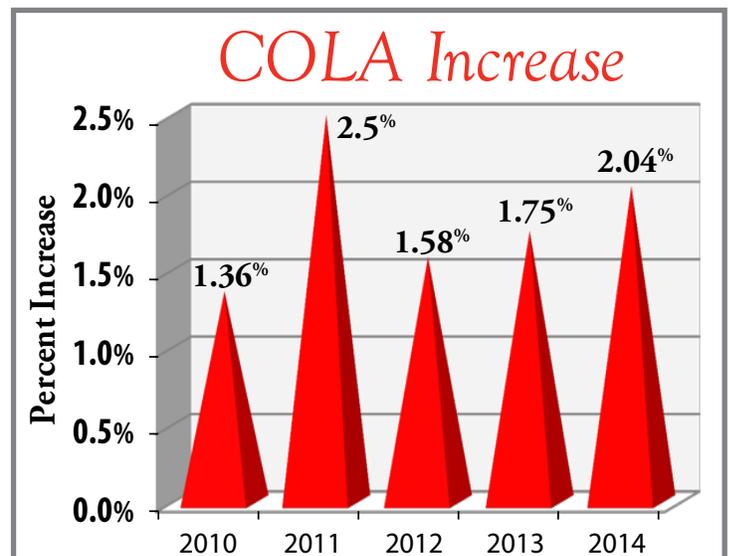
Thanks in part to strong investment performance; the 2014 actuarial valuation found improved funded ratios for all three plans. As of July 1, 2014, the Judges plan funding increased to 92.6%, the School plan increased to 82.7%, and the State Patrol plan increased to 81.2%.

Copies of the annual actuarial reports may be found on the Publications/Videos page on the NPERS website.

2.04% COLA for 2014

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) during 2014. The COLA is calculated using the consumer price index – capped at a maximum of 2.5% percent. For the year ending June 30, 2014, the CPI increase was 2.04%. As a result, School, Judges and State Patrol retirees received a 2.04% increase beginning with their July benefit.

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



Stay In Touch with NPERS... **ONLINE!**

- ☞ Read Our Newsletters
- ☞ Download Forms
- ☞ Follow Retirement Board News
- ☞ Track Legislation That Affects Your Retirement
- ☞ Access Your Account



npers.ne.gov

✂ To update your address or to request a form, fill out the request below and return it to NPERS at P.O. Box 94816, Lincoln, NE 68509.

JANUARY 2015 **Retiree** UPDATE

Nebraska Public Employees Retirement Systems

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

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

FAX: 402-471-9493

npers.ne.gov

NPERS
Nebraska Public Employees
Retirement Systems
P.O. Box 94816
Lincoln, NE 68509
85-28-51

PRSRT STD
U.S. POSTAGE
PAID
LINCOLN NE
PERMIT 212

ADDRESS CHANGE/REQUEST FORM

Please use this form to notify NPERS when you change your mailing address **OR** to request an NPERS form.

Social Security # - -

Retirement Number (If known)

Name

Address

City State Zip

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

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