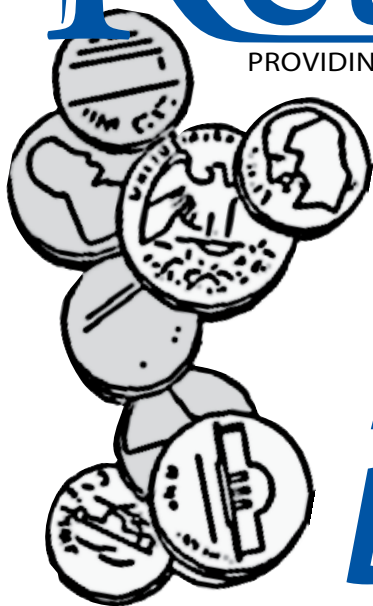


JANUARY 2016

Nebraska Public Employees Retirement Systems

Retiree UPDATE

PROVIDING INFORMATION TO RETIREES OF NEBRASKA'S STATE AND COUNTY RETIREMENT PLANS



Required Minimum Distributions

Each year, plan members who have terminated employment with the state or county and reached age 70½ and older, are required by federal law to take a taxable required minimum distribution (RMD) from their mandatory State or County plan, and voluntary Deferred Compensation Plan (DCP) accounts. Failure to withdraw an RMD by the applicable deadline may result in a 50% tax penalty on the amount of the RMD.

The amount of the RMD is determined by the account balance as of December 31st of the preceding year and a formula based on life expectancy tables published by the IRS. For example, to calculate a 2016 RMD you would use the account balance as of December 31, 2015. To assist, the IRS provides worksheets on their website to calculate the RMD for a given year.

There are two different due dates for RMD distributions. The “initial” RMD is due once the member terminates employment and reaches age 70½. This RMD payment can be delayed until April 1st of the year

following the year in which he or she turns 70½. All subsequent RMD’s must be taken no later than December 31st to avoid the 50% penalty.

Clearly this can be a complicated process but NPERS does provide assistance. We send an initial notification letter to all retirees approaching age 70½. This letter alerts them of the impending RMD and notifies them of the due date. It is the responsibility of the member to take a taxable distribution from their account of or exceeding the RMD amount by the due date.

When should a member request an RMD distribution? Due to pro-

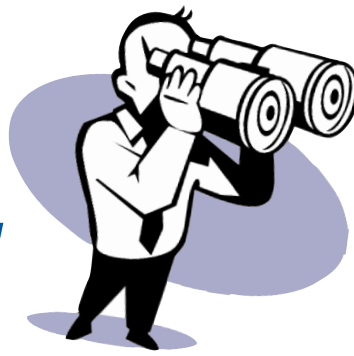
2016 ANNUITY PAYMENT SCHEDULE

JANUARY 15
FEBRUARY 12
MARCH 15
APRIL 15
MAY 13
JUNE 15
JULY 15
AUGUST 15
SEPTEMBER 15
OCTOBER 14
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.

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.

Understanding Your 1099-R

CORRECTED (if checked)

BOX 1 Box 1 shows everything NPERS paid to you in 2014.	PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Gross distribution \$ 1	OMB No. 1545-0119 2015	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
			2a Taxable amount \$ 2a	Form 1099-R	
BOX 2a This is the amount that is taxable to you.	PAYER'S federal identification number	RECIPIENT'S identification number	2b Taxable amount not determined <input type="checkbox"/>	Total distribution <input type="checkbox"/>	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.
BOX 4 This is the amount that was withheld for federal taxes.	RECIPIENT'S name		3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$ 4	
BOX 5 This is the amount that is not taxable.	Street address (including apt. no.)		5 Employee contributions / Designated Roth contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$	
BOX 12 This is the amount that was withheld for state taxes.	City or town, state or province, country, and ZIP or foreign postal code		7 Distribution code(s) <input type="checkbox"/> IRA/SEP/SIMPLE	8 Other \$ %	
	10 Amount allocable to IRR within 5 years \$	11 1st year of desig. Roth contrib.	9a Your percentage of total distribution %	9b Total employee contributions \$	This information is being furnished to the Internal Revenue Service.
	Account number (see instructions)	12 State tax withheld \$ 12	13 State/Payer's state no.	14 State distribution \$	
		15 Local tax withheld \$	16 Name of locality	17 Local distribution \$	

