



Meeting of the PERSI Retirement Board

August 19, 2024 | 2:00 P.M. - 4:30 P.M.

August 20, 2024 | 8:30 A.M. - 12:00 P.M.

PERSI Office - 607 N. 8th St. Boise, ID 83702

AGENDA

Monday, August 19

- | | | |
|---------|--|------------------|
| 2:00 PM | Call to Order Welcome | Jeff Citek |
| 2:00 PM | I. Choice 401(k) Plan Annual Review | Diane Kaiser |
| | A. PERSI Choice 401(k) Plan Day | |
| | B. Callan Choice Plan Performance Review | Ann O'Bradovich |
| | C. Callan DC Industry Trends | Ben Taylor |
| | D. PERSI Choice 401(k) Plan Policy Statement* | Ann O'Bradovich |
| 3:10 PM | Break | |
| 3:20 PM | II. Choice 401(k) Plan Annual Review (cont.) | |
| | A. SECURE 2.0 Impact | Diane Kaiser |
| | B. Empower Then and Now Presentation | Stephanie O'Dear |
| | C. Empower Choice Plan Review and Update | Dave Ramirez |
| | D. Choice 401(k) Plan Fees Review | Mike Anderson |
| 4:30 PM | ** Executive Session - Idaho Code § 74-206 (1)(a)(b)(f)* | Jeff Citek |
| 5:00 PM | Recess | |

Tuesday, August 20

- | | | |
|----------|--|--------------------------------------|
| 8:30 AM | Reconvene Call to Order Welcome | Jeff Citek |
| | III. Approval of Minutes | Jeff Citek |
| | A. Draft of July 16, 2024 Minutes * | |
| 8:35 AM | IV. Investments Portfolio | Richelle Sugiyama |
| | A. Callan Quarterly Report | Ann O'Bradovich |
| | B. Portfolio Monthly Update | Richelle Sugiyama, Chris Brechbuhler |
| | C. Hamilton Lane Distribution Management* | Richelle Sugiyama, Chris Brechbuhler |
| | D. PERSI Manager - Mondrian Investment Partners | Liz Desmond, Jim Brecker |
| 9:40 AM | V. Board Governance | Jeff Citek |
| | A. Selection of Vice Chair (GPM § 1.8.A) * | |
| 9:45 AM | Break | |
| 10:00 AM | VI. Operations Administration | Mike Hampton |
| | A. Operations/Administration Update | Alex Simpson |
| | B. Director Update - NASRA | Mike Hampton |
| | C. Major Projects - Arrivos Upgrade Progress | Larry Sweat |
| | D. Contribution Rate Scenarios Update - Milliman | Robert Schmidt |
| 11:00 AM | VII. Fiscal Budget | Mike Anderson |
| | A. Financial Reports | |
| | B. FY 2026 Budget Approval * | |
| 11:15 AM | VIII. Board | Jeff Citek |
| | A. Future Agenda Review | |
| | B. Trustee Call for Future Agenda Items * | |
| | C. Signature Authorization Form Update * | |
| 11:30 AM | ** Executive Session - Idaho Code § 74-206 (1)(a)(b)(f)* | Jeff Citek |
| 12:00 PM | Adjournment | |

* Decision / Action of the Board Requested

** For the purpose of entering into Executive Session

August 19, 2024



**Public Employee Retirement
System of Idaho**

PERSI Choice 401(k) Plan

Ann O'Bradovich
Senior Vice President

Ben Taylor
Senior Vice President and Head of Tax-
Exempt Defined Contribution Research

PERSI Choice 401(k) Plan

DC workshop - 2024

Background and Review

- Current Investment Structure
- Callan's Philosophical Tenets

2Q 2024 Performance Review

- Participant allocations
- Investment Option Performance

What are other Public DC Plans doing?

- Callan Survey: Government Plans excerpts
- Default Suitability Review
- PRRL data Summary

Defined Contribution Consulting

- 95+** Years combined experience
- 110** Fee studies and recordkeeper searches over the past three years
- 56** Investment structure evaluations
- 50** Target date fund suitability
- 38** Custom projects – governance reviews, managed account suitability evaluation, demographic analysis, plan design evaluation, independent fiduciary searches

Callan's DC Research and Consulting Group complements our investment consultants, providing specialty research and expertise around plan trends, aspects of compliance and administration, behavioral aspects of structure design specific to DC plans, and vendor and fee management. We have a strongly tenured team that works with a wide variety of plan sponsors and recordkeepers, which provides valuable context and expertise to our clients.



Scotty Lee
Jamie McAllister (Principal Author)

Jana Steele
Ben Taylor

Greg Ungerman, CFA
Patrick Wisdom

PERSI Choice 401(k) Plan

Background

The Plan is a non-ERISA plan. Fiduciary rules and laws are established through State Law (59-1301 primarily).

- The Plan is actually two plans
 - 414(k): Gain sharing
 - 401(k): Voluntary employee contributions, rollovers and employer contributions

The Plan was initially put in place to facilitate the distribution of extraordinary gains from the DB plan. The initial intent was for those receiving a gain sharing distribution to have the option to invest the gain sharing exactly as it was invested in the DB plan, thus the inclusion of the Total Return Fund (TRF) as the default option.

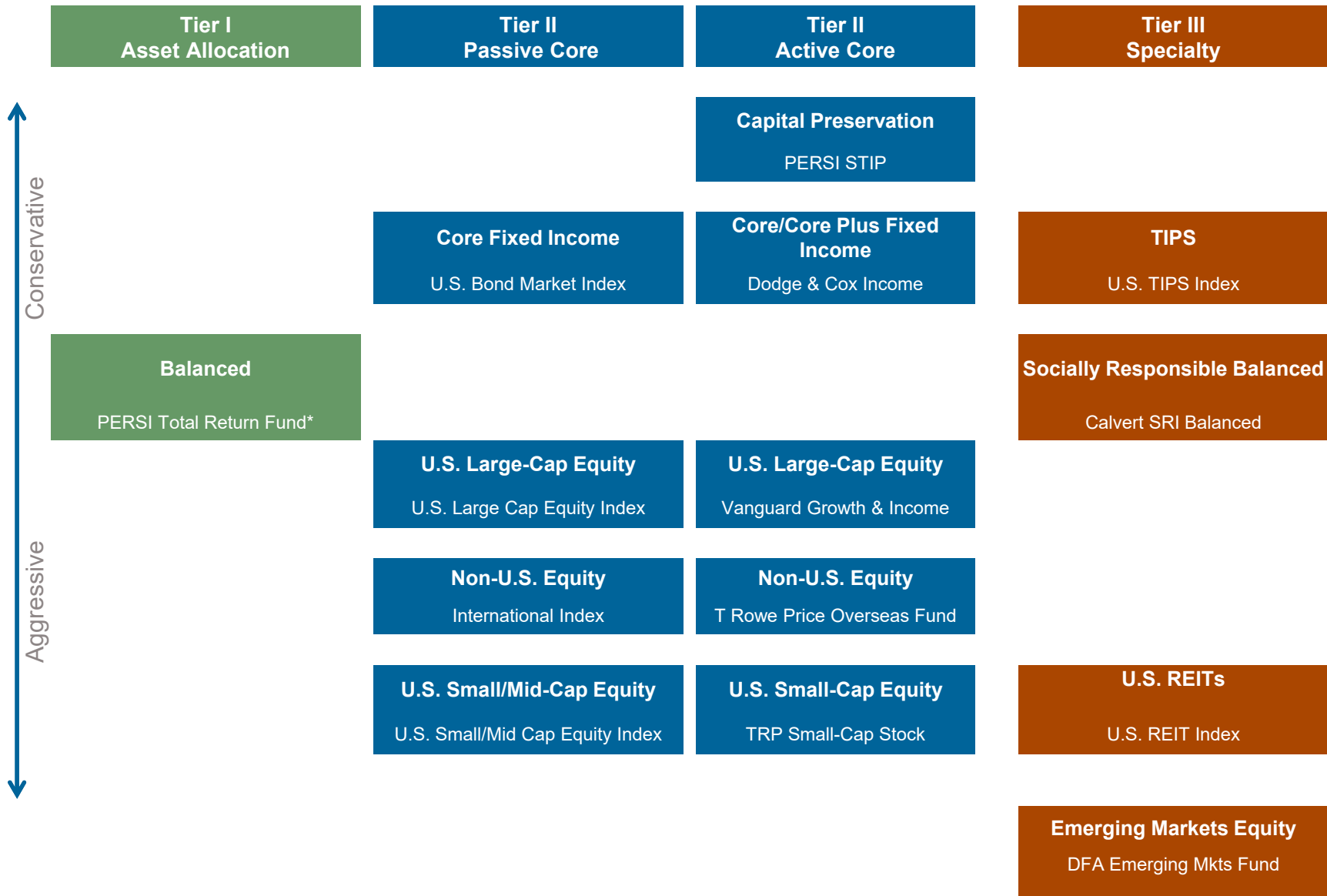
- The initial gain sharing amount was about \$59 million. There have been no additional gain sharing events since 2001.

Current PERSI Employers: 863

- Some employers offer other DC plans to participants

PERSI Choice 401(k) Plan

Investment Structure



* Default Investment Option

Optimizing the DC Investment Structure

Callan's Philosophical Tenets

Durable

Investment structures should be built for the long term. Three-tier structures facilitate usage for a full range of participants from “do-it-for-me” to “do-it-yourselfers.”

Simple

Simpler can be better. The number of choices affects participants' allocation decisions. Make sure the level of complexity is suited to the sophistication level of your participants.

Open Architecture

Multi-manager funds allow for better diversification, top-tier managers in every category, and efficient implementation of changes to the lineup without disrupting participants.

Low Cost

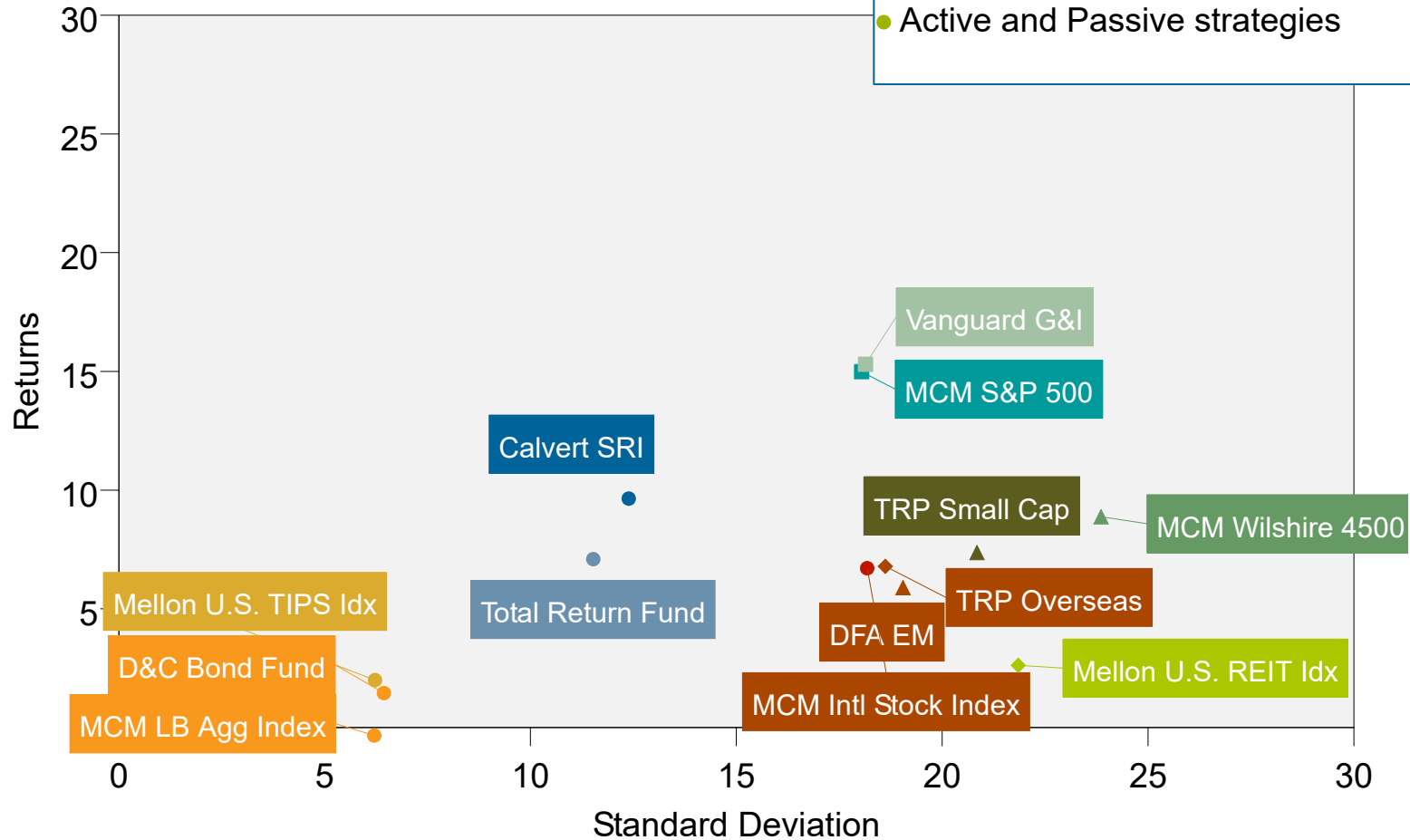
Take advantage of scale and competition to manage costs for both active and passive options. Make use of passive in constructing multi-manager options. Monitor all expenses.

PERSI Choice 401(k) Plan

Investment Structure: Diversified Investment Options

Risk/Return

5 Years Ended June 30, 2024



Plan offers a range of options

- Equity: higher return, higher volatility
- Fixed Income: lower return lower volatility
- Balance: moderate risk and returns profile
- Active and Passive strategies

PERSI Choice 401(k) Plan

Background

2014 & 2015

Recordkeeper search and selection in 2014

- Change to Empower completed by 2015 2Q
- New fee structure put in place

Investment lineup review and changes coordinated with recordkeeper transition (October 2014)

- Use Mellon Capital Management's passive collective trusts for all asset classes
- Relationship pricing
- Added index funds: public U.S. REITs, emerging market equity, TIPS
- Changed passive broad U.S. equity from Wilshire 5000 to Russell 3000

Participant communication included RK and investment lineup changes at the same time

2017

Share Class Changes

- T. Rowe Price Small Cap Stock Fund share class change from OTCFX to TRSSX
- Brandes International Equity Fund share class change from BIIEEX to BIERX

2020 - 2023

Policy Statement Revision and Review: November 2020

Recordkeeper RFP: Empower retained 2020

Default Investment Fund Suitability Review: February 2021

Investment Structure Review: June 2022

- TRF remains Default Option
- Simplified U.S. equity options
- Changed emerging markets from passive to active
- Reduced passive fund fees
- Eliminated revenue share classes

Investment Structure Implemented: April 2023

DC Workshop: August 2023

2024

PERSI Choice 401(k) Plan Policy Statement Review

Fee Policy Review

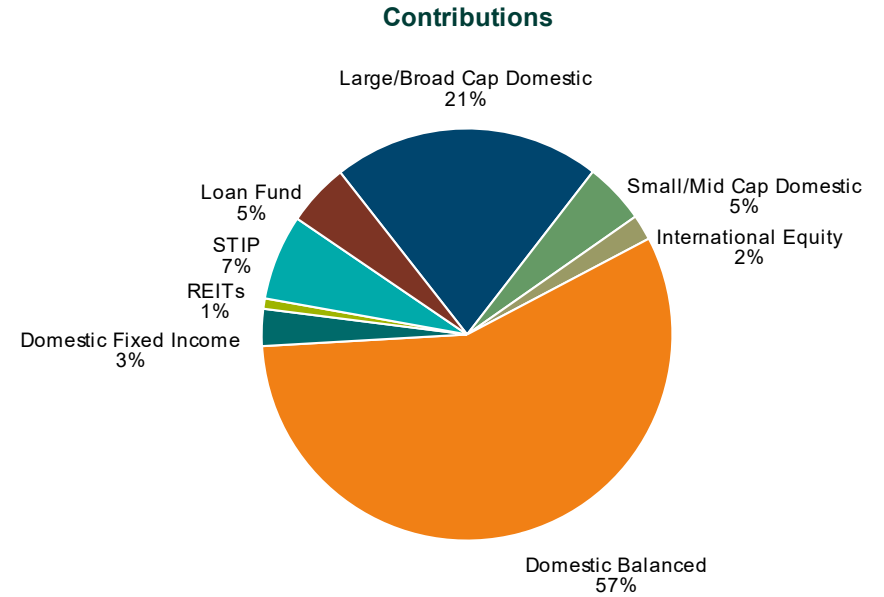
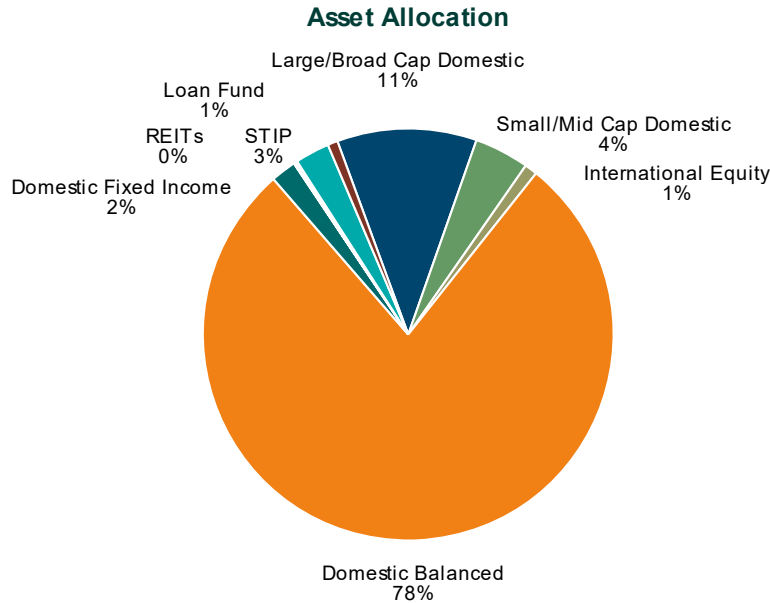
Investment Manager Fee Review

Factsheet Production Review

DC Workshop: August 2024

PERSI Choice 401(k) Plan Review

Periods ended June 30, 2024



<u>Asset Class</u>	<u>\$000s Actual</u>	<u>Percent Actual</u>
Total Return Fund	1,272,724	77.2%
Mellon Large Cap Equity	97,785	5.9%
Mellon Small/Mid Cap Equi	35,427	2.1%
Vanguard Growth & Income	84,320	5.1%
T. Rowe Price SC Stock	35,555	2.2%
Calvert SRI Balanced	11,050	0.7%
Mellon Intl Index	14,276	0.9%
T. Rowe Price Overseas St	496	0.0%
DFA Emerging Markets Core	1,009	0.1%
Mellon Blmbg Agg	12,421	0.8%
D&C Income	16,417	1.0%
Mellon U.S. TIPS	4,477	0.3%
Mellon U.S. REIT	5,184	0.3%
PERSI STIP	44,437	2.7%
Loan Fund	12,870	0.8%
Total	1,648,446	100.0%

PERSI Choice 401(k) Plan Overview

	June 30, 2024		Net New Inv.	Inv. Return	June 30, 2023	
	Market Value	Weight			Market Value	Weight
Domestic Equity						
MCM U.S. Large Cap Equity	97,784,608	5.93%	9,924,338	18,422,403	69,437,867	4.69%
Vanguard Growth and Income	84,320,290	5.12%	6,875,428	17,005,597	60,439,264	4.09%
MCM U.S. Small/Mid Cap Equity	35,426,836	2.15%	715,267	4,639,269	30,072,301	2.03%
T. Rowe Price Small Cap	35,555,467	2.16%	(1,070,850)	2,928,142	33,698,175	2.28%
Balanced						
Total Return Fd	1,272,723,541	77.21%	(3,348,169)	103,923,298	1,172,148,412	79.24%
Calvert SRI Balanced	11,049,584	0.67%	1,602,782	1,766,174	7,680,627	0.52%
International Equity						
Mellon Intl Equity	14,275,860	0.87%	849,422	1,450,620	11,975,819	0.81%
T. Rowe Price Overseas Stock	495,779	0.03%	314,750	46,207	134,821	0.01%
DFA Emerging Markets Core Equity	1,008,505	0.06%	820,337	74,258	113,910	0.01%
Domestic Fixed Income						
Dodge and Cox Income Fund	16,416,570	1.00%	(970,173)	731,348	16,655,394	1.13%
MCM U.S. Bond	12,420,711	0.75%	55,316	312,350	12,053,045	0.81%
Mellon U.S. TIPS	4,476,747	0.27%	(766,133)	113,882	5,128,998	0.35%
MCM US REITs	5,184,379	0.31%	137,248	349,363	4,697,768	0.32%
PERSI STIP	44,437,227	2.70%	(1,968,668)	2,134,674	44,271,220	2.99%
Loan Fund	12,869,881	0.78%	2,895,528	(814,066)	10,788,418	0.73%
Total Fund	\$1,648,445,986	100.00%	\$16,066,426	\$153,083,519	\$1,479,296,042	100.00%

- Choice 401(k) Plan assets as of June 30, 2024, totaled \$1.6 B
 - 77% of assets invested in the Total Return Fund
 - 16% of asset invested in Equity Funds
 - 6% of assets invested in Fixed Income and Cash equivalents
- MCM U.S. Large Cap Equity had the largest inflow (+\$9.9 M), followed by Vanguard Growth and Income (+\$6.9 M)
- Total Return Fund had the largest outflow (-\$3.3 M), followed by PERSI STIP (-\$2.0 M)

PERSI Choice 401(k) Plan Performance Overview*

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Equity					
Mellon Large Cap Equity	4.40%	24.44%	9.95%	14.99%	12.80%
Vanguard Growth and Income	4.11%	26.42%	10.48%	15.31%	12.89%
S&P 500 Index	4.28%	24.56%	10.01%	15.05%	12.86%
Mellon Small/MidCap Equity	(3.10%)	15.03%	(2.24%)	8.88%	8.24%
DJ US Completion Total Stock Mkt	(3.44%)	14.67%	(2.64%)	8.55%	8.10%
T. Rowe Price Small Cap Stock	(4.59%)	8.83%	(2.46%)	7.38%	8.87%
Russell 2000 Index	(3.28%)	10.06%	(2.58%)	6.94%	7.00%
Balanced					
Total Return Fund	0.23%	8.87%	2.42%	7.09%	6.86%
Target Index (1)	1.73%	15.02%	4.05%	8.95%	7.95%
Calvert SRI Balanced (2)	4.75%	19.98%	5.56%	9.61%	8.18%
60%S&P/40% Blmbg Agg	2.60%	15.49%	4.84%	9.15%	8.43%
International Equity					
Mellon Intl Index	(0.47%)	11.47%	3.13%	6.71%	4.56%
T. Rowe Price Overseas Stock (4)	0.08%	9.43%	1.68%	6.79%	-
MSCI EAFE Index	(0.42%)	11.54%	2.89%	6.46%	4.33%
DFA Emerging Markets Core Eq (5)	5.57%	14.82%	(0.46%)	5.90%	4.07%
MSCI Emg Mkts	5.00%	12.55%	(5.07%)	3.10%	2.79%
Domestic Fixed Income					
Dodge & Cox Income (3)	0.52%	4.69%	(1.37%)	1.45%	2.36%
Mellon Blmbg Agg	0.07%	2.56%	(3.09%)	(0.33%)	1.24%
Blmbg Agg Index	0.07%	2.63%	(3.02%)	(0.23%)	1.35%
Mellon U.S. TIPS	0.95%	2.69%	(1.39%)	2.00%	1.85%
Blmbg US TIPS Index	0.79%	2.71%	(1.33%)	2.07%	1.91%
Mellon U.S. REITs	0.78%	6.97%	(0.32%)	2.62%	4.98%
DJ US Select REIT Index	(0.16%)	7.15%	(0.14%)	2.78%	5.17%
PERSI STIP	1.33%	5.38%	3.14%	2.31%	1.78%
FTSE Treas 1 Yr	1.10%	5.14%	1.90%	1.76%	1.40%
TBills + 0.50%	1.44%	5.90%	3.53%	2.66%	2.01%

(1) Target Benchmark consists of 55% Russell 3000, 30% Bloomberg Capital Aggregate, and 15% MSCIEAFE.

(2) Performance represents Calvert Balance I until 04/30/2023 and Calvert Balance R6 thereafter.

(3) Performance represents Dodge & Cox Income I until 04/30/2023 and Dodge & Cox Income X thereafter.

(4) Funded April 2023, performance represents the T. Rowe Price Overseas Stock I Mutual Fund.

(5) Funded April 2023, performance represents the DFA Emerging Markets Core Equity I Mutual Fund.

*Returns are net of fee

For the Quarter

- Balanced Funds
 - Total Return Fund underperformed the Long-Term Index.
 - Calvert outperformed its benchmark by 215 bps.
- Active Manager performance vs benchmarks:
 - T. Rowe Price Overseas + 50 bps
 - Vanguard G&I - 17 bps
 - DFA Emerging Markets + 57 bps
 - Dodge & Cox + 45 bps
 - T. Rowe Price Small Cap - 131 bps

Long-term Perspective (3- to 10-yr)

- T. Rowe Price Sm Cap, Vanguard G&I, and Dodge & Cox have outperformed over longer periods of time
- T. Rowe Price Overseas⁴ has underperformed the MSCI EAFE Index for the last 3 year but has outperformed the Index over the last 5 years
- DFA Emerging Markets⁵ has outperformed the MSCI Emerging Markets Index for all periods
- Total Return underperformed its long-term target over the last 3, 5 and 10 years.
- Calvert outperformed its long-term target over the last 3 and 5 years but lagged over the last 10 years
- Passive funds kept pace with their respective benchmarks.

