

NEBRASKA *STATE*

EMPLOYEES RETIREMENT SYSTEM HANDBOOK



IMPORTANT

This member handbook contains time-sensitive information and should be read by all new State employees within 30 days of employment.



P.O. Box 94816
Lincoln, NE 68509
402-471-2053
800-245-5712
npers.ne.gov

NEBRASKA STATE EMPLOYEES RETIREMENT SYSTEM

Nebraska Revised Statutes §§84-1301 through 84-1333

The State Employees' Retirement Plan (the Plan) is designed to provide retirement benefits in recognition of service to the state of Nebraska and is administered by the Public Employees' Retirement Board (PERB). The State Employees' Retirement Plan began as a Defined Contribution Plan in 1964. In 2002, legislation was passed creating the initial tier of Cash Balance. At that time, Defined Contribution participants were given the option to switch to Cash Balance and the Defined Contribution benefit was closed to new enrollment. In 2007 and 2012, legislation was passed offering Defined Contribution participants a second and third opportunity to switch to Cash Balance. In 2017, legislation was passed creating the Cash Balance Tier Two benefit.

The Plan is qualified under Internal Revenue Code **§401(a)**. Eligible employees make "pre-tax" contributions to the plan and these contributions are matched by the employer. Employee and employer contribution rates are set by state statute. After termination of employment, members are provided multiple options for distribution of their accounts.

This booklet provides an overview of the benefits available to members of the Plan as of the revision date. The statutes and provisions of the "State Employees' Retirement Act" in all cases supersede the information in this booklet and the NPERS website.

This guidance document is advisory in nature but is binding on the Nebraska Public Employees Retirement Systems (NPERS) until amended by NPERS. A guidance document does not include internal procedural documents that only affect the internal operations of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document.

If you have questions, contact:

Nebraska Public Employees' Retirement Systems (NPERS)

P.O. Box 94816

Lincoln, Nebraska 68509-4816

Fax: 402-471-9493 or call 402-471-2053 or toll-free 800-245-5712.

Additional information may be found on NPERS website: npers.ne.gov

Members approaching retirement may schedule an appointment to visit NPERS at 1526 K Street, Suite 400, Lincoln.

Revised 08/2021

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BENEFIT PARTICIPATION

Members of the State Employee's Retirement Plan participate in one of three separate sets of benefits. Benefit participation is determined based on the member's date of enrollment and/or the choices made during the Cash Balance election periods.

- Members who joined the plan prior to 1/1/2003, who did not elect to transfer to Cash Balance during any of the three election periods, are participants in the **Defined Contribution** benefit.
- Members who joined the plan on or after 1/1/2003, and prior to 1/1/2018, and Defined Contribution participants who transferred to Cash Balance, are participants in the **Cash Balance Tier One** benefit.
- Members who joined the plan on or after 1/1/2018, are participants in the **Cash Balance Tier Two** benefit.

IMPORTANT



Members who terminate employment and return to plan participation are considered reemployed (see "Reemployment").

CASH BALANCE/DEFINED CONTRIBUTION IN THIS HANDBOOK

This booklet provides an overview of the Defined Contribution, Cash Balance Tier One, and Cash Balance Tier Two benefits. Sections where plan provisions differ will be noted.

EXEMPTION FROM LEGAL PROCESS

All Plan assets are held *in trust*. Under current law, these assets are immune from execution, garnishment, attachment, bankruptcy and insolvency laws, or any other process of law. You cannot use your assets as loan collateral since they are not assignable.

IMPORTANT



There are only two means by which Plan assets can be paid to anyone other than yourself or your beneficiaries:

- Through a qualified domestic relations order under the Spousal Pension Rights Act
- Through an IRS tax lien

IMPORTANT



Members **CANNOT** take a distribution (receive any funds) until they have ceased employment.

MEMBERSHIP/ENROLLMENT

Mandatory Membership

Participation is mandatory for all **permanent, full-time** employees age 18 or older who work one-half or more of the regularly scheduled hours during each pay period. Employees must be a United States citizen or a qualified alien in order to participate. Your employer will enroll you effective on the date you are hired. If you are hired on a permanent, full-time basis prior to age 18, you must begin plan participation on your 18th birthday.

MANDATORY PARTICIPATION

Participation is mandatory for permanent, part-time employees when, in a calendar year, an employee's hours exceed half of the regularly scheduled hours in a pay period for at least:

6 bi-weekly pay periods

OR

6 semi-monthly pay periods

OR

3 monthly pay periods

The effective date of participation will be the next pay period following the 6 bi-weekly/6 semi-monthly/3 monthly pay periods that the employee exceeded half the regularly scheduled hours. If the employee does not begin participation, make-up contributions are required going back to the effective date of participation, or two years, whichever is less.

Participation for **permanent, full-time, seasonal** employees is required.

Voluntary Membership

Participation is voluntary for permanent, part-time employees (including permanent, part-time seasonal employees) age 18 or older. If you wish to enroll, you may do so by completing a Cash Balance Voluntary Enrollment Form, available from your employer or NPERS. This form must be submitted within the first 30 days of employment. A permanent, part-time employee hired prior to age 18 will have 30 days to apply once they attain age 18. Your employer should forward the completed form to NPERS.

Once you become a member, you are subject to all provisions of the Plan and cannot withdraw funds or cancel participation until you terminate employment at all employers participating in the plan.

Temporary employees are not eligible to participate.

If you have been **appointed** by the Governor, you may elect to not become a member of the State Plan.

EXCEPTIONS

The following state employees/positions participate in separate retirement plans which are not part of the State Plan:

■ State judges

■ State Patrol officers

■ Department of Education positions participating in the School Employees’ Retirement Plan

■ Employees of the University of Nebraska, state colleges, and community colleges

■ National Guard technicians

■ Department of Labor (Division of Employment) employees hired prior to July 1, 1984

■ Employees of the State Board of Agriculture (Fair Board) employed after July 1, 1982

If you have questions regarding eligibility, please contact NPERS.

Transfers Between Agencies

If you accept employment with another state agency with a 120-day or less break in service, your membership with the Plan will not be interrupted. Your former employer should notify the new agency of your participation in the Plan, if they are aware you are transferring or employees making the transfer should notify their new employer they have transferred. If you have taken a distribution of your retirement funds, you will have to repay the full amount (see “Reemployment”).

BENEFICIARY DESIGNATION

Your beneficiary is the person or persons you designate to receive your account balance upon your death. Keeping your beneficiary designation at NPERS up to date will ensure benefits are paid promptly and properly upon your death.

Filling out and submitting the NPERS Beneficiary Designation Form is the only method currently available to designate your desired beneficiaries. At the time you enroll in the Plan, your employer will provide you with a Beneficiary Designation Form. You may also access this form on the NPERS website. Updates go into effect only upon receipt of the original, properly completed, signed, and notarized form in our office.

Any previous beneficiary designations (forms) will be cancelled.

