



**PUBLIC EMPLOYEE  
RETIREMENT SYSTEM OF IDAHO**  
A Component Unit of the State of Idaho

2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
AS OF AND FOR

**FISCAL YEAR 2020**

Ended June 30, 2020

# Public Employee Retirement System of Idaho

## A Component Unit of the State of Idaho



Public Employee Retirement of Idaho

### Comprehensive Annual Financial Report As of and for Fiscal Year Ended June 30, 2020

**This Comprehensive Annual Financial Report was prepared by:**

**Financial:** Alex Simpson, Financial Executive Officer  
Kelly Rowlands, Financial Specialist, Senior  
Mike Anderson, Portfolio Accounting Manager  
Eric Carpenter, Financial Specialist, Principal  
Adel Stacy, Financial Specialist, Senior  
Chris Wester, Financial Specialist

**Investments:** Robert M. Maynard, Chief Investment Officer  
Richelle Sugiyama, Investment Officer

**Administration:** Jenny Flint, Public Information Officer

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# INTRODUCTORY

*SECTION*

## INTRODUCTORY SECTION

### PERSI MISSION STATEMENT

To provide a sound retirement system and high quality service and education to help Idaho public employees build a secure retirement.

### CORE VALUES



### VISION

To be the premier public retirement system, respected by customers, peers, and the community, and known for professional service, technological advancement, and fund stability.

### FIDUCIARY DUTY OF LOYALTY

The primary duty of the Retirement Board and PERSI staff, as fiduciaries, is that of loyalty, or acting with an “eye single” to the interests of the beneficiaries. PERSI is required by law to make all its decisions solely in the interest of the beneficiaries and to avoid, at all costs, serving the interests of any other party not a beneficiary of the system.

## INTRODUCTORY SECTION

Brad Little, Governor, State of Idaho

### RETIREMENT BOARD



**Jeff Cilek, Chairman**  
Term expires July 1, 2020



**Joy Fisher**  
Term expires July 1, 2024



**Celia Gould**  
Term expires July 1, 2023



**Park Price**  
Term expires July 1, 2022



**Darin DeAngeli**  
Term expires July 1, 2021

### PERSI EXECUTIVE ADMINISTRATIVE STAFF

Donald D. Drum, Executive Director  
Michael L. Hampton, Deputy Director  
Cheryl George, Deputy Attorney General  
Robert M. Maynard, Chief Investment Officer  
Alex Simpson, Financial Executive Officer  
Casey Hartwig, Member Services Manager  
Lisa Conn, Quality Assurance Manager  
Larry Sweat, IT Info SVCS Manager  
Kelly Cross, Program Manager  
Diane Kaiser, Defined Contribution Plan Prg SP



## INTRODUCTORY SECTION

### PROFESSIONAL CONSULTANTS

Actuary:	Milliman, Inc., Seattle, WA	
Auditor:	Eide Bailly, LLP, Boise, ID	
Medical:	Managed Medical Review Organization, Novi, MI	
Investment:	AEW Capital Management, L.P. Boston, MA Alban Row Investments, LLC, Mt. Pleasant, SC Berkadia Commercial Mortgage LLC, Irvine, CA Consensus Economics, London, UK Callan, LLC, San Francisco, CA Dwight Churchill, Sunapee, NH Garrett A. Walls, New York, NY	Hamilton Lane Advisors, LLC, Philadelphia, PA John R. Jenks, Sebastopol, CA John Skjervem, Menlo Park, CA MSCI, New York, NY Pagent Media US LTD, New York, NY Robert Storer, Palm Desert, CA Thomas Lee, Loundonville, NY
Legal:	Foster Garvey, PC, Seattle, WA Ice Miller, LLP, Indianapolis, IN Whiteford, Taylor & Preston, LLP, Baltimore, MD	
Other:	BCA Research, Inc., Montreal Bloomberg Finance, New York, New York Capital Economics LTD, London CT Corporation, Carol Stream, IL	Ernst & Young LLP, Secaucus, NJ Empower Retirement, Denver, CO Yardeni Research Inc, Glen Head, NY
Investment Custodians:	Bank of New York Mellon Asset Servicing, Pittsburgh, PA Wells Fargo Bank of Idaho, Boise, ID	
Investment Managers:	Adelante Capital Management LLC, Oakland, CA Advent International Corp, Boston, MA Alliance Bernstein, LP New York, NY Ascribe Capital, LLC, New York, NY Apollo Management, LP, New York, NY Blackstone Group, LP, New York, NY BLS Capital, Copenhagen Brandes Investment Partners, LP, San Diego, CA Bridgepoint Capital LTD, London Cerberus Capital Management, LP, New York, NY Clearwater Advisors LLC, Boise, ID CVC Capital Partners Advisory Co. LTD, Luxembourg D.B. Fitzpatrick & Co., Inc., Boise, ID Donald Smith & Co., Inc., New York, NY Endeavour Capital Partners, LP, Portland, OR Epic Ventures, LLC, Salt Lake City, UT Fiera Capital, Montreal First Reserve Corporation, Greenwich, CT Galen Management, LLC, Stamford, CT Genesis Asset Managers, LTD, Channel Islands Hamilton Lane Advisors, LLC, Santa Clara, CA Hamilton Lane, GP, Baja Cynwyd, PA Highway 12 Capital Partners, LLC, Boise, ID	Ida-West Operating Services, Inc., Boise, ID Income Research Management, Boston, MA Kohlberg Kravis Roberts & Co., LP, New York, NY Kohlberg & Co., Mt Kisco, NY Leonard Green & Partners, LP, Los Angeles, CA Lindsay Goldberg, LLC, New York, NY Longview Partners, LP, Channel Islands Mellon Investments Corp., San Francisco, CA Mondrian Investment Partners, LTD, London Mountain Pacific Investment Advisers, Inc., Boise, ID Nautic Partners, LLC, Providence, RI Olympic Investors, LLC, Seattle, WA Peregrine Capital Management, Inc., Minneapolis, MN Providence Equity Partners LLC, Providence, RI Prudential Investment Management LLC, New York, NY Silver Lake Partners V., Menlo Park, CA State Street Global Advisors, Boston, MA TPG Capital, LP, San Francisco, CA The Gores Group, LLC, Beverly Hills, CA Veritas Capital, LP New York, NY Walter Scott & Partners LTD, Edinburgh Western Asset Management Co., Pasadena, CA

*Additional information on the above-mentioned investment professionals can be found on pages 84-85 in the Investment Section of this report. Fees and commissions are found on page 91-92.*



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Public Employee Retirement System  
of Idaho**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morrell*

Executive Director/CEO



Public Pension Coordinating Council

***Public Pension Standards Award  
For Funding and Administration  
2020***

Presented to

***Public Employee Retirement System of Idaho***

In recognition of meeting professional standards for  
plan funding and administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads 'Alan H. Winkle'.

Alan H. Winkle  
Program Administrator

## INTRODUCTORY SECTION

### ORGANIZATIONAL CHART (As of June 30, 2020)

#### Retirement Board

<b>Donald D. Drum</b> Executive Director	<b>Michael L. Hampton</b> Deputy Director	<b>Cheryl George</b> Deputy Attorney General	<b>Jon Wald</b> Purchasing Agent	<b>Lena Rupp</b> Management Assistant
<b>Robert M. Maynard</b> Chief Investment Officer	<b>Richelle Sugiyama</b> Investment Officer	<b>Rose Marie Sawicki</b> Administrative Assistant	<b>Investment Managers</b> See Investment Section for a list ( <b>pages 84-85</b> )	
<b>Kelly Cross</b> Program Manager	<b>Diane Kaiser</b> Defined Contribution Plan Prg SP	<b>Kelsey White</b> Training Specialist	<b>Maria Quitugua</b> Training Specialist	<b>Ray Mikus</b> Training Specialist
	<b>Kody Krigbaum</b> Training Specialist	<b>Kathy Adams</b> Administrative Assistant	<b>Jenny Flint</b> Public Information Officer	
<b>Alex Simpson</b> Financial Executive Officer	<b>Eric Carpenter</b> Financial Specialist PR	<b>Michael Anderson</b> Financial Specialist PR	<b>Kelly Rowlands</b> Financial Specialist SR	<b>Adel Stacy</b> Financial Specialist SR
	<b>Chris Wester</b> Financial Specialist	<b>Barbara Sargent</b> Financial Technician	<b>Ellise Fowler</b> Financial Technician	<b>Vacant</b> Financial Technician
	<b>Bev Ross</b> Financial Technician	<b>Sharon Simon</b> Financial Support Tech.	<b>Teresa Froehlke</b> Financial Technician	<b>Vacant</b> Administrative Assistant
<b>Lisa Conn</b> Quality Assurance Manager	<b>Catherine Atchison</b> Business Analyst	<b>Brett Harper</b> Retirement Specialist	<b>Wayne Millar</b> Retirement Specialist	<b>Alicia Harper</b> Retirement Specialist
<b>Larry Sweat</b> IT Manager III	<b>Branden Kennah</b> IT Manager II	<b>Stacy Parr</b> IT Software Engineer III	<b>Andrea Fannesbeck</b> Project Manager I	<b>Pavel Denisov</b> IT Infrastructure Engineer II
	<b>Vacant</b> IT Software Engineer II	<b>Jason Smith</b> IT Software Engineer I	<b>Kris Colt</b> IT Ops & Support SR Tech	<b>Timothy Wolfrum</b> IT Software Engineer I
	<b>Satish Aketi</b> Web Developer III (Contract)	<b>Vacant</b> IT Infrastructure Engineer II		
<b>Casey Hartwig</b> Member Services Manager	<b>Shasta Wardle</b> Office Services Supervisor	<b>Jess Simonds</b> Office Services Supervisor	<b>Sheila Wageman</b> Technical Records Specialist I	<b>Linda Parker</b> Retirement Specialist
	<b>Ashly Eppley</b> Technical Records Specialist I	<b>Bonnie Chaffin</b> Technical Records Specialist I	<b>Andrew Millar</b> Customer Service Rep.	<b>Cathy Miles</b> Retirement Specialist
	<b>Alan Hedquist</b> Customer Service Rep	<b>April Bias-Fourstar</b> Retirement Specialist	<b>Stephen Mytrysak</b> Technical Records Specialist II	<b>Sheena Olszewski</b> Technical Records Specialist I
	<b>Sandra Kemper</b> Customer Service Rep.	<b>Nathan Abejar</b> Customer Service Rep.	<b>Mary Holleron</b> Technical Records Specialist II	<b>Eliza Storms</b> Technical Records Specialist II
	<b>Karen Randolph</b> Technical Records Specialist I	<b>Tina Duran</b> Technical Records Specialist I	<b>Cathy Andrews</b> Technical Records Specialist I	<b>Ginger Bradburn</b> Technical Records Specialist I
	<b>Maria Madrid</b> Customer Service Rep.	<b>Patricia Martinez</b> Technical Records Specialist II	<b>Janet Cole</b> Office Specialist	<b>Lisa Oglesby Peterson</b> Customer Service Rep.
	<b>Vacant</b> Retirement Specialist			

## INTRODUCTORY SECTION

### THE SYSTEM

The Public Employee Retirement System of Idaho (the System) is the administrator of seven fiduciary funds. This includes three defined benefit retirement plans, the Public Employee Retirement Fund Base Plan (PERSI Base Plan) the Firefighters' Retirement Fund (FRF) and the Judges' Retirement Plan (JRF); two defined contribution plans, the Public Employee Retirement Fund Choice Plan 401(k) and 414(k) (PERSI Choice Plans); and two Sick Leave Insurance Reserve Trust Funds – one for state employers and one for school district employers.

The Retirement Board consists of five members, each appointed by the Governor to fulfill a 5-year term. The Board meets monthly to conduct System business, usually on the third Tuesday of each month at 8:30 a.m. at PERSI's headquarters office in downtown Boise.

Administrative expenditures, consisting of the personnel costs, operating expenditures, and capital outlay necessary to operate the System, are limited to those approved and appropriated by the Legislature for that purpose. In Fiscal Year 2020 (FY 2020), these costs totaled \$12,681,498 including \$523,746 depreciation and amortization, which are not cash expenditures and, therefore, not appropriated.

The majority of the System's 69 staff works in the headquarters office located at 607 North 8th Street, Boise, Idaho. There are two staff members in the Coeur d'Alene office, and two in the Pocatello office. The Executive Director and Investment Officers are exempt positions appointed by the Retirement Board to serve at its pleasure. The Deputy Director and Public Information Officer are exempt positions serving under the Executive Director. The Deputy Attorney General is assigned to PERSI by the Office of the Attorney General. All other staff members serve under statutes and personnel rules governing classified state service.

The System staff oversees the investment of the trust corpus and new contributions with professional investment managers and funding agents. The Retirement Board maintains fiduciary responsibility for investment policy, asset allocation, and the selection of individual investment managers as discussed in the Investment Section.

## SUMMARY OF PLAN PROVISIONS

### DEFINED BENEFIT "BASE PLAN" PROVISIONS

Note: The items in parentheses are the provisions applicable to members designated as either PERSI firefighters or as PERSI police officer members for retirement purposes.

### MEMBER CONTRIBUTION RATE

The employee contribution rate is set by statute at 60% (72%) of the employer rate. As of June 30, 2020, it was 7.16% (8.81%).

### EMPLOYER CONTRIBUTION RATE

The employer contribution rate set by the Retirement Board was 11.94% (12.28%) as of June 30, 2020.

### SERVICE RETIREMENT

#### ELIGIBILITY

Five years of service and age 65 (age 60 or between 60 and 65, depending on the ratio of police officer/firefighter service to total credited service).

#### AMOUNT OF ALLOWANCE

For each year of credited service, the monthly service retirement allowance as of June 30, 2020, was 2% (2.3% for police/firefighters) of the monthly average salary of the member's highest 42 consecutive months.

#### MINIMUM MONTHLY BENEFIT ALLOWANCE

Until February 28, 2020: for each year of service, the monthly minimum benefit allowance was \$26.66 (\$31.99) to a maximum of the member's accrued benefit. Effective March 1, 2020 the monthly minimum benefit allowance was \$28.40 (\$34.08).



## INTRODUCTORY SECTION

### ***DISABILITY TO SERVICE RETIREMENT***

The regular retirement allowance for disability changes to service retirement allowance when the member reaches service retirement age. The disabled member completes the normal retirement application, offering the ability to select other retirement options.

### ***OPTIONAL FORMS***

Retirees may also choose 50% or 100% contingent annuitant options as well as Social Security “bridge” options. These are actuarial equivalents of the normal form based on the mortality and interest assumptions adopted by the Retirement Board. The allowance is payable for the life of the retiree and designated contingent annuitant.

### **EARLY RETIREMENT**

#### ***ELIGIBILITY***

Five years of service and age 55 (age 50 or between 50 and 55, depending on the ratio of police officer/firefighter service to total credited service).

#### ***AMOUNT OF ALLOWANCE***

Unreduced accrued service retirement allowance if age plus service, upon separation from employment, total 90 (80, or between 80 and 90, depending on the ratio of police officer/firefighter service to total credited service); otherwise, the accrued service retirement allowance is reduced 3% for each of the first 5 years by which the early retirement date precedes the date the member would be eligible to receive the unreduced benefit, and by 5.75% for each additional year to a maximum of a second 5 years. The unreduced benefit entitlement may be either at the service retirement eligibility date or the date eligible for the rule of 90(80).

#### ***FORMS***

Regular retirement allowance; contingent annuitant allowances for the life of the retiree and a designated contingent annuitant; Social Security level income option for the life of the retiree only or for the life of the retiree and designated survivor.

### **DISABILITY RETIREMENT**

#### ***ELIGIBILITY***

Active members must have 5 years of service, be unable to perform work of any kind, and be expected to remain disabled for life. They are eligible from the first day on the job if the disability is due to occupational causes.

#### ***AMOUNT OF ALLOWANCE***

Projected service retirement allowance based on the highest 42-consecutive month average salary at the time of disability. The benefit is calculated using the accrued service at the time of disability plus the service which would have accrued through service retirement age had the disability not occurred. If a member has less than 360 months of service as of the date they are eligible for disability retirement, they will be given credit for the months of service they would have earned from the date of disability to the date they would have reached Service Retirement Age (65 for general members/62 for police and firefighters) had they not become disabled (360 months of credited service maximum). In other words, PERSI will give members up to 30 years of credit or to Service Retirement Age, whichever comes first. Monthly allowance is payable after all temporary compensation ceases and is offset by the amount payable as income benefit under worker's compensation law, except when offset by Social Security. Effective July 1, 2009, public safety officers who are injured in the line of duty and determined to be permanently disabled under Idaho Code 59-1302(12), may be eligible to receive a one-time, lump-sum payment of \$100,000.

### ***DISABILITY TO SERVICE RETIREMENT***

The regular retirement allowance for disability changes to service retirement allowance when the member reaches service retirement age. The disabled member completes the normal retirement application offering them the ability to select other retirement options.

## INTRODUCTORY SECTION

### DEATH BENEFITS

#### **AFTER RETIREMENT**

Under the normal form of the retirement allowance, a Social Security adjustment option, or a disability retirement, the balance, if any, of the member's accumulated contributions and interest at retirement over all payments received is paid to the beneficiary in a lump sum. In the case of a disability retirement, the beneficiary may waive the lump sum if the retiree is married so that the spouse will receive a lifetime monthly allowance, or the beneficiary may take a lump-sum payment of two times the amount in the member's account at the time of disability retirement minus any amount paid. Under the contingent annuitant options, the designated annuitant receives a lifetime monthly benefit following the member's death. If the survivor dies before the balance of the member's accumulated contributions and interest has been paid, the balance will be paid to the beneficiary in a lump sum. If the member's designated contingent annuitant predeceases him/her, the member's allowance will be recalculated to a single life payment.

#### **BEFORE RETIREMENT**

1. Non-vested Members:
  - a. Beneficiary receives a lump sum payment of the member's accumulated contributions plus interest.
2. Vested Members:
  - a. Beneficiary receives a lump sum payment of two times the member's accumulated contributions plus interest.
  - b. If the member is married, and the spouse is the sole beneficiary, the spouse may select a lump sum payment or a lifetime monthly benefit.
  - c. If the member is married, but the spouse is not the sole beneficiary, the beneficiary may waive the lump sum, in which case, a lifetime monthly benefit is available to the surviving spouse.
3. A \$100,000 death benefit for duty-related deaths for police officers/firefighters became effective July 1, 2003.

### SEPARATION BENEFIT

Accumulated member contributions with regular interest is payable upon becoming an inactive member separated from eligible employment. The Regular Interest Rate in effect for Fiscal Year 2020 was 7.22% from January 1 through June 30, 2020 (7.57% from July 1 through December 31, 2019) compounded monthly per annum.

### POSTRETIREMENT ADJUSTMENTS

An annual postretirement adjustment based on and limited by a cost-of-living factor reflecting the changes in the Consumer Price Index-Urban (CPI-U) is effective in March each year. If the CPI-U change from August of the previous year to August of the second previous year is 1% or more, a 1% mandatory adjustment is made. The Board may authorize additional discretionary adjustments based on the CPI-U increase (up to a total maximum annual COLA of 6% or the CPI-U rate, whichever is lower) if it determines that the System can do so and still maintain an appropriately funded position as required by Idaho Code Section 59-1355(1). When discretionary COLA adjustments in excess of the 1% are authorized by the Board, they are reported to the Legislature. If the Legislature has not acted on the Board adjustment by the 45th day of the legislative session, the discretionary COLA, if any, becomes effective on March 1 of that year.

The Board is also authorized to award postretirement adjustments for prior years in which the actual amount of adjustment was less than the CPI-U for those years. If the CPI-U change is downward, in no event will any benefit be reduced below its initial amount.

The Board approved the mandatory and discretionary COLA of 1.7%, implemented on March 1, 2020. The Board also granted in addition to the COLA, all retro COLA's to be included for a total of 4.8%. There are no more retro COLA's waiting to be granted.

## INTRODUCTORY SECTION

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## INTRODUCTORY SECTION



Public Employee Retirement System of Idaho

HELPING YOU BUILD A SECURE RETIREMENT

November 9, 2020

**Governor**  
Brad Little

**Retirement Board**  
Jeff Cilek, Chairman  
Joy Fisher  
Celia R. Gould  
Park Price  
Darin DeAngeli

**Executive Director**  
Donald D. Drum

---

**Phones**  
Answer Center 208-334-3365  
FAX 208-334-3805

**Toll Free**  
Answer Center 1-800-451-8228  
Employer Line 1-866-887-9525

**Mailing Address**  
P.O. Box 83720  
Boise ID 83720-0078

---

**Boise**  
Office Location Address  
607 North 8<sup>th</sup> Street  
Boise ID 83702-5518

---

**Pocatello**  
Office Location Address  
1246 Yellowstone Ave., Ste. A5  
Pocatello ID 83201

---

**Coeur d' Alene**  
Office Location Address  
2005 Ironwood Pkwy #226  
Coeur d' Alene ID 83814-2680

---

**Choice 401(k) Plan**  
**Record Keeper**  
1-866-437-3774

[www.persi.idaho.gov](http://www.persi.idaho.gov)

Equal Opportunity Employer

Dear Governor Little, Legislators, and Members of the Retirement System:

We are pleased to present to you the Public Employee Retirement System of Idaho (the System) comprehensive annual financial report, for the fiscal year ended June 30, 2020 (FY2020). This financial report is a historical perspective of benefits, services, and fiscal activities of the System. Included is a summary of our actuarial valuations, an independent auditors' report, an investment summary, and a statistical section.

Generally accepted accounting principles require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The System's MD&A can be found immediately following the independent auditors' report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to PERSI for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the 29th consecutive year PERSI has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

For the 18<sup>th</sup> consecutive year, PERSI has been awarded the Public Pension Coordinating Council Standards Award. This award signifies that PERSI complies with the standard benchmarks for public defined benefit systems in the United States. The standards require a high level for the following: comprehensive benefit program, funding adequacy, accepted actuarial and audit practices, investment policy and evaluation, and member communications. This award is given to 50 to 60 public retirement systems each year.

This Letter of Transmittal is intended to serve as an overview of the System and to convey information on the topics that follow.

## INTRODUCTORY SECTION

### PLAN HISTORY

The Public Employment Retirement System of Idaho (PERSI) was created by the thirty-seventh Legislature, Regular Session of 1963 with funding effective July 1, 1965. It is a tax qualified, defined benefit system to which both the member and the employer contribute. Participation in the System is mandatory for eligible state and school district employees and available to other public employers and their employees on a contractual basis.

When the Teachers Retirement System of Idaho was abolished, members of that system were integrated into PERSI, and all other eligible school district employees became PERSI members effective July 1, 1967.

Legislative amendments since 1965 have made it possible for municipal police officer retirement funds to merge with the System, and two of the five police officer systems have since merged. The other three are being phased out, and police officers hired since 1969 have become PERSI members.

Legislation in 1979 mandated the Firefighters' Retirement Fund be administered by PERSI effective October 1, 1980. Paid firefighters who were members of the original system retained their original benefit entitlement, while paid firefighters hired after October 1, 1980, were entitled to PERSI benefits. An actuarial valuation of the firefighter member benefit entitlement is conducted at least every other year, separate from the annual PERSI valuation.

In January 2001, PERSI implemented a "Gain Sharing" program as a way to distribute \$155 million in excess investment earnings back to our active members, retirees, and employer members. Retirees received their gain sharing as a "13<sup>th</sup> check." Employers received their share as a contribution "holiday." Some 53,000 eligible active members received their portion as deposits into newly created defined contribution (DC) accounts. This new plan, named the "PERSI Choice 401(k) Plan," supplemented PERSI's traditional Defined Benefit (DB) "Base" Plan. It allowed employees for the first time to actively participate in saving for their retirement.

At the time of inception, the PERSI Choice 401(k) Plan was somewhat unique in the public sector. PERSI obtained permission from the Internal Revenue Service to expand a grandfathered State 401(k) to our members statewide. While some public employees were familiar with 457 or 403(b) plans, a 401(k) was something new to them. Many of our members had never had the opportunity to make such pre-tax voluntary contributions.

PERSI assumed the administration for the Judges' Retirement Fund (JRF) starting July 1, 2014.

### SERVICES PROVIDED

The ability of the System to serve both employee and employer members at the local level through the Boise, Pocatello, and Coeur d'Alene offices remains a key factor for efficient administration. The merging of other retirement systems with PERSI, plus statutory amendments over the years, have produced both multiple and diverse member benefit entitlements and administrative requirements. These can best be analyzed and explained to the members through personal contact with knowledgeable System staff members.

