

INVESTMENT AND FEE INFORMATION

Investment Information

As you Go Now, Go BIG by enrolling in the PERSI Choice 401(k) Plan, you will be able to invest your contributions among several investment options. If you choose not to direct your contributions, they will be directed automatically to the PERSI Total Return Fund, which is invested the same way the PERSI Base Plan is invested, making it a balanced diversified fund.¹

You can choose from several investment fund options within the PERSI Choice 401(k) Plan to create a diversified portfolio of fund options, including a mix of equity, fixed-income and balanced funds, as well as the PERSI Total Return Fund. Diversification and asset allocation do not ensure a profit and do not protect against loss in declining markets.

A complete list of core funds is available at www.mypersi401k.com.

As you select your investments and decide on the best investment strategy for your current situation and long-term goals, here are some important things to keep in mind:

INVESTMENT RISK – “How much risk comes with this investment?” All investments carry risk, but the risk varies for each asset class. To potentially earn a higher rate of return in the long run, you may have to expose yourself to more risk in the short term. More risk may mean investments whose values fluctuate often or more dramatically than other investments. Asset classes with more stable short-term results, such as bonds and capital preservation funds, tend to offer a lower potential rate of return in the long term.

ASSET ALLOCATION – “What can I possibly invest in?” Distributing your account balance across the different asset classes (stocks, bonds and capital preservation) is known as asset allocation. It affects both your risk and potential return.

DIVERSIFICATION – “How many different investments may work best for my situation?” Diversifying your investment portfolio within the different asset classes may help manage risk and may improve portfolio performance over the long term because different investments tend to perform differently at any particular time.

INVESTMENT TIME HORIZON – “How much time do I have to save for retirement?” Your investment time horizon is the length of time your money will be invested before you start withdrawing it. The longer the time horizon, the more time you have to ride out the ups and downs of the market.

PERSONAL RISK TOLERANCE – “What level of risk do I feel comfortable with?” Your personal risk tolerance, or investor style, usually reflects your ability to stay the course in spite of dips in investment returns over time. If you tend to change the way your money is invested because of changes in the market, you may want to limit your exposure to more volatile asset classes.

INVESTMENT FEE/ EXPENSES – “How much does it cost me to participate in the PERSI Choice 401(k) Plan?” For complete fee information visit mypersi401k.com and select *About Your Plan and Fees*. Carefully consider the investment objectives, risks, fees and expenses of the investment options. Contact us for a prospectus, a summary prospectus and disclosure document, as available, containing this information. Read them carefully before investing.

For a complete list of investment information, visit www.mypersi401k.com and select *Investing* and *Investment Information*.

Investment Fees

PERSI prides itself on being simple, transparent, focused and patient in its business practices and PERSI Base Plan operations. This philosophy also applies to the PERSI Choice 401(k) Plan. It is important for PERSI members to understand fees as they relate to the PERSI Choice 401(k) Plan and to retirement plans in general. As we discuss fees and expenses, there are four areas of focus:

RETIREMENT BOARD

The PERSI Retirement Board is responsible for investment policy and structure, portfolio strategy, asset allocation, strategic policies, the hiring of managers and other agents or consultants to carry out those policies and strategies, and the monitoring of the managers, consultants and other agents. Board meetings are always open to the public. The meeting schedule can be found on the PERSI website at PERSI.idaho.gov.

TOTAL RETURN FUND

The default investment option for the PERSI Choice 401(k) Plan is the Total Return Fund, which is invested the same way PERSI Base Plan trust assets are invested. With a few minor exceptions, all of PERSI's investment activities for the Total Return Fund are accomplished through outside managers.

A complete list of managers can be found in PERSI's annual report, which is available on the website along with the Total Return Fund's full disclosure document.

SIMPLE FEE APPROACH

Although several types of fees may be charged for mutual funds, we keep things simple for you. With the PERSI Choice 401(k) Plan, you incur only one investment-related fee — the asset management fee for each particular fund. There are no account fees, actuarial risk charges, sales fees, or front or back loads for the fund options in the PERSI Choice 401(k) Plan. The asset management fee is deducted from the return on a daily value basis. If a selected mutual fund earned 8.6% return for the year and the fee is 0.10%, the return will be reported as 8.5% for the year with the 0.10% fee deducted.

REVENUE SHARING

PERSI currently has revenue-sharing arrangements with the Dodge & Cox Income and Calvert Balanced I funds and receives reimbursements from them that may reduce or eliminate the monthly asset-based fee charged to a participant's account. Every cent of these reimbursements is credited to the PERSI participants who invest in these funds, directly reducing the amount paid in fees (see Investment Fee table below).

Participants who invest in these funds will see the reimbursements in the Account Activity Summary section of their quarterly statements as "other credits or a plan expense reimbursement." Only those participants who contribute to the funds that pay reimbursements will receive them.

Note: Reimbursements can be discontinued by the fund, and revenue-sharing arrangements may be changed by the Plan at any time.

