

PERSI REMAINS STABLE DESPITE RECENT MARKET DROP - prudent investment policy ensures member benefits are safe -



*Retirement Board
Chairman Jody Olson*

retirement is safe,” says PERSI Retirement Board Chairman Jody Olson. PERSI will continue to monitor market fluctuations, but does not plan to alter its basic investment strategy.

Investment performance is a major factor in producing system assets, and a key factor in determining contribution rates for active employees and cost of living adjustments (COLAs) for retirees. PERSI’s investment policy is consistent with the objective of reducing the risk of significant losses. Consequently, the total portfolio is prudently maintained so that assets are chosen in a way that they will respond differently to market stimuli. Because of this prudent diversification approach, the volatile market is having less impact on the PERSI fund. For example, during the week of September 15th when the market first began to plummet because of the Lehman Brothers bankruptcy and the AIG rescue, the PERSI fund lost only one half of one percent (-0.51%).

Over the years, PERSI has learned to position its portfolio to minimize market fluctuations to the extent possible. “Our approach is simple, transparent,

The Board of Directors for the Public Employee Retirement System of Idaho (PERSI) wants to reassure members and retirees that despite recent market volatility, it remains a stable and secure fund. “Although the stock market plunge has shaken the stability of the financial system and hurt many public pension funds, including PERSI, I want to assure our members that their

very diversified with no leverage, no hedge funds and no derivatives, in large part because there are periods in the market like this every 6-10 years,” says PERSI’s Chief Investment Officer Bob Maynard. “The reasons for a market down turn may change, but they are anticipated. In fact, current fluctuations are not as bad as one might expect,” notes Maynard. “The investment strategy at PERSI has never been to just get the highest returns; instead, we focus on doing well long-range and over time.” It should be noted that PERSI was up nearly 20% at the end of Fiscal Year 2007.



*Chief Investment
Officer Bob Maynard*

“Our portfolio will continue to be well-funded and provide long-term stability for our members’ retirement future. Defined Benefit Plans managed similar to PERSI reduce their exposure, so retirees can feel secure their benefits will remain intact. Bob Maynard, our investment managers, and the rest of our portfolio team are to be commended in times like these,” notes Olson. “They will guide PERSI through this down market and put us in the position to quickly rebound when economic conditions improve.”

Questions about PERSI investments or benefits should be directed to the PERSI Answer Center at (208) 334-3365 from the Boise area, or toll-free at 1-800-451-8228 from elsewhere in Idaho. For current fund updates, visit the PERSI Web site at www.persi.idaho.gov.

NEW EXECUTIVE DIRECTOR FOR PERSI

PERSI is pleased to announce Don Drum has been offered and has accepted the role of Executive Director at PERSI. He will be replacing long-time director Alan Winkle, who is retiring after 22 years of service to PERSI. After months of searching, the Retirement Board interviewed candidates from a short list the first week of September. Each candidate had wonderful credentials, but Don stood out because of his:

- experience dealing with the Idaho legislature
- knowledge of the pension industry
- executive level experience
- familiarity with the PERSI staff
- communications skills
- motivational leadership style
- vision for PERSI's future
- understanding of the job
- accounting/business admin. degree

Both Alan Winkle and Retirement Board Chairman Jody Olson have expressed their support for Don. "PERSI is known for its service excellence, and I fully expect Don will successfully carry on that tradition," said Jody when making the announcement. Alan added, "Don has more than demonstrated he's ready to take on the director position. I have full confidence in Don's ability to lead PERSI into the future."

Don spent the past 2½ years as PERSI's Deputy Director. After joining the agency in March 2006, he immediately began assessing the need for operational improvements. He also immersed himself in the world of public pensions, learning not only as much as possible about PERSI, but also about the wide-range of issues affecting members, employers and retirees.

Because PERSI has undergone significant changes in the past few years, Don's immediate focus will be on easing any concerns of members, employers, retirees, and PERSI staff regarding the change in leadership. To accomplish this, he plans to increase communication both in and outside the organization. He also plans to meet with key stakeholders including representatives from the

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Governor's office and the Legislative leadership.

While strengthening his relationship with stakeholders, he will spend time increasing his knowledge of issues pertinent to PERSI, such as divestment and the defined benefit vs. defined contribution debate that has been gaining momentum. As the new director, Don will also become more engaged in several pension organizations such as the National Association of State Retirement Administrators and the National Conference on Teachers' Retirement.

"I have full confidence in Don's ability to lead PERSI into the future."
- Alan Winkle

With a large-scale IT conversion project already in progress, Don expects to remain active in maintaining the focus of the project and seeing that costs are contained. Hiring a person to fill the Deputy Director position he is leaving will also be a priority.

It may seem Don has set a rigorous agenda for himself. And that may be true, but he sees it as doable. "Alan Winkle and the staff have done an outstanding job of positioning PERSI as one of the most highly respected public pension systems in the country...leaving us on solid ground as I take over the reins," explains Don. While staying the course is the approach he expects to take, Don wants to continue

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looking for operational efficiencies, and increase accountability and overall professionalism at PERSI. In his "spare" time, Don will be garnering as much knowledge as possible from Alan.

Don wants members and retirees to know he has a vested stake in protecting their retirement; after all, he's been in state government for more than 18 years and is depending on his PERSI retirement too.