



PERSI

*Commitment*

*Competence*

*Character*

# Employee Orientation



*Commitment*

*Competence*

*Character*

# WELCOME TO PERSI



LEARNING ABOUT YOUR RETIREMENT PLAN

# Does this training apply to me?

- 
- ◆ If you are in any of these groups this presentation will provide valuable information:
    - ◆ Are you?
      - Just starting your career -
        - Even if you are thinking that *“this is just a short term / entry level job - and that public service will not be my career.”*
      - Changing Careers
      - Entering the workforce a little later in life
      - Entering the public sector from a primarily private sector employment

# Our objective today...

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- ❖ Describe and Discuss how being a member of PERSI will benefit you and answer any questions you may have.
- ❖ Our goal is for you to understand the processes associated with PERSI and retirement and options available to you.

# I know PERSI has to do with retirement, but I don't know anything else.

## ❖ Public Employee Retirement System of Idaho

- ◆ It is a **defined benefit** retirement plan (aka **Base Plan**)
- ◆ It is a Trust valued in excess of \$12 billion
- ◆ Employees and employers share the cost of building your retirement nest egg
- ◆ 750 employers currently participate
  - State
  - Schools
  - Counties
  - Cities
  - Schools
  - Specialty Districts
  - Political Subdivisions
  - Police/Firefighters
- ◆ 68,000 active members
- ◆ 34,350 retirees



# A brief history

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- ❖ Created in 1963
- ❖ Initial membership in PERSI was 5,404 active members
- ❖ Initial assets of the system totaling \$324,794
- ❖ In 1986, the portfolio approached \$1 billion
- ❖ January 2001, PERSI implemented a "Gain Sharing"
- ❖ The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to PERSI for its comprehensive annual financial report. This was the 20th consecutive year PERSI has achieved this prestigious award.
- ❖ For the 9th consecutive year, PERSI has been awarded the *Public Pension Coordinating Council Standards Award*.
- ❖ Current Assets ~ 12 Billion

# Who's responsible for running PERSI?

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## ❖ *Retirement Board - 5 members*

*Chapter 13, Title 59-1301 established a Retirement Board to serve as fiduciaries of the fund to operate solely in the best interest of the members and the trust*

## ❖ *Administration*

*PERSI has a staff who administer the daily operations, with offices in Coeur d' Alene, Pocatello and Boise*

# PERSI Basic Investment strategy

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## ◆ PERSI Total Return Fund (TRF)

- ◆ Diversified fund (stocks, bonds, some real estate, private equity, commercial mortgages)
  - 55% U.S. (Domestic) Equity
  - 15% Non-US Equity (International) Equity
  - 30% Fixed Income & Cash

