



PERSpectives



Fourth Quarter 2014

Public Employee Retirement System of Idaho

COST OF LIVING ADJUSTMENT (COLA) UPDATE

You may recall the PERSI Retirement Board's Cost of Living Adjustment (COLA) decision back in September.

The Board voted to recommend an up-to-4% COLA for PERSI Retirees. The Board's recommendation is subject to legislative review. PERSI

will communicate the Board's recommendation to the Idaho Legislature at the beginning of the 2015 session. Lawmakers will then have 45 days to accept, reject, or amend the Board's recommendation.

Once the Legislature has acted, or the 45 days have expired,

PERSI will go to work finalizing the COLA calculations.

By the time your next *Retirement PERSpectives* newsletter arrives in the Spring, you will have received a detailed remittance letter from PERSI, explaining exactly how the final COLA decision will affect you.

TAX DOCUMENTS (1099R FORMS)

2014 Tax documents for PERSI Base Plan distributions (1099R) will be mailed by January 31st.

If you haven't received your 1099R in the mail by February 7, 2015, please call the PERSI Answer Center toll-free at 1-800-451-8228 or 208-334-3365 from the Boise area. If you call, please have your personal information available including your Social Security Number.

The form will also be available on the PERSI website (www.persi.idaho.gov) by the end of January. To save

time, you can print your 1099R from the PERSI website by signing in using the myPERSI button [[myPERSI Login](#)]. When the page loads, click the gray box that says, "Go to 1099R".

1099R forms for Choice 401(k) Plan distributions will be mailed by plan custodian BNY Mellon by January 31, 2015. This form is not available on the PERSI website. If you do not receive it by mid-February, please call the plan record keeper, Xerox HR Solutions at 1-866-437-3774.

LONG-TIME PERSI TRUSTEE RETIRING



PERSI wants to recognize Trustee Bill Deal for his many years of service on the Retirement Board, as he prepares to enter the ranks of PERSI retirees!

Trustee Deal recently announced plans to retire from his position as Director of the State of Idaho Department of Insurance, effective December 31st. He is also stepping down from his position on the PERSI Retirement Board, which he has held since 2007.

Trustee Deal helped steer PERSI through the troubled waters of the "Great Recession" and is leaving PERSI in a very stable position. He will be missed. The Governor has not yet named a replacement to fill Trustee Deal's seat on the Board.

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Insights

OUTLIVING YOUR CONTINGENT ANNUITANT -- Make Sure You're Talking with PERSI --

When you retired, you were given four options for naming a contingent annuitant (CA) -- a person, of your choice, to receive a monthly lifetime PERSI benefit after you pass away. If you named a CA, your benefit is reduced during your lifetime based on the retirement option you chose, as well as the difference between your age and that of your CA.

What if your CA passes away before you do? Very few circumstances exist where the CA can be changed. One of those circumstances is after the death of a CA. In that case, you may be eligible for a "Pop Up" Increase*, returning your monthly benefit to a larger amount. You may also name a new CA, but if you do, this time it must be your spouse.

***To be eligible for the Pop Up Increase, your date of last contribution must have occurred on or after 7/1/1992 AND your date of retirement must have been on or after 10/1/1992. For more information about the Pop Up Increase, visit the PERSI website (www.persi.idaho.gov).**

Either way, you **must** contact PERSI! Failure to do so could mean leaving potential "Pop Up" money on the table. If you get married (or remarry), and want to name your spouse as a replacement CA, you have **one (1) year** from the date of marriage to complete the process of naming your spouse as CA with PERSI.

How to Submit a Change

You can submit a CA change to PERSI by completing a new retirement application. You must indicate you are naming your new spouse as your CA – and you must provide a copy of his/her birth certificate and Social Security number, AND a copy of the marriage certificate. You must also select a contingent annuitant retirement option. You do not have to select the same option that was in place for your deceased

CA. All signatures on the retirement application must be notarized. After PERSI receives the new retirement application, a 90-day waiting period is required before the change goes into effect.

Changes to Your Benefit Amount

If you named a CA when you initially retired, your benefit was reduced so a benefit payment would continue going to your CA after your death. If your retirement date was October 1, 1992 or later, and your date of last contribution was July 1, 1992 or later, your benefit "Popped Up" to the regular retirement allowance when your CA predeceased you. The new amount was equal to what would have been in effect on the date of your CA's death if you had not chosen to name a CA when you retired. Your benefit will include all cost-of-living adjustments (COLAs) since your initial retirement date.

