



PROTECTING PERSONAL INFORMATION

Privacy is an important issue, especially in today's environment. All of us want our personal information guarded...often to prevent identity theft, but also to put an end to telemarketers, impede scam artists, and even stop former classmates from contacting us about a class reunion. Regardless of the reason, safeguarding personal information is critical. PERSI is often asked by employers (and others) to provide member information for a variety of reasons. While PERSI can accommodate some limited requests, generally personal information cannot be shared with anyone other than the individual member. When it comes to protecting the personal data of members and retirees, in addition to internal policies PERSI is subject to statute including Idaho Code Sections 59-1316(1) and 9-340C.

Active Members

Much of the active member information in the PERSI database comes from employers through the transmittal process. When an employer contacts PERSI for personal information on an employee, only payroll information can be provided. Nothing more than information originally provided to PERSI by the employer (e.g., date of birth, address, etc.) can be released. Personal data such as beneficiaries, retirement or purchase of service estimates, and other non-payroll information cannot be shared with anyone other than the member. PERSI tells employers the best way to obtain personal data is to request it directly from their employees. Members wanting to approve the release of personal information can use a *Release of Information* form (RS451) found on the PERSI Web site at www.persi.idaho.gov.

Retired Members

When it comes to retirees, PERSI has similar restrictions. Employers and others may have legitimate reasons and good intentions for wanting retiree information, but PERSI can only release the name

and PERSI identification number to anyone other than the retiree. For example, employers have requested retiree information for the purpose of sending insurance change notices. PERSI applauds employers for wanting to assist their retirees; nevertheless, personal information cannot be released. Instead, PERSI has encouraged employers do one of two things: 1) contact the appropriate insurance carrier to gather the personal information; or 2) let the insurance carrier handle the notification process; after all, an insurer most likely has a current mailing list for the clients it insures. Retirees who go back to their former employers about insurance updates should be directed to the insurance carrier...the appropriate place to ensure accurate information is provided.

Beyond Protecting Member Information

Protecting the sensitive data of PERSI members and retirees goes beyond what can and cannot be released to employers or others. PERSI adheres to stringent internal protocols, including database access controls for staff, using encrypted files, requiring passwords for viewing account information, installing and using the latest firewall software, continual monitoring of our system for hackers and viruses, and utilizing secure channels for moving and storing back-up tapes. PERSI regularly reviews its processes to ensure best practices are used. In short, every measure is taken to protect against unauthorized or unlawful use of member information.

If you have questions about PERSI's policy on releasing personal information, please contact the PERSI Answer Center at 208-287-9525 from the Boise area or toll-free at 1-800-451-8228 from outside the Treasure Valley.

Inside this issue:

Who Cares For Your Kids If You Die?...	2
Credit Score	3
Tax Withholding.....	4
Public Safety Officers' Benefit	4
Investment News.....	4

Insights

WHO WILL CARE FOR YOUR CHILDREN IF YOU DIE?

Few people are comfortable talking about death...especially the prospect of their own. That's why many folks don't have a will, much less a plan for who would become the guardian of their children if something should happen. Deciding who could raise your children is not an easy task. Many couples simply procrastinate, and others can't agree on a suitable candidate so they do nothing. Those at risk are the ones parents want to protect the most. Start your selection process by reviewing the following guidelines.

First, deal with the fact that someday you will die. If it happens while you have minor-aged children, you will want them raised by an appropriate guardian.

Lower your expectations. The fact is no one will raise your children the way you would. No one is perfect, so don't look for perfection in the candidates you consider. You will want someone who will love your kids and continue raising them with the values that are most important to you.

Cast a wide net when considering potential guardians. While many people select family members as guardians, don't overlook close friends who already have kids. Grandma and Grandpa might be experienced in parenting, but they may not share your outlook on life or they may be too old to start raising kids again. Consider where your candidates live; if you have a teenager, moving across town or

across the country may add to the existing trauma of losing parents.

As a married parent, keep the discussion civil. It's best if you and your spouse can both endorse the same guardian. Advocating for one of your family members over one of your spouses could be sticky. Avoid criticism as it will only create tension. Instead, talk about the positive attributes you want in a guardian. Be prepared to compromise.

If you don't want to pick a permanent guardian, it's OK to name a temporary one. As your children age and your relationships change, you can reevaluate your choice and modify your will at any time.

Be sure to discuss your decision with the guardian you select. Guardianship is a big responsibility, and not everyone wants or is able to take it on. It is wise to select one person as the primary guardian, instead of a couple. Couples can split up, or if one member dies, it may complicate your estate plan. Make the choice official by creating a will.

Once you've chosen your primary guardian, you're not done. Now you should select a backup guardian. If you appoint one half of a couple as the primary guardian, there's nothing wrong with choosing the other half as the back up if you're comfortable with having him or her take over if something happens to

your first choice. However, if you really don't want your sister-in-law to take over if your brother dies, then consider naming someone else as a back up.

Most experts recommend keeping the guardian separate from the person you chose to serve as a trustee for the assets you leave your children such as money, property, and life insurance proceeds. By choosing separate people, you are putting in place a system of checks and balances. Selecting different people may also work to resolve differences between you and your spouse during the decision making process, particularly if you are considering family members for these roles. PERSI's Beneficiary Designation form (RS115) includes a custodian nomination for minor beneficiaries under the Idaho Uniform Transfer to Minors Act. The form is available on the PERSI Web site at www.persi.idaho.gov.

