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PERSpectives FOR ACTIVES

Public Employee Retirement System of Idaho

First Quarter 2022

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UNDERSTANDING RETIREMENT PLAN FEES

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

When you're planning for your future retirement, do fees factor into your plans?

It's an important question. Even a small difference in fees can add up to a sizable difference in future retirement income.

How much? It depends on your account balance, your average annual return and other factors.

A Department of Labor study¹ found that an increase in fees from 0.5% to 1.5% would translate into \$64,000 less for a person with an initial account balance of \$25,000 and an average rate of return of 7% after 35 years (assuming no further contributions).

In other words, fees can have a big impact on your savings, but research shows² that about 40% of retirement plan participants don't understand fees.

Retirement plan fees generally fall into one of two categories:

ADMINISTRATIVE FEES

These fees cover the expenses of running your

retirement plan. They pay for recordkeeping, accounting and legal support, as well as educational programs, statement production, the plan website, and other services.

INVESTMENT FEES

These are fees the investment funds in the plan charge for investment management and related services and are presented as a percentage of the value of your investment in the fund, called an expense ratio.

These fees are deducted before the daily price or performance is calculated.

It's important to remember that all investments come with fees, but your plan has negotiated to keep

fees as low as possible to benefit you and your fellow participants.

Also, the plan and investment documentation clearly disclose fees, so you'll always know how much you're paying.

Do you have questions about your retirement



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plan fees and what they pay for? Contact your local representative for more information.

¹Department of Labor, "A Look at 401(k) Plan Fees," [dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/publications/a-look-at-401k-plan-fees.pdf](https://www.dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/publications/a-look-at-401k-plan-fees.pdf).

²CNBC.com, "Roughly 40% of Americans don't understand 401(k) fees, government watchdog finds," [cnbc.com/amp/2021/08/26/40percent-of-americans-dont-understand-401k-fees-federal-watchdog-finds.html](https://www.cnbc.com/amp/2021/08/26/40percent-of-americans-dont-understand-401k-fees-federal-watchdog-finds.html).



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ARE YOU THINKING ABOUT RETIRING?

If you are considering or preparing for retirement, PERSI requests that you complete and submit an Application for Retirement along with all required documents no earlier than six (6) months and no later than thirty (30) days prior to your retirement date.

Failure to submit a timely and complete Application for Retirement and all required documentation may result in your retirement benefit being delayed.

All retirement paperwork must be completed and returned to PERSI with supporting proofs of identity, such as a birth certificate, Social Security card, or other identification, no later than the 15th of the month prior to the date of retirement.

Your employer needs to provide PERSI with

confirmation that you have or will be terminating employment. If we receive all proofs from you and the termination date from your employer by the 15th, we will have you on our payroll for the upcoming month.



If any required items are received after the 15th, your first check will be delayed until the month thereafter.

Please keep in mind that September retirements are popular! Very popular! PERSI processes three times more applications for September retirements than in any other month.

PERSI is asking members who are planning an effective retirement date of September 1, 2022, to submit their application to PERSI on or before July 15, 2022.

PERSI cannot guarantee a retirement application will be processed in time for a September benefit if the application is received after July 15th.

For members purchasing additional service, the first benefit payment may be delayed a month or two.

Members who have questions or would like more information can call the PERSI Answer Center at 1-800-451-8228 or 208-334-3365.

DO YOU HAVE A NEW MAILING ADDRESS

Updating your mailing address must be done through your employer's transmittal, not PERSI. You will need to work with your employer to ensure that your current address is being submitted to PERSI.

Employers can only update an address on their payroll transmittals, so it may take up to a month for the address to be reflected in PERSI's re-

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cords. Address changes affect your Base Plan and Choice 401(k) Plan accounts simultaneously. Once the address change is processed, all statements and correspondence will be mailed to the address of record.

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

PERSI TRAINERS WANT TO HELP YOU PREPARE

Our trainers have custom-designed in-person or virtual workshops for members in different stages of their careers to learn how to better prepare for retirement and about their PERSI retirement benefits.

