



PROTECTING PERSONAL INFORMATION

Privacy is an important issue, especially in today's environment. All of us want our personal information guarded...often to prevent identify theft, but also to put an end to telemarketers, impede scam artists, and even stop former classmates from contacting us about a class reunion. Regardless of the reason, safeguarding personal information is critical. PERSI is often asked by employers (and others) to provide member information for a variety of reasons. While PERSI can accommodate some limited requests, generally personal information cannot be shared with anyone other than the individual member. When it comes to protecting the personal data of members and retirees, in addition to internal policies PERSI is subject to statute including Idaho Code Sections 59-1316(1) and 9-340C.

Active Members

Much of the active member information in the PERSI database comes from employers through the transmittal process. When an employer contacts PERSI for personal information on an employee, only payroll information can be provided. Nothing more than information originally provided to PERSI by the employer (e.g., date of birth, address, etc.) can be released. Personal data such as beneficiaries, retirement or purchase of service estimates, and other non-payroll information cannot be shared with anyone other than the member. PERSI tells employers the best way to obtain personal data is to request it directly from their employees.

Retired Members

When it comes to retirees, PERSI has similar restrictions. Employers and others may have legitimate reasons and good intentions for wanting retiree information, but PERSI can only release the name and PERSI identification number to anyone other than the retiree. For example, employers have requested retiree information for the purpose of sending

insurance change notices. PERSI applauds employers for wanting to assist their retirees; nevertheless, personal information cannot be released. Instead, PERSI has encouraged employers do one of two things: 1) contact the appropriate insurance carrier to gather the personal information; or 2) let the insurance carrier handle the notification process; after all, an insurer most likely has a current mailing list for the clients it insures. Retirees who go back to their former employers about insurance updates should be directed to the insurance carrier...the appropriate place to ensure accurate information is provided. A retiree who wants to approve the release of personal information can use a *Release of Information* form (RS457) found on the PERSI Web site at www.persi.idaho.gov.

Beyond Protecting Member Information

Protecting the sensitive data of PERSI members and retirees goes beyond what can and cannot be released to employers or others. PERSI adheres to stringent internal protocols, including database access controls for staff, using encrypted files, requiring passwords for viewing account information, installing and using the latest firewall software, continual monitoring of our system for hackers and viruses, and utilizing secure channels for moving and storing back-up tapes. PERSI regularly reviews its processes to ensure best practices are used. In short, every measure is taken to protect against unauthorized or unlawful use of member information.

If you have questions about PERSI's policy on releasing personal information, please contact the PERSI Answer Center at 208-287-9525 from the Boise area or toll-free at 1-800-451-8228 from outside the Treasure Valley.

Inside this issue:

Insurance Questions.....	2
Tax Withholding Changes....	3
Your Credit Score.....	3
New Legislation.....	4
Investment News.....	4

Insights

WHY PERSI CAN'T ACT AS AN INSURANCE ADMINISTRATOR -questions should go to insurance providers or former employers -

PERSI continually reviews its policies and procedures to determine if they are still effective and cost-efficient. One area of focus has been processing retiree insurance deductions. The insurance deduction program at PERSI began with just five vendors; over the years it has grown to include more than 40 insurers. As a result, the program has become extremely complicated and complex. PERSI is now at a point where it has become functionally impossible to support insurance vendors as in the past.

PERSI has statutory authority under Idaho Code to administer an unused sick leave program for Idaho school districts and state agencies. The program allows PERSI retirees to pay for various health and dental programs (that have been approved as group plans sponsored by PERSI employers) from their unused sick leave account. PERSI can currently process payments for life, vision, dental, health, prescription drug, and long term care insurance from the sick leave program.

Due to the substantial increase in the number of insurers, and because of system limitations, PERSI has had to make some changes. Over time, PERSI has allowed deductions to continue from a retiree's monthly benefit even when the sick leave balance had been depleted. This practice will continue; but if the deductions are stopped by the retiree, they

cannot be restarted if the sick leave balance has been exhausted. This is a change to current policy. To clarify administration of the retiree insurance program, another significant change was the creation of a *Memo of Understanding (MOU)* to define roles and responsibilities for the entities involved (i.e., schools, the state, insurers, and PERSI).

To eliminate redundancies, automate most insurance processing, reduce confusion, and remove PERSI from the role as a third-party administrator, the following are among the changes being implemented:

- PERSI will no longer serve as a point of contact for resolving insurance issues. Problem resolution is the responsibility of the insurance providers because they have a contractual agreement with the school districts and the state.
- If PERSI retirement is not set up for a new retiree by his/her insurance premium due date, the retiree may be direct billed by the insurance provider for a period of time.
- New retirees without a sick leave balance **will not** be able to set up an automatic insurance deduction from their monthly PERSI benefit.

The MOU explains the administration of retiree insurance deductions from PERSI retiree payroll. Some of the key factors include:

- **Employers** are responsible for informing retirees of the

administrative role of employers, insurers, and PERSI; designating a point of contact to handle employer-specific issues for retirees; referring retirees to the insurer regarding enrollment, rates, terminations and other changes; and ensuring vendors report timely and accurate information to PERSI.

