



PERSpectives



First Quarter 2012

Public Employee Retirement System of Idaho

RETURN TO WORK LEGISLATION AFFECTS RETIRED TEACHERS

Five years ago, the Idaho Legislature passed HB202, which addressed the reemployment of retired teachers and administrators. The law went into effect on July 1, 2007 and included a 5-year sunset clause, which meant all provisions of 59-1356 (4) and 33-1004 (H) of Idaho Code would no longer exist after July 1, 2012. During the recent legislative session, lawmakers passed HB579, which repealed Section 3, Chapter 131 of the 2007 law relating to employment of certain retirees and amended Section 59-1356 of Idaho Code to remove the original bill's sunset provision.

HB579 stipulates retired teachers and administrators can be rehired as "at will" employees without jeopardizing their PERSI benefits. Teachers and administrators who qualify are those who:

- 1) Have reached Rule of 90
- 2) Are not participating in the early retirement incentive program
- 3) Retired on or after age 62 with a benefit that is not reduced

Employers will pay retirement contributions for return-to-work teachers and administrators; the employee, however, will neither pay contributions nor accrue service credit or additional benefits.

Questions about legislative changes affecting PERSI members or retirees should be directed to the PERSI Member Services Answer Center toll-free at 1-800-451-8228 or 208-334-3365 from the Treasure Valley area.

FAST FACTS FLYER AVAILABLE ON PERSI WEBSITE

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

FAST FACTS

Retirees

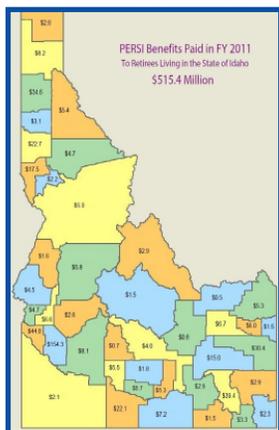
- Number of Retirees: 35,334
- Annual Retiree Payroll: \$578 million
- \$515.4 million paid to retirees with Idaho addresses (89.2%)
- Average Monthly Benefit: \$1339
- Average Years of Service: 18.7
- Average Age at Retirement: 61.3
 - Teachers: 60.7
 - General Members: 62.2
 - Public Safety Officers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



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 6,345 jobs, paying \$216.8 million in wages in Idaho.*
- More than \$715.5 million in total economic output and over \$105 million in taxes generated by retiree benefits.*
- Each dollar paid out generates \$1.20 in economic activity in Idaho.*
- Each dollar that goes into PERSI supports \$4.01 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.

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.

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2012 PENSIONOMICS REPORT

-the economic impact of defined benefit pension expenditures in Idaho-

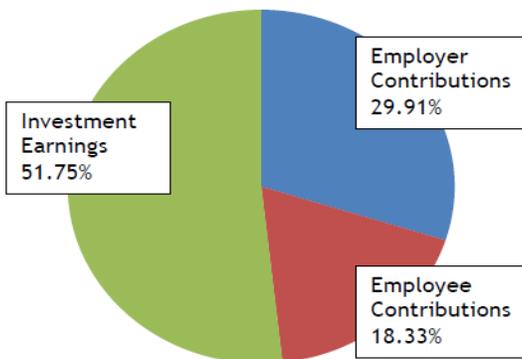
The National Institute on Retirement Security has released its 2012 Pension Impact report. PERSI is pleased to present the findings as they relate to Idaho.

Overview

Expenditures made by PERSI retirees provided a steady economic stimulus to both local communities and the state as a whole. In 2009, 35,757 Idaho retirees received \$597.1 million in PERSI benefits.

- PERSI retirees averaged a modest monthly benefit of \$1392 or \$16,698 per year.
- Funding come from three sources:

PERSI Funding



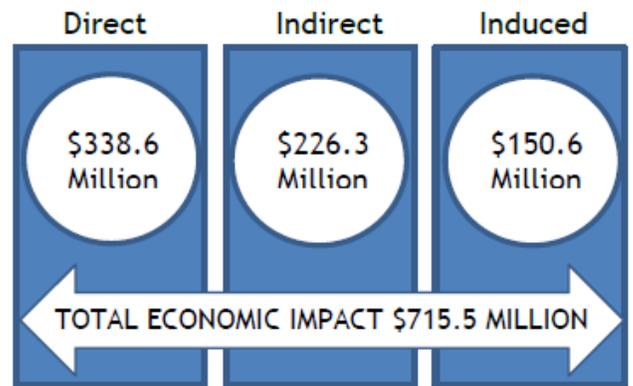
- Retiree expenditures stemming from PERSI benefits supported 6,345 jobs in the state.
- Total income to state residents supported by expenditures was \$216.8 million.

Economic Impact

Retiree expenditures from PERSI benefits supported \$715.5 million in total economic output in the state and \$381.8 million in value added to the state.

