RETIREMENT NEWS

FOR STATE AND COUNTY PLAN MEMBERS | OCT 2019 | NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

IN THIS ISSUE

NPERS
Nebraska Public Employees Retirement Systems

RETIREMENT NEWS

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2019 STATE & COUNTY SEMINARS

The 2019 NPERS State and County seminar season has begun and sessions have already been conducted in Lincoln, LaVista, Columbus, Norfolk, and Gering. Seminars will continue through October and November across the state.

NPERS offers two different seminars for plan members; **Financial Management** and **Retirement Planning**. *Financial Management* seminars are available for members who are under age 50. *Retirement Planning* seminars are offered to members age 50 and over. Eligible members are entitled to receive paid leave to attend up to two Financial Management seminars prior to age 50, AND paid leave to attend two Retirement Planning seminars at age 50 and older.

NPERS Retirement Planning seminars are designed for members who are closer to retirement. These sessions provide a wealth of information regarding your plan design and the benefit options at retirement. Additional information is provided on Medicare, Social Security, and estate planning.

The Financial Management seminars are tailored to younger members and focus less on the State and County retirement plans and more on the *Complete Financial Management Workshop*. This workshop is presented by a licensed financial planner and covers a wide variety of topics designed to help attendees manage their assets and make informed investment decisions.

Enrollment/Registration forms were previously mailed to all eligible State and County plan members. The form is also available on the NPERS website on the State and County seminar page. You can complete and print the online registration form, then mail it to our office with the required payment to reserve a spot in the desired session.

The cost to attend is $25 for eligible members. You may bring a spouse or **one** guest for an *additional* $25. Space is limited so if you wish to attend, don't delay submitting your registration!

UPCOMING RETIREMENT PLANNING SEMINARS AGE 50+

LOCATION	DATE	STATUS
Lincoln	10/09	FULL
La Vista	10/16	OPEN
North Platte	10/23	OPEN
Lincoln	10/30	OPEN
Lincoln	10/31	OPEN
Grand Island	11/13	OPEN
Lincoln	11/20	OPEN

UPCOMING FINANCIAL MANAGEMENT SEMINARS UNDER AGE 50

LOCATION	DATE	STATUS
La Vista	10/17	OPEN
North Platte	10/24	OPEN
Grand Island	11/14	OPEN
Lincoln	11/19	OPEN

NEW RETIREMENT BOARD MEMBER

As mentioned in the July newsletter, Governor Ricketts has appointed, and the Legislature has approved Major Mike Jahnke as the new State Patrol plan representative.

Major Mike Jahnke

Major Jahnke is a 25-year veteran of the Nebraska State Patrol who has held positions within Operations, Investigations and Administrative Services. He is a graduate of Doane University and holds a degree in Public Administration. Mr. Jahnke is a 2010 graduate of the FBI National Academy, and served in the United States Air Force. His military commitment included duties overseas and service in support of Desert Shield/Desert Storm.

ONE WILD WEEK

Mon. 8/8/2011	Tues. 8/9/2011	Wed. 8/10/2011	Thurs. 8/11/2011	Fri. 8/12/2011
Dow drops 634 points or 5.5%. S&P 500 fund down 6.67%. Share price at start of the day was $1.632271, end of day $1.523382	Dow up 429 points or 4%. S&P 500 fund up 4.73%. Share price at start of the day was $1.523382, end of day $1.595415.	Dow drops 519 points or 4.6%. S&P 500 fund down 4.36%. Share price at start of the day was $1.595415, end of day $1.525893.	Dow up 423 points or 4%. S&P 500 fund up 4.61%. Share price at start of the day was $1.525893, end of day $1.596251.	Dow up 125 points or 1.1%. S&P 500 fund up 0.52%. Share price at start of the day was $1.596251, end of day $1.604625.

Editor's note: This article originally ran in the October 2011 newsletter. The recent market volatility has once again made this a relevant topic. The market fluctuations and fund prices are from 2011, but the dangers of market timing are the same today as they were in 2011.

The week of August 8-12, 2011, was one of the most volatile weeks in Wall Street history. A perfect storm of political wrangling over the debt, the Standard and Poor's downgrade, concerns over the European banking industry, and fears of a new recession resulted in four consecutive days of market fluctuations all in excess of 400 points.

A market this turbulent can unnerve even a seasoned investor, but it can also provide a real world example of the dangers of market timing. Using actual data from that week, let's examine how two different investors might have reacted to the market and the resulting impact to their retirement accounts.

Let's call them Investor "A" and Investor "B". To keep the math simple, let's assume both had $100,000 invested in the S&P 500 fund at the start of the week. This fund consists of stock of the 500 largest American companies traded on the NY Stock Exchange and is considered a good indicator of overall market performance. This fund is available in the Defined Contribution and Deferred Compensation plans, so we can track the beginning and ending share prices for each day using the Ameritas online account access. At the start of the week the price per share for this fund was $1.632271, which translates into approximately 61,264 shares for a $100,000 investment.

