



PERSpectives



Second Quarter 2006

Public Employee Retirement System of Idaho

TIME LIMITS FOR FILING FOR PERSI DISABILITY

Effective July 1, 2006, PERSI members applying for disability benefits have a limited period of time to file an application. Until now, there has not been a deadline for applying for disability retirement. As a result, inactive members were able to apply at any time if they could demonstrate they became permanently and totally disabled while still an active member. Under the new law, inactive members applying for PERSI disability benefits are required to file their application no later than one year after their last physical day on the job. PERSI is interpreting “last day physically on the job” to be the day the member ceases to be an active member. Members go from being active to inactive when they are no longer eligible to accrue service and make contributions.

Don't Wait: In some cases, the one year count down for applying for benefits could begin while a member is receiving benefits from worker's compensation or short-term disability plans.

Members who believe they are eligible for PERSI disability retirement should not wait until other benefits end to apply for PERSI disability benefits or they may miss the deadline for applying. Members would benefit by filing their application as soon as they stop working.

Employers with employees experiencing significant disabilities should also be aware of the deadline and work with their employees on their employment status.

Grace Period: Disabled members who are inactive prior to July 1, 2006, will have a one-year grace period (until June 30, 2007) to apply for PERSI disability retirement. Applying for disability retirement merely initiates the process, it does not guarantee approval. In all cases, as part of the review process members must meet the applicable disability standard while an active member.

CONTRIBUTING TO THE CHOICE PLAN: YOU HAVE OPTIONS



If you're hesitant about putting a percentage of your income into the Choice Plan 401(k), you might consider contributing a flat amount to your retirement savings account each payday. This is an alternative PERSI offers to make it easier for members to save for their retirement – even for those who think saving for retirement is no big deal. **(Note: Not every employer is set up for the flat rate option.)**

Many members claim they don't participate in the Choice Plan because they are afraid even a small percentage deducted from their gross pay will

leave them short on funds to meet their existing obligations. If you're among this group, perhaps opting to set aside a fixed amount from each paycheck is the answer to your dilemma. You have control over the exact amount taken out, which allows you to plan and manage your budget. For example, if you know each payday \$15 will be deducted and deposited into your Choice Plan account, it might help you manage your monthly expenses and still save for your retirement. With the fixed rate option, you set the amount and stay in control. If you find \$15 is too much, you can change it. Maybe \$10 or even \$5 is a better deduction for you – you may even

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Insights

HEY LADIES, DO YOU WANT A SECURE RETIREMENT?

- ask questions and get answers -

Retirement for most women will not look like retirement for men. Many women have fewer years in the workforce than men. Plus, it's usually women who experience work interruptions or who haven't worked outside the home at all because they were raising their families. Typically women make less than men. The average salary for active female PERSI members is 15-25 percent less than that of their male counterparts. Nationwide, two out of three working women earn less than \$30,000 a year, and nine out of 10 make less than \$50,000 annually. Women retirees typically receive only half the pension benefits received by men. On average, retiring PERSI women have 3-4 years less service than men, and just those few years makes a difference in their benefit amount. And because women are generally more conservative investors than men, their investments often grow at a slower rate. The good news is women live long lives, outliving men by several years. However, the down side is there's a likelihood if you're a married woman you could survive your spouse and end up living alone later in life. Regardless of your circumstances, women in general should become educated about various retirement issues. After all, you may need to be prepared financially and emotionally for a retirement that could last between 20 and 30 years.

Below is a list of questions for women to consider as they look at their retirement. It was compiled by the *Women's Institute for a Secure Retirement*.

What married women need to ask their spouses:

- Will you have a pension when you retire? If so, what type?
- Do you know how much the pension benefit(s) will be upon retirement?
- Is there a benefit if you become disabled or die?
- Do you know how much that benefit will be?
- Will I receive a benefit if you die before me? If so, what amount should I expect?
- When are you entitled to retire and receive a full or partial pension benefit?
- Do you know a contact person at your work or retirement system with whom we can meet to discuss your retirement benefits?
- When should we discuss our overall retirement strategy to plan for our future?
- Does your job allow you to save through a tax-deferred savings plan such as a 401(k)? If so, are you participating?
- What type of accounts do you have and am I the beneficiary on those accounts? Who are the contact people for these accounts?
- Is my name on the checking and savings accounts?
- What about health insurance when you retire?
- Do I get to keep the health insurance if you die?
- Do we have a safety deposit box? If so, where? And where is the key?

“Making retirement money last is made easier for women who are PERSI members. They will receive a lifetime income from their Base Plan, and additional income if they contributed to the Choice Plan 401(k) during their working years.”

Alan Winkle, PERSI Executive Director

What women should ask themselves:

- Do I know where all the family's important papers are kept?
- Am I familiar with the monthly bills that need to be paid?
- Do I know about my home's mortgage?
- Do I know how to write checks, pay bills, and deal with the bank and insurance people?
- Do I know which companies insure our vehicles and house?
- Do I know how to run the household myself?
- Can I take care of the household business?
- Can I take care of myself?

