

Part 1 – Agency Profile

Agency Overview

The Public Employee Retirement System of Idaho (PERSI) was created in 1963, and was funded by the Idaho Legislature in 1965. Since that time, PERSI has offered a defined benefit plan to provide a secure, long-term retirement benefit for career public service employees. The agency is directed by a five-member Retirement Board, each appointed by the Governor for 5-year terms. The Board has the duty to manage the system and maintains fiduciary responsibility for investment policy, asset allocation, the selection of individual investment managers, post-retirement increases (cost of living adjustments), and setting the contribution rates.

PERSI administers four pension funds: two defined benefit retirement plans - the PERSI Base Plan and the Firefighters' Retirement Fund (FRF), and two defined contribution plans - the PERSI Choice Plans 401(k) and 414(k). PERSI also administers the Sick Leave Insurance Reserve Trust Fund. The Choice Plan 401(k) is somewhat unique to the public sector. PERSI obtained permission from the Internal Revenue Service to expand a grandfathered State 401(k) to all members statewide currently with over \$300 million in assets.

In recent years PERSI has worked to upgrade its technological infrastructure by re-writing the major benefit administration application (Galena), completing a comprehensive business process re-engineering project resulting in major reorganization and implementing new technology in digital imaging of all member records, automated workflow and a new sophisticated phone system.

PERSI employs 65 staff, working in three locations: Boise, Pocatello, and Coeur d'Alene. It is headquartered at 607 North 8th Street, Boise, Idaho, 83702. (208) 334-3365.

During 2009 PERSI management team developed a strategic plan covering years 2010 to 2013. The management team revised the Mission Statement, Vision, and Core Values to reflect PERSI's current purpose, its ideal future and its foundation upon which all PERSI performance is built.

PERSI Mission Statement:

The Mission Statement describes PERSI's current purpose.

To provide a sound retirement system and high quality service and education to help Idaho public employees build a secure retirement.

PERSI Vision:

This defines PERSI's ideal future four years from now.

To be the premier public retirement system, respected by customers, peers, and the community, and known for professional service, technological advancement, and fund stability.

PERSI Core Values:

The three Core Values are the foundation upon which all PERSI performance is built.

Commitment
Character
Competence

PERSI Fiduciary Duty of Loyalty:

The primary duty of the Retirement Board and PERSI staff, as fiduciaries, is that of loyalty, or acting with an "eye single" to the interests of the beneficiaries. PERSI is required by law to make all its decisions solely in the interest of the beneficiaries and to avoid, at all costs, serving the interests of any other party not a beneficiary of the system.

Core Functions/Idaho Code

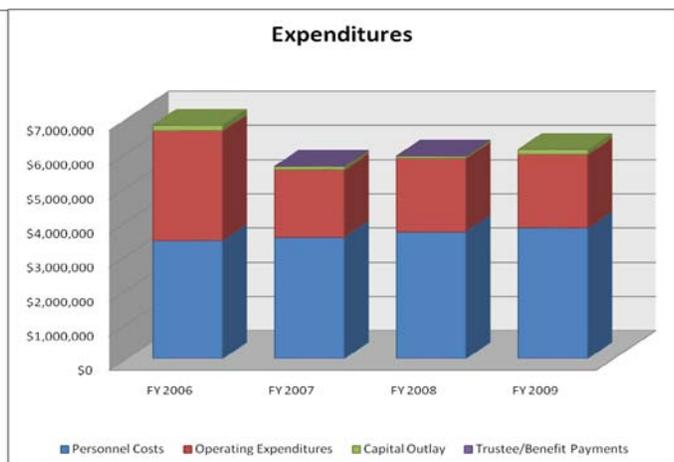
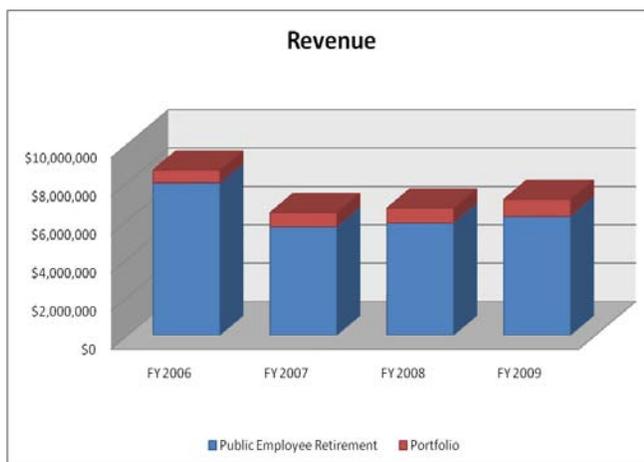
PERSI manages and administers retirement and disability benefits (including a 401(k) defined contribution plan) for public employees in the State of Idaho. Title 59, Chapter 13, Idaho Code.

