AGE

Q. What is retirement age under the State and School Retirement plans?

A. In the School Plan, age 65 is considered "normal" retirement age for an unreduced benefit, but members may retire as early as age 55 when their age plus years of service equals 85. In the State Plan, you may retire as early as age 55; years of service are not a factor.

Q. How does my age at retirement affect my retirement distributions?

A. State Plan – A State Plan member who ceases working for the state on or after age 55 is considered "retired." At age 55 you are automatically vested which means you are eligible to receive the employer matching contributions.

School Plan – A member who is age 55 may retire with unreduced benefits when the employee's age plus years of service equal 85. An employee who ceases employment at age 65 and has at least ½ year of service credit may retire with unreduced benefits. An employee who doe not meet either of the first two criteria would have a reduced benefit and could retire at age 60, so long as they had 5 years of service credit (5 years is needed to vest).

Q. Can I increase the percentage I contribute to my retirement account?

A. No. The amount you contribute to your "mandatory" State or School retirement account is a percentage of your gross pay and your contributions are matched by your employer. These percentages are set by statute and you cannot increase it. However, State or School plan members employed by the Department of Education may participate in the "voluntary" Deferred Compensation Plan (DCP), which allows a tremendous amount of flexibility in the additional amount you set aside for retirement. When participating in DCP, you are actually deferring a part of your current salary until a later date, thereby deferring the taxes. In the DCP there is no employer match.

Q. Can I increase the amount I contribute to my Deferred Compensation Account once I reach a certain age?

A. Yes. If in previous years you have not contributed the maximum amount you could have contributed, you may elect to "catch up" those contributions. There are two options available, which may not be used simultaneously: (1) the *Age 50 Catch-up*, and (2) the *Three-Year Catch-up.*

The ***Age 50 Catch-up Provision*** allows employees who are age 50 and older to exceed the standard limitation deferral ($15,500 in 2008) by an additional "age 50 catch-up" of $5,000, for a total of $20,500.

The ***Three-Year Catch-up Provision*** allows you to catch up contributions if you are within three years of your anticipated retirement, which cannot be earlier than age 55. In other words, you could begin the Three-year Catch up Provision at age 52 if you planned to retire at age 55. The total deferral cannot exceed twice the annual maximum for the year ($31,000 for 2008) and the catch up must be completed before the calendar year in which you elect to retire. To begin catch-up contributions, you must notify NPERS *within three years* or less of your anticipated date of retirement. This provision may be utilized *only one time.* You may continue to work beyond the retirement date you designated, but you cannot utilize the catch-up provision again. Contact NPERS for additional information and to request a Catch-up Provision Worksheet.

Q. Can I roll over or transfer funds into my accounts in the State Plan and/or the Deferred Compensation Plan?

A. You may roll over or transfer funds *only* into your Deferred Compensation Plan account, from the following tax-qualified plans:

- §401(a) Qualified Retirement Plan [includes a 401(k) plan]
- §403(a) or (b) Tax Sheltered Annuity Account
- §457(b) Eligible Deferred Compensation Plan (Nebraska only)
- §408(a) Individual Retirement Account containing only rollover monies from a qualified plan ("Conduit" IRA)
- §408(b) Individual Retirement Annuity other than an endowment contract