

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. The Choice Plan currently has over \$340 million in assets.

In recent years PERSI has worked to upgrade its technological infrastructure by implementing new technology that provides the capabilities to digitally image all member records and automate workflow routing, tracking and management. The telephone system was replaced with a new "voice over IP" system with sophisticated call center management capabilities for efficient customer service, and PERSI has migrated much of its network applications and services from dedicated servers to a more efficient virtual environment.

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.

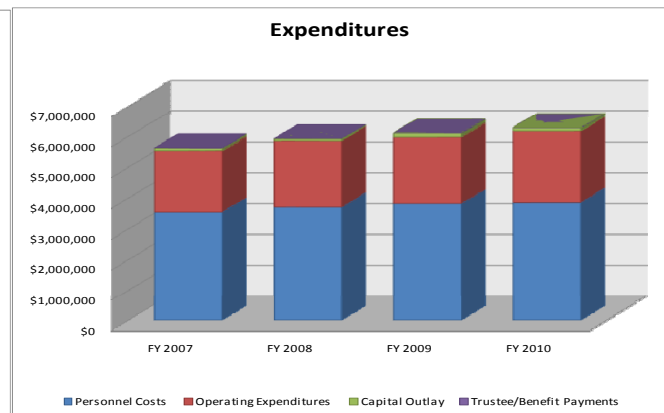
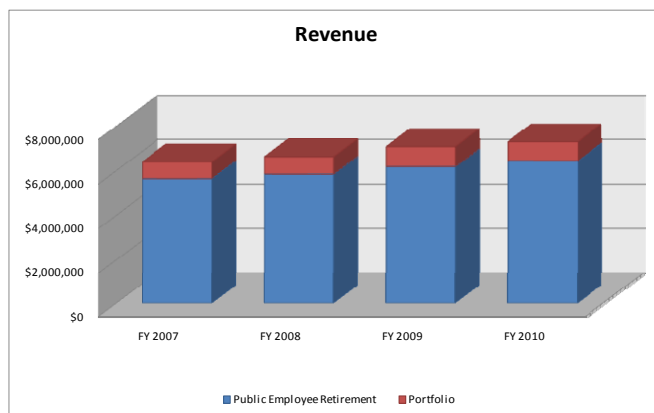
Core Functions/Idaho Code

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 2007	FY 2008	FY 2009	FY 2010
Public Employee Retirement	\$5,640,900	\$5,839,800	\$6,178,800	\$6,431,700
Portfolio	\$745,000	\$781,600	\$897,800	\$863,600
Total	\$6,385,900	\$6,621,400	\$7,076,600	\$7,295,300
Expenditure	FY 2007	FY 2008	FY 2009	FY 2010
Personnel Costs	\$3,544,534	\$3,695,896	\$3,812,229	\$3,845,763
Operating Expenditures	\$1,970,508	\$2,159,021	\$2,153,968	\$2,322,287
Capital Outlay	\$93,340	\$54,851	\$137,801	\$110,410
Total	\$5,608,382	\$5,909,768	\$6,103,998	\$6,278,460
Expenditures as % of Assets	0.474%	0.490%	.494%	.488%



Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2007	FY 2008	FY 2009	FY 2010
PERSI Statistics				
Number of Active Members	68,568	69,961	70,601	70,068
Number of Retirees	29,426	31,168	32,361	33,934
Choice Plan Employee Contributors	9,743	12,612	10,013	10,381
Employer Units	701	711	723	730
Base Plan Benefits Paid (millions)	\$434.5	\$497.0	\$535.9	\$572.2
Base Plan Assets (millions)	\$11,258.0	\$10,695.2	\$8,888.4	\$9,847.0
Return on Investments	20.0%	-4.2%	-16.0%	12.4%

Cases Managed and/or Key Services Provided	FY 2007	FY 2008	FY 2009	FY 2010
PERSI Services				
Retirement Estimates Calculated	11,196	13,355	15,867	15,626
Separation Benefits Paid (Cashed Out)	5,472	5,254	6,158	3,903
Members Receiving Retirement Education	5,663	5,352	3,632	2,493
Retirement Applications Processed	2,181	2,183	2,257	2,431
Disability Applications Processed	158	158	136	154
Employer Payroll Reports Processed	13,396	13,964	13,668	14,567

Performance Highlights**Emphasis on Education:****Employer 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 are providing one-on-one training to employers on 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, 2009, the PERSI Base Plan had a funded ratio of 73.3% of the Actuarial Accrued Liability with the unfunded liability amortization period exceeding 100 years. The unfunded Actuarial Accrued Liability at that time was \$3.03 billion. The 2010 funded status has not been determined by the PERSI actuary at this time but estimates from the actuarial model indicate a FY10 funding ratio of about 77.0% before COLA. The improvement in funding status primarily resulted from a 12.4% return on assets for the fiscal year.

Part II – Performance Measures

Performance Measure	2007	2008	2009	2010	Benchmark
1. Overall Satisfaction Level of Members	99%	99%	99%	100%	90%+
2. Overall Satisfaction Level of Employers	94.5%	84%	92%	Not measured	90%
3. Number of Employee Education Sessions Per Year	228	183	144	104	N/A
4. Average Wait Time For Calls (sec)	23	27	27	35.2	25
5. Percentage of Retirees Who Receive their first annuity payment on their first eligibility date	95%	94%	96%	96%	95%
6. Percentage of calls handled without transfer	81.4%	84%	87%	84.6%	80%
7. Number of business days to produce a written estimate of benefits after request	6	5	4.9	4.9	5
8. Number of days to produce a separation benefit after receipt of documentation	7	7	4.6	7.3	7
9. Average Number of days after receipt to process Employer Transmittals.	2.7	2.4	2.4	2.5	3
10. Total Expenses as % of Assets	.0474%	0.490%	0.494%	0.488%	.50%

Performance Measure Explanatory Notes:

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 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 FY2010, we did not survey for employer satisfaction as we are remodeling our employer service offerings to increase on-site visits and personal contact.

3. The number of education programs decreased in 2009 and 2010 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. Two experienced call center staff members moved to different positions and were replaced with new hires. The decrease in experience compounded by increases in call volume and average call duration, resulted in a drop in performance in FY 2010. The average call wait time remained above our benchmark.
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 2010.
6. Performance remained above the benchmark and the call center staff members are focused on improving this number in FY 2011 as the new members gain knowledge and experience.
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.
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.
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.
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

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