



November 2012

Dear Idaho Lawmaker:

Congratulations on your election to the Idaho State Legislature. I know you will represent your constituents honorably in the 2013 session.

I am contacting you because many new lawmakers are unfamiliar with the Public Employee Retirement System of Idaho (PERSI). In recent years, public pensions have been in the national spotlight...and not always in a positive way. I wanted to take this opportunity to tell you about PERSI, explain why we are different from other pension systems, and share with you how retirement benefits have a positive impact on the state's economy.

The Idaho State Legislature established PERSI in 1965 to provide a secure retirement to those individuals choosing a career in public service. State agencies and schools are required to join PERSI; however, membership is also open to other public employers throughout the state (e.g., counties and cities). Today, there are 756 employers participating in PERSI (up 50 since 2008). Contributions from employees and employers along with investment returns fund the system. As a defined benefit plan, PERSI provides lifetime retirement benefits to vested members (those achieving 60-months of credited service and those elected and appointed officials with immediate vesting). In the last published survey of pension benefit comparisons (2008), PERSI's average monthly benefit of \$1233 was ranked 11<sup>th</sup> lowest in the nation. (Our current average monthly benefit is \$1370.)

Many of the pension systems experiencing funding or other issues failed to collect contributions, gave benefit enhancements, or didn't raise contribution rates to correct underfunding. PERSI has *always* collected contributions on time, has *never* given contribution holidays or enhanced benefits without a corresponding revenue stream to support them, and *raises* contribution rates when appropriate to sustain the fund. Oversight of PERSI falls into three categories:

- Plan Sponsor – Idaho Legislature responsible for any benefit changes.
- Plan Administrator – PERSI manages the daily operations according to statute.
- Plan Trustees – Retirement Board acts in a fiduciary capacity on behalf of the members and beneficiaries of the fund and is responsible for funding decisions.

According to employers, PERSI retirement benefits remain a primary incentive for attracting and retaining quality workers. Retention of experienced and well-trained personnel in public roles is critical to the continuous and reliable delivery of services, including public safety and education. National studies by organization such as Towers Watson and the National Institute on

Retirement Security show retirement benefits are an important part of total compensation for public sector workers, offsetting lower wages and providing long-term security. During the 2013 legislative session, the Idaho Division of Human Resources will present findings from its recently completed study on state compensation and benefits that supports national survey results.

Because thousands of Idahoans have PERSI to sustain themselves in retirement, they are less likely to rely on public assistance. To help members remain independent, in 2001 PERSI began offering a defined contribution retirement option called the Choice 401(k) Plan to supplement the PERSI Base Plan and other retirement accounts held by our members. Plan participation has continued to grow over the past several years despite economic challenges.

Communicating with state legislators is important to me. So in each of the last two years, I've traveled the state meeting with lawmakers to discuss national and local pension issues. I also have established an ongoing education program that includes periodic communiqués to and presentations for legislators and constituency groups on a variety of pension-related topics. I am proud to say these letters, meetings, and presentations have been well received.

Enclosed are both a **Fast Facts** flyer and a small brochure called **PERSI is Good for Idaho**. I hope you find these materials and this letter helpful. The PERSI website ([www.persi.idaho.gov](http://www.persi.idaho.gov)) has many more materials and useful information, including copies of my past letters to lawmakers. I look forward to talking with you during the upcoming legislative session. If you would like to meet before the 2013 session begins – or if you have questions – please contact my assistant Erin Duran at 208-287-9273 to arrange a convenient time for us to meet or talk.

Respectfully,

Don Drum  
Executive Director  
PERSI

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