



PERSpectives



Fourth Quarter 2015

Public Employee Retirement System of Idaho

GETTING IT RIGHT

-- a message from the Chairman of the Board --



Jody B. Olson
Chairman of the Board

The Public Employee Retirement System of Idaho (PERSI) serves more than 140,000 members, and is celebrating 50 years of providing a secure retirement for Idaho's public servants. I have been a member of the Retirement Board nearly 30 years, most as Chairman. In a time where our peer systems in other states face

incredible challenges and intense scrutiny, PERSI is rock solid and ready to take on whatever the future may hold. Performing as fiduciaries with an "eye single" to the interests of our members and the fund, one simple idea has helped us overcome many challenges -- *getting it right*. In the pension administration business, getting it right can be an arduous and long-term proposition.

I was first appointed to the Board by Governor Andrus in 1987. PERSI managed just over \$1 billion and was significantly underfunded (67%). Following the road map set forth by the Legislature, and exercising wise judgment, the Board went to work stabilizing and fortifying the fund, readying it to negotiate inevitable, yet unpredictable market swings of the future. Fast forward to 1999; we had \$6 billion in assets and were 113% funded. Two recessions later,

we ended our latest fiscal year just below \$15 billion and 90% funded - one of the healthiest systems in the country. We are getting it right.

Getting it right sometimes brings added responsibility. In 1980, at the direction of the Legislature, PERSI took over administration of what was then a failing and woefully underfunded (20%) Firefighters' Retirement Fund (FRF). After a calculated and long (35 years) struggle, PERSI has righted the FRF ship, and today the FRF is over 100% funded, ready to provide a secure retirement for every last member.

"...getting it right can be an arduous and long-term proposition."

Having proven again we know how to get it right, PERSI has received another challenging assignment from the Legislature. Similar to the FRF back in 1980, PERSI has been directed to take on the administration of another struggling system - this time the Judges' Retirement Fund (JRF). We are back to square one, and it will take a concerted effort by the members, the Legislature, and PERSI to turn this fund around, and much like it was with the FRF, the first few years of stabilization will require tough decisions and careful monitoring. I can promise you this -- if we are diligent, we will fully fund the JRF like we did the FRF. We will again *get it right*.

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Insights

PERSI MEMBERSHIP AND IMPACT ON IDAHO ECONOMY

Each fall, PERSI reviews and compiles membership data, using actuarial and statistical studies, as well as research provided by the National Institute on Retirement Security. Here is a great, quick resource for you. Feel free to share it with friends, family, or anyone else you think might benefit from knowing the value your Public Employee Retirement System of Idaho brings to the people of Idaho!



Retirees

- **Number of Retirees: 42,657**
- **Annual Retiree Payroll: \$751.4 million**
 - **\$672.3 million paid to retirees with Idaho addresses (89.5%)**
- **Average Monthly Benefit: \$1473**
- **Average Years of Service: 18.9**
- **Average Age at Retirement: 61.3**
 - Teachers: 60.8
 - General Members: 62.2
 - Public Safety Officers 56.4

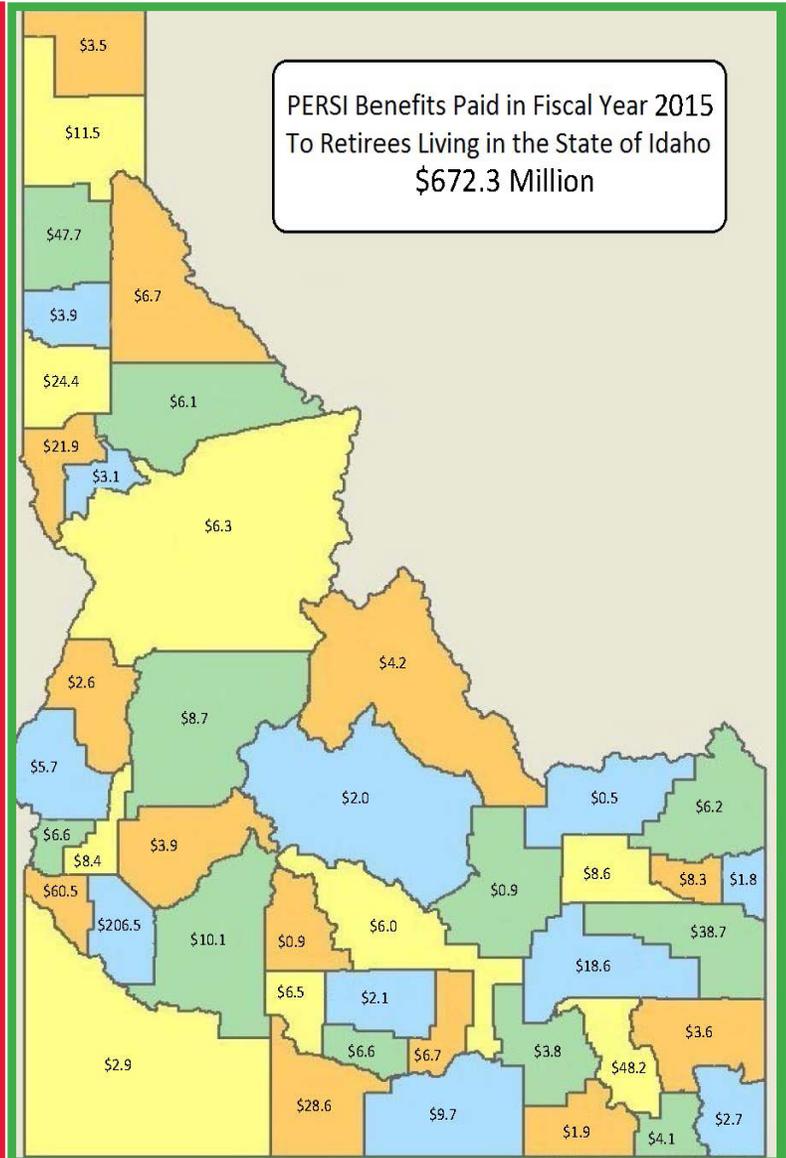
Active Members

- **Number of Active Members: 67,008**
- **Average Member Salary: \$41,143**
- **Average Years of Service: 10.4**
- **Average Age: 46.5**

