PERSI

Member Handbook

PERSI

Our Mission

To provide a sound retirement system and high quality service and education to help Idaho public employees build a secure retirement.

Our Vision

To be the premier public retirement system, respected by customers, peers, and the community, and known for professional service, technological advancement, and fund stability.

Our Core Values

Commitment, *Competence,* and *Character* are the foundation for professional service provided by PERSI staff to internal and external customers.

The Member Handbook is a general summary of the benefits provided by the Public Employee Retirement System of Idaho (PERSI). It is intended to give members a general idea of their benefits and to acquaint them with the PERSI system. **IT SHOULD NOT BE TAKEN AS FINAL LEGAL AUTHORITY**. Nothing in this handbook creates an entitlement. Information in this handbook is based on 2015 law. The percentages and factors cited throughout the handbook are actuarially determined and set by rule. Benefits are based on the law in effect at the time a member terminates employment; thus, some information found here may not apply in specific cases. *If there is any discrepancy between this publication and the law, the provisions of the law will prevail.*

Idaho Code

The laws and rules governing PERSI can be found in Title 59, Chapter 13, Idaho Code. For legal definitions, please refer to PERSI's Statutes and Rules, available at http://www.persi.idaho.gov/about/statutes_and_rules.cfm.

Benefits and membership requirements for members of the Firefighters' Retirement Fund (who are covered under a separate plan) are explained in Title 72, Chapter 14, Idaho Code.

HANDBOOK REVISION July 2015

If you have any questions about PERSI, visit our website at http://www.persi.idaho.gov/

Boise Office

Telephone	Mailing Address	Office Address
1-800-451-8228 208-334-3365	P.O. Box 83720 Boise, Idaho 83720-0078	607 N. 8th Street Boise, Idaho 83702-5518

Coeur d'Alene Office

Telephone	Office Address
1-800-451-8228	2005 Ironwood Parkway, Suite 226 Coeur d' Alene, Idaho 83814

Pocatello Office

Telephone	Office Address
1-800-451-8228	1246 Yellowstone Avenue, Suite A-5 Pocatello, Idaho 83201

Email

If you know the name of the person you are emailing, their email address would be firstname.lastname@persi.idaho.gov. For example, Executive Director Don Drum's email address is don.drum@persi.idaho.gov. If you don't know who to contact, email our front desk (frontdesk@persi.idaho.gov) and your question will be forwarded to the appropriate person.

Website

Find PERSI on the Web at www.persi.idaho.gov or look for Public Employee Retirement System or PERSI under the State Government Agency Index on the State of Idaho's homepage at www.idaho.gov.

Facebook

PERSI maintains a Facebook page where miscellaneous news is posted. Comments from members, retirees, employers, constituency groups, and lawmakers are always welcomed. Find us at this link: https://www.facebook.com/pages/Public-Employee-Retirement-System-of-Idaho-PERSI/186635028045231

Choice 401(k) Plan

For information about your PERSI Choice 401(k) Plan, call toll-free 1-866-437-3774 to reach Empower Retirement, go to www.mypersi401k.com or visit the PERSI website at www.persi.idaho.gov for more details.

Table of Contents

PERSI Overview

Retirement Security for Members Since 1965

The Public Employee Retirement System of Idaho (PERSI) is a $14.8 billion dollar retirement plan designed to provide secure, long-term pension benefits for employees who choose careers in public service.

PERSI activities positively affect the lives of all Idaho citizens. The system's members and beneficiaries receive direct benefits through retirement, disability, and death benefit programs. Taxpayers benefit by having a motivated public workforce and by having public service retirees provide for their own retirement. Employers benefit from PERSI by offering an incentive that attracts and retains well-qualified employees. Retirement benefits paid by PERSI provide a steady stimulus to local communities and Idaho's overall economy.

During its first 35 years, PERSI was a traditional defined benefit plan (aka the Base Plan). In 2001, a defined contribution plan was added to supplement the Base Plan. It is called the Choice 401(k) Plan.

With the combination of plans, you have the best of both worlds – the security of the traditional Base Plan and the opportunity to direct your own investments and make voluntary contributions in the Choice 401(k) Plan.

The Base Plan

Because the Base Plan is a defined benefit plan, the lifetime allowance you receive at retirement from this plan is not solely dependent on the amount of money you contribute to PERSI. The Base Plan is a qualified tax-deferred plan under Internal Revenue Service (IRS) Code Section 401(a).

The Choice 401(k) Plan

The Choice 401(k) Plan allows you to voluntarily contribute to a 401(k) account and to direct your available to you from the Choice 401(k) Plan at retirement depends on your voluntary and/or rollover contributions, certain employer contributions, the investment earnings on those funds, and any gain sharing payments you may have received.

PERSI History

PERSI was created in 1963 by the Idaho Legislature with funding effective July 1, 1965. Membership in PERSI is currently comprised of 755 public employers throughout the state and their employee members. PERSI has approximately 68,000 active members, 26,00 inactive members, and more than 35,000 retirees or annuitants receiving benefits.

By law, agencies of the State of Idaho and school districts are PERSI members. Political subdivisions such as county and city governments, water, sewer and health districts, libraries and others have also elected to join the Retirement System.

Members of the Teachers' Retirement System of Idaho and all other eligible school employees became PERSI members in 1967.

Two of five municipal Police Officer Retirement funds have also joined PERSI. The other three are being phased out with police officers hired since 1969 becoming PERSI members.

The Firefighters' Retirement Fund merged with PERSI in 1980. Paid firefighters who were members of the original system retain their original benefit entitlement, while those hired after October 1, 1980 are PERSI members.

How PERSI Is Funded

PERSI funds are separate and apart from all public monies or funds of the state. Funding comes from three sources: contributions from both employees and employers and investment income. Generally investments account for 56% of PERSI's revenue, with employers (28%) and employees (16%) making up the balance.

Quality Benefits

PERSI offers a variety of valuable benefits to its members. These include:

- Base Plan Retirement Benefits
- Choice 401(k) Plan
- Disability Benefits
- Death Benefits
- Gain Sharing
- Cost-of-Living Adjustments (COLAs)
- Portability of Funds

Base Plan Retirement Benefits

You become a PERSI member when you go to work in an eligible position with a PERSI employer. Enrollment in the PERSI Base Plan is automatic. Both you and your employer make contributions to PERSI. Your contributions are credited to your personal account, while employer contributions are pooled in a trust fund to cover future benefits for all members.

The PERSI Base Plan is designed to provide pension benefits to career public employees. The longer you work for PERSI employers, the greater your Base Plan retirement benefit will be. Although you may not remain a public employee your entire career, if you work for a PERSI employer and earn 60 months of service credit you will be vested to receive a lifetime benefit at retirement. The 60-month vesting period (5 months for elected and some appointed officials) does not have to be with the same PERSI employer. So unless you leave public employment all together, changing jobs should not affect your PERSI membership. With 755 employers across the state belonging to PERSI, you could very well work for a city, the state, or a highway district at different points in your career. Frequently members tell PERSI they didn't think they would be at their place of employment for more than a few years, but ended up staying a long time. The average length of service for PERSI members is currently about 10 years

The Value of Your Benefits

After your home, your PERSI Base Plan benefits may be your greatest financial asset.

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. For example, if your total contributions to PERSI during your career totaled $60,000 and your monthly retirement benefit is $1500, you would receive your $60,000 in approximately 3 years. Although you would have exhausted everything you contributed, PERSI would continue to pay you $1500 a month for the rest of your life, plus annual cost-of-living adjustments (COLAs) if approved by the State Legislature. So if your retirement were to last another 20 years, you would receive $360,000 in benefits from the PERSI trust. It would be very hard to find another investment with such a secure, long-term return.

Choice 401(k) Plan

Private companies often offer 401(k) plans to their employees so they can save for retirement; but not all government employees are offered a 401(k) plan. PERSI offers the supplemental 401(k) plan to members because it is an excellent way to add to your retirement security. Advantages of the 401(k) include:

- Your contributions and earnings are tax-deferred until you withdraw them at retirement.
- Your taxable income is reduced, so you'll pay less federal and state tax while you are contributing.
- You may take loans from your account.
- You choose how much to invest, and may select from a variety of investment options.

More Choice 401(k) Plan information is on page 12.

Disability Benefits

Your contributions also provide you with disability coverage. After 5 years with PERSI , should you become totally disabled and unable to continue working, you may be eligible to receive a lifetime disability benefit. Disability Benefits are discussed further on page 33.

Death Benefits

PERSI offers financial protection in the form of death benefits. If you die with 60 or more months of credited service while active or inactive, and you have named your spouse as your sole beneficiary, he/she may be offered the choice of a lump sum payment of two times your contributions plus interest, or a monthly allowance payable for his or her lifetime if there is still money in your account. If you named other beneficiaries to share the death benefit with your spouse, your beneficiaries may waive their right to a lump sum death payment to allow your spouse to receive a lifetime monthly allowance. For more details go to page 39.

Cost-of-Living Adjustments

PERSI considers a cost-of-living adjustment (COLA) to retirement benefits each year to help keep benefits equal with inflation. The goal is for PERSI retirees to maintain 100 percent purchasing power. This means your benefits can be worth nearly as much as they were the day you retired — even if retirement was 20 years ago. Most private sector retirees receive no cost-of-living adjustments at all, so over time their purchasing power drops considerably. See page 47 for more on COLAs.

Portability of Funds

Your Base Plan contributions are always yours. If you leave PERSI-covered employment, you may withdraw your Base Plan money plus any interest earned — although tax penalties and withholdings may apply, or you may directly roll over your money and interest to an Individual Retirement Account (IRA) or other qualified retirement plan, and still use it to fund your retirement.

If you leave a PERSI employer, but keep your Base Plan money in PERSI and later work for another PERSI employer, you retain the service credit earned previously. All service credit earned while working for a PERSI employer will be combined into a single account for you.

PERSI Retirement Board

PERSI is directed by a five-member Retirement Board. Individuals on the Board are appointed by the Governor of the State of Idaho for 5-year terms. These appointments are subject to state Senate confirmation. Idaho law requires that two members of the Board be active PERSI members with at least 10 years of service. Current Board members are:

Jody B. Olson
Chairman
Term Expires July 1, 2017

Jeff Cilek
Term Expires July 1, 2015

J. Kirk Sullivan
Term Expires July 1, 2016

Celia R. Gould
Term Expires July 1, 2018

Joy Fisher
Term Expires July 1, 2019

Board's Fiduciary Duty Of Loyalty

As fiduciaries, the primary duty of the Retirement Board is to act solely in the best interest of the members.

As trustees of the plan, the Retirement Board acts in a fiduciary capacity on behalf of the members of the fund and their beneficiaries. The Board is required to discharge its duties for the exclusive benefit of members of the fund, consistent with the governing provisions of the plan.

Board's Areas of Responsibility

The Board is responsible for:

- Overseeing the fund's investment activities. This includes hiring investment managers and setting the asset allocation and funding policy for both the Base and Choice Plans
- Approving proposed legislation.
- Setting contribution rates.
- Determining annual cost-of-living adjustments (COLAs) for retirees.
- Determining Gain Sharing distribution amounts, if any.
- Reviewing and adopting actuarial assumptions.
- Overseeing PERSI's administrative activities, including approving PERSI's annual budget.

The Retirement Board does not have the authority to approve changes to PERSI's benefit structure. As PERSI's plan sponsor, the Idaho Legislature is responsible for determining the benefit structure. They alone may pass legislation to change retirement benefits; however, the Board has the authority to set contribution rates needed to fund the system. When the Board sets a new rate, the information is passed to the State Legislature to approve the modification as a Rule change.

The Board may submit legislation to facilitate administration of the plan, to amend existing statutes, or to enable better customer service. The Board does not submit legislation affecting the plan's benefit structure. Interested constituent groups may independently propose legislation affecting the benefit structure.

PERSI's Board generally will not support or oppose legislation submitted by constituent groups. PERSI's Board and staff will provide any information and support required by the Legislature so they can vote on legislation. The Board would, however, as part of its responsibility to the system's members, oppose any proposed legislation that would financially or structurally weaken the retirement system.

Board Meetings

Retirement Board meetings generally begin at 8:30 a.m. on the third Tuesday of the month at PERSI's headquarters office at 607 North 8th Street in Boise. Meetings are open to PERSI members and the public. The meeting date, time, and location along with the agenda for each meeting is posted on the PERSI website at www.persi.idaho.gov. Meetings are open to PERSI members and the public. If you would like to attend a meeting, you may want to call first to confirm the date, time, and location.

PERSI's Executive Director

While the Board governs the general operation of the retirement system, the daily administration is delegated to a full-time director appointed by the Board to serve as its executive officer. The Executive Director is responsible for employment of the retirement office staff and for the routine operation of the system within the scope of the law and the fund's rules and policies.

Executive Director
Donald D. Drum
Effective October 2008

Membership

Base Plan Eligibility

You become a PERSI member when you go to work in an eligible position with a PERSI employer. Enrollment in the PERSI Base Plan is automatic. By Idaho law, you automatically become a member of PERSI and eligible for the Base Plan if:

- Your employer belongs to PERSI, and
- Your employment is for 5 consecutive months or more, and
- You normally work 20 hours or more per week, or are a teacher who works half-time contract or more (*substitute teachers are exempt from PERSI membership*), or
- You are an elected or appointed official serving on a board, council, or commission who receives a salary or honorarium for services performed, even though you receive a nominal salary and do not normally work 20 hours or more per week.

There are special requirements for certain city and county employees. Seasonal or casual city and county employees whose employment depends on weather and growing seasons must have more than 8 months of service to be eligible.

You are NOT eligible to join PERSI if:

- You are providing service to a PERSI employer as an independent contractor;
- You are provided employment in a public program benefiting yourself;
- You are an inmate of a state correctional institution;
- You are a student at a state college or university, and employed at the same school when the employment depends on maintaining student status;
- You are making contributions to the U.S. Civil Service Commission under the U.S. Civil Service System Retirement Act; or
- Beginning in 1995 for cities, 1997 for counties, and in 2010 for irrigation districts, seasonal workers became ineligible for PERSI membership.

New hires at Boise State University, Idaho State University, Lewis-Clark State College, University of Idaho, Community Colleges, or the office of the State Board of Education should check with their human resources office about membership in PERSI or an Optional Retirement Program (ORP).

Department of Labor

If you have credited service in the Idaho Department of Labor (formerly the Department of Employment) retirement plan, check with the DOL retirement coordinator about possible benefits under that plan.

Base Plan Eligibility Changes Since 1965

Employment prior to July 1, 1965

Documented Idaho public employment normally in excess of 20 hours per week for at least 5 calendar months during a year.

Employment from July 1, 1965 to June 30, 1976

Same requirements as above, AND the employer must have been participating in PERSI.

Contributions: From July 1, 1965 through June 30, 1971, there was a 12-month waiting period before contributions were required. Eligible employment during the waiting period may now be credited if contributions for this time, plus interest, are paid to PERSI *before* retirement. School teachers who did not contribute to the Teachers' Retirement System between July 1, 1965 and July 1, 1967, or who withdrew their contributions for that period, *cannot* receive credit for employment during that 2-year period.

Employment since July 1, 1976

Same requirements as for the period from July 1, 1965, except employment must be for at least 5 consecutive months.

Employment since July 1, 1990

Same requirements as for the period from July 1, 1976, except hours worked must normally be 20 hours or more per week.

Choice 401(k) Plan Eligibility

The Choice Plan is available to anyone eligible for membership in the PERSI Base Plan, plus groups who were grandfathered into the system.

Membership Categories

There are two types of PERSI membership:

- General Member
- Police Officer and PERSI Firefighter (firefighters hired on or after October 1, 1980)

The two membership types are differentiated by Idaho Code and have different benefit structures and retirement requirements. They also have different contribution rates. While police/firefighter members may retire earlier, they also pay higher contributions. throughout their career.

Membership Status

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 credit toward a PERSI retirement.

Inactive

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

Vesting

Vesting establishes your right to a 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.

Credited Service

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.

You may earn a maximum of 12 months of service for any calendar year. You cannot exceed 1 month of service per month even if you are employed in more than one public job at the same time. You must be paid for at least 20 hours per week; or if you are a teacher on contract, you must have at least a 50 percent contract. Overtime does not earn additional credited service.

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. Be sure these are included in your PERSI record; they could increase the amount of your retirement benefit.

Your service must qualify as eligible employment to be credited. Eligible employment after July 1, 1965, is considered membership service.

Military Service

For PERSI purposes, "military service" is any active duty in the United States armed forces including the National Guard and Reserves that interrupts your PERSI service.

You may earn PERSI credit for the period while you are on active duty. You do not have to pay contributions to receive credit for eligible military service.

