

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 three defined benefit retirement plans - the PERSI Base Plan, the Firefighters' Retirement Fund (FRF), and the Judges' Retirement Fund (JRF), 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). 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. PERSI also administers the Sick Leave Insurance Reserve Trust Fund.

PERSI employs 64 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.

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 2011	FY 2012	FY 2013	FY 2014
Public Employee Retirement*	\$5,712,300	\$12,364,500	\$12,569,300	\$5,980,400
Portfolio	<u>\$857,300</u>	<u>\$875,000</u>	<u>\$872,700</u>	<u>\$880,600</u>
Total	\$6,569,600	\$13,239,500	\$13,442,000	\$6,861,000
Expenditure	FY 2011	FY 2012	FY 2013	FY 2014
Personnel Costs	\$3,670,488	\$3,695,289	\$3,918,047	\$4,051,671
Operating Expenditures	\$2,257,681	\$3,101,331	\$4,093,945	\$2,284,563
Capital Outlay	<u>\$152,369</u>	<u>\$161,956</u>	<u>\$346,629</u>	<u>\$90,964</u>
Total	\$6,080,538	\$6,958,576	\$8,358,621	\$6,427,198

*The FY2012 and FY2013 appropriations included \$6.5 million each for a multi-year I.T. project, most of which was encumbered at fiscal year-end 2012 and 2013 respectively.

**Encumbered expenditures during FY2014 of \$2,970,382 are not included above.

Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2011	FY 2012	FY 2013	FY 2014
PERSI Statistics				
Number of Active Members	66,776	65,990	66,057	66,452
Number of Retirees	35,663	37,452	39,326	41,178
Choice Plan Employee Contributors	10,523	10,178	11,017	11,427
Employer Units	742	752	756	764
Base Plan Benefits Paid (millions)	\$616.6	\$619.5	\$659.4	\$703.2
Base Plan Assets (millions)	\$11,673.4	\$11,617.4	\$12,386.8	\$14,217.1
Return on Investments	20.7%	1.6%	9.1%	17.2%

Cases Managed and/or Key Services Provided	FY 2011	FY 2012	FY 2013	FY 2014
PERSI Services				
Retirement Estimates Calculated	16,494	18,179	18,156	18,148
Separation Benefits Paid (Cashed Out)	3,910	3,935	4,130	3,834
Members Receiving Retirement Education	2,723	2,402	1,878	3,087
Retirement Applications Processed	2,681	2,819	2,865	2,886
Disability Applications Processed	160	285	206	170
Employer Payroll Reports Processed	14,785	15,107	15,666	16,097

Performance Highlights**Technology:**

PERSI is currently working on upgrading its technological infrastructure by implementing a new line of business software system, called IRIS (Idaho's Retirement Information System) to replace the current system which is over 14 years old. The new system will help to streamline processes, increase customer satisfaction, reduce redundancies within the organization, and improve online functionality.

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, 2013, the PERSI Base Plan had a funded ratio of 85.3% of the Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability (UAAL) at that time was \$2.074 billion and the amortization period of the UAAL was 13.1 years. According to the PEW Center for the States, 80% or better is considered to be a solid funded status.

Fiscal Year 2014 saw investment performance improve, achieving all-time asset highs and a solid double digit return estimated at 17.2%, and final asset value in the PERSI Fund of \$14.687 billion. The 2014 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 94% and an amortization period for the UAAL of 5.3 years.

Part II – Performance Measures

Performance Measure	2011	2012	2013	2014	Benchmark
1. Total Service Score	81%	81%	84%	83%	79%
2. Number of Employee Education Sessions Per Year	130	100	101	102	N/A
3. Average Wait Time For Calls (sec)	31	30	32	31	25

Performance Measure	2011	2012	2013	2014	Benchmark
4. Percentage of Retirees Who Receive their first annuity payment on their first eligibility date	96%	96%	96%	90%	95%
5. Percentage of calls handled without transfer	85.7%	84.0%	83.4%	82.5%	80%
6. Number of business days to produce a written estimate of benefits after request	5.4	5.0	5.0	5.0	5
7. Number of days to produce a separation benefit after receipt of documentation	6.2	7.0	7.0	7.0	7
8. Average Number of days after receipt to process Employer Transmittals.	2.6	2.6	2.4	3.2	3
9. Total Expenses as % of Assets	0.453%	0.422%	0.398%	0.392%	.50%

Performance Measure Explanatory Notes:

Performance Measure 1: Total Service Score is a weighted average of service scores on activities including member transactions, member communication, and quality indicators as defined by a third party CEM Benchmarking Inc. The benchmark is the peer median of 12 comparable US pension systems.

Performance Measure 2: PERSI trainers present several 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. Additional workshops geared toward employees in earlier stages of their careers include “Planning for the Beach”, “Cruisin’ to the Beach”, “The Value of Your Benefit”, and “New Employee Orientation”.

Performance Measure 9: 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. The expense ratio for FY2012 has been restated because of a change in accounting principle.

For More Information Contact

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