



November 22, 2011

Chairman Olson takes great pride in the fact the PERSI Board considers accountability and efficiency as core values. For a number of years, in addition to contracts with third-parties to oversee PERSI's investment activities on an ongoing basis, the Board has contracted for independent annual audits to review our fiscal operations.

The Board also elects to have an annual review of member services conducted by CEM Benchmarking. CEM is an independent organization specializing in measuring performance and providing insights on best practices of pension systems similar in size to PERSI. Based on standardized performance metrics, each year PERSI receives a report to help evaluate the areas where we are doing well and identify those areas where we might improve. The underlying rationale is simple: "What gets measured gets managed."

By analyzing the services we provide to our members and the cost associated with administration, we can better understand the value of our services relative to the cost. Striking a balance between quality service and cost efficiency can be difficult, but the CEM report shows just how well PERSI balances these objectives.

Below is a brief summary of the report presented to PERSI by CEM back in August of this year.

- PERSI's total pension member services cost per active member/retiree was \$47 below the peer average
 - Our costs decreased 3.1% between 2007 and 2010; our peers experienced a 1.7% increase
- PERSI member services handled 56% more member transactions/contacts than the peer average
- Overall cost per full-time PERSI employee was nearly 26% lower than peer average
- Third-party costs in member services were 68% lower than peer average
- PERSI's total cost per active member/retiree for administrative activities was \$9.68 less than the peer average

KEY TAKE AWAY: PERSI has higher transaction volumes and increased productivity, but lower administrative costs. Our total service score was above the peer median. Simply put, we are doing more with less.

The CEM report is available on the PERSI website. After reviewing it, I think you will agree PERSI is effectively administering the fund and providing a high level of customer service while containing costs. We will continue evaluating our performance, and will make adjustments as needed to ensure that we meet our responsibilities to members, employers, retirees...and Idaho taxpayers.

Best regards,
Don Drum
Executive Director