PERSI Choice 401(k) Plan Fund Fees Review

Asset Class and Strategy	Ticker/Vehicle	Total Annual Operating Expense Ratio (Peer Ranking*)	Revenue Sharing %	Callan Peer Group Median**
U.S. Large Cap Equity Index Fd	CIT	0.03% (99)	0.00%	0.63%
Vanguard Growth & Income	VGIAX	0.22% (95)	0.00%	0.63%
T. Rowe Price Small Cap	TRSSX	0.66% (92)	0.00%	0.94%
U.S. Small/Mid Cap Eq Index Fd	Commingled	0.03% (96)	0.00%	0.87%
Intl Equity Index Fund	CIT	0.04% (99)	0.00%	0.84%
T. Rowe Price Overseas Stock	TROIX	0.67% (82)	0.00%	0.84%
DFA Emerging Markets Core Equity	DFCEX	0.40% (95)	0.00%	1.12%
Dodge & Cox Income Fund	DOXIX	0.33% (87)	0.00%	0.44%
U.S. Bond Index Fd	CIT	0.03% (98)	0.00%	0.44%
TIPS Index Fd	CIT	0.03% (98)	0.00%	0.41%
Calvert SRI Balanced	CBARX	0.61% (80)	0.00%	0.72%
U.S. REIT Index Fd	CIT	0.07% (100)	0.00%	0.83%
Total Return Fd	Custom	0.27% (93)	0.00%	0.72%

Fee information is provided by the recordkeeper. This data is not audited by Callan.

* A higher peer group ranking is more favorable.

** The peer group median is for the total annual operating expense ratio. Funds in the peer group may or may not contain revenue sharing.

What are other Public DC Plans Doing?

The logo consists of a white stylized 'R' shape on a dark teal background.

Research

A solid lime green square with rounded corners.

2024 Defined Contribution Trends Survey *Excerpts for Government Plans*

Red #s: Government only response

A collection of decorative arrows in various colors (orange, teal, lime green, light green) pointing to the right, arranged in a layered, overlapping pattern.

Fiduciary Initiatives

2023

DC plan sponsors were largely focused on

- investment policy statement (IPS)
- plan fees
- investment structure

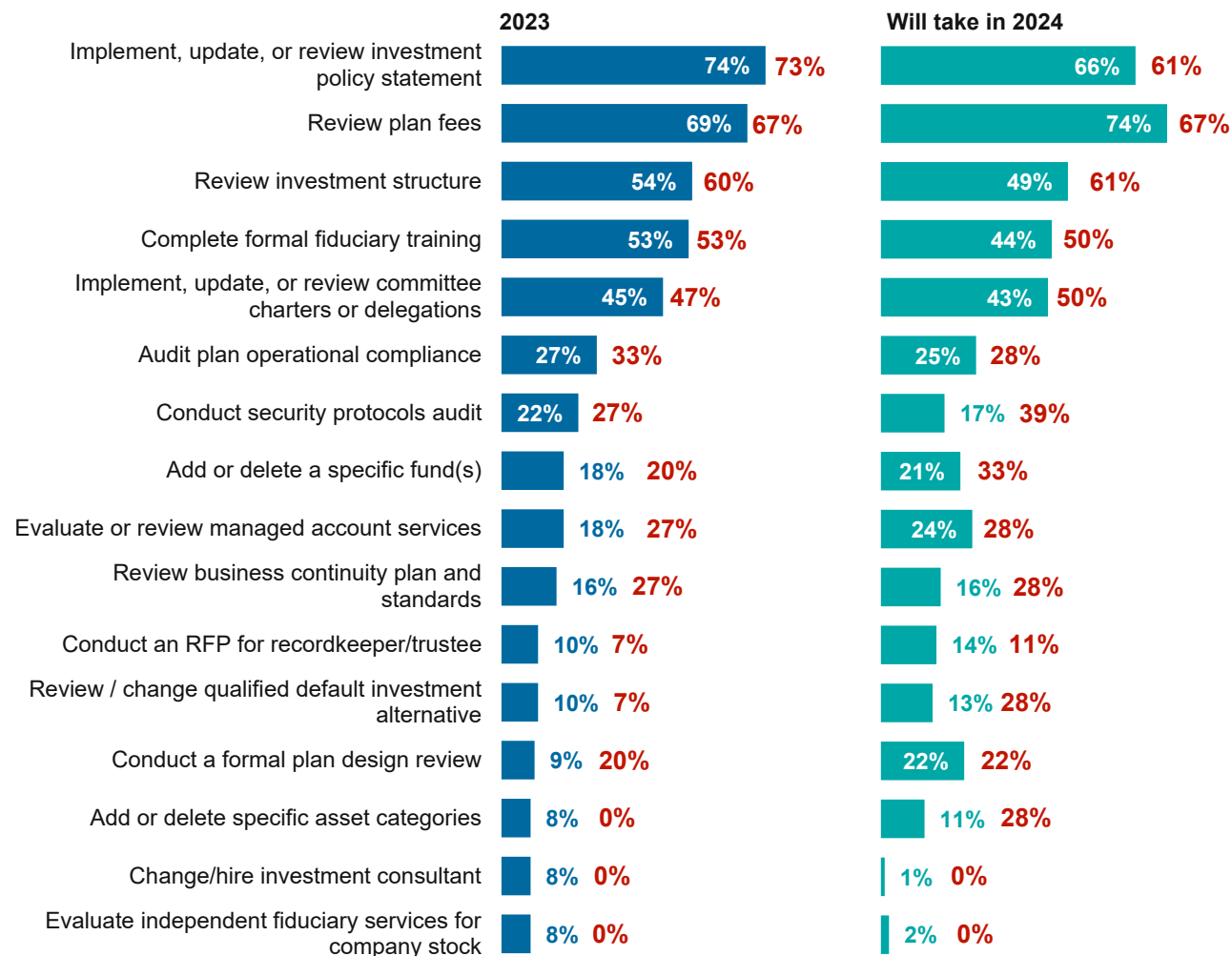
2021

There was a sharp increase in security protocols (41%), in response to U.S. Department of Labor guidance.

Top actions planned for 2024

1. Review plan fees
2. Review IPS
3. Review investment structure

Fiduciary actions DC plans took or will take*



*Multiple responses allowed.

Other actions taken with less than 8% include: Implement a written plan fee policy statement, change/hire investment consultant, evaluate/implement 3(38) discretionary services, add/change managed account services, change trustee/custodian, evaluate independent fiduciary services for company stock.

DC Plan Measurement

Most plan sponsors used participation rate/plan usage to measure the success of their DC plan.

Investment performance followed closely with contribution / savings rate coming in third.

Criteria used to measure plan success*



*Multiple responses allowed.

Investment Menu

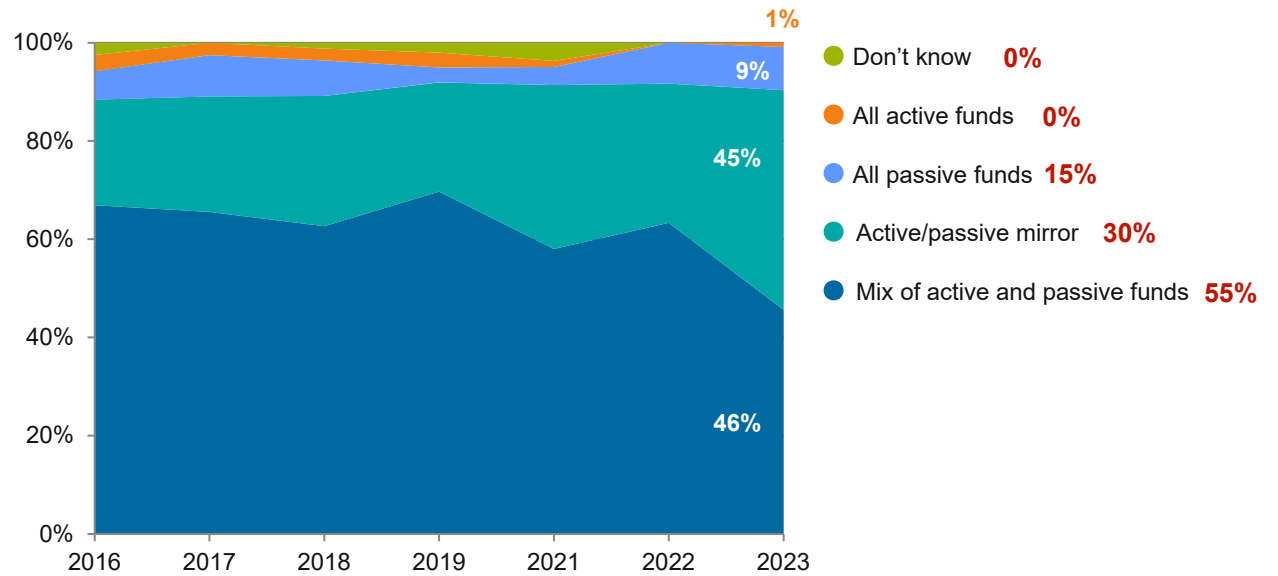
There was a large increase in DC plans offering an active/passive mirror versus those offering a mix of active and passive funds,

DC plans with a mix of active and passive investment funds was the most prevalent.

Purely passive lineups remained a rarity

Purely active menu being even more rare

Investment menu approach



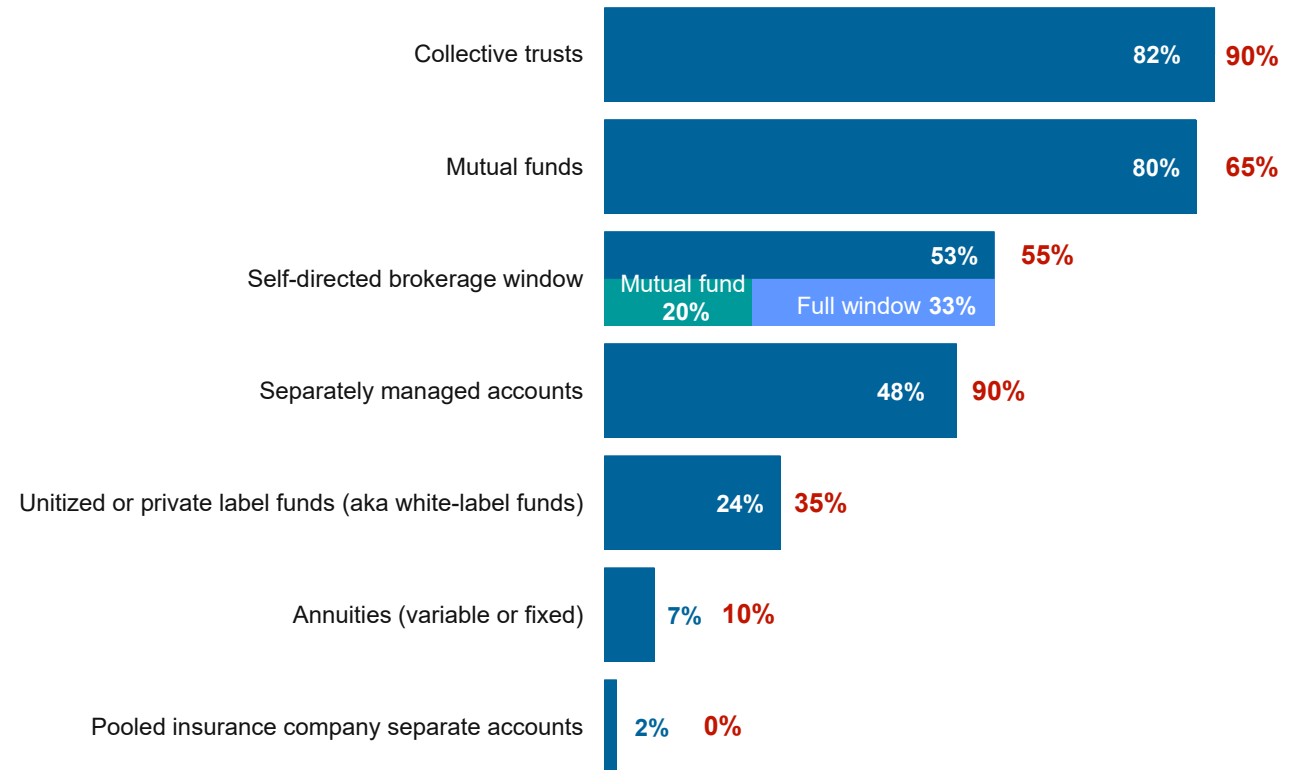
Investment Types Within the Fund Lineup

Collective investment trusts (CITs) and mutual funds continued to be the most prevalent investment vehicles, with CIT usage only recently surpassing that of mutual funds.

Government Plans favor CITs and separately managed accounts. Unitized Funds are more popular for Government plans

Over half of plans offered a self-directed brokerage window. Of those, more chose to use a full brokerage window rather than a self-directed brokerage limited to mutual funds only.

Investment types within the fund lineup*



*Multiple responses allowed.

Fee Payment

Investment management fees were most often paid entirely by participants

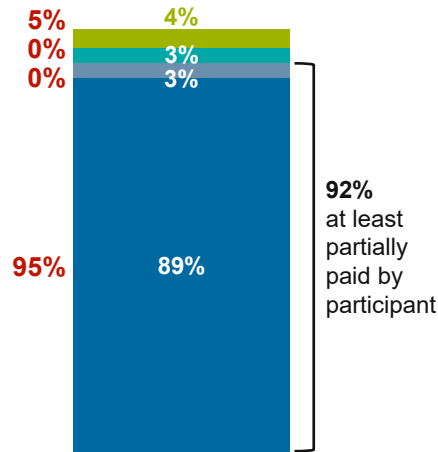
- almost always at least partially paid by participants

Administrative fees were paid entirely by participants for 90% of Government plans

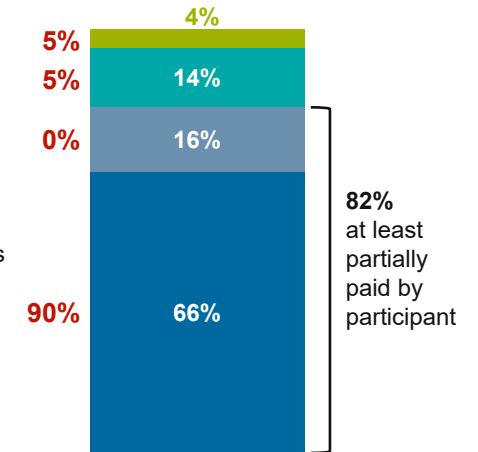
Most Government plan sponsors reported using a per-participant fee for plan administration.

- Flat, per-participant fees continued to be more prevalent than asset-based fees

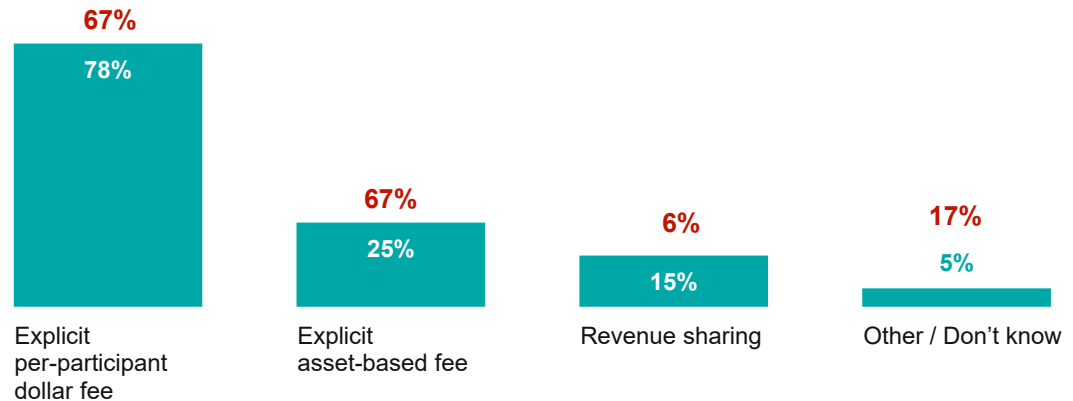
How investment management fees are paid



How administrative fees are paid



How participants pay for plan administration*



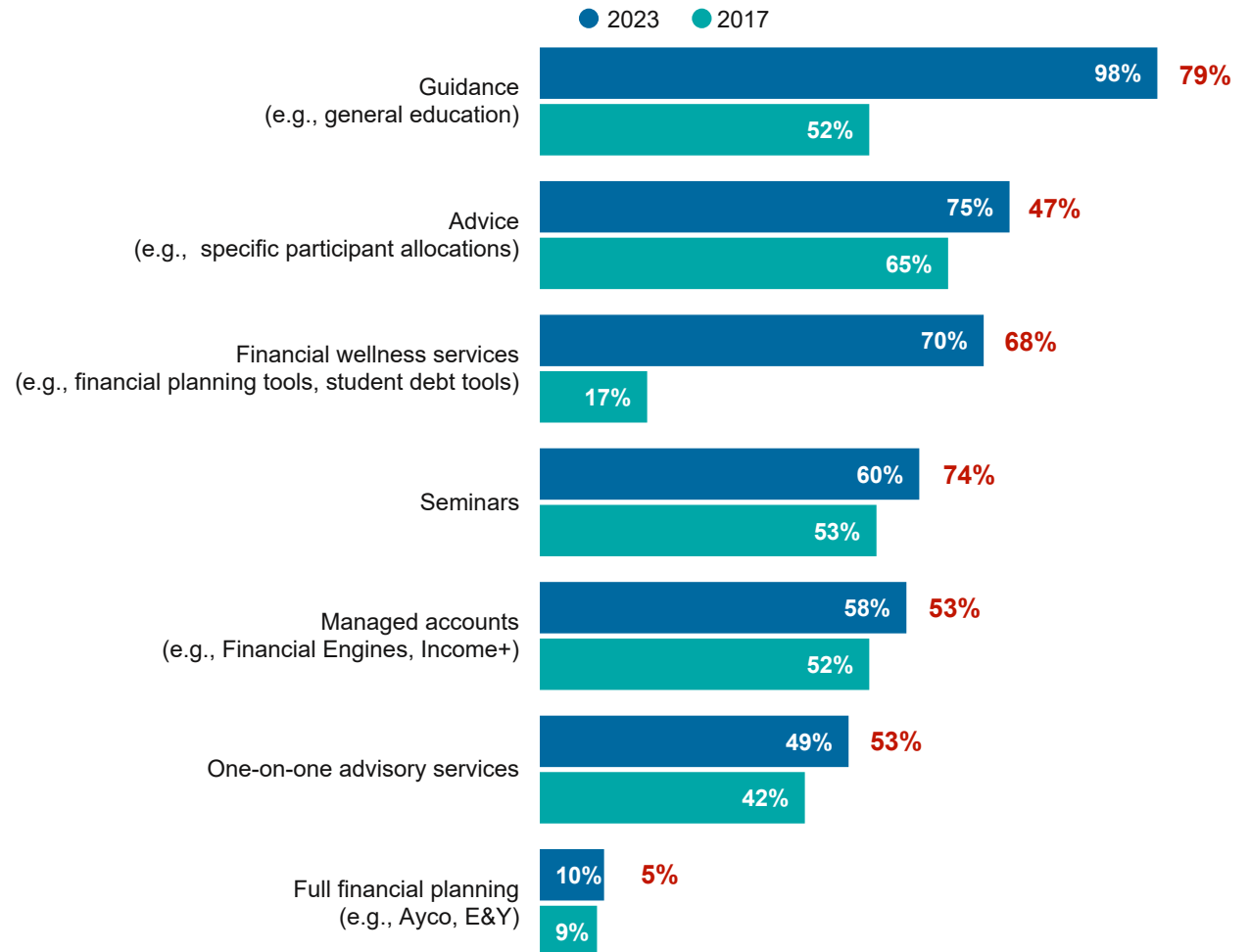
*Multiple responses allowed.

Advisory Services: Prevalence

Majority of Government plans offered some type of advisory service to participants,

Financial wellness tools saw a significant increase in utilization in 2023 compared to 2017.

Type of service offered*



*Percentages out of those offering advisory services. Multiple responses were allowed.

DC Plan Design: Prevalence

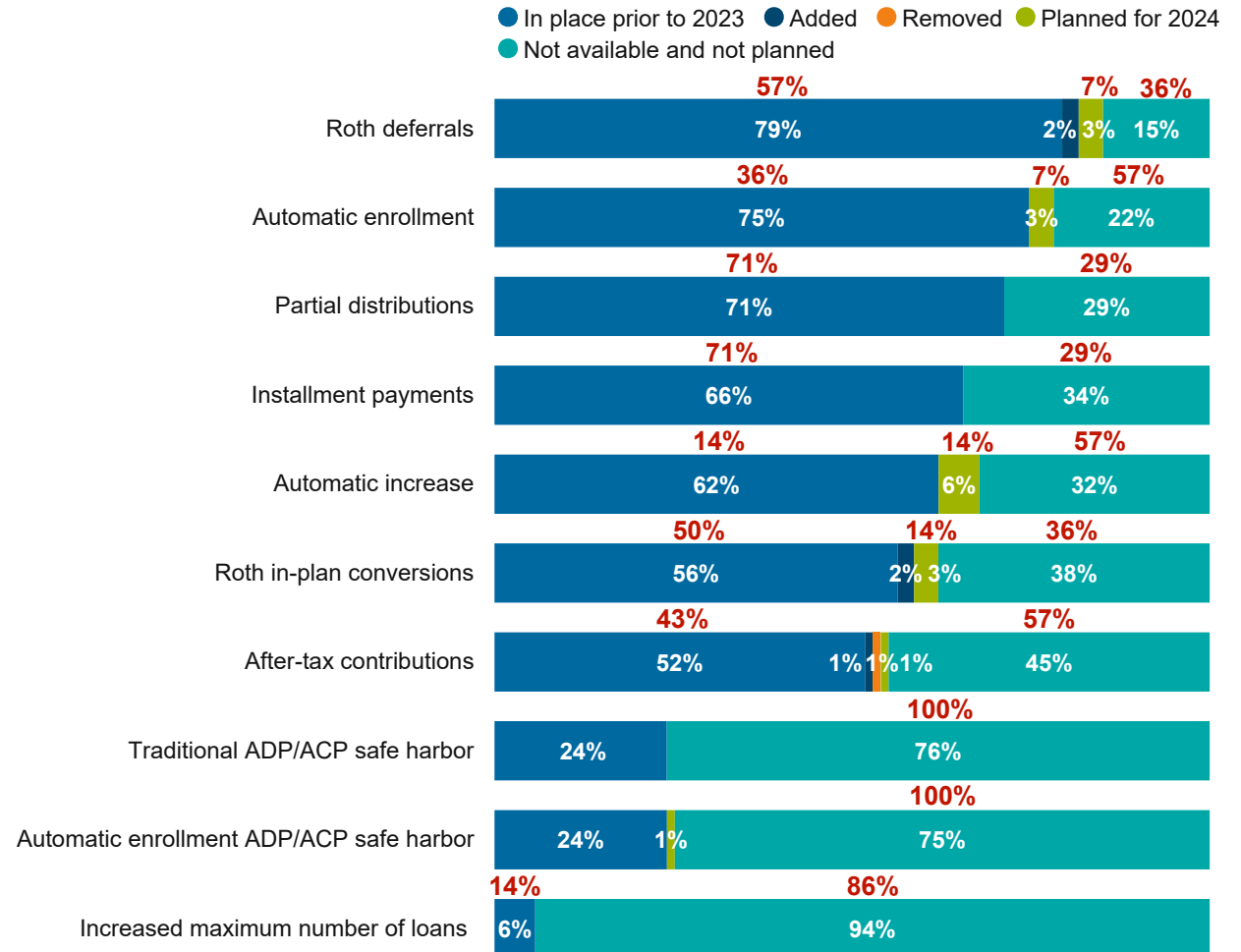
Survey respondents noted that Roth deferrals (81%) and automatic enrollment (75%) were the most common enhanced savings features.

In 2013, our survey found that only 47% of plan sponsors offered Roth deferrals. Both features were formalized at a federal level by the Pension Protection Act of 2006 (PPA) and have had more than a decade to become majority practice.

Traditional after-tax contributions saw a resurgence due in large part to the availability of Roth in-plan conversions.

The most common planned enhancements for 2024 is automatic increase and Roth in-plan conversions

DC plan design changes



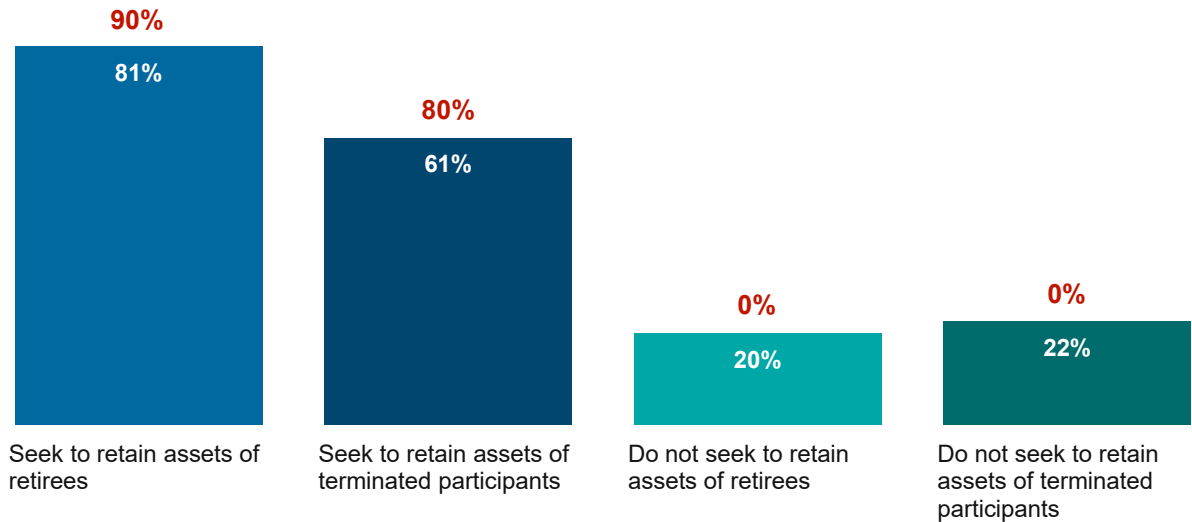
Post-Employment Assets

The majority of plan sponsors sought to retain the assets of both retiree and terminated participants, a notable increase from 2015 (44%).