PERSI manages and administers retirement and disability benefits for the Firefighters' Retirement Fund in the State of Idaho. Title 72, Chapter 14, Idaho Code. PERSI manages and administers the unused sick leave for public employees in the State of Idaho. Sections 33-1228, 33-2109A and 67-5339 Idaho Code.

Appropriation and Expenditures:

Appropriation	FY 2006	FY 2007	FY 2008	FY 2009
Public Employee Retirement	\$7,938,300*	\$5,640,900	\$5,839,800	\$6,178,800
Portfolio	\$672,800	\$745,000	\$781,600	\$897,800
Total	\$8,611,100	\$6,385,900	\$6,621,400	\$7,076,600
Expenditure	FY 2006	FY 2007	FY 2008	FY 2009
Personnel Costs	\$3,436,100	\$3,544,534	\$3,695,896	\$3,812,229
Operating Expenditures	\$3,221,300	\$1,970,508	\$2,159,021	\$2,153,968
Capital Outlay	\$159,100	\$93,340	\$54,851	\$137,801
Trustee/Benefit Payments	\$0	\$0	\$0	\$0
Total	\$6,816,500	\$5,608,382	\$5,909,768	\$6,103,998
Expenditures as % of Assets	0.484%	0.474%	0.490%	.494%

* includes \$2.2 million carry-forward from 2005



Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2006	FY 2007	FY 2008	FY 2009
PERSI Statistics				
Number of Active Members	67,389	68,568	69,961	70,601
Number of Retirees	28,181	29,426	31,168	32,361
Choice Plan Employee Contributors	9,202	9,743	12,612	10,013
Employer Units	692	701	711	723
Base Plan Benefits Paid*	\$415.3	\$434.5	\$497.0	\$535.9
Base Plan Assets*	\$9,444.3	\$11,257.9	\$10,659.7	\$8,848.4
Return on Investments	12.2%	20.0%	-4.2%	-16.0%

* Millions

Cases Managed and/or Key Services Provided	FY 2006	FY 2007	FY 2008	FY 2009
PERSI Services				
Retirement Estimates Calculated	9,468	11,196	13,355	15,867
Separation Benefits Paid (Cashed Out)	5,709	5,472	5,254	6,158
Members Receiving Retirement Education	4,234	5,663	5,352	3,632
Retirement Applications Processed	2,217	2,181	2,183	2,257
Disability Applications Processed	231	158	158	136
Employer Payroll Reports Processed	13,894	13,396	13,964	13,668

Performance Highlights

Emphasis on Education:

Employer program

Beginning with reorganization to provide a team dedicated to employer services, PERSI has increased the level of education and support to our employer reporting units. Staff continues to provide annual employer workshops around the state to address specific issues and provide direct education to employer payroll and HR staff. We have implemented a secure Web site dedicated to support of employers with searchable information and education modules for each reference, as well as room for expansion of service as may be requested by employers. We have upgraded the virtual “call center” for employers and members to get immediate answers to their questions by phone. In the next fiscal year we will expand employer training to ensure employer’s staff is aware of PERSI law, rules and benefits.

Member Education programs:

PERSI recognizes the need for individuals to begin planning for retirement early in their professional careers. PERSI offers a 401k plan to supplement members Base plan benefits. We believe that PERSI has a responsibility to help educate our members on issues that will impact their ability to retire. We have two programs that we began offering in 2008 “Planning for the Beach & “Cruising to the Beach”. We continue to experience a significant demand for our programs. Employers and members value the information and the fact that they can gain knowledge without a strong sales pitch.

