NEBRASKA ADMINISTRATIVE CODE

TITLE 303, NEBRASKA ADMINISTRATIVE CODE, CHAPTER 3

RETIREMENT SYSTEMS, PUBLIC EMPLOYEES
PUBLIC EMPLOYEES RETIREMENT BOARD

MATERIALITY AMOUNTS FOR TRANSACTIONS

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TITLE 303 – PUBLIC EMPLOYEES RETIREMENT BOARD

CHAPTER 3 – MATERIALITY AMOUNTS FOR TRANSACTIONS

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TITLE 303 – PUBLIC EMPLOYEES RETIREMENT BOARD

CHAPTER 3 – MATERIALITY AMOUNTS FOR TRANSACTIONS

001 Scope of the Rule

The objective of this rule is to establish materiality amounts or tolerance levels for various accounting and processing procedures within the Nebraska Public Employees Retirement Systems ('Agency'). Materiality amounts addressed in this rule will not affect the reliability of the Agency's financial statements due to the overall size of the plans administered by the Agency. An auditors' consideration of materiality is a matter of professional judgment and is influenced by their perception of the needs of a reasonable person who will rely on the Agency's financial statements. Materiality judgments are made in light of surrounding circumstances and necessarily involve both quantitative and qualitative considerations. An error or omission is considered material or significant if it changes a reader's interpretation of the financial statements.

002 Purpose

002.01 The following risks or inefficiencies could occur if a materiality policy is not established: (1) the cost plan members incur for staff time, data processing, materials, postage, etc. in processing transactions that may be more than the value of the transaction itself; (2) data processing cannot be timely or efficient if tolerance levels are not available for some editing and processing functions; and, (3) the Agency could be subject to public criticism if such transactions amounts proposed to be reversed or refunded are immaterial

002.02 The Public Employees Retirement Board has a fiduciary obligation to the plan members to spend members' funds wisely and efficiently. The need for materiality amounts within the Agency is apparent due to tolerance levels set within the Agency's computer system for various edits, parameters, etc.

003 Materiality Amounts for Agency Transactions

003.01 Employer Reporting. No receivable or payable will be created if remittances from school employers for monthly contributions are within +/- $10.00 per report of the required amount. Schools will not be billed if the past due interest amount calculated on a monthly late remittance is less than $10.00.

003.02 Purchase of Service. Payments from members or rollover payments for purchase of service or refunded service will be receipted as payment for contract completion if the payment is within +/-$10 per report of the amount due.

003.03 Recalculation of a Final Benefit.

003.03(a) For Defined Benefit plans: the monthly retiree benefit payments that require recalculation will not be adjusted if the change in the monthly benefit amount is within+/- $10.00 per report of the original calculated final benefit.
003.03(b) For State and County plans: The monthly defined contribution and cash balance retiree benefit payments that require recalculation will not be adjusted if the change in the monthly benefit amount is within +/- $10.00 of the original calculated final benefit.

003.04 Make-up Contributions Agreements.

003.04(a) For Defined Benefit plans: In the case of a contribution error, if the calculation of the missed contribution for the employee and employer in total is $30 or less, no make-up will be required.

003.04(b) For State and County plans: If the calculation of a missed contribution of employer and employee in total is $10 or less, no make-up will be required.

003.05 Refund Buy-Back Purchase. If the variance between the calculated refund amount (the amount before the applicable rate of interest is added on) and the member's actual refund distribution is within 0.5%, then the calculated amount will be accepted as valid.

003.06 Ineligible contributions. If the combined total calculation of ineligible contributions for an employee and employer are less than $50 during a specific time period that is no more than two years in length, then no refund will be made.

ENABLING LEGISLATION:

NEB. REV. STAT. §§ 84-1503(i).