



Boise | Coeur d'Alene | Pocatello

PERSperspectives FOR RETIREES

Public Employee Retirement System of Idaho

Fourth Quarter 2019

TOPICS / Fiscal Year 2019 Highlights pg. 1-2 / Tax Documents Will Be Available Soon pg. 2 / Do You Have A New Mailing Address? Make Sure You Update It With PERS! pg. 3 / Do You Have Tax Questions? pg.3 / Bulletins pg. 4 / Investment Report pg. 4

FISCAL YEAR 2019 HIGHLIGHTS

PERSI's fiscal year, ending June 30, 2019, was a good year even with significant market volatility. We finished the year with an asset value increase of over \$1 billion and an estimated return of 8.4%.

While the markets continue to be unpredictable, PERSI has relied on the same proven investment philosophy for over 25 years. PERSI keeps investments:



- SIMPLE** Rely primarily on public markets over time.
- TRANSPARENT** Easy to understand and explain.
- FOCUSED** Keep eye on the big picture.
- PATIENT** At least five to ten year horizon.

Some argue, with the recent market volatility, that pension systems must reform and change. While the markets are more volatile day to day or week to week, over longer periods of time the markets tend to balance out. Market volatility can influence some decisions that are time sensitive, however, our investment professionals have not seen the need to change our long-term investment strategy or asset allocation.

In addition, the Board remains vigilant toward the investment return assumption and our investment strategy. At every monthly Board meeting, the Board and our investment professionals discuss market trends and outlooks. The Board periodically discusses a broad range of factors that could affect the Plan's funded status.

During fiscal year 2019, the number of active PERSI members increased from 71,112 to 72,502. PERSI's retired members or annuitants receiving monthly allowances increased from 46,907 to 48,120.

The number of inactive members who have not been paid a separation benefit increased from 37,588 to 39,867. Of these inactive members, 13,536 have achieved vested eligibility.

Total membership in PERSI increased from 155,607 to 160,489 during the fiscal year. PERSI now has 808 public employers in the state who are members.



continued on page 2...



...continued from page 1

At the end of the fiscal year 2019, PERSI had an amortization period of 10.6 years and a funding ratio of 92.5 % (before any COLA decisions) of the present value of the projected benefits earned by employees.

There are no proposed contribution rate increases on the table for employers or employees.

PERSI's Financial Executive Officer, Alex Simpson, announced at the November Board meeting that active members will earn a regular interest rate of 7.22% on their personal Base Plan accounts from January 1, 2020, through December 31, 2020.

At the December 2019 Board meeting, the Board discussed the cost-of-living adjustment (COLA) for retirees. With the positive investment returns this year, the Board chose to grant a discretionary COLA of 0.70% for FY2020. They also decided to grant retro COLAs from FY2011 (1.77%), FY2012 (0.69%), FY2013 (0.52%) and FY2018 (1.70%) in addition to the legislatively- mandated 1% COLA.

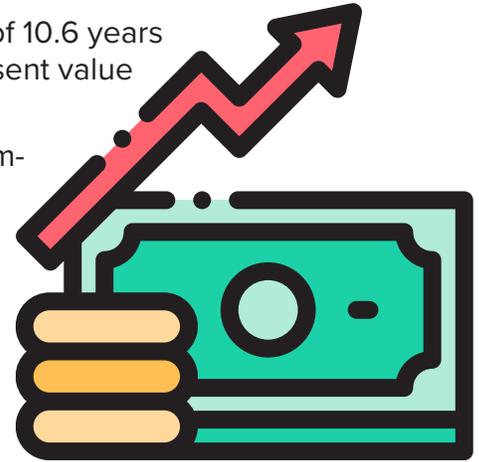
Providing the Legislature approves the discretionary and retro COLAs, the adjustments become effective on March 1, 2020.

NOT all retirees will receive a retro COLA. Adjustments vary based on the retiree's retirement date. Affected retirees will receive a benefit change notice informing them of the adjustment.

