NEBRASKA ADMINISTRATIVE CODE

TITLE 303, NEBRASKA ADMINISTRATIVE CODE, CHAPTER 24

RETIREMENT SYSTEMS, PUBLIC EMPLOYEES
PUBLIC EMPLOYEES RETIREMENT BOARD

RULES AND REGULATIONS FOR
BENEFIT OPTIONS AND DISTRIBUTION RULES

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NEBRASKA ADMINISTRATIVE CODE

TITLE 303 – PUBLIC EMPLOYEES RETIREMENT BOARD

CHAPTER 24 – BENEFIT OPTIONS AND DISTRIBUTION RULES

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TITLE 303 – PUBLIC EMPLOYEES RETIREMENT BOARD

CHAPTER 24 – ~~RETIREMENT~~ BENEFIT OPTIONS AND DISTRIBUTION RULES

001 Scope of the Rule

This regulation sets forth the retirement benefit options available to members of the Nebraska State Employees Retirement System, the Retirement System for Nebraska Counties, the Nebraska School Retirement System, and the Nebraska Judges Retirement System. This regulation also sets forth rules to ensure compliance with Internal Revenue Code section 401(a)(9) regarding required distributions.

002 Definitions

002.01 Life Only Annuity means a monthly benefit payable for the lifetime of the member. The benefit ceases upon death of the member.

002.02 Payments for a Certain and Continuous Annuity means a monthly benefit payable for the life of the member. A period of time is designated by the member for five (5), ten (10), or fifteen (15) years in duration. If the member dies prior to the end of the designated time period then a monthly benefit will continue to the member's beneficiary until the completion of the designated period.

~~Five Years Certain and Continuous Annuity means a monthly benefit payable for the life of the member. If the member dies before sixty (60) monthly payments have been received, the benefit will continue to the member's beneficiary until sixty (60) payments have been made.~~

~~002.03 Ten Years Certain and Continuous Annuity means a monthly benefit payable for the life of the member. If the member dies before 120 monthly payments have been received, the benefit will continue to the member's beneficiary until 120 payments have been made.~~

~~002.04 Fifteen Years Certain and Continuous Annuity means a monthly benefit payable for the life of the member. If the member dies before 180 monthly payments have been received, the benefit will continue to the member's beneficiary until 180 payments have been made.~~

002.03 ~~002.05~~ Payments for a Designated Period Annuity means a monthly benefit payable for a period of time designated by the member. The period of time designated can be either five (5), ten (10), fifteen (15), or twenty (20) years in duration. Payments cease at the end of the designated period. If the member dies prior to receiving all payments due, payment will continue to the member's designated beneficiary until all payments in the designated period have been made.

002.04 ~~002.06~~ Joint and Survivor Annuity means a monthly benefit payable ~~monthly~~ for the lifetime of the member ~~and the member's spouse~~. At the member's death, ~~In the event of death of either person, the benefit continues for the survivor's lifetime. At the death of the member,~~ the benefit continues to the surviving spouse at a specified rate of 50%, 75%, or 100% until the death of the surviving spouse. The percentage is selected by the member at retirement. If the spouse predeceases the member, the benefit ceases when the member dies.

002.05 ~~002.07~~ Judges Joint and ~~Last~~ Survivor Annuity means a benefit payable monthly for the lifetime of the member. At the death of the member, the benefit continues to the surviving spouse at a specified rate of 50%, 66 2/3%, or 100%. The percentage is selected by the member at retirement. If the spouse predeceases the member, the benefit ceases when the member dies.

002.06 ~~002.08~~ Judges Joint and Last Survivor Annuity shall mean a benefit payable monthly for the lifetime of the member and the member's spouse. In the event of the death of either person, the benefit continues to the survivor at a specified rate of 50%, 66 2/3%, or 100%. The percentage is selected by the member at retirement.

002.07 Modified Cash Refund Annuity means a benefit payable monthly for the lifetime of the member. In the event the member dies before receiving payments equal to the member's account balance at the time of retirement, the difference is paid in a lump sum to the member's beneficiary.

002.08 ~~002.09~~ Lump Sum means a refund of the member's account balance in lieu of an annuity.

002.09 ~~002.10~~ Systematic Withdrawal means periodic payments in an amount selected by the member. Payments cease when the member's account balance reaches zero.