On **Monday** the market "plunges" on the first trading day since the Standard and Poor's downgrade. Investor "A" decides to sell their S&P 500 stocks and buy into a "safer"

Money Market fund. The price per share for the S&P 500 has dropped to $1.523382 and the sale of 61,264 shares nets them $93,328 which is transferred into a Money Market fund.

Investor "B" mows the lawn, and suffers through a romantic comedy.

On **Tuesday** the market "soars" in what is attributed to a better than anticipated report on jobless claims, a pledge by the Federal Reserve to keep interest rates low for two more years, and positive news from the European market. Hoping the worst is over, Investor "A" decides to get back into the market. The end of day price for the S&P 500 is now $1.595415 and the $93,328 in the Money Market fund purchases 58,498 shares in the S&P 500.

Investor "B" goes out for a nice romantic dinner with their spouse.

On **Wednesday** within minutes of the opening bell the market "plummets". Today the drop is explained as the result of a "bleak economic landscape" and fears of European debt issues. Frustrated, Investor "A" decides to again get out of the market and back into the Money Market fund. The end of day price for the S&P 500 has now dropped to $1.525893, so the 58,498 shares net $89,261 to move into the Money Market fund.

Investor "B" drives the kids to the park and stops for ice cream on the way home.

On **Thursday**… you guessed it. The market is "sharply higher", with the Dow jumping as much as 559 points before ending the day up 423. This time Investor "A" vows not to make the same mistake again and opts to stay in the Money Market fund.

Investor "B" finally gets the gutters cleaned and the hedges trimmed.

On **Friday** the markets show "strong gains" and the news media is reporting "the worst is over." Investor "A" decides to transfer back into the S&P 500. Their Money Market fund investment remains unchanged at $89,261. The end of day price for the S&P 500 is $1.604625 and they are able to purchase 55,627 shares.

Investor "B" picks up some 1 ½ inch thick ribeyes on the way home from work, grills them to medium rare, and falls asleep halfway through CSI: NY.

From Monday through Friday Investor "A" spent the week glued to the news following market returns. Bombarded with a daily flood of hyperbole, they succumbed to fear and panic. Investor "B" simply did nothing with their account.

At the end of the week:

Investor "A" owns approximately 55,627 shares in the S&P 500 with a total value of $89,261.69.

Investor "B" owns approximately 61,264 shares in the S&P 500 with a total value of $98,305.75.

While our two investors are hypothetical, the market data and S&P 500 share prices for this week are real.

Individuals who react to market fluctuations and try to time the market can drastically damage their retirement accounts.

Both of our investors saw a reduction in the value of their accounts at week's end, but Investor B still owned the same number of shares. When those shares of the S & P 500 stock finally return to the start of the week price, Investor B's account value will return to $100,000. In contrast, Investor A's account will be valued at $90,798.

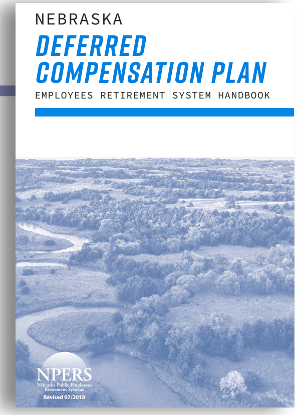
> *Editor's note: The S&P 500 share price as of 9/12/2019 is now $4.8652. At that price, Investor "A's" 55,627 shares would now be valued at $270,636.48. Investor "B's" 61,264 shares would now be valued at $298,061.61. Those account values are based on the assumption Investor "A" stopped trying to time the market...*

Historically there have always been fluctuations in the stock market and it's a fairly safe assumption there always will be. How this volatility impacts your bottom line depends on how you react to these up and down swings. Investing seems easy when the market is "soaring" but a volatile market is where many amateur investors lose their way.

An educated investor will minimize risk from these fluctuations by gradually reducing the percentage of stock in their portfolio as they approach retirement. Those with many years to go before retiring will avoid selling and instead may purchase more stock when the price is low – when stock is "on sale."

NPERS encourages participants in the Defined Contribution and Deferred Compensation plans to create a personal long-term investment strategy and refrain from reacting to market fluctuations. For more investment assistance, please refer to our Annual Investment Report or the Investment Education video available on the NPERS website.

DCP PLAN HANDBOOK UPDATED



The Deferred Compensation Plan (DCP) plan handbook has been updated to reflect the 2019 legislation. Members may access the current version on the "Deferred Compensation Plan Info" or "Publications/Videos" pages of the NPERS website.

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CASH BALANCE RATE

For the quarter beginning October 1st, 2019, 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.