

# 2016 ANNUAL REPORT

## NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS



ANNUAL REPORT TO THE LEGISLATIVE RETIREMENT COMMITTEE



# Public Employees Retirement Board

## NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

Authority: Nebraska State Statutes Section 84-1503(3)



### NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS (NPERS)

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### NEBRASKA PUBLIC EMPLOYEES RETIREMENT BOARD (PERB)

(L-R): J. Russell Derr (Judges), Janis Elliott (Vice Chair, School), Denis Blank (State), Kelli Ackerman (School), Dennis Leonard (Patrol), Phyllis G. Chambers (Executive Director, NPERS), Michael Walden-Newman (Ex-Officio).

NOT PICTURED: Ronald Ecklund (Chair, Member-At-Large), Elaine Stuhr (Member-At-Large), Pamela Lancaster (County).





# Letter From the Executive Director

## NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

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March 1, 2016

Senator Mark Kolterman, Chairman  
Nebraska Retirement Systems Committee  
Nebraska State Capitol, Room 2004  
Lincoln, NE 68509

Dear Senator Kolterman and Retirement Systems Committee Members:

It is a pleasure to present the 2016 Annual Report to the Legislature with detailed information about NPERS' plans and achievements. 2015 was a year of "breaking records" once again. We continue to exceed or maintain our activity levels. The employees who work in our Call Center, Benefits Processing, Education Services, Data Services, Information Technology, Accounting, Internal Audit, and Administration have consistently worked to provide the highest quality and quantity of services our resources allow.

In 2015, NPERS' membership grew to a record 125,033 members with record assets of \$12.9 billion. We distributed a record \$719 million in benefits to members in all six plans. NPERS processed 1,914 new annuity benefits and a record 6,930 refunds, rollovers and required minimum distributions. We responded to a record 43,804 phone calls and met with 2,750 members who visited our office, a 6% increase in phone calls and a 13% increase in office visits. Across Nebraska, NPERS presented 62 retirement seminars to over 2,500 members and 8 training seminars to 474 employer reporting agents.

NPERS looks forward to the challenges in the coming year as we assist our members in the quest for a successful retirement. I wish to acknowledge the leadership and dedication of the Retirement Committee, the Public Employees Retirement Board and the Nebraska Investment Council. We also appreciate the contributions of Cavanaugh Macdonald Consultants and Ameritas, who play an important role in our success.

Sincerely,

Phyllis G. Chambers  
Executive Director







Public Pension Coordinating Council

***Public Pension Standards Award  
For Funding and Administration  
2015***

Presented to

***Nebraska Public Employees Retirement Systems***

In recognition of meeting professional standards for  
plan funding and administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads "Alan H. Winkle". The signature is written in a cursive style with a large initial 'A' and 'W'.

Alan H. Winkle  
Program Administrator



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## Mission

**The Nebraska Public Employees Retirement Systems recognizes the importance of a successful retirement and is dedicated to providing the highest quality service necessary to assist members in achieving this goal.**

## Vision

**The Nebraska Public Employees Retirement Systems seeks to administer the retirement systems with exceptional service, integrity, and commitment for the exclusive benefit of our plan members and to ensure retirement security for their future.**

# Agency Goals

1. To administer each retirement plan in full compliance with applicable federal and state laws.
2. To operate our agency efficiently and responsibly in order to maintain the trust of our members, our plan employers, the separate branches of government, and the public as a whole.
3. To guard the integrity of our systems' assets and the accuracy of the data systems
4. To provide ongoing informational and educational opportunities for the members.
5. To monitor benefit patterns and funding levels of the various retirement plans and advise policy makers of our observations.
6. To continue improving our technology in order to achieve the highest level of service possible.

# Agency Statutory Authority

The Public Employees Retirement Board (PERB) is entrusted with the administration of the Nebraska Public Employees Retirement Systems (NPERS), per Chapter 84-1501 to 84-1513.

The laws governing each retirement plan are as follows:

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|                                      |                     |
|--------------------------------------|---------------------|
| County Employees Retirement Act      | 23-2301 to 23-2334  |
| Judges Retirement Act                | 24-701 to 24-714    |
| School Employees Retirement Act      | 79-901 to 79-977.03 |
| Nebraska State Patrol Retirement Act | 81-2014 to 81-2040  |
| State Employees Retirement Act       | 84-1301 to 84-1333  |
| State Deferred Compensation Fund     | 84-1504 to 84-1513  |

Others:

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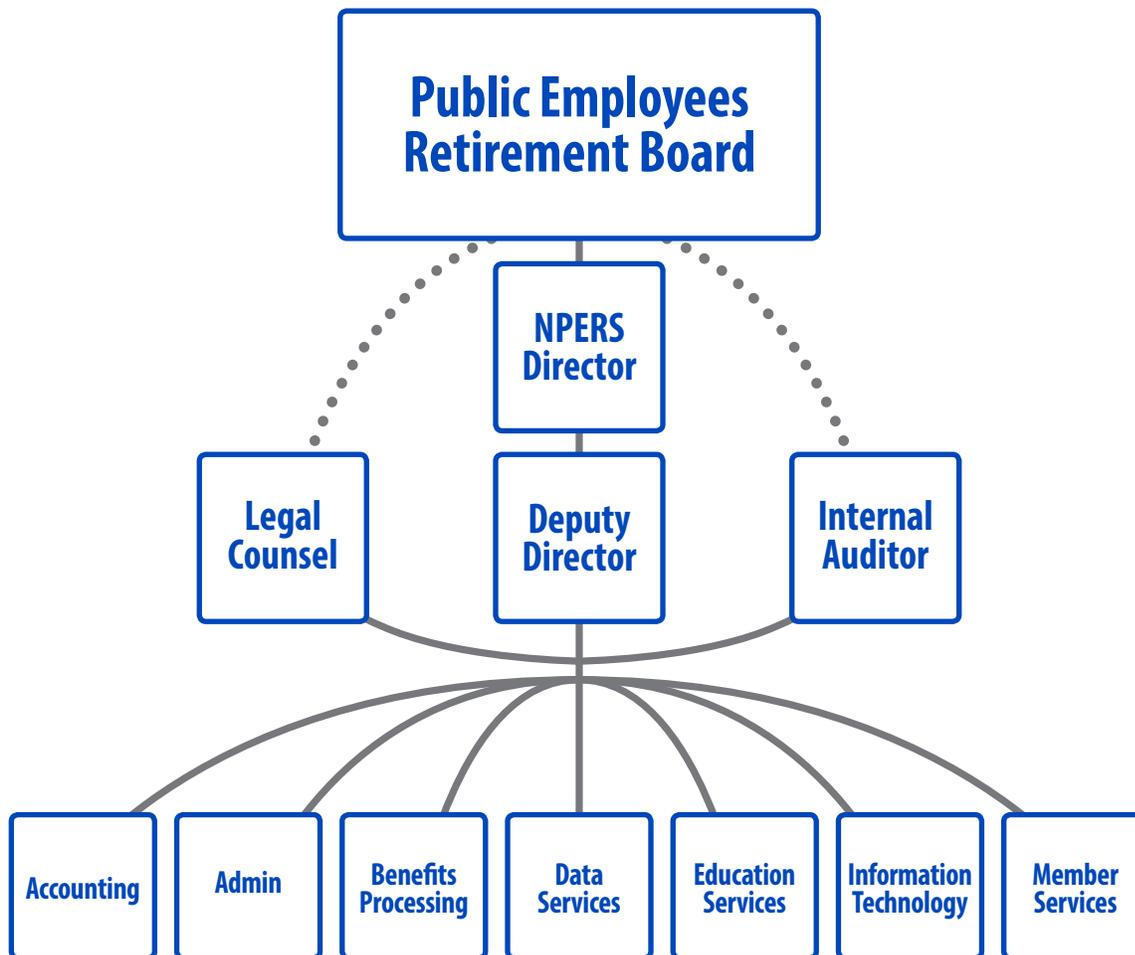
|                             |                    |
|-----------------------------|--------------------|
| Spousal Pension Rights Act  | 42-1101 to 42-1113 |
| Nebraska Investment Council | 72-1237 to 72-1269 |
| Retirement Board            | 84-1501 to 84-1503 |

# Staffing

We currently have a total of 52 NPERS employees and three OCIO employees on staff. The key management staff members are:

- Randy Gerke, Deputy Director, Finance
- Orron Hill, Legal Counsel
- Teresa Zulauf, Internal Auditor
- Miden Ebert, Retirement Plans Manager
- Dennis Cooper, Data Services Manager
- John Winkelman, Education Services Manager
- Sheila Linder, Human Resources Manager
- Jack Hardy, IT Manager

# Organizational Structure



# 2015 Accomplishments

1. The total number of member accounts in the School, Judges, Patrol, State, County, and Deferred Compensation plans grew by 3,100 to a record total of 125,033. The total assets of the plans increased from \$12.6 billion to a record \$12.9 billion. Investment performance as of June 30, 2015, was 3.9% for the Defined Benefit plans. The investment return for the Cash Balance plans as of December 31, 2015, was only 1.2%.
2. The Call Center answered a record number of 43,840 phone calls and met with 2,750 members who visited our office for retirement information and counseling. The Benefits Department processed 1,914 retirements, 202 estimates for purchase of service and 97 actual purchases of service, 43 Qualified Domestic Relations Orders (QDRO's), and 30 disability retirements.
3. NPERS distributed over \$719 million in benefits to plan members in all six plans. The benefits included \$553 million in monthly annuity payments to over 24,000 members. NPERS processed 6,930 refunds, rollovers, and required minimum distributions totaling \$166 million.
4. After waiting 6 years, NPERS received a favorable IRS determination letter for the State Patrol plan. We have now received favorable determination letters for all five NPERS retirement plans.
5. NPERS received final approval from the Governor revising Rule and Regulation Chapter 18 on contribution and benefit adjustments to clarify language consistent with IRS requirements.
6. The Finance and Accounting Department worked closely with the actuaries and State Auditor providing data and feedback for both Government Accounting Standards Board (GASB) rules 67 and 68. We implemented GASB 67 for the State and County plans. We implemented GASB 68 for the School and County employers providing information that is used for their financial statements. GASB 68 includes plan information, the employer's allocated share of contributions and net pension liability, the proportionate share of deferred outflows, inflows, and total pension expense.
7. NPERS exercised careful control of agency expenditures and financial reporting. The financial statements represent accurate and reliable information about NPERS.
8. The State Auditor audited the State and County plans in the spring and the School, Judges, and Patrol plans in the fall. NPERS had no reported audit points for the State and County audit and only one audit point for the School, Judges, and Patrol audit.
9. The PERB approved revisions to the Three-Year Internal Audit Plan. The Internal Audit department completed 48 School employer audits and 12 County employer audits.
10. NPERS worked with Cavanaugh Macdonald, the actuaries, to prepare annual valuation reports for all five plans. In addition, the actuaries updated the 30-year projection models; prepared GASB 67 and 68 reports; and provided consulting services, cost studies, and a report on the assumed rate of return for the Retirement Committee.

11. NPERS worked with Administrative Services Purchasing Bureau to issue a request for proposal (RFP) for Record Keeping and Consulting Services for the State, County, and Deferred Compensation plans.
12. The State and County Cash Balance plans exceeded 100% funding as of December 31, 2014. The PERB voted to grant a 4.53% dividend to State CB members and a 5.81% dividend to County CB members. The total dividends paid were \$67,938,455.
13. There was a decrease in the CPI-W for the year ending on June 30, 2015; therefore the School, Judges, and Patrol retirees and beneficiaries did not receive a cost of living adjustment (COLA) in 2015.
14. The PERB and Nebraska Investment Council (NIC) met jointly in November for the presentations of the defined benefit actuarial reports by the actuary and the capital market assumptions by the investment consultants.
15. The PERB participated in an educational retreat in July. The agenda included a presentation by guest speaker, Dana Bilyeu, Executive Director of the National Association of State Retirement Administrators, and a presentation by the actuaries on funding policies and mortality assumptions. There was a special panel presentation by retirement plan member groups from the Nebraska Council of School Administrators, the Nebraska School Education Association, the Nebraska Association of County Officials, the Nebraska Association of Public Employees, the State Troopers Association of Nebraska, and the District Court Judges Association.
16. The Education Services staff traveled Nebraska providing seminars and training for over 2,561 members and 349 employers. NPERS held 47 Retirement Planning and Financial Planning seminars, 8 special presentations, and 7 employer workshops. NPERS partnered with NCSA and held the first school employer webinar with 125 employers participating.
17. Data Services processed over 42,348 pieces of incoming mail; 194,454 pieces of outgoing mail; and scanned 257,536 documents. There were 5,395 member accounts that were validated for service credit, double the previous year. For the first time, NPERS included beneficiary names on the annual School member account statements in July.
18. Data Services processed 9,600 beneficiary records for State and County members. NPERS processed 8,887 changes of information, 3,085 tax withholding forms, and 3,260 direct deposits forms. The majority of forms were processed within 2 days of receipt.
19. The IT Department completed the migration from FileNet to OnBase for scanning, storing, and retrieving documents on schedule, within budget, and with minimal impact to the agency and our members. NPERS converted over 5 million pages of content and converted and tested over 80 workflow processes. The IT Department also completed phase two of the new tier requirements for the School plan.
20. NPERS Director and Legal Counsel responded to Retirement Committee requests for research, analysis, and reports regarding all of the plans, the assumed rate of return, military service credit, Patrol plan salaries, the Deferred Retirement Option Plan (DROP), and other retirement issues.

# 2016 Action Plan

1. Evaluate the bid proposals submitted for the State, County, and DCP plans Record Keeping and Consulting Services Request for Proposal (RFP) and select a vendor. Finalize the contract with the Administrative Services Purchasing Bureau and the vendor for a 5-year term beginning October 1, 2016. Implement any changes as a result of the new contract.\*
2. Work with the actuary to perform the 2016 Experience Study for all five plans. Take board action on the actuaries' recommendations regarding the economic and demographic assumptions.
3. Work with the actuary to prepare the 2016 actuarial valuations and provide actuarial reports and information to the PERB, the Governor, and the Legislature.
4. Work with the actuary to perform a Return to Work Study for the School plan.
5. Complete the development, testing, and implementation of system requirements for the Judges plan members in the "new tier" hired on or after July 1, 2015.
6. Convert plan member records currently on microfilm and in ledger books to electronic scanned images using the Secretary of State's records management services. Issue a Request for Proposal (RFP) and select a vendor for the scanning of microfiche records to electronic images.
7. Implement a system for reporting and tracking IT related service requests. Utilize the software services provided by the Office of the Chief Information Officer (OCIO) for tracking incidents, service requests, and change management.
8. Examine NPERS' internal operations to develop efficiencies in workflows and processing of refunds and required minimum distributions.
9. Continue work on the Data Services project to enter beneficiary forms for State, County, and DCP plan members into the NPRIS data base system.
10. Participate in drafting retirement bills, testify at legislative hearings, and implement retirement legislation enacted by the 2016 Legislature.

*\*Ameritas Investment Corporation was the successful bidder of the Record keeping and Consulting Services RFP. AS Purchasing Bureau finalized the contract on February 11, 2016.*

# Legislation

## 2015

### ■ LB 40

#### County, Judges, Patrol, State

Introduced at the request of NPERs. It grants the PERB the authority to issue subpoenas when there is a need to investigate an overpayment of a benefit.

The PERB shall have the power to compel the attendance of witnesses; the production of books, papers, records, and documents; and to issue subpoenas. Such subpoenas shall be served in the same manner and have the same effect as subpoenas from district courts.

### ■ AM224

Removes the unconstitutional benefit garnishment provisions added in 2012 by LB 916.

### ■ LB 41

#### County

Increases the population cap designated for participation in the Nebraska County Retirement Plan from 200,000 to 250,000.

### ■ LB 468

#### Judges

##### *Retirement Committee Priority Bill*

Establishes a second tier of benefits for members joining the Nebraska Judges plan on or after 7/1/2015. This benefit tier would mirror the current plan with the following exceptions:

- Individuals participating in *Tier 2* will contribute 10% of salary.
- Monthly retirement benefits for *Tier 2* members will be calculated using their five highest 12-month periods of salary.
- The 75% purchasing power cost of living adjustment

provision is removed for *Tier 2* participants. Cost of living adjustments for retirement payments would be capped at 1%. If the annual actuarial study finds sufficient funding, the retirement board may elect to issue a supplemental lump-sum cost of living adjustment for that year. The supplemental cost of living adjustment cannot exceed 1.5%.

Modifies funding of the plan. Under current statute, \$2 of the Nebraska court fee is allocated to the Nebraska Retirement Fund for Judges. LB 468 increases this allocation for county courts to \$4 as of 7/1/2015. On 7/1/2017, the county court allocation would increase to \$6. The separate \$6 court fee assessed specifically for the Nebraska Retirement Fund for Judges would not be altered by this legislation.

## 2014

### ■ LB 759

#### Defined Contribution, DCP, and Patrol DROP

Removed the requirement that the Stable Value fund be invested only in guaranteed investment contracts and allowed the inclusion of investment options that will provide "capital preservation and consistent, steady returns." Amended from LB 918.

### ■ LB 1042

#### School

Revised the provisions to repay a refund and change the eligibility requirements for the 12-month preretirement service purchase.

All refund repayments will be calculated using the refund plus the actuarial assumed rate of

return (as of the date of repayment) and must be submitted within five years after returning to employment. Requests to repay a refund will be allowed on a one-time basis. Members must be actively employed and participating in the plan in order to repay a refund. All refund repayments must be completed within five years of reemployment or prior to termination. Service credit will be restored in proportion to the amount repaid.

Members currently employed and participating in the plan will have an extended time frame to submit a one-time application for repayment. These applications must be received within six years from the effective date of the bill, and repayment completed within six years from the effective date of the bill or prior to termination. The repayment will be calculated using the original amount of the refund plus the actuarial assumed rate of return.

In addition, the bill clarified individuals reemployed on or after July 1, 2013, who were previously participating under Tier 1 provisions and took a refund, will return to plan participation under Tier 2 status. These members may return to Tier 1 status only after repaying the refund in full thereby restoring all Tier 1 service credit.

The bill requires individuals who initially join the plan on or after July 1, 2014, to acquire a minimum of ten years of service credit prior to purchasing additional years of service under the 12-month preretirement service purchase.

Provisions of LB1042 took effect on April 17.

## 2013

### ■ LB 263

#### County

Permanent part-time employees age eighteen or older who wish to exercise the option to begin participation in the retirement system must do so within the first thirty days of employment. Provided for participation by counties with populations up to 200,000 (increased from the current cap of 150,000).

#### School

Increased the filing time for retirement applications from 90 to 120 days prior to effective date of retirement.

Effective July 1, 2013, salary increases as the result of a change in position or employers are no longer exempt from the salary caps used when determining benefits. Additional language added via AM835 (see below).

Clarified termination dates. Stipulates employment contracts shall specify the period of employment including starting and ending dates.

The time frame for a new member to submit an application for eligibility and vesting credit shall be increased from 30 to 180 days.

#### State Patrol

The time frame for a new member to submit an application for eligibility and vesting credit shall be increased from 30 to 180 days.

#### State

Permanent part-time employees age eighteen or older who wish to exercise the option to begin participation in the retirement system must do so within the first thirty days of employment.

#### AM835

Clarified language and definitions relating to the 8% salary

cap (with no exemptions) for determination of retirement benefits for members retiring on or after 7/1/2013.

### ■ LB 306

#### Judges

Retains the temporary additional 1% member contribution rate previously scheduled to be removed as of 7/1/2014.

#### AM624

Incorporated language from LB 229: *“Under current statute, the court fee designated for the Nebraska Retirement Fund for Judges is scheduled to decrease from six to five dollars effective July 1, 2014. This bill proposes to remove this language, keeping the fee at six dollars.”*

#### AM1114

Increased salaries of Justices serving on the Nebraska Supreme Court effective July 1, 2013, and again on July 1, 2014.

### ■ LB 553

This bill proposed multiple changes to the School Retirement plan.

For new members joining the plan on or after July 1, 2013:

- Final average monthly compensation would be determined using compensation during the five twelve-month periods of service in which compensation was the greatest, divided by sixty.
- Cost of living adjustments would be capped at one percent. The 75% purchasing power language was removed.

#### AM802

Increased the number of hours used to determine plan membership from 15 to 20 hours per week.

Removed the language that would have reduced member contributions from the current

rate of 9.78% to 7.28% on 9/1/2017.

Increased State contributions from 1 to 2 percent of member salary beginning 7/1/2014.

## 2012

### ■ LB 916

Excluded per diem payments from the definition of compensation.

Implemented provisions of the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act) requiring a member’s beneficiary be entitled to any additional death benefit that he or she would be entitled to had the member been employed during the period of qualified military service when the death occurred.

In addition, the bill contained the following “clean up” language. Clarified it is the responsibility of an employer to notify NPERS when a plan member terminates employment. Clarified language to conform to current IRS regulations regarding rollovers to another eligible retirement plan or IRA.

#### School Plan

Effective September 1, 2012, employees under 18 are not eligible to join the plan. Clarified that unpaid voluntary or substitute service during the first 180 calendar days after termination can only be provided on an intermittent basis.

#### County/State

Clarified the definition of the Standard and Poor’s 500 Index fund.

#### AM1739

Provided for garnishment of retirement benefits when a plan member is convicted of or pleads no contest to a felony that is defined as assault, sexual

assault, kidnapping, child abuse, false imprisonment, or theft by embezzlement and is subsequently found liable for civil damages. Exempted from garnishment any benefit or annuity payments “reasonably necessary for the support of the employee or appointee or any of his or her beneficiaries.” Garnishment may only occur after distribution of retirement benefits.

State and County Defined Contribution members may elect to transfer to Cash Balance during an election period starting September 1, 2012, and ending October 31, 2012. Only members who are actively employed and contributing to the plan at the time of election will be eligible to transfer. Defined Contribution members who do not file an election during the new election period would continue to participate in the Defined Contribution plan.

## 2011

### ■ LB 303

Eliminated reporting requirements on investments by the NIC for certain corporations doing business in Northern Ireland.

### ■ LB 382

Temporarily increased contribution rates for School plan members. Beginning September 1, 2011, contribution rates for School members increased from 8.28% to 8.88%. On September 1, 2012, this rate will increase to 9.78%. On September 1, 2017, the rate will decrease to 7.28%. The employer match remains unchanged at 101% of the member rate. The current State of Nebraska contribution rate of 1% of salary remains in effect until July 1, 2017, at which time it will drop to 0.7%.

