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CONTRIBUTION RATE INCREASE SCHEDULED FOR JULY 1, 2012 POSTPONED Boise, Idaho - December 6, 2011

At its December 6th meeting, the Board of Directors for the Public Employee Retirement System of Idaho (PERSI) announced its decision to postpone for one year the rate increase scheduled for July 1, 2012. In making the decision, the Board considered PERSI's strong earnings performances and favorable funded ratio. According to Board Chairman Jody B. Olson, "The Board had to consider market influences and the viability of employers. Investment returns were remarkably strong over the past year. The return for fiscal year 2011 topped 20 percent, so PERSI sufficiently recovered from the adverse effects of the 2008-2009 economic downturn. If rates were raised at this time, it would only make it more difficult for members and employers to balance already tight budgets."

A rate increase -- to be phased in over a three-year period -- was initially proposed in December 2009 because of the unprecedented decline in global markets and the ensuing U.S. recession, which resulted in lower-than-expected investment income and accelerated PERSI's need to bring its unfunded actuarial liability (UAL) to less than 25 years pursuant to Idaho Statute (59-1322). Last year, the Board postponed the increase slated for July 1, 2011; this latest postponement pushes any increase to July 1, 2013. Postponing a rate increase is nothing new for the Board. After the first of three rate increases proposed in 2002 went into effect in 2004, the Board postponed and eventually cancelled the two remaining increases because PERSI's funded ratio had reached 105% by 2007. PERSI employers and employees share the cost of funding the plan. Employers currently pay 10.39% of payroll to PERSI and general employees contribute 6.23% of their salary to fund future benefits. Contribution rates today are still lower than in 1996.

In May 2011, PERSI achieved an historical high asset value of \$12.2 billion; nearly a 65 percent gain since 2009. By the close of fiscal year ending June 30, 2011, PERSI had experienced its greatest growth in 25 years. The system's funded ratio on June 30, 2011 was 90.2 percent. According to the PEW Center on the States, a system funded at 80 percent or higher is a solid performer. PERSI has consistently fallen in this category. In October 2011, PERSI had its best monthly performance since the fund began tracking such data with a month-to-date return of 7.28%.

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