



REVIEW YOUR ANNUAL STATEMENT

Each September PERSI mails an annual Base Plan statement to members, which includes their account balance and an estimated retirement benefit for full retirement age. The statement also covers disability, separation, and death benefit information for the member. (This is not the same as the Choice 401(k) Plan statement mailed in late January.)

REVIEW FOR ACCURACY

It is important to review your statement for accuracy. Start by making sure your name is spelled correctly, your date of birth is right, and your mailing address is current. Although PERSI does everything possible to ensure the data is correct, there may be times when our records don't match yours.

Next, check your months of credited service. Does it seem right? What about your average monthly salary? Too high, too low? If you think something is wrong, call PERSI. It might be something easy to fix; but if it's not, PERSI can launch an investigation working with you and your employer(s) to correct the information.

CHECK YOUR BENEFICIARY(IES)

When your annual statement arrives, make it a point to check the beneficiary(ies) named to receive the death benefit should you die. Too often, members forget to update beneficiaries when there's a been a life event change such as a divorce, birth, marriage, adoption, or death. This is a good time to make sure the names still reflect your wishes. Don't leave survivors wondering how your ex-husband got your money or why you left off your new grandson as a beneficiary when all your other grandchildren are listed.

Make reviewing your annual statement a priority. Remember, the longer a discrepancy goes on – especially with data provided by your employer – the more difficult it will be to get documentation to support a correction. Errors on your annual statement can affect your benefit, so don't wait until you apply for retirement to dispute the data. If you have questions about your annual statement call the PERSI Member Services Answer Center toll-free at 1-800-451-8228 or 334-3365 from the Treasure Valley area.

63½ – AN OVERLOOKED NUMBER IN RETIREMENT PLANNING

You may know age 59½ means you can tap into most qualified retirement plans without a tax penalty. At age 62 you can begin drawing early Social Security benefits. Age 65 means you are Medicare-eligible and can also draw your PERSI retirement without a benefit reduction. You should add another age to that list: 63½.

Why should you know about age 63½? At that age you can retire and still continue on your employer's health insurance plan. Under COBRA (Consolidated Omnibus Budget Reconciliation Act), workers can continue insurance coverage under their employer's plan for 18 months after ending employment if they pay the

premiums. At age 63½, those additional 18 months will get you to age 65 when you are eligible for Medicare.

Paying for medical insurance is a concern for everyone, but especially true if you want to retire early. Contact your Human Resources department for more information about COBRA and continuing your insurance coverage when you retire.

Inside this issue:

Sanity & a Roller Coaster Market...	2
Understanding Rule of 80/90.....	3
Fast Facts Flyer Online.....	4
Investment News.....	4

Insights

STAYING SANE IN A ROLLER COASTER MARKET

Remaining calm in a turbulent economy where Wall Street gains and losses go up and down daily, can be stressful. The stock market is hard to track on a good day, but when the market is like what we've seen over the past couple of years – where stocks drop one day then rebound the next – it can be downright frustrating. But there are some things you can do to keep your sanity.

Stick to the plan!

1) Game Plan. Having a plan and sticking with it can reduce the impulse to make decisions based on the emotions of the moment. You are less likely to overreact if you establish a game plan.

2) Keep Some Perspective. Much like how PERSI invests, your personal investments should be viewed over a period of years (5, 10 or even 20 years), not over a period of days, weeks, or even months. There will always be highs and lows, so a gain or loss of 10% in a few days, may not mean much over a period of years.

3) Tracking the Market. When the nightly news is peppered with stories about the fragile market, it's tempting to follow each up or down tick of your investments. This just causes stress; sometimes it's better to distance yourself for a day or so to gain perspective.

4) What Investment Choices Did You Make and Why? When the market changes, knowing why you chose a specific investment can help you evaluate whether it's still smart to keep it or whether it's time for a change. If you understand your retirement needs, it will be easier to decide whether a particular investment still fits with your goals.