In its 55<sup>th</sup> year of operation, the System continued a wide range of services to both employee and employer members. Members may visit the PERSI Web site, call, email, or visit one of the three offices for personal information and assistance regarding credited service, account balances, eligibility, benefit options and amounts, and other retirement matters.

Members receive advance notice of service retirement qualification and are provided with estimates of monthly allowances. They also receive information regarding the availability of alternate forms of retirement payments. Retirement applications are processed in a timely fashion, and monthly payments are made promptly. Direct deposit of benefit payments is available to retired members as is withholding for income tax, medical insurance, or other purposes.

System retirees are provided notices whenever their net benefit amount changes. This notice gives retirees a list of their itemized deductions from their gross benefit. Retirees may also access additional account information through the online web portal.



## INTRODUCTORY SECTION

Separation and death benefits are paid in an orderly manner and as rapidly as possible. Employee contributions and earned interest are posted to individual member accounts each month, and an annual statement is provided to each member confirming their average monthly salary, credited service, contributions, and earned interest. In addition, a report of benefits accrued to date is provided along with an estimate of benefits projected ahead to various retirement ages.

PERSI's employer units are responsible for reporting and handling retirement transactions and activities. They are provided regular training and assistance through monthly newsletters, employer training sessions throughout the State, and personal contacts with PERSI staff, as needed.

Upon request, public employers interested in affiliation with the System are counseled and provided with information regarding employee benefits, cost, and procedures associated with joining. Conversely, employers considering withdrawal are provided information and employee benefit projections to enable them to make an informed decision.

Pre-retirement and financial planning workshops, offered on a regular basis throughout the State, cover financial planning, budgeting, investment basics, and Social Security, Medicare, and System benefits.

### EMPLOYEE AND EMPLOYER MEMBERSHIP

During Fiscal Year 2020, the number of active PERSI members increased from 72,502 to 73,657. The number of retired members or annuitants receiving monthly allowances increased from 48,120 to 49,573. The number of inactive members who have not been paid a separation benefit increased from 39,867 to 41,945. Of these inactive members, 13,788 have achieved vested eligibility. Total membership in PERSI increased from 160,489 to 165,175 during the fiscal year. There are currently 819 public employers in Idaho who are PERSI members. Participating employers are listed in the Statistical Section of this report.

### MANAGEMENT RESPONSIBILITY

The System's management is responsible for the complete and fair presentation of the data and the accompanying disclosures in this report. The financial statements and supplemental schedules included in this report have been prepared in accordance with generally accepted accounting principles for governmental accounting and reporting as pronounced or adopted by the Governmental Accounting Standards Board.

### INDEPENDENT AUDIT

The System is audited annually, and for the fiscal year ended June 30, 2020, the audit was conducted by Eide Bailly, LLP, an independent firm of Certified Public Accountants. Refer to the Independent Auditors' Report for their audit opinion.

### INTERNAL ACCOUNTING CONTROL

As an agency of the State of Idaho, the System's administrative expenses are subject to the State's budget controls. Management is responsible for maintaining a system of internal accounting control designed to provide reasonable assurance transactions are executed in accordance with management's general or specific authorization and are recorded as needed to maintain accountability for assets to permit preparation of financial statements. Internal controls have inherent limitations and their costs should not outweigh their benefits. Internal control procedures have been established, and a budget report is prepared for the Board. We believe the internal controls in effect during Fiscal Year 2020 adequately safeguard the assets and provide reasonable assurance regarding the proper recording of financial transactions.

### FINANCIAL HIGHLIGHTS

Collection of employer and employee contributions, as well as income and gains from investments, provides the reserves necessary to finance retirement benefits. These income sources totaled \$1,362,605,938 for all pension funds during the fiscal year ended June 30, 2020.

## INTRODUCTORY SECTION

### ADDITIONS:

Contributions	\$ 810,256,153
Transfers/Rollovers In	21,341,826

### INVESTMENT INCOME:

Net Appreciation (Depreciation) in Fair of Investments	216,130,301
Interest, Dividends and Other Investment Income	370,145,486
Less: Investment Expenses	<u>(55,706,812)</u>
Net Investment Income	530,568,975

### OTHER INCOME

	438,984
Total Additions	<u><u>\$ 1,362,605,938</u></u>

The payment of benefits is the primary expense of a retirement system. The payments, together with the expenses to administer the Plan, constitute the total expenses of the System. Expenses for Fiscal Year 2020 are as follows:

### DEDUCTIONS:

Benefits and Refunds	\$ 1,106,573,338
Administrative Expenses	12,681,498
Total Deductions	<u><u>\$ 1,119,254,836</u></u>

### ACTUARIAL PRESENT VALUE OF FUTURE BENEFITS

Future benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future salary. The actuarial present value of future benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Simply put, it is the amount that would have to be invested on the valuation date so the amount invested plus investment earnings will provide sufficient assets to pay total future benefits when due.

The actuarial present value was calculated as part of an actuarial valuation at July 1, 2020. Significant actuarial assumptions used include: a gross investment return rate of present and future assets of 7.05% compounded annually, (7.0% plus 0.05% for expenses); projected salary increases of 3.75% per year compounded annually, attributable to general wage increases; additional projected salary increases attributable to seniority/merit, up to 6.25% per year, depending on service and employee classification, and; 1.00% per year attributable to postretirement benefit increases.

At June 30, 2020, the Unfunded Actuarial Accrued Liability (UAAL) for the PERSI Base Plan, on a current contribution basis, was \$2.4 billion with an amortization period of 20.5 years, which is less than the 25 year maximum allowed by statute. The UAAL differs from the Net Pension Liability (NPL) in that the long-term expected rate of return for the UAAL was 7.0%, 7.05% net of 0.05% for expected administrative expenses. This is in contrast to the discount rate used to determine the Total Pension Liability (TPL) and NPL for purposes of GASB reporting. According to GASB Statement 67, the discount rate used to calculate TPL and NPL must be net of investment expenses but not administrative expenses. Therefore, TPL and NPL have been determined using a discount rate of 7.05%.

	PERSI Base Plan 2020	FRF 2020	JRF 2020
Total pension liability	\$19,714,192,796	\$ 268,034,167	\$ 115,567,087
Plan fiduciary net position	17,392,060,576	416,933,329	93,705,674
Employers' net pension liability (asset)	<u>\$ 2,322,132,220</u>	<u>\$ (148,899,162)</u>	<u>\$ 21,861,413</u>
Plan fiduciary net position as a percentage of total pension liability	<u>88.22 %</u>	<u>155.55 %</u>	<u>81.08 %</u>

## INTRODUCTORY SECTION

### ECONOMIC CONSIDERATIONS

The System operates within a dynamic economic environment, as do all investment funds. The objective of the Retirement Board is to minimize the effect of these external influences, where possible, by diversifying among a broad range of asset classes and investment management styles, both domestically and internationally. Such diversification, combined with prudent management by experienced investment professionals, increases the probability the earnings objective will be achieved. The investment return for Fiscal Year 2020 was 3.01% gross, 2.71% net of investment expenses, and 2.65% net of all expenses.

Defined benefit pension systems plan for and make decisions based on the long term (20 to 25 year) nature of pension funding and benefits. PERSI is funded on a sound actuarial basis, which protects future benefits for participants. Over the long-term, the Plan's investment assets have exceeded their expected returns. Short-term fluctuations in investment performance make good headline news, but are much less important when viewed in the long range context of pension plans. Sound investment strategies that are, in the words of CIO Bob Maynard, "Simple, Transparent, Focused, and Patient" along with reasonable actuarial assumptions are the key ingredients to a successful, well funded pension plan.

### INVESTMENT STRATEGY AND POLICIES

The Retirement Board utilizes and directs agents to provide whatever investment management and custodial functions best achieve the System's investment objectives. The Board establishes asset allocation policy, diversification guidelines, custodial functions including safe-guarding of investments, and investment guidelines and restrictions. Each money manager is generally granted full discretion in making investment decisions within their guidelines. The Board, staff, and consultants monitor and evaluate investment results. The Board, in its administration of this System and management of the investment program, is guided by the fiduciary standards in Section 59-1301 of the Idaho Code and the Idaho Uniform Prudent Investor Act, in Sections 68-501 through 68-514 of the Idaho Code and is empowered in its sole discretion to limit, control, and designate the types, kinds, and amounts of investments.

PERSI's total fund return was 2.65% net of all expenses for Fiscal Year 2020. The policy benchmark return is 7.0% net of all expenses. PERSI continues to rank in the top quartile over the long term when compared to our peer universe of other state-wide public pension funds across the country.

The investment mix at fair value as of the end of Fiscal Year 2020 was 59% domestic and global equity, 14% international equity, and 27% percent fixed income. The System's investment outlook is long term, allowing the portfolio to take advantage of the favorable risk-return characteristics of equities by placing more emphasis on this category. The portfolio is broadly diversified with additional diversification achieved through domestic and international investing. See the Management's Discussion and Analysis and Investment Section of this report for more detailed analysis and information.

### FUNDING STATUS

The funding objective of PERSI is to accumulate sufficient assets to ensure funds will be available to meet current and future benefit obligations to participants on a timely basis. If the level of funding is high, the ratio of assets to the actuarial accrued liability is also greater, which means better investment income potential. Each year an independent actuary engaged by PERSI calculates the amount of the annual contribution the plans must make to fully meet their obligations to their members. As of July 1, 2020, the PERSI Base Plan had an amortization period of 20.5 years and a funding ratio of 87.7% of the present value of the projected benefits earned by employees. The closed Firefighters' Retirement Fund is fully funded as of the July 1, 2020 valuation. The Judges' Retirement Fund had a funding ratio of 80.71% and amortization period of 12.0 years. When the amortization period exceeds the statutory limit of 25 years, the Board reviews contribution rates. The actuarial method for calculating accrued liability for all three plans is Entry Age Normal with the objective of maintaining employer contributions approximately level as a percent of member payroll. For a more in-depth discussion of PERSI's funding, see Management's Discussion and Analysis and the Actuarial Section of this report.

## INTRODUCTORY SECTION

### MAJOR INITIATIVES

Our attention to customer service has always been one of our cornerstones, and PERSI leadership continues to believe personalized customer service is key to all generations of members. We cannot afford to have any generation ignored and/or be uninformed about the benefits of PERSI.

PERSI's educational outreach remains focused on making sure members, employers and lawmakers understand and appreciate the value of the PERSI benefit. Our training staff continues to work directly with employers, engaging members earlier in their careers, and providing expanded workshops explaining the value of the PERSI benefit.

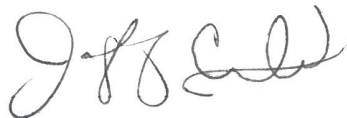
We are committed to providing workshops for members in every county of Idaho in 2020, and meeting that goal. Technology has enhanced our outreach, but will not replace our in-person efforts that have proven to be very successful. We continue to evaluate our methods but only utilize automation if we believe it provides increased value.

We are sincerely grateful to the Idaho Legislature for their wisdom during times of modest market returns. Idaho statute has measures in place that keep required contributions to the fund set at a rate that will sustain the fund during less than stellar market years.

### ACKNOWLEDGMENTS

This financial report of the Public Employee Retirement System of Idaho was prepared by staff under the leadership of the Retirement Board. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a method of determining responsible stewardship for the assets contributed by the members and their employers.

This report is being sent to the Governor, State Legislators, and other interested parties. Respectfully submitted,



Jeff Cilek, Chairman



Donald D. Drum, Executive Director



Alex Simpson, Financial Executive Officer



# **FINANCIAL**

*SECTION*





## **INDEPENDENT AUDITOR'S REPORT**

To the Retirement Board  
**Public Employee Retirement System of Idaho**  
Boise, Idaho

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the pension and other trust funds of the Public Employee Retirement System of Idaho (the System), which comprise the statements of fiduciary net position as of June 30, 2020, and the related statements of changes in fiduciary net position, for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2020, and the changes in fiduciary net position of the Plan for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## FINANCIAL SECTION

### Report on Summarized Comparative Information

We have previously audited the Public Employee Retirement System of Idaho's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 19-27 and 59-75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements as a whole. The introductory, investment, actuarial and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The additional supplementary information accompanying financial information listed as additional supplementary schedules in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying financial information listed as supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## FINANCIAL SECTION

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Erik Sully LLP". The signature is written in a cursive, flowing style.

October 15, 2020  
Boise, Idaho

## FINANCIAL SECTION

### PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

#### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2020

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Management is pleased to provide Management's Discussion and Analysis ("MD&A") of the financial activities of the Public Employee Retirement System of Idaho (the "System" or "PERSI") as of and for the year ended June 30, 2020. The June 30, 2019 amounts are combined and are provided for comparative purposes. This overview and analysis is designed to focus on current known facts and activities and resulting changes.

The System administers seven fiduciary funds. These consist of three defined benefit pension trust funds – the PERSI Base Plan, the Firefighters' Retirement Fund (FRF) and the Judges' Retirement Fund (JRF), two defined contribution pension trust funds – the PERSI Choice Plan 401(k) and 414(k), and two Sick Leave Insurance Reserve trust funds – State and Schools.

#### Financial Highlights

- The change in net position for all pension and other funds administered by the System increased \$0.2 billion and \$1.1 billion in Fiscal Year 2020 and Fiscal Year 2019, respectively. The change in the defined benefit plans reflects the total of contributions received and an investment return less than benefits paid and administrative expenses. Changes in net position for the years ended June 30, 2020 and 2019 were as follows:

	2020	2019
PERSI Base Plan	\$ 151,957,417	\$ 965,532,534
FRF	607,506	21,277,270
JRF	506,239	5,127,941
PERSI Choice Plan 414(k)	(2,079,624)	242,992
PERSI Choice Plan 401(k)	71,569,156	105,231,189
Sick Leave - State	9,263,835	18,925,404
Sick Leave - Schools	11,526,573	29,119,354
Total increase (decrease) in plan net position	<u>\$ 243,351,102</u>	<u>\$ 1,145,456,683</u>

Assets for the three defined benefit plans, the PERSI Base Plan, FRF and JRF, are pooled for investment purposes. For the Fiscal Years ended June 30, 2020 and 2019, the rate of return net of investment expenses on the investment assets are detailed below (these are plan-level returns). For the defined contribution plans, the PERSI Choice Plan 401(k) and 414(k), individual participant returns will vary depending on their specific investment choices. Returns for Choice Plan options can be found on the PERSI website under Investments/Choice Plan.

	2020	2019
PERSI Defined Benefit Plans	2.7%	8.1%
Sick Leave Insurance Reserve Fund	4.2%	7.8%

- All of the plans experienced investment gains in Fiscal Year 2020 as a result of positive market performance. Net investment income for all of the funds administered by the System for the Fiscal Years ended June 30, 2020 and 2019, was \$0.5 billion and \$1.5 billion, respectively.

## FINANCIAL SECTION

	2020	2019
PERSI Base Plan	\$ 462,845,507	\$ 1,302,570,927
FRF	11,090,094	32,009,454
JRF	2,535,628	6,936,823
PERSI Choice Plan 414(k)	1,586,499	4,425,898
PERSI Choice Plan 401(k)	28,442,165	70,228,713
Sick Leave - State	9,554,069	16,084,184
Sick Leave - Schools	14,515,013	24,687,356
Total net investment income	<u>\$ 530,568,975</u>	<u>\$ 1,456,943,356</u>

- As of June 30, 2020 and 2019, the net pension liability (asset) was as follows:

	PERSI Base Plan 2020	FRF 2020	JRF 2020
Total pension liability	\$ 19,714,192,796	\$ 268,034,167	\$ 115,567,087
Plan fiduciary net position	17,392,060,576	416,933,329	93,705,674
Employers' net pension liability (asset)	<u>\$ 2,322,132,220</u>	<u>\$ (148,899,162)</u>	<u>\$ 21,861,413</u>
Plan fiduciary net position as a percentage of total pension liability	<u>88.22 %</u>	<u>155.55 %</u>	<u>81.08 %</u>
	PERSI Base Plan 2019	FRF 2019	JRF 2019
Total pension liability	\$ 18,380,933,618	\$ 272,572,198	\$ 112,895,161
Plan fiduciary net position	17,239,461,492	416,325,823	93,199,434
Employers' net pension liability (asset)	<u>\$ 1,141,472,126</u>	<u>\$ (143,753,625)</u>	<u>\$ 19,695,727</u>
Plan fiduciary net position as a percentage of total pension liability	<u>93.79 %</u>	<u>152.74 %</u>	<u>82.55 %</u>

The System's funding objective is to meet long-term benefit obligations through contributions and investment income and provide a reserve against market fluctuations. The ratio listed above gives an indication of how well this objective has been met at a specific point in time. The higher the ratio, the better the Plan is funded.

## FINANCIAL SECTION

### SICK LEAVE INSURANCE RESERVE FUND

#### State Members

	2020	2019
Total OPEB liability	\$ 93,296,577	\$ 99,213,537
Plan fiduciary net position	234,449,486	225,185,651
Employers' net OPEB liability (asset)	\$ (141,152,909)	\$ (125,972,114)
Plan fiduciary net position as a percentage of total OPEB liability (asset)	251.0 %	227.0 %

#### School Members

	2020	2019
Total OPEB liability	\$ 232,878,651	\$ 248,702,273
Plan fiduciary net position	356,009,237	344,482,664
Employers' net OPEB liability (asset)	\$ (123,130,586)	\$ (95,780,391)
Plan fiduciary net position as a percentage of total OPEB liability (asset)	153.0 %	138.5 %

### Using the Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the System's financial statements. The financial section is comprised of four additional components: (1) fund financial statements, (2) notes to financial statements, (3) required supplementary information, and (4) additional supplementary schedules.

*Fund Financial Statements* — There are two financial statements presented for the fiduciary funds. The statements of fiduciary net position as of June 30, 2020 with comparable 2019 totals indicates the fiduciary net position available to pay future benefits and gives a snapshot at a particular point in time. The statements of changes in fiduciary net position for the years ended June 30, 2020 with comparable 2019 totals provides a view of the current year's activity. It details the additions and deductions to the individual funds and supports the change to the prior year's ending net position on the statements of fiduciary net position. All pension fund statements are presented on a full accrual basis and reflect all trust activities, as incurred.

*Notes to Financial Statements* — The notes provide additional information essential for a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 32-58 of this report.

*Required Supplementary Information* — The required supplementary information consists of the Schedule of Net Pension Liability (Asset), Schedule of Changes in Net Pension Liability (Asset), Schedule of Contributions, Schedule of Investment Returns and related notes concerning the methods and assumptions used in calculations of actuarially determined contributions. In addition, required supplementary information includes Schedule of Changes in Net Other Post Employment Benefit (OPEB) Liability (Asset), Schedule of Net OPEB Liability (Asset), Schedule of Contributions – OPEB, Schedule of Investment Returns – Sick Leave Insurance Reserve Fund as well as related notes concerning the methods and assumptions used in the calculation of the OPEB Liability (Asset).

*Additional Supplementary Schedules* — The additional schedules (Schedule of Investment Expenses and Schedule of Administrative Expenses) are presented for additional analysis.

## FINANCIAL SECTION

### Comparative Financial Statements

*Defined Benefit Pension Trust Funds* — The PERSI Base Plan, the Firefighters' Retirement Fund, and the Judges' Retirement Fund are qualified plans under the Internal Revenue Code and provide retirement, disability and death benefits to the employees of affiliated employers. Benefits are funded by member and employer contributions and by earnings on investments. Assets for these plans are pooled only for investment purposes.

#### Defined Benefit Pension Trust Funds Net Position

	As of June 30, 2020	As of June 30, 2019	\$ Change	% Change
<b>Assets:</b>				
Cash and cash equivalents	\$ 11,514,233	\$ 10,605,185	\$ 909,048	8.6%
Investments sold receivable	111,207,114	107,873,496	3,333,618	3.1%
Other receivables	52,675,794	72,085,259	(19,409,465)	-26.9%
Investments - at fair value	17,836,493,364	17,717,507,082	118,986,282	0.7%
Prepaid retiree benefits	83,140,123	75,996,230	7,143,893	9.4%
Capital assets - net of accumulative depreciation	8,551,431	10,017,553	(1,466,122)	-14.6%
Due from other plans	—	10,616	(10,616)	-100.0%
<b>Total assets</b>	<b>18,103,582,060</b>	<b>17,994,095,421</b>	<b>109,486,639</b>	<b>0.6%</b>
<b>Liabilities:</b>				
Investment purchased payable	144,387,352	187,720,214	(43,332,862)	-23.1%
Benefits and refunds payable	548,552	448,183	100,369	22.4%
Other liabilities	14,616,738	14,968,768	(352,030)	-2.4%
<b>Total liabilities</b>	<b>159,552,642</b>	<b>203,137,165</b>	<b>(43,584,523)</b>	<b>-21.5%</b>
<b>Net Position:</b>				
Assets used in plan operation (net)	8,551,431	10,017,553	(1,466,122)	-14.6%
Amounts held in trust	17,935,477,987	17,780,940,703	154,537,284	0.9%
<b>Net Position</b>	<b>\$17,944,029,418</b>	<b>\$17,790,958,256</b>	<b>\$ 153,071,162</b>	<b>0.9%</b>

The fair value of investments increased due to the combination of contributions received exceeding benefits and administrative expenses and an investment return of 2.71% (net of investment expenses). Liabilities for benefits and refunds payable vary at Fiscal Year-End depending on member request and timing. Change in asset values and timing of payments can affect the balance of liabilities at the statements of fiduciary net position date.

The percent change in investments sold receivable and investments purchased payable fluctuates as the volume of trading activity by the System's professional investment managers' changes. The cash balance change was due to normal fluctuations in operating cash requirements and the timing of transfers to investment managers.



## FINANCIAL SECTION

### Defined Benefit Pension Trust Funds Changes in Net Position

Investment income for the Fiscal Year 2020 was \$0.5 billion as a result of the gross investment return of 3.01%. Contributions and other additions totaled \$0.7 billion. Total additions including investment income and contributions totaled \$1.2 billion. Additions were more than benefits and administrative expenses paid of \$1.0 billion by \$0.2 billion for 2020. Investment income for the Fiscal Year 2019 was \$1.3 billion; the gross investment return was 8.40%. Contributions and other additions totaled \$0.7 billion resulting in total additions of \$2.0 billion. The benefits and administrative expenses paid of \$1.01 billion were more than additions by \$0.99 billion for 2019.

For Fiscal Year 2020, the increase in benefits and refunds paid was a result of an increase in the number of retirees and the annual Cost of Living Adjustment (COLA) increase for benefits paid to retirees. The COLA adjustment for 2020 was 1.7% (4.8% retroactive) based on date of retirement compared to 2019 which was 1.0% based on date of retirement.

	As of June 30, 2020	As of June 30, 2019	\$ Change	% Change
<b>Additions:</b>				
Member contributions	\$ 281,641,019	\$ 257,843,915	\$ 23,797,104	9.2%
Employer contributions	444,177,084	403,017,491	41,159,593	10.2%
Investment income	476,471,229	1,341,517,204	(865,045,975)	-64.5%
Other additions	434,027	342,910	91,117	26.6%
Total additions	<u>1,202,723,359</u>	<u>2,002,721,520</u>	<u>(799,998,161)</u>	<u>-39.9%</u>
<b>Deductions:</b>				
Benefits and refunds paid	1,039,271,714	1,001,330,797	37,940,917	3.8%
Administrative expenses	10,380,483	9,452,978	927,505	9.8%
Total deductions	<u>1,049,652,197</u>	<u>1,010,783,775</u>	<u>38,868,422</u>	<u>3.8%</u>
Changes in net position	<u>\$ 153,071,162</u>	<u>\$ 991,937,745</u>	<u>\$ (838,866,583)</u>	<u>-84.6%</u>

### Defined Contribution Pension Trust Funds

During Fiscal Year 2020, the System administered two defined contribution plans. The PERSI Choice Plans, qualified plans under Internal Revenue Code, consist of a 401(k) plan and a 414(k) plan and provide another retirement benefit option to members of the Defined Benefit Pension Plans.

The 401(k) Plan consists of employee voluntary contributions, rollover contributions, and some employer matching contributions. The 414(k) Plan represents the gain sharing allocation made to eligible PERSI members during Fiscal Year 2001. The assets of these plans are pooled for investment purposes, but the 414(k) Plan cannot be used to pay the benefits of the 401(k) Plan and vice versa.