Various rationales can drive the decision to retain assets. For example, retirees often have higher account balances, which can lead to cost efficiencies for the plan. On the other hand, account balances of employees who terminate before retirement can vary widely, as can the length of time before retirement, making these accounts potentially less efficient to retain.

Plan sponsors should weigh cost efficiency benefits against the fiduciary responsibility of retaining assets for participants who are not actively employed with the plan sponsor (e.g., maintain contact information to provide notices, monitor investments).

Strategies to retain retiree / terminated assets*



*Percentages out of those with a stated intent in place. Multiple responses allowed.

Plan Leakage

Most plan sponsors reported taking steps to prevent plan leakage.

- offering partial distributions
- installment payments
- encouraging rollovers in from other qualified plans

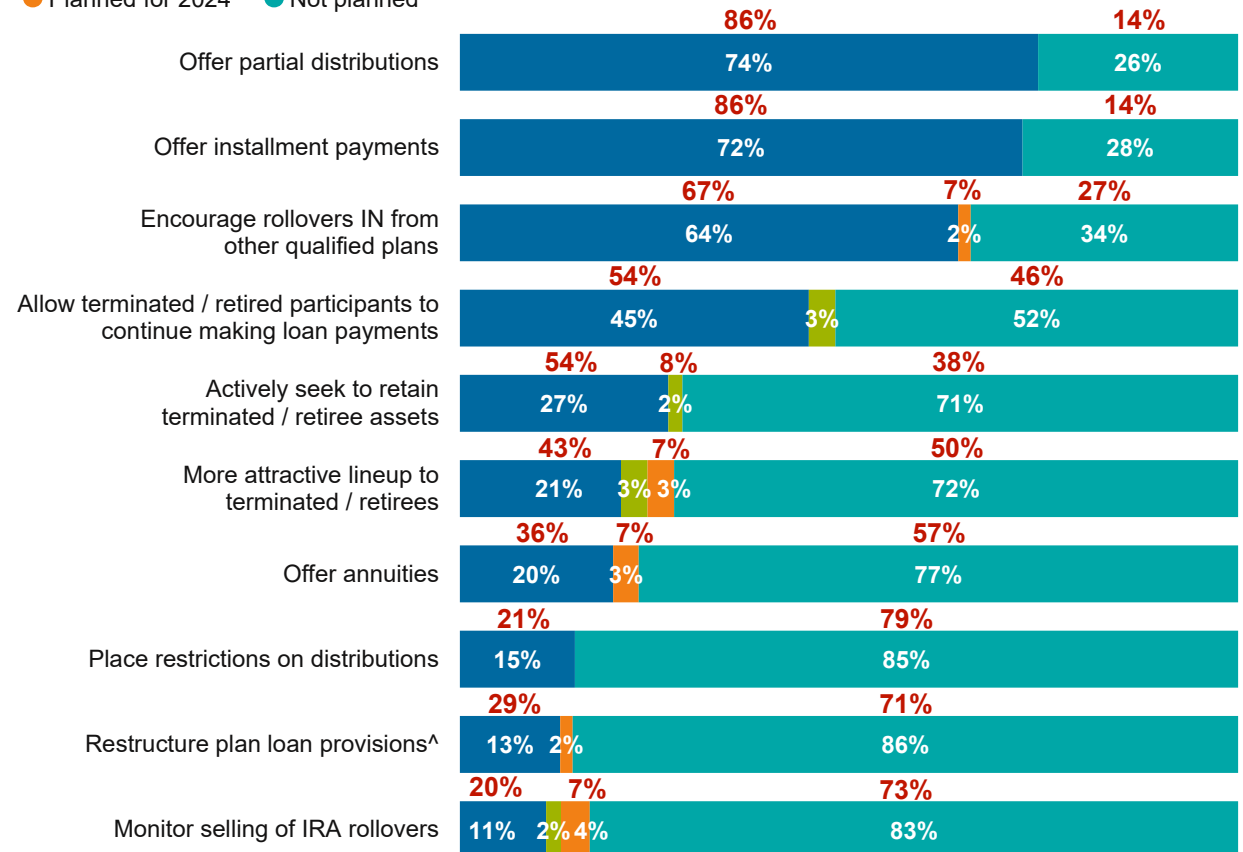
Partial distributions and installments are types of distribution options that can help prevent plan leakage since the participant is not forced to take a total distribution.

Over half of Government respondents allowed terminated participants to continue repaying their DC plan loans.

Among the few respondents anticipating taking additional steps to prevent plan leakage in 2024, the highest rated action is monitoring the selling of IRA rollovers.

Steps taken to prevent plan leakage*

- In place prior to 2023
- Offered in 2023
- Planned for 2024
- Not planned



*Multiple responses allowed.

^e.g., reduce number of loans allowed, change loan frequency.

† Note, these percentages may vary from others referenced in the 2024 DC Survey. The metrics included on this page reflect actions taken specifically to minimize leakage only.

SECURE 2.0 Act

There were nearly 100 provisions included in the SECURE 2.0 Act passed in 2022.

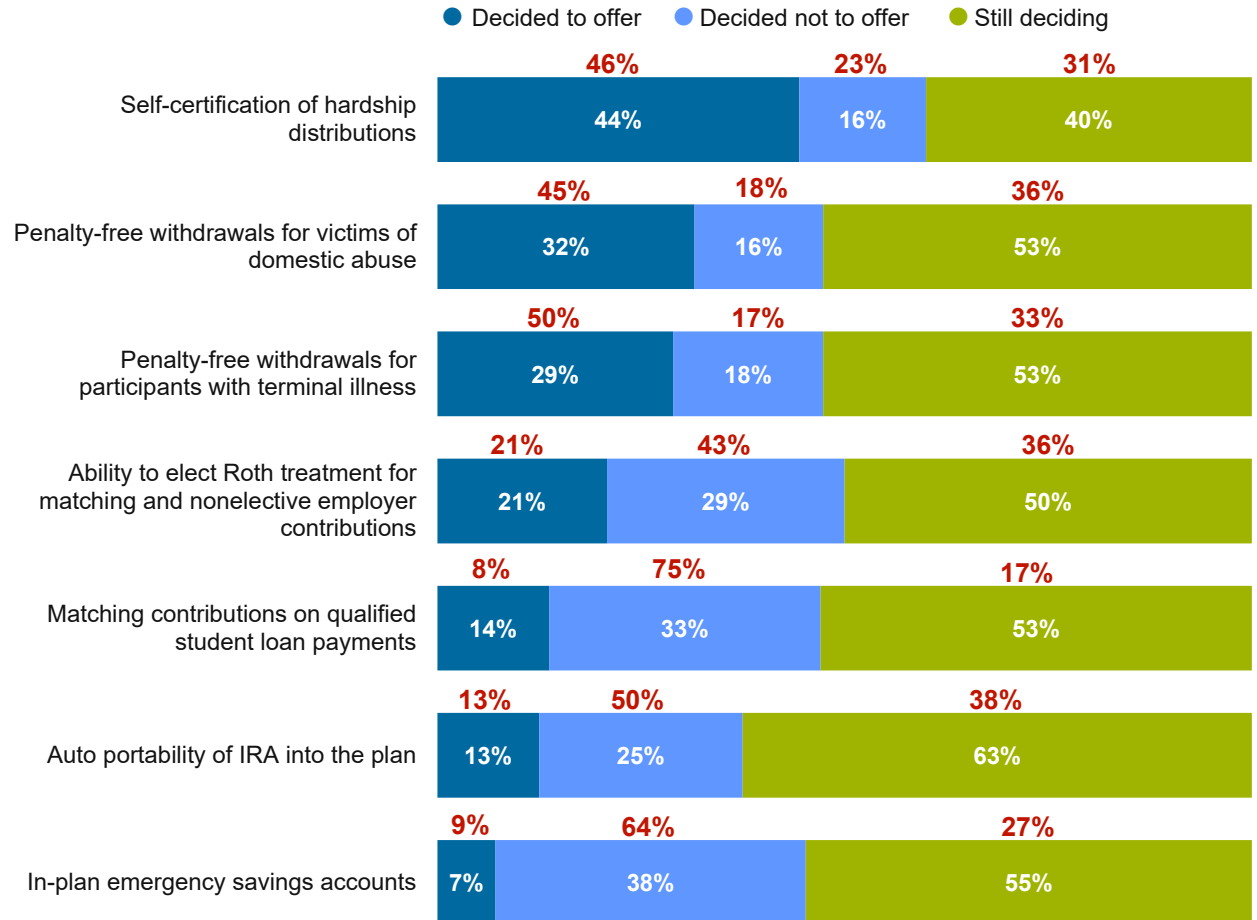
The most commonly implemented provision was self-certification of hardship withdrawals.

Also popular were the provisions that liberalized withdrawal availability for victims of domestic abuse and those with a terminal illness.

Respondents showed little interest for allowing employers to make employer contributions on a Roth basis and allowing a match in the DC plan for those repaying student debt

Notably, nearly 73% of Government respondents have decided not to offer in-plan emergency savings accounts.

SECURE 2.0 expected adoption of optional provisions



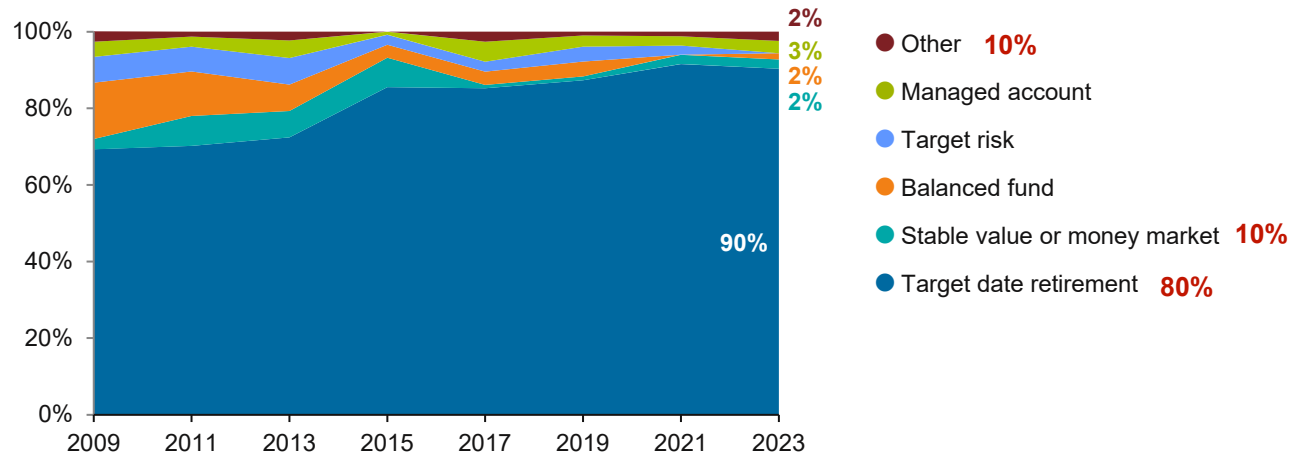
Default Investments

In 2023, 90% of Government plans offered a target date suite and 80% of plans used a target date fund as their default for non-participant-directed monies.

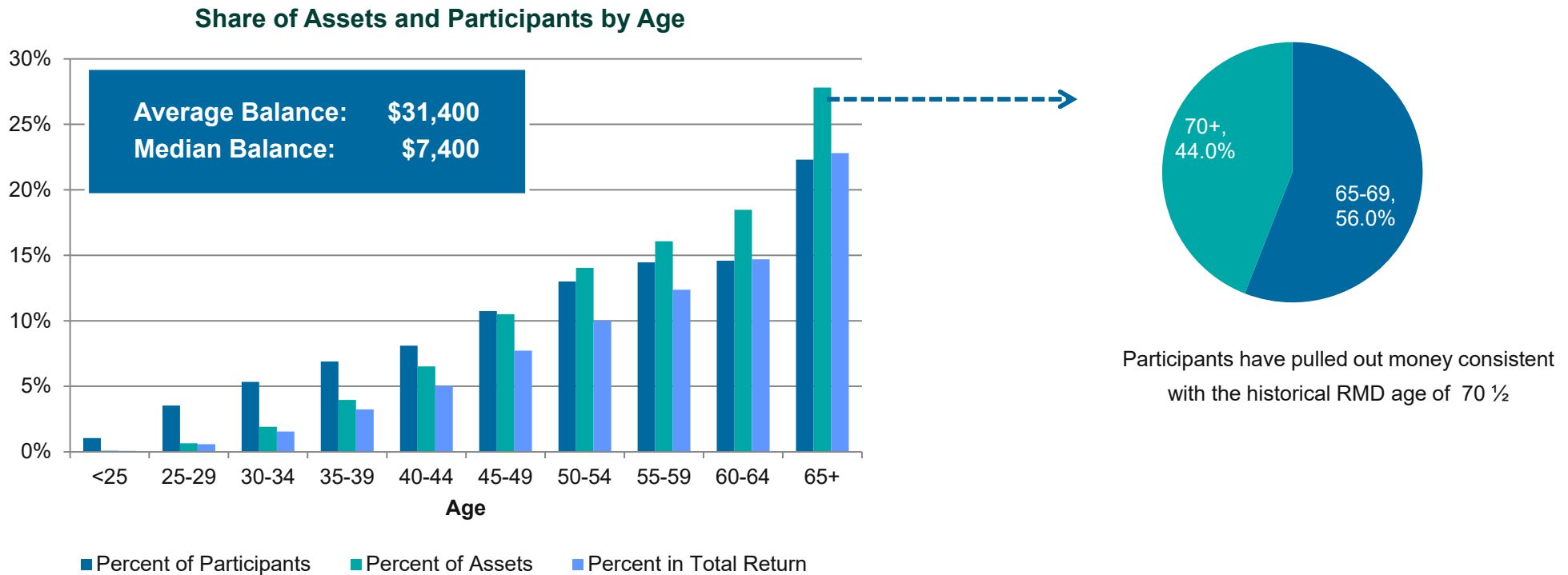
Plans offering target date funds



Default investment for non-participant-directed monies



Choice 401(k) Plan: Share of Assets and Participants by Age – As of 2021 Analysis



Participants have pulled out money consistent with the historical RMD age of 70 ½

- It is not unusual to see older participants hold a larger share of a plan's assets.
- What is unique with the Choice 401(k) Plan is that those 65 and older hold the most assets of any group. Typically the share of assets peaks in the late-50s / early 60s age group and decreases as participants begin drawing down assets. The usage pattern in the Choice 401(k) Plan indicates users rely on other income sources to fund the early retirement years.
- Across all ages, the vast majority of assets are invested in the Total Return fund. 87% of participants invest their entire balance in the Total Return Fund.
- Pre and post gain sharing event: There is not much difference between the pre-2000 and post-2000 populations. The pre-2000s make up 35% of assets and 40% of participants.

Choice 401(k) Plan: Participant Allocations – As of 2021 Analysis

87% of all participants have their entire balance in the Total Return Fund.

Equity allocations across ages largely fall between 70% and 100% equity.

Average equity holdings of those not exclusively using the Total Return Fund do gradually decrease, from 80% for those in their 20s to 67% for those 65+.

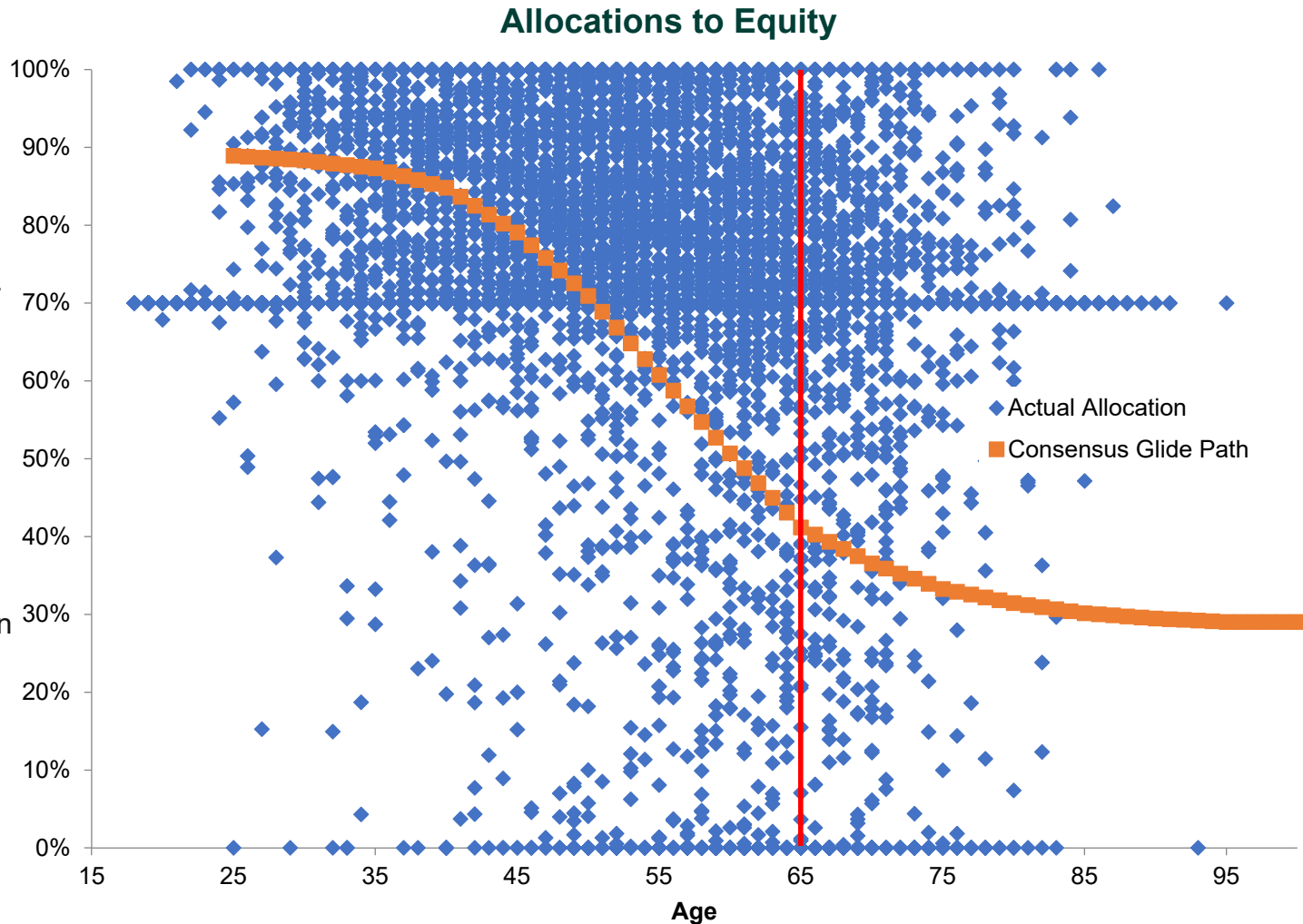
Interpretation?

money in this plan is a supplement to the defined benefit plan

or

effect of inertia (once an allocation is made - it often sticks).

Average number of holdings is less than 2. This does not vary across ages (range of 1.1-1.5).



*Orange line represents the average target date fund allocation to equity across various ages

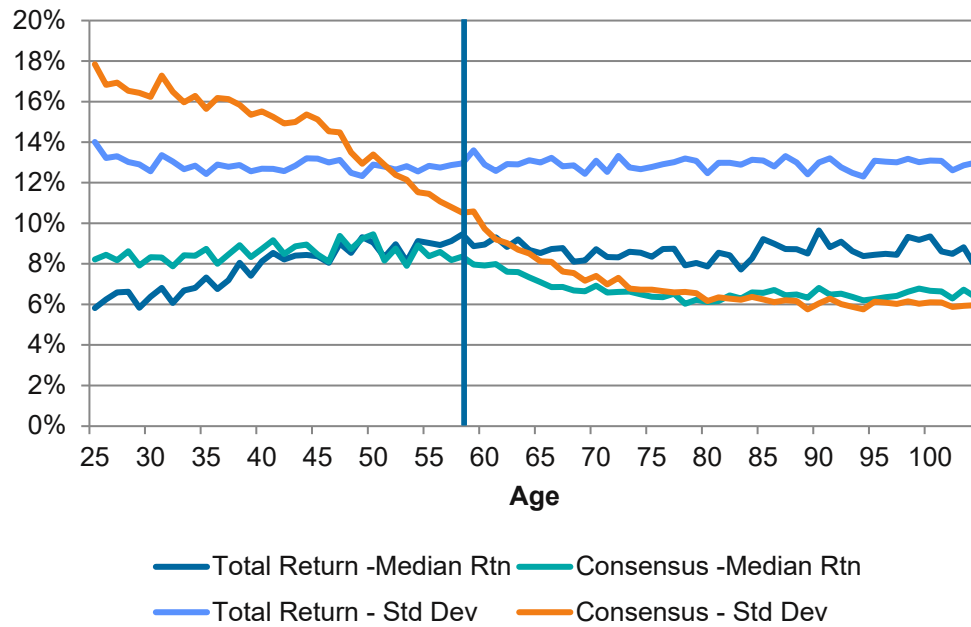
Forward Looking Projections – As of 2021 Analysis

Total Return Fund vs. Consensus Glide Path

Consensus Glide Path	Pre-Ret	Post-Ret	Young	Mid-life	New Retiree	Old Retiree
	Age 25-64	Age 65-104	Age 25-49	Age 50-64	Age 65-74	Age 75+
Median Return	7.3%	6.4%	7.2%	7.7%	6.6%	6.3%
Worst-Case Return	3.7%	4.5%	2.0%	2.6%	2.6%	4.2%
Median Std Dev	13.7%	6.3%	15.2%	10.4%	6.9%	6.0%

Total Return Fund	Pre-Ret	Post-Ret	Young	Mid-life	New Retiree	Old Retiree
	Age 25-64	Age 65-104	Age 25-49	Age 50-64	Age 65-74	Age 75+
Median Return	7.2%	8.0%	6.7%	8.3%	8.1%	8.0%
Worst-Case Return	3.9%	4.7%	2.4%	2.3%	0.9%	4.1%
Median Std Dev	12.6%	12.6%	12.5%	12.4%	12.1%	12.5%

Projected Risk/Return



- Risk and return profile of the Total Return fund shifts over time due to incorporating 10 year and longer term expectations.
- Glide Path volatility (std dev) gradually decreases overtime as allocations to equity decreases. The intersection of risk and return is around age 50.
- Most glide paths do not assume the existence of a DB benefit.
- “Market” glide paths and Total Return Fund allocations are most similar for someone in the late 40s/early 50s.
- The question under consideration is to what degree, if any, should the risk/return profile of the default option shift over time.

Background

Distribution Patterns Inform the Suitability of a Balanced Fund vs. a Target Date Fund

- In 2021, Callan conducted a suitability analysis of the TRF as the default alternative option
 - it was determined that the majority of participants in the plan demonstrate behaviors consistent with using the plan as a savings vehicle, and not as a future income source.
- The following pages revisit this analysis, in light of new research regarding the saving and spending behavior of public DC plan participants
 - published by the Public Retirement Research Laboratory, “PRRL”
 - joint research project between National Association of Government Defined Contribution Administrators, “NAGDCA” and the Employee Benefits Research Institute, “EBRI”.
- EBRI’s database includes access to information from JP Morgan Chase, which allows for the analysis of the spending and savings patterns of participants in public pension and defined contribution plans, as seen through the lens of the bank and credit card spending behavior of those participants that do business with Chase.
- The analysis focuses on households where:
 - the plan participant conducts most or all of the household spending,
 - 12 months or more of spending data,
 - household spends 50% or more of the observed income, and
 - credit card spending outside of Chase is less than 30% of overall spending.
- The households are further divided into
 - DB plan is the primary retirement benefit (as is the case for PERSI participants for example),
 - DC plan is the primary retirement benefit.
- Overall, these criteria resulted in a dataset of over 36,000 households across the US.

During

Summary Description of the Dataset

- Overall, participants across the board spend close to 100% of their incomes, often more than 100%.
- The presence of a DB plan as a primary benefit is associated with spending a higher proportion of total income.
- Average contribution rates are very low.

