



PERSpectives



First Quarter 2013

Public Employee Retirement System of Idaho

THERE'S SOMETHING TO BE SAID FOR CONSISTENCY

If you do not change direction, you may end up where you are heading.

-- Loa Tzu, Chinese Philosopher

For many, ending up where you are heading would be terrible. PERSI sees it differently. We know change doesn't necessarily mean better, and certainly doing the same thing over and over because "that's how it's always been done" isn't smart. We simply believe there's value in consistency and sticking to time-honored principles and commitments.

During its nearly 50-year existence, a number of things have remained consistent at PERSI, but perhaps nothing more important than the head of the Retirement Board. Five different governors over the past 25 years have trusted Jody Olson to guide PERSI so it would end up where it was heading...to being one of the most well-respected, well-funded, and well-managed retirement systems in the country.

Leaders of both political parties have continually supported Chairman Olson because he remains consistent in his focus. The Retirement Board is not political and its strategy for PERSI's success does not change with each election. Instead, it adheres to core values, focuses on solid retirement principles, and relies on sound investment policies that pay off (see page 4). Consistency is something members, retirees, and employers rely on and trust.

With the full support of Governor Otter, by unanimous vote state lawmakers recently entrusted PERSI once again to Chairman Olson's stewardship. Senator Cherie Buckner-Webb introduced the reappointment motion to the Senate by talking about Chairman Olson's background (Idaho native and graduate of University of Idaho) and professional credentials (attorney and CPA). She noted, "Mr.

Olson's dedication to public service is vast and admirable." Trustee Dr. J. Kirk Sullivan shared his support by saying, "Jody is a leader of the highest caliber. He is a proven leader who strives to maximize return to participants. His goal is to, wherever possible, make our retirees whole."



Jody Olson, Chairman
PERSI Retirement Board

Chairman Olson has been steadfast in his dedication to PERSI. In 2000 when the fund experienced extraordinary earnings, he supported gain sharing as a solution to the overfunding. Following the 2008 recession, he led the discussions on how to ensure the health and stability of the fund despite losses. No one has such a long and diverse history with the retirement system. Learning from the past has allowed Chairman Olson to share insights with the other trustees as they face difficult decisions. Rest assured, whether it's a disability claim, cost-of-living adjustment, or a rate increase, few decisions affecting a member's life come easy.

Having a seasoned chairman who will go on record, take a stand, or make a decision with confidence is an advantage for PERSI. Having trustees who remain consistent in their attitudes, words, and actions and who have an unflinching commitment to PERSI members and retirees is an added bonus. Over the years, consistency has repeatedly won out when weighed against any potential benefits of change; as a result, PERSI has ended up where it was heading...a solid leader among public retirement systems.

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Insights

UNDERSTANDING YOUR HOMEOWNER'S INSURANCE



The insurance policy covering your home may be one of the most misunderstood aspects of home ownership. Few people think about their coverage until they have to file a claim. At that time,

many people are surprised to learn the coverage they have is either inadequate or doesn't cover their loss at all. All you have to do is think about Hurricane Sandy to know just how devastating a natural disaster can be, and to realize how important it is to understand your homeowner's policy.

The Basics of a Typical Homeowner's Policy

- Your dwelling and extensions or attachments, such as the garage, are covered. Most policies pay to repair or rebuild your home if it is damaged or destroyed by fire, hurricane, hail, tornados, lightning or other disasters listed specifically in your policy. It's usually wise to have enough replacement coverage to cover all costs should you have to rebuild your house. It's also important to understand any flooding as a result of a natural disaster is generally not covered. (More on hazard insurance below.)
- The outdoor space around your house, including shrubs and trees (landscaping), is often covered for things like explosions, theft, or vandalism. Damage from wind or disease is usually not covered.
- Structures on your property not attached to your house, such as sheds or greenhouses, are generally covered.
- Living expenses your family incurs if your house is so damaged as to be uninhabitable are covered. If you rent part of your home to tenants and that portion of your home is also unlivable, the rental payments you would have collected are generally covered. Coverage usually includes hotel, meals, and other similar expenses while your home is repaired or rebuilt.

- Possessions belonging to your family or to guests visiting you are typically covered. A tenant's belongings are usually not covered (they would need a separate renter's policy). Coverage for expensive items such as furs or jewelry generally requires a "floater" to your regular policy. A floater covers "movable" property, so items are covered no matter where they may be kept or moved. An appraisal is often required to place a value on such items.
- Possessions you've borrowed from others or were keeping at your house temporarily may be covered. For example, if your dog ruined a friend's oriental rug you were storing, it would be covered; but if your dog ruined a rug you own, it would not be covered.
- Most policies include liability protection against lawsuits if someone is injured or property damage is caused by your family. Damage caused by pets is generally covered too. According to the Insurance Information Institute, dog bites account for one-third of all liability claims.
- No-fault medical coverage is generally part of a basic homeowner's policy. If your neighbor is injured in your home or on your property, their medical bills would be paid through your insurance company.

Hazard Insurance

If you live in an area prone to natural disasters, it makes sense to have extra protection if you can afford it. Hazards include earthquakes and flooding. Earthquake coverage requires a special policy that comes with very high deductibles and premiums. Not all insurers offer this coverage. If you live in a community participating in the National Flood Insurance Program administered by the Federal Emergency Management Agency (FEMA), you should be able to obtain flood coverage through your regular insurance agent. To purchase the most appropriate insurance, you should consider the perils you face because of where you live. Always verify *exactly* what is covered in your specific hazard policy.

