

# Retiree Update

Nebraska Public Employees Retirement Systems

January 2010

PROVIDING  
INFORMATION TO  
STATE AND COUNTY  
EMPLOYEES

## 2010 BENEFIT PAYMENT SCHEDULE

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

**NOTE**

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

## Do You Know Your Federal Tax Withholding?

The new year is a good time to remind you of your right to change, start or stop federal tax withholding from your monthly retirement benefit, which you can do at any time by filing a new Withholding Certificate for Pension or Annuity Payments. This form may be obtained from the "Forms" section of the NPERS website at [npers.ne.gov](http://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 (certain restrictions apply if you have the 5-Year Designated Period Annuity).

*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.

## RMD "Holiday" for DC and DCP

Holidays are a good thing, and a "holiday" from having to make required minimum distribution (RMD) payments from your retirement accounts is even better, especially after the recent market downturn and damage to retirement investments.

An RMD holiday for the year 2009 has been approved, with Congress waiving the requirement for individuals 70½ or older to take a distribution from their IRA, 401(k) and 403(b) accounts as part of the Worker, Retiree and Employer Recovery Act of 2008. The Nebraska Legislature has also waived the requirement, allowing an RMD holiday for retired members of the **State Plan** and **County Plan** who have a **Defined Contribution** 401(a) account or a 457

**Deferred Compensation Plan** account. The RMD holiday is intended to ease the 2009 tax burden of older Americans, and allows retirement accounts to recover from market losses for those who don't yet need to tap their investments.

This moratorium is for 2009 only, and makes withdrawals from retirement savings accounts optional rather than mandatory. Because many of you rely on these payments for income, NPERS won't cancel automatic payments you've already established, *unless you tell us to*. To stop your required payments, please notify us; otherwise, they'll continue. If you have notified NPERS to cancel your automatic payments for 2009, you'll need to contact us again if and when you want automatic payments to resume. Contact NPERS if you have any questions.



## Address Change/Request Form

Please use this form to notify NPERS of any change to your address **OR** to request an NPERS form.

Social Security #  -  -

Retirement Number (If known)

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

Name

Address

City  State  Zip

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

# Understanding Your 1099-R

CORRECTED (if checked)

**BOX 1**  
Box 1 shows everything NPERS paid to you in 2009.

**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 10**  
This is the amount that was withheld for state taxes.

PAYER'S name, street address, city, state, and ZIP code		1 Gross distribution \$ <b>1</b>		OMB No. 1545-0119	
		2a Taxable amount \$ <b>2a</b>		2009	
		2b Taxable amount not determined <input type="checkbox"/>		Total distribution <input type="checkbox"/>	
PAYER'S federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a) \$		4 Federal income tax withheld \$ <b>4</b>	
RECIPIENT'S name		5 Employee contributions / Designated Roth contributions or insurance premiums \$ <b>5</b>		6 Net unrealized appreciation in employer's securities \$	
Street address (including apt. no.)		7 Distribution code(s)	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other \$ %	
City, state, and ZIP code		9a Your percentage of total distribution %		9b Total employee contributions \$	
	1st year of desig. Roth contrib.	10 State tax withheld \$ <b>10</b>		11 State/Payer's state no.	
Account number (see instructions)		13 Local tax withheld \$		14 Name of locality	
				12 State distribution \$	
				15 Local distribution \$	

Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

**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.

This information is being furnished to the Internal Revenue Service.

Form 1099-R

Department of the Treasury - Internal Revenue Service

**NOTE:**

**Box 1**

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**Box 2a**

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**Box 5**

## Watch Your Mail for Form 1099-R

NPERS will mail your IRS Form 1099-R tax statement by the end of January 2010. **Make sure NPERS has your current address** so you receive your 1099-R in a timely fashion.

The information on Form 1099-R should be used to file your 2009 federal and state tax returns. Your 1099-R will show the gross amount of benefits you received from NPERS in 2009. 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.

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

## Considering Reemployment? Know the Rules.

Whether due to economic necessity or simply a desire to remain active and engaged, you may find yourself returning to employment with the State or County after you have already begun to receive your retirement benefit.

Reemployment with your former employer (or with any employer that participates in the same retirement plan administered by NPERS) could be a win-win situation for both you and the employer, but **it is critical that you understand the rules** about continuing to work after retirement. There are very specific (and often complicated) rules that apply to reemployment once you are receiving your retirement benefit.

Member handbooks explaining the reemployment rules can be found on our website at [npers.ne.gov](http://npers.ne.gov), or you may call NPERS for assistance at 402-471-2053 or 800-245-5712.

[npers.ne.gov](http://npers.ne.gov)

Fax: 402-471-9493

800-245-5712

402-471-2053

85-28-51

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Retirement Systems  
Nebraska Public Employees

**NPERS**

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