

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO 607 North 8th Street BOISE, IDAHO 83702

MINUTES OF SPECIAL MEETING OF RETIREMENT BOARD

The Board of the Public Employee Retirement System of Idaho met at the PERSI Administration Building, 607 North Eighth Street in Boise, Idaho at 11:15 a.m., March 3, 2015 for a Special Meeting. The following members were present:

Joy Fisher (Acting Chairman) Jeff Cilek (by phone) Kirk Sullivan (by phone)

Chairman Olson was absent and excused. Director Don Drum, Deputy Director Lisa Steele, Chief Investment Officer Bob Maynard, Financial Officer James Monroe, Deputy Attorney General Joanna Guilfoy and Management Assistant Jess Simonds were also in attendance. Other persons attending all or portions of the meeting were:

Kelly Cross PERSI

<u>Proposed Choice Plan Fee Structure:</u> Financial Officer James Monroe presented an updated draft fee structure to the Board in the form of a tiered structure apportioned by account balance. He stated that the record keeping and administrative fee structure supports the plan principle of being low cost and encourages new members to begin building toward retirement security early by lower fees for lower balance tiers and a 12 month fee holiday for new contributing members. Also, no fees are assessed for existing contributors with balances below \$100. The monthly fee increases modestly as asset balances grow however the fee as a percent of each members account balance drops dramatically. The range is \$0.50 to \$14.00 per month. The average fee collected for both record keeping and administration is just under \$42 annually per account or \$3.50 monthly.

Summary:

- 1. 12 month fee holiday to new contributors. After 12 months fees begin at the participants' respective tier.
- 2. Active contributing participants at transition will not pay a fee until their balance reaches \$100.
- 3. Once a member begins, the fee holiday does not reset if they leave and return later.
- 4. Rollovers into the plan would also get a fee holiday.
- 5. Terminated participants with balances less than \$1,000.01 will have 90 days to roll their money out of the plan or receive a payment. Terminated members with balances in excess of \$1,000 may leave their money in the plan or roll it to another plan.

Trustee Cilek stated that he believed this version was a much better product and would be receiving his support. Trustee Fisher agreed with Trustee Cilek and stated that the Board would revisit the structure periodically to see if it was accomplishing the Board's intent. Trustee Fisher also commented that there will challenges with communicating the changes. Trustee Sullivan

stated that this is a big decision and a big change for PERSI members and the PERSI staff must ensure a comprehensive communication strategy to go along with the marketing/promotional strategy by Empower Retirement.

Director Drum ensured the Board that every Choice Plan member would receive a letter outlining the changes and contain an invitation to attend an in-person meetings- statewide, and/or to call the Choice Plan office to talk about the changes. He wanted these meetings to occur before the Empower trainers were visiting members in early April. Trustee Fisher commented that a main message to members is that PERSI is being transparent about the fees.

Trustee Cilek made a motion to accept the staff recommended fee structure which would go into effect May 1, 2015. Trustee Sullivan seconded the motion, which passed unanimously.

<u>Adjournment</u>: There being no further business to come before the Board, meeting adjourned at 12:00 p.m.

Donald D. Drum Executive Director Jody Olson Chairman