TABLE 1: INVESTMENT FEES* APPLICABLE TO EACH AVAILABLE INVESTMENT OPTION IN THE PERSI CHOICE 401(K) PLAN

Risk / Potential Return Meter	Fund	Asset Class	Annual Expense Ratio**	Annual Fee Per \$1,000 Example
High	U.S. REIT Index Fund	Real Estate ²	0.10%	\$ 1.00
	Emerging Markets Equity Index Fund	International ^{2,3,4}	0.09%	\$ 0.90
	International Equity Index Fund	International ³	0.07%	\$ 0.70
	Brandes International Equity Fund-Class R6	International ^{2,3}	0.92%	\$ 9.20
	T. Rowe Price Institutional Small-Cap Stock Fund	Small Cap ⁵	0.66%	\$ 6.60
	U.S. Small/Mid Cap Equity Index Fund	Mid Cap ⁵	0.05%	\$ 0.50
	U.S. Large Cap Equity Index Fund	Large Cap	0.05%	\$ 0.50
	U.S. Broad Market Equity Index Fund	Large Cap	0.07%	\$ 0.70
	Vanguard Growth & Income Adm	Large Cap	0.23%	\$ 2.30
	U.S. Bond Market Index Fund	Bond ⁶	0.05%	\$ 0.50
	U.S. TIPS Index Fund ⁷	Bond ⁶	0.05%	\$ 0.50
	Dodge & Cox Income Fund	Bond ⁶	0.43%	\$ 4.30
	PERSI Total Return Fund (TRF)	Balanced ¹ (Default Option)	0.27%	\$ 2.70
	Calvert Balanced I	Balanced ¹	0.67%	\$ 6.70
	PERSI Short-Term Investment Portfolio	Capital Preservation ⁸	0.11%	\$ 1.10
	Low			

FOR ILLUSTRATIVE PURPOSES ONLY. The chart reflects the expected relative risk/return potential over the long term. Past performance is not a guarantee of future results.

Gross expense ratios are the funds' total annual operating costs expressed as a percentage of the funds' average net assets over a given time period. They are gross of any fee waivers or expense reimbursements and are subject to change.

*Fee information as of 02/01/2019

**Expense ratios provided are the funds' total annual operating expense ratios, gross of any fee waivers or expense reimbursement

In discussing the PERSI Choice 401(k) Plan, there are two types of fees:

- **Investment fees (shown in Table 1)**
- **Recordkeeping fees (shown in Table 2)**

INVESTMENT FEES

Below are the available PERSI Choice 401(k) Plan investment options listed by risk versus potential return. For example, specialty funds offer the potential for more risk as well as the potential for higher return. Consequently, capital preservation funds offer low risk and low potential return. Find the funds that are best suited for you and your level of risk tolerance.

Risk: the possibility of gain or loss on your investment

Return: the actual gain or loss on your investment

To help find your tolerance for risk, there is a **quiz** online that you can use. Simply visit www.mypersi401k.com, select *Learning Center* and *Wellness and Financial Resource Center*, then click on the *Empower Retirement Wellness and Financial Center*, select the *Investing* tab and *Investing 101*.

Carefully consider the investment option's objectives, risks, fees and expenses. Contact us for a prospectus, summary prospectus or disclosure document containing this information. Read each carefully before investing.

TABLE 2: RECORDKEEPING FEES*

Here are the monthly recordkeeping fees based on account balances:*

Account Balance Bracket	Monthly Charge Per Tier
\$ 0.01 - 100.00	\$ –
\$ 100.01 - 1,000.00	\$ 0.48
\$ 1,000.01 - 2,000.00	\$ 0.95
\$ 2,000.01 - 4,000.00	\$ 2.14
\$ 4,000.01 - 10,000.00	\$ 3.80
\$ 10,000.01 - 30,000.00	\$ 5.70
\$ 30,000.01 - 50,000.00	\$ 7.84
\$ 50,000.01 - 100,000.00	\$ 9.26
\$ 100,000.01 - 200,000.00	\$ 10.21
\$ 200,000.01 - 500,000.00	\$ 11.40
\$ 500,000.01 and up	\$ 13.30

* Fee holiday – If you're new to the PERSI Choice 401(k) Plan, you're eligible to take advantage of a 12-month fee holiday in which both recordkeeping and administrative fees will not be assessed to your account. After 12 months, fees begin at your respective tier. You will still pay investment management fees. Each investment has its own operating expense.

LOWER FEES = POTENTIALLY HIGHER ACCOUNT BALANCE

The 1% difference in investment management fees could result in an increase in the account balance by 28% – more than \$46,000!



■ Fund A = 0.50% fee
 ■ Fund B = 1.50% fee

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration is not intended as a projection or prediction of future investment results, nor is it intended as financial planning or investment advice. It assumes a 6% annual rate of return over the next 35 years and reinvestment of earnings with no withdrawals. Rates of return may vary. The illustration does not reflect any associated charges, expenses or fees. The tax-deferred accumulation shown would be reduced if these fees were deducted.

For more information, visit www.mypersi401k.com or call Empower Customer Service at 866-437-3774. To contact a local plan counselor, visit www.mypersi401k.com and select *Meet Your Plan Representatives*.

- 1 Asset allocation and balanced investment options and models are subject to the risks of the underlying funds, which can be a mix of stocks/stock funds and bonds/bond funds. For more information, see the prospectus and/or disclosure documents.
- 2 Real estate securities and trusts involve greater risks than other non-diversified investments, including but not limited to: declining property values, varying economic conditions, changes in zoning laws or losses from casualty. Real estate securities that invest in foreign real estate involve additional risk, including currency fluctuations and political developments.
- 3 Foreign investments involve special risks, including currency fluctuations, taxation differences and political developments.
- 4 Equity securities of companies located in emerging markets involve greater risks than investments in more established markets, including currency fluctuations, political developments and share illiquidity.
- 5 Equity securities of small and mid-size companies may be more volatile than securities of larger, more established companies.
- 6 A bond fund's yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news, and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa.
- 7 Certain underlying funds invest in Treasury inflation-protected securities (TIPS). Unlike conventional bonds, the principal or interest of TIPS is adjusted periodically to a specified rate of inflation (e.g., Consumer Price Index for All Urban Consumers [CPI-U]). There can be no assurance that the inflation index used will accurately measure the actual rate of inflation.
- 8 Capital preservation funds are not federally guaranteed and may lose value. They have interest rate, inflation and credit risks that are associated with the underlying assets owned by the portfolio or fund.

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