

Nebraska Public Employees Retirement (State)

The State Employees' Retirement plan began as a **Defined Contribution** plan in 1964. The **Cash Balance** benefit was added by passage of LB687 on April 18, 2002. As of January 1, 2003, members who begin participation in the State Employees' Retirement Plan (the Plan) participate in the Cash Balance benefit. Active plan participants at that time were given the the option of *keeping* their **Defined Contribution** benefit or *converting* to the **Cash Balance** benefit.

Participants in either benefit:

- Contribute 4.8% pre-tax to the plan. The State contributes 156% of employees' contributions.
- May retire as early as age 55.
- Are vested after three years.
- May rollover employee and employer contributions at retirement.
- Pay record keeping fees.

Defined Contribution participants:

- Invest their Employer and Employee contributions in multiple investment fund options.

Cash Balance participants:

- Receive an "interest credit rate" (rate of return) based on the Federal Mid-term rate plus 1.5%. To view the current Cash Balance rate of return, see below.
- Are guaranteed a minimum annual rate of return of 5%.

Cash Balance Rates of Return & Dividends

The interest credit rate is defined in statute as the greater of 5%, or the applicable federal mid-term rate plus 1.5%. If the federal mid-term rate falls below 3.5%, you are guaranteed to receive a 5% return on your account. The interest credit rate is to be determined each calendar quarter (January, April, July and October) based on the federal mid-term rate that is published by the Internal Revenue Service as of the first day of that quarter. The rate is to be compounded annually.

Interest Credit Rates					
Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year Average
2012	5.00%				
2011	5.00%	5.00%	5.00%	5.00%	5.00%
2010	5.00%	5.00%	5.00%	5.00%	5.00%
2009	5.00%	5.00%	5.00%	5.00%	5.00%
2008	5.08%	5.00%	5.00%	5.00%	5.02%
2007	6.08%	6.11%	6.45%	5.85%	6.12%
2006	5.98%	6.22%	6.55%	6.32%	6.27%
2005	5.26%	5.59%	5.36%	5.58%	5.45%
2004	5.02%	5.00%	5.61%	5.12%	5.19%
2003	5.00%	5.00%	5.00%	5.15%	5.04%

Each year, the Public Employees Retirement Board (PERB) uses the results of the annual actuarial valuation and the actuary's recommendation to determine if a benefit improvement can be made, such as payment of a dividend. They are required to ensure benefit adequacy and must maintain a 10% cushion of the assets. Dividends will not be issued when poor market returns reduce plan assets.

Effective 2007, any dividends granted in the future will conform to the PERB's new policy which states that a dividend plus the annual interest credit (set by statute as the federal mid-term rate plus 1.5%) cannot exceed 8.0% unless a majority of the PERB agrees.

Dividends

Year Issued	Dividend %	For Time Period
2011	No Dividend	1/1/2010 - 12/31/2010
2010	No Dividend	1/1/2009 - 12/31/2009
2009	No Dividend	1/1/2008 - 12/31/2008
2008	State 5.18% County 5.34%	1/1/2007 - 12/31/2007
2007	2.73%	1/1/2006 - 12/31/2006
2006	State 13.5% County 16.4%	1/1/2005 - 12/31/2005
2005	2.8%	1/1/2004 - 12/31/2004
2004	3.088%	1/1/2003 - 12/31/2003