You might want to get an estimate from PERSI before you submit a new retirement application so you'll know how much your benefit will be reduced if you name a new contingent annuitant.

Your benefit will continue at the higher rate until the new CA becomes effective 90 days after PERSI receives your new retirement application. When the new spousal CA goes into effect, your benefit will be recalculated based on the retirement option you selected and the difference between your age and that of your new CA.

If you have questions about naming a contingent annuitant, call PERSI or visit our website: www.persi.idaho.gov
1-800-451-8228 - Toll Free
208-334-3365 - Treasure Valley

PERSI NO LONGER ABLE TO "SPLIT" INSURANCE PREMIUMS

PERSI's sick leave program allows eligible retirees (currently some school district employees and some employees of state agencies) to pay qualified health insurance premiums out of their unused sick leave fund. Until recently, PERSI has allowed retirees to elect to split the payment of these premiums between their monthly pension benefit, and the other portion out of the unused sick leave fund. In January, 2015, a letter from PERSI will be sent to all affected members, detailing the discontinuance of this practice.

Starting this Spring, PERSI will no longer be able to split the payment for these premiums between members' monthly pension benefits and their unused sick leave fund

balances. Moving forward, eligible retirees will have premiums paid in full out of their unused sick leave fund balances, until those sick leave funds are exhausted.

One benefit to members of utilizing only sick leave dollars to pay these premiums is that the sick leave dollars are attributable only to you. If you were to pass away prior to using your entire sick leave funds, the unused sick leave that was not paid out would remain in the sick leave trust fund. It would not transfer to your spouse, or be paid out as a cash benefit to anyone. Utilizing those funds first to pay these premiums, prior to using money from your monthly retirement benefit, will help ensure that those funds are utilized throughout your lifetime and not left unused.

An alternative approach is to set aside a portion of your monthly retirement benefit equal to the premium dollar amount you were previously planning on paying out of your monthly PERSI benefit, in a savings account. Then, when your sick leave balance is exhausted, you can begin using those saved dollars to pay your premiums for the same time frame you calculated using the split deduction option. This way, the sick leave funds are used first, before tapping into your monthly benefit. Since sick leave funds cannot be passed on to anyone and cannot be used for any other purpose, it is advantageous to use them first until those funds are exhausted.

Please contact the PERSI Answer Center if you have questions.

PERSI EMPLOYEE and MANAGER OF THE YEAR

PERSI is proud to introduce Employee of the Year for 2014, Ryan Evey. When the PERSI Retirement Board announced its Cost of Living Adjustment (COLA) recommendations this fall, Ryan went to



work, carefully building the model PERSI will use to make sure the complicated COLA calculations are done properly. Ryan also worked extensively during this past year on helping our employers become certified in our

new IRIS reporting system so they can transmit their payroll data to us using IRIS.

Ryan is patient, helpful and diligent in his efforts. The certification process is a rigorous undertaking for our employers. His guidance and commitment are instrumental in the success of the employer reporting phase of PERSI's new IRIS system, and in making sure the calculations associated with the PERSI Retirement Board's recent Cost of Living Adjustment decision are correct.

Congratulations to PERSI Manager of the Year, Melody Hodges! This past year, Melody stepped up to help when we really needed her. With 20 years of PERSI knowledge, Melody was able to fill in when we had key staff and other managers out.



In addition, Melody has been instrumental in the development of PERSI's new pension administration system, IRIS. Melody is also very committed to our members and is able to resolve their inquiries and questions in a professional, thorough manner, resulting in many compliments from members about the service she provides.

Melody maintains a very positive attitude and is well respected by staff for her knowledge and commitment to PERSI.



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RETIREMENT

PERSpectives

Public Employee Retirement System of Idaho

PERSI INVESTMENT NEWS

for Base Plan as of November 28, 2014

Value of the Fund:

\$14,873,572,728

Fiscal Year Change in Market Value:

\$ 186,989,632

Fiscal Year-to-Date Returns:

1.5%

Month-to-Date Returns:

1.5%

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