



July 18, 2014

Dear (Legislator):

My out-of-session communications with state lawmakers the past few years have proven valuable, so I am continuing them again this year. Over the next several weeks, you will receive a series of letters updating you on PERSI's progress, and drawing your attention to matters you may encounter during the upcoming session. This year, we begin with a status report.

PERSI ended the year with 764 employers, 66,452 active members, and the number of retirees rose above 40,000 for the first time back in September and ending up at 41,178 -- up 4% for the year. We expect the number of retirees to continue to grow at an accelerated pace, as more and more "baby boomers" reach retirement age. Active members and employers contributed an average of \$41.1 million each month, while our average monthly payroll to retirees and beneficiaries was \$58.6 million. Total payout for the year was over \$700-million - also a first.

Fiscal Year 2014 was a good one (17.2% net return) -- among the top ten in PERSI history. Assets eclipsed the \$14-billion mark for the first time in February, and ended the year at an all-time high of \$14.686 billion. The fund is showing signs of maturity; despite paying out significantly more than we take in, in contributions, net assets continue to grow due to solid investment performance. Funded status improved to 94.1% -- from 85.3% in 2013. Unfunded liability dropped from \$2.1 billion to less than \$900 million, year-to-year.

My next letter will contain an update on Governmental Accounting Standards Board (GASB) Statement 68, and the effects funded status and unfunded accrued actuarial liability (also referred to as net pension liability) may have on PERSI employers as they prepare their financial statements. It is important for you to understand that any unfunded liability associated with GASB Statement 68 is not new, and does not change employers' financial positions. Ever since PERSI came into existence in 1965, any liability the system has had, has always been the shared responsibility of participating employers.

Throughout the summer and into the fall, I will once again be traveling the state to meet with legislators, employers, members and constituency groups. If you would like to meet with me to talk about these or other issues, please contact Jess Simonds at 208-334-3365.

Best regards,

Don Drum  
PERSI Executive Director

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# Public Employees Retirement System of Idaho Unfunded Actuarial Accrued Liability Model (UAAL)

## Inputs

Date for calculation of UAAL	<b>06/30/2014</b>
Asset Return Year to Date (Net of Expenses)	<b>17.20%</b>
Total March 1, 2014 COLA	<b>1.0000%</b>

## PERSI Status as of 07/01/2013

Actuarial Accrued Liability	14,127.6
Market Value of Assets	12,053.5
Unfunded Actuarial Accrued Liability	2,074.1
Funded Ratio	85.3%

## PERSI Status as of 06/30/2014

Actuarial Accrued Liability	14,782.4
Market Value of Assets	13,906.8
Unfunded Actuarial Accrued Liability	875.6
Funded Ratio	94.1%

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