



PERSpectives



Third Quarter 2015

Public Employee Retirement System of Idaho

PERSI CHOICE 401(K) PLAN AND THE IRS' RMD RULES

RMD - WHAT IS IT?

RMD stands for the Required Minimum Distribution rules of the IRS.

Your required minimum distribution is the minimum amount you must withdraw from your account each year. You generally have to start taking withdrawals from your IRA, SEP IRA, SIMPLE IRA, or retirement plan account when you reach age 70½. Roth IRAs do not require withdrawals until after the death of the owner.

DOES IT AFFECT ME?

If you retired in 2001 or later and have money in the PERSI Choice 401(k) Plan and are age 70-1/2 or older, the RMD rules affect you. Generally, the first RMD must be taken by April 1st following the calendar year you turn age 70-1/2 or the year you terminate employment with your PERSI employer, whichever comes later. In subsequent years, the RMD deadline is December 31st.



WHAT'S THE PROCESS?

Empower Retirement, the record keeper for the PERSI Choice 401(k) Plan, calculates the RMD amount for affected retirees and sends a letter. If you received a letter from Empower Retirement, it will tell you the amount of the RMD for this year. They will mail another letter in October.

WHAT DO I NEED TO DO?

If you do nothing, the RMD amount on the letter sent by Empower Retirement will be mailed to you in mid-December, minus federal income taxes. No state taxes will be withheld if you reside in Idaho or other state where state tax withholding is not mandatory.

Complete and return the form Empower Retirement sent you only if you want to provide special tax instructions, want the RMD payment paid more frequently than annually, or want the RMD payment sent to a different address than the one your letter was sent to.

WHAT IF I HAVE QUESTIONS?

Call Empower Retirement at 1-866-437-3774 between the hours of 7 AM and 6 PM Mountain time on business days. The voice response system will ask for your personal information. Just say "customer service" and you'll be routed to a representative who can assist you.

You may also call PERSI at 1-800-451-8228 and ask to talk with someone in the Choice Plan Department.

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Insights

MR., MRS., AND MISCONCEPTIONS

By Debera Anderson

Retirement. Oh, how you longed to retire after working all those years. You spent years planning your retirement. You'll go fishing, you'll go on a cruise, and you'll do all those things you had put off until retirement. For so many years, your work had been who you were. You went to work and came home, and your home was your safe haven.

Now you're retired, and your home feels like your prison. Your friends work, your spouse gives you to-do lists, and your free time isn't free anymore. You never have a day off, you can't call in sick, and everyone wants to plan your day.

Remember when you were dating? Plans you made together were to last a lifetime - including where you were going to live, how many children you were going to have, and all of those important details. What happened when you got married? Little things started showing up, didn't they? And then the insurmountable chasm of finances probably took precedence over your relationship.

Retirement can be similar to your first years of marriage. You are older now and you have spent a lot of time compromising on the big and little details throughout the years. Suddenly, you don't want to compromise when it comes to retirement plans, and your spouse isn't will-

ing to compromise either. Divorce could start entering your thoughts because you can't seem to agree or communicate. According to 2013 Vital Statistics Annual Report, there were 7,248 divorces in Idaho for 2013. Of those 7,248 divorces, 573 of them were married for 25 years or more.¹

According to an article Psychological and Emotional Aspects of Divorce written by Kathleen O'Connell Corcoran, "Divorce is associated with an increase in depression—people experience loss of partner, hopes and dreams, and lifestyle.

The financial reality of divorce is often hard to comprehend: the same resources must now support almost twice the expense."² Furthermore, Idaho is a community property state, so your PERSI benefit(s) are jointly owned. PERSI is not responsible for the division of your property or benefits



Debera Anderson is a PERSI Retirement Specialist, whose focus will be on handling members' retirement issues associated with divorce.



because this decision is made by the court and final divorce decree. PERSI does segregate PERSI assets as deemed by the Domestic Retirement Order. If you are contemplating a divorce, you may want to review our Divorce Brochure (<http://www.persi.idaho.gov/documents/divorce.pdf>) to familiarize yourself with your PERSI benefit(s). We do not give legal advice, but this brochure does provide help for you, your spouse, and/or legal counsel. You are welcome to contact PERSI for any information regarding your account(s).

According to the Austin Institute's Relationships in America survey, where respondents could choose more than one reason for divorce, "The most-cited reasons for wanting a divorce were: 1) Infidelity by either party: 37%; 2) Spouse unresponsive to your needs: 32%; 3) Grew tired of making a poor match work: 30%; 4) Spouse immaturity: 30%; and 5) Emotional Abuse: 29%."³

If your situation fits the second category and your spouse seems unresponsive to your needs, you may be able to pinpoint what responses you desire and communicate your desires with your spouse. Also, taking the time to hear your spouse's response might help. He or she may not know that there is a problem. You and your spouse may want to each make a retirement expectation list. After your lists are completed, sit down and discuss your lists together. What are the similarities and the differences with your plans? How does your retirement income fit in with your plans? Is it your retirement income? Or is it you and your spouse's retirement income? How you spend your time and money will become an integral part of this phase of your life. Integral is a whole part; so instead of your life turning into fragmented pieces, make sure you openly communicate to make your whole retirement a pleasant, responsive, fun experience.

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2) Spouse unresponsive to your needs: 32%;

3) Grew tired of making a poor match work: 30%;

4) Spouse immaturity: 30%; and

5) Emotional Abuse: 29%."

¹ 2013 Vital Statistics Annual Report, Division of Public Health, April 2015

<http://www.healthandwelfare.idaho.gov/Health/VitalRecordsandHealthStatistics/HealthStatistics/VitalStatistics/tabid/914/Default.aspx>

² "Psychological and Emotional Aspects of Divorce" (Kathleen O'Connell Corcoran), June, 1997

www.mediate.com/articles/psych.cfm

³ "Divorce in America: Who Wants Out and Why?" Austin Institute, April 9, 2014

www.austin-institute.org/research/divorce-in-america/

If you are contemplating a divorce, you may want to review our Divorce Brochure (<http://www.persi.idaho.gov/documents/divorce.pdf>) to familiarize yourself with your PERSI benefit(s).



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PERSI INVESTMENT NEWS

for Base Plan as of September 21, 2015

Value of the Fund:

\$ 14,395,478,318

Fiscal Year Change in Market Value:

\$ (520,009,460)

Fiscal Year-to-Date Returns:

-3.3%

Month-to-Date Returns:

-0.1%

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