### ■ LB 509

Pending the final outcome of an employee personnel grievance action, a State or County member may withdraw up to \$25,000 from their employee (member) account. If reinstated, the member must repay the entire distribution.

Lowered the minimum age from 20 to 18 for permanent eligible part-time state and county employees who choose to participate in the plans.

From July 1, 2012, up to July 1, 2013, an increase in compensation for School plan members greater than 9% per year, during the five years prior to retirement, will be excluded from retirement compensation when calculating retirement benefits. Beginning July 1, 2013, increases in compensation greater than 8% per year, during the five years prior to retirement, will be excluded when calculating retirement benefits. No exceptions for increasing above the 9% or 8% cap will be allowed for the purpose of retirement calculations. Clarified that the PERB will not refund contributions made on compensation earned above the salary cap.

Clarified cost of living adjustment language in the School, Judges, and State Patrol plans. The changes did not change the formula or process currently in use.

Permitted a possible future transfer of certain Department of Labor employees to the State retirement plan.

Clarified rollover language in the voluntary Deferred Compensation plan.

Allowed a surviving spouse of deceased State Patrol members to remarry and remain eligible for survivor benefits.

## 2010

### ■ LB 950

Specified in the County, State, and School retirement plans that a disability must have occurred while the member was a participant in the plan. The County plan clarified that disabled employees are not required to receive annual medical examinations after age 55.

Provisions related to the passage of LB 403 in 2009 are amended into the County, Judges, State Patrol, School, State, and the Deferred Compensation retirement plans. LB 403 prohibited participation by non-citizens or those not lawfully in the United States within the retirement plans.

Clarified the definitions in the School plan for temporary, regular, and substitute employees.

Clarified that retired, certificated School plan members hired by the Department of Education within 180 days of termination from their school employer will participate in the State plan.

Language is stricken in several sections of the County and State Employees Retirement Acts prohibiting use of forfeiture funds to pay administrative costs for the defined contribution and cash balance plans.

Modified the sunset on a state contribution to the School, Patrol, and Judges’ plans, which was set to occur after the 2010/2011 fiscal year, and extended them to the end of the 2012/2013 fiscal year.

# Funded Status of Pensions

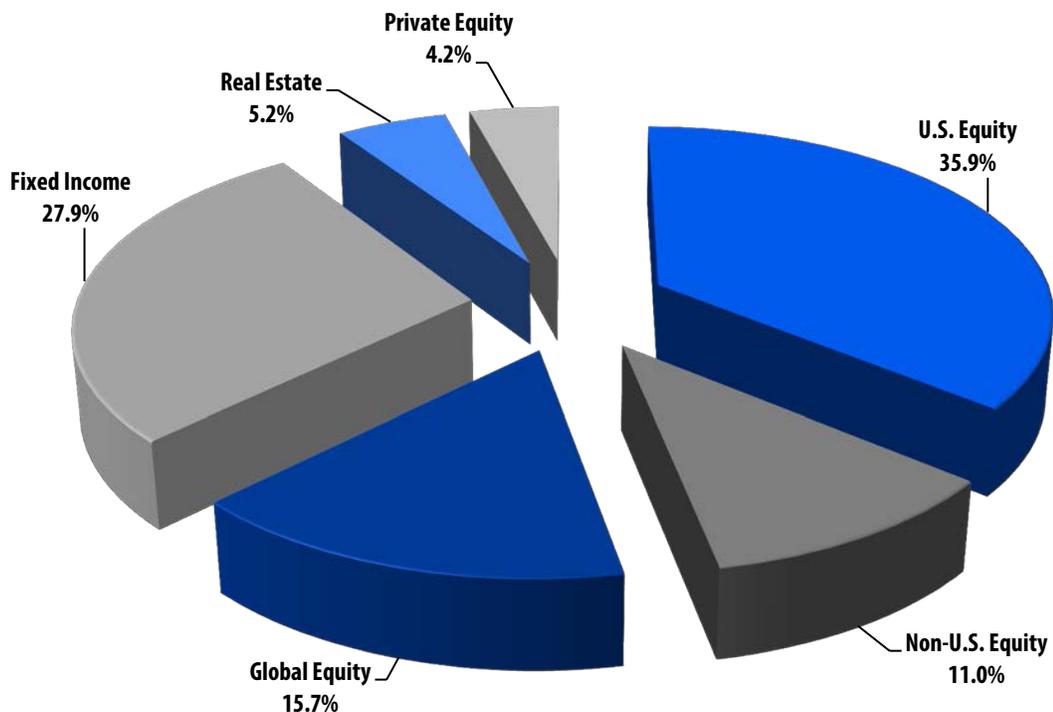
Annually, our actuary performs an actuarial valuation of the Defined Benefit and Cash Balance plans. The Cash Balance plans are on a calendar year basis with the actuarial report issued in the spring. The Defined Benefit plans are on a fiscal year basis with the actuarial report issued in the fall. Investment returns are smoothed over a five-year period.

## Investment Return for Defined Benefit Plan

| FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 | FYE 2014 | FYE 2015 |
|----------|----------|----------|----------|----------|----------|
| 13.6%    | 23.3%    | 1.0%     | 12.7%    | 18.0%    | 3.9%     |

## Asset Allocation

The actual asset allocation for the Defined Benefit plans as of June 30, 2015, was 35.9% U.S. Equity; 11.0% Non-U.S. Equity; 15.7% Global Equity; 27.9% Fixed Income; 5.2% Real Estate; and 4.2% Private Equity.



## Judges Plan

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As of July 1, 2015, the Judges plan funding increased from 92.6% to 97.1%. The normal cost\* for Judges plan members was 21.94% of salary. The Judges plan has an unfunded liability of approximately \$4.7 million. This means the actuarial accrued liabilities of \$162.1 million are greater than the actuarial value of the assets of \$157.4 million.

For the plan year ending June 30, 2016, no additional contributions are necessary to meet the actuarially required contribution for the Nebraska Judges Retirement System.

## School Employees Plan

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As of July 1, 2015, the School plan funding increased from 82.7% to 88.0%. The normal cost\* for School plan members was 12.11% of salary. The School plan has an unfunded liability this year of approximately \$1.29 billion. This means the actuarial accrued liabilities of \$10.78 billion are greater than the actuarial value of the assets of \$9.49 billion.

For the plan year ending June 30, 2016, no additional contributions are necessary to meet the actuarially required contribution for the Nebraska School Employees Retirement System.

## State Patrol Plan

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As of July 1, 2015, the State Patrol plan funding increased from 81.2% to 86.9%. The normal cost\* for State Patrol plan members was 28.85% of salary. The State Patrol plan has an unfunded liability of approximately \$53.8 million. This means the actuarial accrued liabilities of \$410.2 million are greater than the actuarial value of the assets of \$356.4 million.

For the plan year ending June 30, 2016, an additional contribution of \$2,725,738 is necessary to meet the actuarially required contribution for the Nebraska State Patrol Retirement System.

## Summary

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All three of the Defined Benefit pension plans are currently in good financial condition. There are sufficient assets to pay benefits for years to come. This can be demonstrated by comparing the annual distributions to the asset value. The annual benefit distributions from the plans as a percent of the actuarial value of assets on June 30, 2015, were 5.29% for the School plan, 5.46% for State Patrol, and 5.43% for the Judges. The Defined Benefit plan distributions for the 2015 fiscal year were \$502,190,816 for the School plan, \$19,458,540 for the Patrol plan, and \$8,547,892 for the Judges.

**Note:** Copies of our Annual Actuarial Valuation Reports have been provided separately and are also available on the NPERS website.

*\*The "Normal Cost" is the annual cost of a member's accruing benefit as a percentage of salary.*

## Cash Balance Benefits (State/County)

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The Cash Balance benefit has been offered to State and County employees who elected to participate and for all new employees enrolled since January 1, 2003. The actuarial valuation for these benefits is performed annually. The annual credited rate for 2011, 2012, 2013, 2014, and 2015 was 5%. In 2015, a dividend of 5.81% was issued to County members and 4.53% dividend was issued to State members. To be eligible to receive the dividend, members must have had an account balance on December 31, 2013. For the historical crediting rates and dividends, see Appendix A.

State and County plan members were given a second opportunity to transfer from Defined Contribution to Cash Balance as provided by LB 665 in 2007. There were 1,574 members who elected to transfer to Cash Balance at that time. In 2012, the passage of LB 916 created a third opportunity for Defined Contribution members to convert to Cash Balance. During this election period, 1,630 members elected to convert.

The results of the actuarial valuation show no additional contributions are needed for the current year. As of January 1, 2015, the State Cash Balance benefit was 103.9% funded and the County Cash Balance benefit was 105.4% funded (GASB 25).

No additional contributions are required for the Nebraska State and County Cash Balance funds.

## Defined Contribution Benefits (State/County)

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We are in the process of finalizing our Annual Investment Report for State and County members who participate in Defined Contribution and the voluntary Deferred Compensation Plan (DCP).

# Retirement Funding

## Program 515

State law requires ongoing appropriations to the three Defined Benefit plans under our administration, as well as funding for the State Service Annuity for the separate Omaha Public Schools Retirement Plan, which passes through our agency before being paid to Omaha.

Specifically, the ongoing appropriations include:

1. Prior to July 1, 2014, a contribution of 1% of total salaries was being contributed to the School Employees Plan and the Omaha Public School Plan. This contribution was increased to 2% on July 1, 2014.
2. The State is obligated to fund the State Service Annuity portion of the Omaha Public Schools Retirement Plan, the amount of which is determined each year by the annual actuarial valuation.

If additional contributions are required to fund any unfunded liabilities for the School, Judges, or State Patrol plans, the State is required by law to make that contribution. Here are the current funding totals appropriated or as requested in our budget, including the funding for Omaha:

| 2012-2013    | 2013-2014    | 2014-2015    | 2015-2016    | 2016-2017     |
|--------------|--------------|--------------|--------------|---------------|
| \$29,991,325 | \$24,790,810 | \$46,645,251 | \$47,477,438 | \$47,303,239* |

\*Budget request.

# Retirement Plan Assets

## Market Value

| SYSTEM                                  | 2012                   | 2013                    | 2014                    | 2015                    |
|---|------------------------|-------------------------|-------------------------|-------------------------|
| <b>School Employees*</b>                | \$7,246,311,781        | \$8,092,953,030         | \$9,450,981,723         | \$9,685,816,053         |
| <b>Judges*</b>                          | \$123,907,003          | \$137,021,979           | \$158,790,111           | \$160,800,009           |
| <b>State Patrol*</b>                    | \$278,311,367          | \$309,589,784           | \$357,316,892           | \$363,922,631           |
| <b>State Employees (DC)</b>             | \$762,910,245          | \$606,469,147           | \$637,901,946           | \$611,637,757           |
| <b>State Employees (CB)</b>             | \$805,050,990          | \$1,224,185,235         | \$1,304,966,183         | \$1,309,752,380         |
| <b>County Employees (DC)</b>            | \$200,281,037          | \$180,430,560           | \$191,611,905           | \$187,115,191           |
| <b>County Employees (CB)</b>            | \$243,917,379          | \$350,546,570           | \$381,528,440           | \$390,953,488           |
| <b>Deferred Compensation (NPERS)</b>    | \$137,917,858          | \$163,206,220           | \$175,195,729           | \$171,200,217           |
| <b>Deferred Compensation (Hartford)</b> | \$34,489,108           | \$39,419,475            | \$38,135,134            | \$35,337,304            |
| <b>Total All Plans</b>                  | <b>\$9,833,096,768</b> | <b>\$11,103,822,000</b> | <b>\$12,696,428,063</b> | <b>\$12,916,535,030</b> |

\*Defined Benefit Plans thru 6/30/15  
State, County, and DCP thru 12/31/15

# Plan Membership Summary

## 2015 Membership Status

| SYSTEM                           | ACTIVE        | INACTIVE      | RETIRED<br>AND<br>DROP | TOTALS         |
|----------------------------------|---------------|---------------|------------------------|----------------|
| School Employees*                | 40,994        | 21,013        | 21,667                 | 83,674         |
| Judges*                          | 147           | 6             | 178                    | 331            |
| State Patrol*                    | 413           | 25            | 415                    | 853            |
| State Patrol DROP*               | -----         | -----         | 51                     | 51             |
| State Employees (DC)             | 2,696         | 1,465         | -----                  | 4,161          |
| State Employees (CB)             | 13,170        | 6,219         | 1,329                  | 20,718         |
| County Employees (DC)            | 1,115         | 665           | -----                  | 1,780          |
| County Employees (CB)            | 6,583         | 2,467         | 472                    | 9,522          |
| Deferred Compensation (NPERS)    | 2,529         | 765           | -----                  | 3,294          |
| Deferred Compensation (Hartford) | -----         | 649           | -----                  | 649            |
| <b>Total All Plans</b>           | <b>67,647</b> | <b>33,274</b> | <b>24,112</b>          | <b>125,033</b> |

\*Thru 6/30/2015

## 2015 Activity Summary

| SYSTEM                 | ENROLLMENTS  | REFUNDS      | RETIREMENTS  |
|------------------------|--------------|--------------|--------------|
| School Employees       | 4,062        | 2,164        | 1,536        |
| Judges                 | 3            | 0            | 8            |
| State Patrol           | 37           | 5            | 13           |
| State Employees (DC)   | 0            | 484          | 33           |
| State Employees (CB)   | 2,248        | 2,541        | 204          |
| County Employees (DC)  | 0            | 238          | 15           |
| County Employees (CB)  | 725          | 1,026        | 92           |
| Deferred Compensation* | 257          | 472          | 13           |
| <b>Total All Plans</b> | <b>7,332</b> | <b>6,930</b> | <b>1,914</b> |

\*Excludes Hartford Plan Members

# Operating Budget Summary

Program 041 and 042



| 2012-13     | 2013-14     | 2014-15     | 2015-16     | 2016-17     |
|-------------|-------------|-------------|-------------|-------------|
| \$4,991,476 | \$5,155,813 | \$5,221,639 | \$6,669,218 | \$5,492,278 |

## Operating Expenses

| Operating Expenses Paid by Each Plan During 2014-15 Fiscal Year: |             |     |
|--|-------------|-----|
| <b>School</b>  | \$3,199,789 | 68% |
| <b>Patrol</b>  | \$116,999   | 3%  |
| <b>Judges</b>  | \$91,609    | 2%  |
| <b>State</b>   | \$758,641   | 16% |
| <b>County</b>  | \$414,712   | 9%  |
| <b>DCP</b>   | \$87,923    | 2%  |

Our budget for FY15-16 represents expenses of approximately .05% (5BP) of our combined assets of \$12.9 billion. For FY16-17, it is .04% (4BP) of our combined assets.

# Education Services

## Seminars, Workshops, and Training

### Retirement Planning Seminars

Retirement Planning Seminars are conducted for members of all five plans. By law, members must be at least age 50 or within five years of qualifying for retirement or early retirement to attend. The seminars include basic planning aspects related to pension benefits, finances, insurance, estate planning, social security benefits, and emotional preparation. Prior to retirement, members may attend twice, with a spouse or other guest, with paid leave.

| Number of Seminars<br>(9 LOCATIONS) | Total Attendees in 2015 | Average Attendance |
|-------------------------------------|-------------------------|--------------------|
| 42                                  | 2,123                   | 51                 |

### Financial Planning Seminars

Members of the State and County plans under age 50 have the option to attend our Financial Planning Seminars, which include a discussion on our pension benefits and investment options, financial planning, and estate planning. This program provides members a better understanding of their retirement plan and the need for personal financial planning long before retirement occurs. Prior to age 50, members may attend twice, with a spouse or other guest, with paid leave.

| Number of Seminars<br>(5 LOCATIONS) | Total Attendees in 2015 | Average Attendance |
|-------------------------------------|-------------------------|--------------------|
| 5                                   | 123                     | 25                 |

### Special Meetings/Training Sessions

Upon the request of members or employers and schedule permitting, NPERS staff will speak to members about the various plan provisions or legislative updates.

| Number of Sessions<br>(7 LOCATIONS) | Total Attendees in 2015 |
|-------------------------------------|-------------------------|
| 8                                   | 315                     |

### Employer Education Programs

NPERS recognizes the key role the State Agency, County, and School Employers provide for enrollment and information to members. NPERS provides informational materials to these employers for distribution to members. To ensure all employees are enrolled when eligible, NPERS also provides the employers with plan procedure manuals, notices, and regular employer training statewide.

#### 2015 Venues

- School Employer Contact Training Workshops
- County Clerk Training Workshop

| Number of Meetings | Total Attendees in 2015 |
|--------------------|-------------------------|
| 7                  | 349                     |

### Publications and Online Resources

#### Plan Member Handbooks

Each member is provided a plan handbook at the time he/she joins the plan. Handbooks contain a summary of plan benefits and are updated periodically.

#### Newsletters

NPERS uses newsletters to inform active members of proposed legislation and changes in benefits. A separate newsletter is sent annually to retired plan members receiving benefits. Newsletters are also used to discuss basic retirement educational topics and to encourage members to take advantage of the Financial Planning and Retirement Planning Seminars in their areas.

#### Annual Investment Report

State and the County Defined Contribution members and employees enrolled in our voluntary Deferred Compensation Plan have 13 investment options available to them. Each year we prepare an Annual Investment Report which includes annual investment returns and details on each investment fund. The report also includes year-end information on the Cash Balance benefit. This report is available on our website and announced in the State and County *Retirement News* newsletter. We mail a paper copy of the report to those who request it.

#### Videos

Educational videos are taped, edited, and hosted on the NPERS website. Members without internet access may request a copy in DVD format.

#### Agency Website

The agency website, [npers.ne.gov](http://npers.ne.gov), was created in 1998 and is continually updated. Members and employers may access the site for basic plan information, forms, seminar schedules and registration brochures, training, videos, benefit calculators, legislative updates, newsletters, annual reports, other publications, and employer manuals.

# Additional Services

## Service Delivery Results

The "Service Delivery Policy" primarily addresses the processing of large numbers of School retirement applications in the summer and early fall.

The PERB policy requires benefit payments to be processed and paid within 90 calendar days after the effective date of retirement. If payments cannot be processed within this time frame, the PERB allows staff to issue provisional checks at 95% of the expected benefit. Out of 1,536 retirements processed during 2015, the results are as follows:

|     |   |
|-----|---|
| 9%  | Payments began within 30 days.          |
| 23% | Payments processed between 31-60 days.  |
| 36% | Payments processed between 61-90 days.  |
| 28% | Payments processed between 91-100 days. |
| 4%  | Payments processed after 101 days.      |

## Person-to-Person Contact

Members can contact NPERS in person, by phone, or by mail. Requests by telephone for details on beneficiary listings or estimated benefit amounts require proper identification before the information is released. We ask members to schedule office visit appointments in advance if extensive plan information is being requested.

## Record Keeper Services

State and County members participating in the Defined Contribution benefit as well as DCP members may access daily account values provided by NPERS' record keeper, Ameritas Life Insurance Company. Plan members may make investment changes via the Ameritas website at: <https://service.ameritas.com/service/login.asp>.

## Statements of Account

Each plan member receives an account statement. Members of our School, Judges, and State Patrol plans receive annual statements showing account balances, reported service and salary, and other pertinent information. State, County, and Deferred Compensation Plan members receive quarterly statements.

Our record keeper expanded and improved the statement format for the State, County, and Deferred Compensation Plan members.

## Services Summary

|  | 2012    | 2013    | 2014    | 2015    |
|--|---------|---------|---------|---------|
| <b>Incoming Phone Calls Answered</b>                   |         |         |         |         |
|  | 37,188  | 38,047  | 41,220  | 43,804  |
| <b>Office Visitors</b>                                 |         |         |         |         |
|  | 2,754   | 2,421   | 2,390   | 2,142   |
| <b>Incoming Mail</b>                                   |         |         |         |         |
|  | 34,905  | 33,357  | 37,052  | 40,782  |
| <b>Outgoing Mail</b>                                   |         |         |         |         |
|  | 155,162 | 220,915 | 253,103 | 195,860 |
| <b>Data Purification Project</b>                       |         |         |         |         |
|  | 5,109   | 4,793   | 2,263   | 5,395   |
| <b>Scanned Documents</b><br>(DOCUMENT IMAGING PROJECT) |         |         |         |         |
|  | 239,215 | 302,617 | 306,872 | 257,536 |
| <b>Retiree Documents Converted</b>                     |         |         |         |         |
|  | 683     | 402     | 270     | 373     |

# Internal Control

## Purpose

To ensure the proper implementation and ongoing compliance with federal and state legislation governing the pension plans under the administration of the PERB.

## Compliance Process

The NPERS compliance process has been established as a separate, centralized function. The ongoing review of applicable federal and state statutes is delegated to key NPERS staff members. These associates identify and coordinate the implementation procedures necessary to ensure NPERS remains in compliance with all updates to federal and state statutes.

## Responsibilities

The Director and agency Legal Counsel monitor and track the legislative process. They provide

testimony at Retirement Committee hearings as directed by the PERB and assist in the preparation of legislation and amendments. Regular updates are provided to the PERB and to the NPERS managers regarding proposed legislative and regulatory changes.

The Accounting and Finance Manager prepares the fiscal notes for legislation affecting the retirement system.

Once legislation has been enacted, the Director, Legal Counsel, Internal Auditor, and Managers meet to formalize a plan for implementation. The implementation of new legislation becomes the responsibility of the Managers, with guidance and direction provided by the Director, Legal Counsel, and Internal Auditor.

The Internal Auditor will perform periodic tests of controls to ensure compliance with laws and regulations.

## Implementation Procedures

- A. Have plan of action in place for new legislation passed by the State Legislature or Congress within 30 to 45 days after notification is received on the change, but at least 30 days prior to the effective date.
- B. Ensure proper training of staff prior to the effective date of the law changes.
- C. Communicate proposed and actual plan law changes to the PERB, staff, employers, and all affected members with updates on the final law changes prior to the effective date of the change.
- D. Begin implementation on the effective date of the law change. If rules and regulations governing the administration of the law are not complete or are in the approval process, use the proposed rules and regulations as policy so as not to delay implementation.
- E. Compliance monitoring should begin immediately with all processes checked for accuracy by designated staff. Formal review of the guidelines with staff is to begin within three to six months after the effective date.
- F. NPERS' Internal Audit function will periodically review the design and effectiveness of the control structure to ensure compliance with laws and regulations.
- G. Continuously review long-standing statutes to make remedial changes or updates, if necessary.
- H. Review audit issues to determine policy or procedure changes, as needed.