Form **1099-R** www.irs.gov/form1099r Department of the Treasury - Internal Revenue Service

NOTE: Box 1 - Box 2a = Box 5

Annuity Tax Withholding Reminder

Each year NPERS is required to notify retirees of your right to change, start, or stop federal tax withholding on your monthly annuity. 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 annuity, 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.

Required Minimum Distributions

Continued from page 1

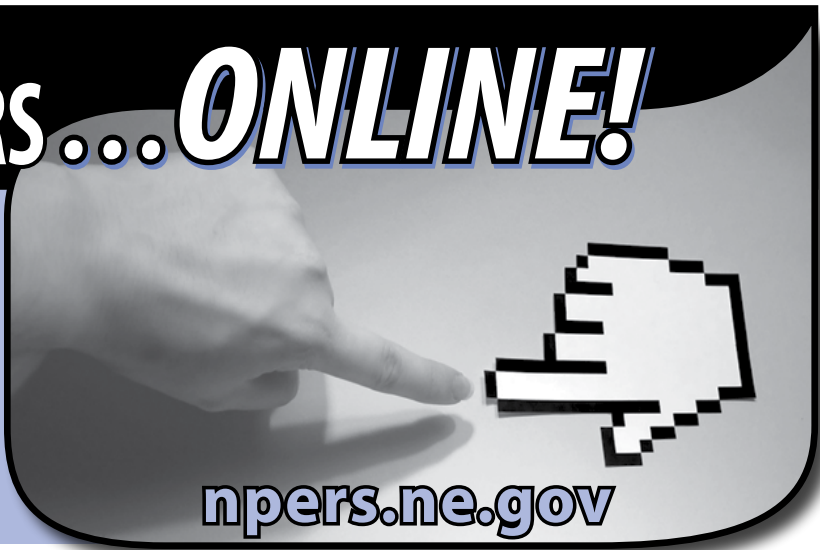
cessing timelines, NPERS recommends individuals with a December 31st deadline request their RMD *no later than October 1st*. Individuals taking their initial RMD who wish to delay up to April 1st should request the RMD after January 1st and no later than March 1st. Be aware if you delay the initial RMD to April 1st, a second RMD will be due that same year by December 31st.

If a terminated Defined Contribution and/or Deferred Compensation plan member fails to request a distribution by the due date, then an RMD amount is calculated in our office and a check issued to the member. When a terminated Cash Balance member fails to apply for a disbursement by age 70½, state statute requires NPERS to use the entire account to purchase the Five Year Period Certain and Continuous annuity for the member. A Cash Balance member who wishes to take a different distribution must file a request no later than January 15th of the year following age 70½.

RMD's can be a complicated issue for some retirees. You may wish to contact a tax professional if you require assistance.

Stay In Touch with NPERS... **ONLINE!**

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



npers.ne.gov

✂ 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.

Retiree UPDATE

JANUARY 2016

Nebraska Public Employees Retirement Systems

PROVIDING INFORMATION TO RETIREES
OF NEBRASKA'S STATE AND COUNTY
RETIREMENT PLANS

PH: 402-471-2053 TOLL FREE: 800-245-5712

FAX: 402-471-9493

npers.ne.gov

NPERS
Nebraska Public Employees
Retirement Systems
P.O. Box 94816
Lincoln, NE 68509
85-28-51

PRSR STD
U.S. POSTAGE
PAID
LINCOLN NE
PERMIT 212

ADDRESS CHANGE/REQUEST FORM

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