# In the following slides you will learn the who, what, where, why and when of PERSI

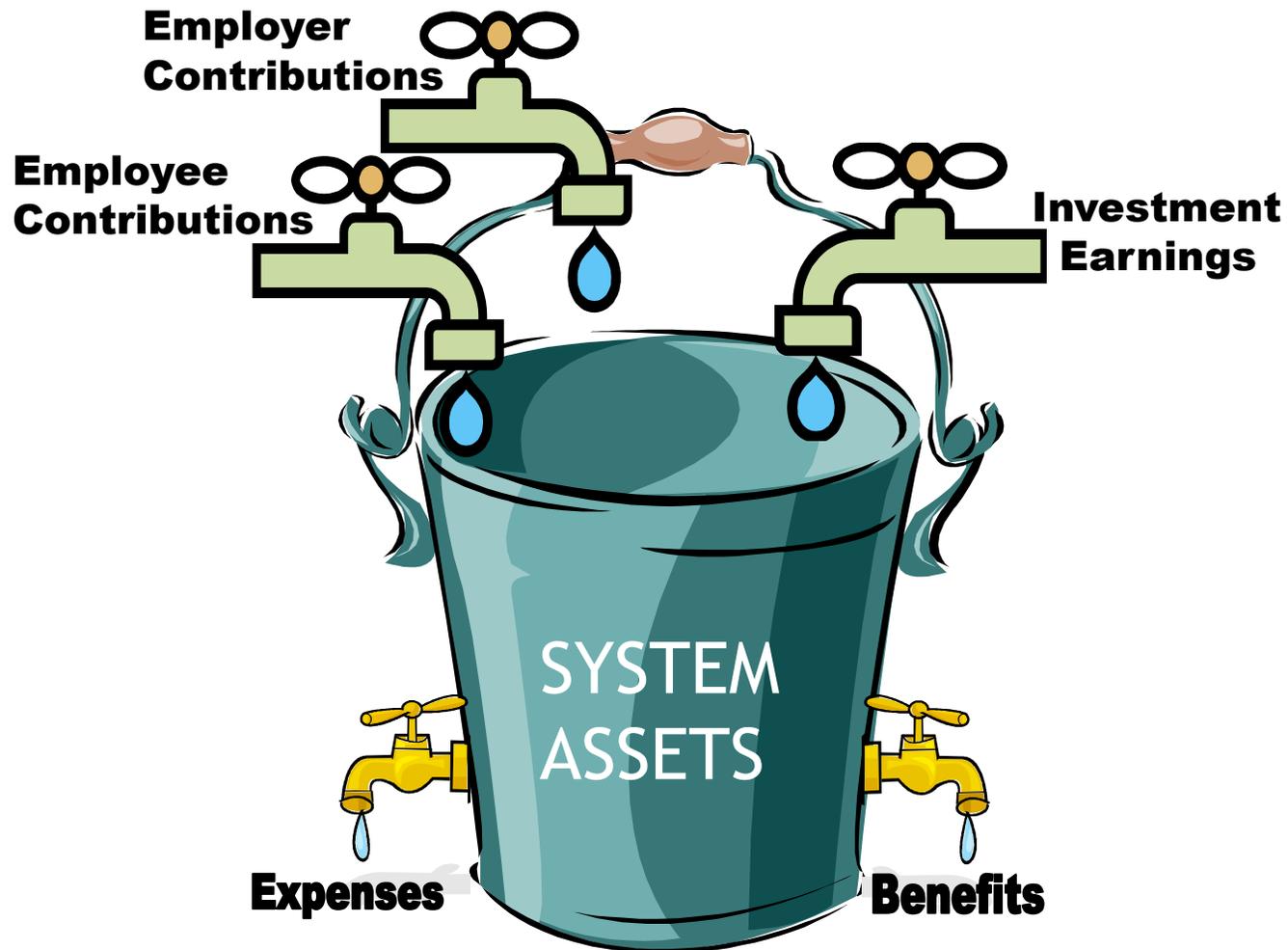


◆ Headquarters at  
607 North 8<sup>th</sup> Street  
in Boise

◆ Satellite Offices

- ◆ Pocatello
- ◆ Coeur d' Alene

# So basically my employer and I fund PERSI?



# PERSI is a defined benefit plan

- ❖ An employer-sponsored retirement plan where employee benefits are calculated based on a formula defined by law
- ❖ PERSI will pay a lifetime benefit that replaces as much as 60% of your working wages when you retire
  - ◆ Remaining retirement income - about 40% -- will come from Social Security, other retirement plans, & personal savings

\* approximate

Wage Replacement\*

60% =



40% =



+

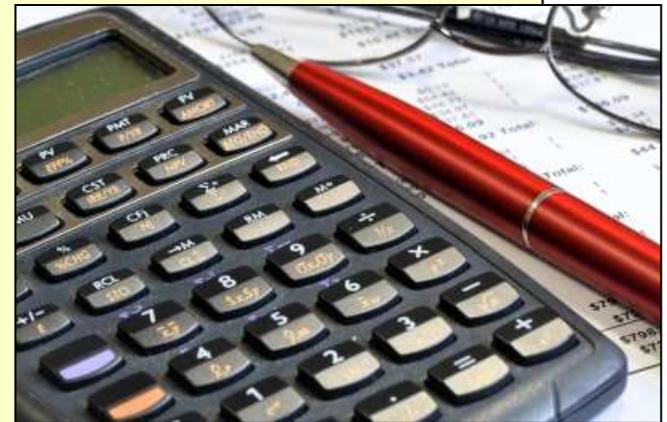
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# What formula does PERSI use?