# Economic Value and Annual Plan Audits

## Economic Value of Defined Benefit and Cash Balance Plans to Members and to the State

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Members receive pension benefits at retirement that will provide economic security for themselves and their families, while proving to be a major boost to the state economy. Members also receive protection for survivors, as well as protection in the event the member becomes disabled.

Last year, over 24,000 retirees received monthly payments from the Defined Benefit and Cash Balance plans, totaling more than \$553 million in pension income. About 90% of that money stays in Nebraska and is spent by the retirees residing in every county. The economic value of the pension income is multiplied several times as the money is circulated throughout the state. See Appendix B for charts of the monthly retirement benefits by county and by state.

## Annual Plan Audits

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Each year the State Auditor's office conducts an audit of each of the five retirement plans under our administration. The State and County plans are audited in the spring and summer. The School, Judges, and State Patrol plans are audited in the fall and winter. The Deferred Compensation Plan is audited every three years. There has not been a recent audit conducted that reported a material problem with the financial statements of our pension plans.

In 2012 we received the results of a formal compliance audit conducted by two outside firms with expertise in retirement plans. The firms were hired, per statute, to conduct a review of our compliance with both federal and state laws governing public pension plans. The results of this compliance audit were very positive and demonstrated to the PERB and agency management that we were following the statutes governing our plans.

Recent audits for our various retirement plans can be found on the State Auditor's website:

**<http://www.auditors.state.ne.us/>**



# APPENDICES

DC, DCP, & CB STATUS  
BENEFIT PAYMENT SUMMARY  
RETIREMENT PLANS  
PERB POLICIES



ANNUAL REPORT TO THE LEGISLATIVE RETIREMENT COMMITTEE

### Time-Weighted Rates of Return

Updated December 31, 2015

|                | Money Market Fund | Stable Value Fund | Bond Market Index Fund | S & P Stock Index Fund | Large Company Growth Stock Index Fund | Large Company Value Stock Index Fund |
|----------------|-------------------|-------------------|------------------------|------------------------|---------------------------------------|--------------------------------------|
| <b>Quarter</b> | 0.03%             | 0.49%             | -0.60%                 | 7.05%                  | 7.44%                                 | 5.69%                                |
| <b>YTD</b>     | 0.13%             | 1.56%             | 0.55%                  | 1.45%                  | 5.75%                                 | -3.64%                               |
| <b>2014</b>    | 0.07%             | 1.54%             | 6.17%                  | 13.74%                 | 13.10%                                | 13.49%                               |
| <b>2013</b>    | 0.09%             | 1.74%             | -1.95%                 | 32.45%                 | 33.42%                                | 32.50%                               |
| <b>2012</b>    | 0.19%             | 2.23%             | 4.26%                  | 16.03%                 | 15.36%                                | 17.58%                               |
| <b>2011</b>    | 0.11%             | 2.81%             | 7.85%                  | 2.22%                  | 2.72%                                 | 0.48%                                |
| <b>1 Year</b>  | 0.13%             | 1.56%             | 0.55%                  | 1.45%                  | 5.75%                                 | -3.64%                               |
| <b>3 Year</b>  | 0.10%             | 1.61%             | 1.53%                  | 15.19%                 | 16.86%                                | 13.16%                               |
| <b>5 Year</b>  | 0.12%             | 1.98%             | 3.31%                  | 12.63%                 | 13.59%                                | 11.35%                               |
| <b>10 Year</b> | 1.39%             | 3.08%             | 4.58%                  | 7.42%                  | 8.64%                                 | 6.26%                                |

|                | Small Company Stock Fund | International Stock Index Fund | AGE-BASED FUND (Refer to note 4) |                         |                          | Investor Select Fund |
|----------------|--------------------------|--------------------------------|----------------------------------|-------------------------|--------------------------|----------------------|
|                |                          |                                | Conservative Premixed Funds      | Moderate Premixed Funds | Aggressive Premixed Fund |                      |
| <b>Quarter</b> | 2.71%                    | 2.60%                          | 1.08%                            | 2.44%                   | 3.99%                    | 3.40%                |
| <b>YTD</b>     | -3.29%                   | -5.80%                         | 0.10%                            | -0.08%                  | -0.33%                   | -0.44%               |
| <b>2014</b>    | 4.44%                    | -4.38%                         | 5.92%                            | 7.42%                   | 8.01%                    | 8.01%                |
| <b>2013</b>    | 42.21%                   | 14.52%                         | 6.25%                            | 13.95%                  | 22.07%                   | 17.92%               |
| <b>2012</b>    | 18.39%                   | 17.74%                         | 6.79%                            | 10.48%                  | 13.72%                   | 15.05%               |
| <b>2011</b>    | -3.15%                   | -13.53%                        | 3.90%                            | 2.71%                   | 0.39%                    | -0.13%               |
| <b>1 Year</b>  | -3.29%                   | -5.80%                         | 0.10%                            | -0.08%                  | -0.33%                   | -0.44%               |
| <b>3 Year</b>  | 12.83%                   | 1.04%                          | 4.05%                            | 6.94%                   | 9.53%                    | 8.24%                |
| <b>5 Year</b>  | 10.49%                   | 0.99%                          | 4.56%                            | 6.78%                   | 8.45%                    | 7.82%                |
| <b>10 Year</b> | 7.82%                    | 3.05%                          | 5.04%                            | 6.19%                   | 6.60%                    | 6.50%                |

| MAJOR INDICES: | S & P 500 (Large Co. Stock) | Russell 2000 (Small Co. Stock) | MSCI ACWI-EX US (Int'l. Stock) | Barclays Aggregate (Bonds) | 90-Day Treasury Bill | CPI (Inflation) |
|----------------|-----------------------------|--------------------------------|--------------------------------|----------------------------|----------------------|-----------------|
| <b>Quarter</b> | 7.04%                       | 3.59%                          | 3.24%                          | -0.57%                     | 0.03%                | -0.60%          |
| <b>YTD</b>     | 1.38%                       | -4.41%                         | -5.66%                         | 0.55%                      | 0.07%                | 0.73%           |
| <b>2014</b>    | 13.69%                      | 4.89%                          | -3.87%                         | 5.97%                      | 0.05%                | 0.76%           |
| <b>2013</b>    | 32.39%                      | 38.82%                         | 15.29%                         | -2.02%                     | 0.08%                | 1.50%           |
| <b>2012</b>    | 16.00%                      | 16.35%                         | 16.83%                         | 4.21%                      | 0.12%                | 1.74%           |
| <b>2011</b>    | 2.11%                       | -4.18%                         | -13.71%                        | 7.84%                      | 0.11%                | 2.96%           |
| <b>1 Year</b>  | 1.38%                       | -4.41%                         | -5.66%                         | 0.55%                      | 0.07%                | 0.73%           |
| <b>3 Year</b>  | 15.13%                      | 11.65%                         | 1.50%                          | 1.44%                      | 0.07%                | 1.00%           |
| <b>5 Year</b>  | 12.57%                      | 9.19%                          | 1.06%                          | 3.25%                      | 0.09%                | 1.53%           |
| <b>10 Year</b> | 7.31%                       | 6.80%                          | 2.92%                          | 4.52%                      | 1.29%                | 1.86%           |

21. Returns are net of investment management fees.
22. The 1, 3, 5, and 10 - year rates of return are annualized rates of return of the funds through December 31, 2015.
23. Past performance is not indicative of future performance.
24. Members who selected the Age-Based Fund option should check performance in the following manner: Members through age 39 use the Aggressive Premixed Fund; Members at age 40 through 59 use the Moderate Premixed Fund;

and Members at age 60 and over should use the Conservative Premixed Fund.  
 Rates of return are for the investment vehicle currently used. Following are the dates of NE fund participation: Stable Value Fund - 1996; Bond Market Index Fund, S & P 500 Stock Index Fund, Money Market Fund - 1997; Large Company Growth Stock Index Fund, Large Company Value Stock Index Fund, Conservative Premixed Fund, Moderate Premixed Fund, Aggressive Premixed Fund - 1999; Small Company Stock Fund - 2000; International Stock Index Fund and Investor Select Fund - 2005.

### Cash Balance Credit Rate

|             | Q1    | Q2    | Q3    | Q4    | ANNUAL RATE |
|-------------|-------|-------|-------|-------|-------------|
| <b>2015</b> | 5.00% | 5.00% | 5.00% | 5.00% | 5.00%       |
| <b>2014</b> | 5.00% | 5.00% | 5.00% | 5.00% | 5.00%       |
| <b>2013</b> | 5.00% | 5.00% | 5.00% | 5.00% | 5.00%       |
| <b>2012</b> | 5.00% | 5.00% | 5.00% | 5.00% | 5.00%       |
| <b>2011</b> | 5.00% | 5.00% | 5.00% | 5.00% | 5.00%       |
| <b>2010</b> | 5.00% | 5.00% | 5.00% | 5.00% | 5.00%       |
| <b>2009</b> | 5.00% | 5.00% | 5.00% | 5.00% | 5.00%       |
| <b>2008</b> | 5.08% | 5.00% | 5.00% | 5.00% | 5.02%       |
| <b>2007</b> | 6.08% | 6.11% | 6.45% | 5.85% | 6.12%       |
| <b>2006</b> | 5.98% | 6.22% | 6.55% | 6.32% | 6.27%       |
| <b>2005</b> | 5.26% | 5.59% | 5.36% | 5.58% | 5.45%       |

Cash Balance option pays a credit rate, which is the greater of 5% or the applicable federal mid-term rate, as published by the IRS as of the first day of the calendar quarter, plus 1.5%, compounded annually.

### Cash Balance Dividend

|                    | RATE   | BALANCE AS OF: | EMPLOYED ON: | PAID ON:   | AMOUNT PAID     |
|--------------------|--------|----------------|--------------|------------|-----------------|
| <b>2015 State</b>  | 4.53%  | 12/31/2014     | 12/31/2014   | 08/14/2015 | \$48,241,290.44 |
| <b>2015 County</b> | 5.81%  | 12/31/2014     | 12/31/2014   | 08/14/2015 | \$19,697,165.11 |
| <b>2014 State</b>  | 0.00%  | n/a            | n/a          | n/a        | \$-             |
| <b>2014 County</b> | 0.29%  | 12/31/2013     | 12/31/2013   | 7/28/2014  | \$916,192.63    |
| <b>2013</b>        | 0.00%  | n/a            | n/a          | n/a        | \$-             |
| <b>2012</b>        | 0.00%  | n/a            | n/a          | n/a        | \$-             |
| <b>2011</b>        | 0.00%  | n/a            | n/a          | n/a        | \$-             |
| <b>2010</b>        | 0.00%  | n/a            | n/a          | n/a        | \$-             |
| <b>2009</b>        | 0.00%  | n/a            | n/a          | n/a        | \$-             |
| <b>2008 State</b>  | 5.18%  | 12/31/2007     | 12/31/2007   | 10/3/2008  | \$21,630,438.25 |
| <b>2008 County</b> | 5.34%  | 12/31/2007     | 12/31/2007   | 10/3/2008  | \$6,943,643.11  |
| <b>2007</b>        | 2.73%  | 12/31/2006     | 12/31/2006   | 9/27/2007  | \$13,531,875.14 |
| <b>2006 State</b>  | 13.50% | 12/31/2005     | 12/31/2005   | 10/27/2006 | \$41,505,456.02 |
| <b>2006 County</b> | 16.40% | 12/31/2005     | 12/31/2005   | 10/27/2006 | \$14,801,902.56 |

Public Employees Retirement Board granted dividends in 2004, 2005, 2006, 2007, 2008, 2014 (County), and 2015 to members with the Cash Balance Option. The dividends were calculated based upon the account balances on the last day of the prior year. There were no dividends granted in 2009, 2010, 2011, 2012, or 2013 for either State or County Plans.

### Monthly NPERs Benefits Paid: Distribution by Nebraska County December 2015

| COUNTY    | School/Patrol/Judge<br>(GROSS AMOUNTS) |         |                    | State & County Cash<br>Balance<br>(GROSS AMOUNTS) |         |                    | NPERs<br>Totals    |         |                    |
|-----------|--|---------|--------------------|---|---------|--------------------|--------------------|---------|--------------------|
|           | BENEFIT<br>PAYMENT                     | MEMBERS | AVERAGE<br>PAYMENT | BENEFIT<br>PAYMENT                                | MEMBERS | AVERAGE<br>PAYMENT | BENEFIT<br>PAYMENT | MEMBERS | AVERAGE<br>PAYMENT |
| ADAMS     | \$886,336                              | 458     | \$1,935            | \$41,488  | 39      | \$1,064            | \$927,824          | 497     | \$1,867            |
| ANTELOPE  | \$221,439                              | 138     | \$1,605            | \$4,612   | 8       | \$577              | \$226,051          | 146     | \$1,548            |
| ARTHUR    | \$8,901                                | 10      | \$890              | \$-   | -       | \$-                | \$8,901            | 10      | \$890              |
| BANNER    | \$9,123                                | 7       | \$1,303            | \$4,270   | 4       | \$1,067            | \$13,393           | 11      | \$1,218            |
| BLAINE    | \$15,918                               | 9       | \$1,769            | \$-   | -       | \$-                | \$15,918           | 9       | \$1,769            |
| BOONE     | \$150,981                              | 104     | \$1,452            | \$4,920   | 5       | \$984              | \$155,901          | 109     | \$1,430            |
| BOX BUTTE | \$346,947                              | 177     | \$1,960            | \$10,021  | 11      | \$911              | \$356,967          | 188     | \$1,899            |
| BOYD      | \$53,134                               | 43      | \$1,236            | \$2,793   | 3       | \$931              | \$55,927           | 46      | \$1,216            |
| BROWN     | \$84,943                               | 50      | \$1,699            | \$12,156  | 7       | \$1,737            | \$97,099           | 57      | \$1,703            |
| BUFFALO   | \$1,461,750                            | 699     | \$2,091            | \$39,792  | 29      | \$1,372            | \$1,501,542        | 728     | \$2,063            |
| BURT      | \$285,765                              | 156     | \$1,832            | \$19,371  | 20      | \$969              | \$305,136          | 176     | \$1,734            |
| BUTLER    | \$186,397                              | 104     | \$1,792            | \$13,617  | 10      | \$1,362            | \$200,014          | 114     | \$1,755            |
| CASS      | \$594,452                              | 357     | \$1,665            | \$19,480  | 23      | \$847              | \$613,932          | 380     | \$1,616            |
| CEDAR     | \$194,875                              | 110     | \$1,772            | \$12,711  | 8       | \$1,589            | \$207,586          | 118     | \$1,759            |
| CHASE     | \$104,535                              | 67      | \$1,560            | \$4,010   | 3       | \$1,337            | \$108,545          | 70      | \$1,551            |
| CHERRY    | \$135,372                              | 81      | \$1,671            | \$7,835   | 10      | \$784              | \$143,207          | 91      | \$1,574            |
| CHEYENNE  | \$262,386                              | 140     | \$1,874            | \$8,461   | 9       | \$940              | \$270,847          | 149     | \$1,818            |
| CLAY      | \$199,966                              | 117     | \$1,709            | \$6,796   | 10      | \$680              | \$206,762          | 127     | \$1,628            |
| COLFAX    | \$203,114                              | 104     | \$1,953            | \$1,129   | 2       | \$564              | \$204,243          | 106     | \$1,927            |
| CUMING    | \$176,705                              | 115     | \$1,537            | \$8,414   | 6       | \$1,402            | \$185,119          | 121     | \$1,530            |
| CUSTER    | \$323,770                              | 176     | \$1,840            | \$11,626  | 10      | \$1,163            | \$335,396          | 186     | \$1,803            |
| DAKOTA    | \$296,462                              | 189     | \$1,569            | \$9,091   | 7       | \$1,299            | \$305,553          | 196     | \$1,559            |
| DAWES     | \$184,153                              | 113     | \$1,630            | \$10,487  | 6       | \$1,748            | \$194,639          | 119     | \$1,636            |
| DAWSON    | \$534,673                              | 285     | \$1,876            | \$15,378  | 12      | \$1,282            | \$550,051          | 297     | \$1,852            |
| DEUEL     | \$71,075                               | 33      | \$2,154            | \$3,837   | 3       | \$1,279            | \$74,913           | 36      | \$2,081            |
| DIXON     | \$160,278                              | 98      | \$1,635            | \$7,744   | 9       | \$860              | \$168,022          | 107     | \$1,570            |
| DODGE     | \$1,291,153                            | 636     | \$2,030            | \$30,302  | 23      | \$1,317            | \$1,321,455        | 659     | \$2,005            |
| DOUGLAS   | \$6,071,012                            | 2741    | \$2,215            | \$197,069   | 165     | \$1,194            | \$6,268,082        | 2,906   | \$2,157            |
| DUNDY     | \$32,239                               | 18      | \$1,791            | \$-   | -       | \$-                | \$32,239           | 18      | \$1,791            |
| FILLMORE  | \$171,919                              | 90      | \$1,910            | \$11,704  | 11      | \$1,064            | \$183,623          | 101     | \$1,818            |
| FRANKLIN  | \$98,543                               | 58      | \$1,699            | \$7,036   | 8       | \$879              | \$105,579          | 66      | \$1,600            |
| FRONTIER  | \$63,113                               | 45      | \$1,403            | \$8,567   | 7       | \$1,224            | \$71,680           | 52      | \$1,378            |
| FURNAS    | \$186,021                              | 106     | \$1,755            | \$5,360   | 7       | \$766              | \$191,381          | 113     | \$1,694            |

| COUNTY    | School/Patrol/Judge<br>(GROSS AMOUNTS) |         |                    | State & County Cash<br>Balance<br>(GROSS AMOUNTS) |         |                    | NPERs<br>Totals    |         |                    |
|-----------|--|---------|--------------------|---|---------|--------------------|--------------------|---------|--------------------|
|           | BENEFIT<br>PAYMENT                     | MEMBERS | AVERAGE<br>PAYMENT | BENEFIT<br>PAYMENT                                | MEMBERS | AVERAGE<br>PAYMENT | BENEFIT<br>PAYMENT | MEMBERS | AVERAGE<br>PAYMENT |
| GAGE      | \$636,195                              | 340     | \$1,871            | \$77,243  | 71      | \$1,088            | \$713,438          | 411     | \$1,736            |
| GARDEN    | \$86,173                               | 47      | \$1,833            | \$792   | 2       | \$396              | \$86,965           | 49      | \$1,775            |
| GARFIELD  | \$77,220                               | 48      | \$1,609            | \$4,528   | 4       | \$1,132            | \$81,748           | 52      | \$1,572            |
| GOSPER    | \$104,565                              | 51      | \$2,050            | \$2,406   | 2       | \$1,203            | \$106,971          | 53      | \$2,018            |
| GRANT     | \$30,654                               | 16      | \$1,916            | \$1,386   | 1       | \$1,386            | \$32,041           | 17      | \$1,885            |
| GREELEY   | \$56,773                               | 33      | \$1,720            | \$16,375  | 5       | \$3,275            | \$73,148           | 38      | \$1,925            |
| HALL      | \$1,731,826                            | 780     | \$2,220            | \$60,957  | 53      | \$1,150            | \$1,792,784        | 833     | \$2,152            |
| HAMILTON  | \$336,786                              | 165     | \$2,041            | \$9,855   | 6       | \$1,643            | \$346,641          | 171     | \$2,027            |
| HARLAN    | \$101,555                              | 51      | \$1,991            | \$7,421   | 7       | \$1,060            | \$108,975          | 58      | \$1,879            |
| HAYES     | \$29,669                               | 20      | \$1,483            | \$-   | -       | \$-                | \$29,669           | 20      | \$1,483            |
| HITCHCOCK | \$90,047                               | 52      | \$1,732            | \$4,198   | 6       | \$700              | \$94,245           | 58      | \$1,625            |
| HOLT      | \$242,385                              | 155     | \$1,564            | \$9,954   | 9       | \$1,106            | \$252,339          | 164     | \$1,539            |
| HOOKER    | \$35,235                               | 24      | \$1,468            | \$793   | 1       | \$793              | \$36,028           | 25      | \$1,441            |
| HOWARD    | \$196,940                              | 111     | \$1,774            | \$15,426  | 14      | \$1,102            | \$212,366          | 125     | \$1,699            |
| JEFFERSON | \$199,736                              | 127     | \$1,573            | \$12,317  | 10      | \$1,232            | \$212,053          | 137     | \$1,548            |
| JOHNSON   | \$137,883                              | 86      | \$1,603            | \$16,723  | 11      | \$1,520            | \$154,606          | 97      | \$1,594            |
| KEARNEY   | \$165,889                              | 99      | \$1,676            | \$3,795   | 5       | \$759              | \$169,684          | 104     | \$1,632            |
| KEITH     | \$262,373                              | 133     | \$1,973            | \$11,653  | 12      | \$971              | \$274,026          | 145     | \$1,890            |
| KEYA PAHA | \$26,463                               | 12      | \$2,205            | \$376   | 1       | \$376              | \$26,839           | 13      | \$2,065            |
| KIMBALL   | \$132,622                              | 73      | \$1,817            | \$2,274   | 4       | \$569              | \$134,896          | 77      | \$1,752            |
| KNOX      | \$292,387                              | 177     | \$1,652            | \$12,531  | 11      | \$1,139            | \$304,918          | 188     | \$1,622            |
| LANCASTER | \$7,749,379                            | 3573    | \$2,169            | \$935,875   | 541     | \$1,730            | \$8,685,254        | 4,114   | \$2,111            |
| LINCOLN   | \$961,028                              | 474     | \$2,027            | \$27,200  | 26      | \$1,046            | \$988,227          | 500     | \$1,976            |
| LOGAN     | \$37,579                               | 23      | \$1,634            | \$-   | -       | \$-                | \$37,579           | 23      | \$1,634            |
| LOUP      | \$20,342                               | 11      | \$1,849            | \$2,818   | 2       | \$1,409            | \$23,160           | 13      | \$1,782            |
| MADISON   | \$921,370                              | 468     | \$1,969            | \$52,998  | 49      | \$1,082            | \$974,368          | 517     | \$1,885            |
| MCPHERSON | \$11,292                               | 7       | \$1,613            | \$-   | -       | \$-                | \$11,292           | 7       | \$1,613            |
| MERRICK   | \$203,301                              | 124     | \$1,640            | \$10,219  | 13      | \$786              | \$213,520          | 137     | \$1,559            |
| MORRILL   | \$169,825                              | 91      | \$1,866            | \$11,774  | 9       | \$1,308            | \$181,599          | 100     | \$1,816            |
| NANCE     | \$130,754                              | 67      | \$1,952            | \$3,617   | 3       | \$1,206            | \$134,371          | 70      | \$1,920            |
| NEMAHA    | \$173,270                              | 101     | \$1,716            | \$10,877  | 15      | \$725              | \$184,147          | 116     | \$1,587            |
| NUCKOLLS  | \$109,608                              | 76      | \$1,442            | \$7,000   | 5       | \$1,400            | \$116,608          | 81      | \$1,440            |
| OTOE      | \$452,933                              | 233     | \$1,944            | \$11,084  | 12      | \$924              | \$464,016          | 245     | \$1,894            |
| PAWNEE    | \$80,342                               | 51      | \$1,575            | \$15,945  | 18      | \$886              | \$96,287           | 69      | \$1,395            |
| PERKINS   | \$82,685                               | 57      | \$1,451            | \$6,638   | 8       | \$830              | \$89,323           | 65      | \$1,374            |