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CIRCUMSTANCES FOR BENEFICIARY REVIEW

We recommend reviewing your beneficiary designation when:

- You or a beneficiary marries or becomes divorced
- You return to employment after receiving a distribution of your account
- A beneficiary dies
- You have a child

Beneficiary information is considered confidential and **will not be provided over the phone**. Individuals who have created an NPERS online account may be able to view their beneficiary(ies) online. If you are unsure who you have listed, you may request this information in writing or submit a new form to our office.

If there is no surviving designated beneficiary on file, death benefits will be paid to the spouse married to the member on the member's date of death. If there is no eligible designated beneficiary or spouse, death benefits will be issued to the member's estate.

COMPLETING THE BENEFICIARY DESIGNATION FORM

- You may name the primary and contingent beneficiary(ies).
- You may name a person or a trust. Include the full name and date of the trust, along with the name of the trustee and their contact information. When designating a living trust, NPERS will need a point of contact who in theory will survive the member.
- If you have more than one retirement account at NPERS, you may mark your Beneficiary Designation Form ("Plan Type" – upper right corner) for all accounts, or file separate Beneficiary Designation Forms if you want to name different beneficiaries for each account.

DISTRIBUTION OF BENEFITS

- Benefits will go to your named, primary beneficiary(ies) in equal amounts *unless* you assign specific percentages.
- If you designate multiple primary beneficiaries and one or more of them predecease you, benefits will be divided among the remaining primary beneficiaries.
- NPERS does not observe the passing of benefits to the heir(s) of deceased beneficiary(ies) *per stirpes*.
- Only if *all* your named, primary beneficiary(ies) *have predeceased you*, will benefits go to your contingent beneficiaries.

IMPORTANT



The beneficiary designations you elect may affect the death benefit amount and payment options (see “Death Benefits”). Beneficiary(ies) designated on a beneficiary form generally take priority over beneficiary(ies) named in a will or trust.

It is the responsibility of the beneficiary(ies) or estate to understand Required Minimum Distribution (RMD) requirements pertaining to the member’s account(s). Failure to take an RMD(s) can result in significant tax penalties and eventual transfer of the member’s account to unclaimed property. You may wish to consult a tax professional for assistance (see “Required Minimum Distributions (RMD)).

CONTRIBUTIONS

As a member of the Plan, you contribute **4.8%** of compensation each payroll period. The state (employer) matches your contributions at the rate of **156%**. Both employee and employer contributions are made on a “pre-tax” basis. To be eligible to receive the employer matching contributions at termination or retirement, you must be vested (see “Vesting/Vesting Credit”).

The law does not allow you to contribute more than the amount specified in the State Plan. However, the **Deferred Compensation Plan** is available for you to *voluntarily* defer an additional amount from compensation, thereby reducing your current federal and state income taxes. For more information, ask your employer for a Deferred Compensation Plan booklet, or review the booklet on the NPERS website.

VESTING/VESTING CREDIT

Vesting allows you to receive the employer contributions and earnings when you terminate employment. Vesting occurs after a total of three years of plan participation (36 months of contributions), including vesting credit. You can become vested in less than three years if you:

CONDITIONS FOR VESTING IN LESS THAN THREE YEARS

You can become vested in less than three years if you:

- Attain age 55 before terminating employment
- Die before terminating employment
- Qualify for disability (see “Disability Retirement”)

If you have been hired as a full time employee by the State, you may be eligible for vesting credit if you previously participated in another Nebraska governmental plan as a full-time employee. If eligible, that participation will count toward

the three years required to vest in the Plan. **To be considered, your completed application must be received by NPERS within 180 days of your date of hire. There are no exceptions.**

WARNING



If you fail to apply for vesting credit within 180 days of your date of hire, you **are not** eligible for vesting credit.

Examples of Nebraska governmental employment include: municipal government, public power district, law enforcement, county government, Nebraska Public Schools, state university or state college. (Examples of employment that would NOT qualify would be federal employment, out-of-state university or college, and any non-governmental employment.)

When a non-vested plan member ceases employment, employer contributions and earnings are forfeited. The forfeiture funds are used to offset NPERS' administrative expenses.

INVESTMENTS/RATES OF RETURN

The investment of contributions and rates of return differ significantly between the **Cash Balance** benefit tiers and the **Defined Contribution** benefit.

Cash Balance Participants

Members who participate in **Cash Balance** do not make investment choices and the rate of return credited to their accounts is not tied to investment performance. Cash Balance accounts receive an "interest credit rate" (rate of return) based on the federal mid-term rate plus 1.5%. When the federal mid-term rate falls below 3.5%, Cash Balance accounts receive a 5% minimum interest credit rate.

The Cash Balance interest credit rate is reviewed each calendar quarter (January, April, July and October) using the federal mid-term rate published by the Internal Revenue Service. This rate is based on the average market yield (during the calendar month of the determination) on outstanding marketable obligations of the United States with maturities of at least three years but no more than nine years.

CASH BALANCE TRUST FUND/DIVIDENDS

All employee and employer contributions are held in a trust fund. This trust fund is invested by professional fund managers under the direction of the Nebraska Investment Council. Trust fund dollars are used to provide the interest credit rate for Cash Balance accounts and fund the monthly benefit payments for Cash Balance participants who (after termination) elect to purchase an annuity.

The fund cannot be used for any purpose other than providing benefits to participants and covering plan expenses.

An actuarial study is conducted each year to determine the funded status of the Cash Balance plan. After completion of the study, the Public Employees Retirement Board will determine if a dividend may be granted to Cash Balance participant accounts. All dividends must conform to the actuarial requirements stipulated in state statute and board policy. In order to be eligible to receive a dividend, a Cash Balance participant must have maintained an account balance as of December 31st during the plan year of the actuarial report. If the study finds the actuarially required contribution rate exceeds the rate of all contributions required pursuant to the State Employees Retirement Act, there shall be a supplemental appropriation sufficient to pay for the difference.

Defined Contribution Participants

Members participating in **Defined Contribution** make their own investment decisions for both employee and employer contributions. Rates of return vary based on investment choices and market performance. There is no guaranteed rate of return.

DEFINED CONTRIBUTION INVESTMENT OPTIONS

The Nebraska Investment Council periodically reviews the investment options and may recommend changes to the options and fund managers. These recommendations must be approved by the Public Employees Retirement Board. Each year NPERS will publish an Annual Investment Report outlining the current investment options. This report is available on the NPERS website. For additional investment assistance, NPERS also offers an Investment Education video on the “Investment Info” page of the NPERS website.

INVESTMENT OPTIONS		
■ Investor Select	■ U.S. Core Plus Bond	■ Life Path Index 2035
■ U.S. Bond Index	■ Life Path Index 2065	■ Life Path Index 2030
■ Stable Value	■ Life Path Index 2060	■ Life Path Index 2025
■ International Stock Index	■ Life Path Index 2055	■ Life Path Index Retirement
■ U.S. Total Stock Market Index	■ Life Path Index 2050	
■ Global Equity	■ Life Path Index 2045	
	■ Life Path Index 2040	

If you did not make an investment election at the time of your enrollment, your employee contributions were invested in the default investment option as defined in statute.