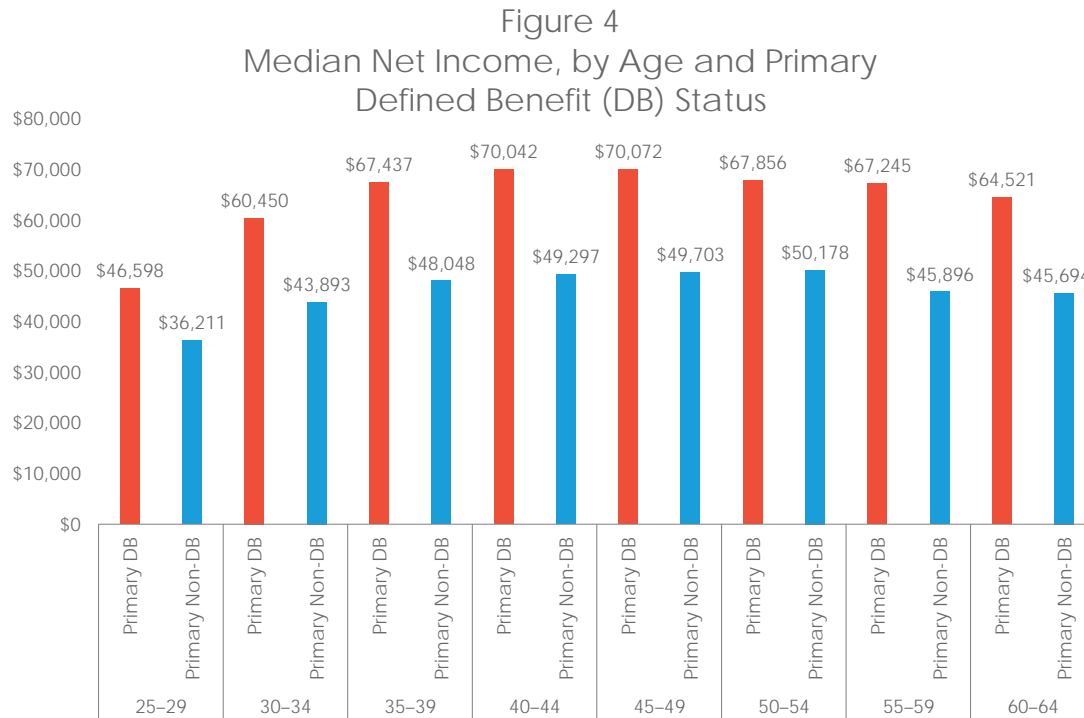
Figure 3
Summary Statistics of Households With Defined Contribution (DC) Plan Participants in Various Plan Structures
(Households With Workers Ages 25–64)

	All		Primary Defined Benefit (DB)		Primary Non-DB		Primary DB — Low Tenure		Primary DB — High Tenure		Social Security Coverage — Yes		Social Security Coverage— No	
	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median
Age	42.2	41.0	43.7	43.0	40.9	39.0	37.8	36.0	47.1	48.0	41.8	40.0	44.0	44.0
Tenure	9.7	7.0	11.2	8.0	8.5	6.0	4.3	5.0	15.3	13.0	9.1	7.0	12.5	11.0
Net Income	\$63,863	\$51,575	\$75,166	\$64,895	\$57,552	\$45,308	\$69,567	\$59,692	\$78,435	\$68,076	\$62,970	\$50,330	\$67,895	\$56,724
Total Spending	\$63,624	\$54,038	\$75,765	\$67,356	\$56,825	\$47,742	\$70,726	\$62,310	\$78,707	\$70,844	\$62,804	\$53,187	\$67,976	\$58,217
Spending-to-Net-Income Ratio	105.0%	99.0%	106.2%	99.5%	104.4%	98.8%	107.3%	100.4%	105.6%	99.0%	105.3%	99.3%	104.7%	98.3%
Employee Contributions	\$1,764	\$1,000	\$1,936	\$500	\$1,539	\$1,228	\$1,593	\$349	\$2,137	\$600	\$1,861	\$1,215	\$1,441	\$500
Employee Contribution Rate	2.97%	1.65%	2.52%	0.74%	3.06%	2.29%	2.20%	0.56%	2.71%	0.81%	3.24%	2.10%	2.13%	0.89%

Source: PRRL Database and Select Chase Data. For more information, see the Data Sources box in the text.

Median Net Income

Across all age cohorts, those with a primary DB plan have higher median wages than those with a primary DC plan.

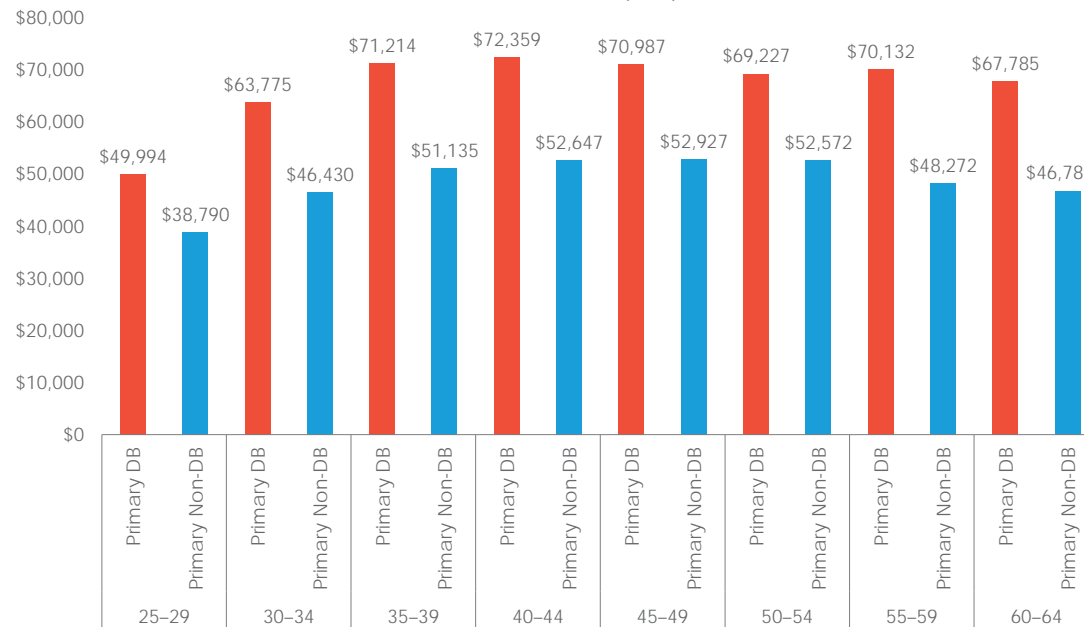


Source: PRRL Database and Select Chase Data. For more information, see the Data Sources box in the text.

Median Total Spending

Across all age groups, those with a DB plan as a primary benefit spend and consume more than those with a primary DC plan benefit.

Figure 5
Median Total Spending, by Age and Primary Defined Benefit (DB) Status

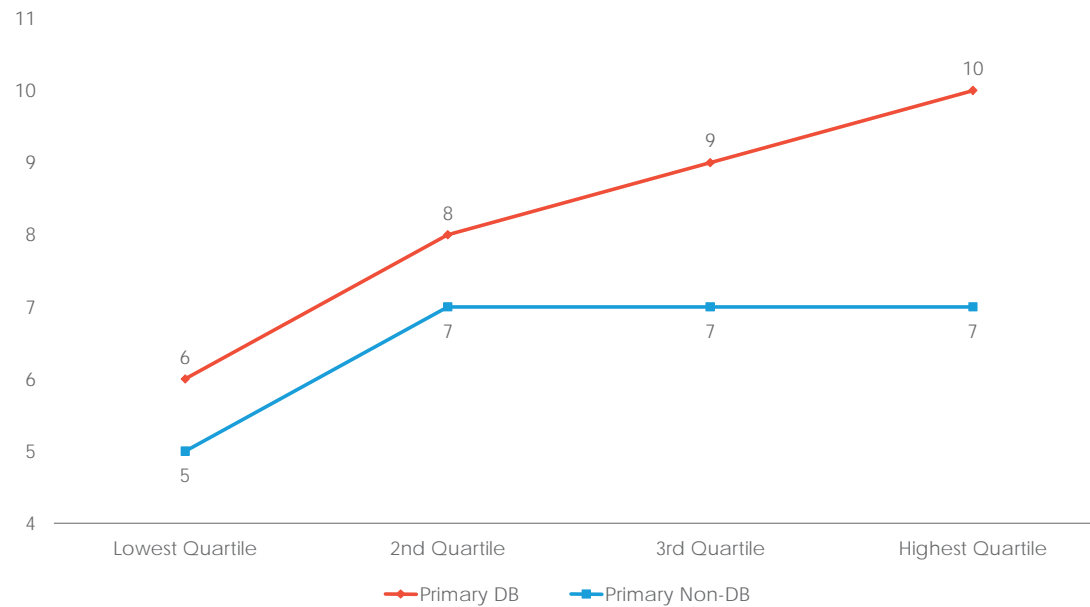


Source: PRRL Database and Select Chase Data. For more information, see the Data Sources box in the text.

Median Tenure with Employer by Income

Tenure is positively correlated with income for those with primary DB plan benefits, but not for those with a primary DC plan benefit.

Figure 6
Median Tenure in Years With Employer, by Income
and Primary Defined Benefit (DB) Status

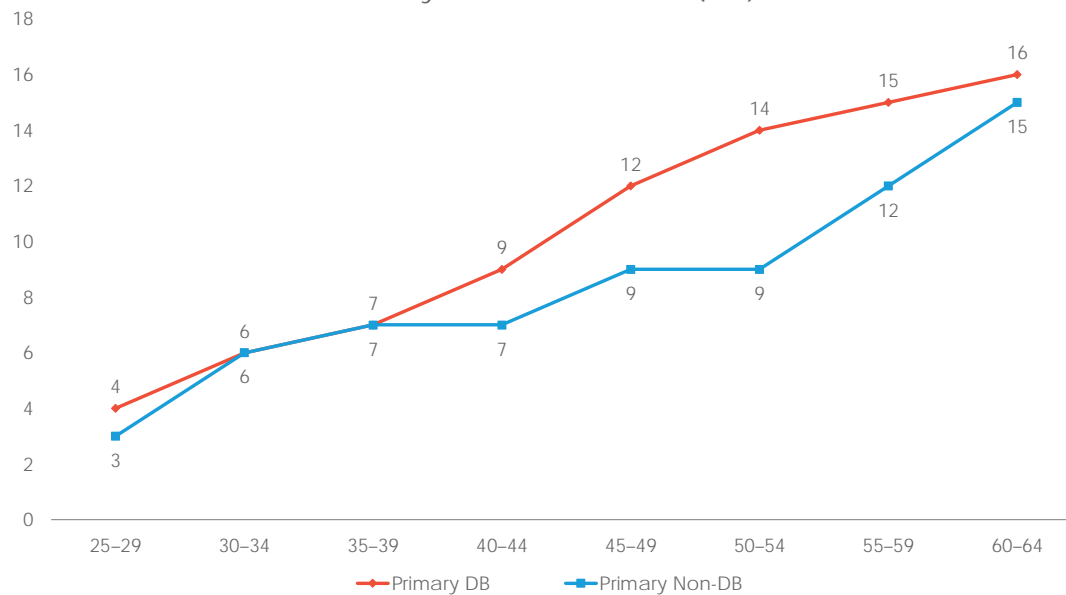


Source: PRRL Database and Select Chase Data. For more information, see the Data Sources box in the text.

Median Tenure By Age and Benefit Plan Status

Primary DB plan participants are more tenured at the median than those participants with a DC plan as the primary benefit, and the gap reaches its widest point mid-career. At retirement, the two approach one another again. Also, at the median this means that the typical DB plan participant has about 15-16 years of tenure in a DB plan at retirement.

Figure 7
Median Tenure in Years With Employer, by Age
and Primary Defined Benefit (DB) Status

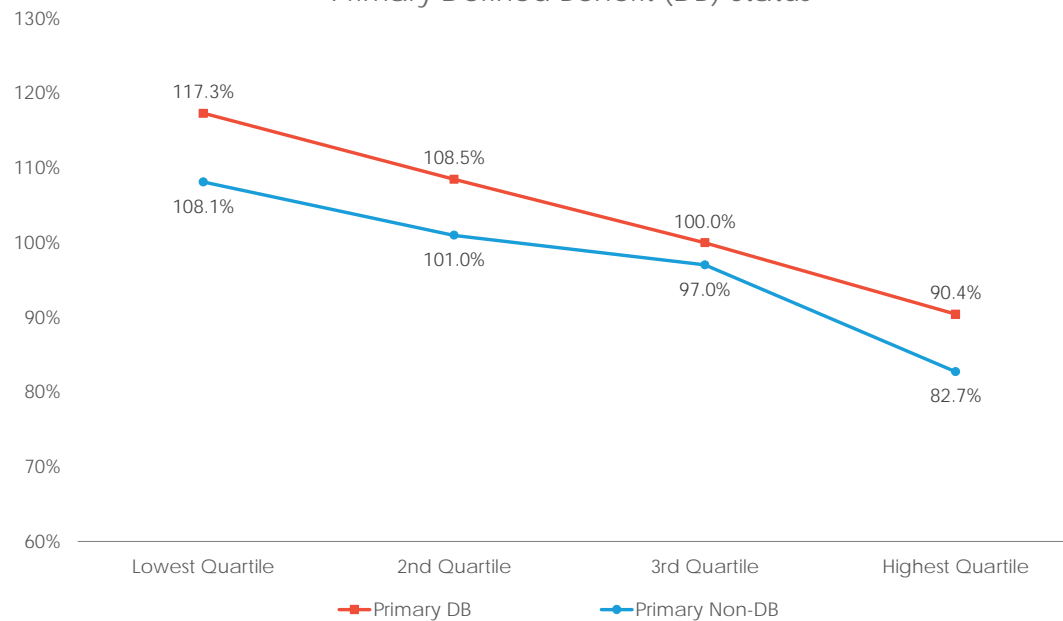


Source: PRRL Database and Select Chase Data. For more information, see the Data Sources box in the text.

Spending to Net Income Ratio by Income and Benefit Status

Across all income quartiles, those with a primary DB plan benefit spend more as a percentage of their net income than participants with a primary DC plan benefit. This may be due to an increased appetite for risk taking due to the awareness of guaranteed future income, especially in light of the higher overall compensation of this group.

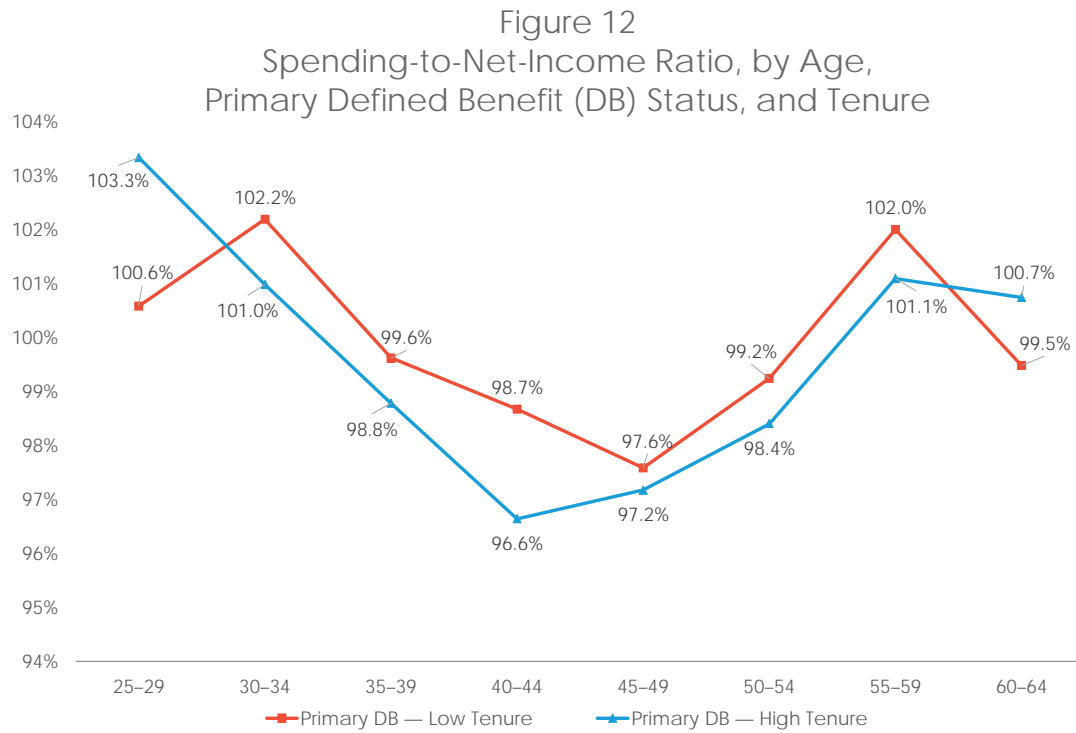
Figure 10
Spending-to-Net-Income Ratio, by Income and
Primary Defined Benefit (DB) Status



Source: PRRL Database and Select Chase Data. For more information, see the Data Sources box in the text.

Spending to Net Income Ratio by Age and DB Status

The pattern of participants with a primary DB plan benefit spending a higher percentage of net income persists across nearly all age groups as well.



Source: PRRL Database and Select Chase Data. For more information, see the Data Sources box in the text.

Interpreting the Data

- PRRL data and PERSI data indicate that participants are primarily reliant upon the defined benefit pension plans for retirement income.
- The ratio of mean to median account balances for the public sector at large, and for PERSI, indicate that a minority of plan participants will utilize the plan as a vehicle to save for income generation.
- The tenure statistics of both the PERSI Choice 401(k) Plan and the public sector at large indicate that the typical retiree will have substantial pension and social security income at retirement.
- The mean and median balances within the PERSI Choice 401(k) Plan – and most public sector DC plans – are not sufficient to support significant income generation or replacement in retirement.
- The distribution behaviors of public sector participants and PERSI Choice 401(k) Plan participants indicate that a substantial percentage of those participants that receive periodic distributions do so because they are required (RMD's, QDRO's, beneficiaries), rather than because they are income sources.
- The long tenure and lack of frequent drawdowns in retirement for the PERSI plan, and for public DC plan participants as a whole, support the theory that these participants can tolerate higher equity allocations for longer, due to the low probability of drawing them down, and the likelihood that that income will be replaced from a combination of pension benefits and Social Security payments. As such, continued use of a balanced fund in lieu of a target date fund is supported in the data from both PERSI and the PRRL.

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PERSI Choice 401(k) Plan

Policy Statement

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I. Introduction

The Retirement Board (“Board”) of the Public Employee Retirement System of Idaho (“PERSI”) hereby establishes its Policy Statement for the administration and investment of the PERSI Choice 401(k) Plan, (“Choice 401(k) Plan”, “Choice Plan”) in accord with Idaho Code Chapter 13, Title 59.

The Board will review this Policy Statement periodically and whenever any material changes arise.

II. Statutory Requirements

The Board was created pursuant to Idaho Code Section 59-1304 of the Idaho Code to manage various plans.

PERSI shall administer the Choice Plan for the benefit of its participants. The Choice 401(k) Plan is a self-directed defined contribution (DC) plan consisting of a gain-sharing component under section 414(k) of the Internal Revenue Code, and a 401(k) plan designed to receive voluntary employee contributions, rollovers and employer contributions (Choice 401(k) Plan includes both the 401(k) and 414(k) gainsharing components). The Choice 401(k) Plan is a qualified employee benefit plan intended to comply with all applicable federal laws and regulations, including the Internal Revenue Code.

The Choice 401(k) Plan provisions are outlined in Idaho Code § 59-1308, PERSI Rules, and the Plan Document for the PERSI Choice 401(k) Plan. Appendix A contains key contact information for the Choice 401(k) Plan.

III. Investment Goals

The Choice 401(k) Plan is specifically designed to supplement the primary retirement benefit of the PERSI Defined Benefit (DB) plan (“Base Plan”), provided to qualified employees of public employers in Idaho. Active members of the Judges Retirement Fund are also eligible to participate. The Choice 401(k) Plan is a portable, participant directed, DC plan that is funded by tax-deferred contributions from employees and employers and from gain sharing allocations. It is intended as a long-term investment vehicle, not a platform for speculative investment activities, such as day-trading or market timing.

The participants and beneficiaries of the Choice 401(k) Plan are expected to have different investment objectives, time horizons and risk tolerances. Recognizing that participants will have different investment preferences, risk tolerances, and attitudes and levels of financial sophistication, it is the belief of the Board that Choice 401(k) Plan participants and beneficiaries should be provided with a reasonable but manageable number of investment options.

Participants and beneficiaries will be able to direct their account balances among a range of investment options to construct diversified portfolios that reasonably span the investment risk/return spectrum. Participants alone bear the risk of investment results from the options and asset mixes that they select.

The Board acknowledges that some participants may have the opportunity to participate in other defined contribution or deferred compensation plans. The Choice 401(k) Plan may be supplemental to these other plans, thus, the Board's philosophy for the Choice 401(k) Plan is to offer an investment structure that is simple, transparent and offers a reasonable cost structure.

IV. Investment Structure

A. Overall Structure

The Board has adopted a tiered investment structure that provides (1) Balanced Account Options, (2) Core Asset Class Options, and (3) Specialty Options.

- Balanced Account Options offer diversification and professional management.
- Core Asset Class Options include the basic building blocks that participants can use to create a diversified portfolio. Asset class options are available as passively managed funds as well as options that include active management.
- Specialty Options include asset classes that may be more complex with higher variability of returns
- Current investment structure and options are illustrated in Appendix B.

B. The Default Investment Alternative

The Default Investment Alternative is the PERSI Total Return Fund (TRF). If the participant does not make investment elections, the participants' assets are defaulted into the TRF. The TRF invests the assets with the PERSI Base Plan portfolio. The Board is responsible for the management of the PERSI Base Plan, which is an actively managed diversified portfolio primarily invested in publicly traded stocks and bonds with private holdings in real estate, private equity, and commercial mortgages. The investment objective of the Base Plan Portfolio is to generate maximum returns in the long term at a prudent level of risk.

C. Authorization of Collective Investment Trusts and Mutual Funds

Assets of the Choice 401(k) Plan may be invested in separate accounts and/or any collective investment trust (CIT), pooled group trust, or similar collective investment vehicle, and/or registered Mutual Fund (MF), which at the time of the investment provides for the pooling of

the assets of plans described in Section 401(a) of the Internal Revenue Code of 1986, as amended, and which is exempt from Federal income tax. Assets of the Choice Plan may be commingled with assets of other trusts if invested in any such CIT, pooled group trust, or similar collective investment vehicle authorized by this policy. The provisions of the CIT, pooled group trust, or similar collective investment vehicle agreements, as amended by the trustee or fiduciary thereof from time to time, of each collective investment vehicle in which Choice Plan assets are invested are by this reference incorporated as part of the CIT, pooled group trust, or similar collective investment vehicle estate comprising the Choice Plan. The provisions of any collective investment vehicle will govern any investment of Choice Plan assets in that collective investment vehicle.

D. Securities Lending Policy

The Board has established that securities lending within the management of the investment options will be avoided if possible. Separate accounts will not be permitted to use securities lending. If a CIT, pooled group trust or similar collective investment vehicle, and/or MF is the preferred vehicle, efforts will be made to use a non-lending version.

V. Roles and Responsibilities

A. Board

The Board has statutory authority to manage the Choice 401(k) Plan and to determine, consistent with the terms of the Choice 401(k) Plan and laws applicable to the Choice Plan, the following:

- the eligibility of individuals to participate in the Choice 401(k) Plan
- the amount of benefits to which any participant or beneficiary may become entitled
- any situation not specifically covered by the provisions of the Choice 401(k) Plan

The Board approves the retention of service providers as necessary including, but not limited to, the recordkeeper, custodian/trustee, investment consultants, investment managers and auditor.

The Board shall be responsible for selecting the categories (asset classes) to be made available and for selecting the specific investment managers/products for each investment option, including:

- establishing the number and types of investment options available to participants
- selecting the Default Investment Alternative Option for participants who do not make investment elections;

- monitoring investment results to determine whether the asset classes and investment options offered are meeting the guidelines and criteria;
- monitoring and evaluating Choice 401(k) Plan expenses;
- approving the mapping strategy to be used if an investment is eliminated or in circumstances where assets need to be reallocated and participants do not provide timely direction. This may involve mapping assets to investment options with similar risk levels or to the Default Investment Alternative option; and
- ensuring there is a comprehensive participant communication program in place.

B. Executive Director (ED)

The ED is responsible for the day-to-day management of the Choice 401(k) Plan; for bringing relevant issues to the attention of the Board; and for working with various service providers to implement the decisions made by the Board. ED responsibilities include the following:

- managing and monitoring activity;
- coordinating the Board meetings, investment manager presentations and discussions, and investment consultant, custodian/trustee, and recordkeeper activities, presentations and discussions with the Board;
- identifying issues to be brought before the Board and preparing recommendations to the Board on those matters;
- handling other matters periodically as directed by the Board;
- providing information to the recordkeeper and investment consultant as appropriate;
- facilitating the audit process by preparing financial statements and acting as an interface between the auditors and various service providers;
- verifying compliance with guidelines and regulations;
- directing the participant communication program; and
- producing reports, as requested and required

C. Chief Investment Officer (CIO)

The CIO manages the PERSI Base Plan portfolio. The assets of the Choice 401(k) Plan TRF option are commingled with the PERSI Base Plan assets. As such, the CIO will act as a resource to the Board and ED on investment matters related to the Choice 401(K) Plan. Given the CIO's primary responsibility for managing one of the investment options and to avoid self-oversight, all recommendations to the Board will be made by the ED. CIO responsibilities include the following:

- managing the Base Plan, and therefore, TRF, consistent with the Board’s philosophy and policy;
- as requested:
 - review and approve documentation and participant communications regarding the TRF (e.g. Factsheets);
 - provide opinions and advice on the selection, retention, ongoing monitoring of managers/product for each option, including use and number of internal and external products;
 - provide opinions and advice on the selection of investment related service providers such as the Investment Consultant, Recordkeeper, Trustee/Custodian, Legal, and Tax; and
 - provide opinions and advice on the investment fees benchmarking for the investment options.

