

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 two defined benefit retirement plans - the PERSI Base Plan and the Firefighters' Retirement Fund (FRF), and a defined contribution plan - the PERSI Choice 401(k) Plan which has a 414(k) component (for gain-sharing contributions from the PERSI Base Plan). 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.

In recent years PERSI has worked to upgrade its technological infrastructure by completing a data cleansing project in preparation for the implementation of a new line of business software system to replace the current system in place for over 10 years. The new system will help to streamline processes, increase customer satisfaction, reduce redundancies within the organization, and improve online functionality.

PERSI employs 63 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.

Recently PERSI's management team developed a strategic plan for accomplishing short- and long-term objectives. 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

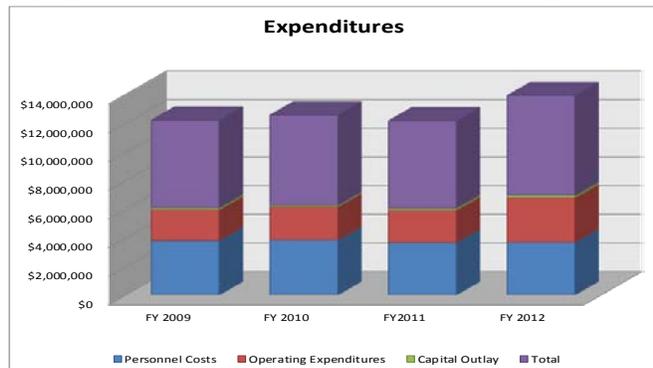
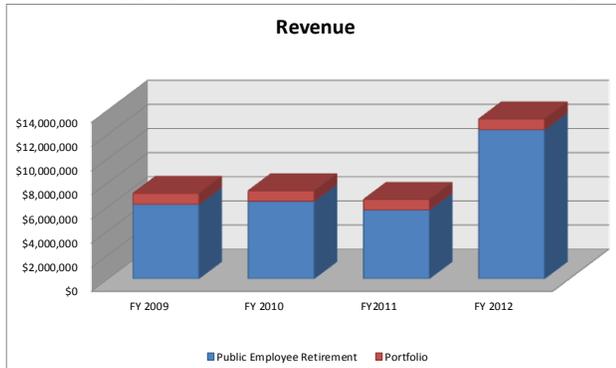
PERSI manages and administers retirement and disability benefits (including a 401(k) defined contribution plan) for public employees in the State of Idaho. Title 59, Chapter 13, Idaho Code.

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 2009	FY 2010	FY 2011	FY 2012
Public Employee Retirement*	\$6,178,800	\$6,431,700	\$5,712,300	\$12,364,500
Portfolio	\$897,800	\$863,600	\$857,300	\$875,000
Total	\$7,076,600	\$7,295,300	\$6,569,600	\$13,239,500
Expenditure	FY 2009	FY 2010	FY 2011	FY 2012
Personnel Costs	\$3,812,229	\$3,845,763	\$3,670,488	\$3,695,289
Operating Expenditures	\$2,153,968	\$2,322,287	\$2,257,681	\$3,101,331
Capital Outlay	\$137,801	\$110,410	\$152,369	\$161,956
Total	\$6,103,998	\$6,278,460	\$6,080,538	\$6,958,576
Expenditures as % of Assets	.494%	.488%	.453%	.488

*FY 2012 appropriation includes \$6.5 million for multi-year I.T. project, most of which was encumbered at fiscal year-end 2012.



Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2009	FY 2010	FY 2011	FY 2012
PERSI Statistics				
Number of Active Members	70,601	70,068	66,776	65,990
Number of Retirees	32,361	33,934	35,663	37,452
Choice Plan Employee Contributors	10,013	10,381	10,523	10,178
Employer Units	723	730	742	752
Base Plan Benefits Paid (millions)	\$535.9	\$572.2	\$616.6	\$619.5
Base Plan Assets (millions)	\$8,888.4	\$9,847.0	\$11,673.4	\$11,617.4
Return on Investments	-16.0%	12.4%	20.7%	1.6%

Cases Managed and/or Key Services Provided	FY 2009	FY 2010	FY 2011	FY 2012
PERSI Services				
Retirement Estimates Calculated	15,867	15,626	16,494	18,179
Separation Benefits Paid (Cashed Out)	6,158	3,903	3,910	3,935
Members Receiving Retirement Education	3,632	2,493	2,723	2,402
Retirement Applications Processed	2,257	2,431	2,681	2,819
Disability Applications Processed	136	154	160	285
Employer Payroll Reports Processed	13,668	14,567	14,785	15,107

Performance Highlights

Emphasis on Education:

Employer program

PERSI continues to focus on employer education to provide a better understanding of the features and benefits of both the Base Plan and the Choice 401(k) Plan. In addition, PERSI has begun educating employers on the benefits and updated reporting requirements for the new IRIS line-of-business software program that is scheduled for release in 2013. PERSI has held in-person workshops around the State and has invited all employers to attend. These workshops compliment our existing employer education program which includes one-on-one training, site visits, and retirement workshops.