Defined Contribution Investment Elections/Transfers

FUTURE CONTRIBUTIONS

Investment Election	You may change how <i>future</i> contributions are invested by making an <i>investment election</i> . An investment election will not change how existing funds are invested.
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EXISTING FUNDS

Transfer	To change the investment of funds already in your account requires a <i>transfer</i> . You may transfer (move) a dollar amount or percentage of your existing balances between any of the various funds.
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Methods for Investment Elections/Transfers

There are the two ways Defined Contribution participants may make investment elections or transfers.

INVESTMENT CHANGE OPTIONS

- Enter changes through the online account access via NPERS' website. Instructions on creating an online account are available on the NPERS' website. NPERS recommends using the online access to make investment changes.
- Complete an Investment Election Form, available from your employer or NPERS, or downloaded from NPERS' website, and submit to NPERS by mail or fax to **402-471-9493**.

Changes made online are processed daily after the close of the market. Changes received by mail or fax will be processed as soon as administratively possible. There is no fee assessed for investment elections or transfers. Confirmation of investment elections and transfers will be issued from the plan record keeper. It is your responsibility to review all confirmations and immediately report any discrepancies to NPERS.

Trading Restrictions/Excessive Trading Policy

In order to protect plan sponsors and participants, as well as meet regulatory guidelines, the PERB implemented an excessive trading policy effective in 2011. This policy monitors and limits the number of *transfers* permitted within a set period of time. Changes to *investment elections* (future payroll contributions) are not affected.

A "monitoring period" will begin whenever a Defined Contribution participant makes a "Round Trip." A round trip is defined as a *transfer into* followed by a *transfer out of the same fund* within 60 days. When a participant executes a round trip, this initiates a 60-day monitoring period. If the participant makes

another transfer **into** the same fund during the monitoring period, the excessive trading restrictions will be implemented. Individuals subject to excessive trading restrictions will be prevented from making any transfers **into** the applicable fund for 60 days. Trading privileges will be restored automatically at the end of the trading restriction time period.

When transferring out of a fund, you cannot transfer back into that fund on the same day.

STATEMENT OF ACCOUNT

Account statements are issued each calendar quarter. These statements give a detailed summary of contributions, investment earnings or losses, record keeping fees, and the account balance accumulated to date. **It is the member's responsibility to review all statements and immediately report any discrepancies to NPERS.**

Statements and other important items are mailed to your home address or members can sign up for electronic delivery via the Ameritas Online access. **To ensure you receive your statements and other mailings, always inform your employer of address changes (terminated members report changes to NPERS).** You may request a statement of account at any time by writing NPERS, utilizing the Ameritas Online access, or calling the automated voice response at 800-449-2696 (Lincoln area 402-467-6925). The automated voice response can also provide account balance information.

ADDRESS CHANGES

As long as you are an active employee, your address is reported to NPERS by your employer. Therefore, it is important you keep your address current with your employer.

Terminated members should report address changes in writing directly to NPERS to ensure you receive your Account Statement and other items. An address change form is available on the "Forms" page of the NPERS website. All address change forms must be signed by the member. In addition, a terminated member *who has deferred* taking benefits (inactive member) may change their address online if they have created an NPERS online account.

WARNING



Terminated members who fail to maintain an updated address may have their accounts transferred to unclaimed property.

FEES

ACCOUNT FEES	
There are three separate fees assessed to member accounts.	■ Record keeping fee
	■ NPERS’ administrative fee
	■ Investment management fee

IMPORTANT	
	The amount of these fees are subject to change. Changes to fees are reported in NPERS’ newsletters and on the NPERS website.

Record Keeping Fee

The fee for record keeping services is subtracted directly from your account. This fee is assessed on a monthly basis and is reflected on your quarterly account statement.

As of September 1, 2021, (final) distribution fees of account balances greater than \$500 will be charged \$75, distributions of \$150 up to \$500 will be charged \$35, and distributions less than \$150 will not be assessed a final distribution fee. All Partial distributions or systematic withdrawals will be charged a fee of \$5 per distribution.

The plan record keeper will also charge a quarterly fee of \$0.50 for delivery of statements or documents mailed to plan participants. Members can avoid this fee by signing up for electronic distribution of correspondence.

Administrative Fee

A portion of NPERS’ operational costs are reimbursed from Plan forfeitures. Forfeitures occur when a non-vested plan member ceases employment, which causes the employer contributions to be forfeited. These amounts are used to offset a portion of NPERS’ administrative expenses.

NPERS may also assess a fee in the form of “basis points” to cover any remaining administrative expenses. A basis point is one one-hundredth of a percent. These fees are reflected in the adjustment column of your quarterly statement.

Investment Management Fee

The investment management expenses include the operational costs of the Nebraska Investment Council, the custodial bank fee to handle the plan accounting, and the fee charged by each fund manager. These fees are not subtracted on your quarterly statement but reduce the earnings of each investment fund.

Because of economies of scale and the state's negotiating power, the investment fees on your funds are very low. In comparable mutual funds outside of the Plan, fees are often higher and sales charges may also apply. Investment fees for each fund are listed in NPERS' Annual Investment Report available on the NPERS website.

TERMINATION OF EMPLOYMENT

Once you cease employment, *regardless of age*, you may begin removing funds from your account. To qualify for employer matching funds, you must be "vested" (see "Vesting/Vesting Credit"). Both non-vested and vested members have the same distribution options upon ceasing employment (see "Payment Options At Termination").

If you cease working for the state *before* age 55, you are considered to have "**terminated**" for plan purposes. You may begin taking distributions from your account, but there may be tax penalties for early withdrawal (see "Taxation").

If you cease working for the state *on or after* the age of 55, you are considered "**retired**" for plan purposes.

Your employer is required to notify NPERS of the date you cease employment with the state. Upon receipt of the information, NPERS will send you a letter describing the options available to you regarding your account.

All contributions and transactions affecting your account must be completed prior to distribution. In most instances, this process takes approximately 60 days after termination. If you receive pay for unused leave, contributions must be deducted from these payments which may extend this timeframe. After contributions and transactions have been submitted to NPERS by your employer, requests for distributions will be processed as soon as administratively practicable.

Any late contributions or dividends (see "Cash Balance Trust Fund/Dividends") received *after* a **Cash Balance** participant has taken distribution of their account will be initially placed in a non-interest bearing account and then distributed as soon as administratively possible.

WARNING



Federal regulations and state statutes require a termination in order to begin distributions. If you return to work for the state in any capacity before **120 days** have elapsed, you are not entitled to receive any funds, and all funds distributed shall be repaid within two years (see "Reemployment"). If you file a grievance (appeal) of a **termination**, distributions cannot be taken during the appeal process.

You may wish to contact NPERS in writing or by telephone in advance of your termination/retirement date to obtain an estimate of benefits under the various annuity options. To provide estimates, you will be asked for your anticipated termination date and the date of birth of your spouse or beneficiary.

Please provide NPERS with any address updates after termination. Terminated members who fail to maintain an updated address may have their accounts transferred to unclaimed property.

