



PERSpectives



First Quarter 2007

Public Employee Retirement System of Idaho

WHEN SHOULD MEMBERS GET A RETIREMENT ESTIMATE?

PERSI encourages members who are 3 years or less away from retirement to get a Base Plan benefit estimate. This is a great time to verify your service history and it allows time before retirement for corrections to be made should any discrepancies be found. (It's also smart to review your annual member statement for accuracy each year.) By having an estimate, you will be in a better position to make retirement decisions, and it may prove helpful if you are consulting with a financial planner.

When To Request An Estimate

PERSI is happy to prepare estimates at any time; however, an estimate calculated today will be inaccurate if you are planning to retire well beyond the date of the estimate. PERSI gets estimate requests daily from members who are not planning to retire for 5, 10, even 15 years down the line. The most accurate estimates are those calculated closest to your actual retirement date. It's best if you request an estimate and review it before making an appointment with a Retirement Specialist. At your appointment, the Retirement Specialist will go over your estimate with you and answer questions about your PERSI benefits and retirement in general.

Estimates Reviewed in 505 Workshops

Members wanting an estimate and planning to attend a PERSI 505 retirement workshop can accomplish both objectives with a single action. Simply register for the workshop. Besides the retirement information shared

at the free workshops, estimates are provided and reviewed during the meetings. A Retirement Specialist is also available at the workshops to answer specific questions from members. (When you start thinking about your PERSI estimate, it's also a good time to contact the Social Security Administration to verify your work history and request a benefit estimate.)

Estimate Calculator Available Online

Members who want an estimate, but can't attend a workshop or don't need to meet with a Retirement Specialist, should consider using the online estimator on the PERSI Web site at www.persi.idaho.gov. To get started, go to the **My Account** tab on the home page and log on to your account. Once logged on, scroll down to the **PERSI Account Balances and Projections** link (below the beneficiary information) and click on **I Agree**. A **Personal Statement** page will appear with instructions to help guide you through the estimate process. Because numerous calculations are performed, the estimate will take a few minutes to complete. The estimator is a great tool for tracking retirement options several years before you actually plan to retire.

Most of us dream of a secure, comfortable retirement. Planning ahead generally makes the going easier. By attending a retirement workshop and reviewing your benefit estimate, you will be in a better position to make your retirement dreams a reality.

OPTING OUT OF CREDIT CARD OFFERS

If you're tired of being barraged by unsolicited credit card offers, relief is available. The Consumer Credit Reporting Industry offers an "Opt Out" program that asks banks to stop sending you offers. To utilize the free "Opt Out" service, call toll-free 1-888-567-8688 or log on to www.OptOutPrescreen.com. You will be asked to provide your name, address, Social Security number, and date of birth.

It's common for identity thieves to use credit card

applications to get personal information and to obtain new credit cards in someone else's name. By opting out, you may minimize your risk.

If you ever change your mind and want to "opt in," simply call or log on and change your selection.

Inside this issue:

Retirement Planning.....	2
Make an Appointment.....	3
Using Your Tax Refund.....	3
Handbooks Available.....	4
Investment News.....	4
Notes.....	4

Insights

When it comes to saving and planning for retirement, each decade of life presents unique challenges. Today retirement is more than simply accumulating enough money. Increased life expectancy means we are now living 15 to 30 years or more in retirement. That's a long time. What kind of retirement are you envisioning? How can you prepare for your retirement and when should you start planning? Good questions. During 2007, this column will feature information and tips for successful retirement planning for members from their 20s to their 60s and beyond. Patrice Perow, Editor

PLANNING FOR RETIREMENT: TWENTIES and THIRTIES

Retirement planning may sound absurd to members in their 20s or 30s, but there are many things to be done over the course of a career to help ensure your retirement will be what you want. The decisions you make today (and the actions you fail to take) will impact your future.

Most of us are familiar with the Rolling Stones song "Time Is On My Side." Well, in your 20s and 30s, your greatest asset is not money, but time...and it is on your side. Retirement planning is a process that begins and ends with you. It involves providing yourself with the income you'll need for the years after you stop working. It is also a matter of planning to ensure you enjoy a satisfactory lifestyle in the future. Retirement planning is more than savings and investment.