5) It's All Relative. Variances in your portfolio can be attributed to your asset allocation. Assuming you have a well-diversified portfolio that includes

several asset classes, it could be helpful to compare overall performance of your investments to relevant benchmarks. If you realize your investments are performing within the benchmark, you can feel more confident about your strategy. If your investments are under-performing, it may be time to evaluate whether they should be part of your portfolio. But remember, even a well-diversified portfolio can suffer losses. Being well-diversified simply means your well-performing investments offset poor performance by other investments. Simply put, it balances out.

6) This Too Shall Pass. Historically, the market has always had its ups and downs. It is cyclical...so if you missed an opportunity to buy low or sell high, that opportunity will probably come around again.



7) Baby Steps. If you're considering a complete overhaul of your portfolio, doing so in a volatile market may not be such a good idea. Making changes to your portfolio is best done in gradual steps. This way, you will spread your risk over time and over a number of asset classes.

8) Staying the Course. When the market is like a roller coaster ride, it still pays to stay the course. By regularly adding to your Choice 401(k) Plan account or other accounts designed to help you reach a long-term goal, experts say it may "soften the emotional impact of market swings." If you're using dollar-cost averaging (investing a specific amount regularly regardless of price fluctuations), you might pick up some bargains when prices are low.

It's easy to look good during a bull market; but smart investors are the ones who can weather the inevitable market ups and downs.

Nothing in this article should be taken as financial or investment advice.

UNDERSTANDING THE RULE OF 80/90

Idaho Statute 59-1356 provides a way for vested PERSI members to retire early without taking a benefit reduction as long as they meet certain service and age* requirements. This is commonly known as the Rule of 80/90. Although this is not a new provision, many members find it confusing.

*Minimum retirement age for general members is 55 and age 50 for public safety officers for an unreduced benefit.

A Simple Formula

The Rule of 80 applies to public safety officers and the Rule of 90 to general members. The equation for both is simple: The sum of years of service plus the member's age has to equal either 80 or 90, depending on the type of membership status – public safety or general. The rule for members with mixed service (having accrued service as both a public safety officer and as a general member), is somewhere between 80 and 90 and is determined by a formula in the statute.



Rule of 90 Example

Mary 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 she has reached the Rule of 90.

$$\begin{array}{r} 30 \text{ years of service} \\ + \underline{60 \text{ years of age}} \\ = 90 \end{array}$$



Rule of 80 Example

Jim is a police officer with 26 years on the force. He is 54 years old, and is therefore 6 years from service retirement age.

However, he may retire with an unreduced benefit because he has reached the Rule of 80.

$$\begin{array}{r} 26 \text{ years of service} \\ + \underline{54 \text{ years of age}} \\ = 80 \end{array}$$

Determining Eligibility Requires Calculations

PERSI converts all numbers to months when doing the calculation to determine eligibility. That means the Rule numbers are multiplied by 12, with the Rule of 80 becoming 960 and the Rule of 90 becoming 1080. Next the number of months of service is added to the member's age as it would be in months. If the sum of the months of service plus the age in months equals or exceeds the Rule months (either 960 or 1080), then the member is eligible to retire under Rule of 80/90 with an unreduced benefit.

Calculation Example

Danny has exactly 28 years of service as a police officer and he is age 50 years and 4 months.

PERSI will determine his service credit in months: 28 years x 12 months = 336 months.



PERSI will determine his age in months: 50 years x 12 months + 4 additional months for a total of 604 months. Danny's months of service will be added to his age in months:

$$\begin{array}{r} 336 \text{ months of service} \\ + \underline{604 \text{ months in age}} \\ = 940 \text{ months} \end{array}$$

Danny cannot retire with an unreduced benefit because his months of service and his age do not equal the required 960 months under Rule of 80. He is short by 20 months; however, he only has to work an additional 10 months to become eligible. Why? Because both his service credit and age increase each month. So over 10 months, his age increases by one month and his service credit increases by one month, allowing him to reach the 20-month shortage in just 10 months.