## FINANCIAL SECTION

### Defined Contribution Pension Trust Funds Net Position

	As of June 30, 2020	As of June 30, 2019	\$ Change	% Change
<b>Assets:</b>				
Cash	\$ 1,103,497	\$ 922,566	\$ 180,931	19.6%
Short-term investments	1,463,875	1,761,564	(297,689)	-16.9%
Investments-at fair value	1,107,541,019	1,036,852,779	70,688,240	6.8%
Receivables	3,499,580	4,583,584	(1,084,004)	-23.6%
<b>Total assets</b>	<b>1,113,607,972</b>	<b>1,044,120,492</b>	<b>69,487,478</b>	<b>6.7%</b>
<b>Liabilities</b>				
Other liabilities	292,742	294,795	(2,053)	-0.7%
<b>Net Position</b>	<b>\$ 1,113,315,229</b>	<b>\$ 1,043,825,697</b>	<b>\$ 69,489,532</b>	<b>6.7%</b>

Net position increased from Fiscal Year 2019 to Fiscal Year 2020. The change reflects a positive return in the investment market and excess contributions compared to benefits paid out. The change in cash is due to the timing of a transfer of funds at the end of the month. Receivables include contributions that are not yet recorded by the record keeper at year end plus accrued interest and dividends. The change in other liabilities consists of amount due to the base plan, administrative expenses payable and stale dated checks payable.

### Defined Contribution Pension Trust Funds Changes in Net Position

	As of June 30, 2020	As of June 30, 2019	\$ Change	% Change
<b>Additions:</b>				
Member contributions	\$ 63,949,419	\$ 59,426,695	\$ 4,522,724	7.6%
Employer contributions	7,027,305	6,517,244	510,061	7.8%
Transfers and rollovers in	21,341,826	13,948,722	7,393,104	53.0%
Investment income	30,028,664	74,654,611	(44,625,947)	-59.8%
<b>Total additions</b>	<b>122,347,214</b>	<b>154,547,271</b>	<b>(32,200,057)</b>	<b>-20.8%</b>
<b>Deductions:</b>				
Benefits and refunds paid	50,676,261	47,158,236	3,518,025	7.5%
Administrative expenses	2,181,420	1,914,854	266,566	13.9%
<b>Total deductions</b>	<b>52,857,681</b>	<b>49,073,090</b>	<b>3,784,591</b>	<b>7.7%</b>
<b>Change in net position</b>	<b>\$ 69,489,532</b>	<b>\$ 105,474,181</b>	<b>\$ (35,984,649)</b>	<b>-34.1%</b>

The current fiscal year saw a lower investment return than the prior fiscal year. Member contributions increased due to an increase in salary deferrals as well as an increase in the number of members actively contributing. Transfers and rollovers in represent rollovers from other plans. Changes in employer contributions vary up or down according to individual employers' desire to match employee contributions. The increase in benefits and refunds paid is a result of an increase in the number of retirees receiving benefits.

## FINANCIAL SECTION

### Other Trust Funds

During Fiscal Year 2020, the System administered two Sick Leave Insurance Reserve Fund trusts. The PERSI Sick Leave Insurance Retirement Fund provides payment of eligible postretirement insurance premiums on behalf of retired state and public school district employees, based on accumulated unused sick leave at the time of retirement. The Fund's contributions are financed by state agency and school district employers of the System which make up the two separate trusts which are commingled for investment purposes.

### Sick Leave Insurance Reserve Funds Net Position

	As of June 30, 2020	As of June 30, 2019	\$ Change	% Change
<b>Assets:</b>				
Cash	\$ 190,823	\$ 74,673	\$ 116,150	155.5%
Investments-at fair value	589,031,834	566,280,802	22,751,032	4.0%
Prepaid insurance premium	1,283,300	1,261,434	21,866	1.7%
Due from other funds	1,798	2,102,030	(2,100,232)	-99.9%
Total assets	<u>590,507,755</u>	<u>569,718,940</u>	<u>20,788,816</u>	<u>3.6%</u>
<b>Liabilities:</b>				
Other liabilities	<u>49,033</u>	<u>50,624</u>	<u>(1,591)</u>	<u>-3.1%</u>
Net Position	<u>\$ 590,458,722</u>	<u>\$ 569,668,315</u>	<u>\$ 20,790,408</u>	<u>3.6%</u>

The net position increased in Fiscal Year 2020 from Fiscal Year 2019 because of positive investment returns and contributions exceeding benefits paid.

### Sick Leave Insurance Reserve Funds Changes in Net Position

	As of June 30, 2020	As of June 30, 2019	\$ Change	% Change
<b>Additions:</b>				
Employer contributions	\$ 13,461,325	\$ 23,930,224	\$ (10,468,899)	-43.7%
Investment income	24,069,082	40,771,540	(16,702,458)	-41.0%
Other additions	4,957	4,502	455	10.1%
Total additions	<u>37,535,365</u>	<u>64,706,266</u>	<u>(27,170,901)</u>	<u>-42.0%</u>
<b>Deductions:</b>				
Benefits and refunds paid	16,625,362	16,541,873	83,489	0.5%
Administrative expenses	119,594	119,636	(42)	0.0%
Total deductions	<u>16,744,956</u>	<u>16,661,509</u>	<u>83,447</u>	<u>0.5%</u>
Change in net position	<u>\$ 20,790,408</u>	<u>\$ 48,044,758</u>	<u>\$ (27,254,349)</u>	<u>-56.7%</u>

The changes in net position reflect a net investment return of 4.2% resulting in \$24 million in investment income, compared to \$41 million for Fiscal Year 2019. The increase in other additions was due to an increase in interest earnings on the cash balance held at the Idaho State Treasurer's Office.

## FINANCIAL SECTION

### Plan Membership

This table reflects PERSI Base Plan and PERSI Choice Plans membership as of June 30, 2020 and 2019.

Base Plan	2020	2019
Active participants	73,657	72,502
Vested - Base Plan	43,911	43,264
Non-vested - Base Plan	29,746	29,238
Retirees and beneficiaries	49,573	48,120
Terminated and vested	13,788	13,536
 Choice Plan	 2020	 2019
Participants	32,379	39,041
Actively contributing	16,999	16,382
Periodic installment payments	2,977	2,704

### Retirees and Beneficiaries (Base Plan)

While the above table reflects changes in active participants, the following table demonstrates the changes in Base Plan retirees and beneficiaries for the Fiscal Year 2020 and 2019.

	2020	2019
Beginning - July 1	48,120	46,907
New Retirements	2,509	2,269
Death of Beneficiary	(1,056)	(1,056)
Ending - June 30	<u>49,573</u>	<u>48,120</u>

### Investment Activities

Long-term (20-25 year) asset growth is vital to the Defined Benefit Plans' current and continued financial stability. Therefore, trustees have a fiduciary responsibility to act with prudence and discretion when making plan investment decisions. To assist the Board in this area, a comprehensive formal investment policy is updated periodically. As managers are added, specific detailed investment guidelines are developed, adopted, and become part of that manager's agreement.

Portfolio performance is reviewed monthly by the Board and its consultants. Performance is evaluated individually, by money manager style, and collectively by investment type and for the aggregate portfolio. Investment types include both domestic and international equities, domestic and international fixed income, private equity and real estate.

### Economic Factors

At July 1, 2020, PERSI's Base Plan had a net pension liability of \$2.3 billion, an increase compared to the July 1, 2019 liability of \$1.1 billion. The investment return net of all expenses for 2020 was 2.65% compared to the assumed return of 7.0%. The difference between the assumed rate and the actual rate of return resulted in the increase in the net pension liability. In the third quarter of the fiscal year the COVID-19 pandemic caused market volatility that resulted in the fund going from a +9.1% rate of return in February to a -14.8% rate of return in March. The fund recovered through the end of the fiscal year to finish at 3.01% gross before expenses investment rate of return. The result enabled PERSI to meet the mandate set by the legislature when it created PERSI to "Provide a secure retirement for public employees in Idaho." The amortization period of the unfunded liability for Fiscal Year 2020 is 20.5 years which is less than the 25-year maximum allowed by statute.

## FINANCIAL SECTION

Since inception, the cumulative funding of the Plan is 60% investment income, 25% employer contributions and 15% member contributions. PERSI is viewed as a well-run and conservatively managed pension plan compared to plans nationally. This reputation stems from sound decisions made by the legislature and the Board.

The Board has and will continue to make appropriate choices regarding investments, contributions, and actuarial assumptions with the goal of maintaining the long-term sustainability of the Plan.

**FINANCIAL SECTION**

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## FINANCIAL SECTION

# PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

## STATEMENTS OF FIDUCIARY NET POSITION

JUNE 30, 2020 WITH COMPARATIVE FINANCIAL INFORMATION FOR JUNE 30, 2019

	Pension Trust Funds				
	PERSI Base Plan	Firefighters' Retirement Fund	Judges' Retirement Fund	PERSI Choice Plan	
				414(k)	401(k)
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,721,732	\$ 257,816	\$ 534,685	\$ 70,492	\$ 1,033,006
Investments—at fair value					
Fixed income investments					
Domestic	3,867,723,607	93,003,713	20,794,698	—	—
International	16,019,813	385,214	86,130	—	—
Idaho commercial mortgages	850,185,239	20,443,649	4,570,995	—	—
Short-term investments	334,823,512	8,051,204	1,800,168	—	1,463,875
Real estate equities	911,894,204	21,927,510	4,902,771	—	—
Equity securities					
Domestic	7,875,346,991	189,371,472	42,341,563	—	—
International	2,466,584,479	59,311,766	13,261,516	—	—
Private equity	1,004,119,366	24,145,166	5,398,617	—	—
Mutual, collective, unitized funds	—	—	—	56,158,967	1,051,382,052
Total investments	17,326,697,211	416,639,694	93,156,458	56,158,967	1,052,845,927
Receivables					
Investments sold	108,037,646	2,588,655	580,813	—	—
Administrative Fee	—	—	—	10,805	164,029
Contributions	4,174,967	26,003	—	—	975,228
Interest and dividends	47,093,264	1,128,387	253,174	147,241	2,202,279
Total receivables	159,305,877	3,743,045	833,987	158,046	3,341,536
Assets used in plan operations	8,551,431	—	—	—	—
Due from other plans	—	—	—	—	—
Prepaid retiree benefits	83,140,123	—	—	—	—
Total assets	17,588,416,374	420,640,555	94,525,132	56,387,504	1,057,220,468
<b>LIABILITIES</b>					
Accrued liabilities	14,251,468	298,120	65,352	7,473	285,270
Benefits and refunds payable	535,582	12,970	—	—	—
Due to other plans	1,755	43	—	—	—
Investments purchased	140,237,153	3,396,093	754,106	—	—
Total liabilities	155,025,958	3,707,226	819,458	7,473	285,270
<b>NET POSITION</b>					
Net position restricted for OPEB	—	—	—	—	—
Net position restricted for pensions	17,433,390,415	416,933,329	93,705,674	56,380,031	1,056,935,198
Total net position	\$ 17,433,390,415	\$ 416,933,329	\$ 93,705,674	\$ 56,380,031	\$ 1,056,935,198

See Notes to Financial Statements



## FINANCIAL SECTION

Other Trust Funds			
Sick Leave Insurance Reserve Fund		Totals	
State	Schools	2020	2019
\$ 75,615	\$ 115,208	\$ 12,808,554	\$ 11,602,423
71,527,587	95,734,882	4,148,784,487	4,176,323,696
—	—	16,491,157	14,488,135
—	—	875,199,883	787,246,608
—	—	346,138,759	319,544,221
—	—	938,724,485	811,205,407
127,218,648	203,518,113	8,437,796,787	8,043,801,143
35,248,032	55,784,572	2,630,190,365	3,097,357,318
—	—	1,033,663,149	1,035,582,920
—	—	1,107,541,019	1,036,852,779
233,994,267	355,037,567	19,534,530,091	19,322,402,226
—	—	111,207,114	107,873,496
—	—	174,833	167,485
—	—	5,176,197	10,272,459
—	—	50,824,345	66,228,898
—	—	167,382,489	184,542,338
—	—	8,551,431	10,017,553
(305)	2,103	1,798	2,112,646
399,378	883,922	84,423,423	77,257,664
234,468,955	356,038,800	19,807,697,787	19,067,934,851
19,469	29,564	14,956,715	13,201,541
—	—	548,552	448,183
—	—	1,798	2,112,646
—	—	144,387,352	187,720,214
19,469	29,564	159,894,417	203,482,584
234,449,486	356,009,237	590,458,723	569,668,315
—	—	19,057,344,647	18,834,783,953
\$ 234,449,486	\$ 356,009,237	\$ 19,647,803,370	\$ 19,404,452,267

## FINANCIAL SECTION

### PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

#### STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE FINANCIAL INFORMATION FOR JUNE 30, 2019

	Pension Trust Funds				
	PERSI Base Plan	Firefighters' Retirement Fund	Judges' Retirement Fund	PERSI Choice Plan	
				414(k)	401(k)
ADDITIONS					
Contributions					
Members	\$ 280,790,591	\$ 4,503	\$ 845,925	\$ —	\$ 63,949,419
Employers	430,638,154	8,660,397	4,878,534	—	7,027,305
Rollovers in	—	—	—	—	21,341,826
Total contributions	711,428,745	8,664,900	5,724,459	—	92,318,549
Investment income					
Net appreciation in fair value of investments	173,079,424	4,147,101	975,063	1,508,108	12,034,995
Interest, dividends and other investment income	341,008,215	8,170,789	1,832,556	100,441	19,033,485
Less investment expenses	(51,242,131)	(1,227,796)	(271,991)	(22,050)	(2,626,315)
Total investment income - net	462,845,508	11,090,094	2,535,628	1,586,499	28,442,165
Other- net	421,066	—	12,960	—	—
Total additions	1,174,695,319	19,754,994	8,273,047	1,586,499	120,760,715
DEDUCTIONS					
Benefits and refunds paid to members and beneficiaries	1,012,558,071	19,073,931	7,639,712	3,330,570	47,345,691
Administrative expenses	10,179,831	73,557	127,095	335,552	1,845,868
Total deductions	1,022,737,902	19,147,488	7,766,807	3,666,122	49,191,559
INCREASE/(DECREASE) IN NET POSITION					
	151,957,417	607,506	506,239	(2,079,624)	71,569,156
NET POSITION					
Beginning of year	17,281,432,999	416,325,823	93,199,434	58,459,654	985,366,043
End of year	\$ 17,433,390,415	\$ 416,933,329	\$ 93,705,674	\$ 56,380,031	\$ 1,056,935,198

See Notes to Financial Statements

## FINANCIAL SECTION

Other Trust Funds			
Sick Leave Insurance Reserve Fund		Totals	
State	Schools	2020	2019
\$ —	\$ —	\$ 345,590,438	\$ 317,270,610
4,494,217	8,967,109	464,665,715	433,464,959
—	—	21,341,826	13,948,722
4,494,217	8,967,109	831,597,978	764,684,290
9,679,284	14,706,326	216,130,301	1,139,316,426
—	—	370,145,486	370,815,363
(125,216)	(191,313)	(55,706,812)	(53,188,434)
9,554,067	14,515,013	530,568,976	1,456,943,356
1,957	3,000	438,984	347,412
14,050,243	23,485,122	1,362,605,938	2,221,975,057
4,739,183	11,886,179	1,106,573,338	1,065,030,906
47,225	72,369	12,681,498	11,487,469
4,786,408	11,958,548	1,119,254,836	1,076,518,375
9,263,835	11,526,573	243,351,102	1,145,456,683
225,185,651	344,482,664	19,404,452,267	18,258,995,584
<u>\$ 234,449,486</u>	<u>\$ 356,009,237</u>	<u>\$ 19,647,803,370</u>	<u>\$ 19,404,452,267</u>

## PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

### NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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#### NOTE 1. GENERAL DESCRIPTION OF THE FUNDS

**General** — The Public Employee Retirement System of Idaho (the “System” or “PERSI”) is the administrator of seven plans including three defined benefit retirement plans, the Public Employee Retirement Fund Base Plan (“PERSI Base Plan”), the Firefighters’ Retirement Fund (FRF); and the Judges’ Retirement Fund (JRF); and two defined contribution plans, the Public Employee Retirement Fund Choice Plans 401(k) and 414(k) (“PERSI Choice Plan”). PERSI also administers two Sick Leave Insurance Reserve Trust Funds, which qualify as other postemployment benefits plans (OPEB), one for state employers and one for school district employers.

**Reporting Entity** — The System is a fiduciary fund of the State of Idaho (the “State”) and is included in the State of Idaho Comprehensive Annual Financial Report. The basic financial statements of the System include the financial activities of all of the above funds. A five member retirement board (the “Board”), appointed by the Governor and confirmed by the Idaho Senate, manages the System. State law requires that two members of the Board be active PERSI members with at least ten years of service and three members who are Idaho citizens not members of the System except by reason of having served on the Board. Responsibilities of the Board include selecting the funding agents, establishing funding policy, and setting contribution rates.

**Defined Benefit Retirement Plans Administration** — The PERSI Base Plan and FRF are both cost-sharing, multiple-employer defined benefit retirement plans that provide benefits based on members’ years of service, age, and highest average salary. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries.

Statutes governing the PERSI Base Plan are Title 59, Chapter 13 of the Idaho Code. Statutes governing FRF are Title 72, Chapter 14 of the Idaho Code.

Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

Effective July 1, 2014, by statute, PERSI assumed administration of the Judges’ Retirement Fund (JRF). The JRF is a single employer defined benefit plan that provides benefits based on members’ years of service, age and annual compensation. Statutes governing the Judges’ Retirement Fund are Title 1, Chapter 20 of the Idaho Code.

JRF members, having left office or retired, are eligible for retirement benefits based on age and years of service (a minimum of four years) as specified in statute.

**Plans Membership** — State agencies, school districts, cities, counties, highway districts, water and sewer districts, and other political subdivisions contribute to the System.

## FINANCIAL SECTION

As of June 30, 2020 and 2019, the number of participating employer units in the PERSI Base Plan was:

	2020	2019
Cities	159	158
School districts	176	172
Highway and water districts	136	135
State subdivisions	99	99
Counties	44	44
Other	205	200
Total	<u>819</u>	<u>808</u>

As of June 30, 2020 and 2019, the number of benefit recipients and members in the PERSI Base Plan consisted of the following:

	2020	2019
Members:		
Active	73,657	72,502
Terminated and vested	13,788	13,536
Retirees and beneficiaries	49,573	48,120
Total	<u>137,018</u>	<u>134,158</u>

FRF has 22 participating employer units all consisting of fire departments that also participate in PERSI. As of June 30, 2020, there was 1 active member and 472 retired members or beneficiaries, collecting benefits from FRF. The FRF covers a closed group of firefighters who were hired before October 1, 1980, and who receive benefits in addition to those provided under the Base Plan. The cost of these additional benefits is paid by FRF member and employer contributions and receipts from a fire insurance premium tax.

As of June 30, 2020, JRF had 55 active members and 105 retired members or beneficiaries collecting benefits from JRF.

**Benefits Provided** — The benefit payments for the PERSI Base Plan, FRF and JRF are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The Retirement Board has the authority to provide higher PERSI Base Plan cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

The cost of living increase for the FRF retirees is based on the increase in the statewide average firefighter's wage for employer units who belong to the FRF plan.

Adjustments to JRF benefits are made by either the PERSI COLA as described above or by a statutory adjustment which is based on active judge's salaries. Whether the PERSI COLA or the statutory adjustment applies depend on the date the judge first assumed office, on or before July 1, 2012 and/or by whether the judge (if it was an option available) made an irrevocable election to use the PERSI COLA.

**Contributions** — The PERSI Base Plan, FRF and JRF benefits are funded by contributions from members and employers and earnings from investments. Additional FRF funding is obtained from receipts from a state fire insurance premium tax. Member and employer contributions are paid as a percentage of member compensation. PERSI Base Plan, FRF and JRF member contribution rates are determined by the Board within limitations, as defined by state law. The Board may

## FINANCIAL SECTION

make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due. Contributions are based on actuarial assumptions, the benefit formulas, and employee groups of the System. Costs of administering the fund are financed through the contributions and investment earnings of the System.

Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method for the PERSI Base Plan, FRF and JRF. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age.

The PERSI Base Plan and the JRF Plan amortizes any net pension liability based on a level percentage of payroll. The payroll for employees covered by the PERSI Base Plan and JRF Plan was \$3,546,033,069 and \$7,801,909, respectively for the year ended June 30, 2020.

Net pension liability (asset) for FRF is the difference between the pension liability of the FRF benefits not provided by the Base Plan and the FRF assets. The payroll for the active employee covered by the FRF Plans was \$177,502 for the year ended June 30, 2020.

The Base Plan contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2020, the employee rate was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters.

The total FRF employer contribution rate as of June 30, 2020, was 25.93% which includes the employer excess rate of 13.65% plus the PERSI class 2 firefighter's rate of 12.28%. The FRF member rate for the year for class B is 11.45% which is 2.64% above the class 2 rate of 8.81%.

Idaho Statute 59-1394(1)(a) requires 50% of the gross receipts by the State of the tax on fire insurance premiums, as provided by Idaho Statute 41-402 is perpetually appropriated for the purpose of partially funding the benefit requirements of Chapter 14, Title 72 of the Idaho Code (Fireman's Retirement Fund).

The JRF employee contribution rate is 18.50% of the employer contribution rate as set by the Board. As of June 30, 2020, the employee contribution rate was 11.57% and the employer contribution rate was 62.53%. Active employees who have 20 or more years of service are exempt from employee contributions.

Upon termination of employment, PERSI Base Plan participants are entitled to accumulated member contributions plus interest, accrued at 7.22% from January 1, 2020 through June 30, 2020 (7.57% from July 1, 2019 through December 31, 2019) compounded monthly per annum, and are refundable. Withdrawal of such accumulated contributions results in forfeiture of the member's accrued benefit; however, state law does include provisions for reinstatement of forfeited service upon repayment of the accumulated contributions plus interest.

JRF employees with less than four years of service are entitled to a refund of accumulated member contributions plus interest, accrued at 6.50% per annum.



## FINANCIAL SECTION

**Defined Contribution Retirement Plans** — The PERSI Choice Plans are defined contribution retirement plans. The statute governing the PERSI Choice Plans is Idaho Code Title 59, Chapter 13.

The PERSI Choice Plans made up of a qualified 401(k) plan and a 414(k) plan. The assets of the two plans within the PERSI Choice Plans are commingled for investment purposes. Participants can direct their investment mix with some trading frequency restrictions. Participants have fifteen investment options: two balanced funds, four fixed income funds and eight equity funds and one specialty fund. Participants investing in the Total Return Balanced Fund and the PERSI Short-Term Investment Portfolio pay investment management fees of .27% and .10%, respectively. Since inception of the plans, participants have paid investment management fees for all other options.

The 401(k) portion of the PERSI Choice Plans is open to all active PERSI members. Employees can make tax-deferred contributions up to 100% of their gross salary less deductions and subject to the Internal Revenue Service (IRS) annual contribution applicable limit for the age of the employee. The 414(k) portion of the PERSI Choice Plans was established for gain sharing allocations from the PERSI Base Plan. The gain sharing amount (if any) is based on funding levels in the Base Plan and is subject to Board approval. Eligibility for gain sharing requires twelve months of active PERSI Base Plan membership as defined in Idaho statutes and PERSI rules.

Participants may allocate their assets in 1% increments among the investment options; however, if no allocation preference is indicated, a default investment election to the PERSI Total Return Fund (TRF) is made. The TRF is a unitized fund comprised of investment accounts of the PERSI Base Plan.

As of June 30, 2020, there were 41,258 participants with balances in the PERSI Choice Plans. Some of these participants are in both the 401(k) Plan and the 414(k) Plan. As of June 30, 2020, there were 10,642 participants with both Choice Plan 401(k) and 414(k) plans. There were 21,737 participants with only Choice Plan 401(k), and 9,293 participants with only Choice Plan 414(k).

**Optional Retirement Plan** — Certain community colleges and university employees participate in an optional retirement plan (ORP) in accordance with the provisions of Idaho Code 33-107(A) and (B). For university employees who opted out of PERSI in 1993, the employer by statute pays 1.49% of ORP payroll in lieu of a withdrawal liability payment to PERSI with a payoff date of July 1, 2025. The community colleges were paid in full as of June 30, 2011.

**Sick Leave Insurance Reserve Trust Funds (OPEB)** — PERSI administers the Sick Leave Insurance Reserve Fund cost sharing, multiple-employer defined benefit OPEB plans that provides payment of eligible postretirement insurance premiums on behalf of retired state and public school district employees, based on accumulated unused sick leave at the time of retirement. The Sick Leave Insurance Retirement Fund is classified as a trust fund. For state and school employers, unused sick leave benefits are subject to the guidance of Governmental Accounting Standard Board (GASB) Statement 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.

