Plan Funded Status Increases

This year the actuarial valuation again reported improved funded ratios for the Nebraska School, Judges, and Patrol plans. As of July 1, 2016, the Judges plan funding increased from 97.1% to 98.1%, the School plan increased from 88.0% to 89.6%, and the State Patrol plan increased from 86.9% to 88.7%.

The plan funded ratios are expected to decrease next year due to changes in the actuarial assumptions recommended by the actuaries and approved by the PERB on September 17, 2016. Copies of the annual actuarial reports may be found on the Publications/Videos page on the NPERS website.

0.64% COLA for 2016

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 2016.

The COLA is calculated using the consumer price index. For the year ending June 30, 2016, the CPI increase was 0.64%. As a result, School, Judges, and State Patrol retirees received a 0.64% 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.

Cost of Living Adjustment

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NOTE:
If you use Direct Deposit and change banks or bank accounts after the 7th of any month, your payment may be delayed.
Watch Your Mail for Form 1099-R

NPERS will mail your IRS Form 1099-R tax statement by the end of January 2017. 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 2016 federal and state tax returns. Your 1099-R will show the gross benefits you received from NPERS in 2016. 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. A copy of the 1099-R is also available to retirees who have created an NPERS online account.

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 via the NPERS online account access or 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.

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 elect additional amounts of withholding for both 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. Questions regarding how much to withhold should be directed to a tax professional.

Understanding Your 1099-R

Box 1 shows everything NPERS paid to you in 2016.

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
Retirees who have created an NPERS online account can change taxes withheld on their annuity payments.

To begin, you will need an NPERS “Retiree” account. If you have not created an account, visit our website at npers.ne.gov and click on the “Create Your Account” button found at the top left of our home page.

When logging in, be sure to use the NPERS online access button on our home page and log into your retiree account. The “Member Account Home Page” will have a link on the lower right to “View/Update Taxes.”

Click on “View/Update Taxes” to see the Instructions page. After reviewing the instructions, click on the “Next” link at the lower right of the instructions page to go to the “Your Tax Withholding Preference” page, where you can see your current withholdings.

The “Change Tax Withholding” page will allow you to change your preferences. After you have entered your changes, click on the “Calculate” button to review the withholding amounts based on the criteria you entered.

If you are satisfied with your changes, you can click on the “Save Withholding” button, or if you wish to make another adjustment you can click on the “Calculate a New Estimate” button. Be aware you must click on “Save Withholding” for your changes to take effect, and you can only adjust withholding one time per month.
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.

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.

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 ____________________________