



Boise | Coeur d'Alene | Pocatello

# **PERS***pectives* FOR RETIREES

Public Employee Retirement System of Idaho

Fourth Quarter 2020

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## 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.

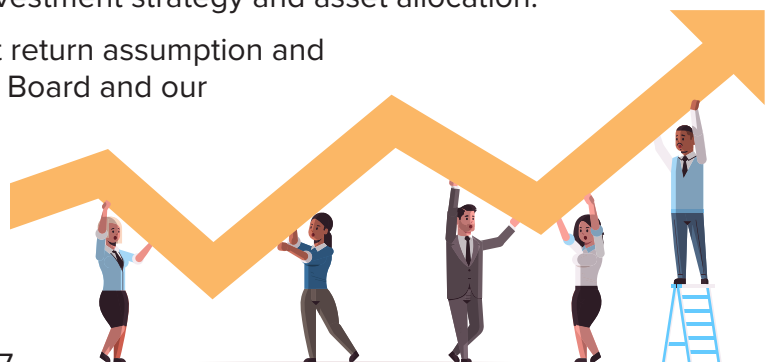
The Board remains watchful over the investment return assumption and investment strategy. At each Board meeting, the Board and our investment professionals discuss market trends and outlooks. The Board considers a broad range of factors and closely monitors the Plan to protect the funded status.

### 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



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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 that 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**

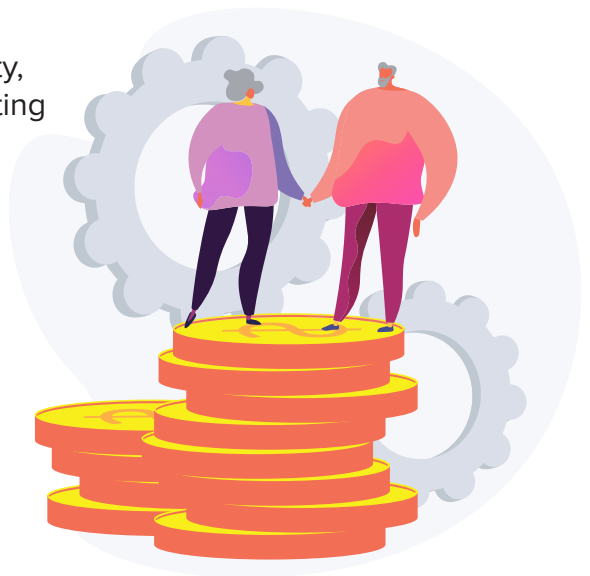
#### **RETIREES**

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](http://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](mailto: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.

## PERSI HAS A NEW WEBSITE

PERSI staff have been working very hard creating a new contemporary website that is user-friendly for all members.

Besides the new look, content has been simplified to help you find the information you are searching for more quickly.

If you have any questions, please call the the PERSI Answer Center 1-800-451-8228 or (208) 334-3365 in the Boise & surrounding areas.



[www.persi.idaho.gov](http://www.persi.idaho.gov)



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## TAX DOCUMENTS WILL BE AVAILABLE SOON

If your preferred method of communication is electronic, you will receive an email notification that your 1099R is ready to view and download from the myPERSI portal. If not, your 1099R will be mailed to the address PERSI has on file for you.

Empower Retirement, record keeper for the PERSI Choice 401(k) Plan, will mail 1099Rs no later than January 31. Tax forms will be available online beginning on or before February 1 at [www.mypersi401k.com](http://www.mypersi401k.com).

Some PERSI retirees may end up receiving more than one 1099R form, depending on when they took withdrawals in 2020.

If you have question and/or concerns, contact PERSI at 1-800-451-8228 or at 208-334-3365 in the Boise & surrounding areas.

## 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.

## RETIREMENT BOARD OF DIRECTORS

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[www.persi.idaho.gov](http://www.persi.idaho.gov)

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