002.10 ~~002.11~~ Account Balance means all employee contributions plus earnings or interest accrued on such account less any applicable losses and fees. In the State Employees Retirement System and the Retirement System for Nebraska Counties, account balance for members who are vested in the retirement system shall also include all employer contributions and accrued earnings or interest, less any applicable losses and fees.

002.11 Non-spousal Joint and Survivor Annuity means a monthly benefit payable for the lifetime of the member. At the member's death, the benefit continues to the non-spouse beneficiary at a rate of 50% until the death of the non-spouse beneficiary. If the non-spouse beneficiary predeceases the member, the benefit ceases when the member dies.

~~002.12 Non-spousal Joint and Survivor Annuity means a benefit payable monthly for the lifetime of the member and the member's non-spouse beneficiary. If the member predeceases the named beneficiary, the benefit continues to the named beneficiary for the survivor's lifetime at the specified rate of 50%. If the named beneficiary predeceases the member, the benefit ceases when the member dies and there is no death benefit.~~

002.12 Retirement date means the first day of the month following the later of (a) the date a member terminates employment, (b) the date a member's request for retirement

is received on a retirement application provided by the retirement system, or (c) the month in which the member is first eligible for benefits.

003 State and County Retirement Systems

003.01 Members of the Nebraska State Employees Retirement System and members of the Retirement System for Nebraska Counties who participate in the defined contribution option may elect to receive a retirement benefit under the following options:

~~003.01(a) Life Only Annuity;~~
~~003.01(b) Five Years Certain and Continuous Annuity;~~
~~003.01(c) Ten Years Certain and Continuous Annuity;~~
~~003.01(d) Fifteen Years Certain and Continuous Annuity;~~
~~003.01(e) Modified Cash Refund Annuity;~~
~~003.01(f) Joint and Survivor Annuity;~~
~~003.01(g) Non-spousal Joint and Survivor Annuity;~~
~~003.01(h) Payments for Designated Period Annuity;~~
~~003.01(i) Lump Sum;~~
~~003.01(j) Systematic Withdrawal;~~
~~003.01(k) Rollover; or,~~
~~003.01(l) A defined contribution member may a partial lump sum distribution combined with a systematic withdrawal or annuity option with respect to the remainder of the member's account balance.~~

003.01(a) Life Only Annuity;
003.01(b) Modified Cash Refund Annuity;
003.01(c) Period Certain and Continuous Annuity (5, 10, and 15 years);
003.01(d) Joint and Survivor Annuity (50%, 75% and 100%);
003.01(e) Non-spousal Joint and Survivor Annuity (50%);
003.01(f) Designated Period Annuity (5, 10, 15, and 20 years);
003.01(g) Lump Sum;
003.01(h) Systematic Withdrawal;
003.01(i) Rollover; or,
003.01(j) A defined contribution member may settle their account balance by selecting any combination of the following distribution options: lump sum, rollover, systematic withdrawal and/or annuity option.

003.02 Members of the Nebraska State Employees Retirement System and members of the Retirement System for Nebraska Counties who participate in the cash balance option may elect to receive a retirement benefit under the following options:

~~003.02(a) Life Only Annuity;~~
~~003.02(b) Modified Cash Refund Annuity~~
~~003.02(c) Five Years Certain and Continuous Annuity;~~
~~003.02(d) Ten Years Certain and Continuous Annuity;~~
~~003.02(e) Fifteen Years Certain and Continuous Annuity;~~
~~003.02(f) Joint and Survivor Annuity;~~
~~003.02(g) Non-spousal Joint and Survivor Annuity;~~
~~003.02(h) Payments for Designated Period Annuity;~~
~~003.02(i) Lump Sum;~~
~~003.02(j) Rollover; or,~~

~~003.02(k) A cash balance member may select a partial lump sum distribution combined with an annuity option with respect to the remainder of the member's account balance.~~

003.02(a) Life Only Annuity;
003.02(b) Modified Cash Refund Annuity;
003.02(c) Period Certain and Continuous Annuity (5, 10, and 15 years);
003.02(d) Joint and Survivor Annuity (50%, 75% and 100%);
003.02(e) Non-spousal Joint and Survivor Annuity (50%);
003.02(f) Designated Period Annuity (5, 10, 15, and 20 years);
003.02(g) Lump Sum;
003.02(h) Rollover; or,
003.02(i) A cash balance member may settle their account balance by selecting any combination of the following distribution options: lump sum, rollover and/or annuity option. All distribution choices must be made at the same time.

