



PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

SUSTAINABILITY OF THE PERSI TRUST FUND –

A FOCUS ON RULE OF 80 & RETURN TO WORK

Association of Idaho Counties
2024

WELCOME

I will be discussing the following topics:

- ✓ Fiscal year 2023 update, funded status, and contribution rates
- ✓ Idaho Statute 56-1356(6) and 59-1315
- ✓ What does it mean? – Requirements for hiring retired public safety
- ✓ Possible consequences
- ✓ Contribution rates – current and beginning
- ✓ Board actions concerning contribution rates
- ✓ Sustaining the fund

FISCAL YEAR 2023 UPDATE

SUMMARY OF EVENTS THIS PAST YEAR

- Trustee Celia Gould retired from Board. Ms. Lori Wolff was appointed in her stead.
- Executive Director Don Drum announced his retirement.
- New contribution rates for Teacher class implemented.
- PERSI Choice 401 (k) Plan lowered fees, lowered in-service distribution to 59 ½ years of age and separated beneficiary designation from base plan.
- Ongoing market volatility.
- Contribution rate adjustments effective July 1, 2024.

FUNDED STATUS AS OF

	July 1, 2023	July 1, 2022	
FUND VALUE	21,292,300,596	19,915,745,553	
NET RETURN	9.11%	-9.66%	
EXPENSE PERCENT	0.38%	0.33%	
FUNDED STATUS	83.7%	82.6%	
AMORTIZATION PERIOD	13.5 years	100+/15.4 years	

CONTRIBUTION RATES

CURRENT CONTRIBUTION RATES THROUGH JUNE 30, 2024

	PUBLIC SAFETY		GENERAL MEMBER		SCHOOL EMPLOYEE	
YEAR	EMPLOYER	EMPLOYEE	EMPLOYER	EMPLOYEE	EMPLOYER	EMPLOYEE
FY2024	13.26%	9.83%	11.18%	6.71%	12.69%	7.62%

NEW CONTRIBUTION RATES BEGINNING JULY 1, 2024

	PUBLIC SAFETY*		GENERAL MEMBER		SCHOOL EMPLOYEE	
YEAR	EMPLOYER	EMPLOYEE	EMPLOYER	EMPLOYEE	EMPLOYER	EMPLOYEE
FY2025	14.65%	10.83%	11.96%	7.18%	13.48%	8.08%

IDAHO STATUTE 59-1356(6) – EFFECTIVE JULY 1, 2023

SPECIFIC TO POLICE OFFICER AND FIREFIGHTER

Idaho Statute 59-1356(6) A retired member as defined in section 59-1302(27), Idaho Statute, with police officer status as defined in section 59-1303, Idaho Statute, or with firefighter member status as defined in section 59-1302(16), Idaho Statute, who retires on or after age fifty (50) years and who, within thirty (30) days after retiring, again becomes an employee as defined in section 59-1302(14), Idaho Statute, with an employer participating in PERSI, or who is guaranteed reemployment with an employer participating in PERSI, shall be considered to have continued in the status of an employee and not to have separated from service.

As a result of returning to employment with an employer as defined in section 59-1302(15), Idaho Statute, the retired member may elect to continue receiving benefits and not to accrue additional service. In such a situation, contributions shall be made by the member and employer during the reemployment at the rate established by PERSI for police officer or firefighter members, as applicable, and any benefit payable on behalf of such member shall continue.

The provisions of this subsection shall be null, void, and of no force and effect after June 30, 2027. However, the other provisions of this section shall remain in full force and effect and shall remain applicable to all employment.

IMPORTANT NOTE – IDAHO STATUTE 59-1315

Idaho Statute 59-1315 provides that revisions to Idaho Statute are prospective only and that a member's benefits are determined based upon the terms of the plan on the date of the member's contribution as an active member.

With the effective date of this legislation being July 1, 2023, members who have a date of last contribution and retirement date prior to July 1, 2023, are **not** eligible to return to work under Idaho Statute §59-1356(6).

