

Retiree Update

Providing Information to Retirees of the State and County Plans

Nebraska Retirement Systems

December 2006

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.

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

You may designate the number of allowances you want to claim and your marital status for both state and federal withholding using NPERS' Withholding Certificate for Pension or Annuity Payments form. Your allowances determine the amount of tax you want NPERS to withhold from your benefit payment. *You may change your withholding at any time.*

To obtain the Withholding Certificate for Pension or Annuity Payments form, complete the "request form"

below, visit NPERS' website at www.npers.ne.gov, or call our office at the numbers listed below.

No action is necessary if your present tax authorization for your monthly retirement benefit still fits your needs.

If you are a Nebraska resident, 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. Nebraska residents choosing *not* to have federal tax withheld from their retirement benefit payment 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.

For tax *advice*, we suggest you contact a tax professional about your individual situation. If you have questions about information contained *in this article*, please contact NPERS at **800-245-5712** or **402-471-2053**. □

It's Money in the Bank!

One of the best ways to simplify retirement is with Direct Deposit which electronically transfers your retirement benefit directly into your checking or savings account. It's easy to set up and doesn't cost a penny. There are still thousands of NPERS retirees who wait by the mailbox each month for their retirement check, then have to drive to the bank to deposit it. Why go to all that trouble?



Simplify your life and try Direct Deposit. Use the "Request Form" below to obtain a Direct Deposit Agreement form, or contact us by phone or visit our website at www.npers.ne.gov. Completing the form is simple. Think of it as money in the bank!

2007 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 your account in the year 2007:

| | |
|-------------|--------------|
| January 12 | July 13 |
| February 15 | August 15 |
| March 15 | September 14 |
| April 13 | October 15 |
| May 15 | November 15 |
| June 15 | December 14 |

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

Keep Us Up To Date

If you have a change of address or any other demographic changes, please be sure to let NPERS know. You can use the form below or send us a note with your signature. If you don't keep us up-to-date, we can't keep you up-to-date!

Address Change/Request Form

Please use the form below to notify NPERS of a change of address OR to request an NPERS form. **(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 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 _____

Coming Soon – 1099-R Tax Statements

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 2006 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 NPERS paid to you in 2006.
- 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.

| PAYEE'S name, street address, city, state, and ZIP code | | 1 Gross distribution | 2006 | Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. |
|---------------------------------------------------------|--|--------------------------------------------------------------------------------|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| FAYERS federal identification number | | 2a Taxable amount | Form 1099-R | 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. |
| RECIPIENT'S identification number | | 2b Taxable amount not determined | | |
| RECIPIENT'S name | | 4 Employee contributions (designated Roth contributions or insurance premiums) | 5 Federal income tax withheld | This information is being furnished to the Internal Revenue Service. |
| Street address (including apt. no.) | | 6a Your percentage of total distribution | 6b Total employee contributions | |
| City, state, and ZIP code | | 7 Distribution code(s) | 8 Other | 10 State distribution |
| not year of death, Roth contrib. | | 9a State tax withheld | 9b State Payer's state no. | 11 Local distribution |
| Account number (see instructions) | | 12 Local tax withheld | 13 Name of locality | 14 Local distribution |

Who Will Speak for You When You Can't?

Do you have a plan?

The following is a brief description of the three *Advance Directives*, which are designed to let you specify your wishes for medical treatment before a crisis occurs. One or more of them go into effect if you become incapable of making medical decisions for yourself.

- **A Living Will** - allows you, while in a clear frame of mind, to specify the level of care you desire should you develop a terminal or persistent vegetative condition that renders you unable to make such decisions.
- **A Medical Treatment Plan** - lets a person who has a known illness or injury, or who is facing an operation that may result in disability or death, to direct his or her doctor in the type of treatment desired.
- **A Special Power of Attorney** - legally appoints another to make medical care decisions should you, due to illness or injury, become unable to do so.

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*Happy
New
Year!*

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