



Boise | Coeur d'Alene | Pocatello

PERSpectives FOR ACTIVES

Public Employee Retirement System of Idaho

Fourth Quarter 2020

TOPICS / Fiscal Year 2020 Recap And Update pg. 1-3 / Dust Off Your Retirement To-Do List pg. 3-4 / Bulletins pg. 4

FISCAL YEAR 2020 RECAP AND UPDATE

This past year (2020) was unprecedented for the State of Idaho and the country as a whole. We are happy to report that services at PERSI remained on-track and membership received the same level of customer service that you have come to expect from PERSI.

MARKET VOLATILITY

During the third quarter of the fiscal year, COVID-19 triggered significant market volatility resulting in the fund going from a +9.1% rate of return in February to a -14.8% rate of return in March. In spite of global events, the fund was able to recover and PERSI's fiscal year ended (on June 30, 2020) with an investment return of 2.65% net of all expenses.

Volatility may, and often does, occur day-to-day or week-to-week. However, over time the markets tend to balance out and the fund performs as expected. PERSI's investment professionals and staff are extremely vigilant in monitoring our long-term investment strategy and asset allocation.

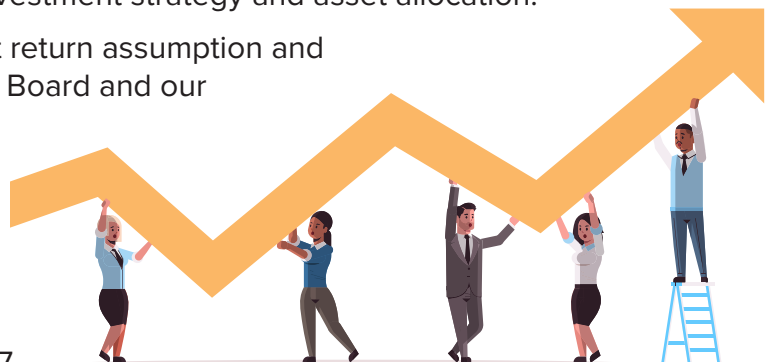
The Board remains watchful over the investment return assumption and investment strategy. At each Board meeting, the Board and our investment professionals discuss market trends and outlooks. The Board considers a broad range of factors and closely monitors the Plan to protect the funded status.

MEMBERSHIP AND FUND NUMBERS

During the fiscal year, the number of active PERSI members increased from 72,502 to 73,657.

PERSI's retired members or annuitants receiving monthly allowances increased from 48,120 to 49,573.

The number of inactive members who have not been paid a separation benefit increased from 39,867 to 41,945. Of these inactive members, 13,788 have achieved vested eligibility. Total membership in PERSI increased from 160,489 to 165,175 during the fiscal year. PERSI now has 819 public employers in



continued on page 2...



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the state who are members.

At the end of the fiscal year 2020, PERSI had an amortization period of 20.5 years and a funding ratio of 87.7 % (before any COLA decision). Per Idaho Statute 59-1322(5), the Board must take action if the amortization period for the Fund's unfunded actuarial liability (UAL) exceeds 25 years. Since the amortization period was under 25 years, there are no proposed contribution rate increases for employers or employees.

PERSI's Financial Executive Officer, Alex Simpson, announced at the November Board meeting that active members will earn a regular interest rate of 2.39% on their personal Base Plan accounts from January 1, 2021, through December 31, 2021.

COST-OF-LIVING ADJUSTMENT

Like last year, the Board is watchful of ongoing market volatility, changing demographics within the plan, and retirees anticipating additional COLA during positive return years. Future discretionary COLAs (other than mandated) will require strategic and careful consideration going forward. The Board is focused on sustaining the fund and establishing COLA practices that align with fund sustainability.

This year the PERSI Retirement Board has been working through updating their policies and practices, including the PERSI funding guidelines. These funding guidelines take a conservative approach to the COLA, keeping in mind the purchasing power of retirees while focusing on the main goal of sustaining the fund and stabilizing contribution rates.

At the October 2020 Board meeting, the Board stated they would remain true to the funding position and would not take any action concerning discretionary COLA. Since no action took place, a vote regarding the COLA was not required.

The legislatively mandated 1% COLA goes into effect on March 1, 2021.

YOUR BENEFIT

RETIREES

Market volatility and day-to-day market swings do not affect retiree benefits. Retired members receive a defined benefit from the Base Plan that is independent of, and does not depend on, market returns.

ACTIVE AND INACTIVE MEMBERS

Active and inactive members do not lose money in the Base Plan, even if the market goes down or has a negative return. When your contributions come into the PERSI system, it goes into an interest-bearing account under your name and social security number.