The Sick Leave Insurance Retirement Fund is made up of two trust funds administered by PERSI - a trust for payment of school district employee benefits and a trust for payment of state employee benefits. The statutes governing the Sick Leave Insurance Retirement Fund are Idaho Code, Sections 67-5333, 33-1216, 59-1365, and 33-1228.

The Sick Leave Insurance Retirement Fund is a fund that exists for the payment of unused sick leave benefits in the form of insurance premiums for state and school district employees who separate from service by reason of retirement. The assets of the two trusts are commingled for investment purposes.

## FINANCIAL SECTION

The System administers these trusts on behalf of the participating employers. Employers' contributions are a percentage of payroll collected each pay cycle and are held in trust for future benefits. The school districts and the State are responsible for any unfunded OPEB liability, respectively, through contribution rate adjustments.

### Membership in the Sick Leave Insurance Fund as of June 30, 2020 valuation.

	State	School
Members:		
Active	17,171	33,744
Retirees and beneficiaries	5,534	6,523
Total	<u>22,705</u>	<u>40,267</u>

*School District Employees* — For school district employees, the unused sick leave amount available for benefit is limited to one-half of their eligible sick leave balance and rate of compensation at retirement.

*State Employees* — State employees are limited to the number of allowable hours of sick leave they may use as part of the unused sick leave program as follows:

Credited Hours of State Services	Maximum Allowable Sick Leave Hours
0-10,400 (0-5 years)	420
10,401-20,800 (5-10 years)	480
20,801-31,200 (10-15 years)	540
31,201+ (15 years or more)	600

Members may use one-half of sick leave hours accrued up to the allowable maximum multiplied by their rate of compensation at retirement.

The rate for state agency contributions was 0.65% and the rate for schools was 1.16% or 1.26% depending on the amount of sick leave days provided by the district of covered salary from July 01, 2019 to December 31, 2019.

The PERSI Board approved an 18 month Sick Leave employer contribution holiday effective January 1, 2020 with an end date of June 30, 2021. The holiday results in no contributions from employers until July 1, 2021.

## FINANCIAL SECTION

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** — The System's basic financial statements are prepared utilizing the accrual basis of accounting. Employee and employer contributions are recognized as additions to net position when due and receivable, pursuant to formal commitments and statutory or contractual requirements, investment income is recognized when earned, and benefit payments and refunds and other expenses are recorded when the benefits are due and payable in accordance with the plans' terms. The pension funds are accounted for on a flow of economic resources measurement focus.

The significant GASB standards affecting the System are:

- GASB Statement No. 34, *Financial Statements – and Management's Discussion and Analysis for State and Local Governments*,
- GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*,
- GASB Statement No. 38, *Certain Financial Statement Note Disclosures*,
- GASB Statement No. 40, *Deposit and Investment Risk Disclosures*,
- GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*,
- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*,
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*,
- GASB Statement No. 67, *Financial Reporting for Pension Plans*,
- GASB Statement No. 68, *Financial Reporting for Pensions as amendment of GASB Statement No. 27*,
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*,
- GASB Statement No. 72, *Fair Value Measurement and Application*,
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*,
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other Than Pension Plans*,
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*,
- GASB Statement No. 82, *Pension Issues*,
- GASB Statement No. 85, *Omnibus 2017*

**Investments** — The System's investments are presented at fair value. Purchases and sales are recorded at the trade date. At month end, there may be certain pending trades that were initiated by managers but not confirmed and, therefore, are not included in the fair value of investments. Investments of the PERSI Base Plan, FRF, JRF and the PERSI TRF (an option of the PERSI Choice Plan) are pooled for investment purposes as is disclosed in Note 3.

The Board utilizes and directs individual fund managers to provide whatever investment management and custodial functions the Board has determined best achieves the System's investment objectives. Each fund manager is generally granted full discretion in making investment decisions, within asset allocation policy, portfolio investment policy, specific investment guidelines and other special restrictions set by contract with the Board. The Board monitors overall investment performance and periodically evaluates the performance of each fund manager. The Board in its administration of the System and management of the investment program is guided by the Idaho Uniform Prudent Investor Act, Sections 68-501 through 68-514 of the Idaho Code and of fiduciary responsibilities in the Idaho Code, Section 59-1301, and is empowered in its sole discretion to limit, control, and designate the types and amounts of investments. The Board has adopted an investment policy including policy related to deposit and investment risks identified in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

## FINANCIAL SECTION

The fair value of investments is based on published market prices and quotations from major investment brokers, when available. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments of matching duration. The fair value of real estate investments is based on industry practice. For recent acquisitions, cost closely approximates fair value. The fair value of longer term real estate holdings is estimated based on the System's consultant assessments and/or independent appraisals. Short-term investments are reported at fair value, when published market prices and quotations are available, or at cost plus accrued interest, which approximate fair value. The fair values of private equity limited partnership investments by their nature have no readily ascertainable market prices. Similar to real estate, cost closely approximates fair value for recent acquisitions. Thereafter, the fair values of limited partnership funds are based on the valuations as presented by the general partner, approved by the funds' advisory committee, and reviewed by consultants. Generally, the companies within a fund are valued by the general partner, taking into account many factors such as the purchase price, estimated liquidation value, significant events like initial public offerings, bankruptcies, and additional rounds of financing, and other relevant factors. Because of the lack of published market prices for these investments, the estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed. Although these differences could be material to the individual company values, private equity represents 5.8% of total investments. PERSI's real estate and commercial mortgage investments are 5.3% and 4.9%, respectively of total investments.

Investment expenses presented within the statements of changes in plan fiduciary net position do not include fees and costs for private equity investments nor does it include fees and commissions related to public equity transactions. These fees and costs are presented, for information purposes, within the Investment Section of PERSI's Comprehensive Annual Financial Report in the Schedule of Costs for Private Equity Partnerships and the Schedule of Broker Fees and Commissions. These costs are captured within the net asset value for investments as reported in the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position.

The System purchases forward currency contracts for certain international investments and United States of America agency-guaranteed collateralized mortgage obligations for the purpose of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure. The System may incur minor recording costs for forward contracts until the settlement date. Potential future obligations for the forward contracts are not recognized until the contract expiration date.

The following is the Board's adopted asset allocation policy (adopted February 2017) as of June 30, 2020:

<u>Asset Class</u>	
Fixed Income	30%
US/Global Equity	55%
International Equity	15%
Cash	0%
Total	<u>100%</u>

## FINANCIAL SECTION

**Use of Estimates** – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates. The System utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such change could materially affect the amounts reported in the financial statements.

**Assets Used in Plan Operations** – These assets represent buildings, equipment, and computer software development costs used by the System and are recorded at cost. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of the assets. The estimated useful life for buildings is 30-50 years. The estimated useful life of computer software development costs is 10-15 years. Computer and technology equipment has a 3-5 year useful life.

**Totals** – The basic financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the System's basic financial statements for the year ended June 30, 2019, from which the summarized information was derived.

### NOTE 3. DEPOSITS AND INVESTMENTS

#### A. Deposits

Cash and cash equivalents are deposited with various financial institutions and are carried at cost plus accrued interest. Cash balances represent operating cash accounts held by various banks and on deposit with the State Treasurer. In accordance with Idaho Code Sections 67-1210 and 67- 1210A, the State Treasurer invests cash not needed to meet immediate obligations in the pooled Idle Short-Term Fund. Deposits are held by its agent in the State Treasurer's name. Pooled balances are available on demand. Cash deposits in other bank accounts are covered by federal depository insurance up to \$250,000. The System does not have a policy for custodial credit risk related to cash on deposit at local financial institutions.

Cash and cash equivalents	
Held by the State Treasurer	\$ 10,142,202
FDIC insured/collateralized	2,666,352
Uninsured and uncollateralized	—
	<hr/>
Total	<u><u>\$ 12,808,554</u></u>

## FINANCIAL SECTION

### **B. Investments**

Investments of the pension trust funds are reported at fair value. See Note 2 for more details. The Board maintains a formal Statement of Investment Policy, which addresses governing provisions and additional guidelines for the investment process. This includes policies pertaining to asset allocation and risk described in subsequent sections. Refer to Note 2 for additional asset allocation information. In fulfilling its responsibilities, the Board has contracted with investment managers, a master global custodian, other custodians, and a cash manager. Manager contracts include specific guidelines regarding the PERSI investments under management.

The following investments, risks disclosures and rate of return do not include assets from the Sick Leave Insurance Retirement Fund or other non-TRF Choice Plan options. Based on the assets that are being excluded, they do not apply to these disclosures thus is appropriate to exclude.

Derivatives  
Mortgage-Backed Securities  
TIPS  
Custodial Credit Risk  
Concentration of Credit Risk

Investments at fair value as of June 30, 2020, are as follows:

Domestic Fixed Income	\$ 3,981,522,018
Co-mingled domestic fixed income (Sick Leave Insurance Reserve Fund)	167,262,469
International fixed income	16,491,157
Idaho commercial mortgages	875,199,883
Short-term investments	346,138,759
Real estate	938,724,485
Domestic Equities	8,107,060,026
Co-mingled domestic equity (Sick Leave Insurance Reserve Fund)	330,736,761
International equities	2,539,157,761
Co-mingled international equity (Sick Leave Insurance Reserve Fund)	91,032,604
Private equity	1,033,663,149
Mutual, collective, and unitized funds	1,107,541,019
<b>Total Investments</b>	<b><u>\$19,534,530,091</u></b>

**Concentrations** - In line with policy, the System does not have any investments from a single issuer (excluding explicitly guaranteed governments) that represent more than 5% of the System's net position.

**Derivatives** — Derivatives are financial obligations whose value is derived from underlying debt or equity securities, commodities, or currencies. Any derivative instruments held by PERSI are for investment purposes only and all information is disclosed within the investment footnotes. The derivatives held by PERSI are reported in the US dollar denomination. They are designed, among other things, to help investors protect themselves against the risk of price changes. In accordance with its investment policy, the System, through its external investment managers, holds investments in futures, options, and forward foreign currency contracts. Only a few selected managers are permitted to use derivatives. In every case, the types of derivatives used and limits on their use are defined in manager contracts and are monitored on an ongoing basis.



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Futures contracts are contracts for delayed delivery or receipt of securities in which the seller agrees to make delivery and the buyer agrees to take delivery at a specified future date, of a specified instrument, at a specified price. Market risk arises due to market price and interest rate fluctuations that may result in a decrease in the fair value of futures contracts. Futures contracts are traded on organized exchanges and require initial margin in the form of cash or marketable securities. Each day the net change in the futures contract value is settled in cash with the exchanges. Holders of futures contracts look to the exchange for performance under the contract. Accordingly, the credit risk due to the nonperformance of counterparties to futures contracts is minimal. At June 30, 2020 the System had futures contracts with a fair value of \$(309,994), which is included in fixed income investments. Cash equivalents and short-term investments in amounts necessary to settle the futures contracts were held in the portfolio so that no leverage was employed, in accordance with the System's Statement of Investment Policy.

As of June 30, 2020, the System had the following net futures contracts exposure:

	<b>Exposure covered</b>
<b>Cash and Cash Equivalents</b>	
Australian Dollar Foreign Currency	\$ 4,692,000
Canadian Dollar Foreign Currency	2,944,800
British Pound Foreign Currency	2,789,325
Mexican Peso Foreign Currency	2,218,620
Japanese Yen Foreign Currency	1,506,538
Euro Foreign Currency	844,013
Russian Ruble Foreign Currency	452,400
90 Day Eurodollar	(124,288,800)
<b>Total Cash and Cash Equivalents</b>	<u>(108,841,104)</u>
<b>Fixed Income</b>	
US 5yr Treasury Note	305,805,001
US 2yr Treasury Note	47,036,391
US Ultra Bond	43,194,938
US Long Bond	35,712,500
Euro-BTP	15,836,685
Euro-Oat	2,447,849
Euro BOBL	454,808
Australian 10yr Bond	(204,882)
Euro-BUXL 30yr Bond	(1,729,337)
Japan 10yr Bond	(7,042,221)
UK Long Gilt	(11,394,555)
Euro-Bond	(25,575,338)
US 10yr Treasury Note	(311,884,172)
<b>Total Fixed Income</b>	<u>92,657,667</u>
<b>Net Futures Exposure</b>	<u>\$ (16,183,437)</u>

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Option contracts are contractual agreements giving the purchaser the right, but not the obligation, to purchase or sell a financial instrument at a specified price within a specified time. The option's price is usually a small percentage of the underlying asset's value. Options strategies used by the System are designed to provide exposures to positive market moves and limit exposures to interest rate and currency fluctuations. At June 30, 2020, the Base Plan, TRF, JRF, and FRF had option contracts payable with a fair value of \$140,990, which is included in Domestic Fixed Income and \$(461,689) which is included in Investments Purchased.

At June 30, 2020, the System had the following net options exposure:

<b>OPTIONS</b>	<b>Exposure covered by contract</b>
<b>Fixed Income</b>	
Cash/Cash Equivalents-Purchased Call Options	\$ 7,665
Cash/Cash Equivalents-Purchased Put Options	30,262
Fixed Income-Purchased Call Options	60,875
Fixed Income-Purchased Put Options	42,188
	<hr/>
<b>Total Fixed Income</b>	140,990
	<hr/>
<b>Investments Purchased</b>	
Cash/Cash Equivalents-Written Call Options	(15,450)
Cash/Cash Equivalents-Written Put Options	(349,442)
Fixed Income-Written Call Options	(79,492)
Fixed Income-Written Put Options	(17,305)
	<hr/>
<b>Total Investments Purchased</b>	(461,689)
	<hr/>
<b>Net Option Exposure</b>	<u><u>\$ (320,699)</u></u>

Forward Foreign Currency Exchange Contracts are carried at fair value by the System. The System has entered into foreign exchange contracts to purchase or sell currency at various dates in the future at a specific price. Some of the System's international and real estate investment managers use forward contracts to hedge the exposure of investments to fluctuations in foreign currency. Forward foreign exchange contracts are negotiated between two counterparties. The System could sell the forward contract at a loss, or if it were to continue to hold the contract, the System may make a termination payment to the counterparty to cancel its obligation under the contract and then buy the currency on the open market. The System could also incur a loss if its counterparties failed to perform pursuant to the terms of their contractual obligations. Controls are established by the System and the investment managers to monitor the creditworthiness of the counterparties. The System's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. As of June 30, 2020, the System had entered into forward currency contracts to sell foreign currencies with a fair value of \$69,048,038 and had entered into forward currency contracts to buy foreign currencies with a fair value of \$69,461,121. Forward currency contracts are receivables or payables reported as investments sold or investments purchased. A net unrealized loss of \$(413,083) at June 30, 2020 was recorded, which represent the loss which would occur from executing these forward foreign currency contracts.

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**Mortgage-Backed Securities** — These investments are valued based on the cash flows from interest and principal payments on the underlying mortgages. As a result, they are sensitive to prepayments, which are likely to occur in declining interest rate environments, thereby reducing the value of the securities. Details regarding interest rate risk for these investments are included in the Interest Rate Risk section on page 44.

**TIPS** — Treasury Inflation Protected Securities (TIPS) are fixed income securities issued by the U.S. Treasury that pay a fixed coupon rate plus an adjustment for subsequent inflation. At June 30, 2020, the System had invested in TIPS with a fair value of \$1,777,443,908.

### C. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. The System's investment policies requires each portfolio manager to maintain a reasonable credit risk level relative to its benchmark and provided expected credit risk exposures in their portfolio guidelines. If the actual credit risk exposure falls outside of these expectations, managers will be required to report these occurrences to Staff and these disclosures are to be made available to the Board.

As of June 30, 2020, the System's fixed income assets that are not government guaranteed represented 51.13% of the fixed income portfolio. The System's fixed income assets are shown with current credit ratings in the table on the table below.

Credit Quality	PERSI/FRF Base Plans		JRF		Total Return Fund		
S&P Rating Level	Domestic	International	Domestic	International	Domestic	International	Total
<b>Short-Term</b>							
A-1+	\$ 8,433,261	\$ —	\$ 44,277	\$ —	\$ 410,897	\$ —	\$ 8,888,435
A-1	54,000,845	—	283,517	—	2,631,102	—	56,915,464
A-2	56,690,450	—	297,638	—	2,762,148	—	59,750,236
<b>Long-Term</b>							
AAA	72,890,053	—	382,689	—	3,551,447	—	76,824,189
AA*	287,766,893	—	1,510,840	—	14,020,966	—	303,298,699
A	390,599,409	—	2,050,734	—	19,031,310	—	411,681,453
BBB	535,429,602	5,661,554	2,811,124	29,725	26,087,921	275,850	570,295,776
BB	28,034,586	2,246,244	147,185	11,793	1,365,939	109,445	31,915,192
B	2,903,726	—	15,246	—	141,478	—	3,060,450
CCC	4,865,103	—	25,543	—	237,044	—	5,127,690
CC	1,274,272	—	6,690	—	62,087	—	1,343,049
D	194,077	—	1,019	—	9,456	—	204,552
Not rated	167,921,439	8,634,392	881,625	45,332	8,181,695	420,696	186,085,179
<b>Total Credit Risk fixed income securities</b>	1,611,003,716	16,542,190	8,458,127	86,850	78,493,490	805,991	1,715,390,364
U.S. Government	2,627,635,210	—	13,795,668	—	128,027,177	—	2,769,458,055
Pooled Investments-(unrated)	92,560,155	—	485,962	—	4,509,840	—	97,555,957
Pooled Investments-SLIRF (unrated)	N/A	N/A	N/A	N/A	N/A	N/A	167,262,469
Idaho Mortgages	870,628,888	—	4,570,995	—	42,419,952	—	917,619,835
<b>Total</b>	<b>\$ 5,201,827,969</b>	<b>\$ 16,542,190</b>	<b>\$ 27,310,752</b>	<b>\$ 86,850</b>	<b>\$ 253,450,459</b>	<b>\$ 805,991</b>	<b>\$ 5,667,286,680</b>

\*Includes US Government Agencies implicitly guaranteed by US Government:  
FHLB \$10,994,651; FHLMC \$77,997,400; FNMA \$79,260,378

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Each portfolio is managed in accordance with operational guidelines that are specific as to expected portfolio characteristics that usually, but not always, include credit quality and exposure levels. The System's investment policy requires managers to provide PERSI with expected credit risk exposures in their portfolio guidelines. If the actual credit risk exposure falls outside of these expectations, managers will be required to report these occurrences to staff and these disclosures are to be made available to the Board.

### ***D. Custodial Credit Risk***

Custodial credit risk is the risk that in the event of a financial institution or bank failure, the System would not be able to recover the value of their deposits and investments that are in the possession of an outside party. The System mitigates custodial credit risk by requiring in policy, to the extent possible, that investments be clearly marked as to PERSI ownership and be registered in the System's name. All securities are required to be delivered to a third-party institution mutually agreed upon by the bank and the System.

The System's cash and deposits are swept daily by the System's custodian and cash manager into short-term investment funds. Clearwater Advisors, LLC is the System's cash manager and invests the bulk of the System's cash, approximately 71.8%, in short-term instruments held at the custodian bank. Of the remaining cash and deposits at June 30, 2020 approximately 2.8% or, \$9,935,791, was held by various counterparties not in the System's name. The remainder, approximately 25.4%, is invested in custodial bank-maintained collective investment funds.

### ***E. Concentration of Credit Risk***

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The System's operational guidelines for investments in any corporate entity are stated in each individual manager's specific portfolio guideline.

Per the Systems Investment policy, managers will provide expected concentration of credit risk exposures in their portfolio guidelines. If the concentration of credit risk exceeds expectations, managers are required to report these occurrences to Staff and these disclosures are to be made available to the Board. For the portfolio as a whole, Staff will report to the Board at a regular Board Meeting if the exposure to a non-US government guaranteed credit exceeds 5% of the System's invested assets.

### ***F. Interest Rate Risk***

Market or interest rate risk is the greatest risk faced by an investor in the debt securities market. The price of a debt security typically moves in the opposite direction of the change in interest rates. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using the effective duration methodology. The methodology takes into account optionality on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. All of the System's fixed income portfolios are managed in accordance with operational guidelines which include an expected range of interest rate risk in the portfolio. Per the System's investment policy, managers will provide PERSI with the expected portfolio duration in their portfolio guidelines. If the duration of the portfolio differs from expectations, managers are to be required to report these occurrences to Staff and these disclosures are to be made available to the Board. The reporting of effective duration found in the tables that follow quantifies the interest rate risk of the System's fixed income assets. Some of the large durations are due to the use of options and forward foreign currency contracts. For line items below reported as "N/A," the duration calculation is not available. A negative duration can occur when floating rate securities trade at a discount.

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Effective duration of domestic fixed income assets by security type:

		Fair Value Allocations			
Investment	Effective Duration in Years	PERSI/FRF DB Plans	Judges' Plan	Total Return Fund	Total
Domestic					
Asset-backed Securities	2.85	\$ 30,423,931	\$ 159,732	\$ 1,482,356	\$ 32,066,019
Asset-backed Securities	N/A	6,021,269	31,613	293,376	6,346,258
Mortgages	2.92	30,672,366	161,037	1,494,460	32,327,863
Mortgages	N/A	1,099,877	5,775	53,590	1,159,242
Commercial Paper	0.20	122,088,377	640,991	5,948,554	128,677,922
Commercial Paper	N/A	18,975	100	925	20,000
Corporate Bonds	8.25	993,363,580	5,215,379	48,399,996	1,046,978,955
Fixed Income Derivatives	N/A	698,196	3,666	34,018	735,880
Fixed Income Derivatives	8.78	(167,560)	(880)	(8,164)	(176,604)
Government Agencies	N/A	(567,998)	(2,982)	(27,675)	(598,655)
Government Bonds	9.23	83,969,193	440,857	4,091,260	88,501,310
Government Mortgage-backed Securities	7.70	934,251,005	4,905,025	45,519,834	984,675,864
Government Mortgage-backed Securities	2.53	196,249,501	1,030,353	9,561,932	206,841,786
Pooled Investments	—	98,793,006	518,685	4,813,526	104,125,217
Pooled Investments-SLIRF Domestic Fixed Income	N/A	N/A	N/A	N/A	167,262,469
Private Placements	5.26	139,561,089	732,727	6,799,883	147,093,699
Private Placements	N/A	8,302,562	43,590	404,529	8,750,681
TIPS	11.30	1,686,421,712	8,854,089	82,168,107	1,777,443,908
Idaho Mortgages	—	870,628,888	4,570,995	42,419,952	917,619,835
Total		\$5,201,827,969	\$ 27,310,752	\$ 253,450,459	\$5,649,851,649

Effective duration of international fixed income assets by security type:

	Effective Duration in Years	Fair Value Allocations							
		PERSI/FRF DB Plans		Judges' Plan	Total Return Fund	Total			
International									
Government Bonds	9.23	\$	16,542,190	\$	86,850	\$	805,991	\$	17,435,031
Total		\$	16,542,190	\$	86,850	\$	805,991	\$	17,435,031

### G. Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely impact the fair value of an investment. The System's currency risk exposures, or exchange rate risk, primarily reside within the international equity investment holdings. The System expects the managers of these holdings to maintain adequately diversified portfolios to limit foreign currency risk. Per the System's investment policy, the individual manager guidelines will outline the expected current exposures (either specifically or through ranges of security exposures to particular currency areas) of the underlying portfolio and if the actual currency exposure differs from the expected, managers are to be required to report these occurrences to Staff and these disclosures are to be made available to the Board. Currency gains and losses will result from exchange rate fluctuations. The System's exposure to foreign currency risk expressed in U.S. dollars as of June 30, 2020, is highlighted in the table that follows. Negative fair values related to variable-rate debt instruments that are highly sensitive to changes in interest rates.

