



PERSpectives



Fourth Quarter 2015

Public Employee Retirement System of Idaho

GETTING IT RIGHT

-- a message from the Chairman of the Board --



Jody B. Olson
Chairman of the Board

The Public Employee Retirement System of Idaho (PERSI) serves more than 140,000 members, and is celebrating 50 years of providing a secure retirement for Idaho's public servants. I have been a member of the Retirement Board nearly 30 years, most as Chairman. In a time where our peer systems in other states face

incredible challenges and intense scrutiny, PERSI is rock solid and ready to take on whatever the future may hold. Performing as fiduciaries with an "eye single" to the interests of our members and the fund, one simple idea has helped us overcome many challenges -- **getting it right**. In the pension administration business, getting it right can be an arduous and long-term proposition.

I was first appointed to the Board by Governor Andrus in 1987. PERSI managed just over \$1 billion and was significantly underfunded (67%). Following the road map set forth by the Legislature, and exercising wise judgment, the Board went to work stabilizing and fortifying the fund, readying it to negotiate inevitable, yet unpredictable market swings of the future. Fast forward to 1999; we had \$6 billion in assets and were 113% funded. Two recessions later,

we ended our latest fiscal year just below \$15 billion and 90% funded - one of the healthiest systems in the country. We are getting it right.

Getting it right sometimes brings added responsibility. In 1980, at the direction of the Legislature, PERSI took over administration of what was then a failing and woefully underfunded (20%) Firefighters' Retirement Fund (FRF). After a calculated and long (35 years) struggle, PERSI has righted the FRF ship, and today the FRF is over 100% funded, ready to provide a secure retirement for every last member.

"...getting it right can be an arduous and long-term proposition."

Having proven again we know how to get it right, PERSI has received another challenging assignment from the Legislature. Similar to the FRF back in 1980, PERSI has been directed to take on the administration of another struggling system - this time the Judges' Retirement Fund (JRF). We are back to square one, and it will take a concerted effort by the members, the Legislature, and PERSI to turn this fund around, and much like it was with the FRF, the first few years of stabilization will require tough decisions and careful monitoring. I can promise you this -- if we are diligent, we will fully fund the JRF like we did the FRF. We will again **get it right**.

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Insights

PERSI Membership and Impact on Idaho Economy

Each fall, PERSI reviews and compiles membership data, using actuarial and statistical studies, as well as research provided by the National Institute on Retirement Security. Here is a great, quick resource for you. Feel free to share it with friends, family, or anyone else you think might benefit from knowing the value your Public Employee Retirement System of Idaho brings to the people of Idaho!



Retirees

- **Number of Retirees: 42,657**
- **Annual Retiree Payroll: \$751.4 million**
 - **\$672.3 million paid to retirees with Idaho addresses (89.5%)**
- **Average Monthly Benefit: \$1473**
- **Average Years of Service: 18.9**
- **Average Age at Retirement: 61.3**
 - Teachers: 60.8
 - General Members: 62.2
 - Public Safety Officers 56.4