D. Investment Consultant

The primary role of the investment consultant is to assist the Board and staff in fulfilling their responsibilities by providing information, analysis, and recommendations that support a prudent process. The responsibilities of the investment consultant include:

- providing perspectives on capital markets;
- reviewing investment policies and objectives periodically;
- researching and recommending investment structure and options that are appropriate in supporting the Choice 401(k) Plan’s investment policies and objectives;
- recommending appropriate performance measures and benchmarks and report on the effectiveness of those adopted;
- maintaining contact with and reporting on changes within the investment manager organizations; and
- measuring, evaluating, and reporting investment managers' performance results.

E. Investment Managers

The specific duties and responsibilities of each of the Choice 401(k) Plan’s investment managers are to manage the assets under their supervision in accordance with the guidelines and objectives outlined in their respective prospectuses, participation agreements or other governing documents (e.g., Investment Management Agreements).

F. Recordkeeper

The Recordkeeper's main responsibilities are to provide suitable and accurate participant recordkeeping and administrative services. Additional responsibilities include:

- providing accurate and timely data, information, and reports to the staff upon request, including required information regarding fees;
- notifying ED or Board promptly of any concerns or issues with respect to recordkeeping and/or administrative services;
- issuing a periodic report to the ED and Board regarding participant activity in a format and frequency agreed to by the ED;
- performing required participant notification, tax withholding and deposit, direct rollover, and other requirements relating to distributions, including writing checks and executing wires;
- providing for distribution of fact sheets/prospectuses (as appropriate) or other informational items to participants as required by, and maintaining compliance with, applicable rules and regulations;
- providing participant enrollment materials, education and communications; and
- communicating with ED to provide participant feedback and suggestions on how to improve participant experience.

G. Custodian

The Custodian's responsibilities include:

- safekeeping services;
- calculating the net asset value (NAV) for the TRF;
- communicating the TRF NAV to the recordkeeper daily on a timely basis;
- communicating NAVs of Investment Options not custodied at the Custodian;
- distributing proxies to appropriate parties;
- communicating with ED and CIO regarding any concerns or issues with respect to Custodial services; and
- providing cash management and tax reporting services

H. Other services

The Board and ED may work with State agencies such as the office of the Attorney General for legal advice. The Board may elect to use other service providers.

VI: Performance Monitoring

External managers are expected to maintain key personnel, a consistent style, and investment capability to successfully implement their mandate. Past performance is not a predictor of future performance, thus it is just one factor to consider in the overall evaluation of a manager.

Passive managers are expected to provide the returns of the assigned benchmark, thus they will be evaluated based on their ability to generate performance that closely tracks their benchmark index.

Active managers will be evaluated based on their ability to generate performance that exceeds, after fees, the benchmark index that represents the passive alternative to their mandate over full market cycles (typically over rolling 5-10 years). Performance evaluation will take into consideration any anomalies in a given period attributable to style cycles, interest rate cycles, sector cycles, geopolitical considerations, or any other factors that might meaningfully impact relative performance.

Other relevant information may be considered in determining whether to retain or terminate managers.

VII: Fee Payment Policy and Minimum Account Balances

The Board will seek to provide participants with access to high-quality investment options with reasonable investment management and administrative expenses relative to services provided. The Board will work with the staff and investment consultant to evaluate investment costs and administrative fees on a periodic basis. This information will be benchmarked appropriately.

- Investment management expenses will be reviewed periodically to determine whether a lower-cost share class or investment vehicle is available and feasible.
- Participants will pay for the administration of the Choice Plan, and for their own individual transactions. Appendix C shows the detailed participant fee schedule.
- The Board has approved a targeted reserve balance of approximately one year of operating expenses. These reserves will be used to pay qualified expenses including recordkeeping services. The actual account balances will be reviewed with the Board periodically.
- The minimum account balance for terminated participants is \$1,000. Affected participants will receive a letter informing them of the minimum balance requirement, giving them an opportunity to roll the money into another plan if they desire. Thereafter, if the account balance for a participant who has been terminated

for 90 days or longer falls below the \$1,000 minimum, the account will be automatically cashed out and closed.

ADOPTION: The Board of Trustees of the Public Employee Retirement System of Idaho (PERSI) adopts this Policy Statement dated _____, 2024, which supersedes the Policy Statement adopted November 30, 2020. We hereby certify that this statement incorporates the full and current text of adopted policies and objectives and do hereby charge the staff, consultants, and investment managers to employ good judgment in exercising the intent expressed within this Policy Statement.

Appendix A: PERSI Choice 401(k) Plan Information

Names of Plan(s):	PERSI Choice 401(k) Plan
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Plan Administrator:	Street Address: 607 North 8th Street Boise, Idaho 83702-5518 Mailing Address: P.O. Box 83720 Boise, Idaho 83720-0078
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PERSI Contact:	Choice 401(k) Plan Manager 208-334-3365 www.persi.idaho.gov
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Employer ID Number:	01—2345678
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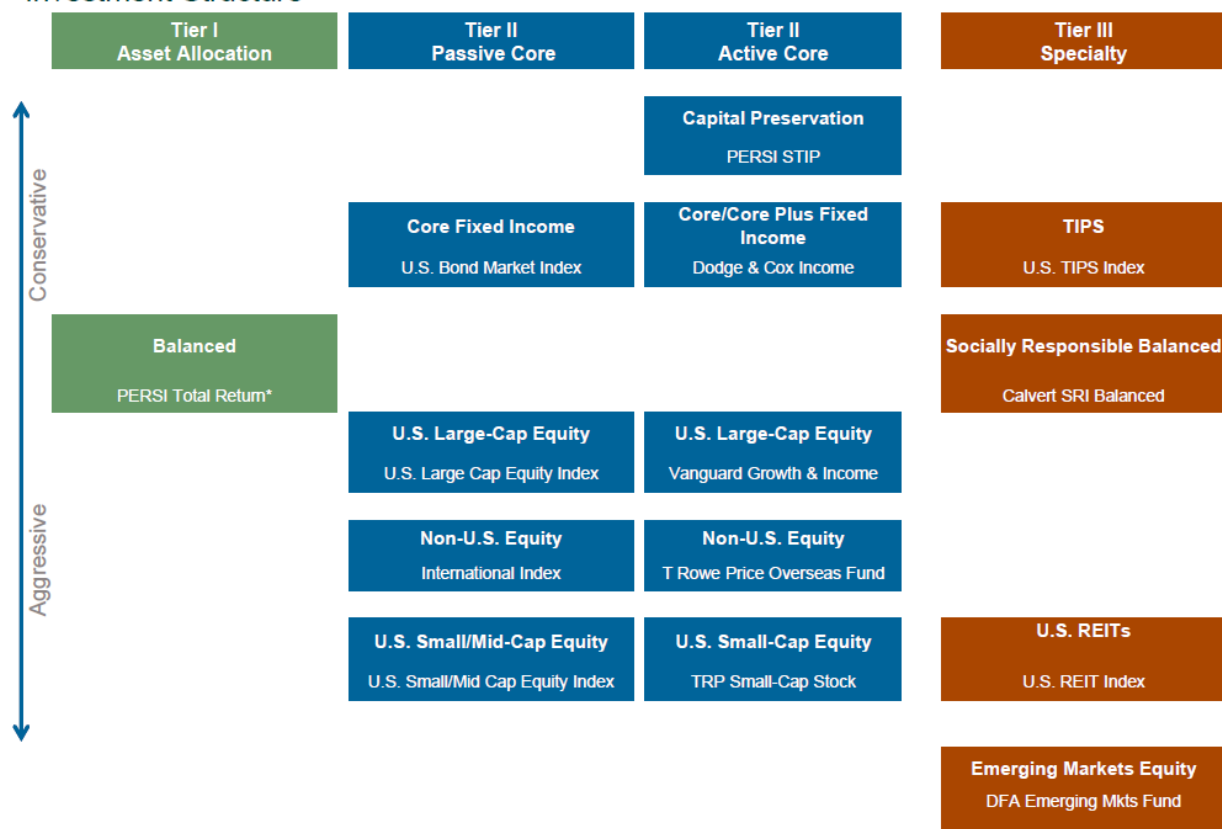
Recordkeeper:	Empower 1-866-437-3774
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Custodian	BNY Mellon
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Investment Consultant:	Callan LLC
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Appendix B: Investment Structure

Investment Structure



* Default Investment Option

Appendix C: Administrative & Recordkeeping Fees

Effective February 1, 2023, the fee structure assessed to participants for recordkeeping and administrative expense is below. This does not include participant transaction fees such as: loan initiation, QDRO, etc.

Account Balance Brackets*	Monthly Charge
\$0.01 - \$3,000.00	\$0.00
\$3,000.01 - \$5,000.00	\$2.13
\$5,000.01 - \$10,000.00	\$3.33
\$10,000.01 - \$30,000.00	\$5.64
\$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+	\$13.30

*New contributors have a 12-month fee holiday in which these monthly fees will not be assessed to their accounts. After 12 months, fees will begin at the respective tier. Participants will still pay investment management fees. Each investment has its own operating expense.



PERSI

Public Employee Retirement System of Idaho

PERSI Choice 401(k) Plan

Policy Statement

~~Adopted: November 30, 2020~~

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I. Introduction

The Retirement Board (“Board”) of the Public Employee Retirement System of Idaho (“PERSI”) hereby establishes its Policy Statement for the administration and investment of the PERSI Choice 401(k) Plan, (“Choice 401(k) Plan”, “Choice Plan”) in accord with Idaho Code Chapter 13, Title 59.

The Board will review this Policy Statement periodically and whenever any material changes arise.

II. Statutory Requirements

The Board was created pursuant to Idaho Code Section 59-1304 of the Idaho Code to manage various plans.

PERSI shall administer the Choice Plan for the benefit of its participants. The Choice 401(k) Plan is a self-directed defined contribution (DC) plan consisting of a gain-sharing component under section 414(k) of the Internal Revenue Code, and a 401(k) plan designed to receive voluntary employee contributions, rollovers and employer contributions ~~(“Choice 401(k) Plan” refers to~~ includes both the 401(k) and 414(k) gainsharing components). The Choice 401(k) Plan is a qualified employee benefit plan intended to comply with all applicable federal laws and regulations, including the Internal Revenue Code.

The Choice 401(k) Plan provisions are outlined in Idaho Code § 59-1308, PERSI Rules, and the Plan Document for the PERSI Choice 401(k) Plan. Appendix A contains key contact information for the Choice 401(k) Plan.

III. Investment Goals

The Choice 401(k) Plan is specifically designed to supplement the primary retirement benefit of the PERSI Defined Benefit (DB) plan (“Base Plan”), provided to qualified employees of public employers in Idaho ~~by the PERSI Base Plan, a defined benefit (DB) plan (~~ Active members of the “Base Plan”-Judges Retirement Fund are also eligible to participate. The Choice 401(k) Plan is a portable, participant directed, DC plan that is funded by tax-deferred contributions from employees and employers and from gain sharing allocations. It is intended as a long-term investment vehicle, not a platform for speculative investment activities, such as day-trading or market timing.

The ~~Choice Plan's~~ participants and beneficiaries of the Choice 401(k) Plan are expected to have different investment objectives, time horizons and risk tolerances. Recognizing that participants will have different investment preferences, risk tolerances, and attitudes and levels of financial sophistication, it is the belief of the Board that Choice 401(k) Plan participants and

beneficiaries should be provided with a reasonable but manageable number of investment options. Participants and beneficiaries will be able to direct their account balances among a range of investment options to construct diversified portfolios that reasonably span the investment risk/return spectrum. Participants alone bear the risk of investment results from the options and asset mixes that they select.

The Board acknowledges that some participants may have the opportunity to participate in other defined contribution or deferred compensation plans. The Choice [401\(k\)](#) Plan may be supplemental to these other plans, thus, the Board's philosophy for the Choice [401\(k\)](#) Plan is to offer an investment structure that is simple, transparent and offers a reasonable cost structure.

IV. Investment Structure

A. Overall Structure

The Board has ~~chosen to adopt~~adopted a tiered investment structure that provides (1) Balanced Account Options ~~and~~, (2) Core Asset Class Options, ~~and~~ (3) Specialty Options.

- Balanced Account Options offer diversification and professional management.
- Core Asset Class Options include the basic building blocks that participants can use to create a diversified portfolio. Asset class options are available as passively managed funds as well as options that include active management.
- Specialty Options include asset classes that may be more complex with higher variability of returns
- Current investment structure and options are illustrated in Appendix B.

B. The Default Investment Alternative

The Default Investment Alternative is the PERSI Total Return Fund (TRF). ~~Upon enrolling in the Plan, all new~~If the participant does not make investment elections, the participants' ~~investments~~assets are defaulted ~~100% to~~into the TRF ~~if the participant fails to make investment elections prior to the first contribution.~~ The TRF invests the assets with the PERSI Base Plan portfolio. The Board is responsible for the management of the PERSI Base Plan, which is an actively managed ~~by PERSI and is a~~ diversified portfolio of ~~global~~primarily invested in publicly traded stocks, ~~and~~ bonds ~~and with private holdings in real estate, private equity and real estate investments.~~ The TRF is a fairly aggressive balanced Fund that is intended for long-term investors, ~~and commercial mortgages.~~ The investment ~~strategy is to create a portfolio mix designed~~ objective of the Base Plan Portfolio is to generate maximum ~~return~~returns in the long term at a prudent level of risk. ~~It includes some asset classes not available in the core asset class options which increase the portfolio's diversification.~~

C. Authorization of Collective Investment Trusts and Mutual Funds

Assets of the Choice 401(k) Plan may be invested in separate accounts and/or any collective investment trust (CIT), pooled group trust, or similar collective investment vehicle, and/or registered Mutual Fund (MF), which at the time of the investment provides for the pooling of the assets of plans described in Section 401(a) of the Internal Revenue Code of 1986, as amended, and which is exempt from Federal income tax. Assets of the Choice Plan may be commingled with assets of other trusts if invested in any such CIT, pooled group trust, or similar collective investment vehicle authorized by this policy. The provisions of the CIT, pooled group trust, or similar collective investment vehicle agreements, as amended by the trustee or

fiduciary thereof from time to time, of each collective investment vehicle in which Choice Plan assets are invested are by this reference incorporated as part of the CIT, pooled group trust, or similar collective investment vehicle estate comprising the Choice Plan. The provisions of any collective investment vehicle will govern any investment of Choice Plan assets in that collective investment vehicle.

D. Securities Lending Policy

The Board has established that securities lending within the management of the investment options will be avoided if possible. Separate accounts will not be permitted to use securities lending. ~~However if a CIT~~ If a CIT, pooled group trust or similar collective investment vehicle, and/or MF is the preferred vehicle, efforts will be made to use a non-lending version.

V. Roles and Responsibilities (See Appendix C for details)

A. Board

The Board has statutory authority to manage the Choice 401(k) Plan and to determine, consistent with the terms of the Choice 401(k) Plan and laws applicable to the Choice Plan, ~~all questions relating to~~ the following:

- the eligibility of individuals to participate in the Choice 401(k) Plan
- the amount of benefits to which any participant or beneficiary may become entitled
- any situation not specifically covered by the provisions of the Choice 401(k) Plan

The Board approves the retention of service providers as necessary including, but not limited to, the recordkeeper, custodian/trustee, investment consultants, investment managers and auditor.

The Board shall be responsible for selecting the categories (asset classes) to be made available and for selecting the specific investment managers/products for each investment option.

~~Including,~~ including:

- establishing the number and types of investment options available to participants
- selecting the Default Investment Alternative Option for participants who ~~fail to~~ do not make investment elections;
- monitoring investment results to determine whether the asset classes and investment options offered are meeting the guidelines and criteria;
- monitoring and evaluating Choice 401(k) Plan expenses;
- approving the mapping strategy to be used if an investment is eliminated or in ~~other~~ circumstances where assets need to be reallocated and participants do not provide

timely direction. This may involve mapping assets to investment options with similar risk levels or to the Default Investment Alternative option; and

- ensuring there is a comprehensive participant communication program in place.

B. Executive Director (ED)

The ED is responsible for the day-to-day management of the Choice 401(k) Plan; for bringing relevant issues to the attention of the Board; and for working with various service providers to implement the decisions made by the Board. ED responsibilities include the following:

- managing and monitoring activity;
- coordinating the Board meetings, investment manager presentations and discussions, and investment consultant, custodian/trustee, and recordkeeper activities, presentations and discussions with the Board;
- identifying issues to be brought before the Board and preparing recommendations to the Board on those matters;
- handling other matters periodically as directed by the Board;
- providing information to the recordkeeper and investment consultant as appropriate;
- facilitating the audit process by preparing financial statements and acting as an interface between the auditors and various service providers; ~~and~~
- verifying compliance with guidelines and regulations; ~~;~~
- directing the participant communication program; and
- producing reports, as requested and required

C. Chief Investment Officer (CIO)

The CIO manages the PERSI Base Plan portfolio ~~which serves as the TRF for. The assets of the Choice 401(k) Plan. TRF option are commingled with the PERSI Base Plan assets.~~ As such, the CIO will act as a resource to the Board and ED on investment matters related to the Choice 401(k) Plan. Given the CIO's primary responsibility for managing one of the investment options and to avoid self-oversight, all recommendations to the Board will be made by the ED. CIO responsibilities include the following:

- managing the Base Plan, and therefore, TRF, consistent with the Board's philosophy and policy ~~for the Base Plan;~~
- as requested:
 - review and approve documentation and participant communications regarding the TRF (e.g. Factsheets);

- provide opinions and advice on the selection, retention, ongoing monitoring of managers/product for each option, including use -and number of internal and external products;
- provide opinions and advice on the selection of investment related service providers such as the Investment Consultant, Recordkeeper, Trustee/Custodian, Legal, and Tax; and
- provide opinions and advice on the investment fees benchmarking for the investment options.

D. Investment Consultant

The primary role of the investment consultant is to assist the Board and staff in fulfilling their responsibilities by providing information, analysis, and recommendations that support a prudent process. The responsibilities of the investment consultant include:

- providing perspectives on capital markets;
- reviewing ~~periodically~~ investment policies and objectives periodically;
- researching and recommending investment structure and options that are appropriate in ~~furtheringsupporting~~ the Choice 401(k) Plan's investment policies and objectives;
- recommending appropriate performance measures and benchmarks and report on the effectiveness of those adopted;
- maintaining contact with and reporting on changes within the investment manager organizations; and
- measuring, evaluating, and reporting investment managers' performance results.

E. Investment Managers

The specific duties and responsibilities of each of the Choice 401(k) Plan's investment managers are to manage the assets under their supervision in accordance with the guidelines and objectives outlined in their respective prospectuses, participation agreements or other governing documents (e.g., Investment Management Agreements).

F. Recordkeeper

The Recordkeeper's main responsibilities are to provide suitable and accurate participant recordkeeping and administrative services. Additional responsibilities include:

- providing accurate and timely data, information, and reports to the staff upon request, including required information regarding fees;
- notifying ED or Board promptly of any concerns or issues with respect to recordkeeping ~~and/~~or administrative services;
- issuing a periodic report to the ED and Board regarding participant activity in a format and frequency agreed to by the ED;
- performing required participant notification, tax withholding and deposit, direct rollover, and other requirements relating to distributions, including writing checks and executing wires;
- providing for distribution of fact sheets ~~+/~~prospectuses (as appropriate) or other informational items to participants as required by, and maintaining compliance with, applicable rules and regulations;
- providing participant enrollment materials, education and communications; and
- communicating with ED to provide participant feedback ~~and~~ suggestions on how to improve participant experience.

G. Custodian

The Custodian's responsibilities include:

- safekeeping services;
- calculating the net asset value (NAV) for the TRF;
- communicating the TRF NAV to the recordkeeper daily on a timely basis;
- communicating NAVs of Investment Options not custodied at the Custodian;
- distributing proxies to appropriate parties;
- communicating with ED and CIO regarding any concerns or issues with respect to Custodial services; and
- providing cash management and tax reporting services

H. Other services ~~Legal, Tax and Audit~~

The Board and ED ~~will~~may work with State agencies such as the office of the Attorney General for legal advice. ~~If appropriate the~~The Board may elect to use ~~a Special Deputy Attorney General and~~ other service providers.

VI: Performance Monitoring

External managers are expected to maintain key personnel, a consistent style, and investment capability to successfully implement their mandate. Past performance is not a predictor of future performance, thus it is just one factor to consider in the overall evaluation of a manager.

Passive managers are expected to provide the returns of the assigned benchmark, thus they will be evaluated based on their ability to generate performance that closely tracks their benchmark index.

Active managers will be evaluated based on their ability to generate performance that exceeds, after fees, the benchmark index that represents the passive alternative to their mandate over full market cycles (typically over rolling 5-10 years). Performance evaluation will take into consideration any anomalies in a given period attributable to style cycles, interest rate cycles, sector cycles, geopolitical considerations, or any other factors that might meaningfully impact relative performance.

Other relevant information may be considered in determining whether to retain or terminate managers.

VII: Fee Payment Policy and Minimum Account Balances

The Board will seek to provide participants with access to high-quality investment options with reasonable investment management and administrative expenses relative to services provided. The Board will work with the staff and investment consultant to evaluate investment costs and administrative fees on a periodic basis. This information will be benchmarked appropriately.

- Investment management expenses will be reviewed periodically to determine whether a lower-cost share class or investment vehicle is available and feasible.
- Participants will pay for the administration of the Choice Plan, and for their own individual transactions. Appendix [D.C](#) shows the detailed participant fee schedule.
- ~~Revenue sharing generated by investment options will be reimbursed to participants in the respective investment option pro-rata.~~
- The Board has approved a targeted reserve balance of approximately one year of operating expenses. These reserves will be used to pay qualified expenses including recordkeeping services. The actual account balances will be reviewed with the Board periodically.
- The minimum account balance for terminated participants is \$1,000. Affected participants will receive a letter informing them of the minimum balance

requirement, giving them an opportunity to roll the money into another plan if they desire. Thereafter, if the account balance for a participant who has been terminated for 90 days or longer falls below the \$1,000 minimum, the account will be automatically cashed out and closed.

VIII. — Trading Practices:

~~The Choice Plan is intended to provide eligible participants with the long-term accumulation of retirement savings through tax deferred contributions to individual participant accounts and the earnings thereon. As such, the Choice Plan is not designed as a vehicle for excessive trading or market timing. Frequent trades or market timing in the Choice Plan have the potential to disrupt management of the fund and increase its expenses.~~

~~If the Board and/or fund managers determine that excessive trading practices exist, which have the potential to adversely affect the costs or other participants' performance, PERSI and/or fund managers may implement trading restrictions on those funds affected. Restrictions will be made on a case-by-case basis and may be modified from time to time as conditions evolve based on available remedies.~~

ADOPTION: The Board of Trustees of the Public Employee Retirement System of Idaho (PERSI) adopts this Policy Statement dated ~~November 30, 2020~~, 2024, which supersedes the Policy Statement adopted ~~July 21, 2015~~ November 30, 2020. We hereby certify that this statement incorporates the full and current text of adopted policies and objectives and do hereby charge the staff, consultants, and investment managers to employ good judgment in exercising the intent expressed within this Policy Statement.

