



NEWS TO USE

A newsletter for PERSI employers

February 2007

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EMPLOYER MEETINGS: New Format, New Topics

PERSI has been gearing up for this year's employer meetings for months, and everyone is excited. Employers spoke out last year and PERSI listened. Over the past year, PERSI has not only fine-tuned the agenda by adding several first-time topics, but also changed the format to better serve employers. The new topics and the day-long format, which includes a training segment, have PERSI staff full of enthusiasm and anticipation. We just can't wait to get started!

RSVP - Space Limitations

RSVPs are a necessity for this year's meetings. To provide adequate seating, refreshments, and handouts – and to maximize time and resources, the number of attendees per session will be limited to 20 people on a first-come, first served basis. So if you plan to attend, be sure to contact PERSI as soon as you receive an invitation.

Agenda Items

Increasing employer knowledge and confidence has always been the goal of these meetings. PERSI spent the past year retooling the meeting structure and content to make sure we continued to meet that goal. As a result, an all new employer training

program will be rolled out at this year's meetings. Topics include eligibility, Base and Choice Plans, reporting, and the much anticipated Employer Online Guideline. There will also be discussion about the new direction of employer audits, recent legislation, and changes at PERSI.

Tentative Dates and Times

Meetings will start at 8:00 a.m. and end around 4:00 p.m. each day. As in previous years, attendees will be on their own for a 1-hour lunch.

Boise	April 10, 11, 12
Nampa	April 17, 18
Sandpoint	April 30
Coeur d'Alene	May 1, 2
Lewiston	May 3, 4
Twin Falls	May 9, 10
Idaho Falls	May 21, 22
Pocatello	May 23, 24
Grangeville	June 5
McCall	June 6

The invitations will include final meeting information, which will be confirmed when an employer calls with an RSVP. More meeting details will be available in upcoming newsletters.

LEAVING BASE PLAN MONEY IN PERSI OR IS IT REFUNDED?

Members have expressed confusion about whether they can leave Base Plan money in PERSI if they should become inactive before being vested or if the money is returned to them. Hopefully the following information will help employers understand this issue.

OK To Leave Money

Inactive, non-vested members (less than 60 months of service credit) with \$1000 or more in accrued contributions and interest in their account can leave their Base Plan money with PERSI indefinitely. (SB 1272 effective 2006.)

Cannot Leave Money

Members with less than \$1000 in accrued contributions and interest, who have been inactive for 3 years and are not vested, cannot leave their Base Plan money in PERSI.

Notifying Members

Each month, PERSI prints a report listing members who have been inactive for 3 years and have less than 60 months of service. Depending on the amount of contributions in the member's account and the months of service, PERSI may issue a refund check directly to the member. Refunds

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include the member's Base Plan contributions plus interest. Some members who fall into the refund category may be able to roll the contributions and interest into an eligible fund.

Other Related Information

Less Than \$200: Members with less than \$200 in contributions are automatically eligible to receive a refund of their contributions and interest. If PERSI has a current mailing address on file, the refund can be mailed to the member. Since the amount is too small for a rollover it is not subject to the early withdrawal penalty.

More Than 5 Months of Service: Members with more than \$200 in contributions and interest will be notified by PERSI about a refund and given the option of rolling the contributions into a qualified fund. Section B of the PERSI RS-108 Base Plan Account Withdrawal Request must be completed for the rollover.

Member Doesn't Respond: PERSI will notify members who must withdraw the money in their account. If the member does not respond to the notification within 3 months, PERSI will send a second letter and wait 3 additional weeks for a response. If the member still does not respond, PERSI will automatically refund the contributions and interest directly to the member. Having a current address on file will help ensure the member receives the notifications and refund.

Part-Time Employees: If a member works less than 20 hours a week for the same PERSI employer he/she once worked for on a full-time basis, PERSI cannot return the contributions and interest until they terminate. There must be a 90-day break in service and the employer can make no promise of reemployment.

Leave of Absence: Members on a leave of absence

are not eligible to withdraw their money.

Less Than 5 Months of Service: When a member terminates employment before fulfilling all the criteria for eligibility (5 consecutive months of employment), PERSI refunds the member's Base Plan contributions with interest. Because they did not meet the criteria for employee eligibility, the member receives a refund rather than an account withdrawal and are not eligible to roll over their funds. PERSI cancels the employee's membership and sends them a 1099-R at the end of the year. The Box 7 Distribution Code lets the Internal Revenue Service (IRS) know the refund is not subject to an early withdrawal penalty.

Taxes: Refunded pre-tax contributions are taxable because the money is going to the member. PERSI must withhold 20 percent federal tax.

Distribution of Funds: PERSI sends refunds directly to members and the tax withholdings to the IRS. PERSI also sends the member a 1099-R at the end of the calendar year in which the money was refunded. The 1099-R shows the amount of the refund, the taxes withheld, and the type of distribution (under or over age 59½).

Member's Employer Withdraws From PERSI: If an employer withdraws from PERSI, employees are not eligible for an account withdrawal until they stop working for the employer. The status of these employees as members of PERSI changes to ineligible. As long as the employees continue working for the withdrawn employer, they are not eligible for a refund.

Hopefully this information will help employers answer questions from employees. If you need further information, call PERSI's Answer Center at (208) 334-3365 or toll-free at 1(800) 451-8228 for assistance.

Notes

Trustee [Pam Ahrens](#) resigned from the PERSI Retirement Board effective January 15, 2007. Governor Otter will name a replacement to complete the remainder of her term, which ends July 1, 2008. PERSI thanks Ms. Ahrens for her many years of service to PERSI, and wishes her all the best in retirement.