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2024 4Q NEWSLETTER FOR ACTIVE MEMBERS



DURING THE PAST FISCAL YEAR

In January 2024, Director Don Drum retired from PERSI after sixteen years with the agency. The Board selected Deputy Director Michael Hampton to serve as PERSI's new Executive Director. Mr. Alex Simpson, PERSI's Financial Executive Officer, was chosen to serve as Deputy Director.

This past summer and fall, Director Hampton met with hundreds of PERSI employers around the state.

During those meetings, he discussed several PERSI matters, including contribution rates, fiscal year-end numbers, passed legislation, and the fund's health. He enjoyed meeting with and receiving valuable feedback from all who attended.

NEW BOARD TRUSTEE

In September 2024, Governor Brad Little appointed Josh Whitworth, Executive Director of the Idaho State Board of Education, to supersede Trustee Joy Fisher on

the PERSI Retirement Board. Trustee Whitworth has over a decade of public service experience in Idaho.

FUND STATUS

PERSI's fiscal year 2024 ended with a funded ratio of 85.4% and an amortization of 10.8 years. Had the amortization been more than twenty-five years, the Board would have been required by law to propose contribution rate increases for employers and employees, per Idaho Statute 59-1322.

PERSI's sustainability is the Board's priority. Adjustments made ensure retirement benefits will be here for you, other PERSI members, and Idaho's future public employees.

CONTRIBUTION RATES

In October 2022, the Board proposed a series of three contribution rate increases to comply with the statutory requirement to amortize the unfunded actuarial liability in less than 25 years. These three contribution rate increases were proposed to be implemented July 1, 2024, July 1, 2025, and July 1, 2026. The first of these proposed contribution rate increases (1.25%) went into effect July 1, 2024.

Contribution rates are reviewed annually by PERSI's Board. While the fund has had a second consecutive year of recovery after the 2022 market decline, due to market volatility the Board was unable to eliminate future proposed contribution rate increases, but was able to delay the July 1, 2025 and July 1, 2026 contribution rate increases by one year.

POSTRETIREMENT ALLOWANCE ADJUSTMENT (PAA) – IDAHO STATUTE 59-1355

Annually the Retirement Board must review the automatic PAA as well as provide recommendations to the legislature for any discretionary or retroactive PAAs. At the December meeting, the Board discussed the annual PAA for retirees. The Board confirmed that an automatic PAA of one percent (1%) will go into effect on March 1, 2025, based upon the August to August consumer price index – urban (CPI-U).

Per Idaho Statute 59-1355, retirees in their first year of retirement will receive a proration of the 1% PAA based on the number of months they have been retired.

In addition, the Board is proposing an additional 0.3% retro-PAA from fiscal year 2020, subject to legislative approval. If approved, the retro-PAA will also go into effect on March 1, 2025.

DOES THE WINDFALL ELIMINATION PROVISION (WEP) IMPACT YOU?

PERSI has received a few questions from members about the Windfall Elimination Provision and if it will impact them.

The Windfall Elimination Provision is a formula used to adjust Social Security benefits for people who receive “non-covered pensions” and qualify for Social Security benefits based on other Social Security covered earnings.

A non-covered pension is a pension paid by an employer that does not withhold Social Security taxes from your salary, typically state and local governments or non-US employers.

Since most PERSI members pay into Social Security, this does not impact most PERSI members. For additional information, go to the Social Security Administration's website at www.ssa.gov.

myPERSI

PERSI's member portal, *myPERSI*, received multiple new features and enhancements this year, including:

- Optimizations for all operating systems (including mobile devices).
- Required security features like multi-factor authentication and enhanced ID verification.
- An improved user experience.
- Integrated messaging for faster, more-personalized communication with representatives.

Through *myPERSI*, important documents like your 1099-R tax forms are easy to locate and ready to download as soon as they are made available (typically at the end of each January).

If you have not claimed your *myPERSI* member account yet, go to www.persi.idaho.gov. If you have questions, call the PERSI Answer Center at 208-334-3365 or 1-800-451-8228.

PROTECT YOUR MEMBER INFORMATION

PERSI is beginning to hear more and more about fraudsters offering retirement services and/or advice every year.

Please know that solicited retirement services and/or financial counseling are not authorized or affiliated with PERSI. PERSI does not sell retirement services, advice and/or financial counseling.

Protect your personal information by not sharing or discussing your personally identifiable information, including your PERSI membership and benefit information, with others.



Presented by EMPOWER,
recordkeeper of the PERSI Choice 401(k) Plan.

TIPS FOR NAVIGATING VOLATILE INVESTMENT MARKETS

The stock market has undergone some pretty big shocks during the past few decades, and those events had a major impact on investor portfolios. At times, it was hard to imagine how stock prices would ever recover. But they did. For those who were saving and investing for retirement, the temporary drop in account balances was likely unnerving. But those who stayed the course generally saw their accounts bounce back eventually.

Weathering periods of market volatility is a normal part of the investing process. Nobody likes to see their account balance drop, especially if it seems as though the money they've worked so hard to earn has just disappeared. But there are ways to help minimize some of the anxiety related to market volatility:

- **Think long term** – Building your retirement nest egg is a long-term project. People can spend decades planning, saving, and investing. During that period, markets will swing up and down. Factors such as world events, business trends, and even the weather can affect market performance. Don't let short-term volatility distract you from your long-term plans.
- **Don't try to time your investing** – You may be tempted to shift your assets into more conservative investments following a market downturn and reinvest when markets start to bounce back. But think twice before you engage in this practice, known as "market timing". No one can predict when and how markets will recover. Missing out on just a few periods of strong market performance can lower your overall returns over time.
- **Keep contributing** – When markets drop and bad economic news fills the headlines, some people consider putting their retirement contributions on hold. But continuing to contribute during such periods can actually work to your advantage. A drop in stock prices can mean that your contributions buy more of your chosen investment funds at a lower price, which puts you in a better position for growth when markets recover.
- **Manage your asset allocation** – Remember, you'll probably want to gradually shift your portfolio to a more conservative mix of assets as you approach your retirement date. Why? To help manage the risk of the assets you'll soon be relying on for retirement income. Near-retirees don't have as much time to recover from a downturn as younger investors do, which is why many shift toward a more conservative asset mix. If you're nearing retirement, take a look at your asset allocation and make any needed adjustments to help manage your risk.¹

While it's a good idea to regularly check your account and adjust your saving and investing strategies, logging in each day can shift your attention to short-term gains and losses rather than long-term performance and goals. Always keep in mind that building your retirement nest egg is more like a marathon than a sprint. If you have any questions, schedule a 1-on-1 meeting with your local Empower plan representative today by visiting www.mypersi401k.com.

¹ Asset allocation, diversification, dollar-cost averaging, or rebalancing does not ensure a profit or protect against loss.



UPCOMING HOLIDAY

PERSI will be closed in observance of the following holidays:

- Monday, January 20 – Martin Luther King Jr. Day
- Monday, February 17 – Presidents' Day

If you have questions, call the PERSI Employer Service Center at 1-866-887-9525 or 208-287-9525.