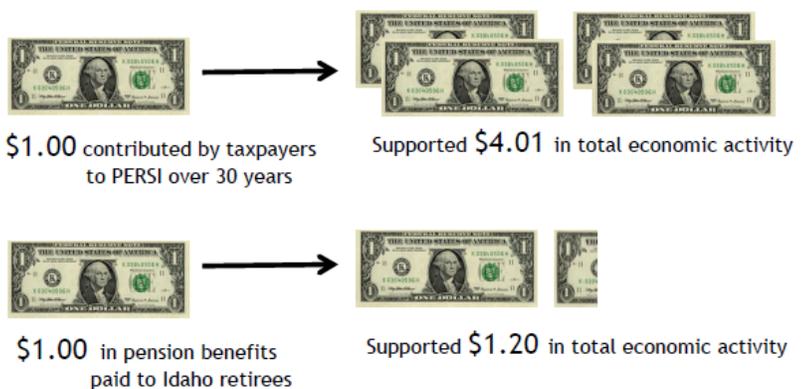
- \$338.6 million in direct economic impacts were supported by retiree initial expenditures.

- \$226.3 million in indirect impacts were realized when businesses purchased additional goods and services.
- \$150.6 million in induced impacts resulted from expenditures made by employees hired by businesses as a result of the direct and indirect impacts.



Tax Revenues

- \$105.1 million in federal, state, and local tax revenues.
- Taxes paid directly from pension payments totaled \$8.7 million.
- Taxes attributable from direct, indirect and induced impacts accounted for \$96.3 million in tax revenue.



WHY RETIREES ARE CHOOSING TO WORK IN RETIREMENT



It used to be if you asked someone who's retired or who was ready to retire if they planned to still work, the answer was a resounding "No Way!" But today that's changed. Many seniors -- especially Baby Boomers -- are choosing to work in retirement.

Retirement experts believe more and more retirees will work in retirement, especially as Boomers enter the retirement phase of their lives. Why is this happening? Why leave one job just to take another? Generally, retirement jobs provide relief from the stress that was related to a retiree's "career" job...but there are other reasons too.

The four basic reasons cited by retirees for wanting to work at least part-time in retirement are:

1) MONEY

Earning supplemental income is one of the key reasons people give for working after retirement. Having additional income can stretch a pension, help retirees afford the "luxuries" they might otherwise forego, and in many cases, it can offset the cost of health insurance or lower health care costs if they have employer-sponsored health insurance coverage.

2) LOVE

It might be hard for some to believe, but many people continue working in retirement simply because they love to work. This is particularly true for individuals whose work is creative and their work offers them a lot of autonomy. This includes entrepreneurs, writers, artists and consultants whose work is an integral part of their lives and provides a lot of personal satisfaction...so not working has little or no appeal.

3) FRIENDS

For outgoing individuals who enjoy interacting with other people on a daily basis, retirement jobs fill the void created when they retired. Working in retirement can provide an active social life, introduce them to new friends, and offer a network of professional colleagues.

4) FEAR

So many people have devoted their lives to their career that it's become their identity. If they are not working they feel they've lost themselves. Many also find it's easier to make the transition from active worker to retiree by delaying having to adjust to a different, often times slower, lifestyle. Unless these people have a solid network of family and friends, along with a retirement plan, they simply feel working is the safest alternative for calming fears about this new phase of life.

WHAT CHANGED?

Fewer people are retiring the way they thought they would retire or the way they thought they should retire. Living in a sunny climate playing golf every day or spending fun-filled days with grandchildren is no longer the "dream" for many retirees. A longer life expectancy has reinvented retirement...which also means your retirement money needs to last longer.

WHAT HAS MEANING?

A report by McClatchy Newspapers claims traditional retirement patterns have eroded as a result of the Baby Boomer surge. The report states "work has become almost the only way people connect with other people" and that work has eclipsed all other meaningful activities. "As a result, retirees keep working as a way of maintaining a full life." Contrary to this particular report, many retirees report having a full and satisfying life without working. The key is staying busy.

A New View

It's true Boomers view retirement differently from past generations...they see it more as an opportunity for growth and new experiences, and that means working for some. Not everyone, however, can find suitable work after retirement; nor can everyone keep their old job. Despite the scarcity of jobs, retirees are still out there looking, which presents an opportunity for employers to get highly skilled people at a premium in terms of pay and benefits. Retirees who aren't necessarily looking to boost their finances, should consider volunteering to fill the personal satisfaction void. Regardless of the direction you decide to take as a retiree, it's important to remember you may have retired from work, but you should never retire from life.



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PERSI INVESTMENT NEWS

as of March 26, 2012

Value of the Fund:

\$12,238,602,482

Fiscal Year Change in Market Value:

\$261,821,752

Fiscal Year-to-Date Returns:

3.3%

Month-to-Date Returns:

1.0%

*Posted monthly on PERSI website: www.persi.idaho.gov

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