Appendix A

PERSI Choice 401(k) Plan Information

Names of Plan(s): PERSI Choice 401(k) Plan

Plan Administrator: Street Address:
607 North 8th Street
Boise, Idaho 83702-5518
Mailing Address:
P.O. Box 83720
Boise, Idaho 83720-0078

PERSI Contact: ~~DC Specialist~~
Choice 401(k) Plan Manager
208-334-3365
www.persi.idaho.gov

Employer ID Number: 01—2345678

Recordkeeper: Empower ~~Retirement~~
1-866-437-3774

Custodian: BNY Mellon

Investment Consultant: Callan LLC

Appendix B⁴⁹

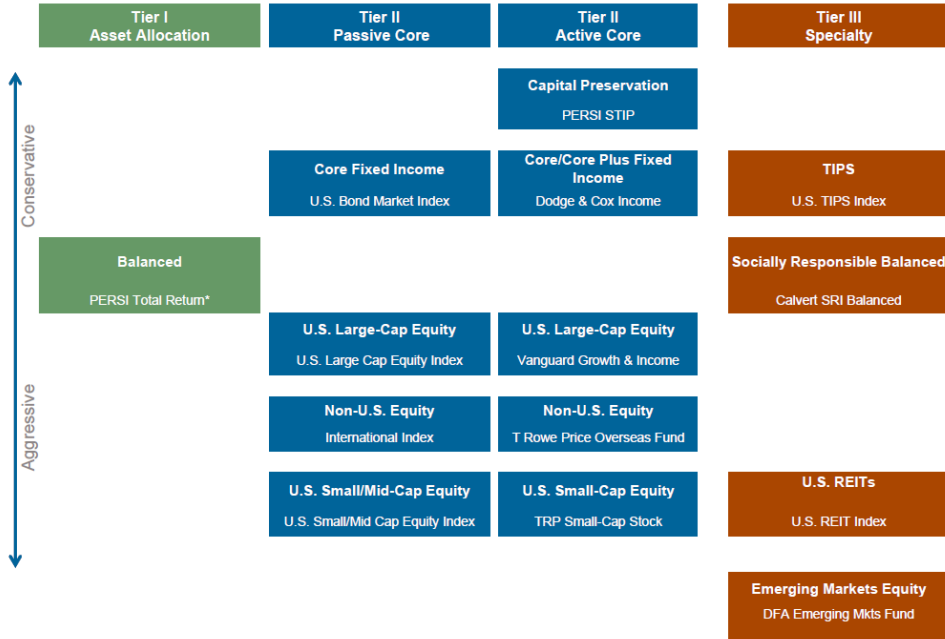
PERSI Choice 401(k) Plan

Tier I: Asset Allocation	Tier II: Passive Core Options	Tier II: Active Core Options
Balanced Total Return Fund* Calvert SRI Balanced	Core Fixed Income Mellon Bloomberg Aggregate Index	Capital Preservation PERSI Short-Term
	Inflation Protection Mellon U.S. TIPS	Core Fixed Income Dodge and Cox Income
	Real Estate Mellon U.S. REITs	
	Large-Cap U.S. Equity Mellon Broad Market Index Mellon Large Cap Index	Large-Cap U.S. Equity Vanguard Growth & Income
	Small/Mid-Cap U.S. Equity Mellon Small/Mid-Cap Index	Small-Cap U.S. Equity T. Rowe Price Small Cap
	Non-U.S. Equity Mellon International Index	Non-U.S. Equity Brandes International Equity
	Emerging Markets Equity Mellon Emerging Markets Index	

^(*)The Fund names are not the official fund names

*Default: Investment Alternative Structure

Investment Structure



* Default Investment Option

Appendix C: Roles and Responsibilities Details (next 3 pages)

	State	Board	Executive Director			CIO	Service Providers					
			Deputy ED	DC Specialist	Finance/Accounting	Investment Staff	Consultant (Co fiduciary)	Record Keeper	Legal/Tax	Trust/custody	Auditor	Advise
Plan Level Issues	-	-	-	-	-	-	-	-	-	-	-	-
Create a plan	Approve	Approve	-	-	-	-	-	-	X	-	-	-
Terminate Plan, if desired	Approve	-	-	-	-	-	-	-	-	-	-	-
Eligibility for Plan participation	Statute	-	-	Lead Effort	-	-	-	X	X	-	-	-
Changes to Plan involving the Statute	Approve	Recommend	Review and Recommend	-	-	-	-	-	X	-	-	-
Changes to Plan document that do not require Statute	-	Approve	Recommend	Lead Effort	-	-	X	X	X	-	-	-
Interpret and resolve significant ambiguities under Plan document	-	Inform	Report	Lead Effort	-	-	X	X	X	-	-	-
Establish Rules for Administration	Statute	Approve	Recommend	Lead Effort	Resource	Resource	X	X	X	X	-	-
Plan Document Review	-	Approve	Recommend	Lead Effort	-	-	-	-	X	-	-	-
Plan Investment Options	-	-	-	-	-	-	-	-	-	-	-	-
Investment Policy Statement	-	Approve	Input and Recommend	Lead Effort	Input and Recommend	Input and Recommend	X	X	X	-	-	-
Select and Review Menu of Investment Options to be made available to Plan participants and beneficiaries	-	Approve	Recommend	Lead Review	Resource	Resource	X	X	X	-	-	-
Select and Review Default Investment Option	-	Approve	Recommend	Lead Review	-	-	X	X	X	-	-	-
Selection, retention, ongoing monitoring managers/product for each option, including use and number of internal and external products	-	Approve	Recommend	Lead Review	Implement	Resource	X	X	X	X	X	X
Reviewing Internally Managed Investment Strategies	-	Approve and Manage	Implementation	Lead Review	Implement	Recommend and Manage	X	X	X	X	X	X
Factsheets for investment options	-	-	-	Lead Effort, Review and	-	Approve Internal Funds	X	X	X	X	-	-

				Approve External Funds									
--	--	--	--	---------------------------	--	--	--	--	--	--	--	--	--

	State	Board	Executive Director			CIO	Service Providers					
			Deputy ED	DC Specialist	Finance/Accounting	Investment Staff	Consultant (Co fiduciary)	Record Keeper	Legal/Tax	Trust/custody	Auditor	Advise
Administration and Operational Functions												
DC Consultant(s): Investment and Admin	-	Approve	Recommend	Lead Effort	Input and Recommend	Recommend	-	X	-	X	-	-
Custodian/Trustee	-	Approve	Recommend	Review	Lead Effort	Review and Advise	X	X	-	-	-	-
Auditor, RK, Tax, T/C-selection	-	Approve	Recommend	Lead-Review	Input and Recommend	Recommend	-	-	-	-	-	-
Service Agreement Reviews (contract mgmt)	-	Informed	Input and Recommend	Lead-Review	Input and Recommend	Input and Recommend	-	-	X	-	-	-
Daily Pricing (NAVs)	-	-	-	-	Lead Effort	Review Internal Funds	-	X	-	X	-	-
Fee Policy	-	Approve	Lead and Recommend	Lead Effort	Document, Implement	-	X	X	X	-	-	-
Target Reserve Account	-	Approve	Lead and Recommend	-	Lead Effort	-	X	X	-	X	-	-
Setting fees for Internally Mgmt Funds	-	Approve	Recommend	Lead Effort	Determine	Advise	X	X	-	X	-	-
Fee Benchmarking	-	Approve	Report and Recommend	Lead Effort	Resource	Resource	X	X	-	-	-	-
Participation in correction programs, if any	-	Inform	Report	Lead Effort	Review	Review if Internal Investment related	X	X	X	X	-	-
Employer Participation	-	-	-	Lead Effort	Resource	-	-	X	X	X	-	-
Daily Administration	-	-	-	-	-	-	-	-	-	-	-	-
Eligibility for benefits under Plan (including loans, withdrawals, distributions and QDROs)	-	Inform	Recommend	Lead Effort	-	-	X	X	X	-	-	-
Benefit appeals	-	Approve	Recommend	Lead Effort	-	-	-	-	X	-	-	-
Participant enrollment	Statute	-	-	Lead Effort	-	-	-	X	-	X	-	-
Participant questions	-	-	-	Lead Effort	-	Resource for DC specialist	-	X	-	-	-	-

	<u>State</u>	<u>Board</u>	<u>Executive Director</u>			<u>CIO</u>	<u>Service Providers</u>					
			<u>Deputy ED</u>	<u>DC Specialist</u>	<u>Finance/Accounting</u>	<u>Investment Staff</u>	<u>Consultant (Co fiduciary)</u>	<u>Record Keeper</u>	<u>Legal/Tax</u>	<u>Trust/custody</u>	<u>Auditor</u>	<u>Advise</u>
Reporting and Filings	-	-	-	-	-	-	-	-	-	-	-	-
Participant investment/fee disclosures for Plan, including 404a-5 disclosures and 404(c)/QDIA disclosures	-	-	-	Lead Effort	Resource	-	X	X	X	X	-	-
Plan recordkeeper, 408(b)(2) disclosures	-	Inform	-	Lead Effort, Review and Approve	Review	-	X	X	-	-	-	-
SPD, SMMs, and other non-financial participant disclosures for Plan	-	-	-	Lead Effort	-	-	X	X	X	-	-	-
Government filings, including audit	-	Accept/Reject	-	Resource	Lead Effort	-	-	X	-	X	X	-

Appendix D: Administrative & Recordkeeping Fees

Effective February 1, ~~2018~~2023, the fee structure assessed to participants for recordkeeping and administrative expense is below. This does not include participant transaction fees such as: loan initiation, QDRO, etc.

Account Balance Brackets*		Total annual charge per Tier	Monthly Charge
\$ 500,000.01	and up	\$ 159.60	
\$ 200,000.01 - \$3,000.01	00	\$ 500,000	\$ 136.80
\$ 100,000.01 - \$5,000.00		\$ 200,000.00 \$2.13	\$ 122.55
\$ 50,000.01 - \$10,000.00		\$ 100,000.00 \$3.33	\$ 111.15
\$ 10,000.01 - \$30,000.01	00	\$ 50,000.00 \$5.64	\$ 94.05
\$ 10,000.01	\$ 30,000.01 - \$50,000.00	\$ 68.40	\$7.84
\$ 45,000.01 - \$100,000.00		\$ 40,000.00 \$9.26	\$ 45.60
\$ 25,000.01 - \$200,000.00		\$ 4,000.00 \$10.21	\$ 25.65
\$ 420,000.01 - \$500,000.00	\$ 2,000.00	\$ 11.40	
\$ 100.01	\$ 450,000.00 01+	\$ 5.70	\$13.30

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\$ 0.01	\$ 100.00	\$
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*New contributors have a 12-month fee holiday in which these monthly fees will not be assessed to their accounts. After 12 months, fees will begin at the respective tier. Participants will still pay investment management fees. Each investment has its own operating expense.



August 19, 2024

An Empower Update

Stephanie O'Dear

Vice President – Government Markets

Dave Ramirez

Managing Director – Government Markets

Agenda

01 Empower today and tomorrow

02 PERSI Choice 401(k) Plan Performance Insights

03 Delivering Results

04 Moving Forward: Online Enrollment

05 Moving Forward: Roth 401(k)



Empower today and tomorrow

Our commitment to our clients

★ **Vision: To transform financial lives
through advice, people, and technology**

★ **Mission: To empower financial
freedom for all**



EMPOWER® What's Next

B2B solutions to manage workplace retirement benefits for employers

B2C Empower Personal Wealth™ delivers wealth management solutions (advice and investment) to individuals

Founded in
2014

More than
12,290
employees

Works with
82K
organizations

\$1.6
TRILLION
in assets under
administration

\$192
BILLION
in assets under
management

Serves over
18
MILLION
individuals

10
MILLION
individuals access the
Empower Personal Dashboard™



As of March 31, 2024. See end of document for disclosure.
FOR PLAN SPONSOR OR FINANCIAL PROFESSIONAL USE ONLY.

How our Empower values come to life — Government

<p>Customer obsessed ➔ We do the right thing</p>	<p>Accountable ➔ We own it</p>	<p>Growth mindset ➔ We lead</p>	<p>Constantly improving ➔ We simplify</p>	<p>Inclusive ➔ We collaborate</p>										
<ul style="list-style-type: none"> • Client service and satisfaction are core to our DNA <ul style="list-style-type: none"> ○ “World-class” NPS five years running¹ ○ 99% client- retention rate² • SECURE 2.0: <ul style="list-style-type: none"> ○ Legislative updates and webinars ○ Implemented provisions: <ul style="list-style-type: none"> ○ Elimination of first day of the month rule ○ Domestic abuse distributions ○ Increase in cashout to \$7k ○ QBAD repayments 	<ul style="list-style-type: none"> • Six Sigma quality goal <ul style="list-style-type: none"> ○ Continuous improvement philosophy • Ease of doing business <ul style="list-style-type: none"> ○ Case management • Invested in cybersecurity and account protection <ul style="list-style-type: none"> ○ Earned Verizon Cyber Risk Program Certificate Enterprise for 12+ years.³ 	<ul style="list-style-type: none"> • Increase participant engagement with advice, digital, and human-touch experiences • Build brand awareness • New clients⁴ <ul style="list-style-type: none"> ○ \$335M County ○ \$200M State ○ \$160M Park district  <table border="1"> <thead> <tr> <th>Year</th> <th>New Clients</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>90</td> </tr> <tr> <td>2022</td> <td>138</td> </tr> <tr> <td>2023</td> <td>167</td> </tr> <tr> <td>2024 YTD</td> <td>231</td> </tr> </tbody> </table>	Year	New Clients	2021	90	2022	138	2023	167	2024 YTD	231	<ul style="list-style-type: none"> • Deliver product innovation <ul style="list-style-type: none"> ○ Institutional separate accounts (ISAs) ○ Retirement income ○ Online and mobile enhancements ○ Pension integration through TRS Flex 	<ul style="list-style-type: none"> • Authentic culture and DEIB • Associate career development • Client partnership <ul style="list-style-type: none"> ○ NAGDCA awards ○ P&I award ○ Multiple government-focused thought leadership webinars ○ Empower Exchange webinars ○ Quarterly legislative and regulatory / SECURE 2.0 webinars
Year	New Clients													
2021	90													
2022	138													
2023	167													
2024 YTD	231													

1 Net Promoter Score (NPS) measures customer experience. According to Bain & Co., the creator of the NPS, NPS above 20 is considered favorable, above 50 is excellent, and above 70 is world class. NPS data as of April 30, 2024.

2. Empower data as of March 31, 2024.

3. Empower Cybersecurity: Protecting Your Plan, February 2024

4. New clients YTD as of June 21, 2024. To be funded by end of year 2024.

Top 10 trends for government clients

1 Expanding holistic financial wellness offerings; sense of duty and employee expectation

2 Increasing demand and adoption of advice for participants and plan sponsors

3 DEIB = high-performing organizations; more reporting requests

4 SECURE 2.0 understanding and decisions; other legislation on the horizon

5 In-person – Meetings, 1x1s, return-to-office strategies

6 People

- Attracting and retaining talent
- Increased benefits costs
- Work-from-home vs. virtual = trade-offs

7 Payroll/HRIS system changes

8 Navigating the environment; interest rates driving plan

9 outflows
Information security – Client business and benefits concerns

10 Leveraging AI – From job descriptions to automating repetitive processes

Source: Empower data as of August 31, 2023.

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Elevated service expectations require scalable investment

Empower is in a unique position as the fastest growing retirement provider.¹ We review and leverage emerging technologies with three objectives:



Create **personalized experiences** to help deliver better financial outcomes



Build **user-friendly and innovative solutions** to transform the retirement experience

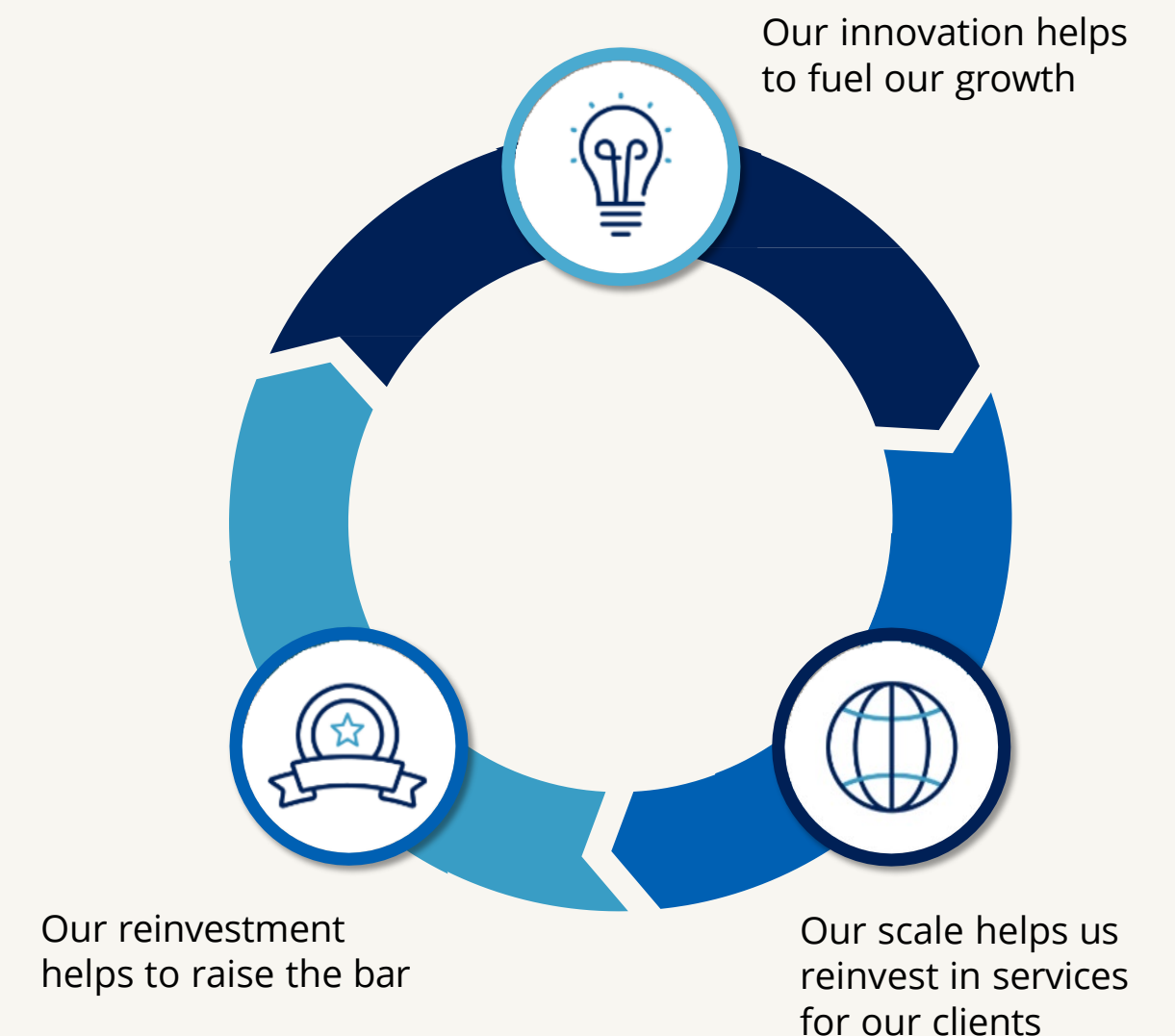


Accelerate how we deliver solutions in market

We believe our best opportunity is to accentuate and enhance the skills of our service professionals.

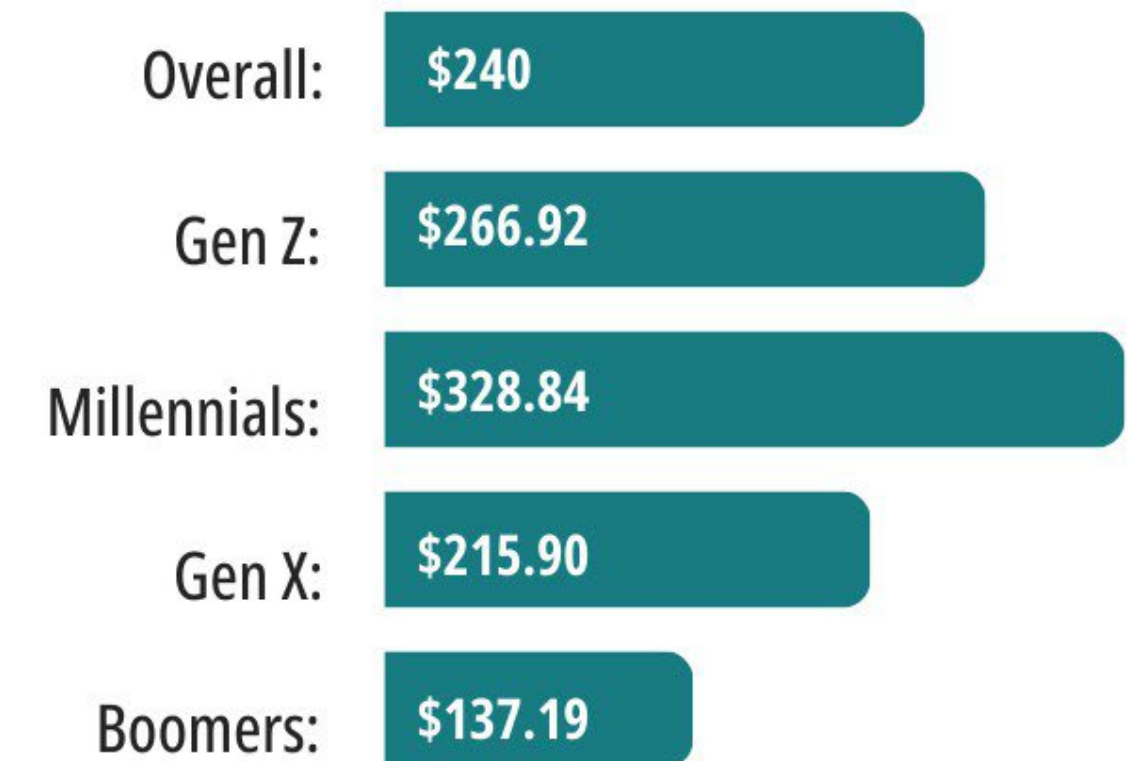
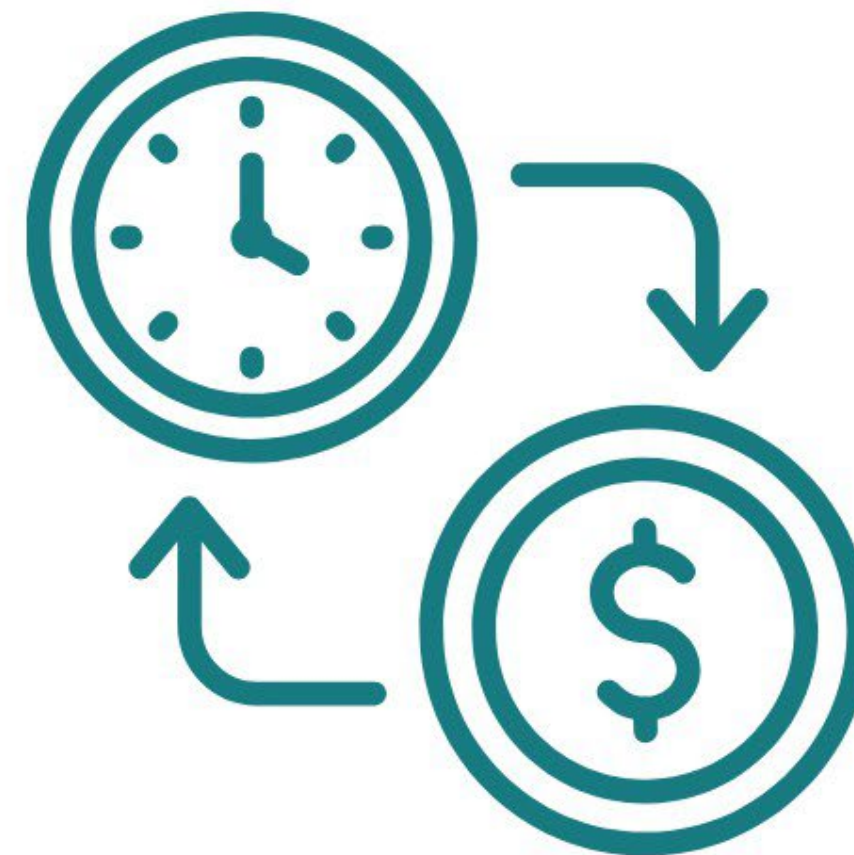
¹Participant growth data from 2023 PLANSPONSOR DC Recordkeeping Survey (data as of December 31, 2022), and 2013 PLANSPONSOR DC Recordkeeping Survey (data as of December 31, 2012) for historical calculations.

Continuous reinvestment We believe:



TIME IS MONEY

HERE'S WHAT AN HOUR IS WORTH TO AMERICANS



- "Time is Money" – and the price is **\$240 per hour**, on average.
- Based on a **standard 40-hour week**, that puts the perceived value at **\$499,200 per year** – nearly 8x higher than the average U.S. salary of \$59,384.

Q: How much money do you think an hour of your time is worth?

Empower "Time is Money" study 2024.

Empower "Time is Money" study 2024, <https://www.empower.com/the-currency/money/time-is-money-study>

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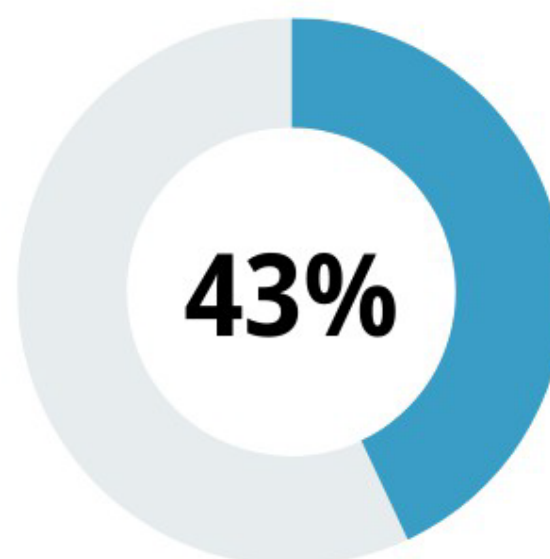


- Half feel they're **running out of time** to save for retirement.
- 43% wish they could go back in time to **start saving sooner**.
- Less is more: 1 in 4 people (26%) are willing to take a 15% pay cut to **gain more free time**.
- **Cost of convenience:** 36% would rather pay more to get an item delivered instead of driving 10 minutes to get it.

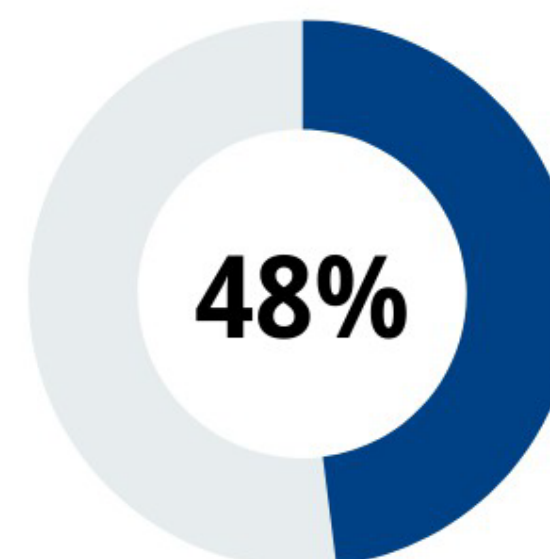
RETIREMENT CLOCK TICKING



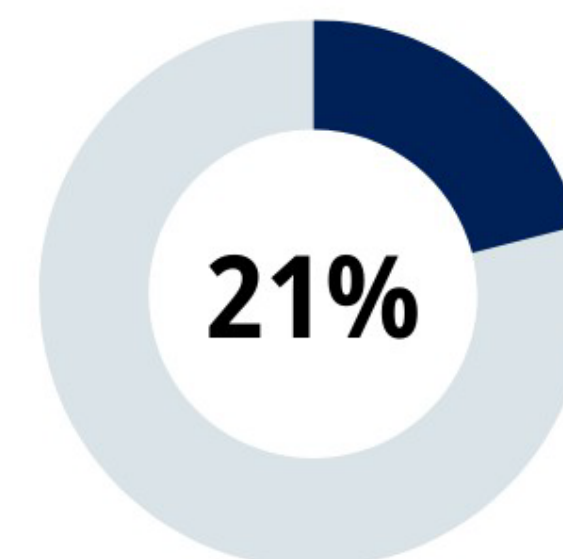
Half of Americans think they're running out of time to save for retirement, even though 44% say they started putting money away early enough.