Develop Good Financial Habits

It's never too early to establish good financial habits. Living on a budget plays an important role in both daily living and retirement planning. Listing your income and expenses can help you live within your means. It's good to know how much money you have and how you're spending it. Review your personal finances, then establish a budget that includes retirement savings. Sticking to a budget requires discipline and at times it could mean doing without or waiting longer for the things you want. But giving up something now, means you could have more in the future.

Pay Off Credit Card Debt

Consider using your savings to pay off or pay down your credit card debt. It doesn't make sense to pay a high rate of compounding interest on your debt, while earning low interest on your savings. If you can't pay off your debt, then be sure you're making

payments above the minimum amount required. Find a credit card that offers a lower interest rate than what you're currently paying and transfer your balance. And by the way, if you still have student loan debt, don't worry about paying it off early because student loans typically have lower interest rates than credit card debt. The small payments you make on low-rate debt allows you to make bigger payments on your high-interest rate credit card debt. You'll come out ahead in the long run.

Contribute To A Retirement Account

If you're counting on Social Security for your retirement, you may be sorry. The financial troubles of Social Security have been well publicized. Even a stable Social Security was never intended to cover all your retirement expenses. Your PERSI Base Plan probably won't provide all your retirement income needs either. But combining Social Security and your Base Plan with the PERSI Choice Plan 401(k) will improve your chances for a comfortable retirement. Every dollar invested earlier in life can grow over time and through the power of compounding to be far larger than a dollar invested later in life. If you're not currently participating in the Choice Plan, log on to the PERSI Web site at www.persi.idaho.gov to learn more about it.

Woulda, Coulda, Shoulda

Two-thirds of current retirees wish they'd done something differently in their retirement planning. Don't find yourself in the "woulda, coulda, shoulda" group of retirees who regret not planning or saving for their retirement...and especially not starting sooner. Even if you can only implement one of the suggestions above, you'll be closer to securing your retirement. Time is on your side, so make the most of it.

THE BENEFITS OF MAKING AN APPOINTMENT WITH PERSI

As a PERSI member you are always welcome to come into one of our offices for answers to questions or to discuss specific issues relating to your benefits. While PERSI tries to provide all members with good service when they visit our offices, those who make an appointment receive the best service.

Why Make An Appointment?

If you have an appointment PERSI staff can gather information, print documents, audit records for accuracy, and explore options before you arrive. An appointment may also reduce waiting time. In addition, if you drop in without an appointment you run the risk that the best person to assist you with your specific questions may not be available. By calling in advance, you can also be told about any documents you should bring to your appointment.

When To Arrive

Once you have an appointment scheduled, there is no advantage to arriving extremely early. PERSI Retirement Specialists adhere to an appointment schedule and can rarely take anyone before their slated time. So if you arrive too early, you might have a long wait. Conversely, if you arrive extremely late your appointment may be cut short or have to be rescheduled if the Retirement Specialist with whom you are meeting has another appointment scheduled after yours. PERSI tries to space appointments to accommodate members' needs.

Members can make appointments by calling the PERSI Answer Center at (208) 334-3365 in the Boise area or toll-free at 1 (800) 451-8228 from other parts of the state. PERSI staff looks forward to assisting you.

SMART WAYS TO USE YOUR TAX REFUND

This year approximately 80 percent of U.S. taxpayers will receive a refund, averaging more than \$2,700 according to the Internal Revenue Service. If you are among this group, you may already be thinking about how to spend your money. Financial experts suggest five ways to maximize your refund:

(1) Improve your mental, physical or financial welfare by purchasing a membership in a health club or by taking educational courses to enhance your career. There's nothing wrong with investing in yourself. The possibility of improved health or a higher paycheck makes this strategy worthwhile.

(2) Make a donation to a charitable organization you're passionate about. You don't have to donate your entire refund to feel good and you will be impacting your community. Remember, donations to charitable organizations are often tax deductible.

(3) Next to retirement, saving for a child's education is the biggest challenge facing many people. Qualified Tuition Programs (QTP) — also called 529 plans — are a great option for saving for a child's education. Free from federal income taxes, contributions to these plans grow tax-deferred and withdrawals are income tax free if used to pay for qualified higher education expenses. The federal government doesn't offer a write-off for college-savings plan contributions, but Idaho does if you are contributing to the Idaho College Savings Program.

