

## Fee Disclosure Statement

PERSI prides itself on being simple, transparent, focused and patient in its business practices and PERSI Base Plan operations. That philosophy also applies to PERSI's defined contribution plan, the PERSI Choice 401(k) Plan. It is important for PERSI members to understand fees as they relate to the PERSI Choice 401(k) Plan and to retirement plans in general. This disclosure statement briefly addresses common fees and helps participants understand how and when they are applied.

### Transparent Operations

PERSI partners with outside organizations that have specialized expertise to manage various aspects of the PERSI Choice 401(k) Plan. While PERSI sets the strategic direction of and is responsible for the administration of the PERSI Choice 401(k) Plan, a handful of companies provide very specific services and professional guidance.

### Trusted Partnerships

**Empower Retirement** is responsible for all recordkeeping activities for the PERSI Choice 401(k) Plan. Empower maintains a website specifically for plan participants so they can:

- Access account balances
- Review personal investment performance
- Create a dynamic statement
- Model a loan
- Use account projection tools
- Access plan guidelines
- Change asset allocations
- Select investment options
- Initiate loans or withdrawals
- Make passcode/PIN changes
- Link to various websites and calculators
- Get answers to questions

Empower employs non-commissioned retirement plan counselors to educate employers and employees about the features and benefits of the plan. Empower can be reached at **866-437-3774**.

**Bank of New York Mellon (BNY Mellon)** was selected by PERSI to provide trust and custodial banking services for PERSI Choice 401(k) Plan assets. This means BNY Mellon holds and accounts for the assets of the plan.

**Callan Associates** serves as a consultant to advise the PERSI Retirement Board on investment policies and to provide input on the selection of investment managers.

### PERSI Choice 401(k) Plan Participant Statements:

- **If you have a valid email on file** and currently use e-delivery, you will receive an electronic notification when your statement is ready to view on the website.
- **If you have no email on file**, or if you have opted out of e-delivery, you will receive hard copies of your statements at your address on record.
- **If you have an invalid email on file**, we will make three attempts to notify you via regular mail. Meanwhile, you will not be sent a hard copy of your current statement but will receive one for the next period (unless you've updated your email).

### It's easy to ...

**Update your email:** Contact your employer or log on to your account at [mypersi401k.com](http://mypersi401k.com).

**Request a hard copy:** Call Empower Participant Service center (**866-437-3774**).

**Download your participant statement:** Log on to your account at [mypersi401k.com](http://mypersi401k.com), or use the hotlink in your myPERSI member portal account.

## Total Return Fund

The default investment option for the PERSI Choice 401(k) Plan is the Total Return Fund. This fund is invested the same way PERSI Base Plan trust assets are invested. With a few minor exceptions, all of PERSI's investment activities for the Total Return Fund are accomplished through outside managers. A complete list of managers can be found in PERSI's annual report, which is available on the website ([www.PERSI.idaho.gov](http://www.PERSI.idaho.gov)) along with the Total Return Fund's full disclosure document.

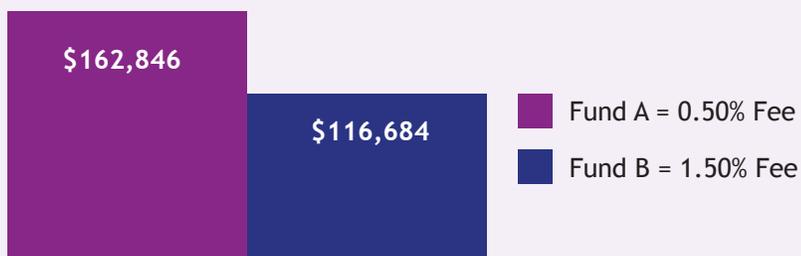
## Retirement Board

The PERSI Retirement Board is responsible for investment policy and structure, portfolio strategy, asset allocation, strategic policies, the hiring of managers and other agents or consultants to carry out those policies and strategies, and the monitoring of the managers, consultants, and other agents. Board meetings are always open to the public. The meeting schedule can be found on the PERSI website, [www.PERSI.idaho.gov](http://www.PERSI.idaho.gov).

## Investment Management Fees

Funds charge investors fees and expenses. A fund with high costs must perform better than a low-cost fund to generate the same returns. Even small differences in fees can translate into large differences in returns over time.

### Lower fees = Potentially higher account balance



The 1% difference in investment management fees could result in an increase in the account balance by 28% – more than \$46,000!

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration is not intended as a projection or prediction of future investment results, nor is it intended as financial planning or investment advice. It assumes a 6% annual rate of return over the next 35 years and reinvestment of earnings with no withdrawals. Rates of return may vary. The illustration does not reflect any associated charges, expenses or fees. The tax-deferred accumulation shown would be reduced if these fees were deducted.

The PERSI website has a link to a Securities and Exchange Commission investment fee calculator to help calculate the actual impact of fees on particular investments. You can also find more information about investment fees on the Department of Labor's website: [www.dol.gov/ebsa/publications/401k\\_employee.html](http://www.dol.gov/ebsa/publications/401k_employee.html).

## Keeping It Simple

Although several types of fees may be charged for mutual funds, at PERSI we keep it simple. Participants incur only one investment-related fee – the asset management fee for each particular fund. There are no account fees, actuarial risk charges, sales fees, or front or back loads to the fund options in the PERSI Choice 401(k) Plan. The asset management fee is deducted from the return on a daily value basis. If a selected mutual fund earned 8.6% return for the year and the fee is 0.10%, the return will be reported as 8.5% for the year with the 0.10% fee deducted.