Wish they could go back in time to start saving sooner



Would rather have a longer retirement period with less money, than retire later in life with more.



Would use AI to recommend money moves to plan for retirement.

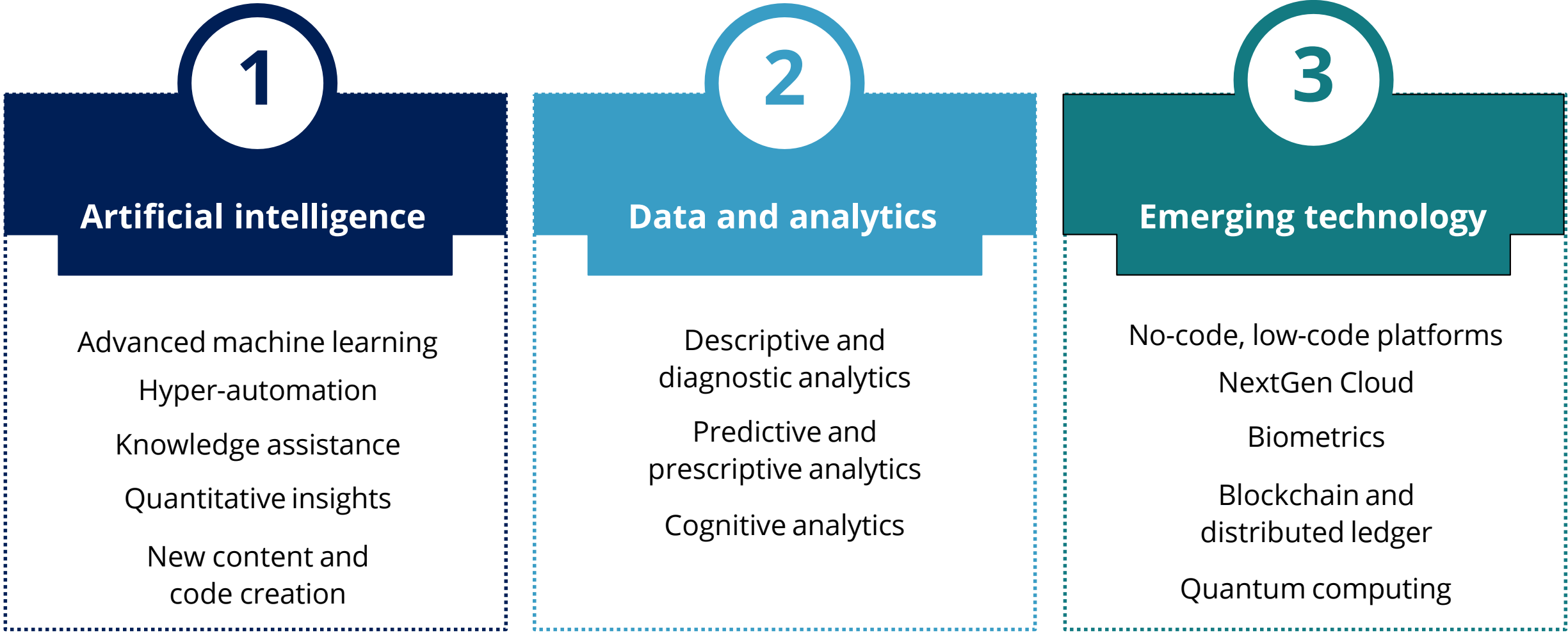
Q: Considering your money future, how much do you agree or disagree with the following statements? Q: To save myself time, I would use artificial intelligence to...

Empower "Time is Money" study 2024.

Empower "Time is Money" study 2024, <https://www.empower.com/the-currency/money/time-is-money-study>

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Our Innovation Lab accelerates technology adoption to benefit our clients



Our mission:
To **ignite innovation** by testing new capabilities, **accelerating new technologies**, and differentiating the customer experience through **safe and transparent experimentation**

AI can enhance the client experience

Everything we do starts with our commitment to protecting customer data

Defining AI



- **Artificial Intelligence (AI):** The broader concept of enabling a machine or system to sense, reason, act, or adapt like a human
- **Machine Learning (ML):** An application of AI that allows machines to extract knowledge from data and learn from it autonomously
- **Generative AI:** A type of AI technology that can produce various types of content, including text, imagery, audio and synthetic data (e.g., ChatGPT)

ML/AI use at Empower



- Call fraud detection
- Customer Service Chatbot
- Does *not* include use of client data

AI in the future



- Analyze calls from participants
- Next best action for customer service
- Help write code
- Guided by strong management practices and great Empower associates

AI can enhance the experience for your participants

Enhance 1:1 human interactions



- Natural language IVR **saves ~60 seconds** with pre-authentication¹
- Enhanced fraud detection
- Live call assessments support **agent coaching and quality**

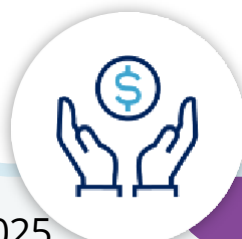
Provide more convenient service

- 24/7 chatbot delivers **instant response**, specifically tailored to your needs
- Next best action (NBA) will **expand to mobile/web** for anytime/anywhere service³
- Automation **supports routine tasks**, enhancing service quality²



Create and execute a robust financial plan

- Next best action (NBA) **guides conversations**²
- Analyze participants' financial data, creating and **adjusting plans** based on life changes³



Protect personal data from bad actors

- Security incident and **event monitoring**
- **Call fraud detection**
- **Compliance:** trade monitoring and customer due diligence



¹ Empower data as of 3/31/2023

² Anticipated for the first half of 2025

³ Anticipated for the second half of 2025

Some features may not be available and are subject to change without notice.

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PERSI Choice 401(k) Plan Performance Insights

Executive summary

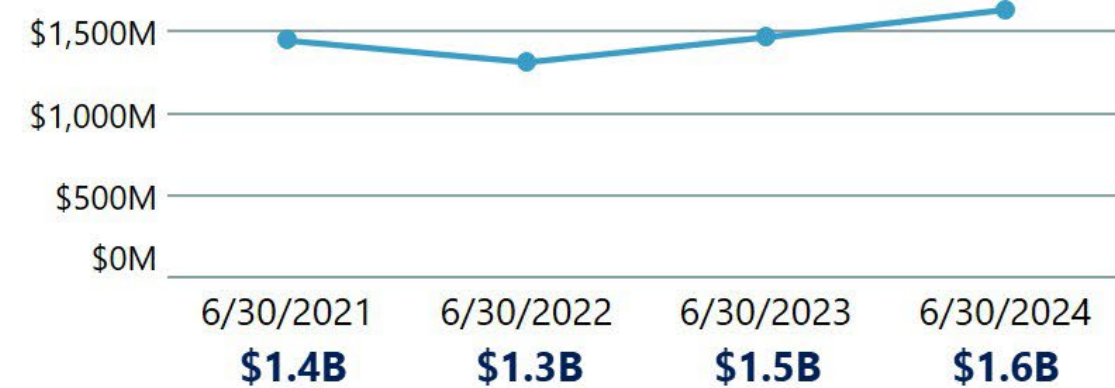
As of 6/30/2024

Participant assets



\$1,635,680,731

Trending



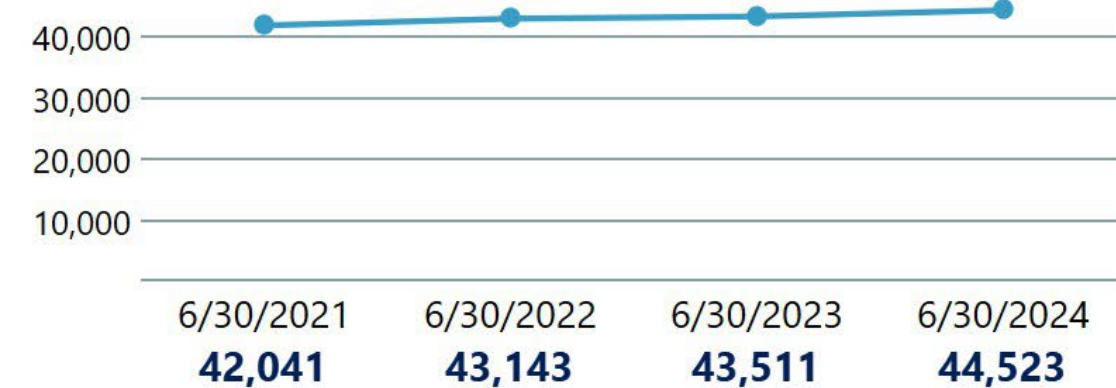
Plan assets	\$490,010
Total assets	\$1,636,170,740

Participants with a balance



44,523

Trending



Active participants with a balance	26,456
Separated from service participants with a balance	18,067

Overview

The assets and participant counts presented are effective as of period end. The assets do not reflect any adjustments, dividends, corrections, or similar that are processed after period end.

Cash flow

As of 6/30/2024

Year-to-date participant activity summary¹



Total contributions

\$53,569,684



Disbursements

-\$44,534,807



Net Activity

\$9,034,877

Overview

Cash flow illustrates the inflows and outflows of dollars from participant accounts along with the impact that those flows have on participant balances. All actively employed and separated from service participants are included.

Impact on balances

	7/1/2020 - 6/30/2021	7/1/2021 - 6/30/2022	7/1/2022 - 6/30/2023	7/1/2023 - 6/30/2024
Beginning balance	\$1,099,973,891	\$1,448,342,897	\$1,317,212,465	\$1,468,781,270
Contributions	\$92,843,363	\$101,628,168	\$100,535,111	\$107,482,764
Disbursements	-\$58,706,436	-\$75,176,747	-\$76,986,986	-\$90,561,573
Fees ²	-\$2,212,143	-\$2,368,866	-\$2,263,387	-\$2,245,676
Loans issued	-\$4,507,551	-\$4,341,901	-\$5,746,776	-\$6,800,805
Loan payments	\$5,155,866	\$4,715,017	\$4,110,348	\$5,082,277
Other ³	\$0	\$0	-\$22,155	\$0
Change in value	\$315,795,600	-\$155,586,103	\$131,942,525	\$153,942,474
Ending Balance	\$1,448,342,897	\$1,317,212,465	\$1,468,781,270	\$1,635,680,731

¹The year-to-date period begins when the plan is loaded onto the recordkeeping system. Therefore, the year-to-date period may not include all months for plans that were recently added.

²Fees may include but are not limited to: transactional and plan administrative fees.

³Other includes 'Transfer In', 'Transfer Out', 'Adjustments'

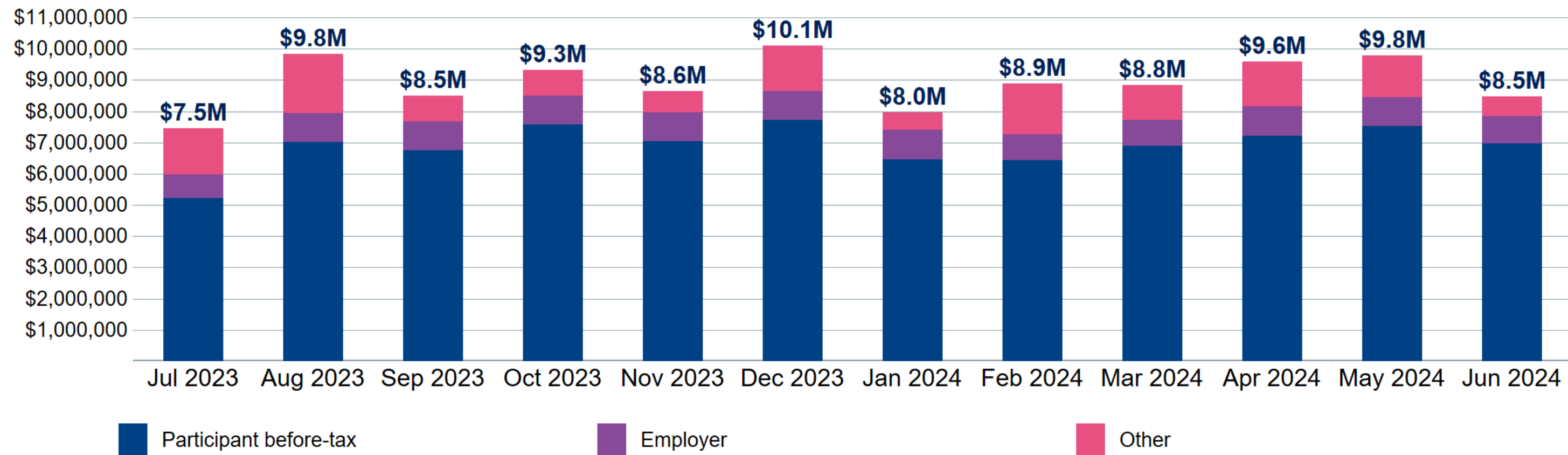
Contribution activity

As of 6/30/2024

Total contributions at-a-glance¹

	Participant before-tax	Employer	Other	Total
Year to date total contributions	\$41,501,784	\$5,354,668	\$6,713,232	\$53,569,684
Rolling 12 months total contributions	\$82,843,763	\$10,726,542	\$13,912,459	\$107,482,764

Total contribution amounts by month



Overview

The contribution activity details show the total of all contributions into participant accounts, excluding loan payments. Participant payroll contributions are categorized by their money type. Any employer contributions and any non-payroll contributions are separated into their own categories. Non-payroll contributions include rollovers, transfers, and other miscellaneous contributions and are reflected as *Other contributions*.

¹The year-to-date and rolling 12 month periods begin when the plan is loaded onto the recordkeeping system. Therefore, the periods may be less than indicated for plans that were recently added.

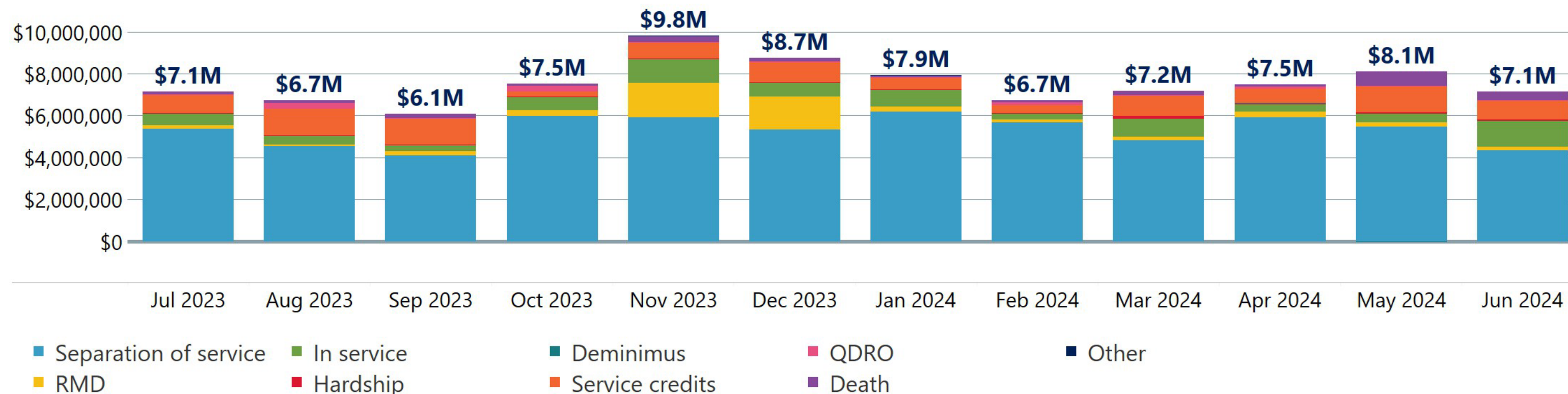
Distribution activity

As of 6/30/2024

Distribution activity at-a-glance¹

		Separation of service	RMD	In service	Hardship	Deminimus	Service credits	QDRO	Death	Other	Total
Year to date	Amount	\$32.4M	\$1.2M	\$4.0M	\$264.1K	\$43.7K	\$4.8M	\$351.6K	\$1.5M	\$652	\$44.5M
	Transactions	3,019	867	204	51	128	99	19	172	2	4,561
Rolling 12 months	Amount	\$63.6M	\$5.2M	\$7.7M	\$380.9K	\$43.7K	\$10.2M	\$933.3K	\$2.6M	\$4.3K	\$90.6M
	Transactions	5,871	4,670	368	87	128	221	44	383	3	11,775

Total distribution amounts by month



Overview

The distribution activity details show the activity for all actively employed and separated from service participants.

¹The year-to-date and rolling 12 month periods begin when the plan is loaded onto the recordkeeping system. Therefore, the periods may be less than indicated for plans that were recently added.

Loans

As of 6/30/2024

Population of participants with a loan

Percent of participants	Benchmark	Top 10%
3.5%	13.8%	6.3%

The percent of participants with a loan for your plan is based on the **44,523** participants with a balance as of month end.

Population of participants with a loan over time



Overview

The loan information reflects all outstanding loans for actively employed and separated from service participants. Outstanding loan amounts include new loans issued for the given time period. Loans that have been categorized as a distribution are not included.

Loans at-a-glance

	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Average loan balance	\$6,263	\$6,442	\$7,529	\$8,212
# of outstanding loans	1,488	1,385	1,416	1,547
# of participants with a loan	1,484	1,385	1,416	1,547
Total amount of outstanding loans	\$9,319,067	\$8,922,251	\$10,661,337	\$12,704,686
# of outstanding standard loans	1,434	1,329	1,367	1,495
# of outstanding residential loans	54	56	49	52

Asset allocation by fund

The balances reflected are based on all actively employed and separated from service plan participants. The participant balances do not include any outstanding loan amounts.

Asset class	Investment option	As of 6/30/2023			As of 6/30/2024		
		Total balance	% of total	Participants	Total balance	% of total	Participants
Balanced	Calvert Balanced R6	\$7,770,633	0.53%	767	\$11,053,916	0.68%	1,032
	PERSI Total Return Fund	\$1,172,166,652	79.81%	42,264	\$1,272,722,607	77.81%	43,055
Bond	Dodge & Cox Income Fund Class X	\$16,658,418	1.13%	1,026	\$16,420,352	1.00%	1,006
	U.S. Bond Market Index Fund	\$12,076,199	0.82%	1,162	\$12,424,191	0.76%	1,172
	U.S. TIPS Index Fund	\$5,149,709	0.35%	379	\$4,479,057	0.27%	367
Capital Preservation	PERSI Short-Term Investment Portfolio	\$44,359,410	3.02%	1,424	\$44,393,839	2.71%	1,462
International Equity	DFA Emerging Markets Core Equity I	\$113,964	0.01%	15	\$1,008,917	0.06%	122
	International Equity Index Fund	\$11,985,541	0.82%	1,274	\$14,283,057	0.87%	1,435
	T. Rowe Price Overseas Stock I	\$134,821	0.01%	16	\$496,444	0.03%	127
Large Cap	U.S. Large Cap Equity Index Fund	\$69,494,888	4.73%	2,876	\$97,824,883	5.98%	3,465
	Vanguard Growth & Income Adm	\$60,420,203	4.11%	2,952	\$84,353,231	5.16%	3,483
Mid Cap	U.S. Small/Mid Cap Equity Index Fund	\$30,061,617	2.05%	2,310	\$35,461,881	2.17%	2,474
Small Cap	T. Rowe Price Instl Small-Cap Stock	\$33,687,654	2.29%	2,332	\$35,568,771	2.17%	2,390
Specialty	U.S. REIT Index Fund	\$4,701,562	0.32%	813	\$5,189,584	0.32%	820

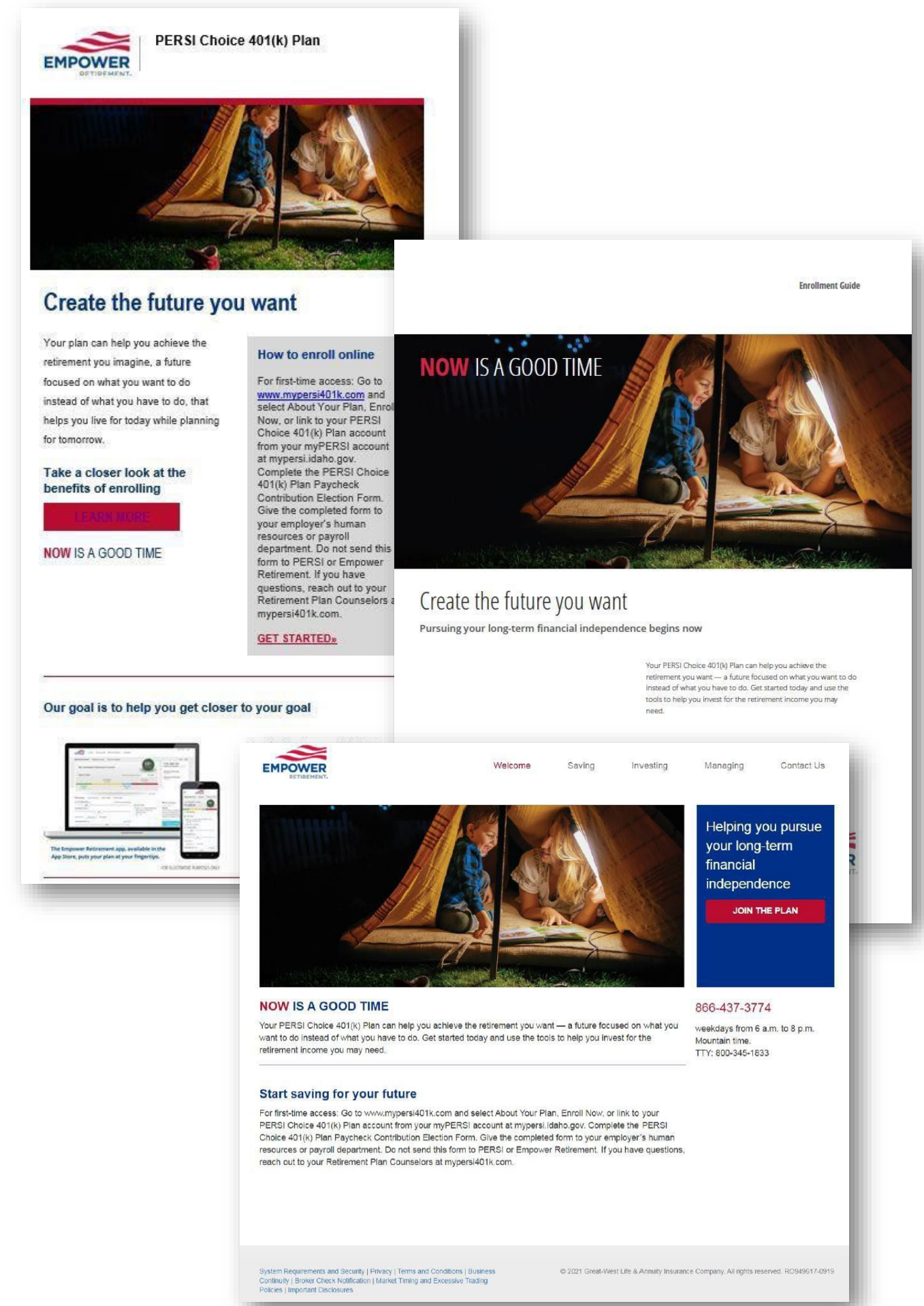


Delivering Results

The new hire experience

Delivering a fast, user-friendly, one-click experience to PERSI participants.

- **Email Outreach** - Introductory email from Empower with a link to a microsite featuring PERSI Choice 401(k) Plan benefits and features.
- **Printed Introductory Kit** - Instructions on how to contribute and where to find additional information.
- **Microsite** - A dedicated microsite provides additional information on the plan's investment options, online features, and other components.
- **New Hire Webinar** - Invitation to attend a monthly New Hire Orientation webinar.
- **New Hire Outreach** – Contact all the new hires to help guide them through the participation process and answer questions.
- **Personalized, One-on-One Engagement:**
 - Monthly follow-up to discuss the advantages of the plan and encourage new hires to start contributing and attend the introductory webinar.
 - Contact employers on a monthly basis to share the introductory webinar registration link for those employees that don't have an email on file.



The new hire experience results

Activated 8/31/2021

- From September 1, 2021, to June 30, 2024, new hire **participation increased 16%** versus the 34-month period prior to September 1, 2021.
- The plan provided new hire materials via **878** emails and **4,200** printed kits.¹
- Local Retirement Plan Counselors directly **contacted 198 new hires¹** to help guide them through the participation process and answer any questions they might have.
- More than **215 new hires¹** participated in a plan orientation.

¹ PERSI data YTD through 6/30/24

CASE STUDY | State of Idaho Enrollment

Refreshing the new hire experience

Onboarding new employees can be a challenging process. Saving for retirement can get lost in the shuffle as individuals accimate to their new surroundings. Like many large state plans, the Public Employee Retirement System of Idaho (PERSI) faced similar complications. Working off a paper-based enrollment process and in need of a quick, easy online experience, PERSI saw significant reductions in new hire participation rates.