004 School Retirement System

004.01 Members of the Nebraska School Retirement System may elect to receive a monthly retirement benefit under one of the following options:

~~004.01(a) Life Only Annuity;~~
~~004.01(b) Five Years Certain and Continuous Annuity;~~
~~004.01(c) Ten Years Certain and Continuous Annuity;~~
~~004.01(d) Fifteen Years Certain and Continuous Annuity;~~
~~004.01(e) Modified Cash Refund Annuity;~~
~~004.01(f) Joint and Survivor Annuity; or~~
~~004.01(g) Non-spousal Joint and Survivor Annuity.~~

004.01(a) Life Only Annuity;
004.01(b) Modified Cash Refund Annuity;
004.01(c) Period Certain and Continuous Annuity (5, 10, and 15 years);
004.01(d) Joint and Survivor Annuity (50%, 75% and 100%);
004.01(e) Non-spousal Joint and Survivor Annuity (50%).

004.02 A member of the School Retirement System may elect a lump sum refund of the member's account balance in lieu of a monthly retirement benefit. A refund cancels all service credit earned by the member and the member forfeits the right to receive a monthly retirement benefit. The lump sum refund does not include contributions made by the member's employer.

005 Judges Retirement System

005.01 Members of the Nebraska Judges Retirement System may elect to receive a retirement benefit under one of the following options:

~~005.01(a) Life Only Annuity;~~
~~005.01(b) Five Years Certain and Continuous Annuity;~~
~~005.01(c) Ten Years Certain and Continuous Annuity;~~
~~005.01(d) Fifteen Years Certain and Continuous Annuity;~~
~~005.01(e) Modified Cash Refund Annuity;~~

~~005.01(f) Joint and Last Survivor Annuity; or~~
~~005.01(g) Payments for Designated Period Annuity Joint and Last Survivor Annuity;~~

005.01(a) Modified Cash Refund Annuity;
005.01(b) Life Only Annuity;
004.01(c) Period Certain and Continuous Annuity (5, 10, and 15 years);
005.01(d) Judges Joint and Survivor Annuity (50%, 66 2/3% and 100%); or
005.01(e) Judges Joint and Last Survivor Annuity (50%, 66 2/3% and 100%).

005.02 A member of the Judges Retirement System who terminates service as a judge prior to age sixty-five may elect to receive a lump sum refund. A refund cancels all service credit earned by the member and the member forfeits the right to receive a monthly retirement benefit. Termination of service at or subsequent to age sixty-five shall be considered normal retirement and an annuity option must be selected.

006 Minimum Distribution Rules

To the extent that provisions of the State Employees Retirement Act, the County Employees Retirement Act, the School Employees Retirement Act, the Nebraska State Patrol Retirement Act, and the Judges Retirement Act (the Plans) do not impose more restrictive distribution requirements, and with respect to distributions under the Plans made in calendar years beginning on or after January 1, 2002, the Plans will apply the minimum distribution requirements of section 401(a)(9) of the Internal Revenue Code in accordance with the regulations promulgated under that section.

007 Ability to Make Retirement Option Changes

007.01 Members of the Judges~~, State Patrol~~ and School Employees Retirement Systems may change their retirement option selection any time prior to the effective date of the member's retirement.

007.02 Members of the County and State Employees Retirement Systems may change their retirement option selection any time prior to the effective date of the member's retirement. ~~documentation being transmitted from the Retirement Office to the annuity providers for payment.~~

008 Death of a Member or Beneficiary

008.01 If a member makes an eligible application for benefit payment but dies prior to their retirement date, then the member will be treated as having not made application for benefit payment. NPERS will handle the resulting benefit payment distribution as a death benefit pursuant to Nebraska statutory law associated with the member's retirement plan. A member's death before the member's retirement date will be treated as a pre-retirement death, and NPERS will distribute benefits accordingly under plan provisions.

008.02 If a beneficiary receiving a death benefit dies within a guarantee period and there are still payments remaining to be paid to the beneficiary, then a discounted lump sum shall be paid to the beneficiary's estate instead of continuing the stream of remaining annuity payments to the deceased beneficiary.

ENABLING LEGISLATION:

NEB. REV. STAT. §§23-2305, 23-2323.02, 24-704, 24-710, 24-710.05, 79-904, 79-933.01, 81-2019, 81-2031.03, 84-1305, 84-1312, and 84-1503.