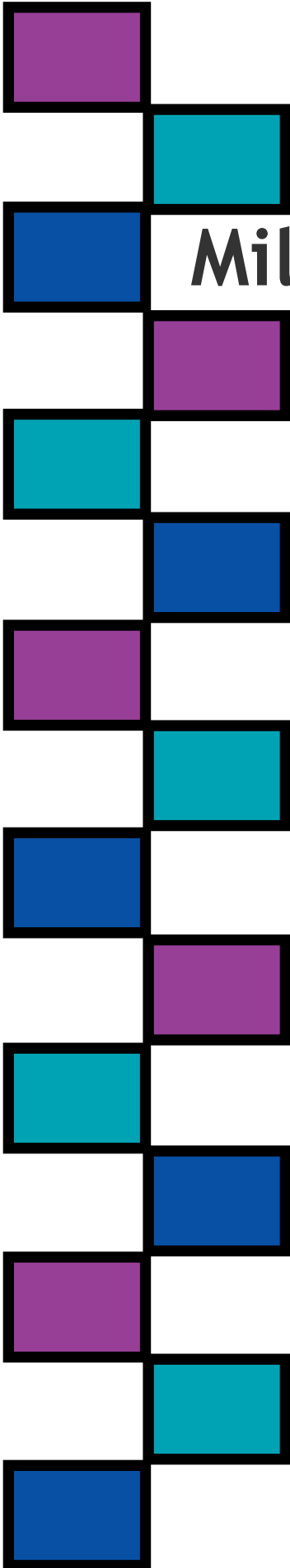


Military Service



MILITARY SERVICE AND YOUR PERSI BENEFITS

This booklet explains your PERSI benefits if you are called into military service while working for a PERSI employer. The 1994 Uniformed Services Employment and Reemployment Rights Act (USERRA) and the 2008 Heroes Earnings Assistance and Relief Tax Act (HEART) are the two key federal laws affecting job and benefit security to full- and part-time employees who are or who become members of the Armed Services.

If your PERSI employment is interrupted by military service, you retain your PERSI Base Plan (pension) and Choice 401 (k) Plan benefits. You may even earn PERSI Base Plan credit for your period of active duty without making PERSI contributions.

Inside this booklet you will learn about:

- Earning Base Plan military service credit
- How military duty affects Choice 401(k) Plan contributions and loans
- PERSI death benefits and military service
- Disability benefits and military service
- Continuing NCPERS life insurance

PERSI Base Plan

Earning PERSI Service Credit for Active Duty Military Service Without Paying Contributions

Any active duty in the U.S. Armed Forces – including the National Guard and Reserves – which interrupts your PERSI employment, may be considered “military service” for PERSI purposes. You may continue to earn PERSI service credit for the period while you are on active duty, and may not be required to pay contributions.

You may earn military service credit for the period while you are on active duty if:

- You are called into military service while an active member and begin active duty within 90 days of leaving PERSI-covered employment, AND
- You return to PERSI-covered employment within 90 days of being released from active duty.

Military service does not include active duty service in excess of 5 years if it is at the convenience of the U.S. government, or 4 years if you voluntarily extend your duty, even if your rights to return to employment are extended under the Uniformed Services Employment and Reemployment Rights Act (USERRA). In those circumstances, additional service credit may be purchased within 90 days of retirement.

Contributions Not Required While on Active Duty

Under the Heroes Earnings Assistance and Relief Tax (HEART) Act of 2008, which provides additional tax and pension benefits to individuals who are absent from work because of military duty, a member performing qualified military service who is receiving differential wage payments from his/her employer is deemed an employee under the plan. Differential wages generally refers to an employer payment to an employee called to active duty for more than 30 days, which represents all or a portion of the compensation he/she would have received if he/she were performing services for the employer. The definition of salary provides that while a member is on active military duty his/her differential wages *are not* considered salary; therefore, neither employer nor employee contributions are required.

PERSI Service Credit if You Withdraw Your Base Plan Funds

If you are called to active duty, terminate your employment, and withdraw your PERSI Base Plan funds as a separation benefit, **you cannot receive the military service credit even if you return to your employer within 90 days after leaving the military.** Taking the separation benefit negates your employee status prior to the military service.

You may, however, regain your military service credit if you return to work for a PERSI-covered employer, repay the full amount of your separation benefit with interest, and meet all other requirements for military service.

Separation Payments to PERSI Suspended During Military Service

If you are making payments to PERSI to repay a separation benefit, they may be suspended during military service. Once you return from active duty, your payments will resume. Interest due on the unpaid balance will continue to accrue, but will be capped at 6 percent during military service. You must provide a copy of your military orders to PERSI no later than 180 days after your military service ends. The interest rate will then be reduced to 6 percent retroactive to the date you received military orders to report to duty, not the date you actually reported for duty.