## New Contributors

Take advantage of the 12-month fee holiday when recordkeeping and administrative fees will not be assessed to your account. You will still be assessed the investment management fees. After 12 months, fees begin at your respective tier. Each investment option has its own operating expenses.

## PERSI Choice 401(k) Plan Investment and Recordkeeping Fees

Table 1 outlines the investment fees applicable to each available investment option. Table 2 explains the monthly recordkeeping fees based on account balances.

**Table 1: Investment Fees Table\***

Fund	Asset Class	Annual Expense Ratio**	Annual Fee Per \$1,000 Example
PERSI Total Return Fund (TRF)	Balanced <sup>1</sup> (Default Option)	0.27%	\$ 2.70
U.S. TIPS Index Fund	Bond <sup>2</sup>	0.05%	\$ 0.50
PERSI Short-Term Investment Portfolio	Bond <sup>2</sup>	0.11%	\$ 1.10
U.S. Bond Market Index Fund	Bond <sup>2</sup>	0.05%	\$ 0.50
Dodge & Cox Income Fund***	Bond <sup>2</sup>	0.43%	\$ 4.30
Calvert Balanced I	Balanced <sup>1</sup>	0.63%	\$ 6.30
Vanguard Growth & Income Adm	Large Cap	0.23%	\$ 2.30
U.S. Large Cap Equity Index Fund	Large Cap	0.05%	\$ 0.50
U.S. Broad Market Equity Index Fund	Large Cap	0.07%	\$ 0.70
U.S. Small/Mid Cap Equity Index Fund	Mid Cap <sup>3</sup>	0.05%	\$ 0.50
T. Rowe Price Institutional Small-Cap Stock Fund	Small Cap <sup>3</sup>	0.67%	\$ 6.70
U.S. REIT Index Fund	Real Estate <sup>4</sup>	0.10%	\$ 1.00
International Equity Index Fund	International <sup>5</sup>	0.07%	\$ 0.70
Emerging Markets Equity Index Fund	International <sup>5,6</sup>	0.09%	\$ 0.90
Brandes International Equity Fund-Class R6	International <sup>5,6</sup>	0.82%	\$ 8.20

\*Fee Information as of 01/01/2018

\*\*Expense ratios provided are the funds' total annual operating expense ratios, gross of any fee waivers or expense reimbursement

\*\*\*See Revenue Sharing section on back page

**Table 2: Recordkeeping Fees Table\***

Account Balance Bracket	Monthly Charge Per Tier
\$ 0.01 - 100.00	\$ -
\$ 100.01 - 1,000.00	\$ 0.48
\$ 1,000.01 - 2,000.00	\$ 0.95
\$ 2,000.01 - 4,000.00	\$ 2.14
\$ 4,000.01 - 10,000.00	\$ 3.80
\$ 10,000.01 - 30,000.00	\$ 5.70
\$ 30,000.01 - 50,000.00	\$ 7.84
\$ 50,000.01 - 100,000.00	\$ 9.26
\$ 100,000.01 - 200,000.00	\$ 10.21
\$ 200,000.01 - 500,000.00	\$ 11.40
\$ 500,000.01 and up	\$ 13.30

\*Fee Information as of 02/01/2018



## Revenue Sharing

Some mutual fund companies offer credits, also known as reimbursements, to organizations such as PERSI for recordkeeping and participant administration services that would otherwise be provided by the fund company. This kind of arrangement is commonly referred to as revenue sharing.

PERSI currently has revenue-sharing arrangements with Dodge & Cox Income Fund and receives reimbursements from them that may reduce or eliminate the monthly asset-based fee charged to a participant's account. See detailed information below. Every cent of those reimbursements is credited to PERSI participants who invest in those funds, directly reducing the amount a participant pays in fees.

Participants who invest in this fund will see the reimbursements in the Account Activity Summary section of their quarterly statements as "other credits or a plan expense reimbursement." Only those participants who contribute to this fund that pays reimbursements will receive them.

### Fund Paying Reimbursements

### Annual Reimbursement Amount

Fund Paying Reimbursements	Annual Reimbursement Amount
Dodge & Cox Income Fund	8 basis points or 0.08%

**Note: Reimbursements can be discontinued by the fund, and revenue-sharing arrangements may be changed by the plan at any time.**

*Carefully consider the investment objectives, risks, fees and expenses of the annuity and/or the investment options. Contact us for a prospectus, a summary prospectus and disclosure document, as available, containing this information. Read them carefully before investing.*



For more information,  
call 866-437-3774 or visit [www.mypersi401k.com](http://www.mypersi401k.com)

- 1 Asset allocation and balanced investment options and models are subject to the risks of the underlying funds, which can be a mix of stocks/stock funds and bonds/bond funds. For more information, see the prospectus and/or disclosure documents.
- 2 A bond fund's yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news, and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa.
- 3 Equity securities of small and mid-size companies may be more volatile than securities of larger, more established companies.
- 4 Real estate securities and trusts involve greater risks than other nondiversified investments, including but not limited to: declining property values, varying economic conditions, changes in zoning laws or losses from casualty. Real estate securities that invest in foreign real estate involve additional risk, including currency fluctuations and political developments.
- 5 Foreign investments involve special risks, including currency fluctuations, taxation differences and political developments.
- 6 Equity securities of companies located in emerging markets involve greater risks than investing in more established markets, including currency fluctuations, political developments and share illiquidity.

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