Plan Funded Status Continues to Rise

At the November joint meeting of the Public Employees Retirement Board and the Nebraska Investment Council, the 2015 actuarial reports were presented by Cavanaugh Macdonald Consulting, LLC.

This year the actuarial valuation again reported improved funded ratios for the Nebraska School, Judges, and Patrol plans. As of July 1, 2015, the Judges plan funding increased from 92.6% to 97.1%, the School plan increased from 82.7% to 88%, and the State Patrol plan increased from 81.2% to 86.9%.

Copies of the annual actuarial reports may be found on the Publications/Videos page on the NPERS website.
Watch Your Mail for Form 1099-R

NPERS will mail your IRS Form 1099-R tax statement by the end of January 2016. 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.

The information on Form 1099-R should be used to file your 2015 federal and state tax returns. Your 1099-R will show the gross benefits you received from NPERS in 2015. 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

| 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. |

**NOTE:** Box 1 - Box 2a = Box 5
No School, Judges, or Patrol COLA for 2015

Each July 1, the rate of inflation is reviewed to determine if the monthly retirement benefit issued to School, Judges, and Patrol retirees is eligible for a cost-of-living (COLA) adjustment. This COLA is intended to help offset inflation and is designed to keep benefits in step with the changing economy. When economic factors increase the prices consumers pay for goods and services, the COLA reflects these increases by raising benefits accordingly. If these factors report a decrease or no change in inflation, benefits are not reduced, but there would be no COLA for that year.

Per Nebraska statute, School, Judges, and Patrol plan COLA’s shall be determined using the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) during the previous fiscal year. CPI-W rates are developed by the U.S. Department of Labor and track the changes in the prices paid by consumers on a “representative basket of goods and services.”

For the fiscal year ending June 30, 2015, the CPI-W rate experienced a decrease of 0.383%. As a result, School, Judges, and State Patrol benefits were not eligible for a COLA.

Cost of Living Adjustment

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2.5%</td>
</tr>
<tr>
<td>2012</td>
<td>1.58%</td>
</tr>
<tr>
<td>2013</td>
<td>1.75%</td>
</tr>
<tr>
<td>2014</td>
<td>2.04%</td>
</tr>
<tr>
<td>2015</td>
<td>(No COLA Issued.)</td>
</tr>
</tbody>
</table>

Stay In Touch with NPERS...

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

npers.ne.gov
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.

You may use the Address Change/Request Form below to notify NPERS of address changes.

ADDRESS CHANGE/REQUEST 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 ____________________________

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.

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