



## NEWS TO USE FOR EMPLOYERS JANUARY 2025



### **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 have paid 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](http://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](http://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.



## **ARE YOU READY? REPORTING CHOICE 401(k) PLAN CONTRIBUTIONS IS CHANGING.**

Over the last few months, PERSI has been communicating to employers that changes are coming to the PERSI Employer portal that will require some modification to your reporting processes.

We understand that changes like this are not convenient for you, so we have made every effort to keep them to a minimum for more than ten years. Despite the inconvenience, updates are now necessary for the following reasons:

- To comply with the requirements of the Federal Secure 2.0 Act
- To maintain compatibility with present-day technology
- To enhance security and ease-of-use in reporting your PERSI Base Plan and PERSI Choice 401(k) Plan contributions

### **What Does the Secure 2.0 Act Require?**

Among other things, the Federal Secure 2.0 Act of 2022 establishes new eligibility requirements for 401(k) plans. The new requirements make it impractical to continue routing PERSI Choice 401(k) Plan contributions through PERSI. So, the first change will be for employers to separate PERSI Choice 401(k) Plan reports and payments and begin sending them directly to Empower — the PERSI Choice 401(k) Plan recordkeeper.

This step requires modification of your payroll software to create a separate transmittal file to send to Empower. This step does not require changes to the file you send to PERSI. You will just begin creating a second file to send to Empower. Choice Plan contributions can appear on both files until the PERSI Base Plan transmittal file is modified in a later phase of the Employer Reporting upgrade.

### **What is the Plan?**

Employers will be contacted by Empower in the coming weeks with further information on file specifications and reporting procedures. Empower may need to contact your software providers directly.

While you or your software provider work on the changes, PERSI will be preparing our Employer Reporting portal for separated PERSI Choice 401(k) Plan reporting. That work is expected to be completed by the middle of December, and we will notify you when it is done. Once it is done, Empower can begin setting employers up in its system.

Empower will work directly with employers, or your software vendor/in-house programming staff to finalize and test the file changes. Once the test files are approved by Empower, you will be authorized to start sending Choice Plan reports and payments directly to Empower. **Your new Choice Plan file must be completed and approved by June 30, 2025.**

We encourage employers to complete this work as soon as possible, because additional work will be necessary for your PERSI Base Plan transmittal report after the PERSI Choice 401(k) Plan changes are complete.

**For additional information and guidance, please use the below button to see if you are ready for the changes.**

[\*\*CLICK HERE FOR FURTHER INFORMATION AND GUIDE\*\*](#)



## **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.