

Retiree Update

Nebraska Retirement Systems

December 2008

PROVIDING
INFORMATION
TO RETIREES OF
THE STATE AND
COUNTY PLANS

2009 Benefit Payment Schedule

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

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

Review Your Tax Withholding

Do you know that you can start, stop or change the tax withholding from your retirement benefit, any time you'd like? 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 do so.

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.

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

To get the 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. 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.

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. □

Simplify Your Life with Direct Deposit



One of the best ways to simplify retirement is by using Direct Deposit. It allows NPERS to electronically transfer your retirement benefit directly into your checking or savings account (pay dates are shown at the left). There are many advantages to using Direct Deposit. It's easy to set up. You save paper, time and gas. It's confidential, secure and reliable.

You'll have access to your money immediately and won't have to wait for the mail. It's simple. And it's FREE!

Streamline your life and try Direct Deposit. Use the "Request Form" below to obtain a Direct Deposit Agreement form, request it by phone or print it from our website at www.npers.ne.gov. Submit the completed form to NPERS. You'll not need to complete the form again unless you change banks or accounts. Signing up is simple, and worry-free.

If you have a change of address or any other demographic changes, let NPERS know. You can use the form below or send us a note with your signature.

Address Change/Request Form

Please use this form 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 an address change.

Signature _____

Account Number _____

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 2008 income tax returns.

Each box on the 1099-R (shown below) 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.

Required Minimum Distributions

If you've stopped working and reached the age of 70 ½, and you have a 401(k), 457, 403(b), IRA or other tax deferred savings account, there is an Internal Revenue Service (IRS) rule you should know about. Your state and county retirement plan is a 401(a) and if you use the Systematic Withdrawl Option, you will need to withdraw at least enough money to satisfy the RMD for that particular year.

The IRS wants you to begin withdrawing enough money from each type of retirement plan annually to satisfy the Required Minimum Distribution (RMD) rule, even if you don't actually need the money to live on. The RMD is easy to calculate if you have just one plan, but becomes more complicated with multiple retirement plans. Generally, you'll need to take a distribution from each *type* of account. In other words, the RMD for your IRA would not satisfy the RMD for your 401(k). However, if you own multiple IRAs or 403(b)s, you can aggregate the total amount and take a withdrawal from just one account. You may choose how and when you take your distribution, such as any time during the year as a lump sum, or as a monthly, quarterly or semi-annual installment.

The exact distribution amount changes from year to year and is calculated by dividing an account's year-end value by a life expectancy factor published by the IRS, which can be found at www.irs.gov. Be sure to contact a tax professional if you need assistance. Contact NPERS to request the necessary form and for help in calculating your RMD.

THE EASY EXPLANATION BOX 1 shows everything NPERS paid to you in 2008. 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. BOX 1 (minus) BOX 2a = BOX 5		<input type="checkbox"/> CORRECTED (if checked)	
		PAYER'S name, street address, city, state, and ZIP code	
PAYER'S federal identification number		RECIPIENT'S identification number	
RECIPIENT'S name Street address (including apt. no.) City, state, and ZIP code		1 Gross distribution BOX 1 2a Taxable amount BOX 2a 2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/> 3 Capital gain (included in box 2a) 4 Federal income tax withheld BOX 4 5 Employee contributions / Designated Roth contributions or insurance premiums BOX 5 6 Net unrealized appreciation in employer's securities 7 Distribution code(s) <input type="checkbox"/> IRA/SEP/SIMPLE <input type="checkbox"/> 8 Other 9a Your percentage of total distribution % 9b Total employee contributions % 10 State tax withheld BOX 10 11 State/Payer's state no. 12 State distribution 13 Local tax withheld 14 Name of locality 15 Local distribution	
Account number (see instructions)		Form 1099-R Department of the Treasury - Internal Revenue Service	



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