



NEWS TO USE

A newsletter for PERSI employers

January 2012

- Beneficiary Forms
- Employee Addresses
- Understanding PERSI



WHEN ARE BENEFICIARY FORMS REQUIRED?

Over the past year, PERSI has seen an increase in the number of RS115 Beneficiary Designation forms being submitted. Surprised by the sudden influx of forms, the staff did some investigating; it turns out many employers have been asking their employees to submit a new form annually...even if nothing had changed. Generally, PERSI receives the greatest number of beneficiary forms at the beginning of the school year when new teachers are starting. These new forms are expected; it's the duplicate forms where the member is not making a change that are unnecessary.

Beneficiary forms are needed for new employees at the time of hire. New members will want to designate the person(s) to receive any benefits payable from their PERSI retirement accounts after their death. Unless there is a change to the member's status, such as a marriage, death, birth of a child, adoption, divorce or other similar personal changes, there's no need to submit a new form. Building for retirement is important and the assets are valuable; no one wants survivors to be surprised because a beneficiary designation was not



When did your employees last review their beneficiary designation?

updated after a family status change.

It is important to remind employees to review their beneficiary designation annually to ensure it still reflects their current situation and wishes. PERSI suggests members look over their beneficiary designation when they receive their annual statement each September. The beneficiary designation is shown on the statement, so it's an easy and convenient time for a review. If the beneficiary is still correct, a new form *does not* need to be submitted to PERSI. Naturally, if the member simply has a change of heart about an earlier designation, they can make a change at any time. Members can also check their beneficiary designation on line using the myPERSI log in on the PERSI website at www.persi.idaho.gov. [[myPERSI Login](#)]

INVALID DESIGNATIONS

Please remind your employees each beneficiary (if designating more than one) must be listed by name along with the specific percentage being allocated to them. ("All my living children" is not a valid beneficiary designation.) The percentage needs to total 100% for primary designees and 100% for secondary designees, and percentages must be in whole numbers not partial ones (e.g., 33% not 33.3%).

CHANGING MAILING ADDRESSES WITH PERSI

When an employee has a change to their mailing address, they should submit the change directly to their employer, not to PERSI. Updating change of address information for active members in PERSI's system can only be done via the employer transmittal.

Employers should remind terminating employees to contact PERSI when or if their mailing address ever changes.

PERSI provides an RS110 Change of Address form on its website (www.persi.idaho.gov). Active members can use the form to notify their employer about a change by giving a completed form to their payroll department. The employer can then update their files and convey the new information to PERSI on the next transmittal. Terminated employees can use the form to notify PERSI directly about a change.

HELPING YOUR EMPLOYEES UNDERSTAND PERSI

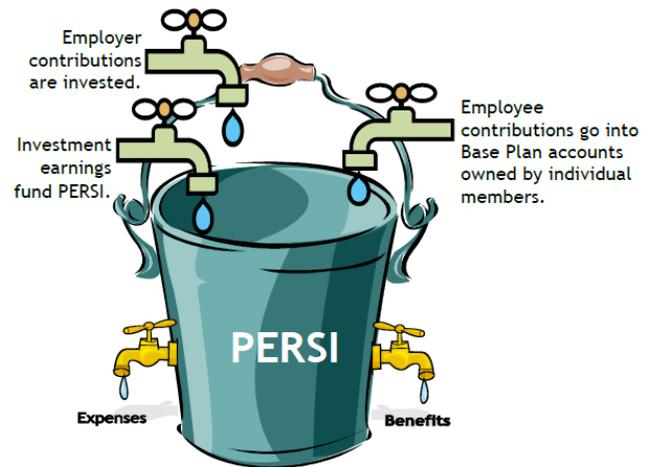
PERSI wants employees to better understand how the system is funded, what happens to contributions, and what benefits they have. Employers can help. This page of the newsletter can be copied and used as a handout for your staff. You can also direct employees to the PERSI website for answers to questions and for brochures that explain benefits in detail.

How Is PERSI Funded?

Contributions are collected from employers and employees each pay period. Currently employers pay 10.39% of payroll and employees pay 6.23% of their pay to PERSI each pay period. (Public Safety employers/employees pay different rates.) Contributions are always collected from employers, except in times of gain sharing. (Gain sharing is the legislatively approved process that allows PERSI to share excess earnings with active members, retirees, and employers. If given, active members receive their portion of the gain sharing as a deposit to their Choice 401(k) Plan account. Every member has a Choice Plan account even if money is not being deferred into it. Retirees receive their portion of the gain sharing as a 13th check for the year. Employers receive their portion of the gain sharing as a credit against future contributions. **The only gain sharing distribution was in 2001 after PERSI reached 113% funding the previous year.)**

What Happens To The Contributions?

- Employer contributions are pooled as a system asset to pay future benefits for *all* PERSI members. The money is invested by professional managers to produce a revenue stream used to boost the fund's asset value and pay benefits. Employer contributions are not allocated to nor do they belong to individual employees. Employees cannot withdraw employer contributions under any circumstances.
- Employee contributions go into Base Plan accounts established specifically for them. Every member has an account. These accounts earn interest monthly and the funds always belong to the member. At retirement, benefit payments come from the employee's Base Plan account first; when the account is depleted, payments come from the PERSI trust. In 2012, member accounts will earn 18.12% interest annually. Members can check their account balance using the myPERSI log in link on the PERSI website (www.persi.idaho.gov). Log in requires an email account and password.



What Are My Benefits?

Besides retirement benefits, members have death, disability and military benefits too.

▪ Death Benefit

When a member dies, his/her beneficiary(ies) may receive a death benefit. If a death benefit is available, it will be equal to at least the balance of the member's Base Plan account, and in some cases it will be more. If a member is not vested when he/she dies, his/her beneficiary will receive a lump sum death benefit consisting of the contributions the member made to his/her account plus the interest earned. If the member is vested when he/she dies, several criteria affect the distribution of death benefits. PERSI recommends reading the "Death" brochure on the PERSI website to understand the various scenarios affecting death payments.

▪ Disability Benefit

Disability for retirement purposes is considered to be a total and permanent physical or mental impairment that prevents a member from earning a livelihood. This means he/she cannot perform any work for compensation. The "Disability" brochure on the PERSI website explains eligibility requirements.

▪ Military Benefits

If a member's PERSI employment is interrupted by military service, PERSI Base Plan and Choice 401 (k) Plan benefits are retained. The member may even earn PERSI Base Plan credit for his/her period of active duty without making PERSI contributions. For more information, read the "Military Service" brochure available on the PERSI website.