Member Education programs:

PERSI recognizes the need for individuals to begin planning for retirement early in their professional careers. PERSI offers a defined contribution 401(k) Choice Plan to supplement members' defined benefit Base Plan. We believe that PERSI has a responsibility to help educate our members on issues that will impact their ability to retire comfortably. In addition to our 6 hour "Retirement's a Beach" workshop which is intended for members approaching retirement, we also offer two programs that we have offered since 2008: "Planning for the Beach" & "Cruising to the Beach" which are also available on the PERSI's web, You Tube and Facebook websites. We continue to experience a significant demand for each of these programs. Employers and members value the information and appreciate the fact that PERSI workshops provide useful information but no sales pitch.

Metrics:

PERSI monitors a broad range of performance indicators from each functional unit in the organization. These metrics are combined into a 'big picture' report that provides monthly performance comparisons to previous periods and 12-month averages. In addition, a quarterly version of the report compares quarterly averages to the same quarter of the previous year. PERSI participates in a performance-benchmarking survey of other government pension plans that provide process efficiency benchmarks to show how our performance compares to other pension plans. The philosophy of the benchmarking firm, which we have adopted, is "What gets measured gets managed."

Customer Service:

PERSI is dedicated to providing customers quick and efficient service that makes a positive impression. Our goal for every customer interaction is to provide accurate service as quickly as reasonably possible in a manner that is convenient to the customer. As our membership grows in number, and customer transactions increase, we are committed to maintaining and increasing the quality of our service. While we implement technological innovations to help us meet our service goals, we don't leave out the 'human touch' which our customers expect.

Funding Status:

PERSI's objective is to accumulate sufficient assets to ensure funds will be available to meet current and future benefit obligations to members on a timely basis. As of June 30, 2011, the PERSI Base Plan had a funded ratio of 90.2% of the Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability (UAAL) at that time was \$1.4 billion and the amortization period of the UAAL was less than 10 years.

Investment performance for Fiscal Year 2012 was relatively flat following the strong performance of 2010 and 2011. The 2012 funded status has not been determined by the PERSI actuary at this time but estimates from the actuarial model predict a funded ratio of about 84.2% before COLA. The decrease is partially due to the 1.6% investment performance and partially attributable to a change in the actuarial assumptions for investment returns. Effective Fiscal Year 2012 the PERSI Board of Directors reduced the investment return assumption from 7.25% to 7.0%, net of all fees and expenses, which increased the level of funding needed to meet future obligations and thus reduced the funded ratio.

Part II – Performance Measures

Performance Measure	2009	2010	2011	2012	Benchmark
1. Overall Satisfaction Level of Members	99%	100%	99%	Not measured	90%+
2. Overall Satisfaction Level of Employers	92%	Not measured	Not measured	90%+	90%
3. Number of Employee Education Sessions Per Year	144	104	130	100	N/A
4. Average Wait Time For Calls (sec)	27	35.2	31	30	25
5. Percentage of Retirees Who Receive their first annuity payment on their first eligibility date	96%	96%	96%	96%	95%
6. Percentage of calls handled without transfer	87%	84.6%	85.7%	84.0%	80%
7. Number of business days to produce a written estimate of benefits after request	4.9	4.9	5.4	5.0	5
8. Number of days to produce a separation benefit after receipt of documentation	4.6	7.3	6.2	7.0	7
9. Average Number of days after receipt to process Employer Transmittals.	2.4	2.5	2.6	2.6	3
10. Total Expenses as % of Assets	0.494%	0.488%	0.453%	0.488%	.50%

Performance Measure Explanatory Notes:

Performance Measure 1: For Fiscal Year 2012, PERSI suspended customer satisfaction surveying of members. It was determined that the value of the information collected from the surveys and the amount of staff time involved in entering responses and compiling results was not the best use of agency resources at this time. We are currently evaluating options for measuring member satisfaction including web surveys and outsourced surveying.

Performance Measure 2: Although we did not conduct a methodical survey, our Retirement Specialists, Training Specialists and Employer Service Center staff have paid on-site visits to 490 of our 752 employers in the last two years. We find this approach has produced more meaningful feedback and is a better use of staff resources than the mail-in survey campaigns conducted in the past. Based on the input received in face-to-face visits with our employers, we can report that we are meeting or exceeding the benchmark.

Performance Measure 3: PERSI trainers present three different training workshops for members in different stages of their careers. The "Retirement's a Beach" workshop for people near retirement is very popular and the workshops are always full. The "Planning for the Beach" and "Cruisin' to the Beach" workshops for people in early and middle stages of their career members are less popular and attendance at workshops has often been two or three people. So this year, these workshops were made into video recordings that are now offered on the PERSI website, *YouTube* and DVD. The number of classroom presentations was reduced, as indicated in the performance measure. Website statistics indicate the videos are popular and the message is reaching more people than before. By reducing the workshops and associated travel time, the trainers are able to devote time to educating employers about changes coming with the new pension system.

Performance Measure 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 is also the long range budget goal set by the PERSI Board.

For More Information Contact

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