



PERSpectives



First Quarter 2015

Public Employee Retirement System of Idaho

PERSI WELCOMES NEW RETIREMENT BOARD TRUSTEE

The Public Employee Retirement System of Idaho (PERSI) Retirement Board is proud to announce the appointment of Celia Gould as its newest Trustee. Celia also currently serves as Director of the Idaho Department of Agriculture (ISDA), a post she has held since 2007.

“I see every day the pride, diligence, and professionalism with which our public employees carry out their work. Now, with the honor of serving on the Retirement Board, I can attempt to serve and safeguard their interests,” said Gould.

In addition to serving as the ISDA Director, Celia is an owner/operator of a third generation farming and ranching operation, G+ Ranches of Buhl, Idaho. She and her husband also have a beef operation in the Declo area.

Celia served sixteen years as a state legislator representing the western half of Twin Falls County, serving on the Agricultural Affairs, Education, and Revenue and Taxation

committees, in addition to serving as the Chairman of the Judiciary, Rules and Administration Committee. She is a graduate of Buhl High School and has a B.A. in Political Science from Boise State University. In December 2008, she earned her master’s degree in Public Administration.



*Celia R. Gould, Trustee
PERSI Retirement Board*

“Trustee Gould brings a combination of legislative, executive, and real-life experience that is very hard to come by,” said Chairman of the Board, Jody Olson. “We are fortunate to have her join the Board.”

Trustee Gould fills the Board position left vacant since former Trustee, Bill Deal retired last December.

NEW CHOICE 401(k) PLAN RECORD KEEPER

PERSI is excited to announce an enhancement to the PERSI Choice 401(k) Plan. If you retired after February 1, 2001, you might have a Choice Plan account.

After an extensive search, PERSI has selected Empower Retirement to replace Xerox HR Solutions as the new PERSI Choice 401(k) Plan record keeper effective May 1, 2015.

Formerly known as Great-West Financial, Empower Retirement is the 2nd largest retirement record keeping firm in the U.S., and provides state-of-the-art retirement plan services to more than 25 states across the country.

In the coming weeks and months, Choice Plan participants will be receiving transition-related correspondence from Empower.

at PERSI employer sites throughout Idaho. You can access a meeting schedule on the PERSI website at:

<http://www.persi.idaho.gov/documents/news/ChoicePlanTransitionMeetings.pdf>

If you have questions about the transition, you can reach Empower **before** May 1st at 1-800-876-4953, or **after** May 1st at 1-866-437-3774.



To facilitate member education regarding this transition, Empower Retirement representatives will also be conducting meetings the weeks of April 6th and April 13th mainly

Inside this issue:

- Choice Plan Fee Changes.....2
- Choice Plan Fee Structure.....3
- Investment News.....4

Insights

CHOICE PLAN 401(k) FEE STRUCTURE CHANGES



If you retired after February 1, 2001, you might have a Choice Plan account. PERSI is changing how the fees of Choice Plan record keeping, administration, and certain investment options are paid. If you have money in the PERSI Choice 401(k) Plan, please note the fee structure will change.

Starting May 1, 2015 retirees with a Choice Plan account balance will pay a monthly record keeping and administration fee ranging from \$0.50 to \$14.00, depending on account balance. Participants investing in the Total Return Fund (TRF) or the Short-Term Investment Portfolio (STIP) will now pay investment management fees -- .27% for the TRF and .11% for the STIP. Participants in other Choice Plan investment options already pay investment management fees. Both fee schedules are printed on page 3.

The Choice Plan was started in 2001, as a result of gain sharing. At that time, 53,000 active PERSI members participated in gain sharing and were given a Choice Plan account with a balance. There was almost complete overlap between Base Plan members and Choice Plan participants, and PERSI absorbed the cost of fees for record keeping, administration, and investing in the Total Return Fund (TRF) and, since 2010, the Short-Term Investment Portfolio (STIP).

Since 2001, the number of Choice Plan participants has grown, but the overlap between Base Plan members and Choice Plan participants is no longer complete. Out

of fairness to all members, and in order to keep both the Choice Plan and the PERSI Base Plan in compliance with applicable IRS requirements, the PERSI Board determined a new fee structure was appropriate.

