



# PERSppectives



Fourth Quarter 2013

Public Employee Retirement System of Idaho

## CONTRIBUTION RATE INCREASE POSTPONED

During the October 15th Board meeting, Trustees for the Public Employee Retirement System of Idaho (PERSI) voted to postpone for one year the 1.5% rate increase scheduled for July 1, 2014.

In making the decision, the Board considered PERSI’s strong earnings performances and favorable funded ratio. As of October 14th, 2013, the return for the fiscal year to date was 6.1% with an estimated funding ratio of 88.9%. According to the PEW Center on the States, a system funded at 80% or higher is a solid performer.

Unless the Board takes further action in the future, the rate increase will go into effect July 1, 2015. The increase will be split between employer and employee contributions.

General membership employers currently pay 11.32% of payroll to PERSI and general employees contribute 6.79% of their salary to fund future benefits.

Member Type	2014 Employee Contribution	2014 Employer Contribution
General Members	6.79%	11.32%
Public Safety Officers	8.36%	11.66%
Firefighters	8.36%	28.9%

## REGULAR INTEREST FOR CALENDAR YEAR 2014

Also during the October Retirement Board meeting, it was announced that the regular interest rate members will earn on their personal Base Plan accounts starting January 1, 2014 will be 7.77%

As a reminder, contributions paid by you go directly into an individual account held just for you. The money in your individual Base Plan account plus any interest earned will always

belong to you and will never be lost due to market conditions.

You can check your account balance by logging into your account using the myPERSI button on the PERSI website.

[myPERSI Login](#)

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# Insights

## COMPARING PERSI AND SOCIAL SECURITY DISABILITY

There has long been confusion about qualifying for PERSI disability. It is often compared to the rules governing the Social Security Administration's disability program. Qualifying for these programs is different.

### PERSI DISABILITY

For PERSI purposes, "disabled" means the member is prevented from engaging in any occupation or employment for compensation or profit as a result of bodily injury or disease, regardless of the cause (occupational or non-occupational). It also means the member will likely remain disabled permanently and continuously for the rest of his/her life. (Exclusion: disabilities arising from service in the armed forces of any country other than the United States or from intentionally self-inflicted injuries.)

### Applying the Disability Standard

Section 59-1302(12), Idaho Code is used by PERSI when considering a member's disability application. It states that substantially all avenues of employment must be reasonably closed if the applicant is permanently prevented, due to bodily injury or disease, from performing every substantial and material duty of any occupation for which the applicant is reasonably qualified by education, training or experience.

### Burden of Proof

It is the member's responsibility to establish that he/she meets the definition of disabled, and that it is likely he/she will remain that way for the rest of his/her life. The member must also prove he/she met the definition of disabled on or before the date of his/her last contribution (PERSI Disability Rule 300). PERSI Disability Rule 302 defines "likely" to mean "with reasonable medical certainty". As a result, a member is generally required to provide objective medical evidence that he/she meets the disability standard.

### Serving on State Board or Commission

Effective March 23, 2012 (House Bill 598), a member who retires on PERSI disability, but subsequently serves on a state board or commission that meets once a month

or less, and who is not an employee as defined in PERSI statute because of such service [i.e., any compensation received is not salary as defined in I.C. § 59-1302(31)], shall still be considered disabled and not considered to have returned to work.

### Reassessment of Disability Retirement Benefit

If a member receives remuneration, the member's disability status may be reassessed, and could be revoked. Remuneration (compensation) could be something as small as a neighbor buying dinner in exchange for mowing their lawn. *The size of the remuneration is not the issue.* The issue is whether the member can make a living – regardless of whether the member is or is not working. If the member can make a living, he/she risks losing his/her disability status.

### Hire-ability of Applicant (Rule 303).

The inability of an applicant to secure employment in and around the area where he/she resides is not considered in determining whether he/she is disabled. If the applicant is able to perform every substantial and material duty of **any jobs existing in the economy** for which he/she is reasonably qualified by education, training or experience, he/she will not be considered disabled regardless of other factors that might affect the applicant's ability to actually secure employment (e.g., employer decisions and practices, no open positions or the applicant is not selected for a position).

If you believe you have become disabled, please read the PERSI Disability brochure ([www.persi.idaho.gov/documents/Disability\\_Benefits.pdf](http://www.persi.idaho.gov/documents/Disability_Benefits.pdf)) on the PERSI website and call PERSI at 1-800-451-8228 or 208-334-3365 (Boise area) with questions about filing a claim.

### SOCIAL SECURITY DISABILITY

The definition of disability for Social Security Administration (SSA) purposes is also based on a person's inability to work. Under SSA rules you are considered disabled if:

- You cannot do work you did before;
- It is determined you cannot adjust to other work because of your medical condition(s); and
- Your disability has lasted or is expected to last for at least one year or result in death.