What women need to know about themselves:

- Have you earned a pension? If so, when will you be eligible to retire?
- Do you know how much your pension benefit will be?
- Do you know what happens to your pension if you change jobs?
- Do you know what happens to your pension if you retire early?
- Do you have pension information for all your jobs?
- Do you know what you will be entitled to from Social Security?
- Would you be eligible for Social Security as a widow or a disabled person?
- When can you collect Social Security?
- Do you have an ex-husband on whose Social Security record you can file a claim?

What women thinking of divorce should learn:

- Am I eligible for a portion of my spouse's pension?
- Will I qualify for a portion of my spouse's Social Security benefit?
- How can I ensure my husband does not give his pension benefits to someone else?

- How can I ensure my spouse does not select lifetime benefits in lieu of a joint and survivor annuity?

RETIREMENT A BIGGER CHALLENGE FOR WOMEN

Retirement planning is important for everyone, but especially for women. Despite all the advances women have made in recent decades, the fact is, women work fewer years, earn less, live longer, and are likely to live alone in old age. While women must plan for a longer retirement, they start off with less income and often end up relying on Social Security as their primary source of income in retirement. Even those who have saved something for retirement could find themselves at risk of outliving their assets and seeing the value of their pensions and savings decline because of inflation, medical expenses, and long life spans. So it's critical for women to educate themselves about retirement options and to do some planning. Attending a PERSI retirement workshop would be a good starting place.

THE GAP BETWEEN INCOME AND EXPENSES

To get a better understanding of your situation, go over the checklist above and get the answers to the key questions. Next, you might want to do a "gap" analysis to understand your financial posture in retirement. Begin by totaling your income from all sources – savings, pension, Social Security, etc. From this amount, subtract your expenses – housing, food, insurance, taxes, health care, transportation, social, and any other expenses you expect to incur to maintain your specific lifestyle. If you have funds left, you might be OK. If you have a negative amount, you'll probably want to find ways to cut your expenses and/or increase your income.

By going through this exercise, hopefully you'll be better off when it's time to retire. After all, everyone wants a secure and dignified quality of life in their later years.

If you have specific questions about your PERSI benefits or those of your spouse, call 208-334-3365 in the Boise area, or toll-free 800-451-8228 from other parts of the state. You can learn more about PERSI and get an overview of benefits by visiting the Web site at www.persi.state.id.us.

Source: Women's Institute for a Secure Retirement

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find you are able to increase your contribution. Although saving money each pay period for retirement may mean giving up something now, you'll be gaining long-term peace of mind about your future for a relatively small sacrifice today. PERSI built flexibility into the Choice Plan so members could decide the contribution approach that works best for their individual circumstances.

Although many employers have programmed their payroll systems to deduct a flat dollar amount from your wages, not every employer can offer this option. Before making the flat rate contribution selection, be sure to check with your employer.

If your employer can accept a flat rate contribution and you want to get started, complete an enrollment form. The form is available on the PERSI Web site at www.persi.state.id.us. Fill in the amount you want

withheld each pay period, then sign the form and give it to your employer to sign and submit to PERSI. It's simple, it's easy.

Utilizing the "401(k) calculator" on PERSI's Web site will help you understand various savings scenarios. On the PERSI homepage under the *Account Information* tab, click on *Choice Plan* on the drop down menu, and then on the *Account Balance* link to log on. After logging on, select the *Retirement & Savings* link, click on *Resource Materials*, and then on the *Calculators & Tools* link. Go to the *Retirement Planning* link, and click on *How do 401(k) deductions affect my take-home pay?* This will take you to the calculator. Simply fill out the form to learn how different choices – both percentages and flat rate amounts – will impact your paycheck. If you have questions about your options, or want to know more about the Choice Plan in general, contact PERSI.

PERSI is here to help you plan for a comfortable retirement without breaking your budget today. *Remember, if you save nothing FOR retirement, you may have nothing IN retirement...and that's a big deal!*

Notes

Graydon Wood has joined PERSI as a trainer. His experience conducting financial planning seminars and his years working as a registered representative working on individual retirement plans will be useful



in his new role. Before coming to PERSI, Graydon spent 2 years with the Idaho Department of Correction and 7 years serving with the U.S. Navy in San Diego, California. His sense of humor, financial knowledge, and training skills are already being put to good use at the 505 workshops. He is a welcomed addition to PERSI's training and education program.

PERSI staff received a Certificate of Appreciation from the Boise Ronald McDonald House (RMH) for contributing pull tabs for the RMH recycling program. PERSI placed RMH collection containers in its break room, making it easy for the staff to remove the pull tab from their soda cans, place the tab in the RMH container, and then toss the soda can into a secondary recycling bin. It's a win-win situation... PERSI helps RMH and is also able to recycle cans for other purposes.



www.persi.state.id.us

I D A H O

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