Admin/Record Keeping Fees

As a retiree, a record keeping fee has been deducted from your Choice Plan account. Currently, that's \$2.40 a month. The administration and record keeping fees pay the actual costs for PERSI and its record keeper (was Xerox HR Solutions, soon to be Empower Retirement) to operate and administer the Choice Plan, day to day. In setting the new fee structure, a major consideration, in addition to keeping these fees as low as possible, was to find a balance across the participants without overwhelming those with low account balances. Participants with higher balances will pay a larger dollar amount, but a lower percentage of account balance, while those with smaller balances will pay a lower dollar amount, but a higher percentage. You will be able to identify administrative and record keeping fees on your quarterly statements.

Investment Fees

The Investment fees reflect the actual cost of investing in the various fund options. PERSI's financial review determined that the cost of investing Choice Plan money in the TRF was 27 basis points (.27%) -- or in the case of a single dollar, \$0.0027. The investment cost for the STIP is 11 basis points (.11%). Other investment options already assess an investment management fee. These fees are assessed and netted out of the return by the fund managers each day, when the market closes. You may not see a direct determination of fees on your quarterly statements; instead you may see investment returns, "net of fees".

continued on page 3

Every \$1,000 invested in the TRF will cost \$2.70 a year in investment fees. So, in a very rough example, if a participant started the year with \$1,000 in the TRF, and the TRF had a 10% return, that year's fees would end up being \$12 for administration/record keeping, and approximately \$2.70 for investments, leaving an ending balance of \$1,085.30.

While the new fee structure does coincide with the record keeper transition, Empower Retirement is not responsible for the fee changes.

If you have questions or comments regarding the fee structure, you can contact the PERSI Choice Plan Department at (208) 287-9317.

Choice Plan Administration/Record Keeping Fees (effective May 1, 2015)

“In setting the new fee structure, a major consideration, in addition to keeping these fees as low as possible, was to find a balance across the participants without overwhelming those with low account balances.”

Tier Brackets		Total annual charge per Tier	Total Monthly charge
\$ 500,000.01	and up	\$ 168.00	\$ 14.00
200,000.01	500,000.00	\$ 144.00	\$ 12.00
100,000.01	200,000.00	\$ 129.00	\$ 10.75
50,000.01	100,000.00	\$ 117.00	\$ 9.75
30,000.01	50,000.00	\$ 99.00	\$ 8.25
10,000.01	30,000.00	\$ 72.00	\$ 6.00
4,000.01	10,000.00	\$ 48.00	\$ 4.00
2,000.01	4,000.00	\$ 27.00	\$ 2.25
1,000.01	2,000.00	\$ 12.00	\$ 1.00
100.01	1,000.00	6.00	0.50
0.01	100.00	-	-

Choice Plan Investment Fees (effective May 1, 2015)

Fund Name	Fee in Basis Points
Total Return Fund	27.0
PERSI STIP (cash)	11.0
U.S. Broad Market Equity Index Fund	7.0
U.S. Large Cap Equity Index Fund	5.0
U.S. Small/Mid Cap Equity Index Fund	5.0
International Equity Index Fund	7.0
U.S. Bond Market Index Fund	5.0
Calvert Socially Responsible	70.0
Vanguard Growth & Income	26.0
T. Rowe Price Small Cap	91.0
Brandes Int'l Equity	100.0
Dodge & Cox Fixed Income	43.0
U.S. TIPS Index Fund	5.0
U.S. REIT Index Fund	10.0
Emerging Markets Equity Index Fund	9.0

“The Investment fees reflect the actual cost of investing in the various fund options. PERSI’s financial review determined that the cost of investing Choice Plan money in the Total Return Fund was 27 basis points (.27%) -- or in the case of a single dollar, \$0.0027.”



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PERSI INVESTMENT NEWS

for Base Plan as of February 27, 2015

Value of the Fund:

\$15,116,838,635

Fiscal Year Change in Market Value:

\$ 430,255,539

Fiscal Year-to-Date Returns:

3.7%

Month-to-Date Returns:

2.9%

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