



## RETIREE PAYROLL

PERSI's retiree payday is always the first day of the month. When the first falls on a non-business day, retirees with direct deposit have come to expect receipt of their funds by the last business day of the month. When that expectation isn't met, it understandably creates anxiety. Before reaching a bank account the funds pass through a number of manual and automated processes. This article will help retirees understand when the PERSI retiree payroll is processed, and how and when financial institutions make the funds available.

### DIGITALLY TRANSFERRING THE FUNDS

Near the end of each month, PERSI transfers a digital file to its financial institution for processing. The file is forwarded to the Automated Clearing House (ACH) network, an electronic funds transfer network for financial transactions in the U.S. ACH sorts the records and distributes the funds to the appropriate Federal Reserve banks as designated in the digital file. The 800 financial institutions involved then deposit the funds into the appropriate accounts. Although rare, there are times when banks experience internal system issues that affect their ability to receive funds from the Federal Reserve, which can cause a delay in posting deposits to accounts. PERSI has no control over when funds are released or when deposits are posted to member accounts.

### NON-BUSINESS DAYS

When the first of the month falls on a non-business day, some financial institutions release the funds on the last business day of the month. But in some instances, financial institutions do not post the funds until the next business day. For example, if the first day of the month falls on a Saturday, the money may not post to an account until Monday; and in some cases, deposits may not post until close of business on Monday, so the funds are not available until Tuesday. Each financial institution has its own processes and schedule.

### MAKING FUNDS AVAILABLE

Once the funds are received from the ACH system, most larger financial institutions have the ability to post deposits to accounts at almost any time, while smaller institutions may only post deposits at the close of business each day. So depending on where your PERSI benefit payment is deposited, you could have access to the funds immediately, the next day, or even within a couple of days if the first falls on a non-business day.

### PAYDAY NOTICE

To help members manage their finances, at retirement a letter goes to all retirees from PERSI stating:

*"If you have authorized direct deposit, your monthly allowances will be deposited in your account no later than the fifth of each month; most often it will be there on the first of the month. Otherwise, your benefit payment, also known as your warrant, should reach you by mail by the tenth of each month."*

### CONFIRM YOUR BALANCE

If your financial institution pays outgoing obligations (debits) before posting deposits to your account (credits), you could end up in an overdraft situation. Before drawing on funds that are "supposed" to be deposited in your account, it's always best to wait until you know the money is actually there. You can contact your financial institution directly or go online to verify fund availability.

If you have questions about direct deposit of your benefit payment or your mailed warrant, call the PERSI Answer Center toll-free at 1-800-451-8228 or 334-3365 in the Boise area.

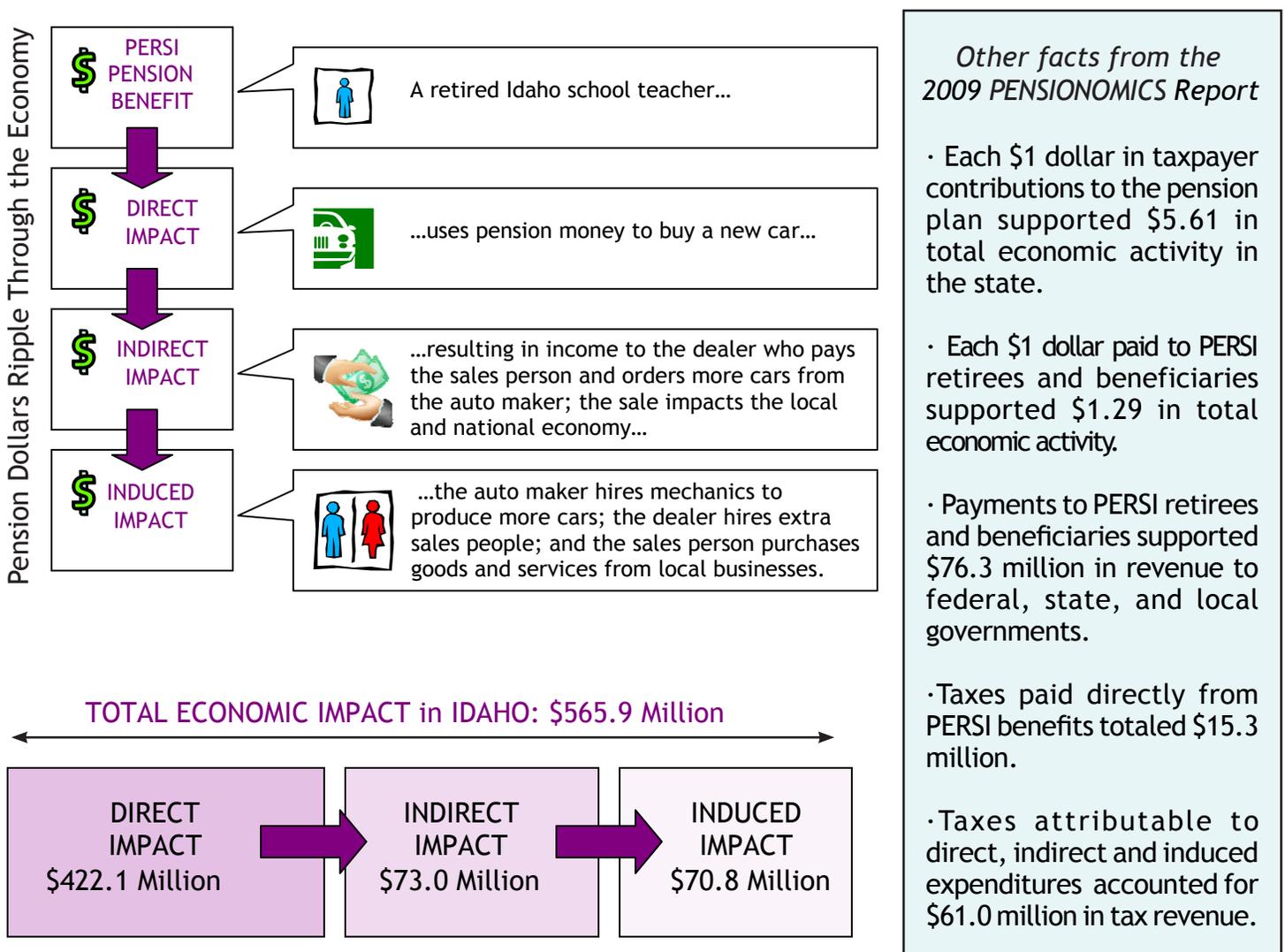
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# Insights

