

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.

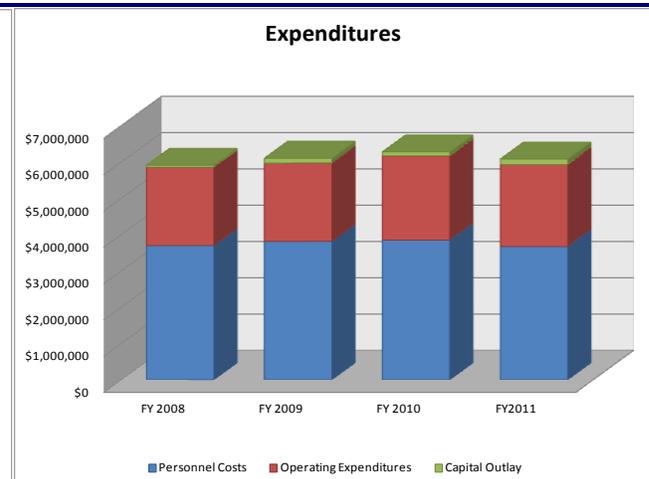
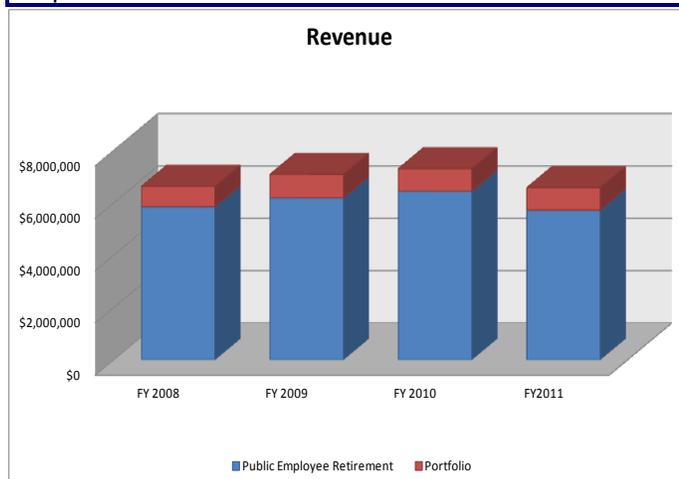
Core Functions/Idaho Code

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 2008	FY 2009	FY 2010	FY2011
Public Employee Retirement	\$5,839,800	\$6,178,800	\$6,431,700	\$5,712,300
Portfolio	\$781,600	\$897,800	\$863,600	\$857,300
Total	\$6,621,400	\$7,076,600	\$7,295,300	\$6,569,600
Expenditure	FY 2008	FY 2009	FY 2010	FY2011
Personnel Costs	\$3,695,896	\$3,812,229	\$3,845,763	\$3,670,488
Operating Expenditures	\$2,159,021	\$2,153,968	\$2,322,287	\$2,257,681
Capital Outlay	\$54,851	\$137,801	\$110,410	\$152,369
Total	\$5,909,768	\$6,103,998	\$6,278,460	\$6,080,538
Expenditures as % of Assets	0.490%	.494%	.488%	.453%



Profile of Cases Managed and/or Key Services Provided*Cases Managed and/or Key Services Provided	FY 2010			
	FY 2008	FY 2009	FY 2010	FY2011
PERSI Statistics				
Number of Active Members	66,765	67,813	67,020	66,776
Number of Retirees	31,168	32,361	33,934	35,663
Choice Plan Employee Contributors	10,286	10,013	10,381	10,523
Employer Units	711	723	730	742
Base Plan Benefits Paid (millions)	\$497.0	\$535.9	\$572.2	\$616.6
Base Plan Assets (millions)	\$10,695.2	\$8,888.4	\$9,847.0	\$11,673.4
Return on Investments	-4.2%	-16.0%	12.4%	20.7%

Cases Managed and/or Key Services Provided	FY 2008	FY 2009	FY 2010	FY2011
PERSI Services				
Retirement Estimates Calculated	15,795	15,867	17,212	16,494
Separation Benefits Paid (Cashed Out)	5,254	6,158	3,903	3,910
Members Receiving Retirement Education	5,352	3,632	2,493	2,723
Retirement Applications Processed	2,183	2,257	2,431	2,681
Disability Applications Processed	158	136	154	160
Employer Payroll Reports Processed	13,964	14,298	14,567	14,785

*Due to the completion of a recent extensive data cleansing project, some numbers have been changed, as reported in years past, to more accurately reflect PERSI statistics and services.