| COUNTY        | School/Patrol/Judge<br>(GROSS AMOUNTS) |               |                    | State & County Cash<br>Balance<br>(GROSS AMOUNTS) |              |                    | NPERS<br>Totals     |               |                    |
|---------------|--|---------------|--------------------|---|--------------|--------------------|---------------------|---------------|--------------------|
|               | BENEFIT<br>PAYMENT                     | MEMBERS       | AVERAGE<br>PAYMENT | BENEFIT<br>PAYMENT                                | MEMBERS      | AVERAGE<br>PAYMENT | BENEFIT<br>PAYMENT  | MEMBERS       | AVERAGE<br>PAYMENT |
| PHELPS        | \$347,169                              | 176           | \$1,973            | \$2,906   | 5            | \$581              | \$350,075           | 181           | \$1,934            |
| PIERCE        | \$227,845                              | 124           | \$1,837            | \$6,011   | 6            | \$1,002            | \$233,856           | 130           | \$1,799            |
| PLATTE        | \$742,178                              | 383           | \$1,938            | \$10,530  | 9            | \$1,170            | \$752,708           | 392           | \$1,920            |
| POLK          | \$187,274                              | 107           | \$1,750            | \$4,513   | 5            | \$903              | \$191,788           | 112           | \$1,712            |
| RED WILLOW    | \$320,030                              | 180           | \$1,778            | \$24,563  | 15           | \$1,638            | \$344,592           | 195           | \$1,767            |
| RICHARDSON    | \$205,625                              | 135           | \$1,523            | \$15,319  | 14           | \$1,094            | \$220,944           | 149           | \$1,483            |
| ROCK          | \$40,148                               | 22            | \$1,825            | \$3,462   | 3            | \$1,154            | \$43,610            | 25            | \$1,744            |
| SALINE        | \$348,420                              | 196           | \$1,778            | \$20,393  | 17           | \$1,200            | \$368,813           | 213           | \$1,732            |
| SARPY         | \$2,428,097                            | 1179          | \$2,059            | \$85,086  | 67           | \$1,270            | \$2,513,183         | 1,246         | \$2,017            |
| SAUNDERS      | \$513,851                              | 250           | \$2,055            | \$35,903  | 32           | \$1,122            | \$549,754           | 282           | \$1,949            |
| SCOTTS BLUFF  | \$1,206,112                            | 578           | \$2,087            | \$70,172  | 50           | \$1,403            | \$1,276,284         | 628           | \$2,032            |
| SEWARD        | \$523,647                              | 258           | \$2,030            | \$25,495  | 26           | \$981              | \$549,143           | 284           | \$1,934            |
| SHERIDAN      | \$179,362                              | 100           | \$1,794            | \$3,739   | 7            | \$534              | \$183,102           | 107           | \$1,711            |
| SHERMAN       | \$118,380                              | 66            | \$1,794            | \$7,444   | 6            | \$1,241            | \$125,824           | 72            | \$1,748            |
| SIoux         | \$14,506                               | 8             | \$1,813            | \$-   | -            | \$-                | \$14,506            | 8             | \$1,813            |
| STANTON       | \$79,408                               | 49            | \$1,621            | \$4,714   | 6            | \$786              | \$84,123            | 55            | \$1,530            |
| THAYER        | \$191,149                              | 115           | \$1,662            | \$19,843  | 19           | \$1,044            | \$210,992           | 134           | \$1,575            |
| THOMAS        | \$16,747                               | 11            | \$1,522            | \$1,786   | 3            | \$595              | \$18,533            | 14            | \$1,324            |
| THURSTON      | \$99,147                               | 64            | \$1,549            | \$2,237   | 3            | \$746              | \$101,384           | 67            | \$1,513            |
| VALLEY        | \$124,722                              | 69            | \$1,808            | \$4,483   | 4            | \$1,121            | \$129,206           | 73            | \$1,770            |
| WASHINGTON    | \$443,665                              | 228           | \$1,946            | \$9,280   | 8            | \$1,160            | \$452,945           | 236           | \$1,919            |
| WAYNE         | \$264,698                              | 138           | \$1,918            | \$9,525   | 7            | \$1,361            | \$274,223           | 145           | \$1,891            |
| WEBSTER       | \$88,172                               | 55            | \$1,603            | \$5,635   | 7            | \$805              | \$93,807            | 62            | \$1,513            |
| WHEELER       | \$18,730                               | 15            | \$1,249            | \$354   | 1            | \$354              | \$19,084            | 16            | \$1,193            |
| YORK          | \$393,671                              | 226           | \$1,742            | \$10,962  | 9            | \$1,218            | \$404,633           | 235           | \$1,722            |
| <b>TOTALS</b> | <b>\$40,267,284</b>                    | <b>20,322</b> |                    | <b>\$2,291,485</b>                                | <b>1,740</b> |                    | <b>\$42,558,769</b> | <b>22,062</b> |                    |

Total Gross Benefit Paid Per Month to Nebraska Residents for All NPERS Systems = **\$42,558,769**

Amounts have been rounded to the nearest dollar.

## Monthly NPERS Benefits Paid: Distribution by State

December 2015

| STATE | School/Patrol/Judge<br>(GROSS AMOUNTS) |         |               | State & County Cash<br>Balance<br>(GROSS AMOUNTS) |         |               | NPERS Totals       |         |            |
|-------|--|---------|---------------|---|---------|---------------|--------------------|---------|------------|
|       | BENEFIT<br>PAYMENT                     | MEMBERS | % OF<br>TOTAL | BENEFIT<br>PAYMENT                                | MEMBERS | % OF<br>TOTAL | BENEFIT<br>PAYMENT | MEMBERS | % OF TOTAL |
| AK    | \$8,635                                | 4       | 0.02%         | \$-   | -       | 0.00%         | \$8,635            | 4       | 0.02%      |
| AL    | \$8,077                                | 9       | 0.02%         | \$4,540   | 2       | 0.18%         | \$12,617           | 11      | 0.03%      |
| AR    | \$97,050                               | 60      | 0.22%         | \$4,569   | 6       | 0.18%         | \$101,618          | 66      | 0.21%      |
| AZ    | \$586,987                              | 312     | 1.31%         | \$10,330  | 11      | 0.42%         | \$597,317          | 323     | 1.26%      |
| CA    | \$127,836                              | 78      | 0.28%         | \$4,629   | 8       | 0.19%         | \$132,464          | 86      | 0.28%      |
| CO    | \$503,141                              | 314     | 1.12%         | \$19,148  | 15      | 0.77%         | \$522,289          | 329     | 1.10%      |
| CT    | \$3,780                                | 2       | 0.01%         | \$-   | -       | 0.00%         | \$3,780            | 2       | 0.01%      |
| DC    | \$1,638                                | 2       | 0.00%         | \$-   | -       | 0.00%         | \$1,638            | 2       | 0.00%      |
| DE    | \$10,727                               | 3       | 0.02%         | \$-   | -       | 0.00%         | \$10,727           | 3       | 0.02%      |
| FL    | \$256,106                              | 144     | 0.57%         | \$6,016   | 6       | 0.24%         | \$262,122          | 150     | 0.55%      |
| GA    | \$19,098                               | 18      | 0.04%         | \$2,372   | 2       | 0.10%         | \$21,470           | 20      | 0.05%      |
| HI    | \$10,895                               | 4       | 0.02%         | \$-   | -       | 0.00%         | \$10,895           | 4       | 0.02%      |
| IA    | \$619,027                              | 379     | 1.38%         | \$15,177  | 17      | 0.61%         | \$634,204          | 396     | 1.34%      |
| ID    | \$23,993                               | 23      | 0.05%         | \$3,305   | 1       | 0.13%         | \$27,297           | 24      | 0.06%      |
| IL    | \$33,494                               | 31      | 0.07%         | \$599   | 1       | 0.02%         | \$34,093           | 32      | 0.07%      |
| IN    | \$22,593                               | 18      | 0.05%         | \$4,967   | 7       | 0.20%         | \$27,561           | 25      | 0.06%      |
| KS    | \$248,203                              | 178     | 0.55%         | \$13,805  | 14      | 0.56%         | \$262,008          | 192     | 0.55%      |
| KY    | \$11,841                               | 6       | 0.03%         | \$-   | -       | 0.00%         | \$11,841           | 6       | 0.02%      |
| LA    | \$5,839                                | 3       | 0.01%         | \$1,973   | 2       | 0.08%         | \$7,812            | 5       | 0.02%      |
| MA    | \$9,229                                | 5       | 0.02%         | \$-   | -       | 0.00%         | \$9,229            | 5       | 0.02%      |
| MD    | \$529                                  | 3       | 0.00%         | \$4,402   | 3       | 0.18%         | \$4,932            | 6       | 0.01%      |
| MI    | \$15,567                               | 16      | 0.03%         | \$1,861   | 1       | 0.08%         | \$17,428           | 17      | 0.04%      |
| ME    | \$619                                  | 1       | 0.00%         | \$202   | 1       | 0.01%         | \$821              | 2       | 0.00%      |
| MN    | \$102,223                              | 97      | 0.23%         | \$1,594   | 2       | 0.06%         | \$103,818          | 99      | 0.22%      |
| MO    | \$381,175                              | 206     | 0.85%         | \$12,740  | 12      | 0.51%         | \$393,915          | 218     | 0.83%      |
| MS    | \$16,773                               | 8       | 0.04%         | \$417   | 1       | 0.02%         | \$17,190           | 9       | 0.04%      |
| MT    | \$55,662                               | 32      | 0.12%         | \$1,824   | 2       | 0.07%         | \$57,486           | 34      | 0.12%      |
| NC    | \$57,555                               | 31      | 0.13%         | \$2,020   | 2       | 0.08%         | \$59,575           | 33      | 0.13%      |
| ND    | \$2,829                                | 1       | 0.01%         | \$1,473   | 2       | 0.06%         | \$4,302            | 3       | 0.01%      |
| NE    | \$40,267,284                           | 20,322  | 89.53%        | \$2,291,485                                       | 1,740   | 92.54%        | \$42,558,769       | 22,062  | 89.68%     |
| NH    | \$-                                    | -       | 0.00%         | \$-   | -       | 0.00%         | \$-                | 0       | 0.00%      |

| STATE                | School/Patrol/Judge<br>(GROSS AMOUNTS) |               |            | State & County Cash<br>Balance<br>(GROSS AMOUNTS) |              |            | NPERS Totals        |               |            |
|----------------------|--|---------------|------------|---|--------------|------------|---------------------|---------------|------------|
|                      | BENEFIT PAYMENT                        | MEMBERS       | % OF TOTAL | BENEFIT PAYMENT                                   | MEMBERS      | % OF TOTAL | BENEFIT PAYMENT     | MEMBERS       | % OF TOTAL |
| NJ                   | \$1,492                                | 2             | 0.00%      | \$-   | -            | 0.00%      | \$1,492             | 2             | 0.00%      |
| NM                   | \$70,745                               | 36            | 0.16%      | \$3,474   | 3            | 0.14%      | \$74,220            | 39            | 0.16%      |
| NV                   | \$74,658                               | 40            | 0.17%      | \$2,176   | 3            | 0.09%      | \$76,834            | 43            | 0.16%      |
| NY                   | \$23,462                               | 16            | 0.05%      | \$-   | -            | 0.00%      | \$23,462            | 16            | 0.05%      |
| OH                   | \$25,607                               | 18            | 0.06%      | \$848   | 1            | 0.03%      | \$26,455            | 19            | 0.06%      |
| OK                   | \$27,414                               | 20            | 0.06%      | \$4,536   | 6            | 0.18%      | \$31,950            | 26            | 0.07%      |
| OR                   | \$85,161                               | 56            | 0.19%      | \$8,920   | 3            | 0.36%      | \$94,081            | 59            | 0.20%      |
| PA                   | \$26,551                               | 12            | 0.06%      | \$1,409   | 2            | 0.06%      | \$27,960            | 14            | 0.06%      |
| RI                   | \$1,779                                | 3             | 0.00%      | \$-   | -            | 0.00%      | \$1,779             | 3             | 0.00%      |
| SC                   | \$30,806                               | 19            | 0.07%      | \$-   | -            | 0.00%      | \$30,806            | 19            | 0.06%      |
| SD                   | \$434,030                              | 246           | 0.96%      | \$21,143  | 15           | 0.85%      | \$455,173           | 261           | 0.96%      |
| TN                   | \$36,394                               | 25            | 0.08%      | \$-   | -            | 0.00%      | \$36,394            | 25            | 0.08%      |
| TX                   | \$299,767                              | 179           | 0.67%      | \$10,266  | 13           | 0.41%      | \$310,033           | 192           | 0.65%      |
| UT                   | \$34,143                               | 25            | 0.08%      | \$2,315   | 2            | 0.09%      | \$36,458            | 27            | 0.08%      |
| VA                   | \$37,660                               | 20            | 0.08%      | \$1,827   | 2            | 0.07%      | \$39,487            | 22            | 0.08%      |
| VT                   | \$2,597                                | 1             | 0.01%      | \$-   | -            | 0.00%      | \$2,597             | 1             | 0.01%      |
| WA                   | \$52,716                               | 40            | 0.12%      | \$4,384   | 4            | 0.18%      | \$57,100            | 44            | 0.12%      |
| WI                   | \$42,935                               | 36            | 0.10%      | \$1,782   | 3            | 0.07%      | \$44,717            | 39            | 0.09%      |
| WV                   | \$6,056                                | 3             | 0.01%      | \$-   | -            | 0.00%      | \$6,056             | 3             | 0.01%      |
| WY                   | \$152,729                              | 106           | 0.34%      | \$1,117   | 3            | 0.05%      | \$153,846           | 109           | 0.32%      |
| <i>Great Britain</i> | \$811                                  | 1             | 0.00%      | \$930   | 1            | 0.04%      | \$1,741             | 2             | 0.00%      |
| <i>Vietnam</i>       | \$590                                  | 1             | 0.00%      | \$-   | -            | 0.00%      | \$590               | 1             | 0.00%      |
| <i>Slovak</i>        | \$-                                    | -             | 0.00%      | \$1,638   | 1            | 0.07%      | \$1,638             | 1             | 0.00%      |
| <i>Mexico</i>        | \$-                                    | -             | 0.00%      | \$-   | -            | 0.00%      | \$-                 | 0             | 0.00%      |
| <i>Canada</i>        | \$340                                  | 1             | 0.00%      | \$-   | -            | 0.00%      | \$340               | 1             | 0.00%      |
| <i>Puerto Rico</i>   | \$1,544                                | 1             | 0.00%      | \$-   | -            | 0.00%      | \$1,544             | 1             | 0.00%      |
| <i>Costa Rica</i>    | \$-                                    | -             | 0.00%      | \$-   | -            | 0.00%      | \$-                 | -             | 0.00%      |
| <b>TOTALS</b>        | <b>\$44,978,392</b>                    | <b>23,217</b> |            | <b>\$2,476,212</b>                                | <b>1,920</b> |            | <b>\$47,454,604</b> | <b>25,137</b> |            |

Total Gross Benefit Paid  
Per Month for All NPERS Systems = **\$47,454,604**

Amounts have been rounded to the nearest dollar.

Total Monthly Benefits Paid: Distribution by Nebraska County

December 2015

| COUNTY    | School/Patrol/<br>Judge<br>(GROSS AMOUNTS) |         |                 | Omaha Schools<br>(GROSS AMOUNTS) |         |                 | State & County<br>Cash Balance<br>(GROSS AMOUNTS) |         |                 | Statewide Totals |         |                 |
|-----------|--|---------|-----------------|----------------------------------|---------|-----------------|---|---------|-----------------|------------------|---------|-----------------|
|           | BENEFIT PAYMENT                            | MEMBERS | AVERAGE PAYMENT | BENEFIT PAYMENT                  | MEMBERS | AVERAGE PAYMENT | BENEFIT PAYMENT                                   | MEMBERS | AVERAGE PAYMENT | BENEFIT PAYMENT  | MEMBERS | AVERAGE PAYMENT |
| ADAMS     | \$886,336                                  | 458     | \$1,935         | \$905                            | 1       | \$905           | \$41,488  | 39      | \$1,064         | \$928,729        | 498     | \$1,865         |
| ANTELOPE  | \$221,439                                  | 138     | \$1,605         | \$-                              | -       | \$-             | \$4,612   | 8       | \$577           | \$226,051        | 146     | \$1,548         |
| ARTHUR    | \$8,901                                    | 10      | \$890           | \$-                              | -       | \$-             | \$-   | -       | \$-             | \$8,901          | 10      | \$890           |
| BANNER    | \$9,123                                    | 7       | \$1,303         | \$-                              | -       | \$-             | \$4,270   | 4       | \$1,067         | \$13,393         | 11      | \$1,218         |
| BLAINE    | \$15,918                                   | 9       | \$1,769         | \$-                              | -       | \$-             | \$-   | -       | \$-             | \$15,918         | 9       | \$1,769         |
| BOONE     | \$150,981                                  | 104     | \$1,452         | \$372                            | 1       | \$372           | \$4,920   | 5       | \$984           | \$156,274        | 110     | \$1,421         |
| BOX BUTTE | \$346,947                                  | 177     | \$1,960         | \$-                              | -       | \$-             | \$10,021  | 11      | \$911           | \$356,967        | 188     | \$1,899         |
| BOYD      | \$53,134                                   | 43      | \$1,236         | \$-                              | -       | \$-             | \$2,793   | 3       | \$931           | \$55,927         | 46      | \$1,216         |
| BROWN     | \$84,943                                   | 50      | \$1,699         | \$3,932                          | 1       | \$3,932         | \$12,156  | 7       | \$1,737         | \$101,030        | 58      | \$1,742         |
| BUFFALO   | \$1,461,750                                | 699     | \$2,091         | \$2,050                          | 2       | \$1,025         | \$39,792  | 29      | \$1,372         | \$1,503,592      | 730     | \$2,060         |
| BURT      | \$285,765                                  | 156     | \$1,832         | \$11,979                         | 6       | \$1,997         | \$19,371  | 20      | \$969           | \$317,115        | 182     | \$1,742         |
| BUTLER    | \$186,397                                  | 104     | \$1,792         | \$-                              | -       | \$-             | \$13,617  | 10      | \$1,362         | \$200,014        | 114     | \$1,755         |
| CASS      | \$594,452                                  | 357     | \$1,665         | \$100,342                        | 50      | \$2,007         | \$19,480  | 23      | \$847           | \$714,274        | 430     | \$1,661         |
| CEDAR     | \$194,875                                  | 110     | \$1,772         | \$-                              | -       | \$-             | \$12,711  | 8       | \$1,589         | \$207,586        | 118     | \$1,759         |
| CHASE     | \$104,535                                  | 67      | \$1,560         | \$-                              | -       | \$-             | \$4,010   | 3       | \$1,337         | \$108,545        | 70      | \$1,551         |
| CHERRY    | \$135,372                                  | 81      | \$1,671         | \$-                              | -       | \$-             | \$7,835   | 10      | \$784           | \$143,207        | 91      | \$1,574         |
| CHEYENNE  | \$262,386                                  | 140     | \$1,874         | \$-                              | -       | \$-             | \$8,461   | 9       | \$940           | \$270,847        | 149     | \$1,818         |
| CLAY      | \$199,966                                  | 117     | \$1,709         | \$-                              | -       | \$-             | \$6,796   | 10      | \$680           | \$206,762        | 127     | \$1,628         |
| COLFAX    | \$203,114                                  | 104     | \$1,953         | \$-                              | -       | \$-             | \$1,129   | 2       | \$564           | \$204,243        | 106     | \$1,927         |
| CUMING    | \$176,705                                  | 115     | \$1,537         | \$889                            | 1       | \$889           | \$8,414   | 6       | \$1,402         | \$186,009        | 122     | \$1,525         |
| CUSTER    | \$323,770                                  | 176     | \$1,840         | \$664                            | 1       | \$664           | \$11,626  | 10      | \$1,163         | \$336,060        | 187     | \$1,797         |
| DAKOTA    | \$296,462                                  | 189     | \$1,569         | \$-                              | -       | \$-             | \$9,091   | 7       | \$1,299         | \$305,553        | 196     | \$1,559         |
| DAWES     | \$184,153                                  | 113     | \$1,630         | \$-                              | -       | \$-             | \$10,487  | 6       | \$1,748         | \$194,639        | 119     | \$1,636         |
| DAWSON    | \$534,673                                  | 285     | \$1,876         | \$4,109                          | 2       | \$2,054         | \$15,378  | 12      | \$1,282         | \$554,160        | 299     | \$1,853         |
| DEUEL     | \$71,075                                   | 33      | \$2,154         | \$-                              | -       | \$-             | \$3,837   | 3       | \$1,279         | \$74,913         | 36      | \$2,081         |
| DIXON     | \$160,278                                  | 98      | \$1,635         | \$1,719                          | 1       | \$1,719         | \$7,744   | 9       | \$860           | \$169,741        | 108     | \$1,572         |
| DODGE     | \$1,291,153                                | 636     | \$2,030         | \$13,619                         | 7       | \$1,946         | \$30,302  | 23      | \$1,317         | \$1,335,074      | 666     | \$2,005         |
| DOUGLAS   | \$6,071,012                                | 2741    | \$2,215         | \$6,598,418                      | 3052    | \$2,162         | \$197,069   | 165     | \$1,194         | \$12,866,500     | 5,958   | \$2,160         |
| DUNDY     | \$32,239                                   | 18      | \$1,791         | \$4,993                          | 1       | \$4,993         | \$-   | -       | \$-             | \$37,232         | 19      | \$1,960         |
| FILLMORE  | \$171,919                                  | 90      | \$1,910         | \$-                              | -       | \$-             | \$11,704  | 11      | \$1,064         | \$183,623        | 101     | \$1,818         |
| FRANKLIN  | \$98,543                                   | 58      | \$1,699         | \$-                              | -       | \$-             | \$7,036   | 8       | \$879           | \$105,579        | 66      | \$1,600         |
| FRONTIER  | \$63,113                                   | 45      | \$1,403         | \$-                              | -       | \$-             | \$8,567   | 7       | \$1,224         | \$71,680         | 52      | \$1,378         |