Much like PERSI, Social Security pays only for total disability. No benefits are payable for partial disability or for short-term disability. (SSA disability rules assume working families have access to other resources to provide support during periods of short-term disabilities, including workers' compensation, insurance, savings and investments.)

### Definition of Disability

SSA law defines disability as the inability to engage in any *substantial gainful activity* (SGA) by reason of any medically determinable physical or mental impairment(s) that has lasted or can be expected to last for a continuous period of not less than 12 months or which is expected to result in death.

Most disability claims are initially processed through a network of local SSA field offices and state agencies, called Disability Determination Services. (PERSI claims go through a third-party administrator.)

### Disability Determination

SSA's regulations provide for disability evaluation under a procedure known as the "sequential evaluation process." This process requires sequential review of the claimant's current work activity, the severity of his or her impairment(s), a determination of whether his/her impairment(s) meets or medically equals conditions on an SSA list of medical conditions,

the claimant's residual functional capacity, his /her past work, and his/her age, education, and work experience. If your condition is severe, but not the same or equal to the severity of a medical condition on the list, then SSA must determine if it interferes with your ability to do the work you did previously or to adjust to new work.

### Substantial Gainful Activity

The term "substantial gainful activity" is used to describe a level of work activity and earnings.

- Work is "substantial" if it involves doing significant physical or mental activities or a combination of both. For work activity to be substantial, it does not need to be performed on a full-time basis. Work activity performed on a part-time basis may also be SGA.
- "Gainful" work activity includes:
  - Work performed for pay or profit; or
  - Work of a nature generally performed for pay or profit; or
  - Work intended for profit, whether or not a profit is realized.

SGA is one of the factors used to decide if a claimant is eligible for disability benefits. Here is the link to an online SSA Disability brochure ([www.ssa.gov/pubs/EN-05-10029.pdf](http://www.ssa.gov/pubs/EN-05-10029.pdf)) that you might find useful if you believe you have become disabled.

While no one ever expects to become disabled, it's good to know programs exist to provide financial help to those who can no longer work.

*By Patrice Perow*

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## POCATELLO OFFICE RELOCATING

In order to provide the best possible customer service in Eastern Idaho, PERSI is moving the Pocatello office to a more convenient and accessible space in mid-February.

The new address will be 1246 Yellowstone Avenue, Suite A5, Pocatello, ID 83201. If you're planning to visit the Pocatello office in February, you may want to call the PERSI Answer Center ahead of time to confirm which location will be open.

**PERSI Answer Center**

**Toll-free**

**1-800-451-8228**

**[www.persi.idaho.gov](http://www.persi.idaho.gov)**

## E-NEWSLETTERS ARE COMING!

In an effort to provide a more timely, relevant and engaging member newsletter, PERSI has decided to transition to an all-electronic format. We don't take this change lightly, and want you to understand the benefits and time frame.

Our first consideration is savings; printing, shipping and mailing a quarterly publication to 65,000 members is costly. Second is efficiency; the current printing, shipping and mailing process means your newsletter arrives in the mail an average of four weeks after it is prepared. Third, and most important to your editor, is flexibility; this move will allow us to provide you with quick links to articles, videos, media, blogs and websites that otherwise would not be possible.

The electronic newsletter will continue to provide all the information you expect in the paper format, along with many additional new resources -- all while saving money, paper and time. This transition

will not happen overnight. While we already have a majority of member email addresses, we still need some of you to enroll in the myPERSI portal on the PERSI website ([www.persi.idaho.gov](http://www.persi.idaho.gov)).

### TRACK YOUR ACCOUNTS:

Log in  
[www.persi.idaho.gov](http://www.persi.idaho.gov)

Click

[myPERSI Login](#)

REVIEW AND UPDATE!

We plan to begin phasing out the mailing process starting first quarter, 2014. Those members for whom we already have email addresses will receive an electronic newsletter. We will continue gathering email addresses with the goal of sending 100% electronic newsletters first quarter, 2015.



## PERSI INVESTMENT NEWS

*for Base Plan as of December 31, 2013*

**Value of the Fund:**

**\$ 13,872,622,168**

**Fiscal Year Change in Market Value:**

**\$ 1,116,096,251**

**Fiscal Year-to-Date Returns:**

**9.7%**

**Month-to-Date Returns:**

**0.9%**

\*Posted monthly on PERSI website: [www.persi.idaho.gov](http://www.persi.idaho.gov)  
Fiscal Year 7/1/2013 - 6/30/2014

  
[www.persi.idaho.gov](http://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

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

PRS-NL-4Q13