$$\begin{aligned}
 & \text{Highest Average Salary over } \textit{Base Period} \\
 & \times \textit{Multiplier} \\
 & \times \underline{\textit{Months of Service}} \\
 & = \textit{Annual Benefit} \div 12 \textit{ Months} = \textit{Monthly Benefit}
 \end{aligned}$$

- **Base Period** is currently 42 consecutive months
- **Current Multiplier:**
  - 2.00% for general members
  - 2.300% for public safety officers



## Here are examples of a benefit calculation.

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Highest Ave. Salary	\$2800 month
Multiplier	x 2.00
Months of Service	x 180 (15 years)
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	\$840 per month

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Highest Ave. Salary	\$2800 month
Multiplier	x 2.00
Months of Service	x 360 (30 years)
	<hr/>
	\$1680 per month

# How did I become eligible for PERSI?

## ❖ Eligibility set by Idaho law:

- ◆ Your employer belongs to PERSI and...
- ◆ Your employment is for 5 consecutive months or longer
- ◆ You normally work 20 hours or more per week, or you are a teacher who works half-time contract or more
- ◆ You are an elected or appointed official serving on a board, council, or commission who receives a salary or honorarium for services performed

## ❖ Two Membership Categories:

- ◆ General
- ◆ Public Safety



# OK, I get it...but how much do I have to contribute?

## ◆ You share the cost with your employer

### ◆ General Members

- Employers pay 11.32% of payroll
- Employees 6.79% of their wages

### ◆ Public Safety Members

- Employers pay 11.66% of payroll
- Employees 8.36% of their wages per pay period



# Membership Status

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## Active

- ◆ You are an active member of PERSI as long as you work for a PERSI employer, make contributions, and meet eligibility requirements. Active members earn service toward retirement in PERSI.

## Inactive

- ◆ You are an inactive member if you stop covered employment, but leave your contributions in PERSI.

## Vested

- ◆ Vesting establishes your right to a guaranteed future monthly Base Plan retirement benefit without additional service. Most members are vested when they acquire 60 months of service; however, elected and some appointed officials may be vested after 5 months. Once vested, you may cease PERSI employment at any age, hold your membership by leaving your contributions in PERSI, and claim a monthly lifetime retirement benefit when you meet at least minimum retirement age. Your benefit will be calculated under the formula in effect on the date of your last contribution.

# You mentioned *vested*, what does that mean?

- ◆ You become “vested” to receive a lifetime retirement benefit after working 60 months in an eligible position with a PERSI employer
  - ◆ The 60 months do not have to be consecutive
- ◆ **Makes you eligible for other benefits**
  - ◆ **Double Death:** Your beneficiary would receive the Plan account balance if you were to die while an active member or the spouse has the option of choosing a lifetime monthly benefit
  - ◆ **Disability:** If your career is cut short because of a permanent and total disability that prevents you from earning a livelihood, you might be eligible for payments



# Credited Service

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- ❖ You accrue 1 month of service for each calendar month you work as an active member of PERSI. A calendar month is one in which you are employed 15 days or more.
- ❖ Your total credited service is one of the factors in the formula used to determine your Base Plan benefit amount when you retire. Credited service is the sum of your membership service, any prior service, any eligible military service, and disability service.

# Rule of 80 / 90

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- ❖ You may receive an unreduced retirement benefit if your years of service plus your age equal 90 (General Members) or 80 (Public Safety Officers).
- ❖ You do not need to reach the Rule of 80/90 to retire. As long as you have reached minimum retirement age, and have at least 60 months of service, you may retire. However, if you retire before reaching service retirement age or the Rule of 80/90 your benefit amount will be reduced.