WHAT DOES IT MEAN? – REQUIREMENTS FOR HIRING RETIRED PUBLIC SAFETY

Under **Idaho Statute 59-1356(6)** a retired public safety member may return to work at **any** PERSI employer and continue to receive their PERSI benefit. To be eligible, the following requirements must be fulfilled:

- ✓ Member must have retired on or after age fifty (50).
- ✓ Had a date of last contribution on or after July 1, 2023.
- ✓ Was employed as a public safety member at the time of termination. A public safety member is one who had police officer member status, as defined in Idaho statute 59-1303, or was employed as a firefighter as defined in Idaho statute 59-1302(16).
- ✓ There must be a true termination/separation of service between the employer and the employee – the employer and employee commitment has completely ended. Member had a bona fide termination in service.
- ✓ Member has at least a thirty (30) day break-in-service from the date of termination of employment from all PERSI employers and **has not been guaranteed or promised reemployment** by any PERSI employer.
- ✓ Member retired on or after August 1, 2023, and has received at least one (1) retirement benefit payment from PERSI.

CONTINUED...

WHAT DOES IT MEAN? – REQUIREMENTS FOR HIRING RETIRED PUBLIC SAFETY

- ✓ **ABSOLUTELY NO** promise, agreement, or prearrangement of a future employment prior to termination date.
- ✓ **Employer and employee contributions for members re-hired under Idaho Statute 59-1356(6) will be applicable at the public safety officer contribution rate – class 2 or D rate.**

- Employment of a retired public safety member under this exception is an employer decision.
- The employer is responsible for reporting and transmitting the employer and employee contributions at the public safety contribution rates, regardless of the position that the retired public safety member is hired into.

POSSIBLE CONSEQUENCES

If **any** of the requirements mentioned on the previous slides are not fulfilled, and PERSI learns of the situation, we will need to take corrective action.

This scenario may result in financial penalties being enforced.

These penalties include:

- ✓ The member's retirement is considered **negated** and retirement benefit is stopped immediately.
- ✓ The employer being held responsible for repayment of **all** benefits, contributions, and interest.

CONTRIBUTION RATES – CURRENT AND BEGINNING

Per Idaho Statute 59-1322(5), if the fund's amortization period exceeds 25 years, the Retirement Board must propose a contribution rate increase.

FUTURE CONTRIBUTION RATES – Proposed future contribution rate increases to be phased in over a three (3) year period beginning FY2025 (July 1, 2024). The Board will review each year if the increases are still necessary.

CURRENT PUBLIC SAFETY CONTRIBUTION RATES THROUGH JUNE 30, 2024

EMPLOYER	EMPLOYEE
13.26%	9.83%

NEW PUBLIC SAFETY CONTRIBUTION RATES BEGINNING JULY 1, 2024

EMPLOYER	EMPLOYEE
14.65%	10.83%

BOARD ACTIONS CONCERNING CONTRIBUTION RATES

PUBLIC SAFETY CLASS

During the 2022 October Board meeting, the Board approved a contribution rate increase of 1.25% effective July 1, 2024. The Board has taken no action to change this decision. This contribution rate increase will impact all three classes – general, school employee and public safety.

At this past September (2023) Board meeting, the Board approved enacting an additional 1.14% contribution rate increase for only the public safety class to fund the return-to-work benefit enhancement implemented in statute this past July 1, 2023. This additional increase will *also* become effective July 1, 2024.

General and school employee class members are **NOT** impacted by this contribution rate increase.

SUSTAINING THE FUND

Educating all stakeholders is crucial to preserving the fund and the benefit. There are many complex components to any pension system. These components become more complex with growth, demographic changes and a lack of understanding about how the system works.

The PERSI board is dedicated to serving all members and protecting the fund by making decisive decisions. They must carry out its responsibilities with respect to the Base Plan solely in the interest of the members and their beneficiaries, for the exclusive purpose of providing benefits to the members and beneficiaries, defraying reasonable expenses of administering the system, and in accordance with the provisions of the Idaho Statute governing PERSI.

In considering any single funding decision, the Board balances the following competing priorities inherent in managing the Base Plan to maintain its sustainability:

- Align actuarial assumptions,
- Maintain predictable rates of contribution,
- Address the purchasing power of retiree benefits, and
- Consider the allocation of extraordinary gains.

The Board relies on actuaries, auditors and other experts before determining decisions.

PERSI is committed to educating members and stakeholders about the fund, how it functions and how adjustments are needed from time to time to protect the fund and benefit.



Questions & Answers

FOR EMPLOYER QUESTIONS

Please call Employer Services Center
1-866-887-9525 or 208-287-9525

FOR MEMBER QUESTIONS

Please call PERSI Answer Center
1-800-451-8228 or 208-334-3365

TO REQUEST A COPY OF THIS PRESENTATION

Please email answers@persi.idaho.gov

THANK YOU FOR YOUR TIME!