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Currency	Short-term Investments	Equity	Fixed Income	Total USD Equivalent Fair Value
Argentina Peso	\$ —	\$ —	\$ 161,095	\$ 161,095
Australian Dollar	(629,204)	72,249,002	(472)	71,619,326
Brazil Real	(552,193)	14,658,893	2,349,916	16,456,616
Canadian Dollar	4,637,640	22,297,736	—	26,935,376
Chilean Peso	1,239	—	—	1,239
Chinese R Yuan HK	(628,899)	—	—	(628,899)
Chinese Yuan Renminbi	71,031	—	557,619	628,650
Danish Krone	2,364,836	109,996,482	—	112,361,318
Egyptian Pound	—	444,259	—	444,259
Euro Currency Unit	3,436,949	767,490,101	155,742	771,082,792
Hong Kong Dollar	369,891	243,003,708	—	243,373,599
Hungarian Forint	2,343	7,031,326	—	7,033,669
Indian Rupee	638,928	—	—	638,928
Indonesian Rupiah	2,701,195	11,161,287	1,419,772	15,282,254
Israeli Shekel	25,928	8,530,486	—	8,556,414
Japanese Yen	783,182	414,877,603	980,810	416,641,595
Malaysian Ringgit	17	6,868,616	—	6,868,633
Mexican Peso	4,762,609	21,793,418	5,957,965	32,513,992
Moroccan Dirham	181,743	62,583	—	244,326
New Taiwan Dollar	44,024	22,807,024	—	22,851,048
New Zealand Dollar	1,977	2,202,802	—	2,204,779
Norwegian Krone	115,787	7,085,863	—	7,201,650
Philippines Peso	—	6,525,462	—	6,525,462
Polish Zloty	660	—	—	660
Pound Sterling	3,180,892	482,892,520	(13,271)	486,060,141
Romanian Leu	—	2,698,251	—	2,698,251
Russian Ruble (New)	467,089	—	5,193,215	5,660,304
Singapore Dollar	98,092	26,388,719	—	26,486,811
South African Rand	43	24,046,544	—	24,046,587
South Korean Won	1,196,812	68,734,629	—	69,931,441
Swedish Krona	148,945	31,195,130	—	31,344,075
Swiss Franc	5,331,920	249,493,645	—	254,825,565
Thailand Baht	(1)	13,700,357	—	13,700,356
Turkish Lira	2,232	3,694,440	—	3,696,672
Total value of investments to foreign currency risk	\$ 28,755,707	\$ 2,641,930,886	\$ 16,762,391	\$ 2,687,448,984

### H. Rate of Return

For the years ended June 30, 2020 and 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.79% and 8.02% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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### NOTE 4. FAIR VALUE

GASB Statement No. 72, *Fair Value Measurement and Application*, (Statement 72) specifies a hierarchy of valuation classifications based on whether the inputs to the valuation techniques used in each valuation classification are observable or unobservable. These classifications are summarized in the three broad levels listed below:

Level 1-Unadjusted quoted prices for identical instruments in active markets, that the reporting entity has the ability to access at the measurement date.

Level 2-Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are directly or indirectly observable. Examples would be matrix pricing, market corroborated pricing and inputs such as yield curves and indices.

Level 3-Valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable and may rely on the reporting entity's own assumptions, but the market participant's assumptions that may be used in pricing the asset or liability.

Inputs used to measure fair value might fall in different levels of the fair value hierarchy, in which case the Plan defaults to the lowest level input that is significant to the fair value measurement in its entirety. These levels are not necessarily an indication of the risk or liquidity associated with the investments. In determining the appropriate levels, the Plan performed a detailed analysis of the assets and liabilities that are subject to Statement 72.



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The following table presents fair value measurements as of June 30, 2020:

Instruments by Fair Value Level	Fair Value Measurements Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Fixed Income Securities:</b>				
U.S. Government	\$ 2,741,991,401	\$ 2,717,636,406	\$ 24,354,995	\$ —
Asset backed-Securitized	452,011,993	—	436,236,706	15,775,287
Corporate	872,284,190	—	872,034,935	249,255
Idaho Mortgages	917,619,835	—	917,619,835	—
Non-U.S. Government	121,700,177	—	121,700,177	—
<b>Total Fixed Income Securities</b>	<b>5,105,607,596</b>	<b>2,717,636,406</b>	<b>2,371,946,648</b>	<b>16,024,542</b>
<b>Equities:</b>				
Domestic	6,523,751,105	6,523,751,105	—	—
Developed Markets	2,791,638,278	2,788,359,507	—	3,278,771
Emerging Markets	487,012,115	487,012,115	—	—
<b>Total Equities</b>	<b>9,802,401,498</b>	<b>9,799,122,727</b>	<b>—</b>	<b>3,278,771</b>
Preferred Securities	39,235,251	33,572,270	1,974,344	3,688,637
Convertible or Exchangeable Securities	150,880	—	—	150,880
Mutual Funds-Defined Contribution investment options	91,405,859	91,405,859	—	—
<b>Total investments by fair value level*</b>	<b>15,038,801,084</b>	<b>\$ 12,641,737,262</b>	<b>\$ 2,373,920,992</b>	<b>\$ 23,142,830</b>

\* The Total Return Fund and Short Term Investment Portfolio are unitized Defined Contribution investment options included with the Equity and Fixed Income totals above and the Private Equity Partnerships and Private Real Estate totals below.

Investments measured at the net asset value	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
<b>Private Equity Partnerships:</b>				
Growth Equity	23,838,433	30,553,537	N/A	N/A
Corporate Finance/Buyout	892,359,759	670,891,011	N/A	N/A
Distressed Debt	14,569,785	54,659,649	N/A	N/A
Co/Direct Investment	65,022,835	28,558,659	N/A	N/A
Secondaries	53,317,843	69,109,931	N/A	N/A
Venture Capital	34,654,981	7,623,108	N/A	N/A
<b>Private Real Estate:</b>				
Open End Co-mingle Ins. Co. Sep Acct	72,970,696	N/A	N/A	N/A
Multifamily properties (Olympic)	80,880,387	N/A	N/A	N/A
Value added apartments	221,737,069	N/A	N/A	N/A
Value added offices	30,758,751	N/A	N/A	N/A
Value added retail	46,345,911	N/A	N/A	N/A

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Investments measured at the net asset value (Continued)	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Office/Industrial properties	139,504,629	N/A	N/A	N/A
Core Office	191,743,771	N/A	N/A	N/A
Industrial	122,685,474	N/A	N/A	N/A
Development properties	77,596,716	N/A	N/A	N/A
<u>Collective Funds:</u>				
REIT Index Collective Fund	3,411,469	N/A	Daily	Daily
TIPS Index Collective Fund	4,716,411	N/A	Daily	Daily
US Broad Equity Market Index Collective Fund	14,346,327	N/A	Daily	Daily
Emerging Equity Market Index Fund	2,270,631	N/A	Daily	Daily
US Large Cap Equity Market Index Collective Fund	39,110,050	N/A	Daily	Daily
US Bond Market Index Collective Fund	16,819,297	N/A	Daily	Daily
Intl Equity Index Collective Fund	7,563,431	N/A	Daily	Daily
US Small/Mid cap Equity Index Collective Fund	20,884,536	N/A	Daily	Daily
BNYM DB NSL Emerging Market Stock Index Fund Non-DC	1,001,574,554	N/A	Daily	TD - 2 days by 5:00 PM EST
Bernstein Emerging MV Delaware Fund	317,064,158	N/A	Weekly	TD - 5 days by 5:00 PM EST
<u>Unitized Fund</u>				
Short-Term Investment Portfolio account	34,004,816	N/A	Daily	4pm EST
<u>Sick Leave Insurance Reserve Trust Fund</u>				
Russell 3000 Index Co-Mingled Fund	330,736,761	N/A	Daily	TD 5:00 PM EST
Government Credit Bond Index Co-Mingled Fund	167,262,469	N/A	Daily	TD + 1 day by 05:00 PM EST
MSCI ACWI Ex-US Strategy Co-mingled Fund	91,032,604	N/A	Daily	TD + 1 day by 7:30 PM EST
Total investments measured at the NAV	5,202,548,190			
<b>Total investments measured at fair value</b>	<b>\$20,241,349,274</b>			

Investment derivative instruments	Fair Value Measurements Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Foreign Exchange Contracts-Receivable	\$ 69,048,038	\$ —	\$ 69,048,038	\$ —
Foreign Exchange Contracts-Payable	(69,461,121)	—	(69,461,121)	—
Futures	(310,919)	(317,178)	—	6,259
Swap Collateral	(230,310)	—	(230,310)	—
<b>Total investment derivative instruments</b>	<b>\$ (954,312)</b>	<b>\$ (317,178)</b>	<b>\$ (643,393)</b>	<b>\$ 6,259</b>

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The Plan uses a Fair Value Hierarchy (FVH) report within the custodial reporting system that is based on asset class and utilizing a proprietary matrix. The custodian uses several third party vendors to establish pricing. When possible, secondary vendor pricing is used to check for accuracy against the primary vendor's price. The pricing vendors provide detailed pricing and reference data outlining their inputs, pricing applications, models, and methodologies. FVH reporting is reviewed and researched if inconsistencies are observed.

**Short-Term Securities:** These items were removed from leveling table due to the nature of securities. These are cash equivalents and highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value.

**Equities:** Equities at Level 1 are using quoted prices for identical securities in an active market. Level 3 equities have very limited trading volume and use the last quoted price available on the trade data.

**Fixed Income:** These securities are primarily in Level 1 and 2. Information such as sector groupings, benchmark curves, like security benchmarking, reported trades, broker/dealer quotes and other reference data are all used to assist with pricing of all types of securities. Specifically, these categories used the following methodologies.

*US Government* Electronic fixed income trade platform and broker feeds are used and reviewed for consistency and outliers.

*Asset backed/ Securitized* Uses volatility-driven multi-dimensional spread tables and Option Adjusted Spread and prepayment model.

*Corporate and Non US Government* Multi-dimensional relational models are used along with option adjusted spread.

*Idaho Mortgages* The fair value of the commercial mortgage portfolio is calculated daily. Expected cash flows for loans are discounted with rates that are based on the U.S. Treasury yield curve. The relevant discount rates include a spread above Treasury yields that accounts for credit and liquidity risk.

**Mutual Funds:** Valued at the daily closing price as reported by the fund and reported as Level 1. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

**Private Equity Partnerships:** These are reported at the NAV and includes limited partnerships invested in the following strategies: Growth Equity, Corporate Finance/Buyout, Distressed Debt, Co/Direct Investments, Secondaries, and Venture Capital. Fair value is obtained by using a valuation provided by the General Partner, adjusting for interim cash flows and rolling forward to the measurement date of the Plan. A gatekeeper is used to monitor values, cash flows, and provide due diligence for new investments. The fair values presented may differ from actual amounts realized from these investments.

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### **Real Estate:**

*Real Estate Investment Trusts (REITs)* are publicly traded securities and are included with Equities: Domestic, Level 1, as those securities are traded in an active market.

*Private Real Estate* are investments owned directly or with other partnership interests and are in several general categories to include Affordable Housing, Multifamily properties, Value added apartments, Office/Industrial Properties, and Development Properties and are listed with investments measured at the NAV. Each property in the Portfolio is externally appraised at a minimum every year. Appraisals are completed by third-party MAI certified appraisers. For properties not subject to an external appraisal during a quarter, internal valuations are completed by AEW (the Plan's private real estate consultant) (or Pinnacle and reviewed by AEW), based on updated operational performance at the subject property and any relevant sale comparable. A discounted cash flow analysis is utilized to determine asset value. Prior to finalizing the values, Altus (an independent professional advisory with expertise in appraisals) reviews every valuation quarterly and communicates its questions/findings to AEW before approval. The valuation of the Affordable Housing properties is calculated by a third party valuation and accounting specialist in the affordable housing industry once a year at December 31st. Development properties are initially valued at their accumulated cost amounts until completion, upon which an appraisal is done.

*Prudential* is an open-ended co-mingled insurance company separate account comprised primarily of real estate investments either directly owned or through partnership interests and mortgage and other loans on income producing real estate. Fair value is generally determined through an appraisal process that is conducted by independent appraisers within a reasonable amount of time following acquisition and no less frequently than annual thereafter.

**Collective Trust Funds:** At the beginning of the fiscal year, there were eight collective trust funds offered as investment options in the Defined Contribution Plan, and one in the Defined Benefit Plan. During the fiscal year an additional fund in the Defined Benefit Plan was converted to a collective fund. The collective funds are value based on the NAV of the underlying investments. Collective Trusts are regulated, but not registered investment vehicles.

**Co-Mingled Funds:** These are the investment vehicles used for the Plan's Sick Leave Insurance Reserve Trust Fund where funds are pooled from numerous plans. They are valued at net asset value of units held at the end of the period based upon the fair value of the underlying investments.

### **Derivatives:**

*Foreign Currency Forward Contracts* use a market approach with foreign exchange rates. Futures are standardized legal contracts to buy or sell something at a predetermined price at a specified time in the future.

*Futures contracts* are traded on organized exchanges and require initial margin in the form of cash or marketable securities. Each day, the net change in the futures contract value is settled in cash with the exchanges.

*Swap Collaterals* are based on a certain value; priced at \$1.00. It is collateral at the broker to hold for those derivatives that require collateral.

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### NOTE 5. NET PENSION LIABILITY (ASSET)

The components of the net pension liability (asset) of the participating employers as of June 30, 2020 and 2019 are as follows:

	PERSI Base Plan 2020	FRF 2020	JRF 2020
Total pension liability	\$ 19,714,192,796	\$ 268,034,167	\$ 115,567,087
Plan fiduciary net position	17,392,060,576	416,933,329	93,705,674
Employers' net pension liability (asset)	<u>\$ 2,322,132,220</u>	<u>\$ (148,899,162)</u>	<u>\$ 21,861,413</u>
Plan fiduciary net position as a percentage of total pension liability	<u>88.22%</u>	<u>155.55%</u>	<u>81.08%</u>

	PERSI Base Plan 2019	FRF 2019	JRF 2019
Total pension liability	\$ 18,380,933,618	\$ 272,572,198	\$ 112,895,161
Plan fiduciary net position	17,239,461,492	416,325,823	93,199,434
Employers' net pension liability (asset)	<u>\$ 1,141,472,126</u>	<u>\$ (143,753,625)</u>	<u>\$ 19,695,727</u>
Plan fiduciary net position as a percentage of total pension liability	<u>93.79%</u>	<u>152.74%</u>	<u>82.55%</u>

The net pension liability (asset) is calculated using a discount rate of 7.05%, which is the expected rate of return on investments reduced by investment expenses. The unfunded liability as reported in Management's Discussion and Analysis is calculated using 7.00%, which is the expected rate of return on investments reduced by investment and administrative costs. The net pension liability was determined by an actuarial valuation as of July 1, 2020, applied to all prior periods included in the measurement. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Economic assumptions for the Base Plan, FRF, and JRF were studied in an experience study performed for the period 2011 through 2017. Demographic assumptions, including mortality, for the Base Plan and FRF were studied for the period 2011 through 2017. Demographic assumptions, including mortality, for JRF were studied for the period 2013 and 2018.

*Actuarial Assumptions* – The following are the actuarial assumptions and the entry age normal cost method, applied to all periods included in the measurement:

Actuarial Assumptions	PERSI Base Plan	FRF	JRF
Inflation	3.00 percent	3.00 percent	3.00 percent
Salary increases **	3.75 percent	3.75 percent	3.75 percent
Salary inflation	3.75 percent	3.75 percent	3.75 percent
Investment rate of return-net of investment fees	7.05 percent	7.05 percent	7.05 percent
Cost of Living (COLA) adjustments	1.00 percent	3.18 percent	*

\*3.75 percent or 1.00 percent depending on whether the member was hired on or before July 1, 2012 and by whether the judge (if it was an option available) made an irrevocable election to use the PERSI COLA

\*\*there is an additional component of assumed salary grown (on top of the 3.75%) that varies for each individual member based on years of service

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Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of PERSI's assets. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

### Capital Market Assumptions from Callan 2020

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.85%	3.49%

### Investment Policy Assumptions from PERSI Board November 2019

Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.14%
Portfolio Standard Deviation	14.16%

## FINANCIAL SECTION

### Economic/Demographic Assumptions from Milliman 2018

#### Valuation Assumptions Chosen by PERSI Board

Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05%
Assumed Inflation	3.00%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>	<b>7.05%</b>

*Discount rate* – The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for administrative expense.

*Sensitivity of the net pension liability (asset) to changes in the discount rate* – The following presents the net pension liability (asset) of PERSI, FRF and JRF employers calculated using the discount rate of 7.05% as well as what the employers' liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>1% Decrease 6.05%</b>	<b>Current Discount Rate 7.05%</b>	<b>1% Increase 8.05%</b>
Employers' net pension liability - PERSI	\$4,762,057,009	\$2,322,132,220	\$ 304,712,037
Employers' net pension (asset) - FRF	(122,406,207)	(148,899,162)	(171,595,227)
Employers' net pension liability - JRF	33,497,896	21,861,413	11,906,081

#### NOTE 6. NET OPEB ASSET

The components of the net OPEB asset associated with the Sick Leave Insurance Reserve Fund of the participating employers as of June 30, 2020 and 2019 is as follows.

##### State Members

	2020	2019
Total OPEB liability	\$ 93,296,577	\$ 99,213,537
Plan fiduciary net position	234,449,486	225,185,651
Employers' net OPEB liability (asset)	<u><u>\$(141,152,909)</u></u>	<u><u>\$(125,972,114)</u></u>
 Plan fiduciary net position as a percentage of total OPEB liability (asset)	 <u><u>251.0 %</u></u>	 <u><u>227.0 %</u></u>



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### School Members

	2020	2019
Total OPEB liability	\$232,878,651	\$248,702,273
Plan fiduciary net position	356,009,237	344,482,664
Employers' net OPEB liability (asset)	<u>\$(123,130,586)</u>	<u>\$ (95,780,391)</u>
Plan fiduciary net position as a percentage of total OPEB liability (asset)	<u>153.0 %</u>	<u>138.5 %</u>

The OPEB asset is calculated using a discount rate of 7.05% which is the expected rate of return on investments reduced by investment expenses. The net OPEB asset was determined by an actuarial valuation as of July 1, 2020. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net OPEB asset are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Board's adopted asset allocation policy for the Sick Leave Insurance Retirement Fund as of June 30, 2020 was 30% Fixed income, 55% US/Global equity, and 15% International equity.

Actuarial Assumptions	Sick Leave Insurance Reserve Fund
Inflation	3.00 percent
Salary increases	3.75 percent
Salary inflation	3.75 percent
Investment rate of return-net of investment fees	7.05 percent

The long-term expected rate of return on OPEB plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, we rely primarily on an approach which builds upon the latest capital market assumptions. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of PERSI's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Capital market assumptions as defined in Note 5 apply here.

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### Investment Policy Assumptions from PERSI Board November 2019

Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.14%
Portfolio Standard Deviation	14.16%

### Economic/Demographic Study from Milliman 2018

Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05%
Assumed Inflation	3.00%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>	<b>7.05%</b>

*Discount rate* – The discount rate used to measure the total OPEB liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

*Sensitivity of the net OPEB liability (asset) to changes in the discount rate* – The following presents the net OPEB liability (asset) calculated using the discount rate of 7.05% as well as what the employers' liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

State & School Members	1% Decrease 6.05%	Discount Rate 7.05%	1% Increase 8.05%
State Members-Net OPEB Liability/(Asset)	\$ (134,484,450)	\$ (141,152,909)	\$ (147,219,951)
School Members-Net OPEB Liability/(Asset)	\$ (107,053,453)	\$ (123,130,586)	\$ (138,008,393)

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### NOTE 7. ASSETS USED IN PLAN OPERATIONS

Assets used in plan operations at June 30, 2020 and 2019, consist of the following:

	2020	2019
Buildings and improvements	\$ 5,954,523	\$ 6,778,474
Less accumulated depreciation	<u>(4,493,561)</u>	<u>(5,012,575)</u>
Total buildings and improvements	<u>1,460,962</u>	<u>1,765,899</u>
Equipment	631,252	749,678
Less accumulated depreciation	<u>(450,897)</u>	<u>(604,760)</u>
Total equipment	<u>180,355</u>	<u>144,918</u>
Computer software development - Arrivos	11,968,297	11,968,297
Less accumulated amortization	<u>(5,058,184)</u>	<u>(3,861,561)</u>
Total computer software development - Arrivos	<u>6,910,113</u>	<u>8,106,736</u>
Equipment - Arrivos	254,114	254,114
Less accumulated depreciation	<u>(254,114)</u>	<u>(254,114)</u>
Total equipment	<u>—</u>	<u>—</u>
Total assets used in plan operations	<u><u>\$ 8,551,431</u></u>	<u><u>\$ 10,017,553</u></u>

Depreciation expense is a component of administrative expense. For the year ended June 30, 2020, depreciation expense on the buildings and improvements was \$362,230. The equipment had a total depreciation expense of \$47,127 for 2020.

## FINANCIAL SECTION

### NOTE 8. OTHER POST EMPLOYMENT BENEFITS

The State funds, or partially funds, post employment benefits relating to health, disability, and life insurance. Employees of PERSI participate in the State of Idaho's post employment benefit programs. The State administers the retiree healthcare plan which allows eligible retirees to purchase healthcare insurance coverage for themselves and eligible dependents. The State provides long-term disability income benefits for active employees who become disabled, generally up to a maximum age of 70. The State provides basic life and dependent life coverage for disabled employees, generally up to a maximum age of 70. For up to 30 months following the date of disability, an employee is entitled to continue healthcare coverage. Benefits costs are paid by PERSI through a rate charged by the State. The primary government (State of Idaho) is reporting the liability for the retiree healthcare and long-term disability benefits. Specific details of these other post employment benefits are available in the Comprehensive Annual Financial Report of the State of Idaho which may be accessed at [www.sco.idaho.gov](http://www.sco.idaho.gov).

### NOTE 9. COMMITMENTS

The System had unfunded private equity commitments as of June 30, 2020 of \$861,395,895.