Metrics:

From the update of the phone system, digital imaging and enhancements to our data system we have been able to assemble more metrics to measure the efficiency of our processes. This certainly is a work in progress which we continue to enhance. We subscribe to a survey of other state pension plans that detail their process efficiency metrics which we are able to benchmark against. Their philosophy, which we have accepted, is “What gets measured gets managed.”

Customer Service:

PERSI is committed to a high level of customer service. To measure that level of service we will continue to upgrade our member and employer surveying tools. In this next year we will be reviewing our survey process and topics to ensure we are surveying the correct service delivery and asking the right questions.

Funding Status:

PERSI’s objective is to accumulate sufficient assets to ensure there will be funds available to meet current and future benefit obligations to members on a timely basis. As of June 30, 2008, the PERSI Base Plan had a funded ratio of 93.3% of the Actuarial Accrued Liability with the unfunded liability amortized over 15.6 years. The unfunded Actuarial Accrued Liability at that time was \$749 million. The 2009 funded status has not been determined by the PERSI actuary at this time but estimates from the actuarial model indicate a FY09 funding ratio of about 73.4% before COLA with an amortization period over 100 years. The decrease in funding status primarily resulted from a -16.0% return on assets for the fiscal year.

Part II – Performance Measures

Performance Measure	2006	2007	2008	2009	Benchmark
1. Overall Satisfaction Level of Members	92%	99%	99%	99%	90%+
2. Overall Satisfaction Level of Employers	92%	94.5%	84%	92%	90%
3. Number of Employee Education Sessions Per Year	160	228	183	144	N/A
4. Average Wait Time For Calls (sec)	18	23	27	27	25
5. Percentage of Retirees Who Receive their first annuity payment on their first eligibility date	95%	95%	94%	96%	95%
6. Percentage of calls handled without transfer	N/A	81.4%	84%	87%	80%
7. Number of business days to produce an written estimate of benefits after request	7	6	5	4.9	5
8. Number of days to produce a separation benefit after receipt of documentation	7	7	7	4.6	7
9. Average Number of days after receipt to process Employer Transmittals.	2.4	2.7	2.4	2.4	3
10. Total Expenses as % of Assets	0.494%	.0474%	0.490%	0.494%	.50%

Performance Measure Explanatory Note:

1. We adjusted our survey process to assess member satisfaction more timely in 2007. We now provide members with a survey immediately preceding their visit or contact.
2. The satisfaction of employers is measured based on a variety of components and those may not be the same each and every year. In 2007 the focus was on the new employer Training program that was rolled out during the annual employer meetings. In 2008 we mailed out a survey to our employers which resulted in a lower but still valid response rate. The response rate was 50%, which was much lower than prior years when a more direct survey method was used. Our intent is to continue the mailed surveys in the future.
3. The number of education programs decreased in 2009 as our four hour program was expanded to seven hours. Prior to this expansion, our educators conducted two half day programs per day. Currently, we provide one seven hour comprehensive program per day.
4. The average wait time remained above our bench mark. The wait times were impacted by an increase in the volume of calls, calls requiring more time and short-staffed during a portion of the fiscal year.
5. In 2008 our "retirement specialist" who processes final retirements was planning to retire. We began a cross training program and our service slipped slightly. In 2009 our cross training program improved our performance.

6. Our call center turnover stabilized in 2008 as a result we were able to take advantage of staff training to handle the majority of member calls. Our staff performance continued to improve in 2009.
7. WorkFlow and our Phone System have enabled us to stay on top of work loads while providing valuable information input into our member records. The end result is our ability to achieve our benchmark.
8. We continue to achieve our benchmark.
9. WorkFlow and our Phone System enable us to continue to provide a high level of service to our employers. We continue to refine our training program offered to employers when they experience turnover in their payroll departments.
10. This measure of total expenses includes all expenses, both appropriated and non-appropriated, from the PERSI trust. The actuary assumes 50 basis points (a basis point = 0.01%) for expenses and this has become the long range budget goal for the PERSI Board.

For More Information Contact

William Oldham
Deputy Director
Public Employee Retirement System of Idaho (PERSI)
607 N. 8th Street
PO Box 83720
Boise, ID 83720-0078
Phone: (208) 287-9269
E-mail: bill.oldham@persi.idaho.gov