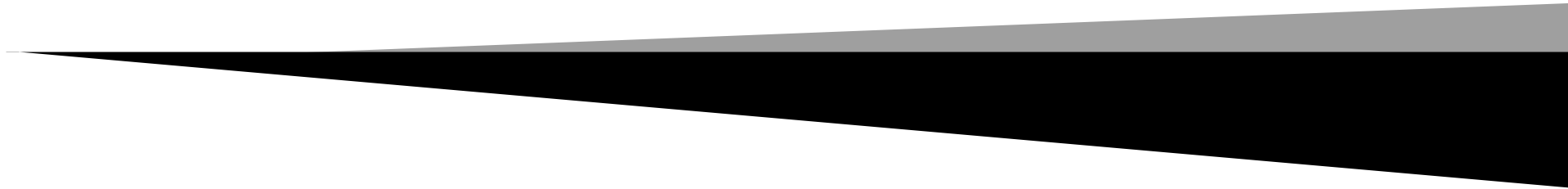


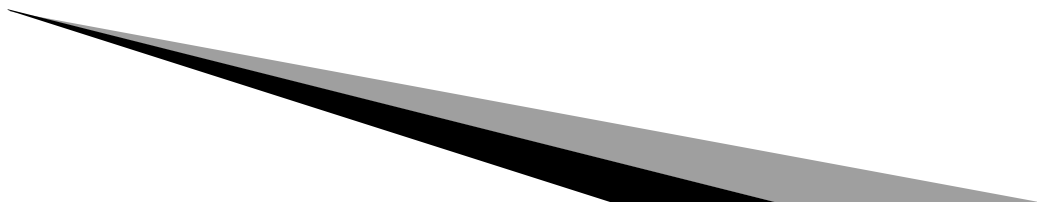
Retirement 101

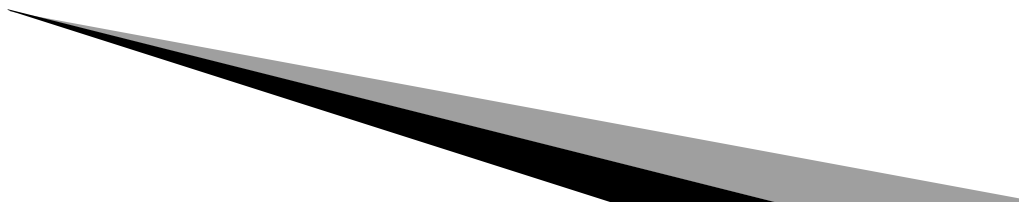
Money only buys a small measure of happiness, and then only for those who have the wisdom to use it properly. Steven Scott



Private Retirement Savings

C



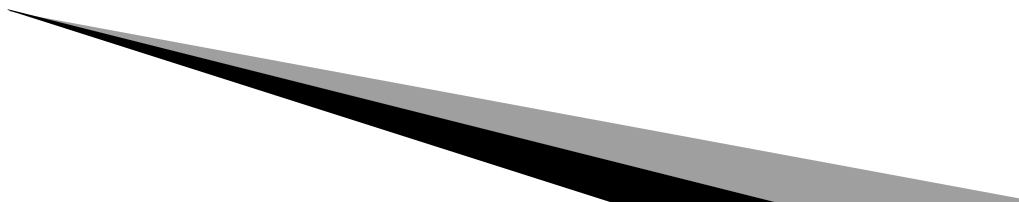
- The Nebraska Public Employees Retirement System (“NPERS”)
 - Plan administered by the State of Nebraska
 - Phone: # 1- 800- 245- 5712
 - Web Site:
- 

If an employee makes \$15.00 per hour and works 80 hours in a two week period, gross earnings are \$1,200.

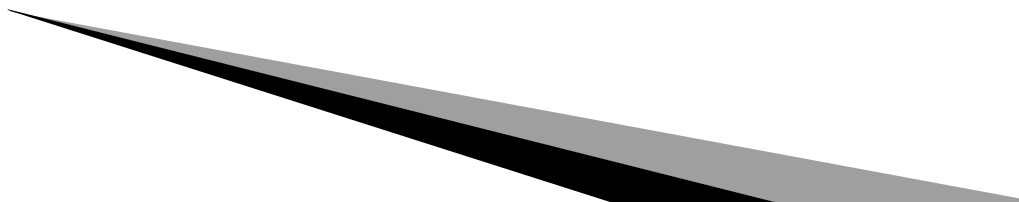
\$117.36 is withheld from that check and sent to NPERS.