**FINANCIAL SECTION**

**PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO**

***REQUIRED SUPPLEMENTARY INFORMATION***

***JUNE 30, 2020***

## FINANCIAL SECTION

### PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND PERSI BASE PLAN

#### SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) FISCAL YEARS ENDING JUNE 30

##### PERSI Base Plan

	2020	2019	2018	2017	2016
<b>Total pension liability changes for the year</b>					
Service cost	\$ 484,964,767	\$ 461,646,272	\$ 437,257,407	\$ 406,910,895	\$ 397,283,921
Interest	1,321,253,945	1,250,119,942	1,202,947,872	1,129,286,928	1,088,670,726
Effect of plan changes	372,935,449	—	84,200,000	12,200,000	67,800,000
Effect of economic/demographic gains or losses	166,634,457	(105,480,176)	(38,113,799)	273,580,592	(104,512,779)
Effect of assumptions changes or inputs	—	—	104,724,103	—	13,100,000
Benefit payments, including refunds of member contributions	(1,012,529,440)	(975,200,330)	(909,678,264)	(864,785,159)	(824,524,533)
<b>Net change in total pension liabilities</b>	1,333,259,178	631,085,708	881,337,319	957,193,256	637,817,335
Total pension liability - beginning	18,380,933,618	17,749,847,910	16,868,510,591	15,911,317,335	15,273,500,000
Total pension liability - ending	19,714,192,796	18,380,933,618	17,749,847,910	16,868,510,591	15,911,317,335
<b>Plan net position</b>					
Contributions - employer	430,638,154	390,080,902	369,139,113	356,367,389	335,610,100
Contributions - employee	280,790,591	257,060,511	243,950,654	237,032,668	220,866,936
Net investment income	463,879,610	1,301,966,592	1,283,658,926	1,692,713,855	202,329,942
Other	—	—	—	—	25,283
Benefit payments, including refunds of member contributions	(1,012,529,440)	(975,200,330)	(909,678,264)	(864,785,159)	(824,524,533)
Administrative expense	(10,179,831)	(9,276,642)	(8,922,335)	(8,810,136)	(6,806,655)
<b>Net change in plan net position</b>	152,599,084	964,631,033	978,148,094	1,412,518,617	(72,498,927)
Plan net position - beginning	17,239,461,492	16,274,830,459	15,296,682,365	13,884,163,748	13,956,662,675
Plan net position - ending	17,392,060,576	17,239,461,492	16,274,830,459	15,296,682,365	13,884,163,748
<b>Plan net pension liability - ending</b>	<u>\$2,322,132,220</u>	<u>\$1,141,472,126</u>	<u>\$1,475,017,451</u>	<u>\$1,571,828,226</u>	<u>\$2,027,153,587</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

## FINANCIAL SECTION

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<u>2015</u>	<u>2014</u>
\$ 384,419,252	\$ 376,800,000
1,045,505,462	992,942,358
150,400,000	(1,300,000)
(105,531,304)	(111,248,209)
—	74,600,000
<u>(770,593,410)</u>	<u>(729,094,149)</u>
704,200,000	602,700,000
14,569,300,000	13,966,600,000
15,273,500,000	14,567,300,000
321,240,628	310,986,283
211,468,780	203,890,954
367,820,877	2,000,619,926
16,767	—
(770,593,410)	(729,094,149)
<u>(6,434,462)</u>	<u>(6,787,811)</u>
123,519,180	1,779,615,203
13,833,143,496	12,053,528,293
<u>13,956,662,675</u>	<u>13,833,143,496</u>
<u><u>\$1,316,837,325</u></u>	<u><u>\$ 736,156,504</u></u>



## FINANCIAL SECTION

### PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND FIREFIGHTERS' RETIREMENT FUND

#### SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) FISCAL YEARS ENDING JUNE 30

Firefighters' Retirement Fund					
	2020	2019	2018	2017	2016
<b>Total pension liability changes for the year</b>					
Service cost	\$ —	\$ —	\$ —	\$ —	\$ —
Interest	18,555,434	19,216,525	19,841,800	20,041,184	20,496,009
Effect of plan changes	—	—	(615,405)	(68,748)	(557,863)
Effect of economic/demographic gains or losses	(4,019,534)	(9,593,204)	(9,182,411)	(3,116,488)	(7,446,350)
Effect of assumptions changes or inputs	—	—	1,386,562	—	—
Benefit payments, including refunds of member contributions	(19,073,931)	(18,929,519)	(18,934,403)	(19,294,441)	(19,476,228)
<b>Net change in total pension liabilities</b>	(4,538,031)	(9,306,198)	(7,503,857)	(2,438,493)	(6,984,432)
Total pension liability - beginning	272,572,198	281,878,396	289,382,253	291,820,746	298,805,178
Total pension liability - ending	268,034,167	272,572,198	281,878,396	289,382,253	291,820,746
<b>Plan net position</b>					
Contributions - employer	8,660,397	3,926,915	7,706,226	7,452,987	7,198,597
Contributions - employee	4,503	4,540	4,368	4,385	6,329
Net investment income	11,090,094	36,330,366	31,124,311	41,488,825	5,083,454
Benefit payments, including refunds of member contributions	(19,073,931)	(18,929,519)	(18,934,403)	(19,294,441)	(19,476,228)
Administrative expense	(73,557)	(55,031)	(29,833)	(43,022)	(58,873)
<b>Net change in plan net position</b>	607,506	21,277,271	19,870,669	29,608,734	(7,246,721)
Plan net position - beginning	416,325,823	395,048,552	375,177,883	345,569,149	352,815,870
Plan net position - ending	416,933,329	416,325,823	395,048,552	375,177,883	345,569,149
<b>Plan net pension liability (asset) - ending</b>	<u>\$ (148,899,162)</u>	<u>\$ (143,753,625)</u>	<u>\$ (113,170,156)</u>	<u>\$ (85,795,630)</u>	<u>\$ (53,748,403)</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

## FINANCIAL SECTION

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<u>2015</u>	<u>2014</u>
\$ —	\$ —
21,479,861	21,888,712
(2,100,000)	—
(15,100,408)	(5,629,912)
—	—
<u>(19,874,275)</u>	<u>(19,958,800)</u>
(15,594,822)	(3,700,000)
314,400,000	318,100,000
298,805,178	314,400,000
11,305,473	14,200,323
6,168	9,095
9,357,909	50,966,862
(19,874,275)	(19,958,800)
<u>(153,719)</u>	<u>—</u>
641,556	45,217,480
352,174,314	306,956,837
<u>352,815,870</u>	<u>352,174,314</u>
<u>\$ (54,010,692)</u>	<u>\$ (37,774,314)</u>

## FINANCIAL SECTION

### PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

#### SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET) FISCAL YEARS ENDING JUNE 30

##### Judges' Retirement Fund

	2020	2019	2018	2017	2016
<b>Total pension liability changes for the year</b>					
Transfer in from JRF	\$ —	\$ —	\$ —	\$ —	\$ —
Service cost	3,343,947	3,177,846	2,962,939	3,179,411	3,110,818
Interest	7,930,143	7,502,002	7,329,407	7,055,599	6,888,876
Effect of economic/demographic gains or losses	(962,452)	2,627,021	(400,640)	265,945	(1,647,589)
Benefit payments, including refunds of member contributions	(7,639,712)	(7,168,403)	(6,691,558)	(6,173,415)	(5,974,937)
<b>Net change in total pension liabilities</b>	2,671,926	6,138,466	3,200,148	4,327,540	2,377,168
Total pension liability - beginning	112,895,161	106,756,695	103,556,547	99,229,007	96,851,839
Total pension liability - ending	115,567,087	112,895,161	106,756,695	103,556,547	99,229,007
<b>Plan net position</b>					
Contributions - employer	4,878,534	4,688,762	4,278,996	3,946,599	3,370,587
Contributions - employee	845,925	778,864	714,804	630,392	623,754
Net investment income	2,535,628	6,936,823	6,938,171	9,157,849	1,092,130
Transfer in	—	—	—	—	—
Other	12,960	—	—	—	2,571
Benefit payments, including refunds of member contributions	(7,639,712)	(7,168,403)	(6,691,558)	(6,173,415)	(5,974,937)
Administrative expense	(127,095)	(121,305)	(104,949)	(74,035)	(133,096)
<b>Net change in plan net position</b>	506,240	5,114,741	5,135,464	7,487,390	(1,018,991)
Plan net position - beginning	93,199,434	88,071,493	82,936,029	75,448,639	76,467,630
Plan net position - ending	93,705,674	93,199,434	88,071,493	82,936,029	75,448,639
<b>Plan net pension liability - ending</b>	<u>\$ 21,861,413</u>	<u>\$ 19,695,727</u>	<u>\$ 18,685,202</u>	<u>\$ 20,620,518</u>	<u>\$ 23,780,368</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

## FINANCIAL SECTION

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2015	
\$ 92,302,982	
3,251,679	
6,589,779	
284,788	
(5,577,389)	
96,851,839	
—	
96,851,839	
3,595,417	
629,077	
2,049,895	
75,864,300	
2,063	
(5,577,389)	
(95,733)	
76,467,630	
—	
76,467,630	
\$ 20,384,209	

## FINANCIAL SECTION

### PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

#### SCHEDULE OF NET IN PENSION LIABILITY (ASSET) FISCAL YEARS ENDING JUNE 30

<b>PERSI Base Plan</b>	2020	2019	2018	2017	2016
Total Pension Liability	\$19,714,192,796	\$18,380,933,618	\$17,749,847,910	\$16,868,510,591	\$15,911,317,335
Plan net position	17,392,060,576	17,239,461,492	16,274,830,459	15,296,682,365	13,884,163,748
Net pension liability (asset)	<u>\$2,322,132,220</u>	<u>\$1,141,472,126</u>	<u>\$1,475,017,451</u>	<u>\$1,571,828,226</u>	<u>\$2,027,153,587</u>
Plan net position as a percentage of total pension liability	88.22 %	93.79 %	91.69 %	90.68 %	87.26 %
Covered payroll	\$3,546,033,069	\$3,382,051,785	\$3,200,396,203	\$3,089,555,264	\$2,895,430,105
Net pension liability as a percentage of covered payroll	65.49 %	33.75 %	46.09 %	50.88 %	70.01 %
<b>Firefighters' Retirement Fund</b>					
	2020	2019	2018	2017	2016
Total Pension Liability	\$ 268,034,167	\$ 272,572,198	\$ 281,878,396	\$ 289,382,253	\$ 291,820,746
Plan net position	416,933,329	416,325,823	395,048,552	375,177,883	345,569,149
Net pension liability (asset)	<u>\$(148,899,162)</u>	<u>\$(143,753,625)</u>	<u>\$(113,170,156)</u>	<u>\$ (85,795,630)</u>	<u>\$ (53,748,403)</u>
Plan net position as a percentage of total pension liability	155.55 %	152.74 %	140.15 %	129.65 %	118.42 %
Covered payroll	\$ 78,657,631	\$ 78,284,032	\$ 74,848,287	\$ 70,568,501	\$ 68,017,833
Net pension liability (asset) as a percentage of covered payroll	-189.30 %	-183.63 %	-151.20 %	-121.58 %	-79.02 %
<b>Judges' Retirement Fund</b>					
	2020	2019	2018	2017	2016
Total Pension Liability	\$ 115,567,087	\$ 112,895,161	\$ 106,756,695	\$ 103,556,547	\$ 99,229,007
Plan net position	93,705,674	93,199,434	88,071,493	82,936,029	75,448,639
Net pension liability (asset)	<u>\$ 21,861,413</u>	<u>\$ 19,695,727</u>	<u>\$ 18,685,202</u>	<u>\$ 20,620,518</u>	<u>\$ 23,780,368</u>
Plan net position as a percentage of total pension liability	81.08 %	82.55 %	82.50 %	80.09 %	76.03 %
Covered payroll	\$ 7,801,909	\$ 6,731,755	\$ 6,178,081	\$ 6,162,190	\$ 6,097,302
Net pension liability as a percentage covered of payroll	280.21 %	292.58 %	302.44 %	334.63 %	390.01 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

## FINANCIAL SECTION

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2015	2014
\$15,273,500,000	\$14,569,300,000
<u>13,956,662,675</u>	<u>13,833,143,496</u>
<u>\$1,316,837,325</u>	<u>\$736,156,504</u>
91.38 %	94.95 %
\$2,791,109,393	\$2,702,945,314
47.18 %	27.24 %

2015	2014
\$ 298,805,178	\$ 314,400,000
<u>352,815,870</u>	<u>352,174,314</u>
<u>\$ (54,010,692)</u>	<u>\$ (37,774,314)</u>
118.08 %	112.01 %
\$ 63,780,545	\$ 63,017,405
-84.68 %	-59.94 %

2015	2014
\$ 96,851,839	\$ —
<u>76,467,630</u>	<u>—</u>
<u>\$ 20,384,209</u>	<u>\$ —</u>
78.95 %	0.00 %
\$ 6,149,339	\$ —
331.49 %	0.00 %

## FINANCIAL SECTION

### PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS RETIREMENT FUND AND JUDGES RETIREMENT FUND

#### SCHEDULE OF CONTRIBUTIONS FISCAL YEARS 2011-2020

PERSI BASE PLAN					
Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2011	\$ 326,554,992	\$ 279,174,844	\$ 47,380,148	\$2,627,850,654	10.62 %
2012	327,832,536	277,143,887	50,688,649	2,619,568,411	10.58 %
2013	295,502,818	285,440,860	10,061,958	2,697,575,738	10.58 %
2014	325,041,599	310,986,283	14,055,316	2,702,945,352	11.51 %
2015	327,101,958	335,610,100	(8,508,142)	2,791,109,393	12.02 %
2016	297,262,331	334,034,293	(36,771,962)	2,895,430,105	11.54 %
2017	337,212,145	356,367,389	(19,155,244)	3,089,555,264	11.53 %
2018	388,341,490	369,139,113	19,202,377	3,200,396,203	11.53 %
2019	382,640,388	390,080,902	(7,440,514)	3,382,051,785	11.53 %
2020	392,340,997	430,638,154	(38,297,157)	3,546,033,069	12.14 %

Schedule is intended to show information for 10 years.

Firefighters' Retirement Fund					
Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2011	\$ 7,959,238	\$ 13,313,715	\$ (5,354,477)	\$ 59,337,447	22.44 %
2012	1,666,127	13,486,309	(11,820,182)	59,883,692	22.52 %
2013	1,666,127	14,227,314	(12,561,187)	62,969,139	22.59 %
2014	1,119,619	14,200,323	(13,080,704)	63,017,405	22.53 %
2015	—	11,305,473	(11,305,473)	63,780,545	17.73 %
2016	—	7,198,597	(7,198,597)	68,017,833	10.58 %
2017	—	7,452,987	(7,452,987)	70,568,501	10.56 %
2018	—	7,706,226	(7,706,226)	74,848,287	10.30 %
2019	—	8,247,827	(8,247,827)	78,284,032	10.54 %
2020	—	8,660,397	(8,660,397)	78,657,631	11.01 %

Schedule is intended to show information for 10 years.

See Notes to Required Supplementary Information



## FINANCIAL SECTION

### PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS RETIREMENT FUND AND JUDGES RETIREMENT FUND

#### SCHEDULE OF CONTRIBUTIONS FISCAL YEARS 2015-2020

Fiscal Year	Judges' Retirement Fund					Contribution as a % of Covered Payroll
	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll		
2015	\$ 3,492,825	\$ 3,595,417	\$ (102,592)	\$ 6,149,339		58.47 %
2016	3,463,268	3,370,587	92,681	6,097,302		55.28 %
2017	3,604,265	3,946,599	(342,334)	6,162,190		64.05 %
2018	3,273,147	4,278,996	(1,005,849)	6,178,081		69.26 %
2019	3,307,311	4,688,762	(1,381,451)	6,731,755		69.65 %
2020	3,897,054	4,878,534	(981,480)	7,801,909		62.53 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

## FINANCIAL SECTION

### PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

#### SCHEDULE OF INVESTMENT RETURNS YEAR ENDED JUNE 30, 2020

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##### Investment Returns

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money weighted rate of return, net of investment expenses	2.8%	8.0%	8.5%	12.4%	1.5%	2.7%	16.9%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

## FINANCIAL SECTION

### PUBLIC EMPLOYEE RETIREMENT SICK LEAVE INSURANCE RESERVE FUND

#### SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET)

YEAR ENDED JUNE 30, 2020

#### Sick Leave Insurance Reserve Fund - State

	2020	2019	2018	2017
<b>Total OPEB liability changes for the year</b>				
Service cost	\$ 3,939,068	\$ 4,326,780	\$ 4,170,390	\$ 4,043,479
Interest	7,105,202	6,592,557	6,207,620	6,223,171
Effect of plan changes	—	—	(5,771,416)	—
Effect of economic/demographic gains or losses	(2,161,468)	1,415,058	—	—
Effect of assumptions changes or inputs	(10,060,579)	—	186,986	—
Benefit payments, including refunds of member contributions	(4,739,183)	(4,611,044)	(4,671,380)	(5,010,974)
<b>Net change in total OPEB liabilities</b>	<b>\$ (5,916,960)</b>	<b>\$ 7,723,351</b>	<b>\$ 122,200</b>	<b>\$ 5,255,676</b>
Net OPEB liability - beginning	\$ 99,213,537	\$ 91,490,186	\$ 91,367,986	\$ 86,112,310
Total OPEB liability - ending	<u>\$ 93,296,577</u>	<u>\$ 99,213,537</u>	<u>\$ 91,490,186</u>	<u>\$ 91,367,986</u>
<b>Plan net position</b>				
Contributions - employer	\$ 4,494,217	\$ 7,497,670	\$ 7,161,239	\$ 7,136,693
Net investment income	9,556,026	16,085,961	17,316,960	12,294,424
Other	—	—	—	—
Benefit payments, including refunds of member contributions	(4,739,183)	(4,611,044)	(4,671,380)	(5,010,974)
Administrative expense	(47,225)	(47,183)	(44,182)	(41,148)
<b>Net change in plan net position</b>	<b>\$ 9,263,835</b>	<b>\$ 18,925,404</b>	<b>\$ 19,762,637</b>	<b>\$ 14,378,995</b>
Plan net position - beginning	\$ 225,185,651	\$ 206,260,247	\$ 186,497,610	\$ 172,118,615
Plan net position - ending	<u>\$ 234,449,486</u>	<u>\$ 225,185,651</u>	<u>\$ 206,260,247</u>	<u>\$ 186,497,610</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

## FINANCIAL SECTION

### Sick Leave Insurance Reserve Fund - School

	2020	2019	2018	2017
<b>Total OPEB liability changes for the year</b>				
Service cost	\$ 8,694,499	\$ 9,108,050	\$ 8,778,843	\$ 7,692,471
Interest	17,727,484	16,607,049	15,779,480	14,272,064
Effect of plan changes	—	—	—	—
Effect of economic/demographic gains or losses	5,125,806	2,499,644	10,851,176	—
Effect of assumptions changes or inputs	(35,485,232)	—	486,017	—
Benefit payments, including refunds of member contributions	(11,886,179)	(11,930,829)	(12,186,675)	(13,155,040)
<b>Net change in total OPEB liabilities</b>	<b>\$ (15,823,622)</b>	<b>\$ 16,283,914</b>	<b>\$ 23,708,841</b>	<b>\$ 8,809,495</b>
Net OPEB liability - beginning	\$ 248,702,273	\$ 232,418,359	\$ 208,709,518	\$ 200
Total OPEB liability - ending	<u>\$ 232,878,651</u>	<u>\$ 248,702,273</u>	<u>\$ 232,418,359</u>	<u>\$ 8,809,695</u>
<b>Plan net position</b>				
Contributions - employer	\$ 8,967,109	\$ 16,432,554	\$ 15,599,238	\$ 14,763,323
Net investment income	14,518,013	24,690,082	26,546,106	18,873,664
Other	—	—	—	—
Benefit payments, including refunds of member contributions	(11,886,179)	(11,930,829)	(12,186,675)	(13,155,040)
Administrative expense	(72,369)	(72,453)	(67,805)	(63,192)
<b>Net change in plan net position</b>	<b>\$ 11,526,573</b>	<b>\$ 29,119,354</b>	<b>\$ 29,890,864</b>	<b>\$ 20,418,755</b>
Plan net position - beginning	\$ 344,482,664	\$ 315,363,310	\$ 285,472,446	\$ 265,053,691
Plan net position - ending	<u>\$ 356,009,237</u>	<u>\$ 344,482,664</u>	<u>\$ 315,363,310</u>	<u>\$ 285,472,446</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

## FINANCIAL SECTION

### PUBLIC EMPLOYEE RETIREMENT SICK LEAVE INSURANCE RESERVE FUND

#### SCHEDULE OF NET OPEB LIABILITY (ASSET) YEAR ENDED JUNE 30, 2020

<b>State Members</b>				
	2020	2019	2018	2017
Total OPEB liability	\$ 93,296,577	\$ 99,213,537	\$ 91,490,186	\$ 91,367,986
Plan fiduciary net position	234,449,486	225,185,651	206,260,247	186,497,610
Employers' net OPEB liability (asset)	<u>\$(141,152,909)</u>	<u>\$(125,972,114)</u>	<u>\$(114,770,061)</u>	<u>\$ (95,129,624)</u>
Plan fiduciary net position as a percentage of total OPEB liability (asset)	<u>251.0 %</u>	<u>227.0 %</u>	<u>225.4 %</u>	<u>201.1 %</u>
 <b>School Members</b>				
	2020	2019	2018	2017
Total OPEB liability	\$ 232,878,651	\$ 248,702,273	\$ 232,418,359	\$ 208,709,518
Plan fiduciary net position	356,009,237	344,482,664	315,363,310	285,472,446
Employers' net OPEB liability (asset)	<u>\$(123,130,586)</u>	<u>\$ (95,780,391)</u>	<u>\$ (82,944,951)</u>	<u>\$ (76,762,928)</u>
Plan fiduciary net position as a percentage of total OPEB liability (asset)	<u>153.0 %</u>	<u>138.5 %</u>	<u>135.7 %</u>	<u>136.8 %</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

## FINANCIAL SECTION

### PUBLIC EMPLOYEE RETIREMENT SICK LEAVE INSURANCE RESERVE FUND

#### SCHEDULE OF CONTRIBUTIONS - OPEB YEAR ENDED JUNE 30, 2020

<b>Sick Leave Insurance Reserve Fund - State</b>					
<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contribution as a % of Covered Payroll</b>
2017	\$ 4,282,016	\$ 7,136,693	\$ (2,854,677)	\$ 1,097,952,769	0.65 %
2018	4,186,570	7,161,239	(2,974,669)	1,101,729,077	0.65 %
2019	4,383,253	7,497,670	(3,114,417)	1,153,487,692	0.65 %
2020	4,978,210	4,494,217	483,993	1,382,836,000	0.33 %

<b>Sick Leave Insurance Reserve Fund - School</b>					
<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contribution as a % of Covered Payroll</b>
2017	\$ 8,064,000	\$ 14,763,323	\$ (6,699,323)	\$ 1,240,615,378	1.19 %
2018	8,913,850	15,599,238	(6,685,388)	1,310,860,336	1.19 %
2019	9,390,031	16,432,554	(7,042,523)	1,380,886,891	1.19 %
2020	9,645,294	8,967,109	678,185	1,507,077,143	0.60 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

## FINANCIAL SECTION

### PUBLIC EMPLOYEE RETIREMENT SICK LEAVE INSURANCE RESERVE FUND

#### SCHEDULE OF INVESTMENT RETURNS - SICK LEAVE INSURANCE RETIREMENT FUND YEAR ENDED JUNE 30, 2020

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money weighted rate of return, net of investment expenses	4.2%	7.8%	9.4%	13.3%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to Required Supplementary Information



## FINANCIAL SECTION

### PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND, JUDGES' RETIREMENT FUND, AND SICK LEAVE INSURANCE RESERVE FUND

#### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2020

**Methods and assumptions used in calculations of actuarially determined contributions.** The actuarially determined contribution rates in the employers' contributions are calculated as of June 30, 2020 for PERSI, as of June 30, 2020 for FRF and as of June 30, 2020 for JRF. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

	<u>PERSI Base Plan</u>	<u>FRF</u>	<u>JRF</u>
Valuation date	June 30,2020	June 30,2020	June 30,2020
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percentage of projected payroll open	Level dollar amount - open	Level percentage of projected payroll open
Remaining amortization period	20.5 years	N/A	11.6 years
Asset valuation method	Fair Value	3-yr smoothing	Fair Value
Actuarial assumptions:			
Investment rate of return *	7.05%	7.05%	7.05%
Projected salary increases	3.75%	3.75%	3.75%
Includes salary inflation	3.75%	3.75%	3.75%
Postretirement benefit increase	1.00%	3.75%	1.00% or 3.75%
Implied price inflation rate	3.00%	3.00%	3.00%
Discount Rate - Actuarial Accrued Liability	7.05%	7.05%	7.05%

\*net of investment expenses

The valuation date for the Sick Leave Insurance Reserve Fund is as of June 30, 2020.

Actuarial Assumptions	<u><b>Sick Leave Insurance Reserve Fund</b></u>
Inflation	3.00 percent
Salary increases	3.75 percent
Salary inflation	3.75 percent
Investment rate of return *	7.05 percent

\*net of investment expenses

See Notes to Required Supplementary Information

**FINANCIAL SECTION**

**PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO**

***ADDITIONAL SUPPLEMENTARY SCHEDULES  
JUNE 30, 2020***

## FINANCIAL SECTION

### PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

#### SCHEDULE OF INVESTMENT EXPENSES YEAR ENDED JUNE 30, 2020

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##### INVESTMENT AND RELATED SERVICES:

Adelante Capital Management	\$ 2,471,891
AEW Capital Management, L.P.	9,816,407
BCA Research, Inc.	10,998
Bloomberg, LP	69,223
BLS Capital	3,774,303
BNY Mellon Trust	2,500,071
Brandes Investment Partners, LP	1,645,248
Business Entity Data B.V.	91
Capital Economics (N.A.) Ltd	11,747
Clearwater Advisors, LLC	826,710
Consensus Economics, Inc.	695
D.B. Fitzpatrick & Co., Inc.	3,272,155
Donald Smith & Company	2,530,406
Ernst & Young LLP	20,405
Fiera Capital, Inc.	3,055,646
Genesis Investment Management, LLP	2,564,521
Hamilton Lane Advisors, LLC	35,000
Income Research + Management Inc.	460,804
Longview Partners (Guernsey) Ltd	2,852,428
Mellon Investments Corporation	1,555,606
Mondrian Investment Partners	1,508,881
Mountain Pacific Investment Advisors, Inc.	1,993,615
MSCI, Inc.	1,000
Pageant Media Ltd	2,500
Peregrine Capital Management	2,952,622
Prudential Property Investment Separate Account	339,064
Sanford C Bernstein & CO., LLLC.	4,675,358
State Street Global Advisors	1,054,896
Walter Scott & Partners LTD	2,978,662
Wells Fargo Bank, NA	82,510
Western Asset	622,852
Yardeni Research	7,500
<b>TOTAL INVESTMENT AND RELATED SERVICES</b>	<b>53,693,815</b>

## FINANCIAL SECTION

### CONSULTING AND OTHER SERVICES:

Alban Row Investments, LLC	77,480
Berkadia Commercial Mortgage (formally Capmark)	35,000
Callan LLC	432,396
Eide Bailly LLP	75,942
Empower Retirement	217,961
Foster Garvey PC	546,745
Hamilton Lane Advisors, LLC	215,000
Ice Miller LLP	507
Jenks, John R.	80,311
Lee, Thomas	2,284
Milliman, Inc.	303,425
Murray Devine	18,000
Storer, Robert	3,334
Walls, Garret A	4,612
<b>TOTAL CONSULTING AND OTHER SERVICES</b>	<u>2,012,997</u>
<b>TOTAL</b>	<u><u>\$ 55,706,812</u></u>

### SCHEDULE OF ADMINISTRATIVE EXPENSES YEAR ENDED JUNE 30, 2020

#### PORTFOLIO-RELATED EXPENSES:

Personnel expenses	\$ 660,470
Operating expenses	236,444
	<u>896,914</u>

#### OTHER ADMINISTRATIVE EXPENSES:

Personnel expenses	4,168,814
Operating expenses	3,581,680
Building depreciation expense	362,230
Equipment depreciation expense	47,127
Software amortization expense	1,196,623
	<u>9,356,474</u>

SICK LEAVE FUND EXPENSES — Administrative expenses	<u>119,594</u>
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JUDGES' FUND EXPENSES -- Administrative expenses	<u>127,095</u>
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DEFINED CONTRIBUTION FUND - Administrative expenses	<u>2,181,420</u>
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<b>TOTAL</b>	<u><u>\$ 12,681,498</u></u>
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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To the Retirement Board  
**Public Employee Retirement System of Idaho**  
Boise, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the pension and other trust funds of the Public Employee Retirement System of Idaho (the System or PERSI), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Public Employee Retirement System of Idaho's basic financial statements, and have issued our report thereon dated October 15, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the PERSI's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## FINANCIAL SECTION

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho  
October 15, 2020

**FINANCIAL SECTION**

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# INVESTMENT

SECTION



## INVESTMENT SECTION

### OVERVIEW OF FISCAL YEAR 2020

**NOTE:** *The investment section of the CAFR was compiled using information from the System's custodial bank, Bank of New York Mellon, our consultant, Callan Associates, and internally generated data. Unless otherwise noted, investment returns are based on investment fair values and made on a time weighted return methodology, gross of investment fees and consistent with Global Investment Performance Standards.*

Never has low single digits felt so good. It was a fiscal year unlike any other – clearly one of the most unusual periods any living market participant has experienced. After the disastrous market drop in March as the coronavirus pandemic became clear, unprecedented monetary and fiscal stimulus turned the capital markets around on a dime, leading to the best monthly return in PERSI's recorded history (since 1988) in April and eventually letting the fund eke out a mildly positive fiscal year return and avoid statutory pressure to raise contribution rates.