| COUNTY    | School/Patrol/<br>Judge<br>(GROSS AMOUNTS) |         |                    | Omaha Schools<br>(GROSS AMOUNTS) |         |                    | State & County<br>Cash Balance<br>(GROSS AMOUNTS) |         |                    | Statewide Totals   |         |                    |
|-----------|--|---------|--------------------|----------------------------------|---------|--------------------|---|---------|--------------------|--------------------|---------|--------------------|
|           | BENEFIT<br>PAYMENT                         | MEMBERS | AVERAGE<br>PAYMENT | BENEFIT<br>PAYMENT               | MEMBERS | AVERAGE<br>PAYMENT | BENEFIT<br>PAYMENT                                | MEMBERS | AVERAGE<br>PAYMENT | BENEFIT<br>PAYMENT | MEMBERS | AVERAGE<br>PAYMENT |
| FURNAS    | \$186,021                                  | 106     | \$1,755            | \$-                              | -       | \$-                | \$5,360   | 7       | \$766              | \$191,381          | 113     | \$1,694            |
| GAGE      | \$636,195                                  | 340     | \$1,871            | \$7,539                          | 2       | \$3,770            | \$77,243  | 71      | \$1,088            | \$720,977          | 413     | \$1,746            |
| GARDEN    | \$86,173                                   | 47      | \$1,833            | \$-                              | -       | \$-                | \$792   | 2       | \$396              | \$86,965           | 49      | \$1,775            |
| GARFIELD  | \$77,220                                   | 48      | \$1,609            | \$4,289                          | 2       | \$2,145            | \$4,528   | 4       | \$1,132            | \$86,037           | 54      | \$1,593            |
| GOSPER    | \$104,565                                  | 51      | \$2,050            | \$-                              | -       | \$-                | \$2,406   | 2       | \$1,203            | \$106,971          | 53      | \$2,018            |
| GRANT     | \$30,654                                   | 16      | \$1,916            | \$-                              | -       | \$-                | \$1,386   | 1       | \$1,386            | \$32,041           | 17      | \$1,885            |
| GREELEY   | \$56,773                                   | 33      | \$1,720            | \$-                              | -       | \$-                | \$16,375  | 5       | \$3,275            | \$73,148           | 38      | \$1,925            |
| HALL      | \$1,731,826                                | 780     | \$2,220            | \$1,856                          | 1       | \$1,856            | \$60,957  | 53      | \$1,150            | \$1,794,640        | 834     | \$2,152            |
| HAMILTON  | \$336,786                                  | 165     | \$2,041            | \$-                              | -       | \$-                | \$9,855   | 6       | \$1,643            | \$346,641          | 171     | \$2,027            |
| HARLAN    | \$101,555                                  | 51      | \$1,991            | \$-                              | -       | \$-                | \$7,421   | 7       | \$1,060            | \$108,975          | 58      | \$1,879            |
| HAYES     | \$29,669                                   | 20      | \$1,483            | \$-                              | -       | \$-                | \$-   | -       | \$-                | \$29,669           | 20      | \$1,483            |
| HITCHCOCK | \$90,047                                   | 52      | \$1,732            | \$-                              | -       | \$-                | \$4,198   | 6       | \$700              | \$94,245           | 58      | \$1,625            |
| HOLT      | \$242,385                                  | 155     | \$1,564            | \$868                            | 1       | \$868              | \$9,954   | 9       | \$1,106            | \$253,207          | 165     | \$1,535            |
| HOOKER    | \$35,235                                   | 24      | \$1,468            | \$-                              | -       | \$-                | \$793   | 1       | \$793              | \$36,028           | 25      | \$1,441            |
| HOWARD    | \$196,940                                  | 111     | \$1,774            | \$-                              | -       | \$-                | \$15,426  | 14      | \$1,102            | \$212,366          | 125     | \$1,699            |
| JEFFERSON | \$199,736                                  | 127     | \$1,573            | \$-                              | -       | \$-                | \$12,317  | 10      | \$1,232            | \$212,053          | 137     | \$1,548            |
| JOHNSON   | \$137,883                                  | 86      | \$1,603            | \$-                              | -       | \$-                | \$16,723  | 11      | \$1,520            | \$154,606          | 97      | \$1,594            |
| KEARNEY   | \$165,889                                  | 99      | \$1,676            | \$-                              | -       | \$-                | \$3,795   | 5       | \$759              | \$169,684          | 104     | \$1,632            |
| KEITH     | \$262,373                                  | 133     | \$1,973            | \$-                              | -       | \$-                | \$11,653  | 12      | \$971              | \$274,026          | 145     | \$1,890            |
| KEYA PAHA | \$26,463                                   | 12      | \$2,205            | \$-                              | -       | \$-                | \$376   | 1       | \$376              | \$26,839           | 13      | \$2,065            |
| KIMBALL   | \$132,622                                  | 73      | \$1,817            | \$-                              | -       | \$-                | \$2,274   | 4       | \$569              | \$134,896          | 77      | \$1,752            |
| KNOX      | \$292,387                                  | 177     | \$1,652            | \$1,664                          | 1       | \$1,664            | \$12,531  | 11      | \$1,139            | \$306,582          | 189     | \$1,622            |
| LANCASTER | \$7,749,379                                | 3573    | \$2,169            | \$31,925                         | 27      | \$1,182            | \$935,875   | 541     | \$1,730            | \$8,717,179        | 4,141   | \$2,105            |
| LINCOLN   | \$961,028                                  | 474     | \$2,027            | \$820                            | 2       | \$410              | \$27,200  | 26      | \$1,046            | \$989,047          | 502     | \$1,970            |
| LOGAN     | \$37,579                                   | 23      | \$1,634            | \$-                              | -       | \$-                | \$-   | -       | \$-                | \$37,579           | 23      | \$1,634            |
| LOUP      | \$20,342                                   | 11      | \$1,849            | \$-                              | -       | \$-                | \$2,818   | 2       | \$1,409            | \$23,160           | 13      | \$1,782            |
| MADISON   | \$921,370                                  | 468     | \$1,969            | \$1,656                          | 2       | \$828              | \$52,998  | 49      | \$1,082            | \$976,024          | 519     | \$1,881            |
| MCPHERSON | \$11,292                                   | 7       | \$1,613            | \$-                              | -       | \$-                | \$-   | -       | \$-                | \$11,292           | 7       | \$1,613            |
| MERRICK   | \$203,301                                  | 124     | \$1,640            | \$2,056                          | 2       | \$1,028            | \$10,219  | 13      | \$786              | \$215,576          | 139     | \$1,551            |
| MORRILL   | \$169,825                                  | 91      | \$1,866            | \$-                              | -       | \$-                | \$11,774  | 9       | \$1,308            | \$181,599          | 100     | \$1,816            |
| NANCE     | \$130,754                                  | 67      | \$1,952            | \$-                              | -       | \$-                | \$3,617   | 3       | \$1,206            | \$134,371          | 70      | \$1,920            |
| NEMAHA    | \$173,270                                  | 101     | \$1,716            | \$-                              | -       | \$-                | \$10,877  | 15      | \$725              | \$184,147          | 116     | \$1,587            |
| NUCKOLLS  | \$109,608                                  | 76      | \$1,442            | \$-                              | -       | \$-                | \$7,000   | 5       | \$1,400            | \$116,608          | 81      | \$1,440            |
| OTOE      | \$452,933                                  | 233     | \$1,944            | \$5,933                          | 4       | \$1,483            | \$11,084  | 12      | \$924              | \$469,949          | 249     | \$1,887            |

| COUNTY        | School/Patrol/<br>Judge<br>(GROSS AMOUNTS) |               |                    | Omaha Schools<br>(GROSS AMOUNTS) |              |                    | State & County<br>Cash Balance<br>(GROSS AMOUNTS) |              |                    | Statewide Totals    |               |                    |
|---------------|--|---------------|--------------------|----------------------------------|--------------|--------------------|---|--------------|--------------------|---------------------|---------------|--------------------|
|               | BENEFIT<br>PAYMENT                         | MEMBERS       | AVERAGE<br>PAYMENT | BENEFIT<br>PAYMENT               | MEMBERS      | AVERAGE<br>PAYMENT | BENEFIT<br>PAYMENT                                | MEMBERS      | AVERAGE<br>PAYMENT | BENEFIT<br>PAYMENT  | MEMBERS       | AVERAGE<br>PAYMENT |
| PAWNEE        | \$80,342                                   | 51            | \$1,575            | \$3,432                          | 2            | \$1,716            | \$15,945  | 18           | \$886              | \$99,718            | 71            | \$1,404            |
| PERKINS       | \$82,685                                   | 57            | \$1,451            | \$-                              | -            | \$-                | \$6,638   | 8            | \$830              | \$89,323            | 65            | \$1,374            |
| PHELPS        | \$347,169                                  | 176           | \$1,973            | \$990                            | 1            | \$990              | \$2,906   | 5            | \$581              | \$351,065           | 182           | \$1,929            |
| PIERCE        | \$227,845                                  | 124           | \$1,837            | \$-                              | -            | \$-                | \$6,011   | 6            | \$1,002            | \$233,856           | 130           | \$1,799            |
| PLATTE        | \$742,178                                  | 383           | \$1,938            | \$5,319                          | 5            | \$1,064            | \$10,530  | 9            | \$1,170            | \$758,027           | 397           | \$1,909            |
| POLK          | \$187,274                                  | 107           | \$1,750            | \$2,051                          | 2            | \$1,026            | \$4,513   | 5            | \$903              | \$193,839           | 114           | \$1,700            |
| RED WILLOW    | \$320,030                                  | 180           | \$1,778            | \$2,967                          | 1            | \$2,967            | \$24,563  | 15           | \$1,638            | \$347,559           | 196           | \$1,773            |
| RICHARDSON    | \$205,625                                  | 135           | \$1,523            | \$-                              | -            | \$-                | \$15,319  | 14           | \$1,094            | \$220,944           | 149           | \$1,483            |
| ROCK          | \$40,148                                   | 22            | \$1,825            | \$-                              | -            | \$-                | \$3,462   | 3            | \$1,154            | \$43,610            | 25            | \$1,744            |
| SALINE        | \$348,420                                  | 196           | \$1,778            | \$-                              | -            | \$-                | \$20,393  | 17           | \$1,200            | \$368,813           | 213           | \$1,732            |
| SARPY         | \$2,428,097                                | 1179          | \$2,059            | \$792,168                        | 420          | \$1,886            | \$85,086  | 67           | \$1,270            | \$3,305,351         | 1,666         | \$1,984            |
| SAUNDERS      | \$513,851                                  | 250           | \$2,055            | \$24,762                         | 14           | \$1,769            | \$35,903  | 32           | \$1,122            | \$574,515           | 296           | \$1,941            |
| SCOTTS BLUFF  | \$1,206,112                                | 578           | \$2,087            | \$1,082                          | 2            | \$541              | \$70,172  | 50           | \$1,403            | \$1,277,366         | 630           | \$2,028            |
| SEWARD        | \$523,647                                  | 258           | \$2,030            | \$1,726                          | 2            | \$863              | \$25,495  | 26           | \$981              | \$550,868           | 286           | \$1,926            |
| SHERIDAN      | \$179,362                                  | 100           | \$1,794            | \$-                              | -            | \$-                | \$3,739   | 7            | \$534              | \$183,102           | 107           | \$1,711            |
| SHERMAN       | \$118,380                                  | 66            | \$1,794            | \$-                              | -            | \$-                | \$7,444   | 6            | \$1,241            | \$125,824           | 72            | \$1,748            |
| SIoux         | \$14,506                                   | 8             | \$1,813            | \$-                              | -            | \$-                | \$-   | -            | \$-                | \$14,506            | 8             | \$1,813            |
| STANTON       | \$79,408                                   | 49            | \$1,621            | \$-                              | -            | \$-                | \$4,714   | 6            | \$786              | \$84,123            | 55            | \$1,530            |
| THAYER        | \$191,149                                  | 115           | \$1,662            | \$-                              | -            | \$-                | \$19,843  | 19           | \$1,044            | \$210,992           | 134           | \$1,575            |
| THOMAS        | \$16,747                                   | 11            | \$1,522            | \$-                              | -            | \$-                | \$1,786   | 3            | \$595              | \$18,533            | 14            | \$1,324            |
| THURSTON      | \$99,147                                   | 64            | \$1,549            | \$-                              | -            | \$-                | \$2,237   | 3            | \$746              | \$101,384           | 67            | \$1,513            |
| VALLEY        | \$124,722                                  | 69            | \$1,808            | \$-                              | -            | \$-                | \$4,483   | 4            | \$1,121            | \$129,206           | 73            | \$1,770            |
| WASHINGTON    | \$443,665                                  | 228           | \$1,946            | \$100,117                        | 54           | \$1,854            | \$9,280   | 8            | \$1,160            | \$553,062           | 290           | \$1,907            |
| WAYNE         | \$264,698                                  | 138           | \$1,918            | \$761                            | 1            | \$761              | \$9,525   | 7            | \$1,361            | \$274,984           | 146           | \$1,883            |
| WEBSTER       | \$88,172                                   | 55            | \$1,603            | \$-                              | -            | \$-                | \$5,635   | 7            | \$805              | \$93,807            | 62            | \$1,513            |
| WHEELER       | \$18,730                                   | 15            | \$1,249            | \$-                              | -            | \$-                | \$354   | 1            | \$354              | \$19,084            | 16            | \$1,193            |
| YORK          | \$393,671                                  | 226           | \$1,742            | \$8,077                          | 4            | \$2,019            | \$10,962  | 9            | \$1,218            | \$412,709           | 239           | \$1,727            |
| <b>TOTALS</b> | <b>\$40,267,284</b>                        | <b>20,322</b> |                    | <b>\$7,746,049</b>               | <b>3,678</b> |                    | <b>\$2,291,485</b>                                | <b>1,740</b> |                    | <b>\$50,304,818</b> | <b>25,740</b> |                    |

Total Gross Benefit Paid Per Month  
to Nebraska Residents for  
NPERs Systems and Omaha Schools System = **\$50,304,818**

Amounts have been rounded to the nearest dollar.

### Total Monthly Benefits Paid: Distribution by State

December 2015

| STATE | School/Patrol/<br>Judge<br>(GROSS AMOUNTS) |         |               | Omaha Schools<br>(GROSS AMOUNTS) |         |               | State & County<br>Cash Balance<br>(GROSS AMOUNTS) |         |               | Totals             |         |               |
|-------|--|---------|---------------|----------------------------------|---------|---------------|---|---------|---------------|--------------------|---------|---------------|
|       | BENEFIT<br>PAYMENT                         | MEMBERS | % OF<br>TOTAL | BENEFIT<br>PAYMENT               | MEMBERS | % OF<br>TOTAL | BENEFIT<br>PAYMENT                                | MEMBERS | % OF<br>TOTAL | BENEFIT<br>PAYMENT | MEMBERS | % OF<br>TOTAL |
| AK    | \$8,635                                    | 4       | 0.02%         | \$163                            | 1       | 0.00%         |   | -       | 0.00%         | \$8,798            | 5       | 0.02%         |
| AL    | \$8,077                                    | 9       | 0.02%         | \$22,466                         | 9       | 0.25%         | \$4,540   | 2       | 0.18%         | \$35,083           | 20      | 0.06%         |
| AR    | \$97,050                                   | 60      | 0.22%         | \$18,784                         | 15      | 0.21%         | \$4,569   | 6       | 0.18%         | \$120,402          | 81      | 0.21%         |
| AZ    | \$586,987                                  | 312     | 1.31%         | \$148,242                        | 56      | 1.63%         | \$10,330  | 11      | 0.42%         | \$745,559          | -       | 1.32%         |
| CA    | \$127,836                                  | 78      | 0.28%         | \$48,460                         | 28      | 0.53%         | \$4,629   | 8       | 0.19%         | \$180,924          | 114     | 0.32%         |
| CO    | \$503,141                                  | 314     | 1.12%         | \$97,654                         | 53      | 1.07%         | \$19,148  | 15      | 0.77%         | \$619,944          | 382     | 1.10%         |
| CT    | \$3,780                                    | 2       | 0.01%         | \$-                              | -       | 0.00%         | \$-   | -       | 0.00%         | \$3,780            | 2       | 0.01%         |
| DC    | \$1,638                                    | 2       | 0.00%         | \$4,554                          | 1       | 0.05%         | \$-   | -       | 0.00%         | \$6,192            | 3       | 0.01%         |
| DE    | \$10,727                                   | 3       | 0.02%         | \$11,657                         | 5       | 0.13%         | \$-   | -       | 0.00%         | \$22,384           | 8       | 0.04%         |
| FL    | \$256,106                                  | 144     | 0.57%         | \$80,906                         | 46      | 0.89%         | \$6,016   | 6       | 0.24%         | \$343,028          | 196     | 0.61%         |
| GA    | \$19,098                                   | 18      | 0.04%         | \$34,258                         | 10      | 0.38%         | \$2,372   | 2       | 0.10%         | \$55,728           | 30      | 0.10%         |
| HI    | \$10,895                                   | 4       | 0.02%         | \$4,295                          | 3       | 0.05%         | \$-   | -       | 0.00%         | \$15,190           | 7       | 0.03%         |
| IA    | \$619,027                                  | 379     | 1.38%         | \$384,057                        | 184     | 4.22%         | \$15,177  | 17      | 0.61%         | \$1,018,261        | 580     | 1.80%         |
| ID    | \$23,993                                   | 23      | 0.05%         | \$6,791                          | 3       | 0.07%         | \$3,305   | 1       | 0.13%         | \$34,088           | 27      | 0.06%         |
| IL    | \$33,494                                   | 31      | 0.07%         | \$24,838                         | 13      | 0.27%         | \$599   | 1       | 0.02%         | \$58,931           | 45      | 0.10%         |
| IN    | \$22,593                                   | 18      | 0.05%         | \$3,098                          | 3       | 0.03%         | \$4,967   | 7       | 0.20%         | \$30,658           | 28      | 0.05%         |
| KS    | \$248,203                                  | 178     | 0.55%         | \$40,321                         | 28      | 0.44%         | \$13,805  | 14      | 0.56%         | \$302,330          | 220     | 0.53%         |
| KY    | \$11,841                                   | 6       | 0.03%         | \$-                              | -       | 0.00%         | \$-   | -       | 0.00%         | \$11,841           | 6       | 0.02%         |
| LA    | \$5,839                                    | 3       | 0.01%         | \$10,392                         | 5       | 0.11%         | \$1,973   | 2       | 0.08%         | \$18,204           | 10      | 0.03%         |
| MA    | \$9,229                                    | 5       | 0.02%         | \$563                            | 1       | 0.01%         | \$-   | -       | 0.00%         | \$9,792            | 6       | 0.02%         |
| MD    | \$529                                      | 3       | 0.00%         | \$682                            | 1       | 0.01%         | \$4,402   | 3       | 0.18%         | \$5,613            | 7       | 0.01%         |
| MI    | \$15,567                                   | 16      | 0.03%         | \$2,720                          | 3       | 0.03%         | \$1,861   | 1       | 0.08%         | \$20,148           | 20      | 0.04%         |
| ME    | \$619                                      | 1       | 0.00%         | \$-                              | -       | 0.00%         | \$202   | 1       | 0.01%         | \$821              | 2       | 0.00%         |
| MN    | \$102,223                                  | 97      | 0.23%         | \$39,231                         | 17      | 0.43%         | \$1,594   | 2       | 0.06%         | \$143,049          | 116     | 0.25%         |
| MO    | \$381,175                                  | 206     | 0.85%         | \$52,688                         | 29      | 0.58%         | \$12,740  | 12      | 0.51%         | \$446,604          | 247     | 0.79%         |
| MS    | \$16,773                                   | 8       | 0.04%         | \$5,962                          | 3       | 0.07%         | \$417   | 1       | 0.02%         | \$23,152           | 12      | 0.04%         |
| MT    | \$55,662                                   | 32      | 0.12%         | \$2,951                          | 3       | 0.03%         | \$1,824   | 2       | 0.07%         | \$60,437           | 37      | 0.11%         |
| NC    | \$57,555                                   | 31      | 0.13%         | \$20,900                         | 10      | 0.23%         | \$2,020   | 2       | 0.08%         | \$80,475           | 43      | 0.14%         |
| ND    | \$2,829                                    | 1       | 0.01%         | \$-                              | -       | 0.00%         | \$1,473   | 2       | 0.06%         | \$4,302            | 3       | 0.01%         |
| NE    | \$40,267,284                               | 20,322  | 89.53%        | \$7,746,049                      | 3,678   | 85.19%        | \$2,291,485                                       | 1,740   | 92.54%        | \$50,304,818       | 25,740  | 88.96%        |