Class of PERSI Service

PERSI has two membership classes: general and police/firefighter. Military service is awarded at the same employee class under which you were working when called into the military. For example: If you were a general member when called into the military, but return to employment as a police member, your military service will be awarded as a general member.

Returning from Military Service Then Terminating or Retiring

To receive credit for military service, you must reestablish employee status. To reestablish employee status, you must work enough days to accrue service credit for at least one month. This generally means you must work long enough to show on a payroll transmittal to receive service credit for the month. Days worked may be combined with accrued vacation days to achieve the required month of PERSI service. After meeting the criteria, you may terminate or retire and still receive the military service credit. If you don't meet the criteria for employee status, you would not be eligible for the military service credit.

Returning from Military Service But No Positions Are Available

An employee who attempts to return to PERSI employment within 90 days after his/her military service ends, but finds no positions are available at that time, is entitled to credit for the time served in the military. The time will be awarded when the employee returns to eligible status. The delay in returning to work would not be considered the employee's fault.

PERSI Choice 401(k) Plan

Continuing Contributions Into Your 401(k)

If you wish to continue making voluntary pre-tax contributions to the Choice 401(k) Plan while serving in the military, you may do so if your employer continues to pay you a salary equal to 20 or more hours per week.

Making Up for Missed Contributions

You may make up your voluntary pre-tax contributions to the Choice 401(k) Plan missed while on qualified military service leave if you return to work upon release from active duty.

You may make up any amount up to the limit not used during the applicable year. For example: If the annual limit was \$15,000 and you had contributed \$5,000 before your military service, you could make up \$10,000 for the year.

You have three times the period of military service or up to 5 years, whichever is less, to make up the contributions. Such contributions do not count against your annual contribution limits during the make up period.

Loan Repayments

If you took a loan from your PERSI Choice 401(k) Plan and were in the process of repaying the loan when your military service began, you have two choices:

- You may continue to make payments if you continue to receive salary from your employer equal to 20 hours or more per week; OR
- You may suspend your repayments.

Repayments may be suspended during any period of qualified military service. When you return from active duty, your payments will resume. Interest due on your loan will continue to accrue, but may be capped at 6 percent during military service. You must request the 6 percent cap and provide a copy of your military orders no later than 180 days after your military service ends. The interest rate will then be reduced to 6 percent retroactive to the date you received your military orders, not the date you actually reported for duty.

Employer Contributions and Gain Sharing

You may be eligible to receive employer contributions and PERSI gain sharing, if any, while on qualified military service leave. To be eligible for any gain sharing distribution during your service, be sure your employer sends a copy of your orders to PERSI **before** you begin your leave of absence.

DEATH BENEFITS IF YOU ARE KILLED WHILE SERVING IN THE MILITARY

PERSI Base Plan

If a member dies while performing qualified military service, he/she is treated as if he/she died during employment in the plan.

Non-Vested Members

If you are **not vested** and die while on active military duty, your designated beneficiary will receive a lump sum death benefit consisting of your Base Plan (pension) contributions plus interest. Employer contributions are not included in the lump sum death benefit.

Vested Members

If you **are vested** and die while on active military duty, there are two options:

1. Your beneficiaries may receive two times your Base Plan account balance.
[Contributions + Interest x 2 = Total Payment]
2. If you have a surviving spouse who is not your beneficiary, your named beneficiary may choose to waive their right to your Base Plan lump sum death benefit to allow a monthly allowance to be paid to your surviving spouse for his or her lifetime. If your spouse is your beneficiary, he/she may also elect the monthly allowance over the lump sum.

The amount of the monthly allowance is based on your age at the time of death, the age of your spouse, your total months of service, and your average monthly salary. The allowance will be paid as calculated under Retirement Option 1, the 100% Contingent Annuitant Allowance.

In both cases, your beneficiary and surviving spouse will be notified of the value of the available choices.

PERSI Choice 401(k) Plan

Months of service are not considered for Choice 401(k) Plan death benefits. If your beneficiary is your surviving spouse, he/she may select from a variety of payment options including a lump sum payment or monthly installments if there is an account balance of more than \$5000 on the date the distribution is requested. If your beneficiary is not your spouse, he/she will receive a lump sum payment consisting of your account balance.