# What do you mean by Service Retirement Age or Rule?

## ❖ Service Retirement Age

- ◆ General Members: Age 65
- ◆ Public Safety Officers: Age 60



- ❖ Rule of 80/90 is a means for retiring early without a reduction. Age plus Years of Service = 80/90

*Under these circumstances, the reduction factors no longer apply.*

# The Value of Your Benefits

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- ◆ After your home, your PERSI Base Plan benefits may be your greatest financial asset.
- ◆ PERSI pays a lifetime benefit - the actual value of your benefit exceeds your contributions. When you retire, PERSI will pay you every month for as long as you live – and if you select a retirement option with survivor benefits, your Contingent Annuitant (CA) will receive a benefit for life after your death.
- ◆ Within the first 3 to 5 years of retirement most members have already received all the money they contributed while working.

# Why do I have to contribute?

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## ◆ It's the law:

- ◆ If you work for a PERSI-covered employer in an eligible position
- ◆ If you work 20 hours or more per week
- ◆ If you work 5 months or longer

## ◆ Research shows pension systems with members who share the cost are more likely to remain stable and sustainable.



# But I'd rather spend that money on other things.

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## ❖ Retirement may seem far away, so you think you can get started at any time

- ◆ Research shows many people never save for retirement
  - 60% haven't calculated what they will need
  - 39% haven't saved anything for retirement
  - Half of retirees save less than \$25,000 for retirement

## ❖ Why save for retirement?

- ◆ You will need substantial portion of your pre-retirement income to maintain your a standard of living

## ❖ The sooner you begin saving, the more you will have

- ◆ No one wants to depend on public assistance or family members
- ◆ Because of compound interest, your money grows quickly

# How does the money I contribute result in a lifetime benefit...it doesn't seem like it's enough!

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- ◆ **The contributions you make go into a personal account where it earns interest**
  - ◆ Your retirement benefits will be paid from your account first
  - ◆ Usually exhausted within 3-5 years
- ◆ **The contributions from employers go into the Trust to fund future benefit for all members**
  - ◆ When your personal account is exhausted, the Trust continues to pay benefits throughout your lifetime.

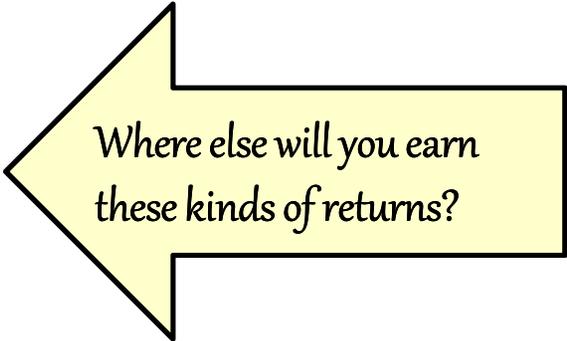
# What kind of interest does my account earn?

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◆ Minimum is 1%, but usually more:

- ◆ 2011 annual interest was **10.74%**
- ◆ 2012 annual interest is **18.16%**



Where else will you earn these kinds of returns?

**THE MONEY IS ALWAYS YOURS...no matter what!**

# Since my account earns such high interest, can I add money into my PERSI account?



Your **Base Plan** (pension) account is not like a savings account. You *cannot* contribute extra money to it.

HOWEVER...

PERSI offers a supplemental retirement savings plan called the **Choice 401(k) Plan**, where you can make voluntary contributions.