DISTRIBUTION OPTIONS AFTER TERMINATION

Distribution of Account

After receiving notice of your termination from your employer, NPERS will send you a letter explaining your distribution (payment) options. When you wish to take a distribution from your account:

PROCESS FOR REQUESTING A DISTRIBUTION	
Step 1	Contact NPERS by phone or in writing and request the Request for Distribution form.
Step 2	Complete this form in full. It must be signed and dated in front of a notary, and then notarized.
Step 3	Submit to our office.

Regardless of the option you select, your payment will be processed as soon as administratively possible (see “Termination of Employment”).

When your contributions and earnings are distributed to you, the funds are taxed as ordinary income (see “Taxation”).

The record keeper charges distribution fees when a member takes a distribution of their account through a systematic withdrawal, rollover, direct payment or annuity (see “Fees”). This fee is subject to change.

IMPORTANT



There are differences in distribution options between the Cash Balance benefit tiers and Defined Contribution. A summary of the options for both Cash Balance and Defined Contribution participants are listed below, followed by explanations of these options.

BEFORE CHOOSING A PAYMENT OPTION

You should consider and discuss the following with your family before choosing an option:

- Your health and family health history
- Other financial income in addition to your retirement benefit
- Your beneficiaries who might depend on a benefit if you die
- The age difference between you and your beneficiaries
- The health of your beneficiaries

Distribution Options

CASH BALANCE DISTRIBUTION OPTIONS*

- Deferral of payments until a later date, but no later than the Required Minimum Distribution age
- Monthly annuity
- Lump sum distribution
- Rollover to the State Deferred Compensation Plan
- Rollover or conversion to another tax deferred qualified plan or IRA (Traditional or Roth)
- Combination of these options

DEFINED CONTRIBUTION DISTRIBUTION OPTIONS

- Deferral of payments until a later date, but no later than the Required Minimum Distribution age
- Monthly annuity
- Lump sum distribution
- Rollover or conversion to another tax deferred qualified plan or IRA (Traditional or Roth)
- Systematic withdrawal. (Monthly/Quarterly/Semi-annual/Annual)
- Combination of these options

*IMPORTANT



Cash Balance participants are limited to a **one time distribution of their *entire* account.**

Deferral

If you do not wish to take a distribution of your account upon termination, you may defer distribution up to the Required Minimum Distribution (RMD) age. You will continue to pay the same fees paid by active (employed) members and may request a distribution at any time. A taxable RMD must be taken by April 1st following the year you attain RMD age, or the calendar year you severed employment if the termination occurred after RMD age. Failure to take an RMD can result in significant tax penalties and transfer of your account to unclaimed property. (For more information on RMD regulations, see "Taxation.")

Defined Contribution participants will continue to make investment choices using the investment options offered.

Cash Balance participants continue to receive the guaranteed interest credit rate, and are eligible for dividends *provided they had an account balance on December 31st*. If a distribution is taken on or prior to December 31st during the year for which the dividend is awarded, the participant is NOT eligible to receive the dividend. Any eligible dividends or late contributions received *after* a participant has taken distribution of their account will be placed in a non-interest bearing account and distributed as soon as administratively possible.

If a **Cash Balance** participant has terminated employment and deferred taking a distribution, once they reach RMD age, they must take distribution of their entire account. At that time, they will have the following options:

CASH BALANCE RMD OPTIONS

- Option 1** Purchase an annuity. The monthly annuity payments must be large enough to fulfill RMD requirements.
- Option 2** Elect to be paid the RMD in a lump sum and rollover the remaining balance of the Cash Balance account to another qualified retirement plan (IRA, etc.). It will be the responsibility of the member to ensure all future RMD's are taken from the rollover account.
- Option 3** Elect to be paid the Cash Balance account in one lump sum.

Cash Balance participants may select from a combination of these options as long as:

- They take a taxable distribution (monthly annuity payments or partial lump sum) large enough to satisfy the RMD for that year, and
- Take distribution of the entire account.

WARNING



Failure to take an RMD can result in significant tax penalties and eventual transfer of your account to unclaimed property. For this reason, it is very important you keep your address current with NPERS. It is the responsibility of the member to understand Required Minimum Distribution (RMD) requirements pertaining to your account(s). You may wish to consult a tax professional for assistance (see "Required Minimum Distributions (RMD)").

Monthly Annuity

You may use *all or part* of your account to purchase an annuity. When you purchase an annuity, the designated funds from your account are liquidated and in return you receive a *guaranteed* monthly payment. These payments will continue for your lifetime, or a specific period of time, depending on the option you select (see “Annuity Options”). You may choose an annuity that provides a set gross monthly benefit or an annuity with benefits that will increase 2.5% each year (see “Cost-Of-Living Adjustment”).

WARNING



You **CANNOT** cancel your annuity or change your option after your annuity effective (start) date.

MONTHLY ANNUITY

If you elect to purchase an annuity, the amount of your monthly benefit will be determined by:

■ The amount from your account you spend on the annuity

■ The annuity rate in effect at the time you purchase the annuity

■ Your age and the appropriate mortality tables in effect at the time you purchase the annuity

■ The “option” you select

■ If you select a cost of living adjustment (COLA)

ANNUITY RATES - DEFINED CONTRIBUTION

The annuity rate for Defined Contribution participants is reviewed each year. Per statute, this rate is set using the January Pension Benefit Guaranty Corporate rate, plus 0.75%. Once determined, the rate will apply to all Defined Contribution annuities with an effective date during that calendar year. NPERS will publish this rate as soon as administratively possible, generally in the January newsletter.

ANNUITY RATES - CASH BALANCE

The annuity rate for Cash Balance participants is set by the Public Employees Retirement Board (PERB) based on recommendations from the Plan’s actuary. Annuities will be calculated using the rate in effect on the annuity effective date and the rate will be “locked-in” when the annuity is purchased.

CASH BALANCE ANNUITY RATES

■ The Cash Balance Tier One annuity rate is currently 7.75%.

■ The Cash Balance Tier Two annuity rate is currently 7.50%.

IMPORTANT



The annuity rate offered to **Cash Balance** participants is an integral component of the plan design. The pooled assets allow the plan to provide a rate that is generally higher than the rate offered to Defined Contribution participants, or available in the private sector.

NOTE - ANNUITY RATE CHANGE

The 2021 Actuarial Experience study prompted the PERB to make changes to the Cash Balance Tier 2 annuity rate. These changes will go into effect on January 1, 2022. At that time, the annuity rate will decrease to **7.3%**. Each year following the rate will decrease **.10%**, until it reaches the threshold of **7.0%**.

MORTALITY TABLES

For Defined Contribution and Cash Balance Tier One participants, the 1994 Group Annuity Mortality Table is used to calculate monthly annuity benefits.

The mortality tables used to calculate monthly annuity benefits for Cash Balance Tier Two participants are updated as recommended by the plan actuary and approved by the PERB. Annuities are calculated using the mortality tables in effect on the annuity effective date.

