

## Part I – 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 66 staff, working in three locations: Boise, Pocatello, and Coeur d'Alene. It is headquartered at 607 North 8<sup>th</sup> 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 Judges' Retirement System in the State of Idaho. Title 1, Chapter 20, 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.

### Revenue and Expenditures

Revenue	FY 2013	FY 2014	FY 2015	FY 2016
Retirement Administration*	\$12,569,300	\$5,980,400	\$6,218,000	6,462,200
Portfolio Investment	<u>\$872,700</u>	<u>\$880,600</u>	<u>\$901,100</u>	<u>922,300</u>
<b>Total</b>	<b>\$13,442,000</b>	<b>\$6,861,000</b>	<b>\$7,119,100</b>	<b>\$7,384,500</b>
Expenditures	FY 2013	FY 2014	FY 2015	FY 2016
Personnel Costs	\$3,918,047	\$4,051,671	\$3,852,583	4,064,865
Operating Expenditures**	\$4,093,945	\$2,284,563	\$2,212,698	2,565,770
Capital Outlay	<u>\$346,629</u>	<u>\$90,964</u>	<u>\$222,020</u>	<u>269,155</u>
<b>Total</b>	<b>\$8,358,621</b>	<b>\$6,427,198</b>	<b>\$6,287,301</b>	<b>\$6,899,790</b>

\*The FY2012 and FY2013 appropriations included \$6.5 million each for a multi-year IT project. IT Project encumbrance balances are carried forward each year. \*\*The FY 2016 IT project expenditures of \$2,414,196 are not included above. Other 2015 encumbered expenditures paid during FY2016 of \$230,818 are not included above.

## Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2013	FY 2014	FY 2015	FY 2016
<b>PERSI Statistics</b>				
Number of Active Members	66,057	66,452	67,183	68,654
Number of Retirees	39,326	41,178	43,053	44,637
Choice Plan Employee Contributors	11,017	11,427	12,427	13,178
Employer Units	756	764	766	776
DB Plan Benefits Paid (millions)	\$659.4	\$703.2	\$796.6	\$850.5
DB Plan Assets (millions)	\$12,386.8	\$14,217.1	\$14,420.6	\$14,341.7
Return on Investments	9.1%	17.2%	3.0%	1.85%
<b>PERSI Services</b>				
Retirement Estimates Calculated	18,156	18,148	20,356	19,819
Separation Benefits Paid (Cashed Out)	4,130	3,834	3,109	3,280
Members Receiving Retirement Education	1,878	3,087	7,598	6,617
Retirement Applications Processed	2,865	2,886	2,972	2,773
Disability Applications Processed	206	170	166	163
Employer Payroll Reports Processed	15,666	16,097	16,802	17,006

## Performance Highlights

### Technology:

PERSI is in the final weeks of a multi-year project to replace the pension administration system which is more than fifteen years old. The new system, which we are calling the Idaho Retirement Information System (IRIS), is being customized and configured by the vendor, Tegrit Software Ventures. IRIS will be rolled out in three phases. Phase I, Employer Reporting, was put in production in May of 2013, at which time PERSI began the process of converting the 760+ employers to the new system. The process was a significant task, but the last employer completed the transition in July, 2015. The other two phases are Member Administration and Member Self-Service Portal, which are scheduled to be rolled out consequently in September of 2016.

## Part II – Performance Measures

Performance Measure		FY 2013	FY 2014	FY 2015	FY 2016	Current Year
<b>Customer Service</b>						
1. Average wait time for calls (sec)	actual	32	31	30	50	-----
	benchmark	25	25	25	25	25
2. Percentage of calls handled without transfer	actual	83.4%	82.5%	81.8%	84.0%	-----
	benchmark	80%	80%	80%	80%	80%
3. Percentage of retirees who receive their first annuity payment on their first eligibility date	actual	96%	90%	92%	94%	-----
	benchmark	95%	95%	95%	95%	95%
4. Number of business days to produce a written estimate of benefits after request	actual	5	5	5	5	-----
	benchmark	5	5	5	5	5
5. Number of days to produce a separation benefit after receipt of documentation	actual	7	7	7	7	-----
	benchmark	7	7	7	7	7
6. Average Number of days after receipt to process Employer Transmittals	actual	2.4	3.2	3.5	3.0	-----
	benchmark	3	3	3	3	3

Performance Measure		FY 2013	FY 2014	FY 2015	FY 2016	Current Year
7. Total Service Score	actual	84%	83%	79%	79%	-----
	benchmark	79%	79%	79%	79%	79%
<b>Education</b>						
8. Number of employee education sessions per year	actual	101	102	338	270	-----
	benchmark	N/A	N/A	N/A	N/A	N/A
<b>Trust</b>						
9. Total expenses as % of assets	actual	0.398%	0.392%	0.376%	0.357%	-----
	benchmark	.50%	.50%	.50%	.50%	.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 workshop underwent significant revision in 2015 replacing former workshops with: **Ready...** - targeting members new to PERSI; **Set?** – focused on vested members; and **GO!** – intended for those approaching retirement. Trainers presenting workshops at employers’ on-site locations in addition to fixed off-site venues throughout Idaho.

**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.

#### For More Information Contact

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