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PERSI ANNOUNCES COST OF LIVING ADJUSTMENT FOR RETIREES

Boise, Idaho - December 6, 2013

The Board of Directors for the Public Employee Retirement System of Idaho (PERSI) today announced the mandatory 1 percent Cost of Living Adjustment (COLA) will be the COLA for its 40,100 retirees effective March 1, 2014.

The Board followed Idaho Statute 59-1355 which provides for a minimum and maximum cost of living adjustment based on the CPI-U measured from August to August each year. The 2013 CPI-U was 1.52%. According to the Statute, the Board must consider the actuarial valuation for the recently concluded fiscal year and an important factor is the funding level and amortization period for the unfunded actuarial liability. The July 1, 2013 funded status was 85.3%.

The Board also considers other factors. Idaho Code requires PERSI to maintain an amortization period of less than 25 years. The amortization period would exceed 25 years without the two proposed rate increases which are scheduled to go into effect on July 1, 2015 and July 1, 2016. This considers the impact of their decisions on employers and active employees facing tight budgets as well as a recent (effective July 1, 2013) contribution rate increase.

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 a \$13.6 billion plan for approximately 125,000 PERSI members, retirees and beneficiaries and 755 employers. In fiscal year 2013, PERSI paid \$659.4 million in benefits; 89.9% of that (\$592.5 million) went to retirees living in Idaho, which supported the state's economy.

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