DISABILITY BENEFITS IF YOU ARE INJURED WHILE IN THE MILITARY

PERSI Base Plan

Disabilities resulting from military service may qualify you for a PERSI Base Plan disability retirement benefit. Disability for retirement purposes is considered to be a total and permanent physical or mental impairment that prevents you from earning a livelihood. This means you cannot perform any work for compensation. Effective July 1, 2011, the definition of disability was amended to allow members who become disabled as a result of military service to apply for PERSI disability. Applicants would still need to meet other eligibility requirements and meet the disability criteria to receive benefits. To initiate a disability claim, contact PERSI.

If you are no longer employed by a PERSI employer, you may withdraw your Base Plan account balance plus interest.

PERSI Choice 401(k) Plan

The PERSI Choice 401(k) Plan does not have disability benefits. However, your disability may be considered a “distributable event.” This means you may be able to withdraw your account balance without an early withdrawal penalty. PERSI recommends you check with your financial advisor, attorney, or tax consultant before taking a withdrawal.

If you end PERSI-covered employment either by termination or retirement, you may withdraw your Choice 401(k) Plan funds. The withdrawal options available depend on your age and account balance.

CONTINUING NCPERS LIFE INSURANCE DURING MILITARY SERVICE

If you participate in the National Conference on Public Employee Retirement Systems (NCPERS) group life insurance program as an active PERSI member, you may continue it during military service. Coverage may be continued as long as your premiums remain paid during your time of military service. If you are no longer on your employer’s payroll, you may have to pay the premiums yourself. The coverage will be for single life benefits only. Double indemnity for accidental death and dismemberment will not be covered. Your spouse and children (if applicable) will continue to be covered.

PERSI does not administer the NCPERS program. For enrollment information contact your payroll clerk or human resource representative at work, or the plan administrator, HealthSmart Benefit Solutions, Inc. toll-free at 1-800-525-8056.

Frequently Asked Questions

What happens if I enter the military with less than 5 months of service, but I return to the same employer?

You would be eligible for credit for military service as long as your discharge papers (DD214 or other release documentation) confirm your orders and release date, and you otherwise qualify for military service credit. Your military service is not considered a break in PERSI service as long as you return to work with the same employer within 90 days after your military service ends.

What happens if I enter the military with less than 5 months of service, then return to a different employer?

If you were employed by a PERSI employer less than 5 months before leaving for military service, and you go to work for different PERSI employer within 90 days after your military service ends, you would not be eligible for military service credit because you did not establish PERSI eligibility with your original employer. The only exception would be if you were employed by a state agency, then returned to work for a different state agency. Under this circumstance, you would be eligible for military service credit because state agencies are considered one employer.

What happens if I want to return to my PERSI employer, but no positions are available?

If you are an employee who leaves for military service within 90 days of PERSI employment, and you attempt to return to the same PERSI employer within 90 days after your military service ends but find no position is available at that time, you are entitled to credit for the time you served in the military. This time will be awarded when you return to eligible status. The delayed return to work would not be considered your fault; if necessary, PERSI will petition the Board to approve the delayed return to work.

What if my military service involuntarily exceeds 5 years?

*It is PERSI's policy to regard military reserve call-ups that occur beyond 5 years where the member **was unable** to obtain orders relieving them from active duty, as time that will qualify as military service credit pursuant to 59-1302(23).*

What if my military service voluntarily exceeds 5 years?

*It is PERSI's policy to regard military reserve call-ups that occur beyond 5 years where the member **could have** obtained orders relieving them from active duty but did not, as time that will not qualify for membership credit as military service pursuant to 59-1302(23).*

[59-1302(23): The legislative intent was to give credit for fulfilling a basic military obligation, but to preclude credit for any subsequent military involvement or active duty that was the result of a voluntary decision by the member.]

QUESTIONS ABOUT YOUR PERSI BENEFITS AND MILITARY SERVICE

PERSI Base Plan

1-800-451-8228 or 208-334-3365 from the Treasure Valley area

Choice 401(k) Plan 401

ACS HR Solutions: toll-free 866-437-3774

The Public Employee Retirement System of Idaho
has three offices to serve you.

607 North 8th Street
Boise, Idaho 83702

2005 Ironwood Pkwy - Suite 226
Coeur d'Alene, Idaho 83814

850 E Center
Pocatello, Idaho 83201

1-800-451-8228 or 208-334-3365

The information in this booklet is also available
on PERSI's website at www.persi.idaho.gov

The information in this booklet is based on 2012 law. It is intended to explain PERSI law as simply and accurately as possible. If there is any discrepancy between this publication and the law, the provisions of the law will prevail. Firefighters' Retirement Fund, Idaho Falls City Police, and Boise City Police may have different benefits.

NOTES

