





ROTH IS COMING TO THE PERSI CHOICE 401(k) PLAN!

The PERSI Retirement Board has added Roth features to the Choice 401(k) Plan to continue allowing participants to make "catch-up contributions" in accordance with federal SECURE 2.0 legislation. This means all PERSI employers who participate in the Choice 401(k) Plan must have the capability to transmit Roth contributions to Empower no later than **January 1, 2026.**

Is your payroll system on track to provide this exciting new addition to the PERSI Choice 401(k) Plan? It's time to ensure your systems are ready.

Employers who are ready now will be able to take advantage starting later this month. Starting **September 20, 2025**, Empower will be able to accept Roth contributions into participating PERSI member Choice 401(k) Plan accounts.

Reasons to add Roth now:

- PERSI has made Roth available to continue to allow "catch up contributions" for participants and to ensure compliance with SECURE 2.0 legislation.
- PERSI members are asking for this enhancement. Empower's Retirement Plan Counselors hear regularly from PERSI members that there is strong interest in making Roth contributions to their PERSI Choice 401(k) Plan accounts.

Take Action Now:

- Ensure your payroll system can accept Roth contributions (you may need to work directly with your payroll vendor).
- Communicate with your employees that Roth will be an option after Sept 20, 2025.
- If you <u>manually enter</u> payroll via Empower's PSC (Plan Service Center), you will just need to select the Roth money type in Step 2.
- If you utilize <u>file upload</u>, you will need to enter the Roth amount under the Roth field.

If you have questions or need help:

Reach out to Empower, the record keeper for the PERSI Choice 401 (k) Plan. The Empower Plan Service Center help is here for you, just call 800-695-4952, Monday through Friday 6 a.m. to 8 p.m. (MST) and Saturdays 7 a.m. to 3:30 p.m. (MST).

PERSI CHOICE 401(K) PLAN CATCH-UP CONTRIBUTION CHANGES

SECURE 2.0 legislation passed by Congress in December 2022 requires two changes to catch-up contributions in the PERSI Choice 401(k) Plan. One is required and one is optional. This article will explain both changes and what employers need to know/do between now and **January 1**, **2026**.

Enhanced Catch-Up Contributions – Optional

Enhanced catch-up contributions, introduced by SECURE 2.0, allow individuals between the ages of 60 and 63 to contribute even more to their 401(k) plan than the standard catch-up contribution for those 50 and over. This will be available to all PERSI employers on January 1, 2026, but is not required.

Roth Catch-Up Contributions for High Earners – Required

SECURE 2.0 legislation passed by Congress in December 2022 requires catch-up contributions for highly compensated employees, those that make over \$145,000 (as indexed) in FICA wages the prior year, must be made in Roth (versus pre-tax) dollars beginning January 1, 2026. Catch-up contributions refer to additional retirement savings contributions allowed for individuals aged 50 and over.

Empower will support this provision by providing warnings for plans that receive payroll warnings through the payroll-reconciliation process for individuals age 50 or older who meet the applicable deferral limit in combined pretax elective deferrals.

ACTION REQUIRED:

No changes need to be made to ongoing payroll files. However, beginning in early 2026, the following information must be provided to Empower after the last payroll of the 2025 year.

There are two options available to provide this information.

• **Option 1** – This may be the easier option for plans with many participants who earned more than the FICA threshold in the prior year.

WHAT YOU NEED TO DO:

Beginning January 2026

- On an annual basis, a CSV file with information on participants who exceeded the
 prior year FICA wage threshold (e.g., \$145,000 in FICA compensation in 2025) with
 their current employer must be provided to Empower. Do not remit the CSV file before
 the final payroll of 2025. The final template in CSV format and detailed instructions
 regarding how to remit the file through the PSC will be provided later this year.
- Frequency: We have simplified the process, requesting only an annual file that
 includes plan number, identifying participant data, and a Y value in a PRIOR YEAR
 FICA INDICATOR field.
- Timing: We request the FICA indicator information be remitted as soon as reasonably practicable after the last payroll of the 2025 calendar year and preferably before the first 2026 payroll.
- Option 2 This may be the easier option for plans with very few individuals who earned more than the FICA wage threshold for the prior year.

WHAT YOU NEED TO DO:

Instead of remitting an annual file, update payroll records in Empower's Plan Service Center (PSC) for individuals who exceed the FICA wage threshold for the prior year. The updates to the PSC should be made following the last payroll for 2025 and preferably before the first 2026 payroll. **Note: More details about this option will be available later this year.**

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PART-TIME PUBLIC EMPLOYEES CAN NOW CONTRIBUTE TO THE PERSI CHOICE 401(K) PLAN!