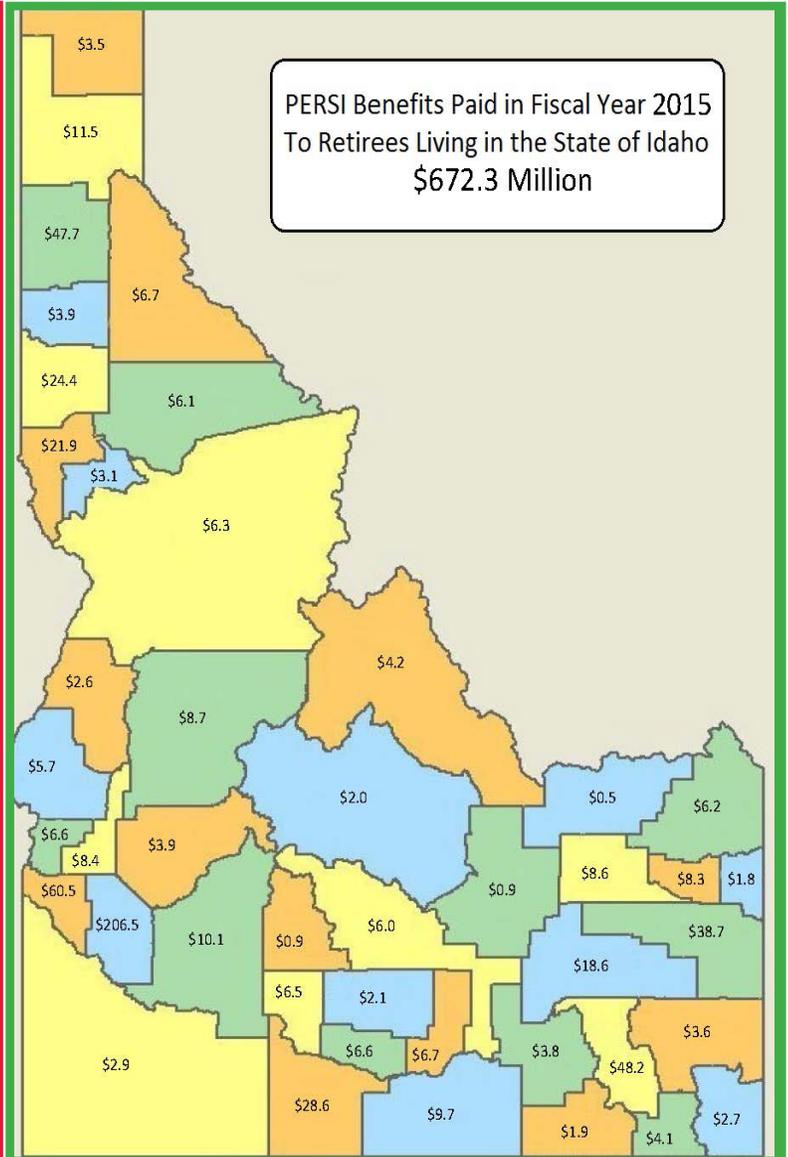
Active Members

- **Number of Active Members: 67,008**
- **Average Member Salary: \$41,143**
- **Average Years of Service: 10.4**
- **Average Age: 46.5**

Employers

- **Number Participating: 766**
Schools 21% State 13% Cities 20%
Counties 5% Other 41%

06/30/15



- 89.5% of benefits go to retirees living in Idaho, who purchase goods and services and pay taxes.
- Retiree purchases support more than 10,139 jobs, paying \$382.7 million in wages in Idaho.*
- Over \$1.4 billion in economic output & over \$192 million in taxes generated by retiree benefits.*
- Each dollar paid out generates \$1.76 in economic activity in Idaho.*
- Each dollar that goes into PERSI supports \$5.66 in total economic activity in the state.*

* National Institute on Retirement Security 2014 *Pensionomics* Report

COST-OF-LIVING ADJUSTMENT ANNOUNCED

During its October 20, 2015 meeting, the PERSI Retirement Board discussed the cost-of-living adjustment (COLA) for retired members of the PERSI Base Plan. By statute (59-1355), the COLA is based on the Consumer Price Index for Urban workers (CPI-U) for the 12 months ending August of the current year. Based on the August 2015 CPI-U, a total of 0.2% was available and thus awarded as a COLA this year. The change will take effect on March 1, 2016 and applies to PERSI Base Plan retirees only.

Because the CPI-U (0.2%) was less than 1.0%, the Board chose to award a retroactive COLA of 0.8% for eligible retirees. A retroactive COLA is a COLA amount available but not awarded in previous years which restores lost purchasing power to eligible retirees. The 0.8% retroactive COLA represents an unused portion not allowed from the available 2012 COLA. Not all retirees are eligible to receive the same amount; individual calculations will be based on the retiree's date of last contribution (DOLC). Retirees will receive detailed remittance letters in March. This year's COLA breaks down as follows (estimated):

| DATE OF LAST CONTRIBUTION | COLA | |
|--|-------|---|
| (A Pro-rated percentage of 0.2% Mandatory COLA) | | |
| Jan-2016 | 0.02% |  <p>Anyone with a date of last contribution (DOLC) between March 1, 2015 and January 31, 2016 will receive a prorated portion of the 0.2% COLA and <u>no</u> retroactive COLA.</p> |
| Dec-2015 | 0.03% | |
| Nov-2015 | 0.05% | |
| Oct-2015 | 0.07% | |
| Sep-2015 | 0.08% | |
| Aug-2015 | 0.10% | |
| Jul-2015 | 0.12% | |
| Jun-2015 | 0.13% | |
| May-2015 | 0.15% | |
| Apr-2015 | 0.17% | |
| Mar-2015 | 0.18% | |
| (All of 0.2% Mandatory COLA and <u>no</u> retro COLA) | | |
| Feb-2012 through Feb-2015 | 0.20% |  <p>Anyone with a date of last contribution (DOLC) from February 1, 2012 through February 28, 2015 will receive the 0.2% mandatory COLA and <u>no</u> retroactive</p> |
| (All of 0.2% mandatory COLA (+) a Pro-rated percentage of Retro COLA) | | |
| Jan-2012 | 0.27% |  <p>Anyone with a DOLC between March 1, 2011 and January 31, 2012 will receive the 0.2% mandatory COLA plus a prorated portion of the 0.8% retroactive COLA.</p> |
| Dec-2011 | 0.33% | |
| Nov-2011 | 0.40% | |
| Oct-2011 | 0.47% | |
| Sep-2011 | 0.53% | |
| Aug-2011 | 0.60% | |
| Jul-2011 | 0.67% | |
| Jun-2011 | 0.73% | |
| May-2011 | 0.80% | |
| Apr-2011 | 0.87% | |
| Mar-2011 | 0.93% | |
| (All of 0.2% Mandatory COLA (+) All of 0.8% Retro COLA) | | |
| Before March 2011 | 1.00% |  <p>Anyone with a DOLC before March 1, 2011 will receive a 1.0% COLA (0.2% mandatory + 0.8% retroactive).</p> |

Members with questions can call the PERSI Answer Center at 208-334-3365.



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PERSI INVESTMENT NEWS

for Base Plan as of December 1, 2015

Value of the Fund:

\$ 14,775,925,241

Fiscal Year Change in Market Value:

\$ (139,562,538)

Fiscal Year-to-Date Returns:

0.0%

Month-to-Date Returns:

0.7%

*Posted monthly on PERSI website: www.persi.idaho.gov/
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