ANNUITY OPTIONS

The following annuity options are available to you at termination/retirement. **You CANNOT cancel your annuity or change your option after your annuity effective (start) date.**

OPTION 1

Life Only Annuity

Provides a monthly payment **for your lifetime** with no refund or death benefit. There is no beneficiary designation under this option.

OPTION 2

Modified Cash Refund Annuity

Provides a monthly payment **for your lifetime**. If you die before receiving payments equal to the amount used to purchase the annuity, the remaining balance will be paid in a lump sum to your beneficiary(ies) or estate. You may list as many beneficiaries as you wish and change them at any time.

OPTION 3

Period Certain and Continuous Annuity

Provides a monthly payment **for your lifetime**, with a potential death benefit based on a time frame to your beneficiary(ies) or estate. You may list as many beneficiaries as you wish and change them at any time.

- | | |
|----------------|--|
| 5-Year | Provides a monthly payment for your lifetime, with a guarantee that if you die before receiving 60 payments, the <i>remaining</i> monthly payments will be paid to your beneficiary(ies) or estate. |
| 10-Year | Provides a monthly payment for your lifetime, with a guarantee that if you die before receiving 120 payments, the <i>remaining</i> monthly payments will be paid to your beneficiary(ies) or estate. |
| 15-Year | Provides a monthly payment for your lifetime, with a guarantee that if you die before receiving 180 payments, the <i>remaining</i> monthly payments will be paid to your beneficiary(ies) or estate. |

OPTION 4

Joint and Survivor Annuity

Provides a monthly payment **for your lifetime**, and a percentage of that benefit to your spouse after your death. Your spouse will be your sole, permanent beneficiary. Should they predecease you or you divorce, you cannot select another beneficiary. NPERS will require legible proof of age for your spouse and a certified copy of your marriage license. *(This option is not available to an Alternate Payee.)*

- | | |
|-------------|---|
| 50% | Provides a monthly payment for your lifetime. When you die, your surviving spouse will receive 50% of your benefit, paid monthly for his/her lifetime. |
| 75% | Provides a monthly payment for your lifetime. When you die, your surviving spouse will receive 75% of your benefit, paid monthly for his/her lifetime. |
| 100% | Provides a monthly payment for your lifetime. When you die, your surviving spouse will receive 100% of your benefit, paid monthly for his/her lifetime. |

OPTION 5

Non-Spousal Joint and Survivor Annuity

Provides a monthly payment **for your lifetime**. When you die, your surviving beneficiary will receive 50% of your benefit, paid monthly for his/her lifetime. You may designate only one person as your permanent beneficiary (this cannot be your spouse) and you cannot change your beneficiary after commencement of the benefit. NPERS will require legible proof of age for your beneficiary. *(This option is not available to an Alternate Payee.)*

OPTION 6

Designated Period Annuity

Provides a monthly payment **for a designated period** of 5, 10, 15, or 20 years. There is **NO guaranteed lifetime payment** under these options. If you die prior to the end of the designated period, your beneficiary(ies) or estate will receive the remainder of the benefit payments. You may list as many beneficiaries as you wish and change them at any time.

- | | |
|----------------|---|
| 5-Year | Payments will cease at the end of the 5-year period. If you die before receiving 60 payments, the <i>remaining</i> monthly payments will be paid to your beneficiary(ies) or estate. This option will have 25% withheld from each monthly payment (see "Taxation") and may be subject to early withdrawal penalties if distributions occur prior to retirement age. |
| 10-Year | Payments will cease at the end of the 10-year period. If you die before receiving 120 payments, the <i>remaining</i> monthly payments will be paid to your beneficiary(ies) or estate. |
| 15-Year | Payments will cease at the end of the 15-year period. If you die before receiving 180 payments, the <i>remaining</i> monthly payments will be paid to your beneficiary(ies) or estate. |
| 20-Year | Payments will cease at the end of the 20-year period. If you die before receiving 240 payments, the <i>remaining</i> monthly payments will be paid to your beneficiary(ies) or estate. |

COST-OF-LIVING ADJUSTMENT (COLA)

When selecting an annuity, you must decide if you want an annual cost-of-living adjustment (COLA). If you select an annuity with no COLA, *the gross monthly dollar amount will not change*. If you purchase with the COLA, *the gross monthly dollar amount automatically increases 2.5% each year*.

ANNUITY EFFECTIVE DATE

If an annuity is purchased, the effective (start) date will be the first day of the month after you have terminated employment AND your application is received by NPERS. Annuity payments will be processed as soon as administratively

possible, but no sooner than 60 days after termination to allow time for processing all contributions from final pay. Your first annuity payment will be retroactive to your annuity effective date.

EXAMPLE



If your last day of work is January 2nd and your application is received by NPERS prior to February 1st, your effective date is February 1st. If your last day of work is January 2nd but NPERS did not receive your application until February 15th, your effective date is now March 1.

When you select an annuity option, your age must be verified before payments can begin. A legible copy of your birth certificate will be considered sufficient proof of your age. When a survivor option is selected, NPERS requires proof of age of your spouse or beneficiary. If the spousal option is selected, proof of marriage is required.

If a member passes away prior to the annuity effective date, the annuity will be nullified, and benefits issued per plan provisions (see “Death Benefits”).

DIRECT DEPOSIT

Annuity benefits are issued via direct deposit. A direct deposit form is available on the NPERS website and will be included in your retirement packet. If you are unable to secure a bank account for direct deposit, please contact our office.

The direct deposit authorization will remain in effect until changed by the member in writing. To change the direct deposit account, a member must complete and sign a new direct deposit form and submit to NPERS. Any changes to direct deposit **MUST** be received by NPERS 30 days prior to the date scheduled for the annuity benefit payment for which the change is to occur.

ANNUITY TAXES

NPERS will withhold federal taxes from each monthly check at the rate you specify on the Withholding Certificate for Annuity Payments form (included in the retirement packet and available on the NPERS website). If you do not complete and submit this form to NPERS, we will withhold at the rate of “married plus three exemptions.” You may change your withholding at any time by submitting a new form. Members who have created an online account via the NPERS website (not the Ameritas website) may also change withholding online.

If you are a resident of the State of Nebraska, NPERS will withhold Nebraska taxes at the same withholding rate you select for federal taxes. If you move and are *no longer a resident of Nebraska*, you need to submit an updated withholding form. Your benefit will be taxable in accordance with the laws of the state you move to. You may need to contact the Department of Revenue for the state

you have moved to in order to determine tax liability and establish a payment process. NPERS can withhold Federal and Nebraska taxes, but not taxes due to another state.

SAFE HARBOR ANNUITY TAXES

Pre-1985 contributions are returned tax-free based on the “Safe Harbor” method, as required by the Internal Revenue Service. NPERS calculates the “tax-free” portion of your monthly retirement check by dividing pre-’85 contributions by the fixed number of payments assigned per your age at retirement.

EXAMPLE



Under the current tax tables, 260 monthly payments are designated for individuals commencing benefits from ages 61 to 65. If you had a total of \$9,100 of pre-’85 contributions, this amount would be divided by 260 and you would receive \$35.00 of your benefit tax-free for the first 260 monthly payments.