PERSI credit may be earned for the period while you are on active duty if:

- You begin service within 90 days of leaving PERSI-covered employment, and
- You return to PERSI employment within 90 days of being released from active duty, or are killed in the line of duty.

Generally, military service may not exceed 5 years if it is at the convenience of the U.S. government, or 4 years if you voluntarily extend your duty. Military service does not include any period of active duty that ends in a dishonorable discharge, or any period in which you could have chosen to discontinue active duty but did not.

Disability Service

Disability service is the total number of months between the date you became disabled and the date you would normally have reached service retirement age. The time is automatically credited to you when you are approved to receive a PERSI disability retirement. After adding disability service, total credited service may not exceed 360 months. See Disability Retirement on page 33.

Service Earned During Leaves

Medical Leave

If you are on authorized paid sick leave, normal employee contributions are deducted from your salary and your employer pays their required contributions. You continue to earn service credit as long as you remain an eligible employee receiving pay representing 20 hours or more per week. You must work or be on payroll status at least 15 days per calendar month to accrue 1 month of service credit. When you are on authorized unpaid sick leave (e.g., Federal Family Medical Leave Act which allows 12 weeks of unpaid leave for medical purposes), no service is earned but your PERSI benefits are "preserved," meaning you will not lose any credits already earned.

Worker's Compensation

You typically earn service credit if, while drawing worker's compensation benefits, you are receiving salary representing 20 hours or more per week and are making contributions to PERSI. If you are out of pay status and are receiving only worker's compensation benefits, you will not earn PERSI service credit.

Vacation Leave

If you are on authorized paid vacation leave, employee contributions are deducted from your salary and your employer pays their required contributions. You continue to earn service as long as you remain an eligible employee. You must work, or be in payroll status, at least 15 days per calendar month to accrue 1 month of service credit.

Personal Leave

No service is given for an educational or non-paid personal leave of absence, or for time off due to a strike.

Sabbaticals

For some teachers or university faculty taking a sabbatical, service can only be earned for the leave if you receive at least one-half contract salary and continue your contributions during the sabbatical. If the sabbatical occurs during your base period, it may affect your final average monthly salary, which could lower your retirement benefit.

Base Plan Contributions

Your employer will take a percentage of your gross salary from your paycheck every pay period, and will transfer that money to PERSI along with an employer contribution. The rate of your contribution is, by state law, a percentage of the employer contribution rate.

The employer contribution rate is set by the Retirement Board based on system benefit levels, the number of members, the age and average life expectancy of those members, and the system's funding status.

Your employee contributions go into a Base Plan account credited specifically to you. You earn interest on your Base Plan account. Your funds may be withdrawn only if you cease employment and forfeit the service credit accrued. You *cannot* borrow from your Base Plan account.

Your contributions are tax-deferred until you or your beneficiary receive a separation (withdrawal), retirement, or death benefit. Federal and state income taxes are calculated on your salary after your contributions are deducted, thereby lowering your taxable income.

Within the first 3 to 5 years of retirement most members have already received all the money they contributed while working.

Contributions made by your employer are not paid specifically for you, so they are not credited to your account and they are not refundable to you or your beneficiary. Employer contributions and investment earnings are placed in a Trust to fund future benefits for all members.

If you leave public employment, whether or not you qualify for a pension, you may withdraw your contributions plus interest.

Contributions made by your employer are not refundable to you. When you retire, part of your lifetime benefit will be funded by the contributions your employer made.

Voluntary Contributions

Choice 401(k) Plan

You may make voluntary contributions to your Choice 401(k) Plan account and direct how those funds are invested. Check the PERSI website at www.persi.idaho.gov for a deferral election form.

Members are strongly encouraged to participate in this voluntary plan because your PERSI Base Plan and Social Security were never intended to provide your entire retirement income. They are just two legs of the retirement "footstool," together providing between 50 - 95 percent of the amount you'll need for retirement. In addition to these two forms of retirement income, you should be investing and saving on your own. The earlier in your career you start saving, the better off you will be. See page 12 for more information on the Choice 401(k) Plan.

Base Plan

You may not make voluntary contributions to your Base Plan account.

Interest Earned on Base Plan Contributions

Members are paid interest on their PERSI account balances at a rate that is determined annually by a formula established in PERSI rules. By rule, regular interest for each calendar year is the greater of 90% of the rate of return on the PERSI fund net of all expenses for the fiscal year ending immediately prior to the calendar year as reported in the actuary's annual valuation report, or 1%.

The amount of money and/or interest in your Base Plan account is only important in the event of a lump sum separation benefit or death benefit payment. The amount of money and/or interest in your Base Plan account is not a factor in the calculation of your retirement benefit. All credited interest will be paid to you if you take a separation benefit (withdrawal) or if a lump sum death payment is made to your beneficiary.

If you are repaying a Base Plan account withdrawal (separation benefit) or delinquent contributions to PERSI, you are charged interest. Any interest you pay in these situations is credited to your account. See page 37 for more details.

Base Plan Contribution Rates as a Percent of Pay*

General Member	Police/Fire Member	General Employer	Police/Fire Employer
6.79%	8.36%	11.32%	11.66%

* Percentages effective as of July 1, 2013.

Investment Fund

All funds received by PERSI's Base Plan, including contributions from you and your employer, are invested to earn the best rate of return with acceptable risk. Investment policy and guidelines are determined by the Retirement Board in consultation with PERSI's professional investment staff.

Chief Investment Officer
Robert M. Maynard
1992 - present

PERSI's investment horizon spans decades as we need to fund benefits for members ranging in age from 18 to more than 100 years old.

PERSI's objective is to minimize the effect of external influences whenever and wherever possible by diversifying among a wide range of domestic and international asset classes and investment management styles. Our investment strategy is based on keeping it simple, transparent, and focused.

Equities – Stocks make us part owner of many companies worldwide. This includes real estate where PERSI owns shares in shopping centers, office buildings and other income-producing properties.

Bonds/Fixed Income – Whether financing a government or a corporation's need for money, bonds yield a steady stream of income.

Cash Equivalents – Money market accounts allow PERSI accessibility to funds and provide flexibility.

An independent performance evaluation of each money manager's investment results is conducted quarterly. More detailed information concerning allocations and managers can be found in PERSI's latest Annual Financial Report, which is available on our website at www.persi.idaho.gov.

Choice 401(k) Plan

What is the Choice Plan?

The Choice 401(k) Plan allows members to voluntarily save and invest through simple and convenient payroll deductions.

As a participant, you decide how much of your salary (including overtime) to contribute to the plan on a pre-tax deferral basis. Saving pre-tax means your contributions come out of your paycheck before your taxes are calculated, meaning you pay more to yourself and less to the government.

Some employers may contribute to your 401(k)—either on a regular basis or as one-time bonuses. Each PERSI employer handles this differently, so check with your employer to see if any matching funds are available.

The Choice 401(k) Plan may also include gain sharing contributions, although this is rare. See page 42 for more information on gain sharing.

Empower Retirement is the private-sector firm responsible for handling record keeping and most Choice 401 (k) Plan transactions.

Why Participate in the Choice Plan?

Participating in the PERSI Choice 401(k) Plan may be one of the smartest moves you'll ever make. It is an easy way to accumulate money for your future.

While the PERSI Base Plan is a great retirement plan by itself, you'll probably need more than the Base Plan and Social Security to enjoy the kind of comfortable retirement you want.

The best way to finance a comfortable retirement is by saving and investing while you are still working. Some of the advantages of your Choice 401(k) Plan:

- Save on current taxes.
- Savings grow faster with tax-deferred compounding.
- Payroll deduction is convenient and easy.
- You can take your money with you if you change jobs.

The Advantage of Pre-Tax Savings

One of the most important features of the Choice 401(k) Plan is its tax advantage. When you save with pre-tax dollars, you do not pay federal income tax on the money until it is withdrawn. So, you have the opportunity to earn investment returns on money that normally would immediately go to the government.

Because your pre-tax contributions are deducted from your pay before income taxes are figured, your current taxable income is lowered. You will pay less tax out of your paycheck and you defer taxes on your contributions until you take a distribution.

Every Little Bit Counts

Every bit you save — no matter how large or small — increases your retirement resources. If you think you have plenty of time to start saving in the PERSI Choice 401(k) Plan, here are some things to consider:

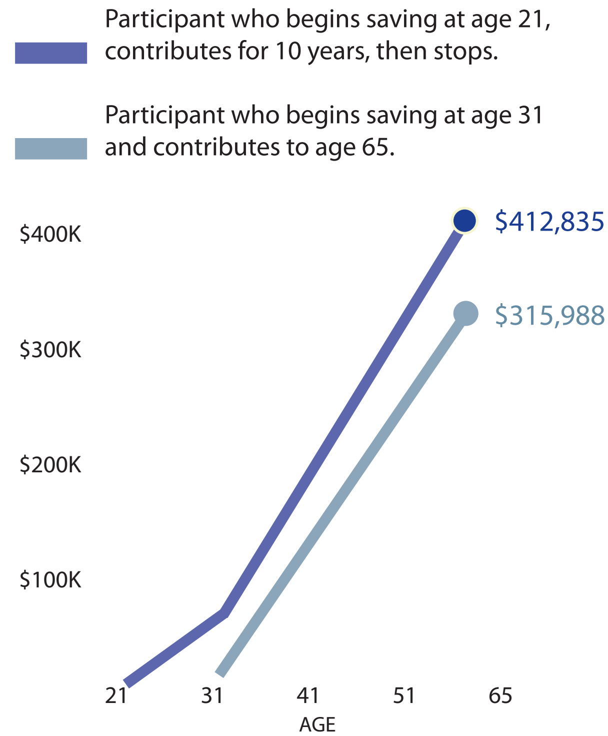
It pays to start early. Even if you start small, over time your nest egg will grow. Let's compare the ending balances of two hypothetical participants at age 65 — one who began saving at age 21 and contributed for only 10 years and the other who began saving at age 31 and contributed until age 65. The illustration shows the significant advantage of starting sooner rather than later. Beginning today and saving for just 10 years will add up to more than if you wait 10 years, then save for the next 34 years.

As you can see in the example, there's a benefit to starting early. The participant who started saving at age 21 and stopped at age 31 has $412,835 at age 65. The other participant, who started saving at age 31 and saved for the next 34 years, has substantially less — $315,988. Still a good amount of money, but far less than the person who began making contributions early in their career.

Even if you're not in your 20s anymore, time can be on your side; so start now. Through compounding, the interest you earn on your investment goes on to earn even more. If you start now, you can put away a good-sized nest egg.

Example

It Pays To Save Now*



* This hypothetical illustration assumes an annual salary of $30,000, an 8% investment return per year with monthly compounding and a 6% participant contribution. ***Returns on actual investments will vary.***

Who's Eligible?

If you are eligible for membership in the PERSI Base Plan, you may immediately participate in the Choice 401(k) Plan. (See Base Plan eligibility requirements on page 8.) Active members of the Judges' Retirement Fund may also participate.

Investment Options

The investment options in the Choice 401(k) Plan give you great flexibility in building your savings portfolio. You may allocate your assets in 1 percent increments among 15 investment options. The options range from the conservative PERSI Short-Term Investment Portfolio to more aggressive International Equity funds. For fund options, visit the PERSI website.

This example is hypothetical and for illustrative purposes only. Actual taxes may vary.

How Pre-Tax Saving Works

	Pre-Tax Savings In the 401(k)		After-Tax Savings In a Traditional Account Outside of the Plan	
Total Annual Pay	$	30,000	$	30,000
Your Pre-Tax Contribution At 10%*	$	3,000	$	0
Taxable Income	$	27,000	$	30,000
Federal Tax Withheld**	$	3,619	$	4,069
Net Income	$	23,381	$	25,931
After-Tax Savings Outside Of The Plan	$	0	$	3,000
Spendable Income	$	23,381	$	22,931
Savings Advantage	$	450	$	0

* Federal taxes will be paid on pre-tax contributions upon withdrawal of funds; in the meantime, you will have earned investment returns on them. You do pay Social Security taxes on your contributions to the Plan.

** Based on a single individual with the standard deduction in 2013.

You are automatically enrolled with a 100 percent investment election in the PERSI Total Return Fund (TRF), the Choice 401(k) Plan's default investment option. The TRF invests exactly the same as the PERSI Base Plan portfolio. It is a diversified fund that generally invests 50 to 65 percent in US equities, 10-20 percent in international equities, and some 23-33 percent in fixed income securities. It primarily includes publicly traded stocks and bonds with some private holdings in real estate, private equity and commercial mortgages.

You may leave your funds in the default TRF, or you may choose among the other investment options.

Note: Securities are not FDIC-insured. They are not bank deposits, bank obligations or bank-guaranteed. They pose investment risks, including the risk of principal loss. Past performance is no guarantee of future results. Share price and investment returns fluctuate and an investor may receive more or less than original cost upon redemption.

Enrolling in the Choice 401(k) Plan

When you become a PERSI member, you can request a Choice 401(k) Plan enrollment kit. The kit is available on the PERSI website and includes a brochure, enrollment form, and information about your investment options.

You must complete a deferral election form to designate the amount you want to contribute each pay period. The completed form goes to your payroll or human resources department. Contributions will begin as soon as administratively possible (usually the next payroll cycle).

You may defer from 1 - 100 percent of your salary each payroll period. The maximum contribution is determined by the IRS annually. You must contribute at least $130.00 per year. No contribution may be less than $130.00 divided by the number of payroll cycles for the year: $2.50 per weekly payroll ($130.00 divided by 52 weekly payrolls = $2.50).

Although you may contribute up to 100 percent of compensation, the actual percentage you may contribute is limited by other mandatory and voluntary salary reductions such as the PERSI Base Plan contributions, FICA, medicare, and insurance.

Catch-Up Contributions

If you will be age 50 or older in 2015, you may make additional catch-up contributions of up to $6,000 for the calendar year.

Your PIN Is Important

Empower Retirement assigns a personal identification number (PIN) to you for accessing your Choice 401(k) Plan account. With this PIN you will also receive:

- Instructions for using the Internet to access account information.
- A reminder to change your investment allocation if you do not want your contributions to be invested in the default PERSI Total Return Fund.

If you misplace your PIN you may request a PIN reminder letter online or by calling Empower Retirement toll-free at 1-866-437-3774.

Record Keeping Fee

Record keeping fees apply to all Choice Plan accounts with a balance. If you end PERSI-covered employment and decide to leave your money in the Choice 401(k) Plan, you will still be responsible for the record keeping fee.

Statements

Quarterly statements containing information about your account balance, fund performance, and contribution activity are available online for all members. Paper copies are also mailed if a valid email address is not on file with PERSI or Empower Retirement. Annual statements are mailed at the end of each calendar year. You can also create a customizable "dynamic online statement" on the "Account Details" section of the Empower Retirement website.

Changing Your Deferral Amount

You may change the amount of your Choice 401(k) Plan contribution (salary deferral) at any time by completing a new Choice 401(k) Plan Deferral Election form and submitting it to your Human Resources or Payroll Department. The requested change will be made as soon as administratively possible (usually within the next pay cycle). This change cannot be made directly with Empower Retirement because your employer needs to know how much to deduct from your paycheck.

Changing Your Investment Elections

You may make investment election changes on future (not yet deducted) contributions. You may select from 15 fund options; changes can be made via a Empower Retirement customer representative or the Internet. All future contribution types (voluntary, employer or Gain Sharing) have the same investment options. Elections are made in whole percentage increments; fractional percents (i.e., 33⅔%) are not allowed. When you make investment election changes, Empower Retirement will mail you an Investment Election Change Confirmation letter within 2 business days.

Making Fund Transfers

You may transfer your existing account balances among the investment funds via the Choice Plan website at any time or by calling an Empower Retirement Customer Service Representative at 1-866-437-3774. You must have your PIN available.

Transfers may be initiated 24-hours-a-day, 7-days-a-week online. Requests received prior to 4:00 pm EST will be processed at that business day's closing net value. Requests received after 4:00 pm EST or on holidays will be processed at the next business day's closing net value. Transfers received after 4:00 pm on Fridays and weekends will be processed at the close of business on Monday. There is no fee for making a fund transfer.

Rollovers into the Choice Plan

You may roll over balances from a previous employer's eligible retirement plan [401(a), 401(k), 403(a), 403(b), and 457] or pre-tax IRAs, provided the balances qualify for tax-free rollover treatment. Rollover contributions must be in dollars; contributions in-kind (stock shares) are not permitted. Call 1-866-437-3774 between 7 a.m. and 6 p.m. Mountain Time, weekdays to get started.

Taking Loans from Your Choice Plan Account

While your PERSI Choice 401(k) Plan account is intended for retirement, loans are permitted for any reason during employment. You may have only one outstanding loan at a time from the Choice Plan, and you must have at least $2,000 in your account (excluding Gain Sharing) to take a loan. The minimum amount you may borrow is $1,000. The maximum amount is the lesser of 50 percent of your account balance excluding Gain Sharing amounts, or $50,000. Inactive members may not take out a loan.