Answering Questions

If you have questions about the Rule of 80/90, or you have mixed service and want to know your Rule, you can contact the PERSI Member Services Answer Center toll-free at 1-800-451-8228 or 334-3365 from the Treasure Valley area.

FAST FACTS FLYER AVAILABLE ON PERSI WEBSITE

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

FAST FACTS

Retirees

- Number of Retirees: 35,334
- Annual Retiree Payroll: \$578 million
 - \$515.4 million paid to retirees with Idaho addresses (89.2%)
- Average Monthly Benefit: \$1339
- Average Years of Service: 18.7
- Average Age at Retirement: 61.3
 - Teachers: 60.7
 - General Members: 62.2
 - Public Safety Officers 56.2

Active Members

- Number of Active Members: 65,798
- Average Member Salary: \$39,090
- Average Years of Service: 10.8
- Average Age: 46.9

Employers

- Number Participating: 737
 - Schools 21% State 13% Cities 20%
 - Counties 6% Other 40%

9/20/11



THE BUCK STOPS HERE

- Money is paid in and stays in Idaho – 89.2% goes to retirees living in Idaho, who purchase goods and services and pay taxes.
- Retiree purchases support more than 4200 jobs, paying \$203 million in wages in Idaho.
- More than \$566 million in total economic output and over \$76 million in taxes generated by retiree benefits.
- Each dollar paid out generates \$1.29 in economic activity in Idaho.
- Each dollar that goes into PERSI supports \$5.61 in total economic activity in the state.

Helping Idaho public employees
build a secure retirement.

TAKING A CLOSER LOOK

- PERSI retirement benefits reduce the likelihood an Idaho retiree will have to rely on taxpayer-funded public assistance programs.
- Employers are able to attract and retain a quality workforce by offering PERSI benefits as part of a total compensation package.
- Both employee and employer contributions have always been paid on time and "pension contribution holidays" are never given.
- Unlike Social Security, employee contributions plus the interest earned always belong to the member. Members will never lose the money they contribute to the Base Plan.

KEY

CONSERVATIVE POLICIES = KEY TO PAST AND FUTURE STABILITY

- Employees and employers both pay contributions.
- Modest benefits: 11th lowest nationwide.
- Idaho Code 59-1302(5D)(e) prevents salary spiking to improve a member's benefit.
- By Statute 59-1342, PERSI retirement age is higher than many systems. Age 65 for general members and age 60 for public safety officers.

MAKING A CHOICE

- PERSI members can choose to participate in a supplemental defined contribution plan called the Choice 401(k) Plan.
- Members choose the amount to contribute on a tax-deferred basis up to the limits set by the Internal Revenue Service.
- Members make their own investment choices from among those offered by the plan.
- At retirement, members decide how much to withdraw.

If you've ever wondered how many members are in PERSI, or how retirement benefits support the Idaho economy, or even about the policies that guide PERSI, this Fast Facts Flyer will help. It is available for download from the homepage of the PERSI website at www.persi.idaho.gov.

Other helpful materials are also available on the PERSI website including brochures on death, disability, divorce and military service, along with various Choice 401(k) Plan brochures.



www.persi.idaho.gov

IDAHO 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, William "Bill" Deal,
Joy Fisher, J. Kirk Sullivan

Donald Drum, Executive Director
Patrice Perow, Editor

Costs associated with this publication are available from PERSI in accordance with §60-202, Idaho Code.

PERSI INVESTMENT NEWS

for Base Plan as of June 20, 2012

Value of the Fund:
\$11,938,855,389

Fiscal Year Change in Market Value:
(\$37,925,341)

Fiscal Year-to-Date Returns:
1.4 %

Month-to-Date Returns:
2.5%

*Posted monthly on PERSI website: www.persi.idaho.gov
Fiscal Year 7/1/2012 - 6/30/2012