For Nebraska State and County Employees

Retirement News

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
STCO • JULY 2017

STATE & COUNTY CASH BALANCE DIVIDEND

NPERS is happy to announce a dividend has been approved for eligible members of the State and County Cash Balance plans!

Each year an actuarial study is conducted to review the funded status of the Cash Balance plans. If the study finds adequate funding, the Public Employees Retirement Board (PERB) may issue a dividend to eligible Cash Balance participants based on the State and County actuarial report. Per state statute and PERB policy, the plan must remain 100% actuarially funded after the dividend is issued.

The 2017 Cash Balance Actuarial Reports for the State and County plans were presented at the April 24 meeting of the Retirement Board. These reports found both Cash Balance plans sufficiently funded to allow the PERB to grant a dividend. After reviewing the actuarial reports, the PERB voted at the May 15 meeting to grant a 3.07% dividend for State Cash Balance plan members, and a 0.51% dividend for County Cash Balance plan members.

To be eligible for the dividend, a State or County plan member must have had an account balance on December 31, 2016. The amount of the dividend will be calculated using the member's Cash Balance account balance as of that date. Dividends will be issued to eligible Cash Balance member accounts by September 1, 2017, or as soon as administratively possible. Once the dividend has been issued, members receiving a dividend will receive written notification from Ameritas, the plan record keeper, of the amount.

Modification to Distribution Fees

In our 2016 newsletters, NPERS announced the new fees that went into effect on October 1, 2016 for record keeping services. These fees are assessed by Ameritas, the plan record keeper, and apply to Defined Contribution, Cash Balance, and Deferred Compensation (DCP) accounts.

Effective June 1, 2017, the fees assessed on final distributions shall be as follows:

- No fee for a final distribution of less than $100.
- A $35 fee for final distributions of $100 up to $250.
- A $75 fee for final distributions over $250.

The other record keeping fees defined under the terms of the contract are unchanged. The monthly fee for Defined Contribution participants is $2.30. For Cash Balance members this fee is $2.05, and DCP participants pay a fee of $1.95. Partial distributions and systematic withdrawals are subject to a $5 fee for each distribution.

In addition, a quarterly fee of $0.50 is assessed for delivery of statements or documents mailed to plan participants. Members can avoid this mailing fee by signing up for electronic distribution of statements and correspondence.

IN THIS ISSUE...

Cash Balance Dividend..1
Distribution Fees.............1
2017 Legislation..............2
State and County Seminars.............................3
DCP Catch-Up Discontinued....................4

NPERS
Nebraska Public Employees Retirement Systems

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2017 LEGISLATION

During this legislative session, one bill impacting the State and County retirement plans was passed and signed into law. This bill, LB 415, contained provisions amended from several other bills. The descriptions below only highlight the provisions impacting the benefits of the State and County plans and is not intended to be a comprehensive description of the full contents of the bill. A link to the Nebraska Legislature is available on the Legislation page of our website for individuals who wish to review the full provisions of LB 415.

Cash Balance Annuity Rates

Currently, State and County Cash Balance annuity rates are determined using the 1994 Group Annuity Mortality Table. LB 415 allows NPERS to use updated mortality factors when calculating benefits for Cash Balance participants who elect to purchase an annuity. Changes to the Cash Balance mortality assumptions must be recommended by the plan actuary and approved by the Public Employees Retirement Board (PERB) after completion of an actuarial experience study, a benefit adequacy study, or a plan valuation.

Due to increased life expectancy, updates to the mortality tables will result in somewhat lower monthly payments for the annuity options that provide a lifetime benefit. As a result, these provisions will not apply to current members. Per statute language, the new mortality factors apply to "…a member hired on or after January 1, 2018, or rehired on or after January 1, 2018, after termination of employment and being paid a retirement benefit or taking a refund of contributions." Annuities will be calculated using the mortality factors in effect at the time the member purchases the annuity. Please refer to the plan handbook for more information on the annuity options.

Disability

LB 415 clarifies the definition of disability to "…an inability to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which was initially diagnosed or became disabling while the member was an active participant in the plan and which can be expected to result in death or be of a long-continued and indefinite duration." Language in the bill also allows the PERB to waive the requirement for a medical exam for disability retirement if the PERB determines "…extraordinary circumstances exist which preclude substantial gainful activity by the member. Such circumstances shall include hospice placement or similar confinement for a terminal illness or injury. "

Military Service

The bill also made changes to military service credit provisions. Under current statute, members who wish to receive employer-matching contributions for eligible military service must pay the member contributions. Under the new language, the employer shall be responsible for paying both member and employer contributions for eligible military service. These new provisions only apply to members who reemploy after qualified military service that begins on or after January 1, 2018. To be eligible, service must fall within the definition of uniformed service per the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA).

Misc.

The bill also defined hire date or date of hire (for retirement plan purposes) as "…the first day of compensated service subject to retirement contributions." It removed the language requiring the PERB to provide information regarding the tax consequences of the various retirement options, to members who are eligible for retirement. Lastly, it allows Counties to make quarterly, semiannual, or annual payments to individuals receiving a prior service annuity.