(4) Paying down outstanding debt is always a wise financial decision. At first glance, it may seem you'd be ahead if you saved your refund; however, most people won't keep the money in a savings account...they end up spending it. If you do save, remember you'll pay taxes on the interest earned. Instead consider knocking down your high-interest debt. Doing so will not only eliminate or reduce the amount you owe on your credit card, but also help you avoid additional interest payments which increases your debt.

(5) Indulge. You can take a vacation or make a large purchase and still be sensible with your money. Try spending half your refund on yourself and putting the other half into a retirement savings account. According to a study by the National Retail Federation, one in ten consumers will spend their tax refund on a high-ticket item or a vacation. While a major purchase or taking a trip may provide short-term pleasure, making your money work for you will bring long-term satisfaction. The 50/50 approach to using your refund allows for both.

Even though a tax refund may seem like "extra cash," it is not found money. It's part of your hard-earned income which you lent to the IRS interest free. You might want to consider filing a new W-4 form to lower your withholdings so you'll receive more in each paycheck and a smaller refund when you file next year's taxes.

MEMBER HANDBOOKS

The newly updated member handbook is now available. Previously, PERSI relied on employers to get handbooks to members. That process changed this year. PERSI is no longer mass mailing handbooks to employers for distribution; instead the current handbook is available in a searchable format on the PERSI Web site at www.persi.idaho.gov. Members interested in receiving a handbook can simply request one by calling the PERSI Answer Center at (208) 334-3365 in the Boise area or 1(800) 451-8228 from other parts of the state. In the next month or so, using information gathered from employer transmittals, new members will automatically be identified and mailed a handbook.

Notes

Trustee [Pam Ahrens](#) resigned from the PERSI Retirement Board effective January 15, 2007. PERSI thanks Ms. Ahrens for her many years of service to PERSI, and wishes her all the best in retirement. [William "Bill" Deal](#), Director of the Office of Insurance, was appointed to fill the vacancy left when Ms. Ahrens resigned. His term will expire July 1, 2008. [Dr. J. Kirk Sullivan](#) was reappointed as a trustee on the PERSI Board. His new term will expire on July 1, 2011.

PERSI Retirement Board Chairman [Jody Olson](#) was re-elected to the Board of the Council of Institutional Investors, a nonprofit shareowner-rights organization that works to educate members and the public about corporate governance.

PERSI's Executive Director [Alan Winkle](#) attended the National Association of State Retirement Administrators' Conference to exchange ideas with other directors on issues affecting the pension industry. He also attended the National Council on Teacher Retirement Committee Meeting where he was appointed to the 2007 Administrator Education Committee and the National Conference on Public Employee Retirement Systems' Annual Legislative Conference where he networked among representatives from several federal agencies having to do with pension systems.

PERSI's legal counsel [Brad Goodsell](#) made a presentation on provisions of the Pension Protection Act at the January Roundtable of the Idaho Chapter of the National Institute of Pension Administrators. He was also on a panel at the Winter Section meetings of the National Association of Public Pension Attorneys where benefit issues were discussed.

PERSI INVESTMENT NEWS

*as of March 25, 2007**

Value of the Fund:

\$10,921,691,012

Fiscal Year Change in Market Value:

\$1,330,400,004

Fiscal Year-to-Date Returns:

14.0%

Month-to-Date Returns:

1.5%

*Posted monthly on PERSI Web site: www.persi.idaho.gov



www.persi.idaho.gov

I D A H O

PERSpectives



Public Employee Retirement System of Idaho

PERSpectives is published quarterly for members of the Public Employee Retirement System of Idaho
607 North 8th Street, Boise, ID 83702
Base Plan: 208.334.3365 or 1.800.451.8228
Choice Plan: 1.866.437.3774
www.persi.idaho.gov

RETIREMENT BOARD

Jody B. Olson, Chairman
Jeff Cilek, Bill Deal
Clifford T. Hayes, J. Kirk Sullivan

Alan H. Winkle, Executive Director
Patrice Perow, Editor

Costs associated with this publication are available from PERSI in accordance with §60-202, Idaho Code 12-05/80,000