District pays \$118.53.



- NPERS is what is referred to as a “defined benefit plan.”
 - This is unusual. Most retirement plans are referred to as “defined contribution plans.”
- 



- If that person were spending **\$82,211.41** in retirement and lived to be 97, she would have to make that money last 30 years.
 - Under NPERS, \$16,161.43 per year for 30 years is .
- 

#1 – The Rule of 85. When employees age + years of service = 85 or more, she qualifies.

#2 – Age 65. When employees age = 65 or more (with at least 5 years to be vested), she qualifies.

Example, a person who is 59 with 20 years is too young to qualify under this rule.

Example, a person who is 65 with 8 years of service does meet this Rule.



#3 – Reduced retirement. When an employee is between 60 and 64, she may qualify for reduced retirement.

Age 60 – reduced by 15%

Age 61 – reduced by 12%

Age 62 – reduced by 9%

Age 63 – reduced by 6%

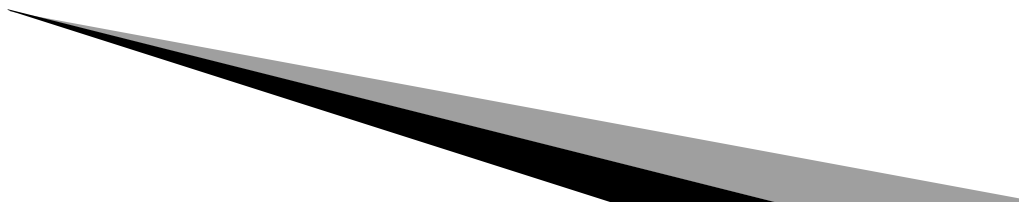
Age 64 – reduced by 3%



* Average Compensation * .02

If you were hired prior to July 1, 2013, your average compensation is based on your highest 12 month periods of salary. **three**

If you were hired after July 1, 2013, your average compensation is based on your highest 12 month periods of salary. **five**



Employee who's highest and last five years are:

\$28,198.67

\$28,762.64

\$29,337.90

\$29,924.65

\$30,523.15

The five year average is: \$29,349.40

The three year average is: \$29,928.57



Employee is age 60 with 20 years of service.

- (a) Does not meet the Rule of 85
- (b) Is not age 65
- (c) Qualifies for Age 60 reduced retirement.

Formula is average compensation \$26,055 * 20 years
* .02 reduced by 15%.

Total Benefit is _____ per year for life.

Employee is age 61 with 21 years of service.

- (a) Does not meet the Rule of 85
- (b) Is not age 65
- (c) Qualifies for Age 61 reduced retirement.

Formula is average compensation \$26,576 * 21 years
* .02 reduced by 12%.

Total Benefit is _____ per year for life.

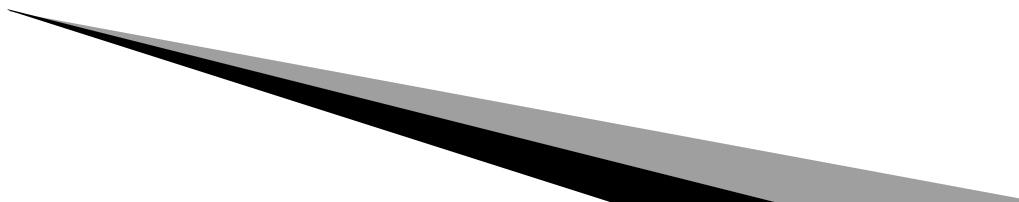


Employee is age 62 with 22 years of service.

- (a) Does not meet the Rule of 85
- (b) Is not age 65
- (c) Qualifies for Age 62 reduced retirement.

Formula is average compensation \$27,107 * 22 years
* .02 reduced by 9%.

Total Benefit is _____ per year for life.

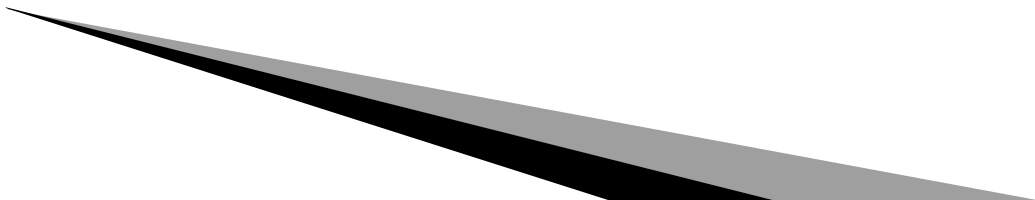


Employee is age 63 with 23 years of service.