STATE & COUNTY SEMINARS

The 2017 State & County seminar schedule and enrollment brochures will soon be available on the NPERS website. Some sessions will fill up quickly, so we strongly encourage early enrollment to reserve a spot for your desired date and location. Individuals who delay mailing their enrollment form run the risk of not getting into their preferred session, and as the seminar season draws to a close, the final sessions may be full.

NPERS offers two separate seminars. A Financial Management program for members under age 50 and a Retirement Planning program for individuals age 50 and above. The cost to attend is $25 and you may bring your spouse (or one guest) for an additional $25.

Financial Management – Under age 50

The Financial Management seminar provides a basic overview of the mandatory and voluntary retirement plans offered to State and County members, and an hour-long presentation from an estate-planning attorney. The main focus of this full-day seminar is dedicated to "The Complete Financial Management Workshop," presented by a licensed financial planner. This segment provides a wealth of information designed to assist individuals in assessing their personal financial situation, set goals, and map out the proper course of action to help achieve financial security.

Retirement Planning – Over age 50

Retirement Planning seminars are provided for State and County members age 50 and over. These full-day seminars provide participants with comprehensive information regarding their State and County retirement plans and the distribution options available at retirement. In addition, the program includes Medicare, Financial, and Estate Planning presentations.

Eligible State and County employees are entitled to receive paid leave to attend up to two Financial Management and two Retirement Planning seminars. Members who fall outside the age restrictions of a specific seminar, or wish to attend more than twice may do so at the $25 fee, but will not be eligible to receive paid leave time.

Materials, food, & refreshments are provided at the sessions, so **members MUST enroll in advance** if they wish to attend a seminar. An enrollment form will be mailed to plan members approximately one month prior to the first seminar.

A confirmation postcard will be mailed to you upon receipt of your registration form. We recommend contacting our office if you do not receive a confirmation postcard within two weeks of mailing your registration. Due to mailing time frames, confirmation cards will not be mailed for registrations received one week prior to date of the seminar - late enrollees are encouraged to contact our office to confirm registration as the session may be full.

In order to receive a refund of registration fees, members must notify NPERS of any cancellations at least three business days prior to the seminar.

Financial Management seminars begin September 7, and end on November 14. Retirement Planning seminars begin August 30, and end on November 15.

	Retirement Seminar Dates	*Financial Management Seminars Dates*
COLUMBUS	**SEPTEMBER 28**	**N/A**
GRAND ISLAND	**SEPTEMBER 12, NOVEMBER 7**	**NOVEMBER 8**
LA VISTA	**SEPTEMBER 6, OCTOBER 26**	**SEPTEMBER 7**
LINCOLN	**AUGUST 30, 31; SEPTEMBER 13, OCTOBER 11, 18, 19; NOVEMBER 15**	**OCTOBER 12 , NOVEMBER 14**
NORFOLK	**SEPTEMBER 27**	**SEPTEMBER 26**
NORTH PLATTE	**NOVEMBER 1**	**NOVEMBER 2**
SCOTTSBLUFF	**SEPTEMBER 20**	**SEPTEMBER 19**
VALENTINE	**SEPTEMBER 21**	**N/A**

DCP 3-Year Catch-Up To Be Discontinued

The voluntary State of Nebraska Deferred Compensation Plan (DCP) allows participants to defer and invest a portion of their compensation on a "pre-tax" basis. At termination or retirement, distributions from the DCP account can be used to supplement the mandatory retirement plan.

The tax code establishes annual limits on the amount that can be contributed to DCP. These limits are reviewed each year and adjusted for inflation. There are two provisions that allow for contributions above the annual limits. The "Age 50" provision applies to individuals who are age 50 or older, and the "Three Year Catch-up" provision applies to individuals nearing retirement age who did not defer the maximum amount allowed in prior years.

At the December 19, 2016, meeting, the Public Employees Retirement Board (PERB) voted to discontinue the Three Year Catch-up provision. The PERB delayed elimination of the Three Year Catch-up in order to provide a final opportunity for *eligible* members to apply throughout 2017. Those individuals *already participating* in the Three Year Catch-up will be allowed to continue participation per plan provisions. As with all applications, forms must be received by NPERS during normal working hours. In 2017, December 30 and 31 fall on a Saturday and Sunday. As a result, *Three Year Catch-up applications must be received in our office no later than 5 pm, December 29*.

Individuals who wish to utilize the Three Year Catch-up this final year are responsible for calculating the additional deferral amounts and submitting documentation supporting these calculations. Due to the complexity of this process, members may need to enlist assistance from a qualified tax professional.

The Age 50 provision will continue to be available for DCP participants. Contribution limits for 2017 are listed in the January Retirement News. For more information on DCP, please refer to the plan handbook on the NPERS website.

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ANNUAL INVESTMENT REPORT

The 2017 NPERS Annual Investment Report is now available on our website. This report provides investment assistance for individuals participating in the Defined Contribution and Deferred Compensation plans, and provides an overview of the 13 investment options.

This report, and other helpful information, can be found on the Financial Facts section of our website. In addition, members may visit the Publications page of our website to access other NPERS publications, including the Annual Report to the Legislature, member newsletters, and plan handbooks.

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CASH BALANCE

QUARTERLY CASH BALANCE RATE

For the quarter beginning July 1st, 2017, the rate of return for Cash Balance participants is 5%.

The current and historical Cash Balance rates of return are available via the "Cash Balance Rates of Return & Dividends" link on our website.