After you have received the fixed number of payments assigned, your monthly benefit becomes 100% taxable.

BENEFIT ESTIMATOR

Members who wish to calculate an estimate of monthly annuity payments may visit the benefit estimator on the NPERS website. This tool will allow you to enter whatever data you wish and estimate a monthly payment *based on your input and the annuity rate in effect at that time*. Please be aware this is not an *official* estimate and annuity rates may fluctuate. Members who are within six months of retirement may request an official estimate by contacting our office.

Lump Sum Withdrawal

All or part of your account may be paid directly to you. The distribution will be subject to a record keeper distribution fee plus a 20% federal tax withholding and, for Nebraska residents, 5% Nebraska state withholding (see “Fees” and “Taxation”). **Cash Balance** participants are limited to a **one-time distribution of their entire account**.

WARNING



If you cease work before age 55 and are considering taking a withdrawal from your account, please see “Taxation” before you make a decision. There is a possibility of an additional 10% federal tax penalty plus a 3% Nebraska state tax penalty for early withdrawals of retirement funds.

Rollover/Conversion

All or part of your account may be rolled over to another eligible retirement plan or Traditional IRA. You may also elect to move your funds to a Roth IRA (conversion). With the exception of conversions to a Roth IRA, rollover amounts are not taxable at the time of the rollover. You will be taxed when you withdraw the money from the other plan or Traditional IRA. Contributions prior to 1985 have already been taxed and will be returned to you tax-free. These after-tax contributions can be rolled over if your rollover company will accept them and you make the appropriate election on your distribution form.

Roth IRA conversions are subject to State and Federal income taxes *in the year of the conversion*. You will be responsible for filing and paying taxes on Roth conversions.

Cash Balance participants may rollover all or part of their retirement funds to the voluntary Deferred Compensation Plan (DCP). In order to rollover, they must already be a participant of DCP and have made a previous contribution(s) to the DCP account prior to termination. Cash Balance participants who request a *partial* rollover must purchase an annuity and/or take a lump sum distribution of all remaining funds at the time of the rollover.

Rollover distributions will be subject to a record keeper distribution fee. RMD amounts cannot be rolled over or converted.

Systematic Withdrawal Option

The systematic withdrawal option (SWO) is available to **Defined Contribution** participants only and is **not available to Cash Balance participants**.

SWO is a series of automatic withdrawals paid to you at the frequency and dollar amount you elect. The payment can be made on a monthly, quarterly, semiannual, or annual basis and must be a minimum withdrawal of at least \$100. Withdrawals will be allocated pro rata among your investment funds. Changes in amount and frequency are limited to two per year.

While receiving SWO payments, your account remains invested and is subject to market gains and losses. You continue to have investment choices and may transfer your remaining account balance among the investment funds. You will continue to pay the same fees paid by active account participants.

SWO distributions are subject to a record keeper distribution fee plus a **20%** federal tax withholding and, for Nebraska residents, **5%** Nebraska state withholding (see “Fees” and “Taxation”). If a SWO withdrawal is taken prior to reaching retirement age, you may also incur a 10% federal and a 3% Nebraska early withdrawal penalty.

The SWO payment will cease when the account is fully depleted. If you die, the SWO payment will cease upon notification of your death. If a balance remains, it will be paid to your designated beneficiary or estate.

TAXATION

Current contributions to the Plan are not taxed when deducted from your salary and remitted to NPERS. Taxable income reported on your Wage and Earning Statement (IRS Form W-2) issued by your employer is reduced by the amount you contribute to your retirement account.

When you take a distribution from your account, either as a monthly annuity or any other form of distribution paid directly to you, those funds will be subject to both federal and state income tax. State income tax will be based on your state of residence when you receive the payments.

Contributions made prior to January 1, 1985, were taxed before being deducted from your compensation. Therefore, your contributions made prior to January 1, 1985 are returned to you “tax-free.”

Distributions from your retirement account will be reported to you on an IRS Form 1099-R each year in January for the payments received during the prior year. A copy of that form will also be provided to the IRS.

Mandatory Withholding

NPERS is required by law to withhold **20%** for federal income taxes and **5%** for Nebraska state income taxes for all **withdrawals paid directly to you**. These withholdings may or may not cover your full tax liability. Your actual tax liability will vary depending on your total taxable income for the year and the tax laws in effect at the time. If you are no longer a resident of Nebraska and have notified our office in advance, the 5% Nebraska state tax will not be withheld. You will however, be subject to state income tax in accordance with your new state of residence.

Early Withdrawal Penalties

If you cease work **prior to age 55** and take a withdrawal **PRIOR** to age 59½, you may be subject to a Federal **10% tax penalty** and a Nebraska **3% tax penalty** for early withdrawals.

EARLY WITHDRAWAL PENALTIES

You may be able to avoid the early withdrawal penalties if one of the following applies:

- The taxable portion of your refund is “rolled over” into a traditional IRA or another qualified pension plan within 60 days of the payment date
- If payment is made after separation from service and the member will be at least age 55 in the year of separation
- Payment is made to an alternate payee under a qualified domestic relations order (QDRO)
- You are eligible for retirement due to disability

IMPORTANT



Early withdrawal penalties are assessed at the time you file your tax return.

Required Minimum Distributions (RMD)

Taxable distributions (RMDs) must be taken after you have separated from service (Terminated employment at all participating State agencies) and reached RMD age. Please consult a tax professional regarding deceased member accounts and RMD requirements.

Your first (initial) RMD must be taken by the April 1 following:

- The year you reach RMD age, or;
- If you have not separated from service prior to RMD age, the year you terminate employment.

RMD ages are determined by the federal tax code. Effective January 1, 2020, the RMD age was increased from 70½ to 72 for individuals who turned 70½ on or after January 1, 2020.

YOUR RMD AGE

- If you were born before July 1, 1949, your RMD age is 70½.
- If you were born on or after July 1, 1949, your RMD age is 72.

If you are participating in **Defined Contribution**, subsequent RMDs must be taken every year by December 31. If you are participating in **Cash Balance**, you must take a distribution of your entire account upon reaching RMD age (see “Distribution Options After Termination”).

IMPORTANT



NPERS will make every effort to provide RMD warnings to terminated plan participants, but we cannot guarantee accurate notification for every member.

It is your responsibility to:

- Understand your RMD age and due dates.
- Calculate RMD amounts.
- Take a taxable distribution in time to meet RMD deadlines.

Failure to take an RMD can result in significant tax penalties and the eventual transfer of your account to unclaimed property. You may wish to consult with a tax professional for assistance.

It is the responsibility of the beneficiary(ies) or estate to understand RMD requirements and RMD payments pertaining to a deceased member's account. Please contact your financial advisor, tax preparer, and/or accountant with detailed questions about your unique financial situation.

Taxation of Rollovers/Conversions

Please refer to the "Rollover/Conversion" distribution section.

Taxation of Annuities

NPERS will withhold federal taxes from each monthly check at the rate you specify on the Withholding Certificate for Annuity Payments form (included in the retirement packet and available on the NPERS website). Please refer to the "Monthly Annuity" section for more information.