PERSI ended the fiscal year with a gross return of +3.1%, a net return of +2.8%, and a fund size of \$18.717 billion. This represented a remarkable rise from the lows of March 23<sup>rd</sup>, where the fund was down -20.2% for the calendar year and -14.8% for the fiscal year at \$15.606 billion. The sick leave fund ended the fiscal year +4.4% at \$589 million.

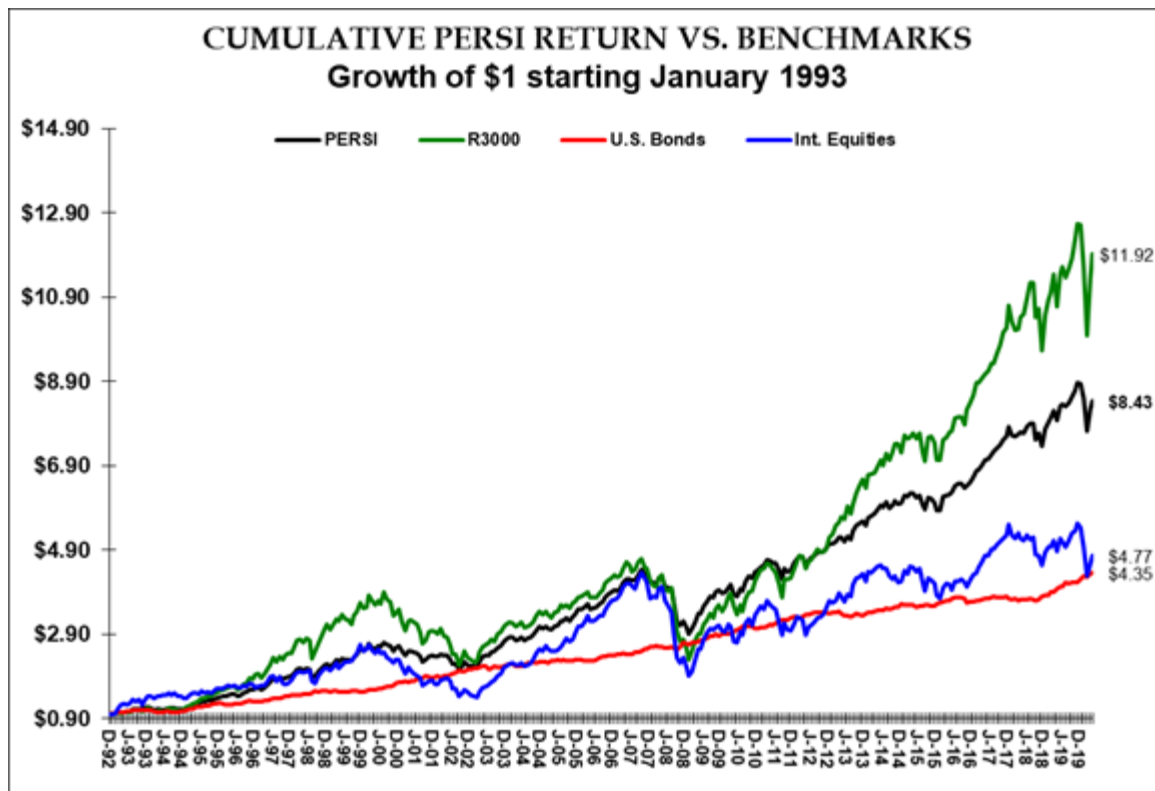
The capital markets thus did not reflect the still extremely dismal economic circumstances. The worldwide fiscal and monetary stimuli seemed to stabilize the markets into moderate low returns, with moves seeming to depend more on optimism or pessimism for the future (advances or retreats on treatments, spread of the disease, potential or actual re-openings of the economies, etc.) than any new economic data itself. And, severe disparities continued to dominate the global equity markets, with US equities dominating international, large cap outperforming small cap, and growth continuing to crush value.

For the fiscal year Peregrine – our large cap growth manager - had the best absolute and relative return at +37.5% which was +19.7% above their US equity benchmark (a remarkable result and an indicator of the trends in global capital markets). The Mellon REIT index fund had the worst absolute return at -17.7% while Brandes – a global classic value manager - had the worst relative return at -10.8%, which was -14.2% behind their World benchmark. The fund as a whole was behind the 55-15-30 strategic benchmark by -2.8% due to the underperformance of 2 global equity, private equity, and REITs compared to the Russell 3000.

It was a poor fiscal year for global and international equities. US equities returned +6.5%, World Equities (MSCI World) returned +3.4% (with PERSI's global managers collectively underperforming at -2.0%), MSCI EAFE returned -4.7% and MSCI Emerging Markets returned -3.0%. Fixed income ended the year as the leading asset type with the Bloomberg Barclays Aggregate gaining +8.7% and PERSI's overall fixed income outpacing at +9.8%. Private equity (-6.1%) and private real estate (+8.4%) both reflected the one quarter lagged nature of those asset types. After a number of years of leading the pack, REITs had another terrible year at -10.3%, with the Mellon REIT account being the worst performing account in the portfolio (although Adelante, our active REIT manager once again outperformed and was down "only" -7.1% for the year).

Since 1993, \$1 invested in the PERSI fund has returned over eight-fold, despite the worst market since the great depression, various crises around the world, and the "tech wreck" at the start of the new millennium:

## INVESTMENT SECTION



PERSI's institutional peer returns for the fiscal year were excellent: handily above the median public fund. Long term returns (15 to 20 years) also continue to be significantly above average:

### RANKINGS IN CALLAN PUBLIC FUND AND BNY MELLON PUBLIC FUND UNIVERSES

June 30, 2020

Percentile Rankings over Period  
(1 is highest, 100 is lowest)

	1Yr	3Yrs	5Yrs	10Y	15Y	20Y	25Y
<b>PERSI Return (%)</b>	3.1	6.7	6.9	8.5	7.0	6.1	8.0
Callan Median Public	3.3	5.8	6.0	8.1	6.4	5.8	7.6
Mellon Median Public	2.6	5.8	6.1	8.2	6.4		
<b>PERSI Rank (Percentile)</b>							
Callan Public Funds	56	20	18	37	18	31	21
Mellon Public Funds	46	27	23	44			

## INVESTMENT SECTION

PERSI's annualized return over the last 25 years has been 8.0% while the 55-15-30 reference benchmark return has returned 7.8%.

PERSI'S simple, transparent, focused, and patient approach following conventional investment principles once again produced strong results, not only in absolute returns, but also in comparison to all other professionally managed institutional investors. It is a path we intend to travel for the foreseeable future.



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ROBERT M. MAYNARD  
Chief Investment Officer

## INVESTMENT SECTION

### Investment Summary for the Year Ended June 30, 2020

Types of Investment	Fair Value	Percent of Total Fair Value
<b>Short-term Investments</b>	\$ 346,138,759	1.8 %
<b>Fixed Income</b>		
Domestic	\$ 3,981,522,018	20.4 %
International	16,491,157	0.1 %
Commercial Mortgages	875,199,883	4.5 %
<b>Total Fixed Income</b>	4,873,213,058	25.0 %
<b>Equity</b>		
Domestic	8,107,060,026	41.5 %
International	2,539,157,761	13.0 %
<b>Total Equity</b>	10,646,217,787	54.5 %
<b>Private Equity</b>	1,033,663,149	5.3 %
<b>Real Estate</b>	938,724,485	4.8 %
<b>Total Base Plan Investments</b>	17,837,957,238	91.4 %
<b>Other Funds:</b>		
<b>Sick Leave Insurance Reserve Fund</b>	589,031,833	3.0 %
<b>Choice Plan 414(k)</b>	56,158,967	0.3 %
<b>Choice Plan 401(k)</b>	1,051,382,052	5.4 %
<b>Total Investments in All Funds</b>	<u>\$ 19,534,530,090</u>	100.0 %

## INVESTMENT SECTION

### Schedule of Investments by Account (including interest and dividends receivable) as of June 30, 2020

#### **Base Plan, Firefighters' Retirement Fund, and Judges' Plan**

Adelante Capital Management	\$ 497,938,793
Advent International, LP	63,999,574
Apollo Management, LP	40,164,381
Ascribe Capital LLC	8,991,976
Baring Asset Management-Global Equity	124,692
Bernstein-Emerging Markets	302,406,839
Bernstein-Global Equity	362,745,244
Blackstone Capital Partners, LP	103,976,092
BLS Capital	576,476,558
Mellon Investments Corp.-International Stock Index	679,838,667
Mellon Investments Corp. -Mid Cap Completion	270,574,856
Mellon Investments Corp. -R2000 Small Cap	147,261,044
Mellon Investments Corp.-S&P 500 Large Cap	2,138,277,806
Mellon Investments Corp.-REIT Index	192,556,445
Mellon Investments Corp. -Emerging Market Index	955,317,679
Brandes Investment Partners	377,500,343
Bridgepoint Cap LTD	57,401,858
Capital Guardian	154,334
Cerberus Investment Partners	4,592,577
Chisholm Management, LP	623,259
Clearwater Advisors, LLC-TBAs	225,748,365
CVC European Equity	55,821,388
D.B. Fitzpatrick & Co.-Fixed Income	83,281,684
D.B. Fitzpatrick & Co.-Idaho Mortgages	877,805,860
Donald Smith & Co.	360,224,573
Endeavour Capital	45,437,144
Epic Venture Fund	15,755,627
Fiera Capital	574,564,220
First Reserve Fund XI	4,151,932
Galen Associates, LP	23,214,556
Genesis Asset Managers	365,392,579
Gores Capital Partners, LLP	1,492,571
Green Equity Investors IV, LP	12,745,766
Hamilton Lane Co - Investment Fund, LP	58,893,341
Hamilton Lane Secondary Fund, LP	50,853,053
Highway 12 Ventures, LP	5,987,109
Ida-West	3,123,603
IR + M	231,539,565
KKR 2006 Fund, LP	58,992,362
Kohlberg & Co.	59,736,137
Koll Partners, LLP	847,625,547

*continued*

## INVESTMENT SECTION

Lindsay Goldberg & Bessemer	32,061,586	
Longview Partners	447,612,915	
Mellon Transition Management Services	229,181	
Mondrian Investment Partners	404,826,300	
Mountain Pacific Investment Advisors	622,864,439	
Newbridge Asia, LP	338,018	
Olympic IDA Fund II, LLC	21,501,549	
Peregrine Capital Management	911,032,947	
PERSI Cash in Short-Term Investment Pool	177,646,375	
Providence Equity Partners, LLP	44,075,559	
Prudential Investments	69,597,389	
Silverlake Partners	29,885,930	
State Street Global Advisors-Fixed Income	1,508,632,440	
State Street Global Advisors-TIPS	1,692,753,955	
T3 Partners, LP	124,293,373	
Veritas Capital Partners, LP	125,770,545	
Walter Scott LTD	575,868,532	
Western Asset Management	312,543,895	
Zesiger Capital Group-Private Equity	6,943,020	
<b>Total Base Plan and Firefighters' Retirement Fund</b>		<b>\$ 17,851,787,947</b>

### Choice Plan

Mellon Investment Corp. U.S. Bond Market Index Fund	16,819,297	
Mellon Investment Corp. U.S. Small/Mid Cap Equity Index Fund	20,884,537	
Mellon Investment Corp. U.S. Broad Market Equity Equity Index Fund	14,346,327	
Mellon Investment Corp. N.A. Equity Index Fund	7,563,431	
Mellon Investment Corp. U.S. Large Cap Equity Index Fund	39,110,050	
Mellon Investment Corp. Emerging Market Equity Index Fund	2,270,631	
Mellon Investment Corp. U.S. Treasury Inflation-Protected Securities (TIPS) Index Fund	4,716,411	
Mellon Investment Corp. U.S. REIT Index Fund	3,411,469	
Brandes International Equity Fund	5,403,678	
Calvert SI Balance Fund	4,445,449	
Dodge and Cox Income Fund	16,725,472	
PERSI Choice Plan Contribution Holding Account	1,463,875	
PERSI Choice Plan Loan Fund	10,273,502	
Rowe Price Small Cap Fund	28,797,503	
Total Return Fund	865,256,068	
Vanguard Growth & Income Fund	36,033,751	
PERSI Short Term Investment Portfolio	33,832,965	
<b>Total Choice Plan</b>		<b>1,111,354,416</b>

*continued*

## INVESTMENT SECTION

### Sick Leave Insurance Reserve Fund

State Street Global Advisors-Domestic Equity	330,736,761	
State Street Global Advisors-International Equity	91,032,604	
State Street Global Advisors-Fixed Income	167,262,469	
<b>Total Sick Leave Insurance Reserve Fund</b>		<u>589,031,834</u>

Total Fair Value, Including Investment Receivables and Payables	19,552,174,197
-----------------------------------------------------------------	----------------

Add: Investments Purchased Payable	144,387,352
Less: Investments Sold Receivable	(111,207,114)
Less: Interest and Dividends Receivable	<u>(50,824,345)</u>

Total Fair Value, Net of Investment Receivables and Payables	<u><u>\$ 19,534,530,090</u></u>
	(concluded)

## INVESTMENT SECTION

### Investment Results for the Year Ended June 30, 2020

MANAGERS	TOTAL FAIR VALUE (MILLIONS)	% OF TOTAL FUND	Investment Performance for Periods Ending					
			FISCAL	1 YR	3 YRS *	5 YRS *	10YRS *	
U.S. EQUITY								
Mellon Investments Corporation - Mid Cap	\$ 283.7	1.5 %	6.7	6.7	9.8	8.7	13.6	
Mellon Investments Corporation- R2000 Small Cap	154.4	0.8	(6.5)	(6.5)	2.1	4.4	10.6	
Mellon Investments Corporation - S&P 500 LC	2,241.9	12.0	7.5	7.5	10.7	10.7	14.0	
Mountain Pacific	653.0	3.5	1.0	1.0	8.0	10.1	14.1	
Donald Smith & Co.	377.7	2.0	(17.1)	(17.1)	(4.1)	1.6	7.2	
Peregrine	955.2	5.1	37.5	37.5	28.4	23.9	20.8	
Total U.S. Publicly Traded Equity	\$ 4,665.9	24.9 %	8.2	8.2	11.0	11.1	14.0	
Benchmark - Russell 3000			6.5	6.5	10.0	10.0	13.7	
PRIVATE EQUITY								
Ida-West	\$ 3.3	— %	29.1	29.1	15.9	9.3	12.8	
Galen III	24.3	0.1	4.6	4.6	14.0	7.8	4.9	
Providence Equity Partners	46.2	0.2	0.8	0.8	7.5	10.9	10.8	
Chisolm Partners	0.7	—	(24.0)	(24.0)	(13.8)	(10.0)	11.6	
Hwy 12 Fund Venture L.P.	6.3	—	(51.2)	(51.2)	(7.9)	(2.2)	4.2	
T3 Partners II L.P.	130.3	0.7	(14.4)	(14.4)	0.2	5.1	11.6	
Apollo Mgmt L.P.	42.1	0.2	(9.7)	(9.7)	(1.7)	0.1	8.8	
Green Equity IV L.P.	13.4	0.1	(16.3)	(16.3)	13.6	14.0	17.6	
Gores Capital Ad LLC	1.6	—	(59.5)	(59.5)	(28.1)	(14.5)	(7.6)	
W Capital Partners	—	—	—	—	—	—	—	
Frazier Tech Ventures II	—	—	—	—	—	—	—	
Kohlberg & Co.	62.6	0.3	15.6	15.6	18.2	16.3	15.6	
Hamilton Secondary	53.3	0.3	3.6	3.6	9.0	8.0	10.7	
CVC European Equity	58.5	0.3	12.9	12.9	21.1	22.7	22.0	
Hamilton Lane Co-Investment Fund	61.7	0.3	(17.5)	(17.5)	—	1.4	7.7	
Bridgepoint Europe III	60.2	0.3	3.1	3.1	8.9	8.3	8.6	
Newbridge Asia L.P.	0.4	—	(28.1)	(28.1)	19.2	1.5	7.4	
JH Whitney Equity Partners IV	—	—	—	—	—	—	—	
Blackstone Capital Partners	109.0	0.6	(28.7)	(28.7)	(2.4)	1.7	8.3	
Enhanced Equity Fund L.P.	—	—	—	—	—	—	—	
Lindsey, Goldberg, Bessemer	33.6	0.2	(2.0)	(2.0)	10.3	8.3	10.9	
KKR 2006	62.0	0.3	(1.2)	(1.2)	11.9	12.8	14.3	
First Reserve Fund XI	4.4	—	(40.7)	(40.7)	(23.1)	(27.8)	(16.9)	
Cerberus Inst Partners	4.8	—	(26.3)	(26.3)	10.0	14.5	13.1	
Epic Venture Fund	16.5	0.1	12.4	12.4	20.0	10.5	14.9	
Advent International	67.1	0.4	(12.2)	(12.2)	3.1	8.9	12.7	
Ascribe Capital LLC	9.4	0.1	(55.3)	(55.3)	(28.8)	(12.8)	(1.5)	
Veritas Capital Partners	131.9	0.7	36.7	36.7	34.7	25.0		
Endeavour Capital Partners	47.6	0.3	14.1	14.1	15.7	10.4		
Silver Lake Partners**	31.3	0.2	5.8	5.8				
Zesiger Capital Group	7.3	—	(56.5)	(56.5)	(27.9)	(20.6)	(10.5)	
Total Private Equity	\$ 1,089.8	5.7 %	(6.1)	(6.1)	8.3	7.4	10.1	

*continued*



## INVESTMENT SECTION

### Investment Results for the Year Ended June 30, 2020

MANAGERS	TOTAL FAIR VALUE (MILLIONS)	% OF TOTAL FUND	Investment Performance for Periods Ending				
			FISCAL	1 YR	3 YRS *	5 YRS *	10YRS *
REAL ESTATE							
Koll Partners	\$ 888.7	4.6 %	8.3	8.3	10.2	12.3	3.7
Olympic Ida Fund II	22.5	0.1	16.6	16.6	19.5	17.2	20.7
Cascade	—	—	—	—	—	—	—
Adelante - Public R/E <sup>1</sup>	522.0	2.8	(7.1)	(7.1)	3.8	6.7	11.7
Mellon Investments Corporation- REIT Index	201.9	1.1	(17.7)	(17.7)	(2.0)	2.3	
Prudential	73.0	0.4	5.7	5.7	7.1	8.6	12.2
Total R/E Managers	\$ 1,708.1	9.0 %	(0.3)	(0.3)	6.4	8.7	8.9
Benchmark - NCREIF			5.3	5.3	6.4	7.7	10.2
Total U.S. Equity	\$ 7,463.8	39.6 %	3.8	3.8	9.5	10.0	12.2
Benchmark - Russell 3000			6.5	6.5	10.0	10.0	13.7
GLOBAL EQUITY							
Baring Asset Management	\$ 0.1	— %	(1.1)	(1.1)	22.0	22.9	17.6
Brandes Investment Partners	395.8	2.1	(10.8)	(10.8)	(1.7)	1.1	6.8
Capital Guardian	0.2	—	(28.2)	(28.2)	(4.6)	7.7	10.4
Bernstein Global	380.3	2.0	(9.5)	(9.5)	(3.4)	—	6.2
Longview Partners	469.3	2.5	(7.0)	(7.0)	3.8	5.7	
BLS Capital	604.4	3.1	(1.9)	(1.9)	11.2		
Fiera Capital	602.4	3.1	5.9	5.9	12.5		
Walter Scott	603.8	3.2	6.7	6.7	12.6		
Total Global Equity	\$ 3,056.3	16.0 %	(2.0)	(2.0)	6.3	6.8	9.5
Total U.S./Global Equity	\$ 10,520.1	55.6 %	2.1	2.1	8.6	9.1	11.3
Benchmark - Russell 3000			6.5	6.5	10.0	10.0	13.7
INTERNATIONAL EQUITY							
Genesis Investments	\$ 383.1	2.0 %	(4.4)	(4.4)	3.7	4.5	4.6
BNY Asset Management N.A. Intl Stk Indx	712.8	3.9	(4.7)	(4.7)	1.2	2.5	6.1
Mondrian	424.4	2.3	(12.6)	(12.6)	(2.1)	0.4	5.3
Bernstein Emerging	317.1	1.7	(13.5)	(13.5)	(3.3)	(0.6)	1.2
BNY Asset Management N.A. Emerging Stk Indx	1,001.7	5.4	(2.2)	(2.2)	2.4	3.1	
Total International Equity	2,839.1	15.3 %	(6.6)	(6.6)	0.7	2.2	4.5
EAFE Index Net			(10.3)	(10.3)	1.6	4.1	11.5
Total Equity	\$ 13,359.2	70.8 %	0.3	0.3	6.9	7.7	9.9
Benchmark - Russell 3000			6.5	6.5	10.0	10.0	13.7
FIXED INCOME							
DBF & Co Fixed	\$ 87.4	0.5 %	5.7	5.7	3.8	3.0	2.9
DBF & Co-Idaho Mortgages	920.4	4.9	11.9	11.9	7.5	6.1	5.3
State St Adv-FX	1,581.7	8.5	10.4	10.4	6.0	4.9	4.2
SSGA-TIPS	1,774.8	9.5	8.7	8.7	5.3	3.9	4.5
Clearwater-TBA	236.7	1.3	8.7	8.7	5.4	4.5	3.6
Western Asset	327.7	1.8	8.5	8.5	5.9	5.9	5.9
IR+M	242.8	1.3	10.8	10.8	6.4		
Total Fixed Income	\$ 5,171.5	27.8 %	9.8	9.8	6.0	4.7	4.4
Benchmark -Bloomberg Barclays Aggregate Bonds			8.7	8.7	5.3	4.3	3.8

*continued*

## INVESTMENT SECTION

### Investment Results for the Year Ended June 30, 2020

		TOTAL FAIR VALUE (MILLIONS)	% OF TOTAL FUND	Investment Performance for Periods Ending				
				FISCAL	1 YR	3 YRS *	5 YRS *	10YRS *
<b><u>MANAGERS</u></b>								
<b>OTHER</b>								
Unallocated Cash		\$ 186.3	1.0 %	5.2	5.2	3.2	4.1	3.2
MTMS Transition <sup>1</sup>		0.2	0.0	13.5	13.5	6.3	2.5	—
Total Other		186.5	1.0 %					
<b>COMBINED TOTAL</b>								
		\$ 18,717.0	99.6 %	3.1	3.1	6.7	6.9	8.5
Benchmark - 55% Russell 3000				5.9	5.9	7.6	7.4	9.7
30% BC Aggregate Bonds								
15% MSCI EAFE Index								
Add: Other PERSI DC Choice Plan Investments <sup>2</sup>		\$ 246.1						
Sick Leave Fixed Income Investments		167.3						
Sick Leave Equity Securities		421.8						
Investments Purchased		144.4						
Less:Interest and Dividends Receivable		(50.8)						
Investments Sold		(111.2)						
Total Pension Fund Investments								
Net of Receivables		\$ 19,534.5						

\*Rates of Return are annualized

<sup>1</sup>Large inflows/outflows/dividends receivable in this account results in widely variable results

<sup>2</sup>Total Return Fund/Judges' Retirement Fund included in investment results

**Performance is gross of fees**

Prepared using a time weighted rate of return per  
BNY Mellon Global Risk Solutions, a division of BNY Mellon Asset Servicing

## INVESTMENT SECTION

### Schedule of Investment Income for the Last Six Years

Year	Interest	Dividends	Gains & Losses*	Total
2015	\$ 114,333,491	\$ 198,258,329	\$ 153,584,037	\$ 466,175,857
2016	106,500,811	224,510,654	(65,219,864)	265,791,601
2017	119,967,098	220,630,874	1,538,645,824	1,879,243,796
2018	127,684,540	235,997,226	1,081,844,372	1,445,526,137
2019	111,090,516	237,472,565	1,120,573,418	1,469,136,499
2020	134,838,157	207,369,517	219,682,503	561,890,177

\*Includes realized and unrealized gains and losses and other investment income.

