



NEWS TO USE FOR EMPLOYERS JANUARY 2024



FISCAL YEAR 2023 UPDATE AND STATUS

DURING THE PAST FISCAL YEAR This past summer and fall, Director Drum met with over 300 PERSI employers. During those meetings, he discussed several PERSI matters including contribution rates, fiscal year-end numbers, and the fund's health and sustainability.

FUND STATUS PERSI's fiscal year (2023) ended with a funded ratio of 83.7%, and an amortization of 13.5 years. This year's amortization was below the twenty-five (25) years required by law, per Idaho Statute 59-1322.

Since the Great Recession, the fund has maintained a funding ratio of 80% or higher and remains one of the nation's top state pension systems. PERSI's sustainability is the Board's priority. Modest adjustments as needed ensure the benefit will be here for you, other PERSI members, and Idaho's future public workers.

CONTRIBUTION RATES During fiscal year 2023 (July 1, 2022, to June 30, 2023) contribution rates remained the same for general, public safety, and the school employee member classes.

At the beginning of FY2024 (July 1, 2023) there was a rate adjustment for all three classes — general, public safety, and school district employees.

Beginning in FY2025 (July 1, 2024) there will be slight rate increases for public safety and school employee members. The rate for general members will return to rates close to those of FY2022.

Contribution rates and proposed contribution rates are posted on PERSI's website, www.persi.idaho.gov.

GLOBAL AND NATIONAL EVENTS AFFECTING THE FUND Global and national events continue to impact the markets and economy. However, the fund fared better than in the previous fiscal year. The fund ended fiscal year 2023 with a funding ratio of 83.7%, and an amortization of 13.5 years.

Had the amortization been more than twenty-five (25) years, by law (Idaho Statute 59-1322) the Board would be required to propose additional contribution rate increases.

COST-OF-LIVING ADJUSTMENT At the December Retirement Board meeting, the Board discussed the cost-of-living adjustment (COLA) for retirees. Trustees recognize inflation is a factor for retirees.

They also recognize that protecting full monthly benefits for all members and the fund is a prime concern. Director Drum also pointed out that the Board caught retirees up on previous cost-of-living adjustments in 2019.

Unlike the Social Security Administration, the PERSI Retirement Board must adhere to the statutes put in place by the Plan Sponsor, the Idaho Legislature. PERSI has no connection with the Social Security Administration.

Per Idaho Statute 59-1355, the legislatively mandated one percent (1%) cost-of-living adjustment will go into effect on March 1, 2024. Retirees in the first year of retirement will receive a proration of the 1% COLA based on the number of months they have been retired.

OVERALL AND LASTLY PERSI has very experienced experts monitoring the fund. The Board is committed to protecting the fund and the benefit it provides to members. While modest changes may need to be made from time to time, we are moving in the right direction for a secure future.

As a final note, Director Drum shared with employers that he is retiring in January (2024). It has been his pleasure working for the State of Idaho for the last thirty (30+) plus years and he is grateful for the friendships he has made along the way.

The PERSI Retirement Board will announce when they have selected a replacement at the appropriate time.

REMINDER, THIS JULY...

This July (July 1, 2024) contribution rates for all three classes will change. Per Idaho Statute 59-1322(5), the PERSI Board must adjust contribution rates when the fund's amortization period exceeds 25 years. In October 2022, the Board proposed a series of contribution rate increases to comply with the statute, the first of which is scheduled to become effective July 1, 2024.

Future contribution rate adjustments are reviewed by the Board annually to determine whether they will be implemented, delayed, or eliminated. At the September 2023 Board meeting, the Board reviewed the draft for the FY 2023 Actuarial Valuation and determined that the first in the series of contribution rate increases was appropriate based upon the actuarial valuation and volatility in the market.

The Board has approved the following contribution rate adjustments to be effective July 1, 2024.

	GENERAL		SCHOOL DISTRICT		PUBLIC SAFETY	
	Employer	Employee	Employer	Employee	Employer	Employee
July 1, 2023	11.18%	6.71%	12.69%	7.62%	13.26%	9.83%
Contribution Rate Adjustment	0.78%	0.47%	0.79%	0.46%	0.72%	0.53%
Benefit Enhancement	0.00%	0.00%	0.00%	0.00%	0.67%	0.47%
July 1, 2024	11.96%	7.18%	13.48%	8.08%	14.65%	10.83%

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



HAVE YOUR EMPLOYEES HEARD ABOUT THE STATE OF IDAHO'S PROPERTY TAX DEFERRAL PROGRAM?

The State of Idaho has a property tax deferral program offering eligible individuals a way to defer property taxes on their home and up to one acre of land. If you're an Idaho resident and homeowner, you may qualify. Please keep in mind, you must pay the taxes and interest later.

This program was created and funded by the Legislature and is administered by the Idaho State Tax Commission.

To learn more about the State of Idaho's deferral program and other tax relief options, go to

<https://tax.idaho.gov/taxes/property/homeowner/s/deferral/>

or contact your county assessor's office or call the Idaho State Tax Commission at (208)334-7736 if you need help.



UPCOMING HOLIDAYS

PERSI will be closed in observance of the following holidays:

- Monday, January 15 / MLK Day

If you have questions, call the PERSI Employer Service Center at 1-866-887-9525.



THIS YEAR, HELP YOUR EMPLOYEES RESOLVE TO RAISE THEIR RETIREMENT SAVINGS GAME!

Presented by EMPOWER, recordkeeper of the PERSI Choice 401(k) Plan.

If you're sticking to your New Year's resolutions, you deserve a pat on the back. According to [one survey](#),¹ (You are now being redirected. Empower Retirement, LLC and its affiliates are not affiliated with the author or responsible for the third-party content provided.) it takes an average of just 32 days before people give up on a resolution — and 68% of people say they give up on their resolutions even earlier than that.

Why is it so hard to stick to a resolution? One reason could be that we try to do too much too fast, which makes it easier to fail. When you set realistic goals that are easier to achieve, you may be less likely to give up.

Saving for retirement is a great example. If you resolve to save a little more with each paycheck, you may not feel a drastic change in your take-home pay — but you could see a big impact on your future retirement income.

Think of it this way: The thought of saving \$20,000, \$30,000, or \$50,000 more can be overwhelming. It might even sound too difficult to try. But saving an extra \$25 every paycheck probably seems a lot easier. And when you contribute more to your account on a regular basis, you also get the added effect of compound growth potential. That's where any earnings that your contributions generate get reinvested in your chosen investment options, where they can generate additional growth of their own.

One final point: Your PERSI Choice 401(k) Plan also makes saving automatic. When you increase your contribution, the money goes directly from your paycheck into your account. You don't have to do anything extra. How many other good habits are as easy to follow through on?

Ready to make good on your resolution to improve your retirement readiness? Log in to your account at mypersi401k.com today and increase your contribution amount.

¹ New York Post "The average American abandons their New Year's Resolution by this date," January 28, 2020, <https://nypost.com/2020/01/28/the-average-american-abandons-their-new-years-resolution-by-this-date/>.