| STATE         | School/Patrol/<br>Judge<br>(GROSS AMOUNTS) |               |            | Omaha Schools<br>(GROSS AMOUNTS) |              |            | State & County<br>Cash Balance<br>(GROSS AMOUNTS) |              |            | Totals              |               |            |
|---------------|--|---------------|------------|----------------------------------|--------------|------------|---|--------------|------------|---------------------|---------------|------------|
|               | BENEFIT PAYMENT                            | MEMBERS       | % OF TOTAL | BENEFIT PAYMENT                  | MEMBERS      | % OF TOTAL | BENEFIT PAYMENT                                   | MEMBERS      | % OF TOTAL | BENEFIT PAYMENT     | MEMBERS       | % OF TOTAL |
| NH            | \$-  | -             | 0.00%      | \$-                              | -            | 0.00%      | \$-   | -            | 0.00%      | \$-                 | -             | 0.00%      |
| NJ            | \$1,492                                    | 2             | 0.00%      | \$1,528                          | 1            | 0.02%      | \$-   | -            | 0.00%      | \$3,020             | 3             | 0.01%      |
| NM            | \$70,745                                   | 36            | 0.16%      | \$11,781                         | 6            | 0.13%      | \$3,474   | 3            | 0.14%      | \$86,001            | 45            | 0.15%      |
| NV            | \$74,658                                   | 40            | 0.17%      | \$15,661                         | 8            | 0.17%      | \$2,176   | 3            | 0.09%      | \$92,495            | 51            | 0.16%      |
| NY            | \$23,462                                   | 16            | 0.05%      | \$3,262                          | 1            | 0.04%      | \$-   | -            | 0.00%      | \$26,724            | 17            | 0.05%      |
| OH            | \$25,607                                   | 18            | 0.06%      | \$933                            | 2            | 0.01%      | \$848   | 1            | 0.03%      | \$27,388            | 21            | 0.05%      |
| OK            | \$27,414                                   | 20            | 0.06%      | \$27,764                         | 12           | 0.31%      | \$4,536   | 6            | 0.18%      | \$59,714            | 38            | 0.11%      |
| OR            | \$85,161                                   | 56            | 0.19%      | \$14,219                         | 8            | 0.16%      | \$8,920   | 3            | 0.36%      | \$108,301           | 67            | 0.19%      |
| PA            | \$26,551                                   | 12            | 0.06%      | \$924                            | 1            | 0.01%      | \$1,409   | 2            | 0.06%      | \$28,884            | 15            | 0.05%      |
| RI            | \$1,779                                    | 3             | 0.00%      | \$-                              | -            | 0.00%      | \$-   | -            | 0.00%      | \$1,779             | 3             | 0.00%      |
| SC            | \$30,806                                   | 19            | 0.07%      | \$8,958                          | 4            | 0.10%      | \$-   | -            | 0.00%      | \$39,763            | 23            | 0.07%      |
| SD            | \$434,030                                  | 246           | 0.96%      | \$14,127                         | 12           | 0.16%      | \$21,143  | 15           | 0.85%      | \$469,299           | 273           | 0.83%      |
| TN            | \$36,394                                   | 25            | 0.08%      | \$15,935                         | 12           | 0.18%      | \$-   | -            | 0.00%      | \$52,329            | 37            | 0.09%      |
| TX            | \$299,767                                  | 179           | 0.67%      | \$102,006                        | 54           | 1.12%      | \$10,266  | 13           | 0.41%      | \$412,039           | 246           | 0.73%      |
| UT            | \$34,143                                   | 25            | 0.08%      | \$6,447                          | 3            | 0.07%      | \$2,315   | 2            | 0.09%      | \$42,905            | 30            | 0.08%      |
| VA            | \$37,660                                   | 20            | 0.08%      | \$8,006                          | 7            | 0.09%      | \$1,827   | 2            | 0.07%      | \$47,493            | 29            | 0.08%      |
| VT            | \$2,597                                    | 1             | 0.01%      | \$-                              | -            | 0.00%      | \$-   | -            | 0.00%      | \$2,597             | 1             | 0.00%      |
| WA            | \$52,716                                   | 40            | 0.12%      | \$30,438                         | 12           | 0.33%      | \$4,384   | 4            | 0.18%      | \$87,537            | 56            | 0.15%      |
| WI            | \$42,935                                   | 36            | 0.10%      | \$5,963                          | 7            | 0.07%      | \$1,782   | 3            | 0.07%      | \$50,679            | 46            | 0.09%      |
| WV            | \$6,056                                    | 3             | 0.01%      | \$2,214                          | 1            | 0.02%      | \$-   | -            | 0.00%      | \$8,271             | 4             | 0.01%      |
| WY            | \$152,729                                  | 106           | 0.34%      | \$3,849                          | 3            | 0.04%      | \$1,117   | 3            | 0.05%      | \$157,695           | 112           | 0.28%      |
| Great Britain | \$811                                      | 1             | 0.00%      | \$-                              | -            | 0.00%      | \$930   | 1            | 0.04%      | \$1,741             | 2             | 0.00%      |
| Vietnam       | \$590                                      | 1             | 0.00%      | \$-                              | -            | 0.00%      | \$-   | -            | 0.00%      | \$590               | 1             | 0.00%      |
| Slovak        | \$-  | -             | 0.00%      | \$-                              | -            | 0.00%      | \$1,638   | 1            | 0.07%      | \$1,638             | 1             | 0.00%      |
| Mexico        | \$-  | -             | 0.00%      | \$2,233                          | 1            | 0.02%      | \$-   | -            | 0.00%      | \$2,233             | 1             | 0.00%      |
| Canada        | \$340                                      | 1             | 0.00%      | \$1,653                          | 2            | 0.02%      | \$-   | -            | 0.00%      | \$1,993             | 3             | 0.00%      |
| Puerto Rico   | \$1,544                                    | 1             | 0.00%      | \$-                              | -            | 0.00%      | \$-   | -            | 0.00%      | \$1,544             | 1             | 0.00%      |
| Costa Rica    | \$-  | -             | 0.00%      | \$2,113                          | 1            | 0.02%      | \$-   | -            | 0.00%      | \$2,113             | 1             | 0.00%      |
| <b>TOTALS</b> | <b>\$44,978,392</b>                        | <b>23,217</b> |            | <b>\$9,092,695</b>               | <b>4,366</b> |            | <b>\$2,476,212</b>                                | <b>1,920</b> |            | <b>\$56,547,300</b> | <b>29,503</b> |            |

Total Gross Benefit Paid Per Month for NPERs Systems and Omaha Schools System = **\$56,547,300**

Amounts have been rounded to the nearest dollar.

### Plan Summaries

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The following are brief descriptions of each pension plan under the PERB's administration. The PERB has limited authority with respect to establishing the funding policy for these five statewide retirement systems.

#### County Employees Retirement System

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County employees participate in either the Defined Contribution or Cash Balance plan. Regardless of the benefit provision a member has chosen, the benefit is based on the accumulated account balance (employee and employer contributions and earnings). At retirement a member may elect an annuity, rollover, and/or a lump sum of his/her account.

Employees contribute 4.5% of compensation [section 23-2307]. County employers match member contributions [section 23-2308] at the rate of 150%. Commissioned law enforcement personnel contribute a supplemental 2% of compensation [section 23-2332] for counties with populations in excess of 85,000 and an additional 1% for counties with populations of 85,000 or less [section 23-2332.01]. County employers match supplemental law enforcement contributions at 100%.

Employees in the Defined Contribution portion of the plan may invest their contributions in various investment options available to them. Employees in the Cash Balance portion of the plan earn a specified rate of interest (Federal mid-term rate plus 1.5% or a minimum of 5%). Dividends may be issued to members in the Cash Balance plan if plan funding requirements are met, per statute.

Employer contributions to the Defined Contribution benefit are directed by plan members who can choose among the same investment options that are available for their employee contributions. Employer contributions to the Cash Balance benefit earn the same rate of return as the member contributions, as specified by the plan. Members are vested in the employer funds after three years of plan participation.

#### State Employees Retirement System

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State employees participate in either a Defined Contribution or a Cash Balance plan. Regardless of the benefit provision a plan member has chosen, the benefit at retirement is based on the accumulated account balance. A member may choose to elect an annuity at retirement, rollover, and/or a lump sum of his/her account.

Employees contribute 4.8% of compensation. The employer contribution is 156% of the employee's contribution [section 84-1309].

Employees in the Defined Contribution portion of the plan may invest their contributions in various investment options available to them. Employees in the Cash Balance plan earn a specified rate of interest (Federal mid-term rate plus 1.5% or a minimum of 5%). Dividends may be issued to members within the Cash Balance portion of the State plan if plan funding requirements are met, per statute.

Employer contributions to the Defined Contribution benefit are directed by plan members who can choose among the same investment options that are available for their employee contributions. Employer contributions to the Cash Balance benefit earn the same rate of return as the member contributions, as specified by the plan.

Members are vested in the employer funds after three years of plan participation.

#### Deferred Compensation Plan

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This is a voluntary tax-deferred investment plan available to state and some county employees. The plan is an eligible Deferred Compensation Plan under section 457 of the Internal Revenue Code. Members may contribute up to \$18,000 to the plan in 2016. The investment options are identical to those offered through the Defined Contribution component of the State and County plans. There are no employer contributions. All expenses associated with the administration of the Deferred Compensation Plan are paid by the members of the plan through a monthly assessment against member accounts.

## Judges Retirement System

This is a Defined Benefit plan with contribution levels established by statute, with limited PERB responsibilities for determining additional contributions based upon information provided by the PERB's consulting actuary.

Effective July 1, 2004, LB 1097 implemented multiple changes to the Judges Retirement Plan including an enhanced Joint and Survivor benefit and a higher contribution rate. Judges hired on or after this date and judges who opted to participate in the new benefit fall under the updated provisions.

The passage of LB 468 in 2015 created a second "tier" of benefits applying to members who begin participation on or after 7/1/2015. For Tier Two participants, the final average salary calculation increased to five years and the maximum cost of living adjustment (COLA) was limited to 1%. The retirement board may vote to issue a supplemental Tier Two COLA up to 1.5% when the plan is fully funded with a sufficient actuarial surplus.

Tier One refers to members participating prior to 7/1/2015 and Tier Two refers to members joining on or after 7/1/2015.

Tier One members hired on or after 7/1/2004, and those members who elected to participate in the provisions created by the passage of LB 1097 contribute 9% of compensation. Upon reaching 20 years of service credit, this rate decreases to 5%. Judges hired before July 1, 2004 who elected not to participate in the provisions created by LB1097 contribute 7% of compensation. Upon reaching 20 years of service credit, this rate decreases to 1%. Tier Two members contribute a 10% of compensation [section 24-703]. The plan is also funded by court fees assessed on various court filings per section 24-703.

The PERB must have an annual valuation of the plan performed by its consulting actuary [section 24-705]. On the basis of this annual valuation, the state may be required to provide additional funds to cover any unfunded liabilities [section 24-703].

Members are eligible for early, reduced retirement at age 55 or with unreduced benefits at age 65. The benefit is calculated using the final average salary of a member multiplied by total service years times a factor of 3.5%. Benefits are capped at 70% of average salary. A retired member is eligible to receive an annual COLA after being retired one year.

## State Patrol Retirement System

This is a Defined Benefit plan with contribution levels established by statute with limited PERB responsibilities for determining additional contributions based upon information provided by the PERB's consulting actuary.

Currently each member contributes 16% of compensation [section 81-2017]. The plan is also funded by an employer contribution of 16% of compensation [section 81-2017].

The PERB must have an annual valuation of the plan performed by its consulting actuary [section 24-705]. On the basis of this annual valuation, the state may be required to provide additional funds to cover any unfunded liabilities [section 81-2017].

Members are eligible for retirement as early as age 50 with 25 years of creditable service or at normal retirement age of 55. A member must retire upon reaching age 60. The benefit is calculated using the final average salary of a member multiplied by total service years times a factor of 3%. Benefits are capped at 75% of average salary. If a member retires prior to age 55 and does not have 25 years of service, the member's benefit is reduced by 5/9 of 1% for every year prior to age 55 or reaching 25 years of service. A retired member is eligible to receive an annual COLA after being retired one year.

A voluntary Deferred Retirement Option Plan (DROP) was added effective September 2008. Members with 25 or more years of service may participate as early as age 50. Upon entering DROP, benefits are calculated using current salary and service. During the DROP time frame the participant continues employment with the State Patrol and no longer makes contributions to retirement. Monthly pension benefits are deposited into the DROP account and invested by the participant using the same investment options utilized in the Defined Contribution and Deferred Compensation plans. At termination, the DROP account is available to the participant. Subsequent monthly benefits are issued directly to the participant.

## School Employees Retirement System

This is a Defined Benefit plan with contribution levels established by statute with limited PERB responsibilities for determining additional contributions based upon information provided by the PERB's consulting actuary.

The passage of LB 553 in 2013 created a second "tier" of benefits for new plan participants. Tier One refers to members participating prior to 7/1/2013 and Tier Two refers to members joining on or after 7/1/2013.

Currently each member contributes 9.78% of compensation [section 79-958]. The plan is also funded by a matching employer contribution of 101% of the member's contribution [section 79-958].

In addition, the state contributes an amount equal to 2% of the compensation of all members in the system. A retired member is eligible to receive an annual COLA after being retired one year. The COLA for Tier One members is capped at 2.5%. The COLA for Tier Two members is capped at 1%.

The PERB must have an annual valuation of the plan performed by its consulting actuary [section 79-966]. On the basis of this annual valuation, the state contributes an amount sufficient to cover the state service annuity [section 79-966].

Under certain circumstances, members may purchase additional years of service credit (such as out-of-state public school service). For members hired or rehired on or after July 1996, these service credit purchases must be purchased on the basis of full actuarial cost to the system [sections 79-933.05, 79-933.06, and 79-933.08]. The PERB's consulting actuary provides actuarial cost tables for the PERB to determine the amount to be paid by the member for the additional service so that the impact to the plan for allowing this additional service is actuarially neutral.

A member may retire as early as age 55 with 30 years of service on an unreduced basis, upon reaching the "Rule of 85" if age 55 or older, or at the "normal" retirement age of 65. Benefits are calculated by multiplying the member's final average salary by their total creditable service, times a factor of 2%. For Tier One members, final average salary is determined using the three highest 12-month periods of compensation. For Tier Two members, final average salary is determined using the five highest 12-month periods of compensation. There is an early retirement benefit reduction at age 60 to 65 if the member does not meet the "Rule of 85."

## Defined Benefit Plan/Actuarial Assumptions

The PERB's actuary recommends actuarial assumptions based upon annual actuarial valuations of the three Defined Benefit plans, as well as quinquennial experience studies every four to six years. The assumptions are key to the ongoing funding of the plans.

### Actuarial assumptions are included for:

- Investment rates of return
- Salary changes
- Withdrawal rates
- Retirement rates
- Post-retirement mortality rates

In 1996, the PERB adopted a "smoothing of assets" policy for the recognition of investment returns by the three plans. As recommended by the actuary, this policy requires that annual investment gains and/or losses be amortized over five years to avoid significant variations in funding from year to year.

An actuarial experience study is scheduled for 2016. The study will be presented to the Legislative Retirement Committee. The next experience study is planned for 2020.

# Board Policy # 1

Revised June 2011

## Board Duties and Governance

### 1. DUTIES

The Public Employees Retirement Board is created by and shall comply with Neb. Rev. Stat. §§ 84-1501 to 84-1513, et seq. The Board's duties include, but are not limited to the following:

- (a) To administer the County Employees, Judges, Nebraska State Patrol, School Employees, and State Employees Retirement Acts and the voluntary Deferred Compensation Plan authorized in § 84-1504.
- (b) To appoint a Director to whom responsibility for the daily operations of the systems is delegated, within limitations established by the Board, and governed by statute.
- (c) To provide oversight of the Director and the operation of the Retirement Systems agency.
- (d) To approve and adopt Rules and Regulations for the governance of the Retirement Systems agency, as governed by statute.
- (e) To establish policies for Board governance and duties.
- (f) To determine actuarial and other financial assumptions used to predict future assets and liabilities of the various Retirement Systems as provided by statute, and which will inform and assist the Nebraska Investment Council in managing the assets of the Retirement Systems.
- (g) To approve the agency budget and allocation of expenses.
- (h) To hire an attorney to advise the Board in legal matters as they relate to the administration of the retirement systems.
- (i) To hire an internal auditor to perform internal auditing functions and to advise the Board in those matters as they relate to the administration of the retirement systems.
- (j) To prepare an annual written plan of action regarding agency achievements and priorities to be presented to the Nebraska Retirement Systems Committee of the Legislature at a public hearing by March 31st of each year.
- (k) To obtain, by competitive bid, actuarial services on behalf of the State of Nebraska as necessary for administration of the retirement systems.
- (l) To obtain, by competitive bid, auditing services for a separate compliance audit by December 31, 2012, and at least every ten years thereafter.

- (m) To administer all Retirement Systems in a manner, which will maintain each plan's status as a qualified plan pursuant to the Internal Revenue Code.
- (n) To review and approve all member disability claims.
- (o) To review and approve all hardship withdrawals from the Deferred Compensation Plan.
- (p) To consider all member appeals according to the Administrative Procedure Act and the Retirement System Rule and Regulation Chapter 12.

### 2. GOVERNANCE

- (a) Conduct of Meetings – meetings of the Public Employees Retirement Board shall be held in accordance with open meetings provisions set forth in Neb. Rev. Stat. § 84-1408 to § 84-1414, Board statutes set forth in Neb. Rev. Stat. § 84-1501 to § 84-1513, and Retirement Systems Rule and Regulation, 303 NAC Chapter 1 – Board Management.
  - (i) **Regular Meetings** – regular meetings of the Board shall be held once each month. Meetings will be held at a location determined by the Board. Meeting dates can be changed by consensus of the Board. A tentative schedule of meetings will be adopted in December of each year for the following year.
  - (ii) **Special Meetings** – special meetings of the board may be held whenever called by the Chairperson or by not less than three Board members. The Secretary shall give notice to each Board member of such special meeting by mail, by facsimile transmission or by other electronic means at least three days before the meeting, with reasonable advance public notice given outlining the reason for the meeting and availability of the agenda.
  - (iii) **Emergency Meetings** – when it is necessary to hold an emergency meeting of the Board without reasonable advance public notice, care shall be taken to comply fully with open meetings statutes.
- (b) **Agenda** – The agenda for each meeting shall be prepared by the Director. Items shall be placed on the agenda at the discretion of the Director or the Chairperson, subject to the following:
  - (i) Except for items of an emergency nature, the agenda shall not be altered later than 24 hours before the scheduled commencement of the meeting. Items of an emergency nature shall be added to the agenda only at a public meeting and only after a finding by the Board that the matter is one which requires immediate action by the Board which cannot be delayed until the next public meeting.

- (ii) Items may be placed on the agenda at the request of individual members subject to approval by the Chairperson or Director.
- (iii) The agenda shall be kept continually current and shall be readily available for public inspection at the office of the Retirement Systems during normal business hours.
- (c) **Officers** – each year, in January, the Board shall elect a Chairperson, a Vice Chair and a Secretary. The terms of such officers shall be from the date elected until a successor is elected.
  - (i) **Eligibility** – a board member must have served at least one full year as a member of the Board to be eligible for election to the position of Chair or Vice-Chair. The ex-officio, non-voting member of the Board shall not be eligible to serve as an officer.
  - (ii) **Procedure** – nominations may be made by any voting member of the Board. If requested, a secret ballot may be taken for the vote. The winner must receive a majority of the votes of those present to win.
  - (iii) **Duties of Chairperson** – the duty of the Chair is to see that the Board operates consistent with its own rules and those legitimately imposed on it from outside the Retirement Systems by State or Federal Law. The Chair will ensure the following:
    - A. Meeting discussion content will be related to the published agenda;
    - B. Deliberation will be timely, fair, orderly and thorough; but also efficient, limited in time and kept to the point.
  - (iv) **Authority of Chair** – the authority of the Chair consists only of making decisions on behalf of the Board that fall within and are consistent with Board policies. This includes:
    - A. The Chair is empowered to chair Board meetings with all the commonly accepted power of that position (e.g., ruling, recognizing, etc.)
    - B. The Chair has no authority to make decisions beyond policies created by the Board and specifically within the Director's Duties & Limitations of Authority (Policy #3).
    - C. The Chair may represent the Board to outside parties either in simply announcing Board-stated positions or in stating Chair decisions and interpretations within the area delegated to him or her.
    - D. The Chair may also: convene meetings of the Board, per statute; certify actions of the Board; name Retirement Board members to committees; and perform other duties requested from time to time that are deemed necessary and appropriate for the Board to fulfill its duties and responsibilities by statute.
- (v) **Duties of the Vice Chair** – the Vice Chair is to act as temporary chair in the absence of the regular chair and may perform those duties imposed on the Chair.
- (d) **Committees** – The Board establishes committees in order to help carry out its responsibilities. When subcommittees are used, the Chair shall appoint Board members to committees. The committees, per Rule and Regulation, 303 NAC Chapter 1, shall be composed of not more than three members. No subcommittee meeting shall have so many Board members present that it would constitute a meeting of a public body for purposes of Chapter 84, Article 14 of the Nebraska Revised Statutes. The Chair may also appoint the chairperson of each subcommittee. Subcommittees may not take formal action on behalf of the Board, nor represent the Board without prior approval of the full Board. All subcommittee findings and recommendations require formal action of the Board to be binding upon the Board. Subcommittees may include, but are not limited to the following:
  - (i) **Regulation and Policy Review Committee** – shall review current Board policies, proposed rules and regulations and recommend revisions, additions and deletions to the Board and assist with establishing a long-range plan in the areas of benefits, funding, technology, member services, education and communication. This includes overview of the agency's annual report to the Legislature.
  - (ii) **Legislative Committee** – shall review all pending legislation, be available to attend public hearings and advise the Board of trends that may affect the Systems.
  - (iii) **Budget and Personnel Committee** – shall review the budget and monthly expenses, assist with the review of service contracts at the time of renewal or rebidding, and make recommendations to the full Board. The committee shall also establish a schedule for the performance evaluation of the Director; collect and summarize individual evaluations to be reported to the full Board and recommend appropriate action. The committee shall also review the performance evaluation report conducted by the Director on the agency Legal Counsel and Internal Auditor and submit a recommendation to the full Board.
  - (iv) **Education and Retreat Committee** – is responsible for the promotion of Board education; recommends topics and appropriate speakers for educational portion of Board meetings and outlines objectives for annual retreat.

**(v) Audit Committee** – shall review annual plan audits by the Auditor of Public Accounts, periodically review internal audit plans and procedures; and make recommendations to the Board as needed.

**(vi) Any other ad hoc committee** as necessary.

## Board Policy #2

Revised September 2006

### Board Code of Conduct

1. The Public Employees Retirement Board expects of itself and its members ethical and businesslike conduct.
2. Board members, as fiduciaries defined in Neb. Rev. Stat. § 84-1503.02, shall discharge their duties solely in the interest of the members and beneficiaries of the retirement systems for the exclusive purposes of providing benefits to members and members' beneficiaries and defraying reasonable expenses incurred within the limitations and according to the powers, duties, and purposes prescribed by law.
3. Board members are responsible for preparing themselves for Board work. They shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Neb. Rev. Stat. §84-1503.02 (2).
4. Board members must avoid any conflict, or perceived conflict of interest with respect to their fiduciary responsibility.
  - (a) There must be no self-dealing or any conduct of private business or personal services between any Board member and the Retirement Systems.
  - (b) Board members must not use their positions to obtain employment within the Retirement System for themselves, family members, or close associates.
  - (c) Should a Board member be considered for employment, he or she must not have been a member of the Board for at least ninety (90) days prior to the date of such employment.
  - (d) Board members must file a "Potential Conflict of Interest Statement" with the Nebraska Accountability and Disclosure Commission whenever a potential conflict arises. A potential conflict of interest exists when a board member, in the discharge of his or her official duties, would be required to take an action or make any decision that may cause financial benefit or detriment to him or her, a member of his or her immediate

family, or a business with which he or she is associated which is distinguishable from the effects of such action on the public generally, or a broad segment of the public. Neb. Rev. Stat. §49-1499.02.