Loan Repayments

Loan repayments are made via after-tax salary (payroll) deduction, and are credited to your account according to your investment allocation. If no investment allocation has been made, repayments will be invested in the default PERSI Total Return Fund.

The interest rate for all new loans is the Prime Rate plus 1 percent, as published in the Wall Street Journal on the first business day of each month. The repayment period may be up to 5 years for a general purpose loan and up to 10 years for the purchase of a primary residence.

Defaulting on a Loan

If you default (stop making payments) on your loan, your unpaid balance is considered taxable and will be reported to the IRS. You will be liable for the income taxes on this amount. You will receive a Form 1099 the following January for the unpaid amount.

Paying Off a Loan

You may pay off an outstanding loan in full at any time. Partial loan repayments in amounts different from the regularly expected loan repayments are not allowed.

To pay off a loan in full, call Empower Retirement. They can let you know the exact amount for the full payment, and can provide payoff instructions.

Making Withdrawals While Employed

You may make in-service withdrawals of your Choice 401(k) Plan funds as follows:

Hardship

A hardship withdrawal may only be taken for relieving an immediate and heavy financial need for these reasons:

- Payment of current post-secondary tuition (not loan repayments);
- Unreimbursed medical expenses;
- Purchase of a primary residence; or
- To prevent eviction or foreclosure of your primary residence.
- Burial or funeral expenses
- Expenses associated with damage repair to principal residence

To receive a hardship withdrawal, you must first exercise all other loan or withdrawal options, including a non-hardship in-service withdrawal. The withdrawal may only include your pre-tax contributions. Gain Sharing funds and employer contributions are not available for a hardship withdrawal.

A hardship withdrawal may not be rolled over, but is not subject to the 20 percent federal withholding tax. You may be required to pay a 10 percent IRS penalty for early withdrawal on the hardship amount (if under age 59½) in addition to regular income taxes.

If you do take a hardship withdrawal, you will be suspended from making voluntary employee (pre-tax) contributions to the Choice Plan for 6 months.

Inactive members may not take a hardship withdrawal, however other withdrawal options are available.

Non-Hardship

A non-hardship rollover withdrawal can be made for any reason. This withdrawal option is limited to rollover contribution balances only and is not available to inactive participants.

A rollover withdrawal is subject to a mandatory 20 percent federal income tax withholding unless it is rolled over to an eligible retirement plan. It also may be subject to a federal 10 percent early distribution penalty if you are under age 59½.

In-Service Transfers to the PERSI Base Plan

Funds from your Choice Plan account may be transferred to the PERSI Base Plan to repay Base Plan account withdrawals (separations), waiting periods or delinquent contributions. You must be actively working to begin such a repayment. If you have already started a repayment agreement through payroll deduction, you may not do an in-service transfer. See page 37 for more information on repaying Base Plan account withdrawals.

24-Hour Choice Plan Account Access

You may access your account information 24-hours-a-day, 7-days a week by visiting the Empower Retirement Choice Plan website. You may change your investment allocations, transfer balances, request a loan or withdrawal, and change your PIN. You may also look up fund prices and fund performance, link to other investment sites and use retirement calculators to help you plan for the future.

The automated voice response system (Key Talk) is available 24-hours-a-day, 7-days-a-week. To speak with an actual customer service representative or conduct a transaction, call Empower Retirement between 7 am and 6 pm MST, Monday through Friday at 1-866-437-3774.

http://www.persi.idaho.gov/choice_401k_plan.cfm
Use the Choice Plan link to log in.

A single sign-on feature allows members who are viewing their account balances on the PERSI website to link directly to the secure Empower Retirement website for detailed Choice 401(k) Plan account information or to conduct a 401(k) transaction without signing in and out or using another password or PIN. Once you have logged into your myPERSI account, you can link to your Choice Plan account without going through a separate login process.

Military Service and Your Choice Plan Account

You may make up your voluntary pre-tax contributions to the Choice 401(k) Plan missed while on qualified military service if you return to work within 90 days of release from active duty. You may make up any amount up to the limit not used during the applicable year. For example: If the annual limit was $15,000 and you contributed $2,000 before your military service, you may make up $13,000 for the year.

You have three times the period of military service or up to 5 years, whichever is less, to make up the contributions. Such contributions do not count against annual contribution limits during the make-up period.

You may be eligible to receive employer contributions and PERSI Gain Sharing while you are on qualified military service. To be eligible for any Gain Sharing distributions during your service, make sure your employer sends a copy of your orders to PERSI *prior* to your leave of absence.

If you took a loan from your PERSI Choice 401(k) Plan and are in the process of repaying the loan, your repayments may be suspended during any period of qualified military service. Once you return from active duty, payments will resume.

Additional Savings Accounts

In addition to PERSI's Choice 401(k) Plan, your employer may offer other tax-deferred personal retirement vehicles, such as a different 401(k) plan, a 457 (deferred comp plan), or a 403(b) (tax-sheltered annuity) plan.

You may also want to consider a pre-tax or Roth Individual Retirement Account (IRA) or other savings or investment vehicles.

We encourage you to enroll in the Choice 401(k) Plan. Should you choose not to participate the Choice 401(k) Plan, we hope you will participate in another employer plan or pre-tax IRA. You will reap the financial benefits of saving for your future.

Choice Plan Retirement Options

The full value of your account is available to you when you retire. Depending on your individual circumstances, you may choose from a number of payment options:

- A lump sum;
- Periodic installment payments;*
- Rollover to an eligible retirement plan [401(a), 401(k), 403(b), 457 or pre-tax IRA];
- Purchase of Base Plan service;
- Leave your assets in the plan, if your balance is greater than $1,000; or
- A combination of these options.

* If your account balance is more than $5,000, and you are retiring, disabled, a spouse beneficiary, or if you have attained the Choice 401(k) Plan's normal retirement age (50), you may choose any of the following options or a combination of options. If your account balance is $5,000 or less, or you have not attained the Choice 401(k) Plan's normal retirement age (50), you may not choose installment payments, but may choose any of the other options or a combination of them. Options are based on your account balance on the date you request a distribution.

Purchase Base Plan Service

You may convert all or a portion of your Choice 401(k) Plan account to purchase service under the PERSI Base Plan. To take advantage of this option, you must be retiring and must have completed the necessary "Purchase of Service" paperwork within the 90-day period preceding your retirement date.

Lump Sum Payment Directly to You

Any amounts payable that are eligible for rollover distributions will be subject to federal income tax withholding of up to 20 percent and applicable state income tax withholding. You may also incur a federal 10 percent early distribution penalty if you are under age 59½. Distributions not eligible for a rollover will generally be subject to a 10 percent federal withholding, unless you elect a different rate.

Leave Your Funds in the Choice 401(k) Plan

You may leave your funds in the Choice 401(k) Plan until a later date or until retirement if your account balance is $1,000 or more. The funds will be subject to minimum distribution requirements when you turn age 70½. By leaving money in the Plan, you defer paying taxes. You will be responsible for the annual record keeping fee to maintain this account. The fee will be assessed against the account monthly, beginning the calendar month starting 90 days after you terminate or retire.

Rollover to an IRA or Eligible Retirement Plan

You may transfer your Choice 401(k) Plan account balance via direct rollover into an Eligible Retirement Plan [401(a), 401(k), 403(a), 403(b) and 457] or to a Roth Individual Retirement Account (IRA). By transferring the money via direct rollover, you defer paying taxes (except with a Roth rollover).

Installment Payments

You may receive periodic installment payments from your Choice 401(k) Plan account. Installments can be paid:

1. In a fixed monthly, quarterly, semi-annual, or annual amount; or
2. In substantially equal payments over a fixed period of time not to exceed the joint life expectancy of you and your beneficiary.

Installment payments are available only upon retirement, attainment of age 50, disability, or your death if your beneficiary is your surviving spouse. This option is only available if the balance is more than $5,000. You will be responsible for the record keeping fees to maintain this account during the time the installment payments are being made. The installment option may be affected by minimum distribution requirements when you turn age 70½.

Payment Options if You're Not Retiring

For information on the payment options available if you stop working but are not retiring, see page 35.

Base Plan Retirement Benefits

Base Plan Retirement Eligibility

When you are eligible to retire depends on how many months of service you have, your age, and whether you are a general member, a police officer/ PERSI firefighter, a member with mixed general and police/firefighter service, or an elected or appointed official. There are several types of retirement, each with unique eligibility requirements. The types of retirement are:

- Service Retirement
- Early Retirement (including the Rule of 80/90)
- Disability Retirement

Service Retirement

Service retirement age is the age at which you may retire with a full, unreduced benefit. You may take service retirement if you:

- End employment on or after reaching service retirement age, AND
- Have 60 months of service,

OR

- Have 60 months of service, AND
- End employment before reaching service retirement age and defer drawing your pension until you reach service retirement age.

Service Retirement Age Requirements

- Age 65...........General Member
- Age 60...........Public Safety Officer (Police/Fire)
- Age 60-65....Member with Mixed General and Police Officer/Firefighter Service

You are not required to take retirement when you reach service retirement age. You may continue working as long as you wish. Your benefits continue to build as long as you continue to work. If you work past age 70, you may also qualify for a late-retirement increase.

You may take early retirement (retire before reaching service retirement age) with an unreduced allowance if you meet the Rule of 80/90. (See page 21. If you have mixed service, see page 30.)

Elected and Appointed Officials

Any credited service earned as an elected or appointed official will be added to any service earned prior to becoming an elected or appointed official.

> You may retire with a full, unreduced benefit when you reach "service retirement age," which is age 65 if you are a General Member, and age 60 if you are a Public Safety Officer.

Base Plan Service Retirement Formula

Your Base Plan retirement benefit is based on your *Highest Average Monthly Salary* (gross salary) over a Base Period and your total *Months of Service*. A Base Period is the period of consecutive months during which you received your Highest Average Monthly Salary. This is usually at the end of your career, but may have occurred earlier. The number of months used in a Base Period has changed over the years, improving the benefit formula. To find the number of months used in your Base Period, find what was or will be your date of last contribution (the date you stop working).

Your benefit will be computed using the formula in effect in Idaho law at the time of your last contribution. You must be working on or after the effective date of a formula for those factors to apply to your benefit.

The formula used to calculate your Base Plan retirement benefits

Your Average Monthly Salary (AMS) During Base Period (A)		________
Multiplier (B)	x	________
	=	________
Months of Credited Service	x	________
Annual Benefit	=	________
	÷ 12	
Monthly Benefit	=	________

NOTE: The percentages and factors cited throughout this booklet are actuarially determined and set by rule.

Minimum and Maximum Benefit

Minimum – If you are eligible for service or disability retirement, ensures you will not receive less than a certain amount.

Maximum – There is a cap on the maximum benefit. Your monthly retirement benefit may not be higher than your highest 36-month average salary.

A Average Monthly Salary During Base Period (gross salary)

Your Highest Average Salary Over This Many Consecutive Months

Date of Your Last Contribution	Number of Consecutive Months of Highest Average Salary to Use in Your Formula
Up to September 30, 1992	60 month base period
October 1, 1992 to September 30, 1993	54 month base period
October 1, 1993 to September 30, 1994	48 month base period
October 1, 1994 and after	42 month base period

B Multiplier

Use this Multiplier if you are a

Date of Your Last Contribution to PERSI	General Member	Police/Fire Member
Up to September 30, 1992	1.667%	2.000%
October 1, 1992 to September 30, 1993	1.750%	2.075%
October 1, 1993 to September 30, 1994	1.833%	2.150%
October 1, 1994 to June 30, 2000	1.917%	2.225%
July 1, 2000 and after	2.000%	2.300%

Base Plan Early Retirement

You may retire early (before reaching service retirement age) if you:

1. Meet the minimum age requirement, AND
2. Have at least 60 months of service.

(Elected and appointed officials should contact PERSI regarding service requirements.)

You may retire early with an unreduced benefit if you are vested, meet the minimum age requirement, and the requirements of the Rule of 80/90.

Rule Of 80/90

You may receive an unreduced retirement benefit if your years of service plus your age equals 90 (General Members) or 80 (Police Officer/Firefighters). **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.

Early Retirement Reductions

If you retire before reaching service retirement age or before reaching the Rule of 80/90, your retirement benefit will be reduced. The percentage of the deduction is based on the smaller of:

1. The number of years you are away from service retirement age at date of retirement, OR
2. How many years of age and service (also called "points") you are from reaching the Rule of 80/90.

When your Base Plan retirement allowance is calculated, PERSI automatically figures in the reduction that is most advantageous to you. If you work beyond service retirement age or the Rule of 80/90, your retirement allowance continues to increase.

Early Retirement Age Requirements

Member Type	Minimum Retirement Age	Rule of 80/90
General Member	**55** You may retire the first day of the month following the month you turn 55. For example, if you turn age 55 on May 15, you may retire June 1.	**Rule of 90** For an unreduced benefit, your years of service plus your age must equal 90.
Police Officer/ PERSI Firefighter	**50** You may retire the first day of the month following the month you turn 50. For example, if you turn 50 on March 22, you may retire April 1.	**Rule of 80** For an unreduced benefit, your years of service plus your age must equal 80.
Members with Mixed Service: both General Member & Police Officer/PERSI Firefighter service	**Between 50 - 55** The age depends on your ratio of General Member to Police Officer/ Firefighter service. (See page 30.)	**Rule of 80/90** For an unreduced benefit, your years of service plus your age must equal 80 or 90 depending on your ratio of General Member to Police Officer/Firefighter service. (See page 30.)

Early Retirement Reduction Examples

Rule of 90

Barbara is a general member with 30 years of service. She is 60 years old, and is therefore 5 years away from service retirement age. However, she may retire under the Rule of 90 with an unreduced benefit because

   30 years of service
+ 60 years of age
= 90

Less than Rule of 90

Kathy has 28 years of service as a general member and is 60 years of age. She is 5 years away from service retirement age,

   65 service retirement age
- 60 years of age
= 5

but she is only two points away from the Rule of 90.

   28 years of service
+ 60 years of age
= 88

(90 - 88 = 2)

Kathy could work one more year adding both 1 year of service and 1 year of age to reach the Rule of 90,

   29 years of service
+ 61 years of age
= 90

or retire now with a reduction based on being two points away from the Rule of 90.

Rule of 80

Peter is a police officer with 26 years on the force. He is 54 years old, and is therefore 6 years from service retirement age. But, he may retire with an unreduced benefit because he has reached the Rule of 80.

   26 years of service
+ 54 years of age
= 80

Less than Rule of 80

Doug is a PERSI firefighter with 26 years of service. He is 51½ years old. He is 8½ years from service retirement age, but just two points away from the Rule of 80.

   26½ years of service
+ 51 ½ years of age
= 78

(80 - 78 = 2)

Doug may work one more year adding 1 year of service and 1 year of age to retire under the Rule of 80,

   27½ years of service
+ 52½ years of age
= 80

or he may retire now with a reduction based on being two points away from the Rule of 90.

Note: PERSI calculations convert years to months.

Early Retirement Reduction

If you retire before reaching service retirement age or the Rule of 80/90, your retirement benefit will be reduced based on how many years (or "points") early you are retiring.

Example

If you retire 2 years (or points) early, your benefit will be reduced 6.00%, and you will receive 94.00% of your calculated service retirement benefit.

Example

If your last contribution was after October 1, 1994, and you are 8 years from service retirement age or the Rule of 80/90, your benefit would be reduced 32.25%, and you would receive 67.75% of your calculated benefit. For example, if your benefit was calculated to be $1,000, but you had the 32.25% reduction, your monthly benefit would be $677.50.

$ 1000 x .3225 = 322.5

  $1000
- 322.50
= $677.50

Additional decreases are not made after retirement. Your benefit will not decrease each year you are retired; nor will it increase unless a COLA is awarded. So in the example above, the second year you are retired your monthly benefit would also be $677.50 plus any COLA amount awarded.

Early Retirement Reductions

FIRST 5 YEARS EARLY RETIREMENT

	Year 1	Year 2	Year 3	Year 4	Year 5
% Reduction	3.00%	6.00%	9.00%	12.00%	15.00%
% You Receive	97.00%	94.00%	91.00%	88.00%	85.00%

SECOND 5 YEARS EARLY RETIREMENT

Last Contribution	Year 6	Year 7	Year 8	Year 9	Year 10
Prior to 10/1/92					
% Reduction	23.00%	31.00%	39.00%	47.00%	55.00%
% You Receive	77.00%	69.00%	61.00%	53.00%	45.00%
10/1/92 - 9/30/93					
% Reduction	22.25%	29.50%	36.75%	44.00%	51.25%
% You Receive	77.75%	70.50%	63.25%	56.00%	48.75%
10/1/93 - 9/30/94					
% Reduction	21.50%	28.00%	34.50%	41.00%	47.50%
% You Receive	78.50%	72.00%	65.50%	59.00%	52.50%
10/1/94 and After					
% Reduction	20.75%	26.50%	32.25%	38.00%	43.75%
% You Receive	79.25%	73.50%	67.75%	62.00%	56.25%

The chart shown here is a partial listing, based on whole years. Your actual reduction will be based on years and months. For example, if you were 1½ years away from meeting the Rule of 80/90, your reduction would be 4.5%, which is midway between 3% and 6% (see first 5 years above).

