



Boise | Coeur d'Alene | Pocatello

NEWS to USE

FOR EMPLOYERS

Public Employee Retirement System of Idaho

January 2020

TOPICS / Fiscal Year 2019 Highlights pg. 1-2 / Investment News pg. 2

FISCAL YEAR 2019 HIGHLIGHTS

PERSI's fiscal year, ending June 30, 2019, was a good year even with significant market volatility. We finished the year with an asset value increase of over \$1 billion and an estimated return of 8.4%.

While the markets continue to be unpredictable, PERSI has relied on the same proven investment philosophy for over 25 years. PERSI keeps investments:



SIMPLE Rely primarily on public markets over time.

TRANSPARENT Easy to understand and explain.

FOCUSED Keep eye on the big picture.

PATIENT At least five to ten year horizon.

Some argue, with the recent market volatility, that pension systems must reform and change. While the markets are more volatile day to day or week to week, over longer periods of time the markets tend to balance out. Market volatility can influence some decisions that are time sensitive, however, our investment professionals have not seen the need to change our long-term investment strategy or asset allocation.

In addition, the Board remains vigilant toward the investment return assumption and our investment strategy. At every monthly Board meeting, the Board and our investment professionals discuss market trends and outlooks. The Board periodically discusses a broad range of factors that could affect the Plan's funded status.

During fiscal year 2019, the number of active PERSI members increased from 71,112 to 72,502. PERSI's retired members or annuitants receiving monthly allowances increased from 46,907 to 48,120.

The number of inactive members who have not been paid a separation benefit increased from 37,588 to 39,867. Of these inactive members, 13,536 have achieved vested eligibility.

Total membership in PERSI increased from 155,607 to 160,489 during the fiscal year. PERSI now has 808 public employers in the state who are members.



continued on page 2...

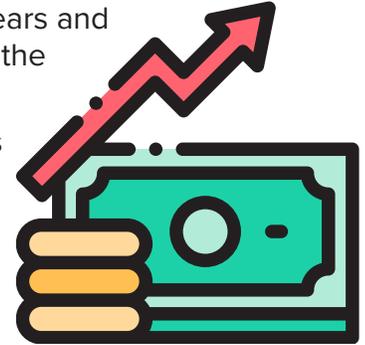


...continued from page 1

At the end of the fiscal year 2019, PERSI had an amortization period of 10.6 years and a funding ratio of 92.5 % (before any COLA decisions) of the present value of the projected benefits earned by employees.

There are no proposed contribution rate increases on the table for employers or employees.

PERSI's Financial Executive Officer, Alex Simpson, announced at the November Board meeting that active members will earn a regular interest rate of 7.22% on their personal Base Plan accounts from January 1, 2020, through December 31, 2020.



At the December 2019 Board meeting, the Board discussed the cost-of-living adjustment (COLA) for retirees. With the positive investment returns this year, the Board chose to grant a discretionary COLA of 0.70% for FY2020. They also decided to grant retro COLAs from FY2011 (1.77%), FY2012 (0.69%), FY2013 (0.52%) and FY2018 (1.70%) in addition to the legislatively-mandated 1% COLA.

Providing the Legislature approves the discretionary and retro COLAs, the adjustments become effective on March 1, 2020.

NOT all retirees will receive a retro COLA. Adjustments vary based on the retiree's retirement date. Affected retirees will receive a benefit change notice informing them of the adjustment.

PERSI remains one of the top ten state pension systems in the country. In a brief from *The PEW Charitable Trusts*, "The State Pension Funding Gap: 2017", published June 2019, PERSI was highlighted as 1 of just 8 states that were at least 90% funded while 24 states were below 70% funded.

In August, *Pensions & Investments* magazine, "U.S. Equities, Fixed Income Give Boost to Public Plans", listed PERSI as fifth in public plan returns for fiscal year 2019.

Overall, PERSI is doing well, but we must continue to be diligent to protect the well-being of the fund and address challenges as they arise.

PERSI INVESTMENT REPORT

Month to Date Report

December 17, 2019

CURRENT VALUE OF THE FUND	\$	19,501,952,519
FISCAL YEAR NET CHANGE IN ASSETS	\$	982,544,466
FISCAL YEAR TO DATE RETURNS		6.0%
MONTH TO DATE RETURNS		1.3%

Each month, PERSI Chief Investment Officer Bob Maynard presents his investment report to the PERSI Retirement Board and posts it to the PERSI website.