5. "Statements of Financial Interests," as provided under the Nebraska Accountability and Disclosure Act, Neb. Rev. Stat. §§ 49-1401 to 49-14,140, et seq., shall be filed by each Board Member on or before April 1st of each year for the prior calendar year. A filing is to also be made within 30 days after leaving the Board. One copy of the filing is to be sent to the Nebraska Accountability and Disclosure Commission and another copy with the election commissioner in the Board member's county of residence.
6. Board members may not exercise individual authority over the Retirement System except as explicitly set forth in Board policies.
7. The Chairperson of the Board shall be the ex-officio spokesperson, both on routine matters and in the absence of a realistic ability to convene the Board for approval of a statement of policy. The Board may designate a member or members of the Board to communicate a Board-approved policy or statement.
8. The Board will not advocate for benefit improvements for any of the retirement systems that it administers, but may make comments and provide guidance on any changes proposed by the Legislature or by other groups with an interest in the Retirement System. In any proposed changes to retirement benefits, it is the goal of the Board to implement changes in such a way as to be the most beneficial to the members and the most effective use of the money needed to fund the increased benefits. Neb. Rev. Stat. §84-1503.02(2).

## Board Policy #3

Revised February 2011

### Director's Duties and Limitation of Authority

The Board shall appoint a director to administer the retirement systems under the direction of the Board. The Board shall be responsible for oversight of the director and the operation of the Retirement Systems agency. The appointment shall be subject to the approval of the Governor and a majority of the Legislature. The director shall be qualified by training and have at least five years of experience in the administration of a qualified public or private employee retirement plan. The Director shall not be a member of the Board. The salary of the Director shall be set by the Board. The Director shall serve without term and may be removed by the Board. Neb. Rev. Stat. § 84-1503(1)(b).

### 1. DIRECTOR DUTIES AND RESPONSIBILITIES

- (a) The director is the chief administrative officer of the Retirement Systems and is responsible for the overall planning, organization, development, supervision, directing and coordination of the on-going operations of the systems.
- (b) Responsibilities, in addition to the internal operation, include liaison with member groups, the Legislature, the Board, agency attorney, internal auditor, and the consulting actuary for the Board. The director serves as an ex-officio member of the Nebraska Investment Council. Work is performed with considerable latitude under the general direction of the Board. Examples of duties and responsibilities are:
  - (i) Coordination, training and supervision of staff for six pension plans, involving complex details and procedures.
  - (ii) Interpretation and execution of statutes and Board policies.
  - (iii) Development and implementation of sound fiscal and accounting procedures and records.
  - (iv) Consult with and make recommendations to the Governor and the Legislature on major pension benefit issues, as directed by the Board.

### 2. REQUIRED KNOWLEDGE, SKILLS, AND ABILITIES

The director must have: strong management and communication skills; knowledge of state and federal pension laws as applied to public plans; knowledge of general financial and management characteristics of financial institutions and strategic planning skills to set short and long-term goals for the agency and the various pension systems.

### 3. SPECIFIC DUTIES

- (a) Supervises and coordinates several statewide benefit programs involving complex procedural details, a high volume of transactions, and diverse statutory basis.
- (b) Analyzes proposed legislation, makes and drafts recommendations on proposed legislation, appears before Legislative Committees during regular sessions and interim study periods. Prepares fiscal notes on proposed legislation.
- (c) Recommends all necessary rules and regulations relating to the administration, interpretation, and construction of the Retirement Laws.
- (d) Insures compliance with Federal and State laws in the management and operation of the systems.

- (e) Coordinates with the consulting actuary regarding all actuarial duties required by law.
- (f) Establishes the agenda and matters for consideration by the Board, and oversees the preparation and maintenance of the minutes of the meetings of the Board.
- (g) Performs public contact work in gathering information, resolving problems, engendering support, and providing information required by the Board and Legislature.
- (h) Prepares recommendations and justification for changes in procedures, budget requests, personnel, and office activities.
- (i) Directs the preparation and conduct of research required in support of the Board's mandates and Legislative matters.
- (j) Collects, interprets, analyzes, and summarizes information to be utilized as the basis for recommendations to the Board and Legislature.
- (k) Directs, manages, and supervises an efficient internal operation of the Retirement System staff to achieve the primary objectives of the fund in accordance with procedures established by the Retirement Board.
- (l) Hires the Retirement staff in accordance with the budget prescribed by the Board and Legislature.
- (m) Authorizes expenditures and pays salaries and claims against the Retirement System in accordance with the budget proposed by the Retirement Board and approved by the Legislature.
- (n) Constantly appraises the Retirement Board of any development that would in any way affect the Retirement Board and its operation.
- (o) Makes the initial decision on behalf of the Board on any matter in which an appeal to the Board is authorized by statute, unless otherwise limited by this policy, or rule or regulation. Thereafter, upon appeal by the member, to appoint a Hearing Officer and to refer such Officer's findings to the Board for action.
- (p) Recommends action on disability claims and hardship withdrawals from the State Deferred Compensation Plan for Board consideration.

### 4. LIMITATIONS OF AUTHORITY

*The Board shall:*

- (a) Approve all disability claims.
- (b) Approve all hardship withdrawals from the State Deferred Compensation Plan.
- (c) Approve Rules and Regulations for adoption.
- (d) Determine the funding policy for the plans as provided by statute.

- (e) Approve agency budget.
- (f) At its discretion, authorize the Director to execute such contracts as have been approved by the Board.
- (g) At its discretion, authorize the Director to amend existing contractual service contracts with providers when additional services are required of that provider to implement board or legislative initiatives. The cost of the additional services requested of the provider by the Director cannot exceed those dollar limits set forth by the Department of Administrative Services requiring a competitive bidding process.

## 5. REIMBURSEMENT FOR DIRECTOR EXPENSES

- (a) In accordance with proper accounting procedures, the Public Employees Retirement Board ("Board") recognizes the need for expenses to be regularly monitored and approved by a second individual, once such expenses are incurred by the Director of the Nebraska Public Employees Retirement Systems ('Agency'). In order to facilitate these expense reimbursement transactions, the Board adopts the following monitoring and approval policy for reimbursement of Director's expenses:
  - (b) Expenses incurred by the Director in the course of his or her official duties that are \$100 or greater in value will require signature approval by the Chair of the Board.
  - (c) Expenses incurred by the Director in the course of his or her official duties that are less than \$100 in value do not require approval by the Chair of the Board. There are checks and balances within the Agency's internal accounting process to provide for monitoring of Director's expenses.

## Board Policy #4

Revised December 2012

### Legal Counsel and Internal Auditor

1. **Legal Counsel** - The Public Employees Retirement Board shall hire an attorney, admitted to the Nebraska State Bar Association, to advise the Board in the administration of the retirement systems under its statutory authority, Neb. Rev. Stat. § 84-1503(1)(e).
  - (a) The attorney or legal counsel to the Board shall provide legal services for the agency and the Board under the supervision of the Director. The job duties shall include the following:
    - (i) Draft and revise the agency Rules and Regulations, keeping them current with state statutes and federal laws;
    - (ii) Review and make recommendations to the Director and NPERS staff on retirement issues,

including qualified domestic relations orders, member benefits, powers of attorney, beneficiaries, and employer reporting;

- (iii) Research and interpret state statutes and federal regulations;
  - (iv) Work with outside legal counsel on the application of IRS Code to the retirement plans;
  - (v) Represent the retirement systems in administrative hearings and in matters involving the Attorney General's office;
  - (vi) Review and draft agency policies, procedural statements and legal documents for the agency;
  - (vii) Respond to legal questions from the State Auditor and other state agencies;
  - (viii) Work with the Legislature and member groups on draft legislation;
  - (ix) Advise the Board and the Director on legal matters as they relate to the administration of the retirement systems, litigation, potential conflicts and any other legal issue of interest.
- (b) The legal counsel to the Board shall act in the best interest of the Board and at least once per year report to the Board any matters that in his/her professional judgment impact the Board's role and duties. The Legal Counsel shall have direct access to the Board or a committee of the Board.
- (c) At least annually, a performance evaluation of the legal counsel shall be conducted and reported to the Board by the Director. The legal counsel shall at that time also provide a report to the Board of his/her activities for the previous year.

2. **Internal Auditor** - The Public Employees Retirement Board shall hire an internal auditor meeting the minimum standards as described in Neb. Rev. Stat. § 84-304.03 to perform the duties described in Neb. Rev. Stat. § 84-1503.04. Neb. Rev. Stat. § 84-1503(1)(f). The internal auditor shall work for the agency under the supervision of the Director.

- (a) The role of "internal auditor" is to assure that applicable laws, regulations, policies and procedures are being followed. The duties and responsibilities of the internal auditor are to be consistent with the suggested standards for the professional practice of internal auditing as adopted by the Institute of Internal Auditors, and include the following:
  - (i) Prepare a formal written three-year audit plan and work schedule each year and present them to the Board;
  - (ii) Conduct ongoing reviews of the internal procedures of the retirement systems and recommend improvements to the Board;

- (iii) Ensure that Nebraska Public Employees Retirement Systems' internal accounting and operational controls are appropriate and operating correctly and report inconsistencies to the Board;
  - (iv) Examine and evaluate system records and operating procedures; verify compliance with established plans, policies, procedures, and control systems, and assure compliance with regulatory and statutory conditions and adherence to generally accepted accounting and auditing principles and report inconsistencies to the Board;
  - (v) Perform internal auditing functions, including review of contributions received and creditable service granted; review benefit payments for completeness of information, appropriateness, accuracy, and timeliness; verify accuracy of data and financial information reported to the system's actuary for all applicable plans; and verify accuracy of data and financial information reported to the system's record keeper for all applicable plans; and
  - (vi) Develop standards to be used by independent auditors in their review of the practices and procedures used by various employers to provide for employee participation in the respective state plans included in subdivision (1)(a) of Neb. Rev. Stat. § 84-1503.
- (b) The internal auditor shall act in the best interest of the Board and at least annually shall report to the Board any matters that in his/her professional judgment impact on the Board's role and duties. The internal auditor shall have direct and immediate access to the Board or a committee of the Board.
- (c) The internal auditor shall provide a quarterly report to the Board of his/her activities. At least annually, a performance evaluation of the internal auditor shall be conducted and reported to the Board by the Director.
- inquiry shall focus on whether the applicant has incurred a disability that involves an inability to engage in a substantially gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or be of a long and indefinite duration.
- (b) With respect to the Judges Plan, the Board shall receive and act upon the findings of the Commission on Judicial Qualifications when considering the disability of a judge. For clerk magistrates who are in the judges plan, the Board shall determine if he or she has become physically or mentally disabled in a manner which seriously interferes the performance of his or her duties and that is determined to be permanent or reasonably likely to become permanent.
  - (c) With respect to the State Patrol, the Board shall determine whether a member has incurred a disability that constitutes a complete inability of the officer, by reasons of accident or sickness, to perform the duties of an officer of the State Patrol.
2. With respect to disability applications for members of the State, County, School retirement plans and for clerk magistrates who are members of the Judges plan; the Director shall direct that a medical examination be made at the expense of the retirement system, which examination shall be conducted by a disinterested physician legally authorized to practice medicine under the laws of the state in which he or she practices, such physician to be selected by the retirement board, and the physician shall have certified to the board that the member is physically or mentally incapable of further performing his or her duties as a state, county or school employee and should be retired. When the director is satisfied that a sufficient examination had been made, the Director shall present the results of the examination and a recommendation to the Board, and the Board shall grant or deny the disability retirement application based on the examination and report of the physician, assisted by the recommendation of the Director.
  3. With respect to any Judge, the Board shall receive the report of the Commission on Judicial Qualifications that determines that a judge is permanently disabled; the Board shall then place the judge on retirement and grant a retirement annuity as provided in Neb. Rev. Stat. § 24-710.
  4. With respect to a member of the State Patrol, the Board shall not make any disability benefit payments unless adequate proof is furnished of the existence of the disability, and the Director, on behalf of the board, may demand a physical examination of the member by a disinterested physician legally authorized to practice medicine under the laws of the state in which he or she

## Board Policy #5

Revised September 2005

### Reviewing Applications for Disability Retirements

1. The Public Employees Retirement Board will approve applications for disability retirements in a manner consistent with controlling statutory authority and will avoid, as much as practicable, a case by case disposition of such matters.
  - (a) With respect to disability applications in the State, County and School retirement plans, the Board's

practices, chosen by the system and at the expense of the system.

5. The Director, with the approval of the Board, may engage one or more Medical Advisors to assist the Director and the Board in analyzing the reports sent by physicians who have examined disability retirement applicants. The medical advisor shall be a physician legally authorized to practice medicine in Nebraska and hired by the Director, with the advice and consent of the Board. The duties of the Medical Advisor shall include, but shall not be limited to, the following:
  - (a) Review all physicians' reports prior to the time at which the Director and/or Board reviews the reports.
  - (b) Do any follow-up gathering of information the Medical Advisor deems necessary to fully understand the physicians' reports he or she has the duty to review.
  - (c) Appear before the Board and assist the Director as he or she presents the reports of disinterested physicians to the Board and the Director's recommendation for action during any Executive sessions convened for that purpose.
  - (d) Answer questions about the reports that may be asked by the Director or members of the Board, provide expert assistance and knowledge of a trained physician to the Director and the Board in analyzing the medical questions involved in determining whether a disability retirement is appropriate, and provide his or her opinion on the medical condition of applicants, based on the reports he or she has reviewed.
  - (e) Any other such duties as the Director or the Board may deem necessary and appropriate to determine whether disability retirements should be granted to those who have made application under the applicable statutes.
6. (a) With respect to disability applications in which the disinterested physician states that the member is a person meeting the description of an incapacitated person as found in Neb. Rev. Stat. § 30-2601, the Board shall make reasonable inquiries as to whether it is satisfied by clear and convincing evidence that (i) the applicant is unable to manage his or her property and property affairs effectively for reasons such as mental illness, mental deficiency, physical illness or disability, chronic use of drugs, chronic intoxication, confinement, or lack of discretion in managing benefits received from public funds, detention by a foreign power, or disappearance; and (ii) the person has property in the retirement system which will be wasted or dissipated unless proper management is provided, or that retirement funds are needed for the support, care, and welfare of the applicant or those entitled to be supported by him or her and that protection is necessary or desirable to obtain or provide funds.
  - (b) If the Board finds that such conditions are met, the Board may direct that a guardian, guardian for a limited purpose or conservator should be appointed under the provisions of the Nebraska Probate Code, Neb. Rev. Stat. Chapter 30 Article 26, prior to the Board allowing such an applicant to select a retirement option or otherwise allow the release of monies held by a retirement system on behalf of such an applicant.
7. All disability retirement applications approved by the Board may be re-evaluated one year from the effective date of retirement. The re-evaluations shall be made by a disinterested physician licensed to practice medicine in the state in which he or she practices medicine, under the conditions set forth in paragraph 10 of this policy.
8. If a member's disability retirement application is re-examined and continually approved for at least three years, the Public Employees Retirement Board may determine when the next reevaluation shall occur.
9. If an applicant dies during the period between making application for a disability retirement and the Board's approval of the applicant's application, the Board and Director may examine such applicant's death certificate and the report of a disinterested physician, if available, to make a determination on the disability application filed by the deceased applicant.
10. When ordering an examination by a disinterested physician both for initial and any further examinations, the Director and Board shall, if practicable, choose a disinterested physician who specializes in the area of medicine relating to the reason or source of disability as given by the applicant on his or her application.
11. Information provided in an application for disability includes medical records that contain personal and sensitive information that if improperly used or released may do significant harm to an applicant's interests or needless harm to an applicant's reputation. All review of members' disability applications shall take place in Executive Session, and all information submitted and discussed shall be kept confidential by the Board, the Director and their agents.

## Board Policy #6

Revised February 2012

### Contractual Services

In all cases, selection of contractual services is subject to and shall comply with the statutory provisions of State Contract for Services, Neb. Rev. Stat. §§73-501, et seq.

### 1. Selection and Renewal for Contracts \$50,000 or more

- (a) If there is an existing contract to provide services of \$50,000 or more, then the Director shall provide the Board a report of the performance of the contract service providers not less than ninety (90) days prior to the expiration of the contract. If performance under the contract is determined to be satisfactory, the Board may consider renewing the contract for an additional term if permitted under the terms of the existing contract. The Board may request the existing contract service provider to submit a renewal and cost proposal to the Board for consideration, unless state law provides otherwise.
- (b) If a contract is not renewed, then not less than sixty (60) days prior to the expiration of a service contract, the Director will draft a request for proposal (RFP). Upon the Board's approval, the Director shall, with the assistance of the Department of Administrative Services, Materiel Division, publish the RFP and follow the required procedures for the bidding process.
- (c) Following receipt of RFP responses, the Director shall, with the assistance of the legal counsel and other management staff as needed, review all bids that qualify under the stated RFP requirements.
- (d) As soon as is reasonably possible, the Director shall provide a summary of the returned proposals to the Board and a tentative finalist interview schedule. The Board or a committee of the Board will review the finalist bid proposals in advance of any scheduled interviews.
- (e) If determined necessary, the Board or a committee of the Board and the Director shall interview all RFP finalists. The award of the contract will be subject to a majority vote of the Board during a regular or special session of the Board.

### 2. Selection and Renewal Option for Contracts less than \$50,000

- (a) If there is an existing contract to provide services for less than \$50,000, then the Director shall provide the Board a report of the performance of the contract service provider. If performance under the contract is determined to be satisfactory, the Board or Director may renew the contract for an additional term if permitted under the terms of the existing contract. The Board or Director may request the contract service provider to submit a renewal and cost proposal for consideration, unless state law provides otherwise.
- (b) If a contract for services is not renewed, then the Director will conduct a state agency level request for proposal (RFP). The Director shall contact

service providers and obtain at least two comparable bids for review. Following receipt of the bids, the Director shall, with the assistance of legal counsel and other management staff as needed, review the bids that qualify under the state agency level RFP requirements.

- (c) As soon as is reasonably possible, the Director shall provide a report of the comparable bids received to the Board for consideration and approval. If time is of the essence to secure a service provider, then the Director shall inform and receive approval from the Board Chair prior to executing the service contract. Thereafter, the Director shall provide a report to the Board at the next occurring Board meeting.

### 3. Selection Process for Deferred Compensation Plan Annuity Provider

- (a) The Director shall provide the Board a review of the performance of the Deferred Compensation Plan Annuity Provider prior to the expiration of the contract. If performance under the existing contract is determined to be satisfactory, the Board may consider renewing the contract for an additional term if permitted under the terms of the existing contract.
- (b) If the existing contract is not renewed under paragraph 3(a), then the selection process for the annual contract to provide Deferred Compensation Plan annuities will be conducted at the agency level by the Director and agency staff.
- (c) The Board or a committee of the Board will review a draft request for proposal (RFP). The final agency level RFP will be published. Upon receipt, proposals will be considered during the meeting of the Board, with a beginning contract date of July 1<sup>st</sup>, or as soon as is reasonably practicable thereafter.

### 4. The following is a schedule of existing contracts with renewal dates:

| CONTRACT               | TERM     | COMPLETED | DUE  |
|------------------------|----------|-----------|------|
| Compliance Audit       | 4–10 yr. | 2012      | 2022 |
| Actuarial Services     | 3 yr.    | 2013      | 2016 |
| Actuarial Audit        | 10 yr.   | 2009      | 2023 |
| Experience Study       | 5 yr.    | 2012      | 2016 |
| Recordkeeping Services | 5 yr.    | 2016      | 2021 |
| Information Systems    | 1 yr.    | 2015      | 2016 |
| DCP Annuity            | 1 yr.    | 2015      | 2016 |

## Board Policy #7

Revised September 2006

### Conference Attendance and Expense Reimbursement

The members of Public Employee Retirement Board (PERB) believe the affairs of the plans they administer are highly important and complex. The retirement obligations incurred and the administration of the plans are complex matters, and education in employee benefit matters is necessary. It is important for PERB members to be educated in matters relating to the plans they administer. PERB members are encouraged to attend one or more educational conference per year. These policy guidelines are adopted to address travel expenses related to educational conference attendance.

1. PERB members shall make travel requests to the Board at least 30 days in advance when possible.
2. Each request for travel by a Board member will include a business-related reason for that travel and an estimate of the cost.
3. Hotel and air travel reservations can be made by the Board member or the retirement office.
4. Travel by any Board member outside of Nebraska will be reviewed by the Board; a majority decision will prevail.
5. Any Board member who attends a conference or seminar will present either an oral or written report to the Board at the next meeting.
6. Special consideration will be given for the support of the conventions or seminars sponsored by the following organizations:
  - (a) NCTR (National Council on Teacher Retirement)
  - (b) NASRA (National Association of State Retirement Administrators)
  - (c) NCPERS (National Council Public Employee Retirement Systems)
  - (d) IFEBP (International Foundation of Employee Benefit Plans).
7. Board members attending the annual Board retreat shall have their actual expenses for official business paid by the agency in conformity with the Travel Expense Policies adopted by the Nebraska Department of Administrative Services, AM005.
8. Per diems will be paid to board members for activities that have been approved by the board at the rate allowed by law.
9. Board members will be reimbursed for actual costs for out-of-town meals in Nebraska not to exceed the maximum GSA meal guidelines. Board members must retain a record (log) or obtain receipts for each meal incurred while in travel status. The expense reimbursement document may be used as the Board member's record of travel expenses incurred. In lieu of obtaining and attaching original receipts for each meal incurred, the member may identify type of meal, actual amount paid, including tax and tip, restaurant name and location on the expense reimbursement document. Eligible meals are:
  - (a) **Breakfast** – when leaving for overnight travel or one-day travel on or before 6:30 a.m.
  - (b) **Lunch** – when leaving for overnight travel at or before 11:00 a.m. or return from overnight travel at or after 2:00 p.m. Lunch is not allowed on one-day travel unless part of an official business meeting with a working lunch part of the agenda.
  - (c) **Supper** – when returning from overnight travel or one-day travel at or after 7:00 p.m.
10. Board members will be reimbursed for actual meal costs in excess of the IRS guidelines if receipts for meals are attached to the expense reimbursement document.
11. Board members will be reimbursed for meals outside of Nebraska for reasonable and actual cost. Reasonable costs are the federal per diem standard. The standards can be found at Internet site: <http://www.gsa.gov/Portal/gsa/ep/home.do?tabId=0>.
12. Lodging for Board members will be reimbursed based on actual cost incurred while attending an official business function. If the meeting or conference is at a lodging establishment and the Board member chooses not to stay at the conference lodging establishment, other lodging may be reimbursed at reasonable amounts comparable to the posted conference room rate. Actual costs will be demonstrated by an original receipt.
13. In order to receive reimbursement, a Board member must complete an expense reimbursement document and attach actual receipts for all travel expenses except meals and immaterial travel expenses. Immaterial items are parking, tolls, intercity bus fares, baggage handling, tips, and taxi fare charges under \$10 per occurrence. Board members will be reimbursed for the use of their personal vehicles for official Board business. Reimbursement will be made in accordance with Neb. Rev. Stat. §811176, at the rate per mile established by the Department of Administrative Services.
14. Board members will be reimbursed for one long distance call per day to their home while in travel status in accordance with the approved agency policy on file with the Department of Administrative Services.
15. No reimbursement is allowed for alcoholic beverages.