Once you've made your choices, the next step is to write a will. A simple will is relatively inexpensive (\$200-\$300), with more complex wills running higher. You can also write a will yourself using any one of several software packages on the market. However, if your net worth is high or your estate complicated, having an attorney draw up your will is worth the money. This is particularly true if you have family members who might contest the will or you have children from a previous marriage. No matter your situation, doing something beats doing nothing!

HOW YOUR CREDIT SCORE IS CALCULATED

A credit score -- aka FICO score -- is a number lenders and others use to predict the likelihood you will make your credit payments on time. Your score is based on information in your credit reports at the three credit reporting agencies: TransUnion, Experian, and Equifax. In 2008, the Fair Isaac Corporation (FICO) introduced a new formula to determine someone's creditworthiness. Scores typically range from 300 - 850; the higher your score, the better you are viewed by creditors.

Although specific details of how FICO scores are calculated are not readily available, the following provides some general insights:

▪ Payment History

Your payment history accounts for approximately 35% of your score. On-time payment of your financial obligations will boost your score. Late or delinquent payments and bankruptcies bring it down.

▪ Debt Load

How much you owe accounts for nearly 30% of your score. The less you owe compared to the credit that's available to you improves your score. FICO considers what you owe on all accounts, the number of accounts with balances, and how much of your available credit you're using.

▪ Length of Credit History

Your credit history accounts for 15% of your score. If you have a long credit history, your score goes up; however, you can still have a high score if you have a short credit history. How you handled your credit during a short period of time will impact the score.

▪ New Credit Accounts

How many new credit accounts you have accounts for 10% of your score. FICO distinguishes between applying for credit and loan rate shopping comparisons. To avoid lowering your score, complete any loan rate shopping within 30 days.

▪ Variables

Other factors account for 10% of your credit score. Your mix of credit, such as lines of credit, auto loans, credit cards, and mortgages, influences your score.

How Your FICO Score Affects a Mortgage Payment

Having a higher FICO credit score can impact the interest rate you are charged for loans. The chart below is an example of a 30-year fixed mortgage of \$250,000 refinanced at national average interest rates.



Source: FICO. Rates accurate as of April 20, 2009

FICO Score	Annual Percentage Rate (APR)	Monthly Payment
720-850	4.523%	\$1,270
700-759	4.745%	\$1,303
680-699	4.922%	\$1,330
660-679	5.137%	\$1,363
640-659	5.567%	\$1,430
620-639	6.114%	\$1,517

Getting a Copy of Your Credit Report

You can obtain a copy of your credit report at no cost once a year from all three credit reporting agencies; however, there is a charge to obtain your FICO score. Fees vary by agency. Your report and FICO score will also vary from agency to agency. Although each agency uses the same formula to calculate your score, the credit information is collected independently, so there are usually some differences.

A good way to stay on top of your credit reports is to space out your requests to one every 4 months. Using this approach you'll get a free report annually from each agency over the course of the year. It should help you track your credit information and alert you to anything unusual. To order a free credit report, call 1-877-322-8228 or visit the only Web site authorized by the Federal Trade Commission (www.annualcreditreport.com) to complete a request online. Mail requests should go to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. *Improving your credit score will be covered in the next PERSI newsletter.*

CHANGES TO FEDERAL TAX WITHHOLDING

Effective March 20, 2009, the Internal Revenue Service (IRS) updated tax withholding tables as a result of changes to tax law made under the *Making Work Pay Tax Credit*, a provision of the American Recovery and Reinvestment Act of 2009. You may want to consult your tax advisor to see how you will be affected by the changes.

- If your withholding and estimated tax payments are not enough to cover your tax liability, you may be

subject to interest charges and/or IRS penalties.

- If you are currently working, you **do not** need to complete a new W-4 form, but you may submit one to your employer to ensure the correct amount of tax is withheld from your pay.

For more information about the change, visit the IRS Web site at: <http://www.irs.gov/index.html>.

NEW LAW HELPS DISABLED PUBLIC SAFETY OFFICERS

During the 2009 legislative session, SB1111 was passed giving an additional disability benefit to public safety officers injured in the line of duty and determined to be permanently disabled under Idaho Code 59-1302(12). The bill allows a permanently disabled officer to receive a one-time \$100,000 lump-sum payment to cover health care costs, replace lost income, and offset increased expenses. The legislation came about because public safety officers who become disabled not only lose their source of income, but also their agency health care benefits. Once the officer is no longer an employee, he/she must acquire private health insurance. This benefit is meant to help cover that additional cost. Public safety officers who qualify must apply for the benefit through the PERSI Retirement Board. PERSI will confirm that the disability occurred in the line of duty, was not caused intentionally or through misconduct, and the officer was not voluntarily intoxicated at the time of the injury.

This new benefit is an employee-funded (public safety officers only) benefit. PERSI's actuary has determined a Class II contribution rate increase of .04% will be required, which equates to approximately \$20 annually for an officer making \$50,000 or more per year (a smaller amount for those who earn less.) PERSI will present a recommendation to the Retirement Board over the summer to obtain an approval for the increase and to establish an effective date. The increase will be implemented by administrative rule. The increase is projected to go into effect March 1, 2010.



www.persi.idaho.gov

PERSI INVESTMENT NEWS

as of June 16, 2009

Value of the Fund:
\$ 9,011,217,242

Fiscal Year Change in Market Value:
\$ (1,900,508,631)

Fiscal Year-to-Date Returns:
-16.8 %

Month-to-Date Returns:
-0.9 %

*Posted monthly on PERSI Web site: www.persi.idaho.gov

IDAHO
PERSpectives

Public Employee Retirement System of Idaho

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