Part-time employees for all PERSI employers are now eligible to enroll in the PERSI Choice 401(k) Plan. Under the SECURE 2.0 legislation passed by Congress in December 2022, all long-term part-time employees who worked 500 hours over the course of two consecutive years would be eligible to enroll in their employers' retirement plan no later than January 2026. The PERSI Retirement Board took a simpler approach by allowing all part-time employees to participate in the Choice 401(k) Plan. Any employee of a PERSI employer who receives a W-2 will be eligible to enroll in the Choice 401(k) Plan. This feature is available now.

How to take action:

- Allow all employees who receive W-2 compensation to participate.
- Update the file to change eligibility from 'No' to 'YES' for those previously excluded.
 Employers that use the Guided Payroll Process (GPP) will need to update the status in their individual accounts.

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KEEPING PERSI MEMBERS SECURE

PERSI will soon implement a new email security control that is necessary for protecting members' confidential information. All **incoming** email messages that contain full Social Security Numbers (SSNs) or have attachments containing full SSNs **will be rejected**. The only exceptions are emails from employers that have set up a secure Transport Layer Security (TLS) channel for sending emails to PERSI.

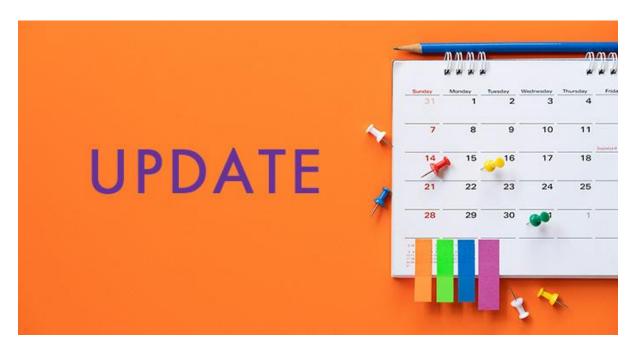
Pension systems across the nation have become preferred targets for cyber-criminals. A favorite heist is to use stolen credentials to deflect retirement pay-outs to fraudulent bank accounts. What was once an occasional attempt is now a daily onslaught. We must eliminate SSNs from unsecure email.

Employers that have not set up a secure email connection with PERSI, or want to check if they are set up, can do so by contacting PERSI's IT Help Desk at support@persi.idaho.gov.

Please inform your employees of this change. If sending a message to PERSI from a non-secure email channel, advise them to only disclose the last four digits of SSNs. Or better yet, sign on to mypersi.idaho.gov and use the secure messaging feature to communicate with PERSI.

Later this year, PERSI will deploy the upgraded Employer Reporting portal, which will extend the secure messaging feature to employers. Once that is in place, PERSI will encourage employers to use the new portal for secure communications.

Thank you for working with us to keep our members' information safe!



ARRIVOS EMPLOYER UPGRADE SCHEDULE UPDATED!

The employer reporting Arrivos Upgrade project continues and has a completion goal of February 2026. However, the schedule has been slightly updated. Please take note of the updates and use the following schedule to help keep informed of the timeframe for the reporting upgrade in Arrivos.

Click below to download Arrivos Upgrade schedule as a PDF

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



June-September 2025 PILE CERTIFICATION

Roll-forward employers and employers who report through the SCO: hang tight. You don't have any tasks until training is available. Employers who upload a file (or their software vendors) will be required to update their file specifications. New file specification documents are now available at:

www.persi.idaho.gov/employer-1.

Employers (or their software vendors) will be able to validate the new files and go through a self-certification process at: https://certification.persi.idaho.gov.

PERSI will roll out training material in the form

October-November 2025
TRAINING

of user guides and prerecorded videos. In-person and teleconference demos may also be provided.

November -December 2025 EMPLOYER SET-UP PERSI will contact employers to begin the initial registration process for employer users. Employers will be required to confirm primary contacts ahead of this process.

December-February 2026 PHASED LAUNCH Employers will be transitioned to the new portal in stages starting in December 2025, going through February 2026.

I don't upload a file. Do I need to do anything?

Yes, but not yet. You will use PERSI's new interface to report. Be ready to sign up for training and respond to PERSI's requests when asked.

The State Controller's Office handles our PERSI Report. Do I need to do anything? Yes, but not yet. The SCO will ensure files meet PERSI's requirements. Agency payroll and personnel contacts will have a more active role with the new portal and should be prepared to attend training and respond to PERSI's requests when asked.

How will I know when to start using the new portal?

Will the way I remit payment

for contributions change?

PERSI will work closely with employers to ensure a clean transition between portals. Employers will receive several weeks' advanced notice.

Yes. Employers will add a payment method to the portal to pay contributions, like online bill pay. PERSI will 'pull' funds from this account to pay the invoice balance.

Do I have to do anything differently right now to report Base Plan information to PERSI?

No. You'll continue reporting as usual until you complete the transition to the new portal.

FOR EMPLOYER QUESTIONS, PLEASE CALL...

If you need assistance or have questions, call the Employer Service Center at 208-287-9525 or 866-887-9525.

Hours of Operation: 8:00 a.m. to 5:00 p.m. (Mountain Time) Monday through Friday

FAQs