Benefits will be computed or estimated using the reduction rate in state law at the time of your last Base Plan contribution.

Social Security Full Retirement Age

Because people are living longer, Social Security has raised the Social Security Full Retirement Age (SSFRA) for individuals born after 1937. This will affect your PERSI benefit if you take a Social Security option at retirement.

Because PERSI does not administer Social Security benefits, we cannot answer questions relating to Social Security. Please contact the Social Security Administration (SSA) directly with any questions you may have. The toll-free number is 1-800-772-1213. To find your local office, look in the phone book under United States Government, or you might want to visit the SSA website at www.SSA.gov.

Social Security Full Retirement Age* (SSFRA)

If your year of birth is:	Your SSFRA is:
up to 1937	65 years, 0 months
1938	65 years, 2 months
1939	65 years, 4 months
1940	65 years, 6 months
1941	65 years, 8 months
1942	65 years, 10 months
1943-1954	66 years, 0 months
1955	66 years, 2 months
1956	66 years, 4 months
1957	66 years, 6 months
1958	66 years, 8 months
1959	66 years, 10 months
1960 and beyond	67 years, 0 months

** The Social Security Administration also refers to full retirement age as normal retirement age (SSNRA).*

Your Base Plan Retirement Payment Options

You have several payment options for your Base Plan retirement allowance. It is important you understand the options available so you can make an informed decision. *All benefits are actuarially equivalent, so it makes no difference to PERSI which option you select.*

If you are married, your spouse must consent in writing to your option selection. This consent must be witnessed by a notary. PERSI provides free notary services to members.

Regular Retirement Allowance

A regular allowance is a monthly benefit payable for your lifetime only. (It is the benefit calculated from the formula on page 20 and reductions on page 23.)

Options 1 and 2

These options allow you to designate a Contingent Annuitant (CA) to receive a monthly allowance after your death.

Under either Option 1 or 2, a reduced monthly payment is made to you until your death and then a monthly payment is made to your CA until their death. If your date of last contribution was July 1, 1992 or later, and you retired on or after October 1, 1992 and your CA dies first, your monthly payment will pop up (revert) to the higher regular retirement allowance.

The amount of the reduction (compared to your regular retirement allowance) is determined by the age difference between you and your CA, and the payment option you choose.

Option 1 - 100% Contingent Annuitant Allowance

After your death, your CA will receive the same monthly amount you had been receiving. This will continue for the remainder of your CA's life.

Option 2 - 50% Contingent Annuitant Allowance

After your death, your CA will receive one-half the monthly amount you had been receiving. This will continue for the remainder of your CA's life.

Option 3 - Social Security Adjustment

This option is available if you retire before Social Security Full Retirement Age (SSFRA). It provides an increased allowance before SSFRA and a reduced allowance after SSFRA. It is payable to you for your lifetime only. SSFRA is age 65 for those people born before 1938. For those born later, SSFRA is between ages 65 and 67.

Option 3 provides a larger benefit payment from PERSI before your SSFRA and a smaller payment from PERSI after you are eligible to begin receiving a Social Security benefit. This option in no way diminishes your benefit from Social Security; it merely gives you more of your own money from PERSI initially (an acceleration), then when you start receiving Social Security, the PERSI amount is reduced but your total income remains somewhat level.

Benefit payments for Option 3 are calculated using your Social Security estimate, which you would normally receive at full retirement age. For PERSI to calculate this option, you will need to provide a <u>Personal Earnings & Benefit Estimate Statement</u> (PEBES) from the SSA based on the date you will be terminating PERSI employment. When you request a quote, **tell them the date you plan to retire from your PERSI job**. Ask for an estimate for full retirement (between ages 65 and 67). You must make sure the estimate includes "**<u>zero future earnings</u>**" for after you stop your PERSI employment. If you fail to specify "**<u>no future earnings</u>**," Social Security will assume you are continuing to work to full retirement age and your quote will reflect that assumption. (The annual statement you receive from SSA cannot be used to calculate a benefit.)

The amount PERSI will pay as an "acceleration" is based on your age and the number of years you are away from your SSFRA. ***It is important to know once the PERSI accelerated amount is determined from your Social Security estimate, it will not change (except for cost-of-living adjustments) even if your Social Security benefit turns out to be different from your estimate.***

Options 4a and 4b - Social Security Adjustment with CA Allowance

A modification of Option 3, this choice reduces your monthly PERSI benefit. However, upon your death a monthly payment is made to your designated CA for the rest of his or her lifetime.

- Option 4a - Provides 100%
- Option 4b - Provides 50%

Under Option 4a or 4b, if your date of last contribution was July 1, 1992 or later, and you retired on or after October 1, 1992 and your CA dies first, your allowance will pop up (revert) to the higher Option 3 Social Security Adjustment.

Changing Your Retirement Option

After you retire, you may change your payment option only under certain conditions:

- Within the 5-day period beginning on the day you receive your first benefit payment. You must notify PERSI in writing of your change within that 5-day period.
- Change in Marital Status:
  - You were not married when you retired and now want to select a CA option because of a marriage, and you are naming your spouse as your contingent annuitant.
  - You divorced, remarried, and your former spouse waived his/her contingent annuitant rights.
  - You chose a contingent annuitant option at retirement, named your then-spouse as CA , and that spouse has since died. You have re-married and want to name your new spouse as CA.

You must file for the change no later than 1 year from the date of your marriage; there will be a 90-day waiting period after PERSI receives the application before the change goes into effect.

Except for these circumstances, your choice is irrevocable.

Contingent Annuitant Option Factors

At retirement, you may name a Contingent Annuitant (CA) to receive a monthly allowance after your death. This reduces your benefit during your lifetime. The amount of the reduction (compared to your regular retirement allowance) is determined by the age difference between you and your CA, and the payment option you select.

To calculate the approximate reduction:

1. Find the age difference between you and your Contingent Annuitant (CA).

2. Multiply the factor by your monthly benefit.

Example:
If your monthly benefit is $1,200, and you are 10 years older than your CA, and you choose Option 1

$1,200
x .735
$ 882 = your Option 1 benefit

Example:
If your monthly benefit is $1,200, and you are 7 years younger than your CA, and you choose Option 2

$1,200
x .960
$ 1,152 = your Option 2 benefit

Member Older Than CA

Age Difference in Years	Option 1	Option 2
*15	0.690	0.810
14	0.700	0.816
13	0.710	0.822
12	0.720	0.828
11	0.730	0.834
10	0.735	0.840
9	0.740	0.846
8	0.745	0.852
7	0.750	0.858
6	0.755	0.864
5	0.760	0.870
4	0.765	0.876
3	0.770	0.882
2	0.785	0.888
1	0.800	0.894
0	0.815	0.900

*For each year the member is more than fifteen (15) years older than the contingent annuitant subtract .01 from the factor for Option 1 and subtract .006 from the factor for Option 2. (Amended 96) (3-20-97)

Member Younger Than CA

Age Difference in Years	Option 1	Option 2
0	0.815	0.900
1	0.835	0.915
2	0.855	0.925
3	0.875	0.935
4	0.890	0.945
5	0.900	0.950
6	0.910	0.955
7	0.920	0.960
8	0.930	0.965
9	0.940	0.967
10	0.944	0.969
11	0.946	0.971
12	0.948	0.973
13	0.950	0.975
14	0.952	0.977
15 or more	0.954	0.979

To help you select the option that is right for your specific situation, PERSI will provide you with estimates for each of the options.

An example of a retirement estimate is on the next page.

This is an example of a retirement estimate from PERSI. It is for illustrative purposes only.
*The amounts have been rounded for simplicity. The factors are actuarially determined and set forth in PERSI rules.**

BASE PLAN RETIREMENT ESTIMATE

May 29, 2012

EXAMPLE

Assumptions Used in Calculation

Date of Retirement	June 1, 2012	
Date Last Employed	May 31, 2012	
Your Date of Birth	May 1, 1953	
Contingent Annuitant		
Contingent Annuitant Date of Birth		August 1952
Total Months of Service	229	
General Member	229	
Police/Fire	0	
Average Monthly Salary		$3,085.00
Assumed Annual Pay Increase		.00%
Amount of Social Security Quote		$1,298.00

Type of Retirement: Early (age 60)

The amounts shown are ESTIMATES ONLY. Your actual retirement benefit may be different from this estimate. Final calculations cannot be made until you terminate employment and PERSI receives a report of final salary from your employer. Your retirement benefit is calculated based on the laws in effect at the time of your final contribution. In the event of a discrepancy between this estimate and your actual retirement benefit, benefits will be paid according to applicable statutes and rules.

At retirement, you may choose the Regular Allowance or one of the other options listed below. All amounts are estimated.	Factor*	Estimated Monthly Amount For Your Lifetime	Estimated Monthly Amount Thereafter To Named CA
Regular Retirement Allowance	.850	$1000.00	NONE
Option 1 - 100% Contingent Annuitant (CA)	.835	$ 835.00	$835.00
Option 2 - 50% Contingent Annuitant (CA)	.915	$ 915.00	$457.50
Option 3 - SS Adjustment Allowance through			
May 31, 2019	.620	$1805.00	NONE
28.10% thereafter		$ 507.00	NONE
Option 4a - 100% CA SS Adjustment Allowance through			
May 31, 2019		$1640.00	$1640.00
20.90% thereafter		$ 342.00	$ 342.00
Option 4b - 50% CA SS Adjustment Allowance through			
May 31, 2019		$1720.00	$ 860.00
24.60% thereafter		$ 422.00	$ 211.00

Options 3, 4a, and 4b have been calculated only if you provided PERSI with a copy of your estimated Social Security Full Retirement Age benefit provided by the Social Security Administration.

A "pop up" provision in the Contingent Annuitant allowances converts an Option 1 or 2 allowance to a Regular allowance, or an Option 4a or 4b allowance to an Option 3 allowance, if your named CA dies first. This feature applies only if your final contribution from salary was on or after July 1, 1992 and your retirement is effective October 1, 1992 or later.

Regardless of the option selected at retirement, your beneficiary would be eligible to receive a lump sum death benefit if both you and your CA (if any) die and the total retirement payments to you and your CA have not exceeded your total employee contributions plus interest.

RS120

- Example -

Comparison of Base Plan Retirement Options

This chart illustrates the differences between the available retirement options. It is for purposes of comparison only and may not reflect what your particular benefit might be. Each individual's retirement benefit will be unique because of the various factors involved in the calculations. When you apply for retirement, each of the option amounts will be estimated specifically for you. (See the example of a retirement estimate on the previous page.)

In this example the member is age 55 and the contingent annuitant (CA) is age 54. The member's estimated Social Security benefit at Social Security Full Retirement Age (SSFRA) is $1200 per month. The member's regular retirement allowance from PERSI is $1,000 a month. The amounts shown do not include any PERSI or any Social Security Cost of Living Adjustments (COLAs).

Retirement Option	Member's Monthly Allowance	CA's Monthly Allowance After Member's Death
Regular Retirement	$1,000	$0
Option 1 - 100% CA Allowance	800	800
Option 2 - 50% CA Allowance	894	447
Option 3 - Social Security Adjustment		
until Member's SSFRA	1,541	0
after Member's SSFRA	341	0
Option 4a - 100% CA/Social Security		
until Member's SSFRA	1,341	1,341
after Member's SSFRA	141	141
Option 4b - 50% CA/Social Security		
until Member's SSFRA	1,435	717
after Member's SSFRA	235	117

A Retirement Options brochure is available on the PERSI website at www.persi.idaho.gov/brochures/

Base Plan Retirement Payment Options Advantages & Disadvantages

Payment Option	Advantages	Disadvantages
Regular Retirement	Provides the largest benefit. It may be the appropriate choice if you have no dependents, or if your spouse would have adequate income from investments and other sources after your death.	Monthly payments stop when you die. No Contingent Annuitant (CA) protection is provided.
Option 1 100% CA Allowance	Provides income to your CA after your death. If your CA dies first, your benefit will "pop up" to the higher regular retirement amount.	The monthly amount you receive is reduced because it must last two lifetimes. This reduced amount may not provide an adequate income while you both are living.
Option 2 50% CA Allowance	Provides income to your CA after your death. If your CA dies first, your benefit will "pop up" to the higher regular retirement amount.	The monthly amount you receive is reduced because it must last two lifetimes. This reduced amount may not provide an adequate income while you both are living.
Option 3 Social Security Adjustment	Provides the largest income until your SSFRA, and may be the appropriate choice if you think you may not live past your SSFRA.	At your SSFRA, your benefit will drop—often significantly. It could even drop to zero. Often, retirees forget the reduction will occur and are unprepared when it happens. Monthly payments stop when you die. No CA protection is provided.
Option 4a 100% CA/Social Security	Provides a larger benefit until your SSFRA. Also provides income to your CA after your death. If your CA dies first, your benefit will pop up to the higher Option 3 amount.	At your SSFRA your benefit will drop—often significantly. It could even drop to zero. Often, retirees forget the reduction will occur and are unprepared when it happens.
Option 4b 50% CA/Social Security	Provides a larger benefit until your SSFRA. Also provides income to your CA after your death. If your CA dies first, your benefit will "pop up" to the higher Option 3 amount.	At your SSFRA your benefit will drop—often significantly. It could even drop to zero. Often, retirees forget the reduction will occur and are unprepared when it happens.

Retiring With Mixed Service

Members with mixed service have part of their service as a general member and part as a public safety officer. If you have mixed service, the age at which you are eligible for early or service retirement is determined by calculating your service retirement ratio. The service retirement ratio will also determine when you may retire with an unreduced allowance under the Rule of 80/90. (Certain exceptions apply to individuals who were active members of PERSI on June 30, 1985. Please contact PERSI for more information.)

Example of Mixed Service Retirement Ratio Formula

Steve worked as a police officer for 60 months, and for 300 months as a general member, for a total of 360 months of credited service. His formula would be

$$\frac{60 \text{ months}}{360 \text{ months}} = .16667$$

[60 months of police officer service divided by 360 months of total credited service.]

Using Chart 1, Steve can tell that his Early Retirement Age is 54 and his service retirement age is 64.

Looking at Chart 2, Steve can tell that with .16667 as his service retirement ratio, his age plus years of credited service must equal 88 for him to retire early with an unreduced benefit.

MIXED SERVICE RETIREMENT RATIO FORMULA

$$\frac{\text{months of service as police officer}}{\text{total months of credited service}} = \text{Service Retirement Ratio}$$

CHART 1

Service Retirement Ratio	Service Retirement Age	Early Retirement Age
0.000 to 0.100	65	55
0.101 to 0.300	64	54
0.301 to 0.500	63	53
0.501 to 0.700	62	52
0.701 to 0.900	61	51
0.901 to 1.000	60	50

CHART 2

Service Retirement Ratio	Rule of 80 - 90
0.000 to 0.050	90
0.051 to 0.150	89
0.151 to 0.250	88
0.251 to 0.350	87
0.351 to 0.450	86
0.451 to 0.550	85
0.551 to 0.650	84
0.651 to 0.750	83
0.751 to 0.850	82
0.851 to 0.950	81
0.951 to 1.000	80

- Example -

Service Retirement Allowance Formula for Mixed Service

Your service retirement benefit is based on your highest average monthly salary (gross salary) over a base period and your total months of service. If you have mixed service, your benefit is computed with both the general member and the police officer/PERSI firefighter formulas to arrive at your monthly allowance.

If you retire before reaching service retirement age and if you have not met the Rule of 80/90, the early retirement reduction on page 23 will be used to determine the amount of your reduction.

Changing Your Retirement Option

After you retire, you may change your payment option only if you marry or remarry and name your spouse as your contingent annuitant within 1 year of the date of the marriage provided that:

- You were not married at the time of retirement, or
- You chose a contingent annuitant option at retirement, named your then-spouse as CA, and that spouse has since died or divorced and waived his/her right to a benefit.

If the type of benefit you receive is different from the option you thought you had selected, you may petition PERSI to change your option if you notify PERSI within 5 days of receiving your first retirement payment; otherwise, your choice is irrevocable.

