



Boise | Coeur d'Alene | Pocatello

# **PERS**pectives FOR RETIREES

Public Employee Retirement System of Idaho

Second Quarter 2018

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## IMPORTANT TAX INFORMATION

Recently, there have been significant changes to tax laws that may affect your withholdings and the taxes you owe when you file your 2018 income tax return. Because of these new tax laws, PERSI recommends that you review your current tax withholdings to see if you have the right amount of federal and state income tax withheld.

The IRS (<https://www.irs.gov/pub/irs-pdf/fw4.pdf>) and the Idaho State Tax Commission ([tax.idaho.gov/W4](http://tax.idaho.gov/W4)) have issued withholding guidelines to help taxpayers.

To avoid any unintended tax consequences, PERSI strongly recommends that you review your withholdings. If you determine that you need to make changes, go to myPERSI (<https://mypersi.idaho.gov/memberportal>) or submit an RS322: Federal and State Tax Withholding Selection.

If you take no action, PERSI will continue to withhold taxes at the rate indicated on your most recent tax withholding selection.

PERSI wants to remind members that we are not tax authorities, and cannot provide personal or specific tax advice. Please direct your questions about how these changes affect you to the IRS and the Idaho State Tax Commission. We also encourage members to seek tax advice from a qualified tax professional.

## OUTLIVING YOUR CONTINGENT ANNUITANT

When you retired, you were given four options for naming a contingent annuitant (CA) to receive a monthly lifetime PERSI benefit after you pass away. If you named a CA, your benefit is reduced during your lifetime based on the retirement option you chose, as well as the difference between your age and that of your contingent annuitant.

### WHAT IF YOUR CONTINGENT ANNUITANT PASSES AWAY BEFORE YOU DO?

Very few circumstances exist where the CA can be changed. One of those circumstances is after the

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death of a contingent annuitant. In that case, you may be eligible for a “Pop Up” Increase\*, returning your monthly benefit to a larger amount. You may also name a new CA, but if you do, this time it is restricted to your spouse.

If something does occur to your CA, you must contact PERSI to determine your options.

Failure to do so could mean leaving potential “Pop Up” money on the table. (If you get married or remarry, and want to name your spouse as a replacement contingent annuitant, you have one (1) year from the date of marriage to complete the process of naming your spouse as contingent annuitant with PERSI.)

***\*To be eligible for the Pop Up Increase, your date of last contribution must have occurred on or after 7/1/1992 AND your date of retirement must have been on or after 10/1/1992. For more information about the Pop Up Increase, visit the PERSI website ([www.persi.idaho.gov](http://www.persi.idaho.gov)).***

### HOW TO SUBMIT A CHANGE

You can submit a CA change to PERSI by completing a new retirement application. You must indicate you are naming your new spouse as your contingent annuitant — and you must provide a copy of his or her birth certificate and Social Security number, AND a copy of the marriage certificate. You must also select a contingent annuitant retirement option. You do not have to select the same option that was in place for your deceased CA. All signatures on the retirement application must be notarized. After PERSI receives the new retirement application, a 90-day waiting period is required before the change goes into effect.



### CHANGES TO YOUR BENEFIT AMOUNT

If you named a contingent annuitant when you initially retired, your benefit was reduced so a benefit payment would continue going to your CA after your death. If your retirement date was October 1, 1992 or later, and your date of last contribution was July 1, 1992 or later, your benefit “Popped Up” to the regular retirement allowance when your CA predeceased you. The new amount was equal to what would have been in effect on the date of your CA’s death if you had not chosen to name a contingent annuitant when you retired. Your benefit will include all cost-of-living adjustments (COLAs) since your initial retirement date.

***You might want to get an estimate from PERSI before you submit a new retirement application so you’ll know how much your benefit will be reduced if you name a new contingent annuitant.***

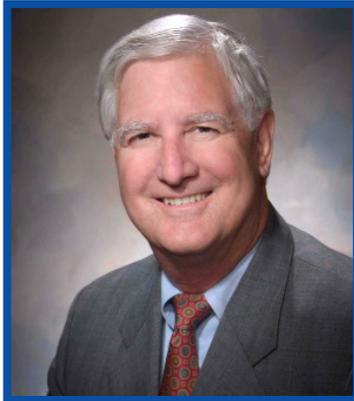
Your benefit will continue at the higher rate until the new CA becomes effective 90 days after PERSI receives your new retirement application. When the new spousal CA goes into effect, your benefit will be recalculated based on the retirement option you selected and the difference between your age and that of your new contingent annuitant.



If you have any questions about changing your contingent annuitant, contact PERSI toll-free at 1-800-451-8228 or 208-334-3365 from the Boise area.



## PERSI'S CHIEF INVESTMENT OFFICER, BOB MAYNARD, FEATURED IN *TRUSTED INSIGHT*



Bob Maynard,  
Chief Investment Officer

The world's biggest network of institutional investors, Trusted Insight, recently interviewed PERSI's Bob Maynard about the portfolio, other systems, and weathering many market conditions.

When asked about how the structure of the portfolio withstands the varying market environments Mr. Maynard explains:

“In the 2000s, you kept hearing that the old way of doing things did not work. In our experience, this is not true. What we have experienced since the mid-'90s has been exactly in line with the volatility and the return patterns that we projected.

The core problem that many institutions encountered was the inability to handle standard volatility. For whatever reason, whether it's that contribution rates were not high enough, return needs were too high or that their liabilities behaved differently than expected. If I was in the position that many endowment funds are with seven or higher percent real return needs, I would not be using the same approach as we are using right now. If you are an endowment fund or a public pension fund that has six percent or higher real return expectations, you have to beat the market. We do not need to beat the market.

**“The market started to get interesting in February, but I see no sign of an economic downturn. If you look at all the indicators, we cannot see any speculative excess or signs of an upcoming recession.”**

What is the reasoning behind not trying to beat the market? Over the long term, if we get real returns from stocks in the five to seven percent range, which has been the general history since the 1800s, or if we get one to two percent real return in bonds rolling over 10 to 20 year periods, we are fine.

Trying to make more than that is dangerous for us. If you try to make more you also enter an environment where there are more losers than winners. When you are bold and try to get the top quartile active manager, the best performing hedge fund, or the top decile venture capital fund, the odds are against you. An increased risky strategy also makes it more difficult to explain the outcomes when times go bad.”

The interview continues with in-depth conversation about markets in the future, withstanding uncertainty, and being patient during a downturn.

To read the article in full, click the below link:

 [\*\*'No Sign Of An Economic Downturn' On The Horizon\*\*](#)  
[\*\*CIO Bob Maynard, PERSI Of Idaho | Exclusive Q & A\*\*](#)



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You can receive your PERSI annual statements, confirmation of changes and other documents sooner 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, and then you can log into your *myPERSI* account and download the document.

### PERSI INVESTMENT NEWS

AS OF June 7, 2018

**VALUE OF THE FUND**

**\$17,741,961,167**

**FISCAL YEAR CHANGE IN MARKET VALUE**

**\$1,358,361,768**

**FISCAL YEAR-TO-DATE RETURNS: 10.3%**

**MONTH-TO-DATE RETURNS: 1.3%**

\*Posted monthly at [www.persi.idaho.gov](http://www.persi.idaho.gov)  
Fiscal Year July 1, 2017 - June 30, 2018

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