



 **PERSpectives**

2025 // 4Q // ACTIVES



FISCAL YEAR 2025 REVIEW

MARKET AND FUND

At the end of fiscal year 2025, the PERSI trust fund was 90.6% funded and saw an investment return of 10.76% net of all expenses compared to last year's 8.79% return.

MEMBERSHIP

During the fiscal year, the number of active PERSI members slightly increased from 78,354 to 78,746. PERSI's retired members or annuitants receiving a monthly benefit continued to rapidly grow from 56,084 to 57,473. Over \$1.3 billion in benefits were paid to PERSI retirees.

Inactive members, both vested and non-vested, grew from 55,054 to 58,055. The total membership of PERSI increased from 189,492 to 194,274 members. PERSI had 865 employers throughout the state during the year.

POSTRETIREMENT ALLOWANCE

ADJUSTMENT (PAA) – IDAHO STATUTE §56-1355

Pursuant to Idaho Statute §59-1355, an annual postretirement allowance adjustment (PAA) based on and limited by the August-to-August Consumer Price Index-Urban (CPI-U) was considered by the PERSI Board at the December meeting.

If the CPI-U change is 1% or more, a statutorily required 1% automatic PAA is granted in March of the subsequent year. The CPI-U for August 2025 was 2.9%, therefore the 1% will become effective March 1, 2026.

Additionally, the Board voted to recommend a 1.7% retroactive PAA stemming from 2022 adjustment year, subject to legislative approval. If approved, this retroactive PAA will become effective March 1, 2026, for eligible retirees. Retirees that are eligible for this retroactive PAA are those whose date of last contribution was prior to March 1, 2022.

The Legislature has forty-five (45) days from the beginning of the session to either approve, adjust, or deny the Board's retro- PAA recommendation.

LOOKING AHEAD

PERSI is preparing for a busy legislative session. We will provide updates if there is any potential legislation that may impact PERSI.



EMPLOYEES WILL EARN...

At the October (2025) Retirement Board meeting, the regular interest rate members will earn on their personal Base Plan accounts was announced. From January 1, 2026, through December 31, 2026, members will earn 9.68%.

Interest on member account balances are determined annually by a formula established in PERSI rules. By rule, regular interest for each calendar year is the greater of 90% of the rate of return on the PERSI fund net of all expenses for the fiscal year ending immediately prior to the calendar year as reported in the actuary's annual valuation report, or 1%.

Employee contributions go directly into individual accounts. The money and any interest earned belongs to the member and is not impacted by market conditions.



END OF RETURN-TO-WORK PROVISION UNDER IDAHO STATUTE 59-1356(5)

In 2022, House Bill 555 allowed certain PERSI retirees to return to full-time employment without affecting their retirement benefit under Idaho Code 59-1356(5).

The PERSI retirees covered under this legislation were those general population retirees that retired prior to January 1, 2022, and returned to work once House Bill 555 went into effect on April 1, 2022.

Idaho Code 59-1356(5) is scheduled to sunset on June 30, 2026, meaning it will no longer be in effect after that date.

Because of the sunset, any retiree currently working full-time under this statute must be terminated on their employer's transmittal no later than June 30, 2026.

After termination, reemployment rules depend on the retiree's age:

- **Retirees who are not at service retirement age** (age 65 for general members) must take a 30-day break in service before returning to work.
- **Retirees who are at service retirement age** must take a **24-hour break in service** before returning to work.

After the required break, retirees may return to work under the standard post-retirement rule. This means they must either:

- Work **fewer than 20 hours per week**, or
- If working full-time, work **fewer than five months**.

PERSI encourages affected retirees to plan ahead and coordinate with their employers to ensure a smooth transition when the sunset takes effect.

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



REMINDER OF PERSI CHOICE 401(k) PLAN ADDITIONS

The Choice Plan now has a Roth (after-tax) contribution feature allowing participants still working for a PERSI employer to contribute Roth dollars toward their 401(k), as well as making Roth rollover contributions, and in-plan Roth conversions.

In 2026 catch-up contributions for participants making over \$145,000 in annual FICA wages in 2025 must be Roth. For further details on these changes please see the previous Active Member Newsletter. Link: [2025-3Q-Active-Newsletter.pdf](#)

WHY EVERY PERSI MEMBER SHOULD CONSIDER CONTRIBUTING TO THE PERSI CHOICE PLAN

- **Lower Fees:** The Choice 401(k) Plan having over \$1.9 billion in assets gives us exceptional leverage to negotiate lower administrative and investment fees.
- **More Options:** Having a Choice Plan account offers greater flexibility and control compared to your PERSI pension plan, allowing you to customize investment options, plan features, and overall design to fit your needs.
- **Potential Tax Savings:** By contributing to the Choice Plan with pre-tax money you could possibly create a tax advantage for yourself.

FUTURE EMPOWER WEBINARS:

Getting to Know Your Roth Option – After-tax Roth contributions are now available with the PERSI Choice 401(k) Plan. Join the *Getting to Know Your Roth Option* webinar to learn more about this feature, and if it makes sense for you.

- Wednesday, January 21, 2026 @ 12:30 pm Register [Here](#)
- Wednesday, January 21, 2026 @ 4:30 pm Register [Here](#)
- Wednesday, February 18, 2026 @ 12:30 pm Register [Here](#)

- Wednesday, February 18, 2026 @ 4:30 pm Register [Here](#)
- Wednesday, March 4, 2026 @ 12:30 pm Register [Here](#)
- Wednesday, March 4, 2026 @ 4:30 pm Register [Here](#)