- **Insurers** are responsible for communicating enrollment, rates, eligibility, premium adjustments, and other similar information directly to retirees, and for reporting timely and accurate information to PERSI in a standard format specified by PERSI.
- **Retirees** are responsible for directing insurance questions to their insurance carrier or their former employer.
- **PERSI** is responsible for timely and accurate deduction of insurance premiums as specified by insurance vendor electronic billing, for quickly responding to error corrections, and for returning deduction reports to vendors and employers in a timely fashion.

PERSI already has staff visiting school districts and insurance vendors throughout the state to secure signed MOUs. PERSI has also started referring retirees with insurance questions to the employer-designated points of contact and insurance vendors.

FEDERAL TAX WITHHOLDING CHANGES CAUSING CONFUSION

As a result of tax table changes made by the Internal Revenue Service (IRS) to provide a credit to taxpayers under the *Making Work Pay Tax Credit* – a provision of the American Recovery and Reinvestment Act of 2009 – many retirees have been receiving additional money to which they are not entitled. Retirees who have federal income taxes withheld from pension benefits may have been getting an income boost by using the new tax withholding tables. **Since pension benefits are not earned income, they don't qualify for the tax**

credit. The extra money received by pensioners will have to be repaid at tax time next year, either through a smaller refund or a larger tax bill.

To avoid further confusion and help retirees avoid an unexpected tax liability next year, PERSI has decided to use the tax tables issued by the IRS in January 2009 to calculate tax withholdings. These are the tax tables PERSI would have used had the IRS not issued new tables for the tax credit program.

HOW YOUR CREDIT SCORE IS CALCULATED

A credit score -- aka FICO score -- is a number lenders and others use to predict the likelihood you will make your credit payments on time. Your score is based on information in your credit reports at the three credit reporting agencies: TransUnion, Experian, and Equifax. In 2008, the Fair Isaac Corporation (FICO) introduced a new formula to determine someone's creditworthiness. Scores typically range from 300 - 850; the higher your score, the better you are viewed by creditors.

Although specific details of how FICO scores are calculated are not readily available, the following provides some general insights:

- **Payment History**

Your payment history accounts for approximately 35% of your score. On-time payment of your financial obligations will boost your score. Late or delinquent payments and bankruptcies bring it down.

- **Debt Load**

How much you owe accounts for nearly 30% of your score. The less you owe compared to the credit that's available to you improves your score. FICO considers what you owe on all accounts, the number of accounts with balances, and how much of your available credit you're using.

- **Length of Credit History**

Your credit history accounts for 15% of your score. If you have a long credit history, your score goes up; however, you can still have a high score if you have a short credit history. How you handled your credit during a short period of time will impact the score.

- **New Credit Accounts**

How many new credit accounts you have accounts for 10% of your score. FICO distinguishes between applying for credit and loan rate shopping comparisons. To avoid lowering your score, complete any loan rate shopping within 30 days.

- **Variables**

Other factors account for 10% of your credit score. Your credit mix, such as lines of credit, auto loans, credit cards, and mortgages, influences your score.

Getting a Copy of Your Credit Report

You can obtain a copy of your credit report at no cost once a year from all three credit reporting agencies; however, there is a charge to obtain your FICO score. Fees vary by credit reporting agency. Your report and FICO score will also vary from agency to agency. Although each agency uses the same formula to calculate your score, the credit information is collected independently, so there are usually some differences.

A good way to stay on top of your credit reports is to space out your requests to one every 4 months. Using this approach, you'll get a free report annually from each agency and they will arrive over the course of the year. It should help you track your credit information and alert you to anything unusual. To order a free credit report, call 1-877-322-8228 or visit the only Web site authorized by the Federal Trade Commission (www.annualcreditreport.com) to complete a request online. Mail requests should go to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. *Improving your credit score will be covered in the next PERSI newsletter.*



PERSI
P.O. BOX 83720
Boise, ID 83720-0078

PRSR STD
U.S. POSTAGE PAID
PERMIT NO. 1
BOISE, IDAHO

NEW LEGISLATION

If you named your spouse as your contingent annuitant (CA) when you retired, and your spouse dies and you later remarry, you have one year from the date of your marriage to name your new spouse as your CA. Originally, there was a one year waiting period from the time PERSI received an application to change the CA until the change went into effect. Legislation this year reduced that waiting period to 90 days. This change goes into effect July 1, 2009. A brochure on this topic is available on the PERSI Web site.

PERSI INVESTMENT NEWS

as of June 16, 2009

Value of the Fund:

\$ 9,011,217,242

Fiscal Year Change in Market Value:

\$ (1,900,508,631)

Fiscal Year-to-Date Returns:

-16.8%

Month-to-Date Returns:

-0.9%

*Posted monthly on PERSI Web site: www.persi.idaho.gov



www.persi.idaho.gov



PERSpectives is published for members of the Public Employee Retirement System of Idaho
 607 North 8th Street, Boise, ID 83702
 Base Plan: 208.334.3365 or 1.800.451.8228
 Choice Plan: 1.866.437.3774
www.persi.idaho.gov

RETIREMENT BOARD
 Jody B. Olson, Chairman
 Jeff Cilek, William "Bill" Deal,
 Clifford T. Hayes, J. Kirk Sullivan

Donald D. Drum, Executive Director
 Patrice Perow, Editor

Costs associated with this publication are available from PERSI in accordance with §60-202, Idaho Code