In this example, the member is service retirement age with 180 months as a general member and 70 months as a police officer/PERSI firefighter member. The example shows a regular retirement allowance with no reductions.

Highest average monthly salary	$2,000.00
x general member multiplier (see page 20)	x .02
	= $40.00
x total months of credited service as a general member	x 180
= Annual Benefit as General Member	= $7,200.00

Same highest average monthly salary	$2,000.00
x Police/PERSI Firefighter multiplier (see page 20)	x .023
	= $46.00
x total months of credited service as a Police/PERSI Firefighter member	x 70
= Annual Benefit as Police/Firefighter	= $3,220.00

Add both annual benefits	$7,200.00
	+ $3,220.00
= Annual Benefit with Mixed Service	= $10,420.00

divided by 12	÷ 12
= Monthly Benefit with Mixed Service	= $868.33

Deferring A Retirement Benefit

If you stopped working and meet the eligibility requirements for early retirement but want to postpone receiving your benefit, you may defer payment until a later date. However, you may not postpone applying for your benefit past service retirement age.

It is very important to keep PERSI informed of your address if you leave work and wish to defer retirement.

Your employer contributions and interest must remain in PERSI to maintain your retirement eligibility.

How Employment After Retirement Affects Your Payments

After retirement, you may work wherever you want, as much as you want without affecting your Base Plan retirement benefit, unless you work for an employer that is a member of PERSI.

As a retired member, if you want to work for a PERSI employer and continue receiving your retirement payments, you may do so if you work in a position that is less than 20 hours per week (less than ½ contract for teachers), OR if your employment does not total 5 consecutive months AND your employer will certify this. If you work less than 20 hours per week or less than 5 consecutive months, no employee or employer contributions are made and no new retirement credits are earned.

As a retired member, if you work for a PERSI employer 20 hours or more per week for 5 consecutive months or longer you return to active member status. Your Base Plan retirement allowance stops, employer and employee contributions resume, and you begin to earn additional retirement credits. Both employer and employee contributions for all months worked will be due to PERSI. Any retirement benefit paid after you returned to work must be repaid to PERSI.

When you return to retired status, your original retirement allowance will resume plus the additional allowance calculated on the service earned during your period of reemployment. (If that period of reemployment turns out to be less than 5 months, your contributions made during that time will be returned to you and your retirement allowance will be paid from the date it was discontinued.) Or you may choose to repay all the benefits you received (including interest) instead of having the additional allowance calculated on the credits earned during your period of retirement. You may then have your benefit recalculated as if you had never retired.

If you retire early (before age 65 general members/60 public safety officer members), ***you may not retire and then return to work for the same employer within 90 days,*** even if you work less than 20 hours per week. In addition, there can be no promise of reemployment with an employer at the time of retirement. If either of these occur, Idaho Code 59-1301 considers there is no break in service and you continued to be an active PERSI member. You are responsible for any noncompliance with Idaho law.

Under certain conditions, a PERSI retiree may return to work as an elected official and continue to receive their retirement allowance. To qualify: 1) you must have been retired for more than 6 months, 2) you cannot be elected to the same office held prior to retirement, 3) you must have achieved Rule of 80/90 or age 60/65, and 4) you will not accrue any additional PERSI service.

Disability Retirement

If your career is cut short because of a permanent disability, the PERSI Base Plan may help by paying you a monthly disability benefit if you meet eligibility requirements.

Disability for retirement purposes is a physical or mental impairment which is considered total and permanent and prevents you from earning a livelihood.

Temporary disability benefits are not available under the retirement law. Permanent incapacity is a prerequisite to approval of a disability retirement application. The disability amount may be offset by Worker's Compensation Benefits.

Based on medical and other evidence, PERSI's third-party administrator will determine whether or not you are eligible for disability retirement. Disabilities resulting from service in the Armed Forces or from an intentionally self-inflicted injury are excluded from a disability retirement benefit.

Disability Requirements

- You must be totally and permanently disabled as a result of a physical or mental disease or injury while an active member, and
- Your disability must result in substantially all avenues of employment being reasonably closed, and
- You must have 5 years of service, and
- You must file within one year of the date of your last contribution.

You may be eligible from the first day on the job if you are disabled due to work-related causes.

Medical Examinations

You will be required to provide medical information and may be required to undergo medical examinations both before and after the disability determination.

Refusal to submit to a medical examination if requested before the beginning of a disability retirement, or at any reasonable time thereafter, may be considered proof you are not disabled.

Disability Allowance Formula

A disability retirement allowance is calculated using the Service Retirement formula. See page 20.

If you have less than 360 months of service as of the date you are eligible for disability retirement, you will be given credit for the months of service you would have earned from the date of disability to the date you would have reached age 65 for general members/62 for police/firefighters had you not become disabled (360 months of credited service maximum). In other words, you will be given up to 30 years of credit or to age 65 for general members (age 62 for police officer/ PERSI firefighters), whichever is less.

Example

If you are a general member with 120 months of service and become disabled at age 50, 180 months will be added (12 months x 15 years to age 65) to your service. This will give you 300 months service for your disability retirement.

The disability allowance produced by the benefit formula will not be reduced regardless of your age at the time you are eligible for disability retirement.

How to Apply for Disability Retirement

You must meet disability eligibility requirements while you are an active PERSI member. Contact PERSI to have a questionnaire and estimate sent to you. When the form is returned to PERSI, your eligibility will be determined. If you are eligible, you will be directed to a third-party administrator who will provide assistance in the application and review process.

When Disability Benefits Begin

A disability allowance is payable on the first of the month following the latest of:

- The date salary, sick leave, or temporary disability benefits sponsored by your employer stop, OR

- The completion of a 5-calendar-month waiting period following your last day of employment.

If you receive extra compensation or a lump sum payment during your waiting period, PERSI is required to use that income to determine the date your salary ceased.

How Long Disability Allowances Continue

You may continue to receive a disability allowance until the first of the month following whichever occurs first:

- The date of your death, OR
- The date you would have been eligible for service retirement if you had remained an active member, OR
- The date your disability ceases.

If your disability allowance is discontinued because you have reached service retirement age, your benefit will be converted to a service retirement allowance, and you will be provided with options on different ways to draw the allowance.

Death Benefits Payable While on Disability Retirement

If you die while on disability retirement and had named your spouse as beneficiary, your spouse has the option of a monthly benefit for his or her lifetime, or a lump-sum death benefit consisting of two times the amount in your Base Plan account at the time of disability retirement minus any amount already paid to you.

If your spouse is not your beneficiary, the beneficiary may take a lump-sum payment of two times the amount in your Base Plan account at the time of disability retirement minus any amount already paid to you, or may waive their right to the benefit and opt to provide your spouse with a monthly benefit for his or her lifetime.

If you have no spouse, your beneficiary receives a one-time payment of two times the amount in your Base Plan account at the time of disability retirement minus any amount already paid to you. Generally, if you've been on disability retirement more than 3 years, there would be no money left in your account so there would be no death benefit payment for your beneficiary.

Returning to Work

Effective July 1, 2010, if you are receiving disability retirement and attempt to return to work but are unsuccessful, you may resume your disability retirement if certain requirements are met. The requirements include giving PERSI's executive director advance notice of the return to work (upon the notification, your disability retirement payments shall terminate). Disability payments may resume if you terminate the attempted return to work within 150 days from the date of the notice, make a written request to the Retirement Board, and provide medical records and/or submit to a medical exam at your own expense (if requested by the Retirement Board). If the Retirement Board determines you could not successfully return to work because of the same disability on which your original disability was based, your disability retirement allowance may resume.

Additional Public Safety Officer Benefit

Effective July 1, 2009, public safety officers injured in the line of duty and determined to be permanently disabled by PERSI, may be eligible for an additional one-time lump sum payment of $100,000. Application is made through the Retirement Board who will confirm the disability occurred in the line of duty, was not caused intentionally or through misconduct, and the officer was not voluntarily intoxicated at the time of the injury.

Military Service and Disability

Effective July 1, 2011, the definition of disability was amended to allow members who become disabled as a result of their military service to apply for PERSI disability. These applicants would still have to meet eligibility requirements and meet the disability criteria to receive benefits.

PERSI Choice 401(k) Plan

The PERSI Choice Plan does not have disability benefits, but you may take a distribution from your Choice Plan account if you become disabled.

Payment Options If You Stop Working But Aren't Ready to Retire

Choice Plan Distribution Options

The full value of your Choice 401(k) Plan account is available to you if you terminate work even if you are not ready to retire. You may choose :

- A lump sum
- A rollover to an eligible retirement plan 401(a), 401(k), 403(b), 457 or a pre-tax or /Roth IRA
- To leave your assets in the Choice 401(k)Plan if they total at least $1,000 or more
- A combination of options

If you are retiring, you have other distribution options, such as installment payments. For more information, see page 18.

Lump Sum Payment Directly to You

Any amounts payable that are eligible for rollover distributions will be subject to federal income tax withholding of up to 20 percent and applicable state income tax withholding. You may also incur a federal 10 percent early distribution penalty if you are under age 59½. Distributions that are not eligible for rollover generally will be subject to a 10 percent federal withholding, unless you elect a different rate.

Leave Your Funds in The Choice Plan

You may leave your funds in the Choice Plan if you become inactive or until you retire if your account balance is $1,000 or more. The funds will be subject to minimum distribution requirements when you turn age 70½. By leaving money in the Plan, you defer paying taxes. You will be responsible for the annual record keeping fees to maintain this account. The fees will be assessed against the account monthly, beginning the calendar month starting 90 days after you terminate work.

Rollover to an IRA or Eligible Retirement Plan

You may transfer your Choice Plan account balance via direct rollover into an eligible retirement plan {401(a), 401(k), 403(a), 403(b) and 457} or a pre-tax or Roth Individual Retirement Account (IRA). By transferring the money via direct rollover, you defer paying taxes (except with a Roth rollover).

Base Plan Account Withdrawals

An account withdrawal (separations benefit) is a lump-sum payment of the money you contributed to the PERSI Base Plan, plus the interest accumulated on your contributions. It does not include employer contributions.

PERSI tries to make taking and/or repaying an account withdrawal as easy as possible; however, both involve many complicated conditions and tax consequences. We strongly recommend you consult with a tax advisor before taking or repaying an account withdrawal. You can find more specific information in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS website at www.IRS.gov/formspubs/index.html or by calling 1-800-TAX-FORMS. After reading the publications and/or visiting the IRS website, if you still have questions, please feel free to contact PERSI.

Leaving Your Funds In The PERSI Base Plan

If you leave PERSI-covered employment, you do not have to withdraw your funds. You may choose to leave your funds in PERSI. There are definite benefits in doing so .

Your contributions will continue to draw interest and your retirement credits will be preserved. This is particularly important if you have 60 months or more of service (vested) or plan to return to eligible public employment at some point and want to keep existing retirement credits intact. The length of time you may leave your funds in PERSI is based on the following:

If You Have Less Than 5 Months of Service

If you terminate with less than 5 months of service (or worked less than 20 hours per week, or less than half-contract for teachers) you did not meet PERSI eligibility requirements. In this case, should contact PERSI to make arrangements for your contributions to be refunded to you.

If You Have 5 to 59 Months of Service

If you were eligible for PERSI (worked 5 months or more), but were not vested to a monthly retirement benefit (did not reach 60 months of service), you may leave your funds in PERSI. You may wish to leave your funds in the system if you think you may work for another Idaho public employer. More than 750 employers belong to PERSI, so you could find yourself working for a school district, state agency, city, or county in the future.

A separation benefit will be automatically paid 3 years after a person becomes an inactive member if they are not vested, have accumulated contributions of less than $1,000 and have been separated from employment and are not re-employed or reinstated by the same employer (to an ineligible position) within 90 days.

If You Have 60 Months or More of Service

If you are vested to a monthly retirement benefit, you may leave your funds in PERSI until you are old enough to retire. Be sure to notify PERSI of any address changes so we may contact you when you are eligible to begin receiving pension payments.

Account Withdrawal Eligibility

You are eligible for a Base Plan account withdrawal if you were an active member and have terminated PERSI-covered employment. You must be an inactive member to withdraw your funds.

You are not eligible if you are working for a PERSI employer, even part-time, or are on a leave of absence.

If you withdraw your funds and return to work for the same employer within 90 days, you will be required to repay any payment you received plus any interest due.

State of Idaho employees who leave one state agency and begin work for another agency within 90 days must repay any payment received plus interest because the state is considered one employer.

Account Withdrawal Payment Procedure

To process a withdrawal, PERSI must have two documents: an RS-109 Notice of Separation from your employer, which can be electronically submitted on the employer transmittal, AND an RS-108 Request for Base Plan Account Withdrawal from you. If you choose to roll over your funds to a tax-deferred IRA or another qualified plan, PERSI will also need the name, address, and account information for the other plan.

Regardless of when the RS-108 form is received, no refund will be paid before the employer submits the employee's final salary information and terminates them on the transmittal.

PERSI anticipates it will take anywhere from 4-6 weeks from the time of request until a separation payment is made. This timeline depends on the employer's payroll cycle and the timing of the transmittal to PERSI showing the employee has terminated.

If divorced or divorcing, your account withdrawal could be affected. See page 51.

If you have a court ordered attachment for delinquent child support payments or a federal tax lien, your account withdrawal could be affected. See page 51.

Account Withdrawal Cancels PERSI Credits

When you withdraw the funds in your Base Plan account, you cancel all credits toward your retirement. If you have enough service to qualify for a monthly benefit at retirement, you also cancel your eligibility for that benefit. If you return to eligible public employment, you will begin accruing service again; however, you may also buy back your past credits.

Many types of employers throughout Idaho belong to PERSI including school districts, the State of Idaho, state universities, counties, cities, police and fire departments, highway districts, sewer districts, libraries, and more. If you think you may work for any of these employers in the future, you may want to consider leaving your funds in PERSI.

If you have at least 60 months of service, PERSI recommends you ask about your eligibility for a lifetime monthly retirement benefit before withdrawing your funds. The value of a Base Plan retirement benefit can far exceed the amount in your Base account. See page 5 for more about the value of your benefits.

Taxes on Account Withdrawals

Federal Early Withdrawal Penalty

If you are not at least age 59½ at the time you withdraw your funds, you may be required to pay a 10 percent federal early withdrawal penalty as well as federal, state and any local taxes on the tax-deferred portion of your benefit. IRS Form 5329 explains the federal early withdrawal penalty.

Federal Withholding Tax

The IRS requires PERSI to withhold 20 percent of the tax-deferred portion of your account withdrawal for federal withholding taxes if the payment is made directly to you.

The tax-deferred portion consists of any contributions made after July 1, 1983, and the interest accrued on all your contributions. Contributions to PERSI prior to July 1, 1983, were taxed.

Avoiding Taxes on Account Withdrawals

You may avoid the tax penalties if you roll over the tax-deferred portion into an IRA, an individual annuity, a qualified trust or qualified annuity plan, or into another qualified retirement plan. You must roll over the contributions within 60 days of receiving your withdrawal or have PERSI roll it over directly for you.

Returning to Active Membership

You return to active membership as soon as you return to eligible public employment. You begin earning new retirement credits which will be added to any already held.

If you withdrew your funds and you return to eligible public employment, you may reinstate your service credit by repaying the full amount of the withdrawal plus interest. You will be charged interest on the outstanding balance of any part of the withdrawal that remains unpaid. Interest paid will be credited to your account.

Repaying a Withdrawal, Waiting Period

If you return to work for a PERSI employer, you may pay back your withdrawal (separation benefit) or waiting period plus interest. A "buy back" reinstates or adds to your service credit. You may not begin to pay back a withdrawal while you are an inactive member; however, if you do begin repayment of a benefit while employed and later terminate, you may continue the repayment after termination.

Payments made after termination cannot be tax deferred. You will be charged interest (Prime Rate 3-Year Average plus 1%) on the outstanding balance of any part of the withdrawal that remains unpaid. The interest you pay will be credited to your account.

If you had more than one withdrawal, all must be repaid to reinstate your service credit. Service will not be reinstated until repayment of all withdrawals are complete. Repayment must also be completed before your retirement date if you want those months of service used in the calculation of your retirement benefit.

Repaying Delinquent Contributions

Members are required to pay contributions on the wages they earn from working for a PERSI employer. If contributions were due but not paid, they are considered delinquent. If you are repaying delinquent contributions, the amount owed must be paid before you are eligible to collect your PERSI retirement benefits.

Repayment Options

After contacting PERSI, your eligibility and active member status will be verified, and an estimate will be calculated and provided to you along with any necessary forms.

PERSI can help you determine which payment option applies to your situation:

1) An irrevocable payroll deduction on a pre-tax basis is available for a waiting

period and for delinquent contributions, but is not available to repay a separation benefit.