IMPORTANT



Since tax laws frequently change, NPERS recommends you contact the Internal Revenue Service or a certified tax consultant for more information.

DEATH BENEFITS

Upon your death, your employer or beneficiaries should immediately notify NPERS. Proof of death must be provided before any death benefit can be distributed.

IMPORTANT



Beneficiaries receiving a death benefit must maintain a current address with NPERS. Failure to maintain an updated address may result in potential tax penalties and transfer of the account to unclaimed property.

DEATH BENEFIT BENEFICIARIES

Eligible beneficiaries will be determined by:

- Beneficiaries designated per your most recently received beneficiary form (see "Beneficiary Designation")
- If there is no surviving designated beneficiary, the spouse married to the member on the member's date of death shall be the sole primary beneficiary
- If there is no surviving designated beneficiary OR surviving spouse, benefits will be issued to the member's estate

NOTE: If the member purchased an annuity, benefits will be dependent on the annuity option selected (see “Annuity Options”).

RMD requirements apply (see “Taxation”).

Surviving Spouse’s Options

If your spouse is your sole primary beneficiary, they may elect either a withdrawal or an annuity, as follows:

SURVIVING SPOUSE’S OPTIONS	
Lump Sum or Rollover	A one-time payment, paid out no later than the fifth anniversary of your death or by the applicable RMD due date, whichever is earlier. Your surviving spouse may take a direct payment or roll the money into another qualified retirement account or IRA (Traditional or Roth).
Systematic Withdrawal (Defined Contribution Only)	If you have a Defined Contribution account, your surviving spouse may elect a systematic withdrawal. All funds must be distributed within five years. NOTE: Systematic Withdrawal is not available for Cash Balance accounts.
100% Joint and Survivor Annuity*	A guaranteed monthly payment paid for your spouse’s lifetime. Contact NPERS for a benefit estimate. *IMPORTANT: If you have designated additional primary beneficiaries in addition to your spouse, your spouse cannot select the 100% Joint and Survivor annuity option. To apply for the annuity option, your spouse must file an application with NPERS within 180 days of the date of death. The effective date of the annuity will be the date of death.

Non-Spousal Beneficiary’s Options

If you die with a balance remaining in your account and your sole primary beneficiary is not your spouse, your account will be paid to your beneficiary(ies) and must be distributed in full by the fifth anniversary of your death.

NON-SPOUSAL BENEFICIARY’S OPTIONS	
Lump Sum or Rollover	A one-time payment, paid out no later than the fifth anniversary of your death or by the applicable RMD due date, whichever is earlier. Benefits may be rolled over into another qualified retirement account or IRA (Traditional or Roth).

NON-SPOUSAL BENEFICIARY'S OPTIONS (CONT'D.)

Systematic Withdrawal (Defined Contribution Only)

If you have a Defined Contribution account, your beneficiary may elect a systematic withdrawal. All funds must be distributed within five years.

NOTE: Systematic Withdrawal is not available for Cash Balance accounts.

DISABILITY RETIREMENT

As a member of the State Plan, you may qualify for certain rights if you are approved for disability retirement by the Retirement Office. Disability is defined as 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 can be expected to result in death or to be of long-continued and indefinite duration."*

DISABILITY RETIREMENT QUALIFICATIONS

To qualify, you must:

- Be under age 55 at termination
- Apply for disability retirement status within *one year* of the date you cease employment
- Submit to a medical examination by a physician selected by NPERS. This examination shall be paid for by the Retirement Office

To apply, please contact the Retirement Office. You will be sent a Disability Retirement Packet and asked to provide a description of your disability, and the names of the physicians you have consulted along with any supporting medical records/documentation regarding your disability. Your application will be reviewed by the Public Employees Retirement Board.

UPON QUALIFICATION FOR DISABILITY RETIREMENT

If you qualify:

- You will automatically be vested in the employer contributions regardless of length of service.
- Payment options will be the same as regular termination/retirement payments under the Plan (see "Payment Options at Termination/Retirement").
- Federal and State early withdrawal penalties will be waived on disability retirement distributions.

This is NOT a long-term disability insurance plan. If you receive disability insurance benefits in addition to your retirement benefits, the insurance company may reduce their payment to you by the amount you receive from the State Plan.

IMPORTANT



Qualifying for disability retirement benefits through NPERS may qualify employees for additional benefits. Please check with State Personnel or your employer regarding additional disability rights and benefits.

REEMPLOYMENT

Reemployment means terminating then returning to work at the same or another state agency participating in the retirement plan.

120 DAYS OR LESS

If you are reemployed in any capacity within 120 days or less:

- You must immediately return to participation in the same benefit (DC or CB) you were in prior to separation from service.
- You are not eligible to take (or have taken) distributions. You must repay all benefits issued, within two years of reemployment. Failure to repay may result in garnishment of pay.
- Annuity payments will cease. You must repay the total gross annuity benefits issued within two years of reemployment. The funds used to purchase the annuity will be restored to your account.

121 DAYS OR MORE

If you are reemployed with a break in service of 121 days or more:

- If rehired as a permanent (full or part-time) employee, you must immediately resume plan participation.
- If you were previously a Defined Contribution participant, you will resume as a Defined Contribution member. If you were previously a Cash Balance participant, you shall resume participation in the Cash Balance Tier in which you were previously participating.
- No further distributions may be taken from your account.
- If you purchased an annuity, those payments will continue.
- If you were previously vested, you return as a vested member.
- If you were not vested at the time of termination, prior vesting credit shall be restored if you did not take a distribution.
- If you were not vested and took a distribution, vesting credit for the prior service is forfeited. During the first three years after reemployment, you may make a one-time election to repay lump sum and/or rollover distributions. Vesting credit and employer contributions are restored in proportion to your percentage of repayment. Repayment must be completed within five years of reemployment or prior to termination, whichever is earlier.

Pre-arranged Returns to Work

Under no circumstances can the member and a participating employer have pre-arranged a return to work if the member has taken a distribution of their account. If at any time it is determined a pre-arranged return to work has occurred, benefits will be suspended, and all benefits previously issued must be repaid, including interest. Failure to repay can result in garnishment of assets including wages, checking and savings accounts, and other retirement assets.

MILITARY LEAVE

Prior to January 1, 2018

If you incur a break in service due to Military Leave, you may be eligible to receive vesting credit and employer matching contributions for the period of military service.

VESTING CREDIT

To receive vesting credit, you must return to employment with the state as required by law and submit your military honorable discharge documents (DD214) to NPERS.

EMPLOYER MATCH

To receive employer matching contributions for the period of military service, you must make your employee contributions for that time period through payroll deductions.

TO APPLY FOR EMPLOYER MATCH

- Within one year of return to state employment, contact NPERS in writing of your intent to repay missed contributions.
- Contact your employer for details on verifying your period of military service.
- Your employer must notify NPERS of the beginning and ending of the period of military service.
- Your employer must complete a Make-up Contribution Agreement, which you must sign. Your payments will be based on your average compensation rate during the 12-month period immediately before your military service.
- You must complete your payments through payroll deductions in a period that is no greater than three times your military leave, but not to exceed five years.
- NPERS will contact your employer to ensure that matching contributions are remitted for your make-up contributions.
- There will be no interest earned or fees charged to you or your employer for the military service credit, as required by federal law.