The following workshop descriptions will help you decide which workshop is right for you:

READY workshops are for anyone just starting a career with a PERSI employer. They provide a general overview of what PERSI is and the benefits it provides for PERSI members.

SET workshops are for those in mid-career with a PERSI employer. SET workshops focus on how vesting changes PERSI benefits and things to consider in planning for retirement.

GO! workshops are designed for late-career PERSI members who may be approaching or contemplating retirement.

NOTE: To protect personal information, members can obtain benefit estimates through the myPERSI portal or by calling the PERSI Answer Center at 1-800-451-8228 or 208-334-3365.

CHECK HERE FOR A WORKSHOP



DO YOU NEED A DURABLE POWER OF ATTORNEY?

There are many types of power of attorney (POA) and there are multiple reasons to use a power of attorney.

You may want to consider having one in place, because you never know when an emergency may happen and a power of attorney may be needed. By having a POA in place, you can permit another person to perform specific legal acts on your behalf.

For PERSI purposes, the **PERSI Durable Limited Power of Attorney** form — lets you assign someone else (your Attorney-in-Fact) the right to make decisions and to take actions regarding your account(s). **The PERSI Durable Limited Power of Attorney form is limited to PERSI matters only.**

Select someone you trust to serve your best interests and wishes as your Attorney-in-Fact. The Attorney-in-Fact's authority will continue until your death, unless you revoke the power of attorney or your Attorney-in-Fact resigns.

If you choose to revoke a PERSI Durable Limited Power of Attorney, you must do so in writing to PERSI.

You may change your designated Attorney-in-Fact at any time by completing a new PERSI Durable Limited Power of Attorney form and submitting it to PERSI.

This form provides for the designation of one (1) Attorney-in-Fact. If you wish to name more than one (1) Attorney-in-Fact, you may name a Co-Attorney-in-Fact in the Additional Special Instructions section on the form. Co-Attorneys-in-Fact can act alone UNLESS you require them to act together in the Additional Special Instructions section.

PERSI provides this form as a convenience to

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EMPOWER RETIREMENT INVITES YOU...



You're cordially invited to the next quarterly educational webinar.

Join us to learn how Social Security, the PERSI Base Plan and Choice 401(k) Plan fit together in your retirement picture.

WHO: All PERSI members

WHAT: Educational webinar covering important aspects of Social Security (including the windfall elimination provision), PERSI Base Plan and Choice 401(k) Plan

WHY: To understand the complete picture about your retirement

WHERE: Anywhere you'd like, it's virtual!

WHEN: April 19, 2022 at 9:30 AM MT

SAVE THE DATE

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PERSI and Social Security

For more information visit mypersi401k.com.

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PROTECT YOURSELF WITH myPERSI

PERSI strongly urges all members to register and claim their myPERSI account.

By doing this, you can greatly reduce the risk to your account, and stop potential fraudsters in their tracks! Keep your account and your personal information out of the hands of bad actors.

Learn how to register and claim your account here: [REGISTER AND CLAIM](#)

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

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members. If you do not provide an effective date in the Additional Special Instruction section, your Attorney-in-Fact is authorized to act on your behalf IMMEDIATELY after PERSI receives your properly completed, signed, and notarized form.

Also, you do not need to be incapacitated for the Attorney-in-Fact to act pursuant to the PERSI Durable Limited Power of Attorney. This is a durable power of attorney, meaning it remains valid notwithstanding your subsequent disability or incapacity.

If you have a power of attorney other than the PERSI Durable Limited Power of Attorney form, PERSI will accept it, provided that it meets all legal requirements. As with the PERSI Durable Limited Power of Attorney, a revocation must be supplied in writing.

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

To review this form, go to:

<https://www.persi.idaho.gov/docs/forms/RS113.pdf>

UPCOMING HOLIDAYS

PERSI will be closed in observance of the following holidays:

- Monday, May 30 – Memorial Day
- Monday, June 20 – Juneteenth Holiday
- Monday, July 4 – Independence 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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