



*For immediate release*  
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## PERSI BOARD POSTPONES CONTRIBUTION RATE INCREASE

BOISE, Idaho – At its December meeting, the Board of Directors for the Public Employee Retirement System of Idaho (PERSI) announced its decision to postpone the rate increase scheduled for July 1, 2011. In making the decision, the Board evaluated PERSI's current funding position, reviewed investment returns and projections, and considered the affect a rate increase would have on the budgets of public employers and employees. "Significant investment gains in recent months bolstered PERSI's funding status to nearly 88%, relieving the need for a rate increase at this time," said Retirement Board Chairman Jody B. Olson. The rate increase was proposed because of the unprecedented decline in global markets in 2008-09 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).

In December 2009, the Retirement Board proposed a rate increase to be phased in over a three-year period, the same approach used in 2002. Using a six-month grace period allowed the first increase of approximately 1.5% to coincide with the beginning of the state's 2012 fiscal year, followed by a 1.5% increase on July 1, 2012 and 2.31% increase on July 1, 2013. Today's postponement pushes out the rate increases by one year.

"The Retirement Board has to balance its fiduciary responsibility to ensure the actuarial soundness of the system with a sensitivity to member and employer budget constraints," noted Olson following the meeting. "We are confident postponing the rate increase will not compromise PERSI's stability, and we know how much it will help the state and other public employers and their employees manage tight budgets. The action taken today will provide some much needed breathing room."

Postponing a scheduled rate increase is not something new to the Board. Periods of economic decline followed by recovery and growth have always affected PERSI's funding status. After the first rate increase proposed in 2002 was phased in (2004), the Board postponed and eventually cancelled the two remaining increases because PERSI's funded ratio had reached 105% by 2007. Contribution rates are lower today than in 1996.

On July 1, 2010, PERSI was 78.9% funded and had an unfunded liability of \$2.5 billion. By November 11, 2010, funding had risen to 87.7% and the unfunded liability had dropped to \$1.5 billion. PERSI is a solid performer with modest benefits. The PEW Center on the States defines solid performance for a retirement system to mean its funding is at or above 80%. The average PERSI benefit is \$1342, making it the 11<sup>th</sup> lowest nationwide according to the National Institute of Retirement Security. In fiscal year 2010, PERSI paid \$465 million in benefits; 89% of that went to retirees living in Idaho, which supported the state's economy.

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PERSI was created in 1963 by the Idaho Legislature for the purpose of providing secure, long-term pension benefits for public employees. The system is funded through investment income, and employer and employee contributions. Today, PERSI administers an \$11.4 billion plan for approximately 125,000 PERSI members, retirees and beneficiaries and 739 employers.

Visit PERSI on the Web at [www.persi.idaho.gov](http://www.persi.idaho.gov).

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