SENIOR HEALTH INSURANCE BENEFITS ADVISORS (SHIBA)

-- always available, always has answers, and always free --



Do you need help understanding Medicare? How do you fare when comparing Medicare medical options and drug plan coverage? If you're confused, the Senior Health Insurance Benefits Assistance (SHIBA) program might be the answer – and keep you from pulling out your hair as you try to sort out the complexities of the Medicare program for yourself or a loved one.

WHAT IS SHIBA?

SHIBA is a program of the Idaho Department of Insurance and part of a nationwide network of state health insurance assistance programs. It supports and trains a statewide network of certified counselors who provide free assistance to Idahoans (most of whom are already Medicare recipients) in understanding the many provisions of the Medicare program. SHIBA is funded by the Centers for Medicare and Medicaid Services (CMS) and by the State of Idaho.

SHIBA offers free, unbiased one-on-one counseling, assistance and other resources at no charge to seniors on Medicare (and those on Medicare due to disability or End-Stage Renal Disease) and caregivers and medical advocates. SHIBA can help you select a Medicare prescription drug plan, compare Medicare Advantage and Medicare supplement plans, and help you apply for Medicare savings programs for yourself or someone you are caring for such as an aging parent.

The SHIBA counselors keep current on changes relating to senior health insurance, and can help you make informed buying decisions.

WHAT SHIBA ISN'T

SHIBA does not have an affiliation with any insurance companies or groups. As such, they do not sell insurance or recommend any particular products, agents or companies. SHIBA's only goal is to provide Idahoans with current objective information about Medicare and health insurance overall.

CONSUMER AFFAIRS

Besides helping Idahoans with Medicare education, SHIBA investigates claim and insurance fraud, serves as a consumer advocate, and can assist you with problems relating to Medicare or long-term care insurance. (The Idaho Department of Insurance Consumer Services unit can help you with disability, property, casualty, and health insurance issues.)

PERSI AND SHIBA

PERSI's education team has a long history of working with SHIBA to organize retirement workshops focusing on Medicare and PERSI retirement benefits. This affiliation will continue during 2013. Where possible, SHIBA regional coordinators or volunteers will make themselves available at PERSI's "Retirement's a Beach" workshops throughout the state. While they will not have an active role in the workshop presentation itself, they will be on hand to answer questions. This is just another way of expanding the knowledge of PERSI's soon-to-be retirees. Because the SHIBA counselors are in high demand, PERSI cannot say with certainty which workshops they will participate in, so there's no need to call PERSI or SHIBA about the schedule.

BECOMING A SHIBA VOLUNTEER

If you or someone you know wants to become a SHIBA certified counselor, or you want to attend one of SHIBA's 2-hour workshops scheduled in Ada or Canyon Counties this year, call 1-800-247-4422 or go online to www.shiba.idaho.gov to learn more. You can also make an appointment to meet with a SHIBA counselor. The main office is located in downtown Boise at 700 West State St., 3rd Floor; but there are regional offices in Pocatello, Twin Falls, and Coeur d'Alene. Despite having only four primary offices, SHIBA has counseling sites in nearly every county in the state. Call the toll-free number above to make an appointment or to get answers to your Medicare questions.

Mold

Mold remediation can cost thousands of dollars. Whether your homeowner's policy covers mold damage depends on the underlying cause. If it is the result of a covered peril that is sudden and unexpected, such as a pipe bursting, it should be covered; but coverage is unlikely if mold is the result of long-term neglect. Even when covered, there is usually a cap; however, it is possible to purchase additional coverage.

Falling Objects

A tree limb that breaks off during a storm, debris from an airplane flying overhead, or even a meteor that falls from the sky can be covered by your homeowner's policy if the event causes damage to your home. You generally share some responsibility, however. For example, if a tree limb punctures your roof during a storm, you are responsible for covering the hole to prevent additional damage from any wind, rain or snow associated with the storm. You don't have to make permanent repairs, just do enough to show a good faith effort to prevent further damage.

Accidents Away From Home

You already know accidents on your property are covered, but did you know accidents while you are off your property may be covered too?

For example, if you're getting groceries and you accidentally run into another shopper with your cart injuring them, your homeowner's insurance should cover the medical bills. (Injuries that occur while in your car would be covered by your auto insurance not your homeowner's policy.)

Mandated Upgrades and Food Spoilage

Coverage usually includes bringing a property up to code after a covered loss. Most policies also cover the owner's refrigerated or frozen items that spoil due to a power outage.

Keeping a Household Inventory

If you ever have to file a claim, it will help if you have documented your possessions. Besides a list, having a video, photos, and appraisals can save you time and aggravation during the claim process. If you keep your documents on digital files, back them up on a flash drive you store offsite. The Insurance Information Institute website offers guidance on making a list (<http://www.iii.org/articles/how-do-i-take-a-home-inventory-and-why.html>)

Good News

The Insurance Information Institute says Idaho pays the lowest homeowner's insurance rates in the country.



www.persi.idaho.gov

I D A H O

PERSpectives

Public Employee Retirement System of Idaho

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PERSI INVESTMENT NEWS
for Base Plan as of March 14, 2013

Value of the Fund:
\$12,943,600,296

Fiscal Year Change in Market Value:
\$1,009,604,351

Fiscal Year-to-Date Returns:
9.8%

Month-to-Date Returns:
1.5%

*Posted monthly on PERSI website: www.persi.idaho.gov
Fiscal Year 7/1/2012 - 6/30/2013