While aware that their enrollment process needed to be modernized, PERSI realized that upgrading a state with more than 800 participating employers to a fully online enrollment solution was not an attainable short-term goal.

Reimagining the process

To tackle this complex issue, PERSI collaborated with Empower to reimagine their enrollment process and launch a refreshed new hire experience. Solutions included a custom microsite, distribution of email and print communications, and outreach by retirement plan counselors (RPCs).

Email and print materials ensured all new hires received the same messaging and opportunity to participate in PERSI by visiting the custom microsite. The RPCs worked in concert with these communications to provide a more tailored, personalized experience by directly calling new hires and hosting monthly plan orientations.

Results at a glance¹

- 69%** increase in participation year over year
- 7,177** email and print communications
- 1,132** RPC calls to participants
- 300+** new hires at plan orientations



Benefits Summit

Objective

In conjunction with a variety of trainers, educate members about how Social Security, the PERSI Base Plan, and Choice 401(k) Plan fit together in their retirement picture.

Components

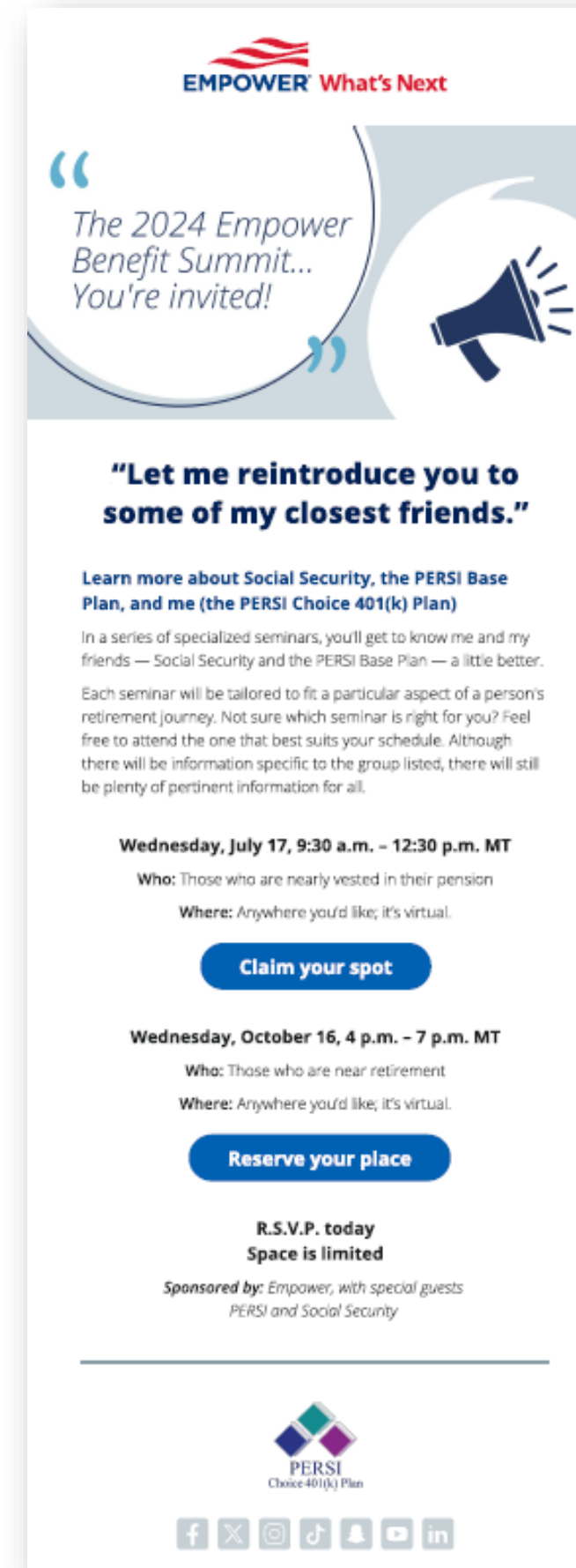
- Emails – sent in April, July, and October
- Flier
- Web banner

Audience

New hires, mid-career, and pre-retiree members

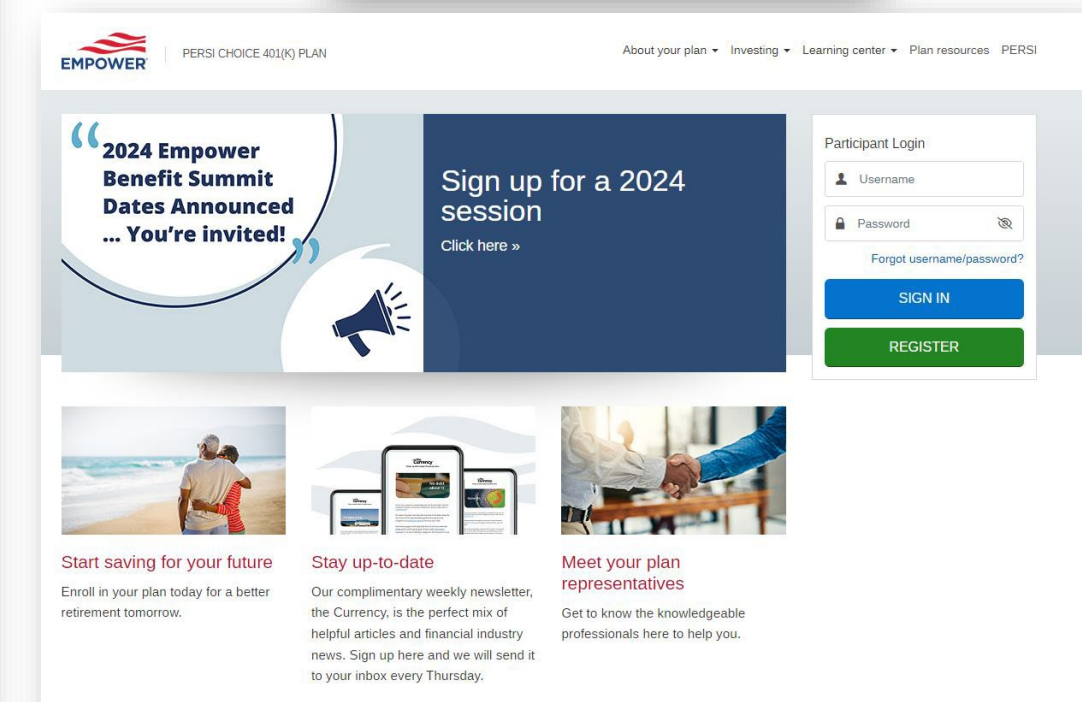
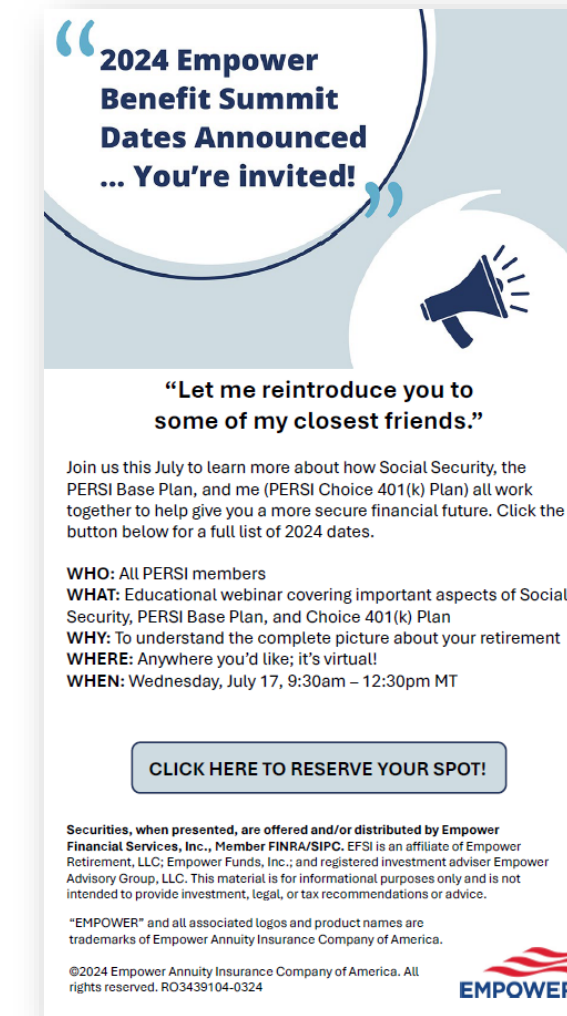
2024 Metrics

- Email avg. open rate: **51%**
- Avg. click rate: **3%**
- Total webinar registrations: **677**
- Total webinar attendees: **296**
- Total # of 1:1 appointments: **74**



Email

Flier



Web



Moving forward: Online Enrollment

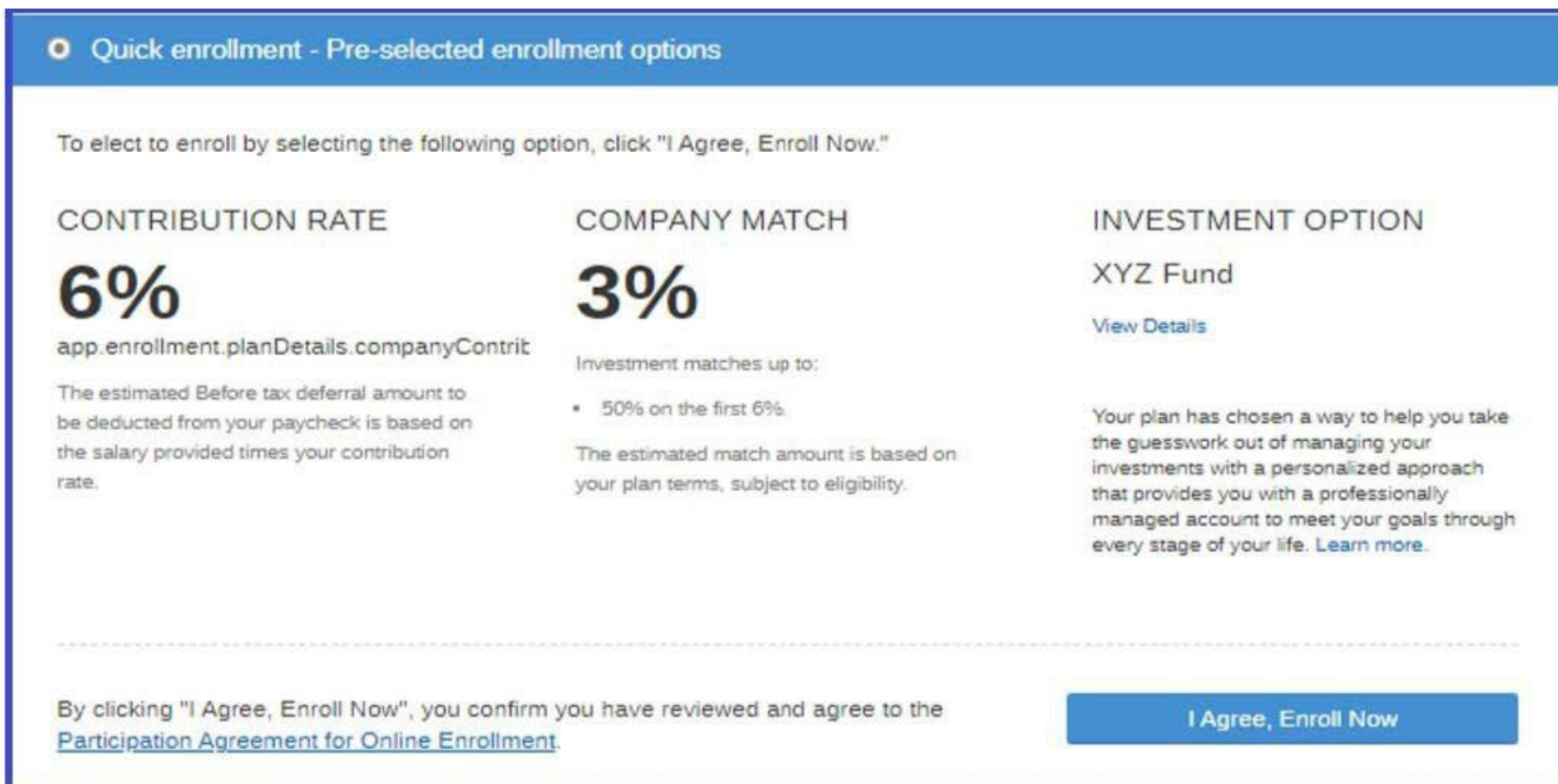
Online Enrollment



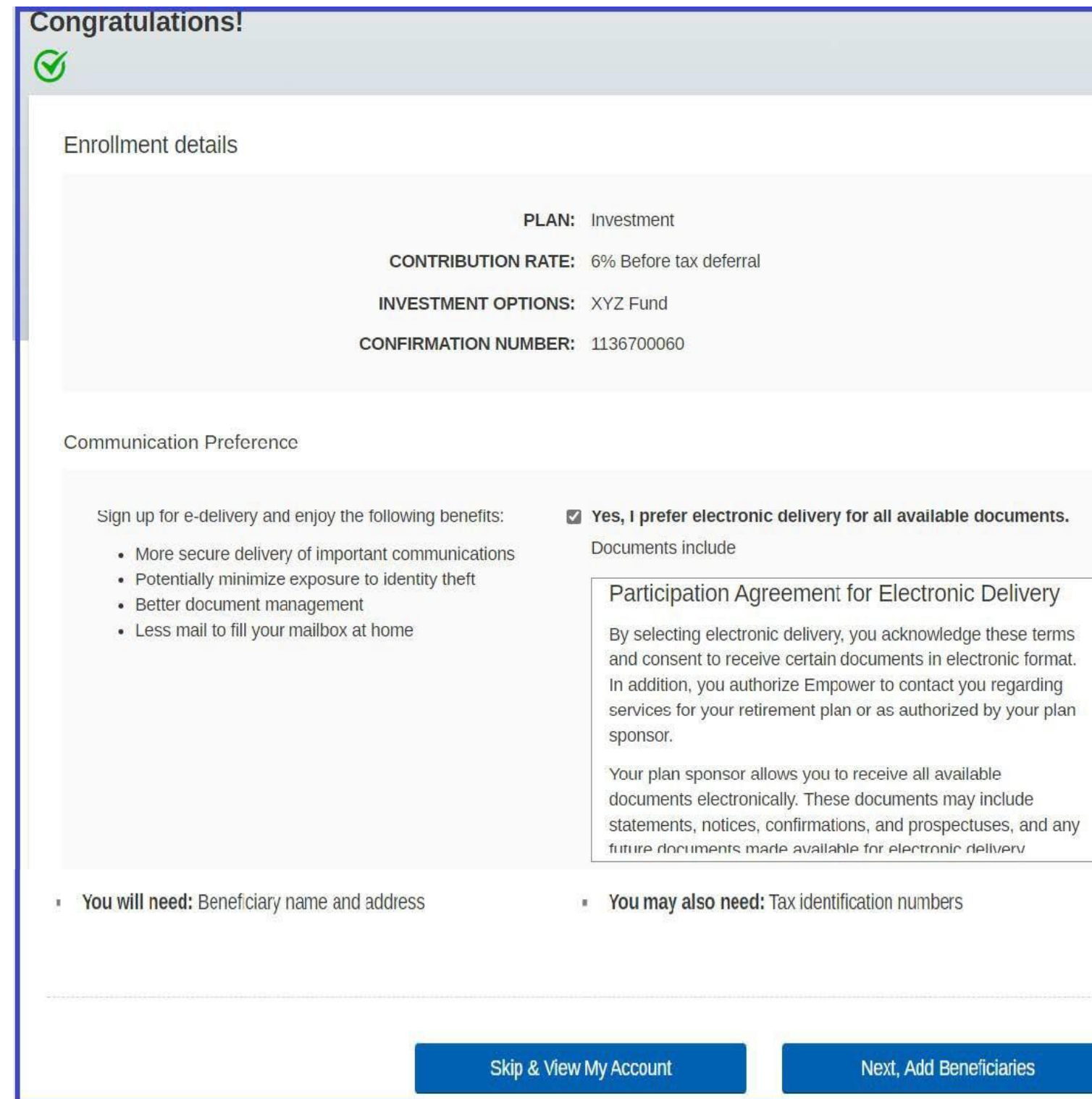
1) Select **Register**.



2) Select **Quick enrollment** to choose your enrollment option.



3) By selecting **Quick enrollment**, you are choosing a contribution rate that has already been selected for you.



4) Congratulations! Your **contribution rate** is set. You can now assign a beneficiary(ies).

FOR ILLUSTRATIVE PURPOSES ONLY.

NET WORTH

\$83,062.71

Assets \$83,062

Liabilities \$0

Empower accounts	\$83,062.71
Sample retirement plan	\$70,242.41
Sample HSA	\$12,820.30

Link account

Know your money

33%

Set up Link accounts Be informed

Get a full picture of your net worth Link bank account to track your savings and spending.

Link bank accounts

Quick view: Sample plan Rate of return 4/17/2020-4/17/2021 16.88%

In retirement starting 2024

Estimated monthly income

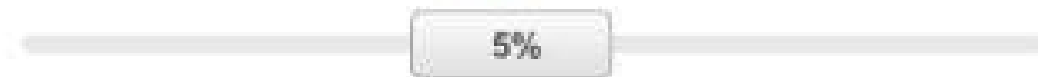
\$4,953.78



My savings	Employer contributions	HSA	Social Security	Other assets	Income gap
\$1,754	\$1,469	\$200	\$1,530	\$0	\$1,857

Retirement income Healthcare costs How do I compare How long will my money last

Pretax contribution rate: 5%



Next step Consider increasing to 6% to get closer to your goal

I want to...

- Update personal information
- Upload a document
- View/edit beneficiary information
- View statements and documents
- More...

Insights



Add or update your beneficiary

It's important to have a current beneficiary for your account to



Moving forward: Roth 401(k)

How Roth workplace plan contributions work

Roth workplace plan contributions are deducted from your paycheck after taxes are taken out, and any earnings* are also tax-free for qualified withdrawals

On the plus side

- May be a good option if you expect to be in the same tax bracket you are in now, or higher, when you retire.
- Money you save today has the potential for long-term growth if you don't plan to access it for many years.



* Earnings on Roth contributions will be taxed unless withdrawals are a qualified distribution as defined by the IRS.

A side-by-side comparison

	PRETAX PAYCHECK CONTRIBUTIONS	ROTH WORKPLACE CONTRIBUTIONS	EMPOWER BENCHMARKING (as of 6/30/24)
EFFECT OF CONTRIBUTIONS ON PAYCHECK	Prior to tax withholding	After taxes withheld	<ul style="list-style-type: none"> • # of plans within benchmarking group: 43 • Plan types represented: Governmental 401(k) & 457(b) • # of participants per plan represented: 10,000+
TAXATION ON DISTRIBUTIONS	<p>Contributions taxed as ordinary income</p> <p>Any earnings taxed as ordinary income*</p>	<p>Contributions not taxed</p> <p>Any earnings not taxable with qualified withdrawals*</p>	<ul style="list-style-type: none"> ➤ Median Roth participation rate = 8% ➤ Median Roth deferral rate = 5.7%

Note: When choosing between contribution types, participants must take into consideration their complete personal financial situation.

*If a distribution is not qualified, the earnings are taxed as ordinary income and may be subject to early withdrawal penalties. The 10% federal early withdrawal penalty does not apply to 457 plan withdrawals except for withdrawals attributable to rollovers from other type of plans or accounts.



Appendix

Empower service team

PERSI Choice 401(k) Plan

Dan Morrison



Executive Vice President,
Government Markets

Executive Contact

Stephanie O'Dear



Vice President,
Government Markets

Executive contact

Dave Ramirez



Managing Director

Relationship Manager
Leader of Service Team

Kathy Castle



Senior Client Service
Manager

Day to day plan level
contact

Tim Callahan



Senior Communications
Strategist

Participant Engagement
Strategy and materials

Cynthia Egger



Manager, Participant
Engagement

Participant Engagement
Strategist

Bruce Singkhaopet



Retirement Plan
Counselor

PERSI participant
counselor

Jeff Attwood



Senior Manager,
Investment Control

External
trustee/custodian
relationship

Empower service team

PERSI Choice 401(k) Plan

Chase McRae



Manager, Investment
Control

External
trustee/custodian
relationship

Glossary of terms

Subject	Description
Balances	Participant assets is the summation of all participant balances. (Excludes any loan balances). Plan assets is the summation of all plan balances such as forfeitures. Total assets is the summation of all participant and plan balances.
Benchmarks	The benchmarks are based on the recordkeeping system book of business and are updated monthly. The benchmarks reflect the median of individual plan results for a population of similar plans based on the combination of plan type and plan assets. The plan type categories are: 401(k), 403(b), 401(a), 457, and all other plan types combined. The plan assets ranges are: <\$5M, \$5M - \$10M, \$10M - \$25M, \$25 - \$50M, \$50M - \$500M, and >\$500M.
Cash flow	Cash flow illustrates the inflows and outflows of dollars from the plan by all actively employed and separated from service participants. The difference in the beginning balance and the ending balance is the result of adding and subtracting the following cash flow activity events: Contributions, disbursements, participant fees, loans issued, loan payments, transfers, adjustments, dividends, and gain/loss to reflect the ending balance.
Contribution activity	Contribution activity reflects all new participant account money such as: contributions via payroll, one-time contributions, employer contributions, and rollovers. Contributions are illustrated as participant and employer funded. Participant contributions are further broken down by before-tax, Roth, and after-tax contributions when applicable. The contribution activity will match the contribution totals illustrated on the Cash Flow slide.
Distribution activity	Distributions are based on actively employed and separated from service plan participants. The distribution categories are derived from the methods in which assets are removed from the plan. The possible categories are: Deminimis, Hardship, Death, Housing allowance, In-service, QDRO, Required minimum distributions (RMD), Separation of service, Service credits, CARES Act, SECURE Act and Other*. *"Other" is a combined category for infrequently used distributions such as but not limited to: contract exchanges, disability, 1035 exchanges, defined benefit payout, dividend payment, early distribution penalty, transfer to an IRA, Roth conversions, etc. The category also includes transaction reversals.
Loans	Overall loan insights reflect both general purpose loans and principal residence loans. Loans belonging to both actively employed and separated from service plan participants are included. Active loans in default are included. The total amount of outstanding loans includes any loans that were issued during the month of the reported month-end. The average loan balance is calculated by dividing the total of all active and outstanding loan balances by the total number of active and outstanding loans. The percent of participants with a loan is calculated by dividing the number of participants with at least one active and outstanding loan by all participants with a balance greater than \$0.

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On August 1, 2022, Empower announced that it is changing the names of various companies within its corporate group to align the names with the Empower brand. For more information regarding the name changes, please visit www.empower.com/name-change.

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Thank you

Choice Plan Fees

Board Presentation

August 19th, 2024

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

Our Purpose

- To report on the Choice Plan Admin. Expense Fee and the effect of the January 2023 fee structure change.
- To present the board an update on the TRF Fee, which goes towards paying the investment manager's fees.

Choice Plan Contribution Fee Structure - June 30, 2024

Current Fee Structure					
Tier Bracket	\$3K Expanded Free Tier Annual Fee	BP of Low Balance	BP of High Balance	Number of Participants per Tier	% of Participant s
\$0.01-\$3000	0.00	0.00	0.00	11,279	25.33%
\$3,000.01-\$5,000	25.56	85.20	51.12	5,110	11.48%
\$5,000.01-\$10,000	39.96	79.92	39.96	6,893	15.48%
\$10,000.01-\$30,000	67.68	67.68	22.56	9,479	21.29%
\$30,000.01-\$50,000	94.08	31.36	18.82	3,551	7.98%
\$50,000.01-\$100,000	111.12	22.22	11.11	3,828	8.60%
\$100,000.01-\$200,000	122.52	12.25	6.13	2,611	5.86%
\$200,000.01-\$500,000	136.80	6.84	2.74	1,551	3.48%
\$500,000.01 +	159.60	3.19		221	0.50%
Annual Fees Collected:	2,247,941.37			44,523	100.00%
Minus Annual Expenses:	(1,924,147.89)				
	323,793.48				

Admin Expense Account Summary

June 30, 2023 - Actual

- Fees Collected: 2,275,919
- Total Expenses: 1,940,625
335,294

- Account Balance: 2,180,340 = 1 yr. Expenses + 239,715

June 30, 2024 - Actual

- Fees Collected: 2,247,941
- Total Expenses: 1,924,148
323,793

- Account Balance: 2,682,904 = 1 yr. Expenses + 758,756

Current account balance as of 6/30/24 is \$2,682,904

This is equal to 1.4 years of expenses

Expenses for FY2024 totaled \$1,924,148

These expenses include Empower Recordkeeping Fees, An Empower Retirement Counselor, Legal Fees, Callan Quarterly Retainer, and the Choice Plan Department expenses.

TRF Fee

- TRF Fees are additive - meaning the calculation used to determine the TRF Fee is based on the DB plan paying the tiered manager fees first and the TRF second. The result is that the TRF pays at a slightly lower rate.
- TRF Fee Historically has been set at 27 basis points.
- Over time, the cost to TRF participants has decreased.
- This is due to several factors:
 - Market Value Increases - This has caused the plan to reach new, lower cost fee tiers.
 - Increased Plan Participants – Leading to higher contributions into the plan, further pushing the plan into lower cost fee tiers.
 - Negotiated Fee Reductions by Callan.

TRF Fee Continued

- The TRF Fee has been declining for a couple of years now.
- In FY 2023 the TRF Fee in basis points was 20.5
- In FY 2024 the TRF Fee dropped slightly to 20.4

QUESTIONS?

Choice Plan Fees

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