

**NEWS TO USE FOR EMPLOYERS
MAY 2023**



**MAKE SURE YOUR REPORTING SOFTWARE IS READY FOR JULY 1, 2023
ACTION REQUIRED – ALL PERSI EMPLOYERS**

As mentioned in April's employer newsletter, Senate Bill 1054 – Reemployment of Retired Members – Public Safety Officers passed and was signed March 20, 2023, by the Governor. **This legislation will become effective on July 1, 2023.**

PERSI has been rapidly working with our software provider to determine the necessary upgrade requirements that are needed by **ALL PERSI EMPLOYERS** to accommodate this change in reporting.

Information about necessary software requirements is being put together in an easy-to-follow guide. This guide will be sent to PERSI employers soon to help assist in upgrading software.

IMPORTANT NOTE: Changes cannot be implemented until after the Arrivos release in June (2023) is completed. However, employers should begin working now to get the necessary software changes ready and tested.

KEY ELEMENTS PERSI EMPLOYERS NEED TO KNOW

Under **Idaho Statute 59-1356(6)** a retired public safety member may return to work at **ANY** PERSI employer and continue to receive their PERSI benefit, under the following conditions:

- Employment of a retired public safety member under this exception is an employer decision.
- Member must have retired on or after age fifty (50).
- Member has received at least one retirement benefit payment from PERSI.
- Member has at least a thirty (30) day break-in-service from all PERSI employers and **has not been guaranteed or promised reemployment** by any PERSI employer.
- **Employer and employee contributions for members re-hired under Idaho Statute 59-1356(6) will be applicable at the public safety officer contribution rate – class 2 or D rate.**

IMPERATIVE: The employer will be responsible for reporting and transmitting the employer and employee contributions, at the public safety contribution rate, regardless of the position that the retired public safety member is hired into. This is why all software programs will need to be updated to allow for this reporting requirement.

ESSENTIAL REPORTING REQUIREMENTS

ALL PERSI EMPLOYERS will need to make changes to their software to accommodate this change in reporting. PERSI is currently completing the following changes to the pension administration system:

- Addition of a new tab in employer reporting named "Retired Contributing Members".
- New validations for class, contributions, rates, and other miscellaneous items will be included.
- New certification of employment form created specifically for these members.

Additional information about these changes will be provided to PERSI employers as soon as the above is completed.

If you have any questions and/or concerns, please call the PERSI Employer Service Center at 1-866-887-9525 or 208-287-9525.



PLANNING FOR RETIREMENT? MAKE A PLAN FOR RETIREMENT INCOME.

Will you be ready to make the transition from retirement saving to retirement income? Just as you needed a plan to save and invest to meet your goals, you'll need a plan for how you'll use the money you've worked so hard to save for your future.

THE 4% GUIDELINE

A good place to start is to estimate how much you can withdraw from your retirement account each year without the risk of running out of money over the long run. This is known as a safe withdrawal rate (SWR). Many people use 4% as their annual withdrawal guideline. So, let's take a quick look at how the 4% guideline would work with a retirement account balance of \$250,000.

Withdrawing 4% of \$250,000 translates into \$10,000 of annual retirement income — or \$833.33 a month. Assuming that the initial nest egg doesn't fluctuate due to market performance, the \$250,000 balance would provide that level of income for 25 years.

Keep in mind that the 4% rate is just a shortcut for the planning process. It doesn't guarantee that you wouldn't run out of money in retirement. And investment performance in adverse market conditions and exceptionally high inflation can complicate your retirement income picture. Also, remember that your retirement account is just one potential retirement income source. You may have others, such as Social Security benefits, pension income, IRAs, and other accounts.

CONSIDER ALL THE FACTORS

Other factors may also figure into your withdrawal strategy. For example, it may make sense to rely more on one income source than another some years to minimize your tax burden. You also may need to withdraw more in a particular year to cover a major expense, or you may plan to leave a given amount of your account to your beneficiaries. The situation is different for everyone — and it can change from year to year.

To get started on your withdrawal strategy, check the calculators and planning tools available on the PERSI Choice 401(k) Plan website. www.mypersi401k.com. The calculators and planning tools are available pre-login, under the "Learning center" tab along the top. Schedule a session with your local retirement plan advisor or retirement plan counselor to discuss your specific situation and develop a personalized plan.¹

¹ The Retirement Readiness Review is provided by an Empower representative registered with Empower Advisory Group, LLC and may provide investment counseling and/or recommendations at no additional cost to participants. There is no guarantee provided by any party that use of the review will result in a profit.