Your contribution, plus interest that PERSI pays on your contributions, are always yours. The interest rate is determined at the end of each fiscal year, based on the PERSI trust funds returns, and is applied in January of the following year.



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The Base Plan is a professionally managed, diversified, long-term investment fund, and rated as one of the top state pension funds in the nation.

PERSI WORKSHOPS

At the beginning of the pandemic, our PERSI trainers were able to quickly transition from in-person workshops for active members to live, secure online workshops. Our trainers look forward to holding in-person workshops once conditions improve. In the meantime, they are thrilled to see so many of you online and provide you the latest retirement preparedness education.

WE ARE HERE FOR YOU

PERSI staff members are available to assist you. Our call center is fully staffed and ready to support members or employers needing assistance. We encourage everyone to use the call center.

PERSI lobbies in Boise, Coeur d'Alene, and Pocatello are open. We are following CDC guidance and Governor Little's actions to promote a safe and healthy environment for staff and members. For health and safety reasons, appointments online via Zoom or by phone, rather than in-person, are encouraged.

If you do wish to meet in person, please go to PERSI's newly updated website at www.persi.idaho.gov to learn about visiting a PERSI office.

Members with questions may call the PERSI Answer Center at 1-800-451-8228 or 208-334-3365 or email us at frontdesk@persi.idaho.gov. Your email will be directed to the appropriate department.

Overall, PERSI is doing well but we must continue to be diligent to protect the well-being of the fund and address challenges as they develop.



DUST OFF YOUR RETIREMENT TO-DO LIST

Contributed by Empower Retirement, recordkeeper of the PERSI Choice 401(k) Plan.

Most of us spent more time at home than expected during 2020 — and the more motivated among us have used some of that time to do things like organize closets, declutter a junk drawer and even clean out the garage. If you've been on your own organizing spree, be sure to include your retirement account on your to-do list. Here are a few suggestions to get you started:

- ☑ **Check your contribution level** – Are you contributing enough to your account to reach your retirement income goals? According to one commonly used rule of thumb, we'll need to replace at least 70% of our pre-retirement income to maintain a similar lifestyle after we leave the workplace.¹ Boosting your contribution amount now can help you get closer to that goal.



continued on page 4...

- ☑ **Review your asset allocation** – Do you have the right balance of risk and return in your mix of investments based on your planned retirement date? As you approach retirement, you may want to shift to a more conservative mix of investments to lower the risk level of the assets that you'll soon rely on for retirement income.^{2, 3}
- ☑ **Designate or update your beneficiary** – Have you chosen a beneficiary — and is that choice up to date? Your beneficiary is the person who will inherit the assets in your account in the event of your death. When you designate a beneficiary, the assets from your account may not have to go through a prolonged and costly probate process.
- ☑ **Keep your contact details up to date** – Is your contact information current? Confirm that the plan has your correct phone number, mailing address and email address. Mailing addresses need to be updated through your employer. Your email address and phone number can be updated online at www.mypersi401k.com in your PERSI Choice 401(k) Plan account.

And if you haven't logged in to your account online for a while, why not update your password while you're at it?

¹ empower-retirement.com, "Maximize Your Contributions," March 2016.

² Investing involves risk, including possible loss of principal.

³ Asset allocation, diversification, dollar-cost averaging and/or rebalancing do not ensure a profit or protect against loss.

Do you have questions about any of these items or want suggestions on other things to do to get your retirement account organized? Schedule a call or online visit with your local Empower Retirement representative.



- Ali Belden | Direct 208-345-5201 | Toll-Free (844)446-8658 Ext. 20461
ali.belden@empower-retirement.com
- Oscar Lopez | Direct 208-345-1120 | Toll-Free (844)446-8658 Ext. 1120
oscar.lopez@empower-retirement.com

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DO YOU HAVE A *my*PERSI ACCOUNT? _____

With a *my*PERSI account, you can receive your PERSI annual statements, confirmations of changes, and other documents sooner and in a secure location by setting your preferred method of communication to "electronic" in your account.

By choosing electronic communication, under the Personal Information tab on your *my*PERSI page, you will receive an email alert when new documents are available, including your retiree newsletter.

Then you can log into your *my*PERSI account to download the documents.

CLICK HERE



UPCOMING HOLIDAYS

PERSI will be closed in observance of the following holidays:

- Friday, January 1 – New Year's Day
- Monday, January 18 – Martin Luther King Jr. Day
- Monday, February 15 – Presidents' Day

If you have questions, call the PERSI Answer Center at 1-800-451-8228 or 208-334-3365.

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www.persi.idaho.gov

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