- ◆ Several investment options
- ◆ No fees while you are an active PERSI member
- ◆ You decide how much to contribute

**Other plans also available, but not from PERSI: 457 and 403(b).**

*Talk to your employer about these other options if you are interested.*

## What are the any additional options

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- ❖ **In addition to the Base Plan PERSI administers the Choice 401(k) Plan that members are eligible to participate in.**

# Choice 401(k) Plan

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- ◆ Supplemental Retirement Savings Plan  
(Supplemental to your Pension), *Tax Deferred*
- ◆ A *defined contribution* plan IRS Code 401(k)

# Choice 401(k) Plan Advantages

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- ❖ Save on current income taxes - savings grow faster tax-deferred
- ❖ Compounding of earnings on your money
- ❖ Benefits from \$ Cost Averaging
- ❖ Convenient payroll deduction
- ❖ Portable
- ❖ Flexible

# Your Minimum Investment is only \$130 per year! That's \$2.50/Week, \$5.00/Biweekly or \$10.84/Month and It Adds Up



Deferral \$ Amt. Compounded Biweekly	20 Year Returns at Interest % Rates		
	4%	5%	6%
\$1	\$790.21	\$881.86	\$985.94
\$10	\$7,902.10	\$8,818.60	\$9,859.40
\$25	\$19,755.25	\$8,818.60	\$24,648.50
\$50	\$39,510.50	\$44,093.00	\$49,297.00

These small deferral amounts that you would likely not miss at all per pay period can accumulate into a nice extra chunk of \$ that is available and on hand when you retire

# I previously separated and cashed out - is there any way to get the time back.

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## In-Service Transfers

- ◆ Can use Choice Plan account to “buy back” PERSI Base Plan service
  - Separation benefits
  - Waiting periods
  - Delinquent contributions
- ◆ For active employees only
- ◆ Transfers funds from Choice Plan into Base Plan

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# Access to Account information

From the PERSI website at [WWW.PERSI.IDAHO.GOV](http://WWW.PERSI.IDAHO.GOV)

Click the



The following screen will be displayed

**myPERSI Log In**

You will need an E-Mail Address and Password to access this site. If you have already registered you may sign in below. If you have not registered, click [Register Now](#).

If you wish to access your Choice Plan 401(k) account directly with the PIN given to you by Xerox HR Solutions, [click here](#).

E-mail Address:

Password:  
*(This is not the PIN  
from Xerox HR Solutions)*

**Submit**

[Forgot Password?  
Help Page](#) [Not Registered?  
Register Now](#)

# You will need to register

After initial registration you will have access to your Base Plan information and can manage some aspects of your account. You will also have access to the Choice Plan information if you are enrolled.

## Member Registration

Welcome to the PERSI Account Information Site. You must register to use this site. Enter the last 4 digits of your Social Security Number or your Member ID, Date of Birth and Last Name to start the registration process. You may want to try various spellings of your last name as, it may appear slightly different in our system (i.e. McArthur, Mc Arthur, McArthur Jr).

Last 4 of your Social Security Number:  or Member ID:   
- example: 0000

Date of Birth:   
- example: mm/dd/yyyy

Last Name:

By check marking this box, I certify that I am the person identified above.

**Only PERSI members are authorized to use this site to access their own account information. Use of this site by any person to access information from other than their own account is strictly prohibited and unauthorized and could lead to civil or criminal penalties. PERSI monitors and records IP addressed to ensure compliance with these access restrictions and reports violations to proper authorities.**

Your IP Address is 164.165.33.8

**Submit**

# Other things available on the PERSI Website

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- ◆ Member Handbook
- ◆ Member Forms
- ◆ Newsletters
- ◆ Access to Workshop Registration

# Information by phone

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**PERSI Answer Center –**

**1-800-451-8228 or**

**334-3365 (in Boise & surrounding areas)**

**This includes questions regarding benefits related to your Choice 401(k) Plan as well as Base Plan or any other questions related to your retirement account.**

# So after contributing all this money, how do I know PERSI will be there when I retire?

## ❖ PERSI was created by **Chapter 13, Title 59-1301 PUBLIC EMPLOYEE RETIREMENT SYSTEM CREATED - PURPOSE**

*“A retirement and disability benefit system is created and placed under the management of a retirement board for the purpose of providing a retirement system and other benefits for public employees in the state of Idaho...”*

## And is protected by **Chapter 13, Title 59-1311 PUBLIC EMPLOYEE RETIREMENT FUND CREATED - PERPETUAL APPROPRIATION**

*“...shall be separate and apart from all public moneys or funds of this state, and shall be administered under the direction of the board exclusively for the purpose of this chapter.”*



# When can I begin drawing my PERSI retirement?

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- ◆ As early as age 50 for public safety members and age 55 for general members...

