

WITHDRAWING YOUR PERSI FUNDS

LEAVE IT ?



TAKE IT ?

-Your options if you leave PERSI-covered employment -

Many PERSI members have two retirement accounts – a Base Plan account and a Choice 401(k) Plan account. If you end PERSI-covered employment, you may leave your funds in PERSI or you may withdraw your funds from either or both accounts. The two have different requirements and withdrawal options. This flyer offers some insights on fund withdrawals.

BASE PLAN OPTIONS

Your Base Plan contributions are always yours... it's your money no matter what. When you leave PERSI-covered employment, you may withdraw your Base Plan money and any interest earned or you may choose to leave your contributions and interest in PERSI until a future date or until you retire. If you withdraw your funds, tax penalties and withholdings may apply. You may also roll over your money and interest to an Individual Retirement Account (IRA) or other qualified retirement plan.

Leaving Your Base Plan Account in PERSI

By leaving your contributions in the Base Plan, the money will continue to earn interest and you will preserve your retirement credits. If you choose to leave your funds in PERSI, you do not need to take any action other than keeping PERSI informed of your current address. If you have less than 5 months of service, you cannot leave your money in PERSI, so your contributions will be refunded to you.

Have You Already Earned a Lifetime Benefit?

If you have at least 60 months of service credit, you have earned the right to receive a lifetime benefit at retirement. Because the value of your pension is far more than just your account balance, before applying for a

separation benefit you should contact PERSI about your eligibility for a lifetime monthly retirement benefit.

Example: Within the first 3 to 5 years of retirement, most members have already received all the money they contributed while working. For example, if your contributions to PERSI during your career totaled \$60,000 and your monthly retirement benefit is \$1500, you would receive your \$60,000 in approximately 3 years. Although you would have exhausted everything you contributed, PERSI would continue to pay you \$1500 a month for the rest of your life, plus annual cost-of-living adjustments (COLAs), if approved by the Idaho Legislature. So if your retirement were to last another 20 years, you would receive \$360,000 in benefits from the PERSI trust.

If You Have Less Than 60 Months of Service

If you have less than 60 months of service, you may leave your contributions in the PERSI Base Plan for up to 3 years if your balance is more than \$1000. At that time, PERSI will contact you to initiate a refund of your contributions and any interest earned. It is important for you to keep PERSI informed of your mailing address so we may contact you regarding a refund.

If You Have Less Than 5 Months of Service

If you have less than 5 months of membership service, you did not meet the eligibility requirements for a lifetime retirement benefit. Contact PERSI to make arrangements for a refund of your contributions plus any interest earned.

Taking a Base Plan Separation Benefit

A separation benefit is a lump sum payment (refund) of all the money you contributed to the PERSI Base Plan plus any interest earned. Contributions made by your employer are not refundable to you; they are pooled in the trust to fund future benefits for all PERSI members.

By taking a separation benefit you cancel all service credits that apply to a PERSI retirement. If you have enough credited service to qualify for a lifetime pension, you also cancel your eligibility for that benefit if you withdraw your money. Many employers throughout Idaho belong to PERSI (e.g., school districts, the State of Idaho, counties, cities, police and fire departments, libraries, and sewer and highway districts). If you think you may work for another PERSI-covered employer in the future or if you are vested and eligible for a lifetime retirement benefit, you may want to consider leaving your funds in PERSI.

Taxes

Before deciding to take a separation benefit, you should consider the tax consequences. Not all tax rules can be presented here; therefore, PERSI suggests you consult with your tax advisor before requesting a separation benefit. [Specific information can be found in Internal Revenue Service (IRS) *Publication 575*, titled "Pension and Annuity Income" and IRS *Publication 590*, titled "Individual Retirement Arrangements." Both publications are available online at the IRS Web site at <http://www.irs.gov/index.html> or by calling 1-800-829-3676.]

CHOICE 401(K) PLAN OPTIONS

You may withdraw your funds from the Choice 401(k) Plan, or you may defer distribution to a future date or until retirement if you have at least \$200 in your account when your employment with a PERSI employer ends. Because your Choice Plan is separate from your Base Plan, what you decide to do with your 401(k) account typically has no effect whatsoever on your Base Plan retirement credits. (Buybacks and Purchase of Service using funds from your Choice 401(K) Plan account are among the exceptions.)

Leaving Your Choice Plan Account in PERSI

If you choose to leave your money in the Choice 401(k) Plan when you terminate public employment, your account balance will continue to be subject to investment gains and losses. If you leave your funds in PERSI after leaving covered employment, you will be responsible for paying the monthly record keeping fee (currently \$2.40). If your account falls below \$200, it will automatically be closed and the money paid to you.

Taking a Choice Plan Withdrawal

If you choose to withdraw your account balance, you have several payment or rollover options. See the *Withdrawing PERSI Funds* brochure on the PERSI website for details.

To request a withdrawal or for more information, contact PERSI's Choice 401(k) Plan record keeper, ACS HR Solutions toll-free at 1-866-437-3774 or visit the PERSI website at www.persi.idaho.gov/Choice.htm. You will need your Social Security Number and the PIN assigned to you by ACS to access your account. When all of your funds have been withdrawn from your Choice 401(k) Plan account (zero balance), the account will be closed.

If you decide to leave your money in the Choice 401(k) Plan, you might want to consolidate your retirement savings plans into a single account by rolling over your other qualified savings plan and/or pre-tax IRA into your Choice Plan account. Having a single account may make managing your money and investments easier.

FOR MORE INFORMATION

For more information about retirement options and benefits, visit the PERSI website at www.persi.idaho.gov or contact the PERSI Member Services Answer Center Monday - Friday from 7:30 a.m. and 5:30 p.m. (MT) at 1-800-451-8228 or 208-332-3365 from the Treasure Valley area.

If there is any discrepancy between this document and the law, the provisions of the law will prevail.