# Board Policy #8

Revised August 2008

## Board Funding

### 1. DEFINED BENEFIT PLANS

The Public Employees Retirement Board administers the three traditional defined benefit plans authorized by State Statute. In order to protect the benefits provided by the plans the Board endorses the statutory funding requirements, as follows:

- (a) The School Employees' Retirement Plan, which covers all school employees, teachers and administrators in Nebraska, with the exception of the separate Omaha Public Schools plan, shall be funded each year in accordance with the actuary's recommendation. The primary source of funding, as outlined by Section 79-958, shall be the monthly employee and employer contribution rates and the required annual contribution outlined by Sections 79-966 and 79-966.01 for the State of Nebraska.
- (b) The State Judges' Retirement Plan, which covers all state judges and certain clerk magistrates, shall be funded each year in accordance with the actuary's recommendation. The plan is primarily funded by employee contributions and court fees and any required annual contribution by the State of Nebraska outlined in Section 24-703.
- (c) The State Patrol Retirement Plan, which covers all uniformed or certified patrol officers, shall be funded each year in accordance with the actuary's recommendation. The plan is primarily funded by employee and employer contributions and annual contributions by the State of Nebraska as outlined in Section 81-2017.
- (d) It is recognized that in all three of these defined benefit plans the investment return on the assets is a vital part of the funding for the plans. In addition, the annual actuarial valuation is the source each year for determining any additional contributions needed for a given year.
- (e) The Board will review the actuarial assumptions used to determine funding needs, on a regular basis, but change those assumptions only on the basis of a recent experience study or if the actuary recommends a review due to a significant change in the factors used to determine the assumptions. An experience study shall be conducted every four to six years.

### 2. CASH BALANCE BENEFIT

The Public Employees Retirement Board administers the two hybrid defined benefit plans authorized by State Statute. In order to protect the benefits provided by the plans the Board endorses the statutory funding requirements, as follows:

- (a) The State Employees and the County Employees Retirement Plans include a new Cash Balance benefit that must be actuarially sound. These plans cover state and county employees and are primarily funded by employee and employer contributions as well as any required contribution by the State of Nebraska.
- (b) It is recognized that the investment return on the assets is a vital part of the funding for the benefits. In addition, the annual actuarial valuation is the source each year for determining any additional contributions needed for a given year.
- (c) The Board will review the actuarial assumptions used to determine funding needs, on a regular basis, but change those assumptions only on the basis of a recent experience study or if the actuary recommends a review due to a significant change in the factors used to determine the assumptions. An experience study will be conducted every four to six years.
- (d) Investment returns greater than or less than the assumed annual rate of return will be recognized on a "smoothed" basis over a five year period.
- (e) Each year after the annual actuarial valuations results are received the Board will determine, based on the recommendation of the actuary, if a benefit improvement can be made, such as a dividend payment to individual Cash Balance member accounts, after allowing for the required ten percent funding reserve within the plan. If it is determined that the benefit improvement should be a dividend and that sufficient reserves exist, the dividend will be granted as follows:
  - (i) The Board will determine if any dividend can be granted at the earliest possible date following the annual actuarial valuation, but in all cases the dividend will be retroactive to January 1st of that year.
  - (ii) The long-term goal for the cash balance retirement plans is to provide long-term growth for member accounts equal to the long-term growth rate for the invested funds. However, in the short-run, some of the excess earnings may be held in reserve to serve as a buffer for short-term fluctuations in market return.

- (iii) Any dividend that is granted should conform with the following guidelines:
- A. The plan must maintain the 90% Benefit Threshold Rate after granting any dividend.
  - B. There must be a minimum 100% Funded Ratio on both the Funded Basis and the Current Value Basis, both before and after the dividend is granted.
  - C. The dividend plus the annual interest credit during the year cannot exceed 8.0% unless a majority of PERB agrees.
  - D. No dividend will be granted for a year where the annual interest credit rate exceeds the actuarial valuation interest rate.
- (iv) The account balance used to determine the amount credited will be the balance as of December 31<sup>st</sup> of the previous year.
- (v) All accounts with an account balance as of December 31<sup>st</sup> of the previous year will be credited with the dividend amount, except that no dividend shall be paid to any account with a final account valuation made prior to December 31<sup>st</sup> of the year for which the dividend is granted.
- (vi) If a dividend is granted, the value of the dividend will be credited with interest between January 1st and the dividend distribution date, using the interest credit rate earned on regular contributions for the same period.

### 3. STATUTORY REFERENCE

Section 23-2317(4)(c) and section 84-1319(4)(c) – if the unfunded accrued actuarial liability under the entry age actuarial cost method is less than zero on an actuarial valuation date, and on the basis of all data in the possession of the retirement board, including such mortality and other tables as are recommended by the actuary engaged by the retirement board and adopted by the retirement board, the retirement board may elect to pay a dividend to all members participating in the cash balance option in an amount that would not increase the actuarial contribution rate above ninety percent of the actual contribution rate. Dividends shall be credited to the employee cash balance account and the employer cash balance account based on the account balances on the actuarial valuation date. In the event a dividend is granted and paid after the actuarial valuation date, interest for the period from the actuarial valuation date until the dividend is actually paid shall be paid on the dividend amount. The interest rate shall be the interest credit rate earned on regular contributions.

## Board Policy #9

Revised August 2007

### Board Per Diem

1. Pursuant to the provisions of subsection 84-1502(3), per diems for PERB members may be paid to a member when the member personally participates in one or more of the following Board activities:
  - (a) Monthly Board meetings;
  - (b) Special or emergency Board meetings;
  - (c) Board committee meetings;
  - (d) Board-approved seminars and conferences; or,
  - (e) Other such activities as approved by the Board.
2. The member must complete a Request for Per Diem Compensation form and submit it to the Secretary for any claim other than Board meetings before a per diem claim will be paid.
3. A member may, in lieu of submitting Requests for Per Diem Compensation, submit in writing a statement indicating that the member does not wish to receive per diem compensation. Such statement shall be retained by the Secretary of the Board and thereafter shall be in force until revoked in writing by the member.

## Board Policy #10

Revised September 2006

### Director's Succession Plan

#### 1. ANNUAL TRAINING

- (a) New Board Members – In order to promote education and to adequately train new Public Employees' Retirement Board members, each new member will be strongly encouraged to attend an educational session to learn the basics of the administration of retirement plans within the first twelve months of his/her becoming a member.
- (b) Existing Board Members – Due to the ongoing fiduciary responsibilities of all Board members, each member will be encouraged to attend at least one educational session or conference per year to stay current with regulatory and administrative issues.

#### 2. CONTINUITY PLAN

- (a) Board Members – In addition to education, to assist with continuity on the Board, new members, whenever possible will be paired with an existing Board member who will assist that new member during the first six months of his/her term.

- (b) Agency Director – The Board has adopted a Succession Plan and shall maintain the Plan as conditions may warrant for the time when a replacement must be found for the Director. In addition, the Director shall advise the Board of the name of his/her emergency replacement if the Director must be absent for an extended period. The Director shall “groom” someone from within the agency who could be his/her successor, either temporarily or on a permanent basis.

### 3. ANNUAL RETREAT

- (a) Each year the Board sets aside an additional day combined with its regular monthly board meeting to review policies, set goals for the new year and receive additional training and/or updates on their fiduciary duties as Board members.
- (b) The Board has committed additional resources to holding the retreat in an appropriate location that is a reasonable distance for members to travel. Resources have also been allocated for the cost of outside speakers on matters of interest to the Board.

## Board Policy # 11

Revised January 2011

### Service Delivery

1. To accurately calculate a retirement benefit, the Nebraska Public Employees Retirement Systems (‘NPERs’) needs all retirement contributions and salary to post to a member’s account prior to such calculation. This interim period can take several months and can delay benefit payments.
2. In order to provide a timely retirement benefit for retirees, NPERs will calculate a preliminary benefit during the interim period. The member will be paid a preliminary benefit equal to ninety-five percent (95%) of the benefit calculated based on the total service and salary information available at the time of the preliminary calculation. A preliminary benefit will not be calculated until the member’s most recent posted retirement contribution and salary is within one or two months of the member’s final pay date. The preliminary benefit should be calculated within ninety days (90) of the effective date of the member’s retirement. The member’s preliminary benefit will be recalculated and changed to a final monthly benefit approximately five (5) months after the effective date of retirement.
3. Under certain circumstances such as a salary dispute, untimely paperwork filed by a member, or an extended contract negotiation, it may be more than ninety days (90) since the effective date of the member’s retirement before the calculation of the preliminary benefit occurs, and it may be more than five (5) months before the final recalculation occurs. This calculation and

recalculation will be retroactive to the member’s effective date of retirement and will include all salary and contributions received from the member’s employer.

4. If the member’s final calculated monthly benefit is within thirty dollars (\$30) or two percent (2%) of the member’s one-hundred percent (100%) preliminary benefit, then the recalculation is performed automatically by NPRIS and does not require a manual calculation by NPERs staff.
5. If the member’s final calculated monthly benefit is greater than thirty dollars (\$30) or two percent (2%) of the member’s one-hundred percent (100%) preliminary benefit, then the final benefit is recalculated manually by NPERs staff.
6. If the member’s final calculated monthly benefit is less than the member’s one-hundred percent (100%) preliminary benefit, then the final benefit is recalculated manually by NPERs staff.

## Board Policy # 12

Revised July 2014

### Electronic Disbursement Policy

Electronic disbursements through direct deposit or a deposit (load) to a prepaid debit card shall be the Nebraska Public Employees Retirement Systems’ required method for issuing annuity benefit payments to retired members.

Beginning May 1, 2011, all new retired members must provide written authorization for either a direct deposit or a load to a prepaid debit card using NPERs’ Electronic Disbursement Authorization Form. The electronic disbursement will remain in effect until changed or canceled by the retired member in writing.

### 1. REASON FOR POLICY

The purpose of this policy is to promote safe, confidential, economical, convenient and fast annuity benefit payments to retired members.

### 2. POLICY AND PROCEDURES

Direct Deposit is the electronic deposit of funds directly into a bank account as a form of payment. NPERs offers direct deposit for a retired member’s annuity benefit payment. Electronic deposit of funds can be made to any financial institution in the United States. Direct deposit assures that a retired member’s annuity benefit payment is deposited in their bank account(s) on the day of payment. All retired members receiving retirement annuity benefits from NPERs are eligible for direct deposit.

To authorize or change their direct deposit, a retired member must complete and sign a new Electronic

Disbursement Authorization Form and attach a voided check for checking account deposit and a deposit slip for savings account deposit.

In the alternative, a member may select a deposit (load) to be made to a prepaid debit card. A prepaid debit card has the same functionality as a regular checking account, but the member withdraws funds with the use of a debit card rather than the use of checks. The State of Nebraska contracts with a prepaid debit card financial institution vendor to provide this service to members who do not want their annuity benefit payment made by direct deposit into a regular bank account.

Once the authorization is received by NPERS, it may take up to one annuity benefit payment cycle to become active. Any change MUST be received by NPERS two weeks prior to the date scheduled for the annuity benefit payment for which the change is to occur.

In order for this policy to be effective, it is essential that NPERS be provided with current and accurate information regarding the address and account number and demographic information for each retiree receiving a benefit by electronic means. In addition, the fact that a member is not receiving written communication from NPERS may indicate that payments are being misdirected or the member has undergone a change of address, bank account or status.

Therefore, in order to help assure all benefit payments are delivered only to their intended recipients, NPERS may suspend the delivery of benefit payments to any member who cannot be contacted for a period of 60 days at the address on file for such member in NPERS' database. Mail that is returned undelivered by the United States Postal Service or other recognized delivery service shall be deemed as evidence of the inability to contact a member. Any such suspension of benefit payments will continue until such time as direct contact is made between NPERS and the related member (or the member's legally designated representative). Upon confirmation of such member's address and status, payments will resume and any payments suspended shall be made to the member as soon as administratively possible.

NPERS staff shall develop such internal procedures as are necessary to implement this policy.

## Board Policy # 13

Revised May 2012

### Cash Balance Benefit Election

#### 001 SCOPE OF THE POLICY

The provisions of this policy apply to active members participating in the defined contribution benefit in the Retirement System for Nebraska Counties (County Plan) and the State Employees Retirement System (State Plan).

This policy contains the procedures for conducting a cash balance benefit election and conversion thereby permitting State and County Plan active members who have a defined contribution benefit to make a onetime election and conversion into the cash balance benefit in accordance with the provisions found in Neb. Rev. Stat. §§ 23-2308.01 and 84-1309.02.

#### 002 DEFINITIONS

**002.01** Definitions provided in Nebraska statutory law for each plan shall apply to the provisions herein as they relate to the plan. In addition to those definitions, the following definitions shall apply:

**002.02** Agency means the Nebraska Public Employees Retirement Agency.

**002.03** Cash Balance Benefit Election Period means the statutory calendar period beginning September 1, 2012, through October 31, 2012.

**002.04** Electing Member means a state or county defined contribution benefit active member who makes an election during the Cash Balance Benefit Election Period.

#### 003 GENERAL PROVISIONS

**003.01** A state or county defined contribution benefit active member shall make a onetime election into the cash balance benefit beginning: September 1, 2012, through October 31, 2012, in order to participate in the cash balance benefit. Once an election is made, the decision by the member is irrevocable.

**003.02** If no such election is made, the member shall be treated as though he or she elected to continue participating in the defined contribution benefit as provided in the act prior to January 1, 2003.

**003.03** Members who elect to participate in the Cash Balance Benefit Election Period, shall commence participation in the cash balance benefit on January 2, 2013.

**003.04** Any member who made the election prior to April 7, 2012 and/or who is currently a member of the cash balance benefit does not have to make another election during the Cash Balance Benefit Election Period.

**003.05** For a member employed and participating in the retirement system, who elects to convert his or her employee and employer accounts to the cash balance benefit, the employee and employer cash balance benefit accounts shall initially be equal to the employee and employer account balances, transferred from the member's defined contribution plan employee and employer accounts.

**003.06** If an active member has multiple defined contribution plan accounts (i.e. an active member having State Plan defined contribution accounts, who also is an inactive member having County Plan defined contribu-

tion accounts, or vice versa) then the member will only be able to make an election in the plan under which he or she is currently an active member during the Cash Balance Benefit Election Period.

### 004 ELECTION PERIOD AND ELIGIBILITY REQUIREMENTS

**004.01** The Cash Balance Benefit Election Period begins on September 1, 2012, and continues through October 31, 2012. A onetime election may only be made during this election period.

**004.02** The defined contribution benefit member must remain an active employee member through October 31, 2012 in order to make an election during the election period. A termination, as defined by Neb. Rev. Stat. §§ 23-2301(33) and 84-1301(33), or a temporary break in service during the Cash Balance Benefit Election Period will result in an invalid election.

**004.03** An alternate payee, as defined by Neb. Rev. Stat. § 42-1102(1), with a defined contribution account is unable to make an election into the cash balance benefit.

### 005 ELECTION MATERIALS AND DISTRIBUTION

**005.01** Beginning on September 1, 2012, cash balance benefit election materials will be mailed to confirmed state and county active members who have employee and employer accounts in the defined contribution benefit. A downloadable copy of election materials will be placed on the Agency website on September 1, 2012.

**005.02** A cash balance benefit election can only be made upon official forms provided by the Agency, or as provided in subsection 005.03. The form must be signed by the active member making the election, and can be received only by postal mail or hand delivery to the Agency. A form sent via facsimile machine will not be accepted. If the cash balance benefit election form is mailed during the Cash Balance Benefit Election Period, then the mailed envelope must be postmarked on or before October 31, 2012.

**005.03** A cash balance benefit election may be made by a member submitting an online electronic form found on a website administered by either the Agency or a contractor of the Agency. The Agency is not responsible for a member failing to make a valid cash balance benefit election due to either a website server failure or a member using incompatible web browser software to access the server. If a member believes that he or she may have incompatible software or the website server is offline prior to the cash balance benefit election deadline, then the member should allow sufficient time to

submit his or her cash balance benefit election form in the manner provided in subsection 005.02.

**005.04** No cash balance benefit election forms will be recognized by the Agency as having been received until September 1, 2012. Applications delivered to the Agency prior to September 1, 2012, will be held and not officially received for the purpose of the cash balance benefit election until September 1, 2012.

**005.05** Once a cash balance benefit election form has been received by the Agency during the Cash Balance Benefit Election Period on or after September 1, 2012, a confirmation of receipt will be sent to the member. The confirmation will be mailed to the member's current address of record within ten (10) business days following the Agency's official receipt of the member's cash balance benefit election form. If a member does not receive a confirmation of receipt within this time period, he or she should immediately contact the Agency to verify that his or her election form has been properly received by the Agency. If a member makes an election online as described in subsection 005.03, then a confirmation of receipt will be obtained online by the member in lieu of a mailed confirmation.

**005.06** If a member does not receive a timely confirmation of receipt described in subsection 005.05 and also fails to notify the Agency that he or she did not receive a timely confirmation, then such inaction by the member may result in the member not making a valid Cash Balance benefit election. The Agency is not responsible for a Cash Balance benefit election form either lost or delayed while in the custody of the U.S. Postal Service or other shipping delivery service.

### 006 PROCEDURES FOLLOWING THE ELECTION PERIOD

**006.01** A proper and valid election shall only occur if an election to the Cash Balance benefit is made in accordance with applicable state laws, agency rules and regulations, and other provisions listed herein.

**006.02** Electing Members shall commence participation in the Cash Balance benefit on January 2, 2013. Electing Members' Defined Contribution benefit assets and accounts will be converted to Cash Balance benefit assets and accounts on January 2, 2013.

**006.03** Once an election is made during the election plan period, no partial or full distributions shall occur from the point of time an election is made until January 3, 2013.

**006.04** An Electing Member may continue to make trades in his or her accounts and transfer assets between Defined Contribution fund options until December 31, 2012, subject to current trading restrictions; including, but not limited to rules on excessive trading and trading

stable value fund assets. The Electing Member's account balances will not be frozen by the Agency once a Cash Balance benefit election is made. The Electing Member's account values will continue to be subject to market gains and losses during this time period based on the Electing Member's investment decisions.

**006.05** The final value of Defined Contribution fund assets transferred into Cash Balance benefit fund assets will be the end of the market day price on January 2, 2013. The Defined Contribution account balance will be subject to market fluctuations (gains and losses) prior to the completion of the asset transfer on January 2, 2013, which may result in a reduction of the Electing Member's employee and employer account asset value following the day of the transfer. Following the completion of the asset transfer on January 2, 2013, the Agency or a contractor of the Agency will send the Electing Member a confirmation of election.

**006.06** An Electing Member has until February 1, 2013, to notify the Agency if there was a possible error. If the Electing Member does not receive a confirmation of election described in subsection 006.05 or believes that his or her account assets were not properly transferred from the Defined Contribution benefit plan to the Cash Balance benefit plan, as described in subsection 006.05, then notification under this subsection must be made. If no such notification occurs prior to February 1, 2013, then the Agency will conclude the following:

- (a) the Electing Member's assets have been properly transferred from the Defined Contribution benefit plan to the Cash Balance benefit plan, and the Agency will not be responsible for making a subsequent transfer of assets in order to correct any possible errors; or,
- (b) the member's assets have properly remained in the Defined Contribution benefit plan as intended by the member, and the Agency will not be responsible for making a subsequent transfer of assets in order to correct any possible errors.

## 007 DETERMINATION OF AN INVALID ELECTION

**007.01** An election may be determined invalid by the Agency if any of the following findings are made:

- (a) The member was an inactive member on October 31, 2012 and therefore was ineligible to make an election.
- (b) The member was not in the Defined Contribution benefit during the election period.
- (c) A fraudulent election form was received by or transmitted to the Agency.

- (d) There is evidence of fraud involved in the member's election or conversion of assets.
- (e) The member experienced a termination or a temporary break in service (lasting less than 120 days) during the Cash Balance Benefit Election Period and the member was not an active member on October 31, 2012.
- (f) The election to the Cash Balance benefit was not made in accordance with applicable state laws, agency rules and regulations, and other provisions listed herein.

**007.02** Once a determination is made by the Agency that an invalid election occurred, written notice will be sent immediately to the member. The notice will be mailed to the member's current address of record.

**007.03** If a determination is made following the account conversion on January 2, 2013, then the improperly converted Defined Contribution benefit assets will be removed from the Cash Balance benefit fund within ten (10) business days and placed in the Defined Contribution benefit money market fund described in Neb. Rev. Stat. §§ 23-2309.01(g) and 84-1310.01(g). The amount of the removed assets will equal the amount of assets initially transferred into the member's Cash Balance benefit accounts on January 2, 2013.

**007.04** Any interest credited to the member's Cash Balance benefit employee or employer accounts will be forfeited prior to the assets being removed from the Cash Balance benefit fund due to an invalid election, as described in subsection 007.03. The Agency will not be responsible for any market gains or losses that may have resulted had the member's assets originally remained in his or her Defined Contribution benefit accounts.



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