After January 1, 2018

Members who are reemployed after qualified military service will be granted vesting and benefit credit for the period of military service. The employer shall be responsible for funding military service benefits *for both the member and employer* contributions. These provisions only apply to military service that begins on or after January 1, 2018 and falls within the definition of uniformed service per the Uniformed Services and Reemployment Rights Act of 1994 (USERRA).

Heart Act

For any member whose death occurs on or after January 1, 2007, while performing qualified military service, the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act) requires their beneficiary(s) be entitled to any additional death benefit he or she would have received had the member been employed during the period of military service when the death occurred. For assistance, contact NPERS.

SPOUSAL PENSION RIGHTS ACT/QDRO

Under current law, your account is exempt from attachment (as in garnishment of wages) and is unassignable (for example, as loan collateral). In 1996 the Spousal Pension Rights Act codified the rights of divorced spouses and children to a share of a plan member's retirement account. To claim this share, proper language must be included in a domestic relations order (see below) and be qualified by NPERS. For further details refer to Neb. Rev. Stat. §§42-1101 through 42-1113, or contact NPERS.

Qualified Domestic Relations Order (QDRO)

A "qualified domestic relations order" (QDRO) is a domestic relations order (DRO) that has been approved by NPERS and is therefore effective in dividing the member account. A divorce decree and/or property settlement, although effective for most purposes, *does not* divide a retirement account unless it includes a QDRO. Once a judge has approved a DRO, it must be sent to NPERS to be approved. After NPERS approves the order, the benefits will be divided. If NPERS pays out benefits or a refund and later receives an order that would have affected the money already paid out, NPERS is legally held harmless for making the earlier payments. Therefore, whenever a domestic order is signed, it should be sent to NPERS as quickly as possible.

The person who receives a share of a member's account through a QDRO is called the "*alternate payee*." Becoming an alternate payee gives the former spouse certain rights to the benefits, but does not mean he/she will have immediate access to the money.

ALTERNATE PAYEE ACCESS

There are two ways an alternate payee can gain access to the retirement account:

- The member terminates employment or retires
- The member is age 50 or older

If a member is under age 50 and working for the State, the alternate payee *cannot* gain access to the account.

RETIREMENT PLANNING PROGRAM

NPERS conducts statewide Retirement Planning seminars for members age 50 and over and Financial Management Seminars for members under age 50. Spouses are welcome to attend. You may not, according to law, attend more than one seminar per fiscal year (July 1 - June 30).

Eligible members are entitled to receive **leave with pay** to attend up to two Retirement Planning seminars and up to two Financial Management seminars, for a total of four seminars. According to state law, *"...leave with pay shall mean a day off paid by the employer and shall not mean vacation, sick, personal, or compensatory time."* You may choose to attend either seminar more than twice, but such leave will be at your expense and will be at the discretion of the employer. The law limiting attendance to twice is not retroactive and therefore will not include attendances prior to September 9, 1995.

For information on seminars scheduled in your area, visit the NPERS website or contact our office. Each fall NPERS mails or emails registration information to all eligible members.

ADMINISTRATION OF THE RETIREMENT PLAN

The **Public Employees Retirement Board (PERB)** consists of eight members appointed by the Governor for five-year terms. Six members are participants in the retirement systems administered by the PERB. Two are at-large members and are not employees of the State of Nebraska or any of its political subdivisions. The State Investment Officer is also a member of the PERB in a non-voting, ex-officio capacity.

The PERB is responsible for the administration of the Judges, State Patrol, School Employees, State Employees and County Employees Retirement Systems, and the Deferred Compensation Plan. PERB meetings are normally scheduled on the third Monday of each month. Current PERB members and meeting dates may be found on the NPERS website.

The **Nebraska Public Employees Retirement Systems** is the agency responsible for the administration of the State Plan.

The **Director** is hired by the PERB and directs NPERS in its administration of the various systems. The Director is subject to the approval of the Governor and a majority vote of the Legislature.

The **State Treasurer** is the custodian of the funds and securities of the retirement systems.

The **Nebraska Investment Council** is responsible for the investment and management of the systems' assets. The Council contracts with outside managers to invest the various funds.

The **record keeper** is a company under contract with the PERB to maintain individual member accounts, provide quarterly statements, and allow for changes in investment allocations where applicable.

RELEASE OF INFORMATION

Member account information including name, address, account balances, beneficiaries, or payment options, will only be released under the following conditions:

CONDITIONS FOR RELEASE OF INFORMATION	
■ Your personal visit to NPERS with adequate proof of identity ■ Adequate proof of identity provided over the phone (not including beneficiaries) ■ Written and signed requests from the member ■ Written release signed and dated by member (release date must be less than 12 months old) ■ A court ordered release ■ Request from guardian or conservator accompanied by a certified copy of letters of guardianship or conservatorship	■ A request for information from an individual holding a power of attorney granted to that person by a member and the power of attorney on file contains: • A provision specifically granting the attorney-in-fact authority to deal with retirement plans; or • A provision granting the attorney-in-fact authority to do all things on the member's behalf; and a provision authorizing the release of information to the attorney-in-fact ■ Request from a personal representative of a deceased member accompanied by a certified copy of letters of appointment ■ A request for information from a third party signed by the third party and the member

Beneficiary designation(s) are only provided to you upon your signed, written request or personal visit by you to NPERS (with adequate proof of identity).

Account information may be released to your employer for verification of necessary information. The Internal Revenue Service may receive account information to comply with federal tax laws. Account information may be released as necessary under a qualified domestic relations order.

Fax Policy

FAXABLE DOCUMENTS

The following will be honored via facsimile (fax) if signed by the member:

- Requests for account information
- Requests for beneficiary listings
- Requests for annuity estimates
- Changes in tax withholding
- Changes in direct deposit or debit card

Original, signed NPERS forms are required to process annuities or payments, to change beneficiaries, or to change an address for payment requests.

Email Policy

General questions about the State Plan and requests for forms may be communicated through email.

At the present time, NPERS does not answer individual account questions by email; such questions must be submitted as a signed, written request.

APPEALS PROCESS

NPERS makes every effort to follow Federal and State statutes, and rules and regulations when administering the plan. As a member of the State Plan, you have the right of review if you disagree with a decision reached by NPERS' Director or the Public Employees Retirement Board (PERB). You must file your appeal form within 30 days after you receive notice of the Director's or the PERB's decision.

A hearing officer appointed by the PERB will schedule a formal hearing and send written notice to all parties concerned. If you wish to further appeal a decision, you are entitled to judicial review under the Nebraska Administrative Procedures Act.

The time limits prescribed may be extended at the discretion of the PERB.

IMPORTANT



State laws and NPERS policies are subject to change. Please view our website or contact our office for the most current plan information.



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