(a) Qualifies for the Rule of 85

Formula is average compensation \$27,649 * 23 years
* .02 (no reduction).

Total Benefit is _____ per year for life.



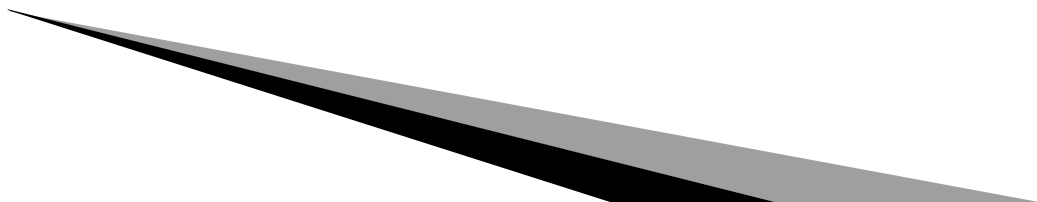
The formula in the previous slides determines your benefit based on:

- (1) Your lifetime; or
- (2) Five years

Whichever is longer.

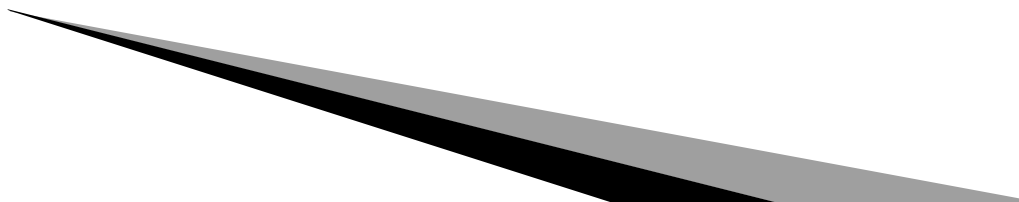


(1) For your lifetime.



- (3) For your lifetime; or guaranteed:
 - (a) 5 years
 - (b) 10 years
 - (c) 15 years.

For example, you retire at \$15,000 per year and you choose the 10 year guarantee. If you only live three years, the plan paid 3 years and your beneficiary would get the remaining 7 years.

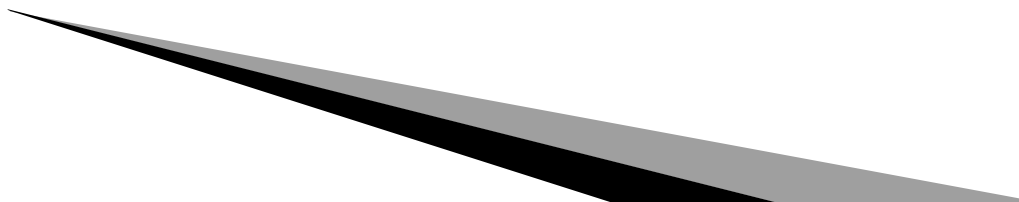


- (4) Spouse guarantee of:
 - (a) 50%

(5) Non Spouse Joint and Survivor Annuity.

Contact NPERS for more information.

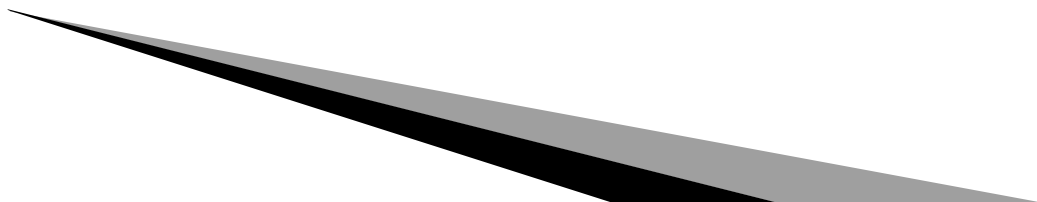


- It depends on everyone's individual situation.
 - For example, if I choose a five year guarantee, I get \$15,000 per year for life.
 - If I choose a 15 year guarantee, I get \$14,500 per life.
 - Is the \$500 less per year worth more left to beneficiaries if you die early?
- 

Take out your contributions.

Leave in contributions.

Contact NPERS for specifics.



There are a lot of complicating factors. For example:

(a) Some caps on compensation.

· QUESTIONS?