Performance Highlights

Emphasis on Education:

Employer Education Program

PERSI recently kicked off a new employer education campaign with focus on helping employers better understand the features and benefits of both the Base Plan and the Choice 401(k) Plan. The campaign began with development of new Choice Plan informational materials which help employers answer employee questions. The main intention of this campaign is to build a strong rapport with employers through personal visits from PERSI representatives. We aim to increase interest in supplemental retirement savings and to elevate the knowledge of employers. PERSI trainers and other staff are providing one-on-one training to employers on a wide variety of topics including eligibility, reporting, rehiring retired members, forms, the on-line guide, and the many tools and information sources available on PERSI's web site. We have also developed a convenient checklist which will help employers with their reporting responsibilities.

Member Education Programs:

PERSI recognizes the need for individuals to begin planning for retirement early in their professional careers. PERSI offers a 401(k) 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 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, 2010, the PERSI Base Plan had a funded ratio of 78.9% of the Actuarial Accrued Liability and the unfunded liability amortization period was 17.5 years. The unfunded Actuarial Accrued Liability at that time was \$2.56 billion. The 2011 funded status has not been determined by the PERSI actuary at this time but estimates from the actuarial model indicate a FY11 funding ratio of about 91.0%. The improvement in funding status primarily resulted from a 20.7% return on assets for the fiscal year.

Part II – Performance Measures

Performance Measure	2008	2009	2010	2011	Benchmark
1. Overall Satisfaction Level of Members	99%	99%	100%	99%	90%+
2. Overall Satisfaction Level of Employers	84%	92%	Not measured	Not measured	90%
3. Number of Employee Education Sessions Per Year	183	144	104	130	N/A
4. Average Wait Time For Calls (sec)	27	27	35	31	60
5. Percentage of Retirees Who Receive their first annuity payment on their first eligibility date	94%	96%	96%	96%	95%
6. Percentage of calls handled without transfer	84%	87%	84.6%	85.7	80%
7. Number of business days to produce a written estimate of benefits after request	5	4.9	4.9	5.4	5
8. Number of days to produce a separation benefit after receipt of documentation	7	4.6	7.3	6.2	7
9. Average Number of days after receipt to process Employer Transmittals.	2.4	2.4	2.5	2.6	3
10. Total Expenses as % of Assets	0.490%	0.494%	0.488%	0.453%	.50%

Performance Measure Explanatory Notes:

Performance Measure 2: The satisfaction of employers is evaluated on a variety of components and those may not be the same from year to year. In 2007 the focus was on the new Employer Training Program that was rolled out during the annual employer meetings. In 2008 and 2009 we mailed out a survey to our employers which resulted in a lower but still valid response rate. In FY2011, we did not survey for employer satisfaction as we are remodeling our employer service offerings to increase on-site visits and personal contact.

Performance Measure 5: This indicator is the key measure of customer service for our Retirement Center. The benchmark is high and difficult to surpass because of the many complexities that can delay a retirement application. Our Retirement Center surpassed the benchmark again in 2011.

Performance Measure 6: Performance remained above the benchmark and the call center staff members are focused on improving this number again in FY 2012.

Performance Measure 7: Our automated workflow management system and integrated digital telephone system have enabled us to stay on top of work loads while spending considerable time verifying and correcting data in our member records. Consequently we have been able to maintain a high service level while processing a continuously increasing number of transactions.

Performance Measure 8: Performance fell below the benchmark in FY 2010 as we concentrated more on verifying the member is eligible to take a withdrawal and less on expediting the disbursement. With our efforts

to reduce ineligible separation payments, which may include requiring a waiting period for separations, this benchmark is likely to change. For 2011 we are better than the benchmark again.

Performance Measure 9: Our Employer Service Center staff members have considerable knowledge and experience which enable us to provide a high level of service to our employers. We continue to refine our training program offered to employers which will help reduce the amount of manual intervention required to process employer transmittals.

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 total expenses and this has become the long range budget goal for the PERSI Board.

For More Information Contact

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