



NEWS TO USE

A newsletter for PERSI employers

April 2013

- Retirement Applications
- ERIP Repealed Again
- Repaying a Withdrawal
- Rate Increase
- IRIS Update



REMINDER: JULY 15 DEADLINE FOR RETIREMENT APPS.



Members can submit a retirement application at anytime; however for members planning an effective retirement date of September 1, 2013, there are some timelines to follow.

Employers are asked to remind retiring employees to submit their application to PERSI on or before July 15, 2013 if they want to receive their benefit payments starting September 1st.

September is the most popular month for retirement. Three times more applications are processed for September retirements than for

any other month throughout the year. Last year, in excess of 800 retirement applications were processed over the six-week period from mid-July through the end of August. If a retirement application is received after July 15th, PERSI cannot guarantee it will be processed in time for a September benefit. Members who are purchasing additional service at retirement should be aware the first benefit payment may be delayed by at least one month.

Members with questions or who want more information about retiring should call the PERSI Member Services Answer Center toll-free at 1-800-451-8228 or 208-334-3365 from the Treasure Valley area.

ERIP FOR TEACHERS REPEALED...AGAIN

During the recent legislative session, Senate Bill 1089 did away with the Early Retirement Incentive Program (ERIP) for teachers for the second time in two years. This program, which distributed bonuses to teachers who were at least age 55 and who were retiring before age 63 and before reaching PERSI's Rule of 90, began in the mid-90s as a cost-savings measure for the state. Education reforms passed during the 2011 legislative session included an ERIP repeal; but last year's rejection by voters of Propositions 1, 2, and 3 put ERIP back into play.

According to several sources, the Legislature created the ERIP with the goal of saving the state money by allowing experienced teachers to retire with a bonus payment and replacing them with less experienced, lower paid teachers. According to the statement of purpose for SB1089, "Idaho's actual experience is that the number of retiring teachers has remained

essentially unchanged during the recent two years during which the program was repealed, as compared to the previous five years. Thus, the program does not appear to have functioned as an incentive to encourage more teachers to retire; but rather, as an extra bonus to those no longer teaching."

It was estimated that the cost to the General Fund to pay bonuses would be \$3.6 million starting in fiscal year 2014. The bill's sponsors were Senators Clifford Bayer and Russell Fulcher. Supporters of the repeal said other public employees didn't receive bonuses, so it was a matter of equitable treatment. ERIP supporters, including the Idaho Education Association, claim the program has saved the state nearly \$100 million over the past 14 years.

Anyone with questions about the ERIP should contact the Department of Education not PERSI.

REPAYING A SEPARATIONS BENEFIT (aka BUY BACK)

Under Idaho Code 59-1360, if a member returns to work for a PERSI employer after withdrawing their Base Plan account (aka Separations Benefit), they may repay the withdrawn amount to reinstate (buy back) service credit for previous employment. If the member chooses not to repay the funds, they will start accruing service credit as though they never worked for a PERSI employer, meaning they would start with a zero balance. PERSI would like employers to share the following information with any new employees who may have worked for a PERSI employer in the past and want to reinstate their service credit. (A Buy Back/Separations flyer is on the PERSI website at <http://www.persi.idaho.gov/documents/buybacks.pdf>.)

Repayment Requirements

1. If the member took more than one account withdrawal (Separation Benefit), all withdrawals must be repaid before service credit can be reinstated.
2. Interest will be charged on the outstanding balance of the withdrawal; but all payments and interest will be credited to the member's Base Plan account.
3. The member must be in "employee" status to begin repayments. Inactive or retired members cannot make repayments.
4. Inactive or retired members who started a repayment while an active member, may continue the repayment despite being inactive.
 - An inactive member's service credit will be

reinstated after repayment is complete.

- A retiree's service credit will be updated and his/her retirement benefit adjusted using the additional months of service after repayment has been completed. The modified benefit is **NOT** retroactive to the date of retirement.

Repayment Options for Active Members

1. A rollover from an eligible plan from a previous employer to their Base Plan account.
2. An in-service transfer from a 401(k), 457, or 403(b) plan.
3. A lump-sum or series of taxed payments made directly to PERSI.

Repayment Exceptions

1. A member who had an irrevocable pre-tax payroll deduction for a Separations Benefit *prior* to April 7, 2011 may continue making the irrevocable payments until the amount has been repaid in full or they terminate employment.
2. A member who had an irrevocable pre-tax payroll deduction for a Separations Benefit *prior* to April 7, 2011 may agree to additional pre-tax payments for the same Separation Benefit. Once started, payments must continue until the buy back is complete.

If you have an employee with questions about taking or repaying a Separations Benefit, please have them call the PERSI Answer Center at 1-800-451-8228 or 208-334-3365 (in the Boise area).



Reminder!

RATE INCREASE GOES INTO EFFECT JULY 1, 2013



Employer training continues to roll out by region, with the next training session in Boise on

April 16th. The pilot group who trained on and tested the new system in January will be joining 30 additional employers in this training. Workshops for eastern and central Idaho employers will start shortly thereafter. PERSI will contact employers with the dates and locations. The first group of

employers is scheduled to "go live" May 6th.

One-third of the project (Phase IV - Employers) is nearing completion. Once employers are using the new system, PERSI's focus will be on the pension administration phase of the project.