## HOW A RETIREMENT BENEFIT FUELS THE ECONOMY -- the ripple effect--

An economic impact study by the National Institute of Retirement Security (NIRS) in 2009 titled, *PENSIONOMICS: Measuring the Economic Impact of State and Local Pension Plans*, showed how the money paid to a retiree or beneficiary supports the state's economy. As the money is paid out, it is spent in the community and becomes income to another person or results in production of more products and goods. It is called the ripple (or multiplier) effect. That effect is illustrated below:



Visit the NIRS Web site at [http://www.nirsonline.org/storage/nirs/documents/factsheet\\_ID.pdf](http://www.nirsonline.org/storage/nirs/documents/factsheet_ID.pdf) for the full Idaho report.

# RETURNING TO WORK

Retirees today are trying to decide if it makes sense to return to the workforce, while active members are trying to decide if it makes sense to retire now. Regardless of your circumstances, PERSI wants you to be aware of some of the issues that could impact you.

## WORKING AFTER RETIREMENT

Idaho laws can affect your retirement benefit if you return to work. As a PERSI retiree, you may work for any private-sector employer for as long as you want and for as many hours as you want without affecting your retirement benefits. If you want to work for any employer belonging to PERSI, however, some restrictions apply.

### 90-day Break

- If you are an early retiree (younger than age 65 or 60 for police/firefighter), you must have at least a 90-day break between retirement and reemployment with the same employer regardless of the number of hours worked.
- No promise of future employment can be made to you when you leave your job.
- You will not be considered as having separated from service if you perform any work in any capacity for the same employer during the 90-day break.

Early retirees who return to work for the same employer within 90 days must return all pension benefit payments received to PERSI plus interest. (The State of Idaho is considered one employer.)

### 20-Hour Per Week/5 Consecutive Month Limit

If you want to work for a PERSI employer and continue to receive your monthly pension payments some limitations apply. To avoid having your PERSI benefits affected you have two choices:

- 1) You must limit yourself to working less than 20 hours per week; although, there is no restriction on the length of your employment.
- 2) You may work full-time without impacting your PERSI benefits as long as you work less than 5 consecutive months.

If you exceed these limits, your retirement payments must stop and both employee and employer contributions must be paid to PERSI from the beginning date of

reemployment. You must also return all benefit payments received after your reemployment date plus interest. This applies to all retirees regardless of age.

When your employment ends, contributions stop and you may once again begin receiving your original pension benefits. A separate allowance based on your reemployment period will be added. If your reemployment turns out to be less than 5 months, PERSI will return contributions to you, your employer will get a credit for the portion they paid, and you will receive retroactive benefit payments covering the reemployment period.

## RULES FOR RETIRED TEACHERS & ADMINISTRATORS

In 2007, the State Legislature passed a bill (HB202) allowing retired certificated teachers and some administrators to receive PERSI retirement benefits while continuing to work. Certain conditions apply:

- You must have retired as a certificated teacher or administrator and be rehired in that same capacity.
- You will not be eligible for rehire if you received an Early Retirement Incentive Program (ERIP) award when you retired.
- You must be age 62 or older when you retired.
- You must have retired with an unreduced benefit because you had either attained service retirement age or met Rule of 90 at the time of retirement.

*A sunset clause voids the provisions of this bill after July 1, 2012.*

## SUBSTITUTE TEACHERS

HB644 changed the definition of employee for PERSI purposes. This bill affecting substitute teachers went into effect July 1, 2010. Although some teachers think they can retire and return almost immediately as a non-contracted substitute teacher for the school district from which they retired, that is not the case. If a retiring teacher is not service retirement age (65), he/she **must wait 90 days** before becoming a substitute at the same school district or he/she is not considered to have terminated employment.

Retirees considering reemployment and members considering retirement are urged to gather as much information as possible before making a decision. The PERSI Web site ([www.persi.idaho.gov](http://www.persi.idaho.gov)) is a good place to start.



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**ONLINE COMMUNICATIONS:** In June, PERSI announced it was going green by notifying retirees via email when the newsletter was posted on the PERSI Web site. This service will be available to those who don't want a newsletter mailed to their home. Many retirees have already told PERSI they prefer to continue receiving a hard copy of the newsletter. Naturally, PERSI will accommodate these members. More information about registering for the email link will be in future newsletters.

## **PERSI INVESTMENT NEWS**

*as of September 21, 2010*

**Value of the Fund:**

**\$10,915,922,943**

**Fiscal Year Change in Market Value:**

**\$837,898,438**

**Fiscal Year-to-Date Returns:**

**8.4%**

**Month-to-Date Returns:**

**4.9%**

\*Posted monthly on PERSI Web site: [www.persi.idaho.gov](http://www.persi.idaho.gov)



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