

PERSI BENEFITS *at a glance*

An overview of your retirement benefits



PERSI Retirement Plan

You become a PERSI member when you go to work in an eligible position with a PERSI employer. When you earn 60 months of service credit you will be vested to receive a lifetime benefit at retirement. The 60-month vesting period (5 months for elected and some appointed officials) does not have to be with the same PERSI employer. So unless you leave public employment altogether, changing jobs should not affect your PERSI membership.

Base Plan Benefits

Enrollment in the PERSI Base Plan (pension) is automatic. Both you and your employer make contributions to PERSI. Your contributions are credited to your personal account, while employer contributions are pooled in a trust to cover benefits. The actual value of your benefit exceeds your contributions. When you retire as a vested member, PERSI will pay you every month for as long as you live – and if you select a retirement option with survivor benefits, your Contingent Annuitant will receive a benefit for life after your death.

Within the first 3 - 5 years of retirement most members have already received all the money they contributed while working. For example, if your contributions to PERSI during your career totaled \$60,000, and your monthly retirement benefit is \$1500, you would receive your \$60,000 in approximately 3 years. Although you would have exhausted everything you contributed, PERSI would continue to pay you \$1500 a month for the rest of your life, plus annual cost of living adjustments (COLAs). So if your retirement were to last another 30 years, you would receive \$540,000 in benefits from the PERSI trust.

Disability Benefits

In addition to your retirement benefit, your Base Plan contributions provide for disability coverage. As a vested PERSI member, if you should become totally and permanently disabled while an active member, you may be eligible for a disability benefit. Disability for retirement purposes is considered to be *a total and permanent physical or mental impairment that prevents you from earning a livelihood*. If you perform any work for compensation, you will not be considered to be disabled. PERSI members applying for disability benefits have a limited period of time to file an application. The law (effective July 1, 2006) requires inactive members applying for PERSI disability benefits to file their claim within *one year of the date of their last contribution* to PERSI. Members go from active to inactive status when they are no longer eligible to accrue service or make contributions.

Death Benefits

The PERSI Base Plan offers financial security for your beneficiaries after you die. Whether an active or inactive member, if you die after becoming vested and had named your spouse as your sole beneficiary, PERSI will offer your spouse the choice of a lump sum payment of your remaining contributions plus interest or a monthly allowance payable for life. The lump sum death benefit for vested members is two times your account balance with interest. If you die before becoming vested, your beneficiary will receive your account balance plus any interest accrued.

Portability of Funds

Your Base Plan contributions are always yours. If you leave a PERSI employer, but keep your Base Plan money in PERSI and later work for another PERSI-covered employer, you retain the service credit earned in your previous job. All service credit you earn while working for a PERSI employer is automatically combined into a single account for you.

If you leave PERSI-covered employment, you may withdraw your Base Plan money, plus any interest earned – although tax penalties and withholdings may apply, or you may roll over your money and interest to an Individual Retirement Account (IRA) or other qualified retirement plan, including the PERSI Choice 401(k) Plan if you have an account.

Cost of Living Adjustments

To help benefits keep pace with inflation, the Base Plan offers annual cost of living adjustments (COLAs) to all retirees. Without COLAs, inflation could dramatically reduce the value of your benefit over time.

Additional Benefits of the PERSI Base Plan

- Contributions are secure and protected by state and federal law.
- Once earned, your lifetime benefit is guaranteed.
- PERSI is neither funded nor managed like Social Security. It is not a “pay as you go” system. PERSI is designed so the future value of benefits is funded as benefits are earned.

The Choice 401(k) Plan

The Choice 401(k) Plan is an optional defined contribution retirement savings plan available to active members. Unlike the Base Plan, participation in the Choice 401(k) Plan is completely voluntary. It allows you to contribute a portion of your salary on a tax-deferred basis via payroll deduction. This means your contributions come out of your paycheck before taxes, thereby reducing the amount of taxes you pay during the year. The Choice 401(k) Plan includes a loan provision where members may take a loan for any reason as long as they have a balance of \$2000 or more in their account, excluding any gain sharing amounts.

The Choice 401(k) Plan has 12 investment options. One of the most popular is the PERSI Total Return Fund (TRF), which mirrors the Base Plan investments. The TRF is the default investment fund. Your contributions are automatically invested in the TRF unless you elect otherwise. The TRF has no investment manager fee; however, fees are associated with the other 11 investment options. Unlike the Base Plan, you manage your Choice 401(k) Plan funds. In most cases, you may change deferral amounts and investments at any time. No fee is charged for making changes to your account. PERSI pays the record keeping fees for active members.

Money from other qualified retirement plans, such as a 401(a), 457, pre-tax IRA, 403(a) or 403(b), or another 401(k) account, can be rolled over to the Choice 401(k) Plan at PERSI. *After-tax contributions cannot be rolled into the Choice Plan.*

For More Information

To learn more about PERSI, or for more detailed information about your retirement options and benefits, visit the PERSI Web site at: www.persi.idaho.gov You may also contact the PERSI Answer Center Monday - Friday between 7:30 a.m. and 5:30 p.m. (Mountain Time) by calling (208) 334-3365 in the Boise area, or toll-free (800) 451-8228 from other parts of the state. Your human resources and/or payroll personnel will gladly assist you as well.