2) Rollover funds from an eligible plan such as a 401(k) or other former employer's retirement plan or from an Individual Retirement Account. [1] [2]
3) An in-service transfer of funds from a 401(k), 457, or 403(b) plan to your Base Plan account.[1] [2]
4) A lump-sum or a series of taxed payments can be made to PERSI by personal or cashier's check along with a signed payment agreement.

[1] Checks received from a rollover or in-service transfer cannot exceed the buy back amount. Only checks with an exact or a lesser amount can be accepted. If an amount is received that is less than the amount owed, the member is responsible for paying PERSI the balance.

[2] A Rollover Verification form must accompany the check. If the form is not received, the member has 15 business days to obtain one and provide it to PERSI; otherwise the check will be returned to the issuing institution.

How is Interest Determined?

The interest rate for buy backs changes annually. It is based on the income earned on PERSI investments and is set at the beginning of each year. Interest accrues on any unpaid balance. Once the first payment is received, the interest rate is locked until the repayment is complete.

If tax-deferred payments will be included as part of your repayment plan, this must be decided before any payment has been made. The decision is irrevocable by IRS law. This means once you begin a method of tax-deferred repayment, you cannot change the repayment method or amount of payments.

You may choose to have a percentage of your pay deducted to repay the withdrawal. In this case, if your salary increases or decreases, your payment would fluctuate as well, although you would not be able to change the percentage itself.

If you want to combine methods of payment (for instance, make a few taxed payments followed by pre-tax payroll deductions), you may do so as long as you decide this up front.

Once pre-tax payroll deductions begin, you cannot change or stop payments until the repayment has

In-Service Transfers to the PERSI Base Plan

Funds from your Choice 401(k) Plan account may be transferred, while you are still working, to the PERSI Base Plan to repay account withdrawals, waiting periods or delinquent contributions. However, if you have already started a repayment agreement through payroll deduction, you may not do an in-service transfer.

Additional Payments Allowed

Although you cannot change the amount of a payroll deduction, you can set up additional tax-deferred payroll deductions or payments as long as:

- They don't affect previously authorized deductions,
- You and your employer agree the deduction is irrevocable.

By starting additional tax-deferred payments you can, in essence, increase the amount you are paying on these repayments. There is no limit on the number of Additional Payment Agreements you may start. Each increase must be at least 1 percent of salary.

Department of Labor Employees

If you are a past employee of the Idaho Department of Labor, (formerly Department of Employment), withdrew your funds and forfeited your service under the DOL retirement plan, you may buy back that service. DOL must be notified in writing of your desire to do so within 90 days of the date of your first reemployment under the PERSI system. Contact the Department of Labor for more information.

THINK IT OVER !

Be sure to carefully consider the benefits and drawbacks of withdrawing your Base Plan account.

Your PERSI retirement benefit is likely to be worth far more than just your account balance.

Don't make a decision you may regret later!

Base Plan Death Benefits

In addition to the emotional stress caused by the death of a loved one, a severe blow is often dealt to the family's financial security — particularly when death occurs during the working years. To help ease this burden, PERSI offers valuable financial protection in the form of death benefits.

By understanding what benefits are payable from your Base Plan and how each benefit provides for your contingent annuitant (CA) or beneficiary, you can be assured you've made the best choice possible for yourself and your family. See page 24 for more information on CAs.

Death After Retirement

Regardless of the option you select at retirement, your beneficiary will receive a lump sum death benefit if both you and your CA die and the total retirement payments to you and your CA, if any, have not exceeded your total employee contributions and interest. Generally, after you've been retired more than 3 or 4 years there is no money left in your account so there would be no death benefit payment for your beneficiary.

If you retire under Option 1, 2, or 4, your contingent annuitant will receive a monthly income for life (rather than a lump sum death benefit) at the time of your death. See Retirement Options on page 24.

At retirement, you may want to make sure your CA and your beneficiary are not the same person. That way, if both you and your CA die, your beneficiary will receive a lump sum payment if there are still funds in your account.

Death While on Disability Retirement

If you die while on Disability Retirement, there are two options:

1. Your beneficiary may receive two times the amount in your Base Plan account at the time you became disabled, less any amount that was already paid to you; OR
2. If you have a surviving spouse, your non-spousal beneficiary may choose to waive his/her lump sum death benefit to instead have a monthly allowance paid to your surviving spouse for his or her lifetime.

Death Before Retirement

Non-Vested Members

If you are not vested, your beneficiary will receive a lump sum death benefit consisting of your Base Plan contributions plus interest.

Vested Members

If you are vested, several criteria affect the distribution of death benefits:

Double Death Benefit

- If you were an active member on or after July 1,1999 (when the double death benefit went into effect), your beneficiary may receive two times your Base Plan contributions plus interest, less any payments already made to you, and minus any payments made in the form of an optional death benefit. The double death benefit is not available to early or service retirees, but may be available to disability retirees.

Lifetime Annuity

- If you have a surviving spouse who was named as your sole beneficiary, he/she can elect to waive the double death benefit and replace it with a lifetime monthly benefit.

Waiver of Benefit

- If you have a surviving spouse who is not your designated beneficiary, the designated beneficiary may waive his/her rights to the lump sum payment and request a lifetime monthly payment be made to your surviving spouse instead.

The amount of the monthly allowance is based on your age at death, the age of your spouse, your total months of service, and your average monthly salary. The allowance will be paid in the amount calculated under Option 1 - 100% CA Allowance.

In all cases, your beneficiary and surviving spouse will be notified of the value of the choices available.

$100,000 Death Benefit for Police/Firefighters

PERSI police officers/firefighters and FRF firefighters may be eligible for a $100,000 death benefit if killed in the line of duty. The benefit is paid to the surviving spouse; if there is no spouse, it is divided among any dependent children.

Choice Plan Death Benefits

The full value of your account is available to your beneficiary upon your death. Depending on individual circumstances, your beneficiary may choose from a number of payment options including:

- A lump sum;
- Periodic installment payments;*
- A rollover to an eligible retirement plan – 401(a), 401(k), 403(b), 457 or pre-tax IRA*;
- Leaving the assets in the plan if they total $1,000 or more; or
- A combination of options.

* If your account balance is more than $5,000, and your beneficiary is your spouse, he or she may choose any of the following options or a combination of options. If your beneficiary is not your spouse, he or she may choose a lump sum payment or a rollover to an inherited IRA. Options are based on your account balance on the date a distribution is requested.

Lump Sum Payment Directly To Beneficiary

For a lump sum payment, any amounts eligible for rollover distributions will be subject to federal income tax withholding of up to 20 percent and applicable state income tax withholding. Distributions not eligible for rollover will generally be subject to a 10 percent federal withholding, unless a different rate is elected.

Leave The Funds in The Choice Plan

Your spousal beneficiary may leave your funds in the Choice Plan until a later date if the balance in the account is $1,000 or more. The funds will be subject to minimum distribution requirements at age 70½. By leaving money in the Plan, they defer paying taxes. Your beneficiary will be responsible for the annual record keeping fee to maintain this account. The fee will be assessed against the account monthly beginning the calendar month starting 90 days after your death. If already retired, the monthly fee is deducted each month, starting 90 days after your retirement date.

Rollover to an IRA or Eligible Retirement Plan

If your beneficiary is your surviving spouse, he or she may transfer your Choice Plan account balance via direct rollover into an eligible retirement plan [401(a), 401(k), 403(a), 403(b) and 457] or Individual Retirement Account (IRA). By transferring the money via direct rollover, taxes are deferred.

Installment Payments

Installment payments are available only if your beneficiary is your surviving spouse, and only if the account balance is more than $5,000. Periodic installments can be paid:

1. In a fixed monthly, quarterly, semi-annual, or annual amount; or
2. In substantially equal payments over a fixed period.

Your surviving spouse will be responsible for the record keeping fees to maintain this account during the time the installment payments are being made.

Taxes on Death Benefits

Base Plan and Choice Plan death benefits, whether a lump sum payment or monthly benefits, may be subject in whole or in part to federal and state income tax.

Tax information is included with lump sum checks to beneficiaries and is sent to monthly benefit recipients at the end of each year.

Beneficiaries are urged to seek tax advice from the IRS, the state tax commission, or a tax accountant if assistance is needed in determining individual tax liability.

Naming A Beneficiary

Your beneficiary designation applies to both your PERSI Base and Choice Plans. When naming a beneficiary, you may choose one person or several people, and may direct whether the benefit is to be paid in equal shares or different percentages. You may also name a charity, trust, estate or institution.

Changing Your Beneficiary

Remember to keep your beneficiary designation up-to-date. Often, people will name one person as beneficiary and forget to change the designation if they divorce, marry, have children, and so on.

If you have not updated your PERSI beneficiary designation in some time, and you have had major life changes such as marriage, divorce, birth or adoption of a child, or a death in the family, you may need or want to complete a new RS-115 Beneficiary Designation form to ensure benefits are paid to the right individuals.

Example of how out-of-date beneficiary designations can hurt your friends or family

Kathleen was married to Ted when she first became a public employee, so she named him as her beneficiary. A few years later they divorced. Kathleen later married Bill, but never got around to filling out a new beneficiary designation form. After 5 years of marriage to Bill, Kathleen died, and although she probably wanted Bill to receive the death benefit, he is shocked to learn Kathleen's ex-husband Ted will receive the benefit because he was Kathleen's named beneficiary.

In a case like this, as beneficiary, Ted does have the option of waiving his payment so Bill can receive a monthly benefit payment for the remainder of Bill's life; however, it is unlikely Ted would do so. Don't let a situation like this happen to your family — keep your beneficiary designation up-to-date.

You may change your beneficiary at any time. You can obtain the proper form (RS-115 Beneficiary Designation) from your employer, the PERSI office in your area, or from the PERSI website.

Naming or changing a beneficiary on the PERSI form DOES NOT change the beneficiary named on insurance or other accounts. Similarly, a change on insurance or other forms DOES NOT change your PERSI beneficiary designation.

False Claims for Benefits Are Illegal

It is against Idaho law for any person (including PERSI members, spouses, beneficiaries, disability applicants, and family members) to knowingly make a false claim for benefits or to accept payments from PERSI based on fraud or false representation.

DON'T FORGET...

If you have a life event change such as a marriage, divorce, birth or adoption of a child, or a death in the family, be sure to update your beneficiary designation with PERSI.

Gain Sharing

This was a new benefit in 2000. Although rare, when gain sharing does occur, it is a valuable benefit for active members, retirees, and employers. In years when PERSI is over funded, the Board may decide to distribute the excess earnings through gain sharing. Gain sharing is in addition to retirement benefits. The first and only gain sharing distribution was in 2001, when PERSI shared more than $155 million with members, retirees, and employers.

How Gain Sharing Works

PERSI's fiscal year ends each June 30th. That date will be used to determine PERSI's funding level for the year. Each October, the Retirement Board determines if PERSI's funding is adequate to handle all benefit payments and other expenses. Their decision will be based on several factors:

- How much did PERSI's investments earn during the year?
- How much did PERSI's liabilities grow during the year?
- Is there enough funding to absorb any sudden, unexpected drop in the stock market?
- How is the economic outlook for the coming year?
- Were there any legislative changes to the plan during the year that affect funding?

The Board favors granting gain sharing whenever possible, but as fiduciaries responsible for ensuring the stability of the fund, they have the authority to withhold gain sharing in any year they determine it is not prudent to make distributions.

How Much You May Receive

For active members, gain sharing could mean several hundred or even thousands of dollars in contributions to your Choice 401(k) Plan, depending on PERSI's funding situation. All members have a Choice Plan account, even if they are not actively contributing to it.

For retirees, gain sharing could mean a one-time payment of one to three times your monthly benefit in one check. PERSI calls this a "13th check."

For employers, gain sharing could mean a significant one-time credit toward some or all of the contributions to PERSI for a particular year.

When Gain Sharing May Occur

Gain sharing is rare. The Board will make a determination each year based on PERSI's funding status. Each summer, PERSI's earnings and funding stability will be evaluated. Distributions, if any, will be paid the following January.

Purchase of Base Plan Service

If you are a vested PERSI member, you may purchase additional Base Plan service to improve your retirement benefit. You may purchase service for any reason—there are no service requirements. You may purchase up to 48 months (4 years) of service. These months may be added to your existing months of service to increase your Base Plan retirement benefit amount. And if you have reached at least minimum retirement age (50 for Police/Firefighters, 55 for General Members) you may also be able to reach your Rule of 80/90 sooner.

Purchase of Service Can Be Expensive

Purchase of service is very expensive. It could cost you as much as $120,000 or more to buy 48 months of service, depending on your base salary, years of service, age, and date of retirement. You must pay for the total cost of the change to your benefit. You are paying for the increase in your pension benefit because of the additional service and because you may now be able to retire earlier.

Basically, by purchasing service you are paying for your increased benefit in advance. If the purchase improves your retirement benefit an estimated $50,000 over your lifetime, you pay us the present value of $50,000 at time of retirement, and we pay it back to you throughout your retirement. How long you live determines whether you will actually receive back more or less than you paid.

Purchase must be paid in full within the 90 days prior to your retirement date

For the additional service to be included in your retirement, it must be paid completely before you retire. PERSI may only accept payment for purchased service within 90 days prior to retirement. There are two reasons for this:

1. Long-term projection amounts are not accurate.
   Because the purchase cost is based on many factors — your salary, age, years of service and more — an exact cost cannot be determined until you are actually ready to retire.

   For example, if our calculations project your salary will increase 3 percent per year and your salary increases are even slightly different, your projection amount will be incorrect. Once you are within a few months of retirement, a more exact cost can be determined.

2. Flexibility
   Once PERSI begins accepting payments, due to IRS regulations, we cannot return your funds to you until you retire or separate from employment. We don't want you to be irreversibly locked into this decision. You may feel now that you want to purchase the service, but 5 to 10 years from now you may decide you want to do something else with that money. If you wish to save gradually over many years for your purchase, PERSI will work with you to estimate your cost to purchase and to give you ideas on where to place your savings—such as PERSI's Choice 401(k) Plan or another savings account—until you are ready to make the purchase at time of retirement.

Purchase of Service is an extension of current service

If you purchase service, it may only be done as an extension of your current service. This means:

- If you are a general member at retirement, you may not purchase police officer/firefighter service and vice versa.

- If you have mixed service (general and police officer/PERSI firefighter), you may only purchase service as an extension of your membership class at the time of your retirement (if you once were a police officer, but are a general member at retirement, you may only purchase as a general member).

- If you are a Board ember or part-time elected/appointed official at retirement, you may only purchase service to be applied at the minimum-benefit level.

- If you were once a Board Member or an elected/appointed official but are a full-time employee at retirement, you may purchase service as a full-time employee.

Employer Participation in a Purchase

Your employer may purchase service for you. Should they decide to do so, their payment must be a lump-sum payment made within the 90 days prior to your retirement. Employer payments for purchase of service are not refundable to you. Employer contributions must be preceded or accompanied by a written, signed statement from the employer's governing body verifying authority to purchase.

Effective July 1, 2010, Idaho Code 59-1363 was modified to prohibit the State of Idaho from purchasing service for state employees. Such a purchase would be considered severance pay, which the state prohibits.

Death Benefits on Purchases

Death benefits on Purchase of Service payments are identical to PERSI Base Plan death benefits except, unlike your regular PERSI account, the Purchase of Service payment amount will not be doubled.

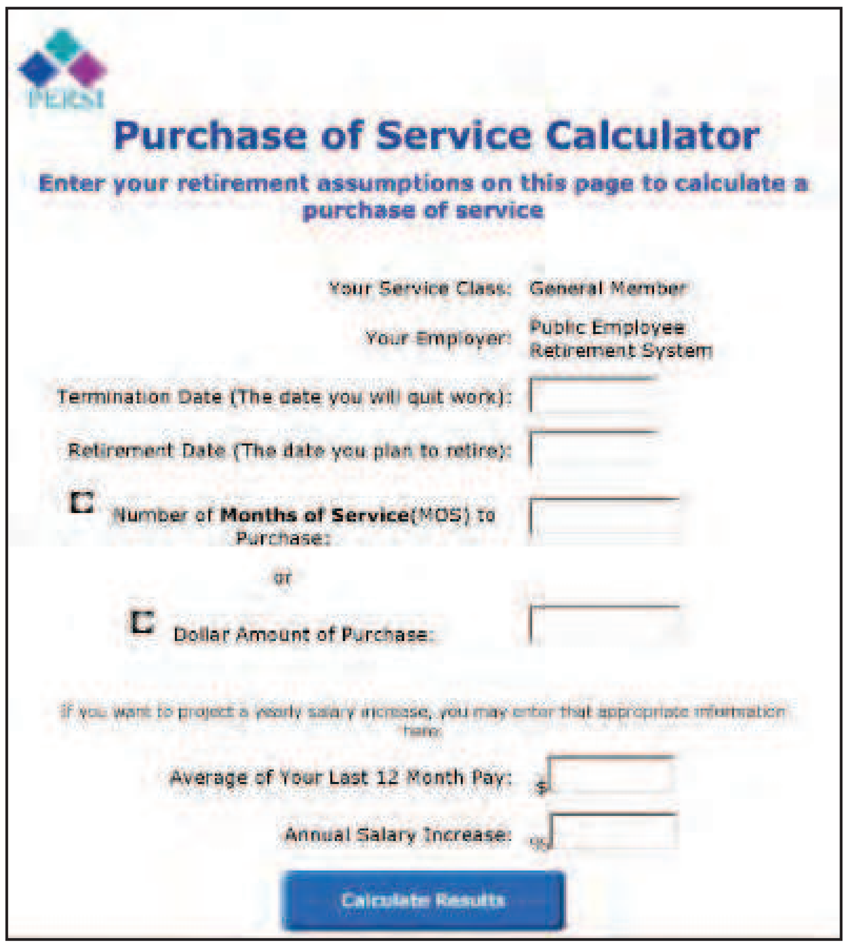
Purchase Limits

Idaho Code and the IRS limits the amount of service you may purchase. Idaho Code states your PERSI benefit, including the part resulting from your purchase, cannot exceed your 3-year average salary at time of retirement. The IRS limitation should affect relatively few PERSI members—only those who will have very large monthly benefits. If you are a highly compensated employee, check with PERSI prior to your purchase.