PERSI remains one of the top ten state pension systems in the country. In a brief from *The PEW Charitable Trusts*, "The State Pension Funding Gap: 2017", published June 2019, PERSI was highlighted as 1 of just 8 states that were at least 90% funded while 24 states were below 70% funded.

In August, *Pensions & Investments* magazine, "U.S. Equities, Fixed Income Give Boost to Public Plans", listed PERSI as fifth in public plan returns for fiscal year 2019.

Overall, PERSI is doing well, but we must continue to be diligent to protect the well-being of the fund and address challenges as they arise.



TAX DOCUMENTS WILL BE AVAILABLE SOON



If your current preferred method of communication is electronic, you will receive an email notification that your 1099 is ready to view and download from the *myPERSI* portal. Otherwise, your 1099 will be mailed to the address PERSI has on file for you.

Empower Retirement, record keeper for the PERSI Choice 401(k) Plan, will mail 1099Rs no later than January 31.

Some PERSI retirees may end up receiving more than one 1099R form, depending on when they took withdrawals in 2019.

If you have question and/or concerns, contact PERSI at 1-800-451-8228 or at 208-334-3365 (in the Boise & surrounding areas).



DO YOU HAVE A NEW MAILING ADDRESS? MAKE SURE YOU UPDATE IT WITH PERSI!



You can update your mailing address in the *myPERSI* portal under the “Personal Info” tab. You can also submit a completed **RS110 Mailing Address Change** form (current version on PERSI’s website) by faxing or mailing it directly to PERSI.

Even if you update your mailing address with the United States Postal Service, it does not update your records with PERSI. You need to make the update with form RS110 or through the *myPERSI* portal.



Once your address change is processed, all statements, correspondence, and documents will be mailed to the address on record. This form also updates your PERSI Choice 401(k) Plan account, if you have one.

If you have questions, contact PERSI at 1-800-451-8228 or 208- 334-3365 (in the Boise & surrounding areas).

DO YOU HAVE TAX QUESTIONS?

PERSI wants to remind retired members that we are not tax authorities, and are not able to provide personal or specific tax advice. We encourage members to seek tax advice from a qualified tax professional.

The customer service team in the PERSI Answer Center found some alternative resources where retirees might be able to obtain taxpayer assistance:

- Boise Senior Center, 690 Robbins Rd., Boise, Idaho (208) 345-9921
- Volunteer Income Tax Assistance (VITA) Program (800) 906-9887
- AARP Foundation’s Tax Aide Program (888) 227-7669
- Idaho Care Line - (800) 926-2588
- Idaho State Tax Commission - (800) 972-7660



These contact numbers may connect you with taxpayer assistance or even free tax preparation for those who qualify.



P.O. Box 83720
Boise, ID 83720-0078

PRSR STD
U.S. POSTAGE PAID
PERMIT NO. 829
BOISE, IDAHO

BULLETIN • BULLETIN • BULLETIN • BULLETIN • BULLETIN • BULLETIN

DO YOU KNOW WHAT YOU CAN DO WITH *myPERSI*?

You can receive your PERSI annual statements, confirmations of changes, and other documents sooner and in a secure location by setting your preferred method of communication to electronic in your *myPERSI* account.



CLICK HERE

By choosing electronic communication, under the Personal Information tab on your *myPERSI* page, you will receive an email alert when new documents are available. Then you can log into your *myPERSI* account to download the documents.

PERSI INVESTMENT NEWS

The fund reached a new all-time high of \$19,435,211,964 on December 13, 2019.



PERSI was recognized as one of the top state pension systems in *The PEW Charitable Trusts*, “The State Pension Funding Gap: 2017”, published June 2019 at <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2019/06/the-state-pension-funding-gap-2017>.

RETIREMENT BOARD OF DIRECTORS

Jeff Cilek, *Chairman*
Joy Fisher, *Trustee*
Celia R. Gould, *Trustee*
Park Price, *Trustee*
Darin DeAngeli, *Trustee*

Executive Director • Donald Drum
Deputy Director • Michael L. Hampton
Public Information Officer • Jenny Flint

www.persi.idaho.gov

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