## HOWEVER...

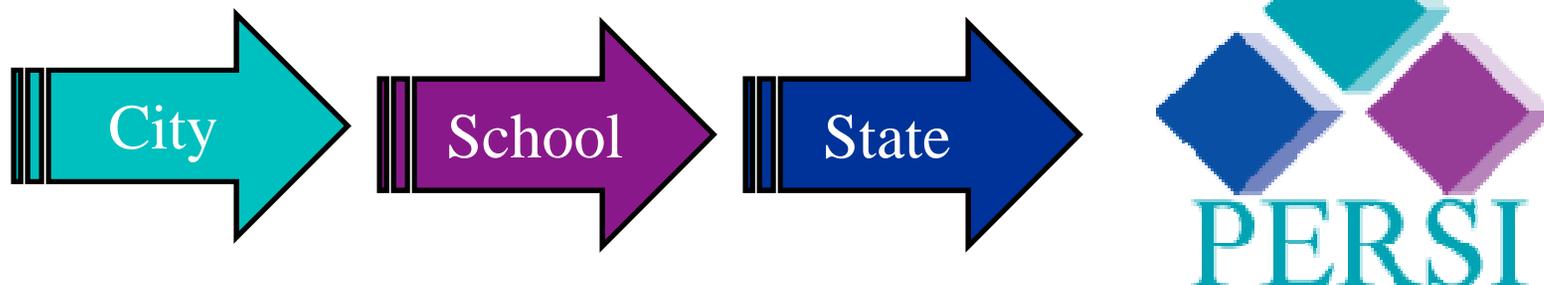
- ◆ If a member takes an early retirement, their benefit will be reduced by a factor set by law
  - ◆ Current reduction is 3.00% per year (if retiring between 1-5 years before Rule or Service Retirement Age)
  - ◆ Current reduction is 5.75% per year (if retiring between 6-10 years Rule or Service Retirement Age)

# What if I leave my current employer?

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## ❖ Nothing changes if you go to another PERSI employer.

- ◆ You still make contributions
- ◆ You continue to earn service credit
- ◆ If vested
  - Remain eligible for a lifetime benefit at retirement
  - Death and Disability benefits remain intact



# But what if I leave public employment?

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## ❖ If you leave public employment you have options:

- ◆ Leave your Base Plan account in PERSI (depends on balance)
  - Earn interest on your money
  - Preserve your service credits should you go to work for another PERSI employer at a later date
- ◆ Withdraw your Base Plan account (called a Separation)
  - Lose your service credits
  - IRS requires a 10% early withdrawal penalty (depending on your age)
  - Pay taxes on the withdrawn funds
- ◆ Rollover your Base Plan balance into a qualified plan with your new employer
  - No penalty
  - No tax consequences
  - Lose your service credits

# I still have some questions or need some help?

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- ❖ **The PERSI offices open M-F from 7:30 am to 5:30 pm (MT) for calls or appointments**
  - ◆ Boise - Pocatello - Coeur d'Alene
  
- ❖ **Website ([www.persi.idaho.gov](http://www.persi.idaho.gov))**
  - ◆ Phone Numbers
  - ◆ Brochures & Handbook
  - ◆ My PERSI
  - ◆ Financial Reports
  - ◆ Forms
  - ◆ News Items
  - ◆ Choice 401(k) Plan Participation
  - ◆ Videos
  - ◆ Free Educational Workshops
  
- ❖ **Counseling sessions available**
  
- ❖ **Quarterly newsletters**



Thank you for taking time to learn about  
your PERSI retirement benefits.

*Commitment*

Saving for your future is one of the smartest  
moves you'll ever make.

*Competence*

PERSI Answer Center 1-800-451-8228.

*Character*



[www.persi.idaho.gov](http://www.persi.idaho.gov)