Employers

- **Number Participating: 766**
Schools 21% State 13% Cities 20%
Counties 5% Other 41%

06/30/15



- 89.5% of benefits go to retirees living in Idaho, who purchase goods and services and pay taxes.
- Retiree purchases support more than 10,139 jobs, paying \$382.7 million in wages in Idaho.*
- Over \$1.4 billion in economic output & over \$192 million in taxes generated by retiree benefits.*
- Each dollar paid out generates \$1.76 in economic activity in Idaho.*
- Each dollar that goes into PERSI supports \$5.66 in total economic activity in the state.*

* National Institute on Retirement Security 2014 *Pensionomics* Report

REGULAR INTEREST FOR CALENDAR YEAR 2016

During the October, 2015 Retirement Board meeting, the regular interest rate members will earn on their personal Base Plan accounts from January 1, 2016 through December 31, 2016 was announced. It will be 2.39%.

Members are paid interest on their PERSI account balances at a rate determined annually by a formula established in PERSI rules. By rule, regular interest for each calendar year is the greater of 90% of the rate of return on the PERSI fund net of all expenses for the fiscal year ending immediately prior to the calendar year as reported in the actuary's annual valuation report, or 1%.

The amount of money and/or interest in a Base Plan account is only important in the event of a lump sum separation benefit or death benefit payment. The amount of money and/or interest

in a Base Plan account is not a factor in the calculation of a retirement benefit. All credited interest will be paid to the member in the event of a separation withdrawal, or in the case of a member's death, a lump sum death payment is made to the beneficiary.

As a reminder, contributions paid by employees go directly into individual accounts held just for them. The money in the individual Base Plan accounts plus any interest earned will always belong to the members and will never be lost due to market conditions.

Every PERSI member has a personal Base Plan account. Employee contributions go into personal accounts, while employer contributions go into the Trust to fund future benefits for all members.

REINSTATEMENT RATE FOR CALENDAR YEAR 2016

The reinstatement interest rate is the percentage rate charged to members who are repaying a Base Plan separation. The rate changes annually and is determined based on the average of the Prime Rate on June 30th of the previous three years plus 1%. For calendar year 2016, the reinstatement interest rate is 4.25%.

Once a member starts the repayment process, the interest rate is locked at whatever rate is in effect when the repayment begins, and it remains fixed until the unpaid balance is completely repaid. Interest accrues on any unpaid balance.

PERSI EMPLOYEE OF THE QUARTER

Meet PERSI's employee of the quarter, Catherine Atchison. As a PERSI trainer, she is known for sharing her knowledge and helping both employers and employees gain a better understanding of PERSI.

In addition to her work as a trainer, Catherine has taken on numerous additional duties to ensure the success of PERSI's new pension administration system, IRIS. She handled the update, creation, and approval of all letters for IRIS, and is actively working on creating the mapping and indexing of documents for PERSI's imaging system conversion from FileNet to OnBase.



Catherine Atchison accepting her award from PERSI's Director, Don Drum

NEW CHOICE 401(k) PLAN COUNSELOR

PERSI and its Choice 401(k) Plan record keeper, Empower Retirement are excited to announce a new team member!



Ali Belden

Ali Belden is an Idaho native from Boise by way of McCall. She has a Bachelor's degree from Boise State University and has worked in the financial services industry since she was 18. Ali is recently married and appreciates the privilege of being the Stepmom to a very sweet, outgoing little girl.

She loves being able to take advantage of all the outdoor adventure Idaho has to offer, including skiing and snowboarding in the winter and wakeboarding and paddleboarding in the summer. "I never miss an opportunity for lake time," says Ali, and "as a new Retirement Plan Counselor I am excited about the opportunity to help people make informed decisions and accomplish their retirement goals. I am looking forward to meeting and working with you all!"

Ali and her counterpart, Bruce Singkhaophet are each willing to travel to any part of the state to meet with you and your staff. Group meetings are welcome and encouraged.

Ali can be reached by phone at 208-908-2137 and by email at ali.belden@empower-retirement.com



www.persi.idaho.gov

PERSI INVESTMENT NEWS

for Base Plan as of December 1, 2015

Value of the Fund:

\$ 14,775,925,241

Fiscal Year Change in Market Value:

\$ (139,562,538)

Fiscal Year-to-Date Returns:

0.0%

Month-to-Date Returns:

0.7%

*Posted monthly on PERSI website: www.persi.idaho.gov/
Fiscal Year 7/1/2015- 6/30/2016

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607 North 8th Street, Boise, ID 83702

Base Plan: 208.334.3365 or 1.800.451.8228
Choice Plan: 1.866.437.3774
www.persi.idaho.gov/

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