Estimating Your Cost to Purchase Service

Using the Purchase of Service (POS) Calculator on the PERSI website at https://www.persiweb.idaho.gov/ you can estimate how different purchases would affect your benefit and how much a purchase would cost (e.g., buying 6 months might cost $14,000, buying 48 months may cost $110,000, etc.). You can enter multiple scenarios into the calculator to see if any of the outcomes suit your needs. To access the POS calculator, you will need to log into your Base Plan accounts first. This is easy using the mypersi button on the homepage (myPERSI Login) of the PERSI website.

If you want to save for your purchase over several years, you may use the calculator to estimate the monthly savings amounts needed for the purchase.



Unused Sick Leave

If you are an employee of the State of Idaho, a community college or a school district at the time of retirement, you may be able to arrange for a portion of your unused sick leave to be used to pay premiums on certain employer-maintained insurance, including health, dental, vision, long-term care insurance, prescription or life insurance. The ability to use unused sick leave to pay premiums is controlled by statute (Idaho Code, sections 67-5333, 33-2109A and 33-1228); however, retiring with unused sick leave does not automatically mean you are eligible for insurance coverage itself, including retiree health coverage. It's important to understand unused sick leave before you retire. Contact your employer's payroll administrator or Human Resources office to find out if you are eligible for retiree insurance which qualifies for payment using unused sick leave.

State Agencies, Some State Colleges and Universities

The State made changes to its retiree health coverage in 2009 that may limit a retiree's ability to obtain retiree health coverage through the State Office of Group Insurance (OGI), depending on Medicare eligibility and how long you have worked for the state. If your insurance coverage during your employment was through OGI, contact that office to find out if you will be eligible to remain on the insurance once you retire. OGI can be contacted by calling toll-free 1-800-531-0597 or 332-1860 from the Boise calling area. If you are not eligible, you may not be able to use sick leave credit to pay for health insurance.

CONVERSION FORMULAS

The amount of unused sick leave that may be available to pay premiums is limited by the total amount of unused sick leave you can accrue and also by the required statutory conversion formula.

School Districts

(Days of Unused Sick Leave ÷ 2) x (Daily rate of pay at time of retirement)

Different school districts have different maximums on sick leave accrual. There are also statutory limitations on transfer of sick leave.

State Agencies, Colleges, Universities, and Community Colleges

(Hours of Unused Sick Leave ÷ 2) x (Hourly rate of pay at time of retirement)

Idaho Statute 67-5333(2) limits the number of hours that can be converted based on the amount of state service; there is absolute cap of 600 hours.

The following table shows the state limits as defined in the statute.

Credited Hours of State Service	Estimated Years of State Service	Maximum Hours of Usable Sick Leave
1 – 10,400	1 - 5 years	840 ÷ 2 = 420
10,401 -20,800	5 - 10 years	960 ÷ 2 = 480
20,801 – 31,200	10 - 15 years	1080 ÷ 2 = 540
More than 31,200	15 or more years	**1200** ÷ 2 = 600

Example: If you have **1200** hours of unused sick leave, but only 14 years of service, then 1,080 hours will be used in the formula and your credit will equal 540 hours multiplied by your rate of pay at the time of your retirement. In the case of community colleges, which do not earn credited state service, the maximum is still subject to the caps contained in Idaho Statute 67-5333. Remember you must first be eligible for coverage under a qualified employer-maintained insurance policy before you can use unused sick leave.

Getting Ready to Retire

Obtaining a Retirement Estimate

You may request to have a retirement estimate calculated for you at any time. It will include estimates of the dollar values of the different retirement options. The estimate amounts may be different from the amounts projected on your annual Base Plan account statement because the estimate will require a more in-depth look at your record.

One thing to remember is that an estimate is just that—an estimate. Your actual retirement benefit cannot be determined until you actually retire and we receive final paperwork from your employer. If, in a rare instance, you receive an estimate that is higher than your actual benefit amount, PERSI cannot pay more than allowed by law.

Retirement Counseling

PERSI provides individual retirement counseling at any time. As you approach retirement, it is important you feel comfortable about this phase of your life. All discussions are confidential.

Group Retirement Workshops

PERSI offers group retirement education workshops to help you plan for the changes retirement brings. The workshops cover both PERSI Base Plan and Choice 401(k) Plan benefits, Social Security, Medicare and heathcare expenses, taxes, estate planning, and more. A workshop schedule is on the PERSI website.

Applying for Retirement

PERSI retirement is always effective on the first day of the month. Before the effective date of your retirement, PERSI will need:

- Your application for retirement (RS-121 Retirement Application); AND
- Verification of date of birth; AND
- Termination notice from your employer (RS-109 Notice of Separation).

You will typically receive your first benefit check on your retirement date. Your retirement date is the first day of the month following the date you end your public employment, unless you choose to defer your retirement to a later date.

Example

If your last day of work is June 17:

- Your retirement date is July 1
- Documents need to be submitted to PERSI by June 15
- You should receive your first benefit check July 1

Taxes On Retirement Benefits

Federal Income Tax Withholding

Retirement benefits are generally taxable under IRS tax code. At the time of your retirement, PERSI will provide you with an RS-322 Tax Withholding form. Unless you specify "no withholding" on the form or choose a specific marital status and number of exemptions, the federal income tax on your monthly benefit will be withheld at the rate appropriate for a married person with three exemptions.

IRS Publication 575 discusses pension and annuity income tax liabilities. PERSI suggests you read this publication or review it with a tax expert.

Each January, PERSI provides a 1099-R notice to each retiree. This is a statement of the gross allowance paid to you and taxes withheld for the past year. You will also receive notification any time the net amount of your benefit changes. For added convenience, PERSI makes 1099s and the notification available online.

Taxes have already been paid on Base Plan contributions made prior to July 1, 1983. If you made contributions prior to that date, a percentage of your monthly retirement allowance will not be taxable for your expected lifetime.

Idaho State Tax

PERSI retirement benefits paid to Idaho residents are subject to Idaho state income tax, with certain amounts deductible based on individual tax filing status. PERSI benefits paid to retirees living outside Idaho are not subject to Idaho state income tax withholding.

PERSI will deduct Idaho state income tax from your retirement payments if you authorize withholding by completing an RS-322 Tax Withholding form.

PERSI staff is not qualified to provide individual tax advice or information. Questions concerning taxes should be directed to a tax professional or the appropriate taxing agency.

Direct Deposit of Base Plan Retirement Benefits

We encourage you to join the majority of PERSI retirees who have their monthly Base Plan benefit checks deposited directly into a bank account instead of having it sent to them through the mail.

With direct deposit, your check is safely deposited into your account on the first day of the month, saving you time and effort and reducing PERSI's costs. Direct deposit eliminates the possibility of delayed, lost or stolen checks, and direct deposit funds are available for use sooner than funds sent by check through the mail.

To begin direct deposit, obtain a direct deposit form from any PERSI office (or from the website and return it with an original voided check from your financial institution.

Continuing NCPERS Life Insurance After Retirement

If you participate in the NCPERS (Prudential) group term life insurance program as an active PERSI Base Plan member, the coverage may be continued into your retirement. The monthly premium will be deducted from your retirement benefit. You cannot enroll in the NCPERS program after retirement.

PERSI does not administer the NCPERS program. For enrollment information, contact your payroll clerk.

If you wish to cancel your NCPERS insurance, contact the program administrators:

HealthSmart Benefit Solutions
222 West Las Colinas Blvd., Ste 600N
Irving, TX 75039
800-444-3995
214-574-2375
website: http://www.healthsmart.com

Cost-of-Living-Adjustments

The Retirement Board considers a Cost-of-Living- Adjustment (COLA) to Base Plan retirement benefits annually. If the state legislature approves the COLA, it becomes effective March 1st each year. COLAs are meant to help benefit payments keep pace with inflation.

The COLA is tied solely to the Consumer Price Index (CPI) and may not exceed the CPI or 6 percent, whichever is less. Although extremely rare, the CPI can be a negative percent. If the CPI is negative, it could result in a negative COLA. For some retirees, this may result in a minimal or zero adjustment. By law, a retiree's benefit cannot be reduced below its original amount even if there is a negative COLA.

The first year you are retired, you may receive a percentage of the full COLA depending on the date of your last contribution and your actual retirement date. Partial COLAs are based on a formula using a one-twelfth (1/12) "credit" per month.

Example

If you terminated employment August 31st and retired September 1st, you were retired 50 percent of the year between March 1st and March 1st. If the COLA was 6 percent, you could receive 6/12 (half) of the COLA. *This example assumes a positive CPI for the year.*

Retirement Checklist

Whether you're planning to retire in a few months or a few years, you should start thinking about what you need to do to make your transition into retirement as smooth as possible. This checklist will guide you towards retirement by identifying the steps and documents needed to complete PERSI's retirement process.

Throughout Your Career

- Review your PERSI Base Plan annual statement (mailed each September) for accuracy.
- Review your quarterly Choice 401(k) Plan statements (online), as well as your annual statement (mailed in January), for accuracy and to help with decisions about increasing your voluntary contributions or changing your investment mix.
- Evaluate your personal finances regularly including assets, liabilities, insurance, and investments.
- Attend one of PERSI's Retirement Education Workshops.

One to Two Years Before Retirement

- Call PERSI for an updated Base Plan benefits estimate and to learn about Choice Plan payment options in retirement.
- Contact the Social Security Administration (SSA)
  - » verify work history and request an estimate based on your retirement age and the date you will stop working (needed for PERSI Options 3, 4A, and 4B). You may need to go into the SSA office.
  - » find out how to apply for benefits and enroll in Medicare. *(You have 3 months before and 3 months after your 65th birthday to enroll in Medicare, otherwise you may face a lifetime penalty.)*
- Contact your tax-deferred annuity agents or financial planner to discuss other retirement income.
- Consult with a tax specialist about the tax consequences of various pension payments.

Six Months Before Retirement

- Inform your employer of your targeted retirement date.
- If you are an employee of a state agency or a school district, ask your payroll clerk about the cash value of your unused sick leave. Your employer will tell PERSI the amount.
- Ask your payroll clerk for a retiree health insurance enrollment form. State employees can obtain the necessary paperwork from the Office of Group Insurance by calling 208-332-1860 or toll-free 1-800-531-0597 or by visiting the OGI website at www.ogi.idaho.gov. Request a comparison of insurance rates between Retiree Medical Insurance and COBRA, and find out if Medicare Part D (prescription coverage) will affect your insurance.
- Contact PERSI for an updated Base Plan benefits estimate and to request a retirement application.
- If age 62 or older, formally notify SSA of your retirement plans.
- If you have NCPERS Insurance, check with your employer about continuing this after retirement.
- If you have been divorced anytime while a PERSI member, your former spouse may be entitled to part of your PERSI benefit. To make that determination, PERSI will need a copy of your divorce decree and property settlement agreement.

Two - Six Months Before Retirement

- Make an appointment to meet with a PERSI Retirement Specialist. If you're married, bring your spouse. Although this meeting is not required, it is highly recommended.

- Select a retirement option; prepare your application package and complete all forms (RS-322 Tax Withholding form, direct deposit, power of attorney, and retiree insurance forms). Whether you mail you application to PERSI or meet with a Retirement Specialist, your signature and your spouse's must be notarized. *PERSI offeres free notary service to members*. Submit all forms to PERSI **45 days prior** to your planned retirement date.
- Provide PERSI with an original voided check from your bank and a copy of your Medicare card.
- Visit your local Social Security office with your spouse (if retiring at age 62 or over).
- Contact your payroll representative to finalize insurance arrangements, if any.

One Month Before Retirement

- If eligible to use Unused Sick Leave to pay retiree medical insurance, remind your payroll clerk to advise PERSI of the cash value of your unused sick leave entitlement.
- School district employees: ask your payroll clerk for a retiree health insurance form.
- State employees: contact the Office of Group Insurance (208-332-1860 or 1-800-531-0597) for an insurance benefits request form.

Before Retirement Effective Date

- Make sure your employer notifies PERSI that you are terminating work. Your retirement cannot be finalized and may be delayed if we do not receive this notification by the **15th day of the month prior** to your retirement date

Forms

PERSI tries to make the retirement process as easy as possible. To finalize your retirement, several forms must be completed. Be sure to include your name and Social Security number on all forms and documents. Contact PERSI for the forms or download them from the PERSI website at www.persi.idaho.gov.

Application for Retirement RS-121

To select a retirement benefit and, if you wish, to name a Contingent Annuitant (CA) to receive a monthly allowance following your death. Signatures on this form must be notarized.

Choice 401(k) Plan Distribution

To select a payment option for your 401(k) funds, call the Choice Plan record keeper toll-free at 1-866-437-3774 or visit the PERSI website at www.persi.idaho.gov/choice.htm. If your balance is $1,000 or greater, you may leave the funds in the plan. A flyer titled "What Happens to Your Choice 401(k) Plan Money When You Retire" is available on the PERSI website.

Retiree Insurance Benefits Request (For qualifying state and school employees only.)

To continue coverage in your group medical plan.

- State employees: contact the Office of Insurance Management at 208-332-1860 or 1-800-531-0597.
- School employees: contact your payroll/personnel office for the form.

Tax Withholding Certificate RS-322

To withhold state and federal income taxes from your monthly allowance.

Direct Deposit Authorization RS-448
To deposit your monthly checks directly into your financial institution. An original voided check is required.

Beneficiary Designation RS-115
If you recently had a life event change (marriage, divorce, death, etc.), you may wish to name a new beneficiary. You may want your beneficiary and Contingent Annuitant to be different people.

Notice of Separation RS-109
Your employer must submit prior to your requested retirement date.

Additional Documents Needed by PERSI *(Unless otherwise indicated, legible photocopies will suffice.)*

Birth Certificates: Yours and Contingent Annuitant's (required if you selected a CA)

Social Security Cards: Yours and Contingent Annuitant's (required if you selected a CA)

Medicare Card: School and State employees only. Necessary if you elect to continue coverage in the group medical plan and have Medicare.

A Personal Earnings and Benefit Estimate Statement (PEBES) from Social Security: Required only if you are considering PERSI Retirement Options 3, 4a, or 4b.

Voided Check from Your Financial Institution: Send an original, voided check not a photocopy.
Required only if you choose to have your monthly allowance deposited directly in your financial institution.

Divorce Decree (if applicable): A copy of your divorce decree and property settlement agreement. (If you were married at any time while an active PERSI member, your former spouse may be legally entitled to part of your PERSI benefit.)

Divorce And Your PERSI Accounts

Base Plan

If you were divorced while an active, contributing member of the PERSI Base Plan, your former spouse may be legally entitled to a portion of your retirement accounts and/or benefits.

An Approved Domestic Relations Order (ADRO) must be obtained to divide PERSI benefits.

If you are applying for a retirement or separation benefit, a copy of your divorce decree and property settlement agreement may be required.

A divorce brochure is available on the PERSI website.

Choice 401(k) Plan

If you are divorced, a separate ADRO will be required to divide your Choice Plan assets.

For more detailed information, contact PERSI or an attorney experienced in divorce matters.

Attachments for Child Support or Federal Tax Liens

Idaho law provides for court-ordered attachment of PERSI annuities and separation benefit payments for the purpose of delinquent child support payments. Attachments may also be made for federal tax liens.

Should your payments be attached for child support or a federal tax lien, funds will be deducted from your benefit and forwarded to the appropriate agencies. This applies to both the Base Plan and the Choice 401(k) Plan.

Social Security

Because PERSI does not administer Social Security benefits, we cannot answer questions relating to Social Security. You should contact the Social Security Administration (SSA) directly with any questions you may have. SSA's toll-free phone number is 1-800-772-1213. You can also visit their website at www.SSA.gov, or look in the phone book under United States Government to find a local office.

Address Changes

Active Members

If you are an actively working member, PERSI receives your address information from your employer. Please remember to submit address changes to your employer's payroll office so the information can be provided to PERSI.

Inactive Members and Retirees

If you stop PERSI-covered employment, please submit address changes directly to PERSI using the RS-110 form available online. This is particularly important if you leave your funds in the system. Often people who leave PERSI fail to keep their address current, which makes it difficult to find them when it comes time for us to pay benefits. PERSI has thousands of dollars payable to people we cannot locate. Don't let this happen to you— please keep PERSI informed of your current address.

Inactive or retired member, must submit an address change form to PERSI. That request must include the member's Social Security number and signature.

Address change forms are available on our website or at any PERSI office.

Email Address and Password

Changes to the email address and password you use to access your Base Plan account information online, can only be changed by you. **PERSI does not know your password.** There are easy-to-follow instructions on the PERSI website to make changes. https://www.persiweb.idaho.gov/members/

Appeals and Hearing Process

If you believe you have been denied a right or benefit relating to your membership, benefits, service, contributions, or refunds, you should:

1. Read this handbook and other written materials provided by PERSI to see if your question is answered to your satisfaction.

2. If you still have questions, contact PERSI so a Retirement Specialist can explain PERSI laws, rules, and procedures to you.

3. If, after steps 1 and 2, you still feel you have been denied a right or benefit, or you disagree with a decision made by a PERSI staff member, you should direct your question in writing to PERSI's Executive Director.

   Your letter should include your name, address, telephone number, the last four digits of your Social Security number, your work location (if applicable), a complete description of your question and the facts of your situation. If possible, include copies of any relevant correspondence or documentation. You will receive a written response with the Executive Director's decision; but this is not necessarily the final decision.

4. If, after receiving a written decision from the Executive Director, you still disagree with the decision, you may seek review from the Retirement Board.

   You must submit a written request for review addressed to the Board or to the Executive Director. Your letter should state the decision you are asking the Board to review and the action you are requesting the Board to take. If possible, include points of law pertaining to the situation.

   The review will be scheduled for a regular meeting of the Board. You will be informed of the review date, and will be given additional details regarding the review process. You may attend the meeting, and may be given an opportunity to speak on your own behalf.

   After considering all the background information and your request for review, the Board will vote to uphold, reverse, or amend the Director's decision. You will be notified of the action taken, and of your further right to appeal if you are dissatisfied with the Board's ruling.

5. If you disagree with the Board's decision, you may request a contested case hearing where disputes are presented before a hearing examiner. This request must be received within 90 days after issuance of the Board's decision.

   When you request a hearing, an examiner will be assigned and a date will be set for the hearing. You may bring an attorney if you wish, and you may also bring witnesses to testify. PERSI will bear the cost of the hearing examiner, and the PERSI attorney. You are responsible for any expenses for your attorney and witnesses as well as your travel and incidental expenses. To request a hearing, contact PERSI's Executive Director in writing.

6. If the hearing examiner finds against you and the Retirement Board agrees after reviewing the administrative hearing record, or if the Board refuses to accept a recommendation of the hearing examiner in your favor and denies your request, you have the right to appeal the Board's decision to Idaho courts.

Disability appeals differ slightly. Contact PERSI for more information or read the Disability brochure on the PERSI website (www.persi.idaho.gov).

These procedures are designed to ensure your rights under the Retirement Code.

Sources of PERSI Information

Our Offices

PERSI has three offices in Idaho: Boise, Pocatello and Coeur d'Alene. You may visit any office to have your questions answered; however, you may want to call ahead to make an appointment to ensure the best person will be available to help you. Phone numbers and addresses are listed on page 2 of this handbook. Please note, all in-bound calls come through the PERSI Members Services Answer Center. The staff answering the phones can schedule an appointment for any of PERSI's offices.

Website

An extensive and ever-increasing amount of PERSI Base and Choice 401(k) Plan information, including account information, brochures, and videos, is available on the PERSI website at www.persi.idaho.gov.

Email

If you know the name of the person you want to email, type their firstname.lastname@persi.idaho.gov. For example, Executive Director Don Drum's e-mail address is don.drum@persi.idaho.gov. You can also email our front desk at frontdesk@persi.idaho.gov and your message will be forwarded to the person who is best able to assist you.

Idaho Code

The statutes covering the retirement system can be found in Title 59, Chapter 13, Idaho Code. For legal definitions, please refer to PERSI's Statutes and Rules, available on our website or from any PERSI office.

Telephone

Local and toll-free phone numbers for PERSI are listed on page 2 of this handbook. All in-bound calls come through the PERSI Member Services Answer Center. The phones are covered Monday - Friday from 8:00 a.m. to 5:00 p.m. (MST)

Individual Counseling

If you are within 3 years of retirement, you may make an appointment to meet with a Retirement Specialist to discuss your retirement. Call PERSI's Member Services Answer Center to make an appointment. The telephone numbers are listed on page 2.

Presentations & Workshops

PERSI offers its members three educational workshops. Two of the workshops run about 1½ hours and the third runs about 6 hours. The PERSI *Planning for the Beach* workshop covers the basics of the Base and Choice Plans, and the *Cruisin' to the Beach* workshop goes into more detail about the benefits of saving for retirement, and also explains investment strategies and financial planning. The *Retirement's a Beach (RAB)* is an all-day workshop for members nearing retirement, and provides information about Social Security, Medicare and other healthcare issues, retirement options, and wills and estate planning. A *Retirement's a Beach* workshop schedule can be found on the PERSI website. Registration is required to attend a day-long RAB workshop.

The 1½-hour workshops are conducted offsite -- often at your place of work -- for groups of 15 or more,. These workshops have been put into video format and are available for viewing at your convenience via the PERSI website. You may also request a DVD from PERSI.

Member Newsletters

PERSpectives is a quarterly newsletter for PERSI's active and retired members.

Annual Report

This is a comprehensive annual financial report that includes the independent auditor's report of the system's financial statements, a summary plan description, and information on the system's actuarial status and investments. It is available on the PERSI website at www.persi.idaho.gov.

Employer Newsletters

Each month PERSI distributes a publication titled *News To Use* to all employers. The NTU covers personnel and payroll issues relating to the retirement system. It is an ongoing employer tool designed to assist employers with PERSI procedures, statutes and administrative issues. It is also available on the PERSI website.

Frequently Asked Questions

Q: If I could invest my contributions on my own I would make a lot more money. Why do I have to contribute to PERSI?

PERSI has two retirement plans—the mandatory Base Plan and the voluntary Choice 401 (k) Plan.

The Base Plan is a Defined Benefit plan where membership is mandatory for eligible employees of employers belonging to PERSI. It is intended as a way for public employees to ensure their own retirement security.

You might very well be able to make more money if you could invest your contributions on your own; however, countless studies show most people are not investing or saving for their retirements as they should. And those who do invest on their own do so very conservatively, earning about half of what is needed for retirement. PERSI's portfolio is handled by professional investment experts worldwide to ensure PERSI will be able to provide you with a secure, lifetime retirement income.

When you retire, the Base Plan will pay you every month for as long as you live. If you choose a Contingent Annuitant, after you die he or she will continue receiving a benefit for the rest of his or her life.

The Choice 401(k) Plan is a voluntary retirement plan option available to PERSI members. You decide how much to contribute and can select from several investment options. When you retire, you may use your Choice Plan funds to supplement your Base Plan payments. You may withdraw your Choice Plan funds in a lump sum or in payments over time.

Simply put, PERSI's Base Plan is the secure portion of your retirement income, and the PERSI Choice 401 (k) Plan is the portion where you save on your own, direct your own investments, and assume the risk.

PERSI's Base Plan and Social Security were never meant to provide you with your entire retirement income. They are just two legs of the retirement "footstool." A PERSI retiree with 30 years of service who also receives Social Security might find the two sources provide between 83 - 96 percent of replacement income. For the average PERSI retiree, however, PERSI and Social Security combined provide only 50 - 60 percent replacement income. Your other investments must make up the rest.

Therefore, PERSI encourages members to participate in the Choice Plan. If your employer also offers a 403(b) or 457 Deferred Compensation plan, you may want to participate in those as well, but you should be aware of the IRS limits applicable to those plans.

Q: I'm only going to be at this employer for a couple of years, not retire from here, so why do I have to pay retirement contributions?

PERSI provides a pension benefit to career public employees. The longer you work for a PERSI employer, the greater your retirement benefit will be. Although you may not remain a public employee your entire career, if you work for a PERSI employer and earn 60-months of service credit you will be vested and receive a lifetime benefit at retirement. The 60-month vesting period (less for elected and some appointed officials) does not have to be with the same PERSI employer. So unless you leave public employment altogether, changing jobs should not affect your PERSI membership.

PERSI often hears about people who didn't think they would be at their place of work for more than a few years, but who ended up staying a long time. The average length of service for a PERSI retiree is now 18 years.

Another thing to consider is that, in addition to retirement benefits, your contributions are also providing you with disability coverage. If after 5 years with PERSI you become totally disabled and unable to work, you may be eligible for lifetime disability benefits. Nearly 65 percent of PERSI members end up receiving lifetime retirement or disability benefits from PERSI.

Should your PERSI-covered employment end up being less than 5 years total, your contributions are still yours. You may withdraw that money, plus interest (although tax penalties and withholding may apply), or you may roll over your money and interest to an IRA or another qualified plan and still use it for retirement.

Q: I have a hard time understanding how I benefit from PERSI. Can you explain it to me?

If you're a long way from retirement, it can be difficult to picture the benefits of belonging to PERSI. We are so accustomed to immediate gratification and are uncomfortable with the idea of waiting 20 to 30 years for results.

Experience with thousands of members has shown us that as you get closer to retirement, you will start to look forward to the PERSI benefits you will be receiving; and once you're retired you'll appreciate your PERSI benefit. We continually hear from retirees how happy they are to receive their PERSI payments each month. Many retirees say they don't know how they would get by without it.

But if you are many years from retirement, perhaps these points will help you understand PERSI more:

- Once earned, PERSI Base Plan benefits are guaranteed.
- When you retire, PERSI will pay you every month for as long as you live, and if you choose a Contingent Annuitant, after you die that person will continue receiving a benefit for the rest of his or her life.
- Your PERSI contributions are tax-deferred. You do not pay taxes on them until you retire, when you should be in a lower tax bracket. Also, this makes your current taxable income lower. If you were to receive your contributions and wanted to invest them on your own, you would be taxed on them first.
- Payroll deduction is often considered the most "painless" way of saving for retirement. Financial planners will tell you to pay yourself first, which is basically what PERSI does. Your contributions are taken out before you're taxed and before you are paid. Members often say they never miss what they don't see.
- Should you leave PERSI, your contributions and interest are yours. You may roll your money to another plan or IRA or withdraw the funds.
- Your PERSI contributions are invested by highly-qualified professionals to ensure you will receive a secure pension for the rest of your life.
- PERSI is not funded or managed like Social Security. PERSI is designed as a pre-funded plan to pay every future benefit that has been earned to date. PERSI is not a pay as you go system. It is structured so the future value of benefits is funded as benefits are earned. Future generations will not have the burden of paying for benefits earned today.
- Your PERSI contributions are secure and protected by federal and state law. PERSI funds may only be used for the benefit of PERSI members.
- With PERSI gain sharing, you may share in ` PERSI's investment earnings by receiving payment into your individual Choice Plan account.
- With PERSI's Choice Plan, you contribute on your own to save for retirement. You may choose how much and where to invest your Choice Plan funds.

Glossary

Active Member
A person who is currently working for a PERSI employer and making contributions to PERSI.

Base Period
A period of consecutive months during which you received your highest average salary. The base period is used in the calculation to determine your Base Plan retirement benefit.

Base Plan
PERSI's mandatory "Defined Benefit" Plan providing a guaranteed lifetime benefit at retirement. The benefit is based on a set formula that includes your average monthly salary during a base period and a multiplier.

Base Plan Account Withdrawal
A lump sum payment of your Base Plan contributions plus interest after termination of PERSI employment. Subject to a 20 percent federal tax withholding unless rolled over to another tax-deferred plan. Also subject to a 10 percent federal early withdrawal penalty if you are under age 59½.

Beneficiary
The person named by you to receive a lump sum payment at the time of your death. If your beneficiary is your spouse and you are vested to a retirement benefit, your spouse may have the choice of a lump sum or optional death benefit to last for his or her lifetime.

Buy Back
Reinstates service that was previously earned by repayment of back employee contributions plus interest. It is a way to increase the amount of service a member will have when PERSI calculates their final retirement benefit.

Choice 401(k) Plan
A "Defined Contribution" plan. It includes any gain sharing payments you receive from PERSI as well as voluntary payments you contribute on your own to invest for retirement.

Contingent Annuitant
The person named by you when retiring to receive a monthly benefit allowance upon your death. Also known as a CA.

Credited Service
The months that are counted toward retirement. Credited service includes eligible membership, military, disability or prior service.

Disability Service
If you become disabled, this is the number of months between the date you became disabled and your service retirement age. The time is automatically credited to your retirement when you are declared disabled. After adding disabled service, total service may not exceed 360 months.

Elected or Appointed Official
A person who receives a salary for serving in an elected or appointed position. If you are elected or appointed, but do not receive salary, you are not eligible for PERSI.

Employee Contributions
The money you pay into the retirement system that is credited to your account. Employee contributions to the Base Plan are mandatory, while contributions to the Choice Plan are voluntary.

Employee
An worker who is an active member of PERSI.

Employer
An employer belonging to the PERSI retirement system.

Gain Sharing
In years when PERSI has extraordinary gains, the excess earnings may be shared with members.

General Member
You are a PERSI general member if you are not a Police/PERSI Firefighter. General members have a service retirement age of 65, a minimum retirement age of 55, and your age and years of service must total 90 to retire early with an unreduced benefit.

Inactive Member
You are an inactive member if you are no longer working for a PERSI employer, but your contributions plus interest are still in PERSI.

Interest
The return derived from an investment. The interest credited to your Base Plan account is equal to PERSI's investment return rate. If the investment return is less than a yearly average of quarter-ending 13-week Treasury Bills, interest will be at least equal to that T-Bill average.

Membership Service
Eligible employment since July 1, 1965, for which contributions have been made.

Military Service
Time spent in active military duty which interrupts your PERSI employment and is eligible for retirement credit.

PERSI
An acronym for the Public Employee Retirement System of Idaho.

PERSI Firefighter
A paid firefighter hired on or after October 1, 1980, who will retire under the PERSI plan (instead of the Firemen's Retirement Fund plan). Your service retirement age is 60, your minimum retirement age is 50, and your age plus years of service must equal 80 to retire with an unreduced benefit.

Police Officer Member
A PERSI Police Officer member has a service retirement age of 60, a minimum retirement age of 50, and age plus years of service must equal 80 to retire early with an unreduced benefit.

Pop-Up
A pop-up provision raises your reduced retirement benefit back to a regular retirement allowance if you were active July 1, 1992 or later and retired October 1, 1992 or later, and chose Option 1,2, 4a, or 4b and your Contingent Annuitant dies before you do.

Prior Service
Eligible public employment before July 1, 1965, which may be credited toward your retirement.

Public Safety Officer
PERSI police and firefighter members.

Purchase of Service
Vested members who are within 90 days of retirement may buy up to 48 months of service credit. The member must pay the full cost of the additional service. Often done to become eligible for retirement by reaching the Rule of 80/90.

Retired Member
When you retire from PERSI.

Retirement Options
There are six retirement allowances from which a member may choose. Each option provides a different way in which the member and/or the Contingent Annuitant may receive the retirement benefit.

Rollover
Moving the tax-deferred portion of your retirement contributions and interest from your PERSI accounts into another tax-deferred plan such as an Individual Retirement Account (IRA). The money is "rolled over" to avoid a 10 percent federal early withdrawal penalty, a 20 percent federal withholding on lump sum payments, and to defer any other federal, state or local taxes.

Rule of 80/90
You may receive an unreduced retirement allowance if your years of service plus your age equal 90 (general member) or 80 (police/firefighter), and you meet the minimum early retirement age of 55 (general) or 50 (police/firefighter).

Waiting Period
A period of time one must wait for a specific action to occur. For example, from July 1, 1965-June 30, 1971, there was a 12-month waiting period before contributions were required.

Index

Index

Notes

PERSI

April 2015