### Largest Stock Holdings (by Fair Value) June 30, 2020

	Shares	Stock	Fair Value
1	67,928	AMAZON.COM INC	\$ 187,401,125
2	800,541	MICROSOFT CORP	162,918,099
3	483,361	MASTERCARD INC	142,929,848
4	355,791	APPLE INC	129,792,557
5	78,416	ALPHABET INC-CL A	111,197,809
6	963,834	PROLOGIS INC	89,954,627
7	384,443	FACEBOOK INC	87,295,472
8	425,953	VISA INC	82,281,341
9	184,295	ADOBE INC	80,225,456
10	51,878	ALPHABET INC-CL C	73,335,260

A complete list of portfolio holdings is available upon request.

### Largest Bond Holdings (by Fair Value) June 30, 2020

	Par	Bonds	Description	Fair Value
1	60,685,448	US TREASURY INFLATION INDEX SECURITY	0.125% 04/15/2022 DD 04/15/17	\$ 61,521,540
2	54,635,139	US TREASURY INFLATION INDEX SECURITY	0.375% 07/15/2025 DD 07/15/15	58,512,870
3	52,885,736	US TREASURY INFLATION INDEX SECURITY	0.625% 01/15/2026 DD 01/15/16	55,903,425
4	53,025,282	US TREASURY INFLATION INDEX SECURITY	0.625%004/15/2023 DD 04/15/18	55,285,346
5	52,851,159	US TREASURY INFLATION INDEX SECURITY	0.375% 07/15/2023 DD 07/15/13	55,272,485
6	54,215,496	US TREASURY INFLATION INDEX SECURITY	0.125% 01/15/2023 DD 01/15/13	54,816,891
7	52,646,442	US TREASURY INFLATION INDEX SECURITY	0.125% 01/15/2030 DD 01/15/20	54,780,316
8	51,093,233	US TREASURY INFLATION INDEX SECURITY	0.125% 07/15/2024 DD 07/15/14	54,339,929
9	49,495,038	US TREASURY INFLATION INDEX SECURITY	0.375% 01/15/2027 DD 01/15/17	53,424,695
10	54,042,801	US TREASURY INFLATION INDEX SECURITY	0.125% 01/15/2022 DD 01/15/12	53,395,342

A complete list of portfolio holdings is available upon request

## INVESTMENT SECTION

### Schedule of Fees and Commissions for the Year Ended June 30, 2020

Broker Name	Base Commission	Total Shares Traded	Commission per Share
UBS Securities LLC, Stamford	\$ 236,758	2,907,497	\$ 0.08143
Morgan Stanley & Co Inc, NY	120,953	17,166,870	0.00705
Credit Suisse, New York (CSUS)	103,441	4,413,930	0.02344
ISI Group Inc, New York	87,955	3,028,580	0.02904
UBS Equities, London	76,211	12,371,929	0.00616
BofA Securities, Inc, New York	75,688	6,355,000	0.01191
Piper Jaffray & Co., Jersey City	61,456	2,549,356	0.02411
Goldman Sachs & Co, New York	60,993	7,611,006	0.00801
J.P Morgan Securities Inc, New York	59,038	1,829,782	0.03227
Goldman Sachs Intl, London (GSILGB2X)	57,844	7,849,569	0.00737
Merrill Lynch Intl London Equities	53,927	31,326,493	0.00172
National Finl Svcs Corp, New York	52,884	1,443,748	0.03663
Jefferies & Co Inc, New York	49,581	2,120,676	0.02338
Cowen And Co LLC, New York	45,757	1,834,195	0.02495
ICBC Fincl SVCS, New York	45,446	1,458,323	0.03116
Raymond James & Assoc Inc, St Petersburg	44,559	1,967,298	0.02265
Cowen And Company, LLC, Jersey City	42,981	1,202,680	0.03574
Citigroup Global Markets, Inc., New York	41,423	1,838,548	0.02253
RBC Capital Markets LLC, New York	41,379	1,582,180	0.02615
Pershing LLC, Jersey City	41,184	2,116,865	0.01946
Cantor Fitzgerald & Co Inc, New York	41,164	2,503,468	0.01644
Goldman Sachs Intl, New York	36,760	2,507,443	0.01466
Other Brokers Under \$35,000	1,101,252	164,248,255	0.00670
<b>Total Broker Commissions</b>	<b>\$ 2,578,632</b>	<b>282,233,691</b>	<b>0.00914</b>

A complete list of broker commissions is available from PERSI upon request. PERSI does not require that investment managers use specific brokers

### Schedule of Fees and Commissions for the Year Ended June 30, 2020

#### Private Equity Costs By Account

Advent International GPE, L.P.	\$ 1,056,524
Apollo Investment Fund, L.P.	562,810
Ascribe Capital LLC	389,125
Blackstone Capital Partners, L.P.	1,223,113
Bridgepoint Capital LTD	1,508,715
CVC European Equity Partners, L.P.	924,509
Endeavour Capital Fund, L.P.	914,449
Epic Ventures Fund LLC	201,560
Hamilton Lane Co-Investment Fund, L.P.	455,610
Hamilton Lane Secondary Funds, L.P.	279,099
KKR, L.P.	730,689
Kohlberg Investors, L.P. <sup>1</sup>	(390,409)
Lindsay Goldberg, L.P.	432,101
Providence Equity Partners L.P.	169,645
Silver Lake Partners, L.P.	572,789
TPG, L.P.	2,676,371
Veritas Capital Partners, LLC	270,317
<b>Total</b>	<b>\$ 11,977,016</b>

<sup>1</sup> Upon liquidation of the fund, certain transaction and other fees received that have not been fully utilized are required to reduce management fee, as Return of Excess Fee Offset

## INVESTMENT SECTION

### Schedule of Fees and Commissions for the Year Ended June 30, 2020

<b>Investment Fees</b>	<b>Average Assets Under Management</b>	<b>Fees</b>	<b>Basis Points</b>
Investment Manager Fees			
Equity Managers	\$ 11,062,000,208	\$ 34,614,591	31
Fixed Income Managers	5,338,738,360	5,837,806	11
Real Estate Managers	738,508,794	10,155,472	138
Total Average Assets	\$ 17,139,247,362		
Total Investment Manager Fees		50,607,868	30
Other Investment Service Fees			
Custodian/Record Keeping Fees		2,582,672	
Investment Consultant Fees		1,055,164	
Legal Fees		441,056	
Actuary/Audit Service Fees		379,367	
Total Investment Service Fees		4,458,259	3
Total Defined Benefit Plans/Defined Contribution Plans' Fees		\$ 55,066,127	33
Total Defined Contribution Plans' Fees		\$ 324,156	
Total Other Trust Funds' Fees		316,528	
		\$ 55,706,812	
<b>Total Fees</b>			

Note: Broker Fees and Private Equity Costs are included on a separate schedule

## INVESTMENT SECTION

### STATEMENT OF INVESTMENT POLICY AND GUIDELINES

#### I. Introduction

The Retirement Board ("Board") of the Public Employee Retirement System of Idaho ("PERSI", "System") hereby establishes its Statement of Investment Policy for the investment of the trust funds ("Trust") in accord with Idaho Code Chapter 13, Title 59.

The Board will review this Investment Policy Statement following actuarial experience studies (that review the economic and market return assumptions for the fund), which occur at least once every four (4) years, and/or whenever any material change in investment circumstances arise.

#### II. Statutory Requirements

The investment of the Trust will be in accord with all applicable laws of the state of Idaho.

##### A. *Sole Interest of Beneficiaries*

Investments will be solely in the interest of the members and their beneficiaries and for the exclusive purpose of providing benefits to the members and their beneficiaries and defraying reasonable expenses of administration.

##### B. *Prudent Investments*

Investments will be made with the judgment and care under the circumstances then prevailing, which people of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable outcome as well as the probable safety of their capital. Investments will be diversified so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

##### C. *Fiduciary Duties*

The Board and its agents, including staff, consultants, and investment managers, will discharge their duties with respect to the Trust assets solely in the interest of the members and their beneficiaries, and with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

#### III. Investment Goals

##### A. *General Objective*

###### 1. Purpose

The purpose of the investment of Trust assets is to provide funds to meet the obligations of PERSI while incurring the appropriate amount of risk consistent with attaining that goal. The Board will invest the assets of the Trust and will reduce risk through diversification of the assets of the Trust.

###### 2. Considerations

In determining the investment returns needed by the System, the acceptable risk levels, and the allowable investments, the Board will consider:

- the purpose of the plan,
- the projected return of the portfolio as it relates to the funding objectives of the plan,
- the effect of particular investments on the total portfolio,
- the diversification of the portfolio, and
- the liquidity needs and the current return relative to the anticipated cash flow requirements.

## INVESTMENT SECTION

### **B. Specific PERSI return and risk objectives**

#### **1. Investment Returns**

##### **a. Actuarial Assumptions**

In projecting obligations and the returns needed to meet those obligations, the Board will consider studies performed by the System's actuaries.

The expected rate of return will consist of an expected real return and an expected inflation assumption, and will consider relevant factors, including the expected growth of the benefits over the life of the plan including assumptions for salary growth rates (and mortality), inflation, a 1% annual cost of living adjustment (COLA) and the costs of managing the Trust.

The actuary uses an investment return assumption in balancing projected obligations, projected contributions, and projected returns on assets. Assuming all of the actuarial assumptions are accurate, the required return will suffice to: (1) assure the payment of statutorily required benefits, including a 1% COLA; and (2) maintain the reduction of the level of the unfunded liability (if any) on the scheduled amortization (one year at a time). The required return will not be sufficient to fund either discretionary COLAs, retroactive COLAs, accelerate the amortization of the unfunded liability, build a stabilization reserve, or allow for gain-sharing distributions.

#### **2. Investment Risk and Asset Allocation**

##### **a. Diversification Among Asset Classes**

In controlling the risk level that is appropriate for the Trust, assets will be diversified among various asset classes. The specific asset classes to be used will be set in conjunction with the asset allocation.

##### **b. Review of Asset Classes and Asset Allocation**

The long term allocation, will focus on the goal that the expected long term returns of the System will meet expected long term obligations with the appropriate level of risk sufficient to meet those objectives. Unless circumstances materially change, the long term allocation will be reviewed at least once every five (5) years to determine the appropriate asset classes for the investment of Trust assets and conduct asset allocation studies to help determine the long term strategic allocations among desired asset classes so as to meet long term return objectives with the appropriate level of risk.

##### **c. Content of Asset Allocations**

The asset allocation will set out:

- the asset classes to be used,
- the long term "normal" percentage of assets to be invested in each asset class,
- the ranges that will be considered allowable deviations from the normal allocation,
- the investment risk and return expectations for each asset class,
- the numerical investment return and risk expected to be realized, and
- the relation of the expected investment return to the real return and the actuarially assumed investment return.

##### **d. Strategic Allocation**

In addition to the long term asset allocation, the Board may adopt strategic allocations. "Strategic allocations" allow investment in asset types that have not been singled out as "asset classes" in the asset allocation process, to overweight particular sectors within an asset class, or to employ particular strategies in the investment of Trust assets. The purposes of the strategic allocations are to either increase the return above the expected return and/ or to reduce risk.

## INVESTMENT SECTION

### IV. Investment Structure

#### A. Overall Structure

In making specific investment policy decisions, the Board will have as an overall goal a flexible, simplified structure with clear roles and accountability.

##### 1. Board Responsible

The Board is responsible for all investment activities. In exercising this responsibility, the Board will hire investment staff and agents and may delegate various investment functions to them. Where the Board does not delegate investment powers or duties, the Board will either satisfy itself that it is familiar with such matters, or will retain persons who are familiar with such matters to consult or assist the Board in the exercise of those responsibilities. Where the Board delegates a responsibility, it will be delegated to a person who is familiar with such matters, and the Board will monitor and review the actions of those to whom responsibilities are delegated.

##### 2. General Roles and Responsibilities of Board and Agents

The Board will favor a structure that accommodates a citizen Board and a small investment staff. The Board and investment staff will concentrate their activities on:

- making strategic decisions, primarily concerning asset allocation and strategic policies;
- adjusting the mix between passive and active managers depending on, among other considerations, near term concerns regarding the U.S. and other capital markets;
- delegating and monitoring all other activities, including hiring and monitoring investment managers; and
- maintaining a reporting system that provides a clear picture of the status of the fund on a reasonably concurrent basis to both the Board and PERSI's constituencies.

The Board will delegate the implementation of its investment policy to investment staff and external investment managers and other investment agents. This responsibility includes those investment decisions with shorter term consequences such as the selection of securities, regions, asset types, or asset classes.

#### B. Direct (Non-Delegated) Responsibilities of the Board

The Board is responsible for

- Approving investment policy,
- Determining the investment structure of the Trust,
- Determining the asset classes to be utilized,
- Setting the asset allocation,
- Determining or authorizing strategic policies;
- Hiring agents to implement the asset allocation;
- Hiring agents to implement strategic policies;
- Monitoring the compliance of those agents with the investment policies and allocations; and
- Monitoring the activities of agents through periodic reports from its staff or consultants.

#### C. Agents: Investment Staff, Actuaries, Consultants, and Advisors to the Board

##### 1. Chief Investment Officer

###### a. Duties of Chief Investment Officer

The Board will hire a Chief Investment Officer as it considers appropriate who will be generally responsible for the oversight of the investment of Trust assets, and, as part of that overall responsibility, will:

1. supervise, monitor, and evaluate the performance of the investment managers and other investment agents hired by the Board to assure compliance with investment policy and individual guidelines;



## INVESTMENT SECTION

2. recommend to the Board adjustments to the investment policy, including reviewing and modifying the asset allocation as conditions warrant;
3. research current market conditions, evaluate new products, and seek out new approaches to improve portfolio return, reduce risk, and reduce costs and fees;
4. work with the consultants, custodians, investment managers, and other agents in the performance of the assigned duties;
5. assist the Board with education and other efforts to promote good decision making;
6. Hire and manage investment staff/personnel and outside investment advisors to staff;
7. Except in special circumstances will not buy/sell/transact in specific securities; and
8. Coordinate with the Executive Director staff to implement investment actions/decisions and reporting needs.

### ***b. Allocation of New Net Contributions***

The Chief Investment Officer shall allocate new net contributions to or withdraw net distributions from the system among investment managers in accordance with the strategic and tactical ranges established in the asset allocation. The Chief Investment Officer shall report to the Board regularly on the allocation of new net contributions or the withdrawal of net distributions.

### ***c. Tactical Asset Allocation and Rebalancing***

The Chief Investment Officer may shift assets among managers (including between passive and active managers) as long as the asset allocation is maintained within the stated strategic ranges. When possible, net cash flows will be used to efficiently accommodate rebalancing and/or tactical asset shifts.

### ***d. Minimum Qualifications of Chief Investment Officer***

The Chief Investment Officer shall at least: (a) have a graduate degree in finance, law, or business administration or (b) be a Chartered Financial Analyst; or (c) have three or more years of experience in the investment of trust assets.

## **2. Actuaries**

The Board will hire an actuary. The actuary will provide studies that will assist in: (1) determining the long term obligations faced by the System through annual actuarial valuations and (2) setting the return objectives or assumptions that will be sufficient to meet those obligations. The actuary will provide reviews of the actuarial valuation process at least once every four (4) years, including updating the projections and assumptions in light of the experience of the System. These studies will be considered in setting the long term return objectives.

## **3. Investment Consultants**

The Board will hire a qualified independent consultant, whose relationship does not impose a conflict of interest with the Board or staff, to provide investment performance measurement at least quarterly with the report available to the Board within two months of the quarter end. The report will at least compare actual investment returns of the System -- in total, by each asset class, and for each managed portfolio -- with both the investment objectives of the System and with a composite benchmark and peer group. Independent investment consultants may be hired to assist the Board in the management of its investment responsibilities, including, but not limited to: (1) performing asset allocation studies, and reviewing and recommending modifications of the asset allocation as conditions warrant; (2) assisting in monitoring the investment managers to assure they are in compliance with the investment policy and their individual guidelines; (3) performing manager evaluations and searches as may be necessary; and (4) assisting in the development and adjustment of investment policy. Except for consultants retained solely for purposes of performance measurement, consultants will be fiduciaries of the Trust.

## INVESTMENT SECTION

### **D. Agents: Custodian and Investment Managers () with Delegated Responsibilities**

#### **1. Custodian**

##### **a. Responsibilities**

Custodians and other agents will be fiduciaries of the Trust and will assume full responsibility for the safekeeping and accounting of all assets held on behalf of the Trust. Among other duties, as may be agreed to, the custodian will be responsible for: (a) the receipt, delivery, and safekeeping of securities; (b) the transfer, exchange, or redelivery of securities; (c) the claiming, receipt, and deposit of all dividend, interest, and other corporate actions due the Trust; (d) the daily sweep of all uninvested funds into a cash management account or accounts; and, (e) the provision of reports to PERSI upon agreed time intervals that will include all purchases and sales of securities, all dividend declarations on securities held by the Trust, a list of securities held by the Trust, a valuation of those securities, and a cash statement of all transactions for the account of the Trust. Unless the Board provides otherwise, the custodian will also be responsible for monitoring class action litigation, filing and collecting claims on PERSI's behalf, and reporting to PERSI on such activities.

##### **b. Authorization of Collective Investment Trusts**

Assets of the Trust may be invested in any collective investment trust (CIT), which at the time of the investment provides for the pooling of the assets of plans described in Section 401(a) of the Internal Revenue Code of 1986, as amended, and which is exempt from Federal income tax. Assets of the Trust may be commingled with assets of other trusts if invested in any collective investment trust authorized by this policy. The provisions of the CIT trust agreement, as amended by the CIT trustee thereof from time to time, of each collective investment trust in which PERSI Trust assets are invested are by this reference incorporated as a part of the CIT trust comprising the PERSI Trust. The provisions of the collective investment trust will govern any investment of PERSI Trust assets in that CIT trust.

#### **2. Investment Managers**

The Board will hire investment managers who will be fiduciaries of the Trust and who will be responsible for the investment of Trust assets in specific securities or assets within or among the asset classes.

##### **a. Minimum Qualifications**

Investment managers shall be registered with the Securities and Exchange Commission (unless they are banks, insurance companies, or other category exempted from such registration requirements), have been in the business of investment management at least two years (or the main personnel of the investment management firm have worked together in the business of investment management for at least two years), and usually have other United States pension fund assets under management.

##### **b. Guidelines**

Investment Managers shall manage assets in accordance with guidelines established by contract and as may be added to or modified from time to time. The guidelines will contain minimum diversification requirements that must be followed by that manager. These guidelines will also set out the investment return expected to be achieved by that manager, and shall be linked to a benchmark that represents the passive index fund that would be used to replace the manager's assignment.

##### **c. Responsibilities and Discretion**

Subject to the restrictions set out in this policy or as may be set out in individual contracts or guidelines, an investment manager shall have full discretionary power to direct the investment, exchange, and liquidation of the assets entrusted to that manager. The manager shall place orders to buy and sell securities and, by notice to the custodian, cause the custodian to deliver and receive securities on behalf of the Trust.

## INVESTMENT SECTION

### **d. Voting of Proxies**

The Board, unless otherwise stated, will delegate the voting of proxies to the investment managers or custodian. Proxy voting is considered to be a component of the investment decision process, therefore, the investment managers are responsible for voting all proxies in a manner consistent with the best economic interest of the System, for the exclusive benefit of the System, prudent and otherwise consistent with Idaho Code section 59-1301(2), the Idaho Uniform Prudent Investor Act (Title 68, Chapter 5, Idaho Code), and applicable Federal law.

### **e. Transactions and Brokerage**

All securities transactions shall be executed by reputable broker/dealers or banks, and shall be on a best price and best execution basis.

## **3. Use of Passive and Active Managers**

### **a. Purpose and Use of Active Management**

The Board recognizes that passive (index fund) investing has lower costs than active investing, with regard to both management fees and transaction costs. Further, the Board also recognizes that there is uncertainty concerning whether active investing can generally outperform passive investing, particularly in the large, liquid, and efficient portions of the capital markets. Also, the Board has great confidence that a passive investment of assets in an efficient asset allocation will likely meet long-term (20 year) obligations.

The Board is concerned that over 1-5 year periods the ability to fund COLAs and to keep contribution rates stable are in considerable jeopardy from two sources: (1) expected “normal” market fluctuations are such that annual returns will likely not meet hurdle rates approximately 40% of the time, with actual negative returns to be expected once every six years; and (2) that most of the Trust assets under the asset allocation will be invested in U.S. capital markets, and are thus vulnerable to poor U.S. returns.

One purpose of active management of Trust assets is to address these two concerns. Active managers will be hired for the purpose of providing greater stability of returns, and better returns, than would be achievable under purely passive management over rolling 3-5 year periods. Active managers will be responsible for timing of markets and the tactical allocation of assets among and within the capital markets (including between the U.S. and international markets). Some asset classes, such as private investments do not have passive alternatives available.

In addition to providing extra returns, active managers will also be employed to smooth returns, provide higher long term returns, provide protection in adverse markets, and to add exposure and additional diversification to the portfolio than that achievable solely through investment in passive indices representing the strategic asset allocation and strategic policies.

### **b. Structure**

In using outside managers, a structure using a reasonable number of managers with broad mandates and benchmarks will be employed.

Passive managers will be favored for the core, liquid, efficient markets (such as S&P 500 stocks and U.S. Government/Credit bonds).

Active managers will be favored for relatively inefficient markets.

Global managers will be used to provide flexibility in reacting to near term concerns that may arise concerning any particular region or market, particularly the U.S. capital markets, and to provide an appropriate balance between efficient long term asset allocations (which favor U.S. assets) and near term allocations (which have a greater preference for international assets) to meet the real (inflation adjusted) return needs of the System.

## INVESTMENT SECTION

Assets under the management of global equity managers will be considered U.S. equity assets for purposes of asset allocation. Consequently, actual allocations to international equities in the overall portfolio from time to time may be above that in the stated asset allocation due to the activities of the global equity managers.

### **c. *Balance between Passive and Active Management***

The balance between active and passive management will be managed by the Chief Investment Officer with the following considerations in mind: concentration of active investment efforts where there is the most potential for excess returns, implementation of views concerning the state of the U.S. and international capital markets, and reduction of fees and other costs.

### **d. *Monitoring Standards for Investment Managers***

External managers are expected to maintain key personnel, a consistent style, and investment capability to successfully implement their mandate. Past performance is not a predictor of future performance, thus it is just one factor to consider in the overall evaluation of a manager.

Passive managers are expected to provide the returns of the assigned benchmark, thus they will be evaluated based on their ability to generate performance that closely tracks their benchmark index.

Active managers will be evaluated based on their ability to generate

Other relevant information may be considered in determining whether to retain or terminate managers.

## **V. *Asset Class Policies***

### **A. *U.S. Equities***

#### **1. *Objective***

The overall objective of the U.S. equity or Broad Domestic Equity asset class is to obtain, over time, a return after fees that equals or exceeds the returns of the Russell 3000 Index, both absolutely and on a risk adjusted basis. For assets under the management of global equity managers, the objective for near term periods will be to achieve a return after fees that is equal to or exceeds the returns of the MSCI World Index or MSCI All Country World Index (MSCI ACWI Index), both absolutely and on a risk adjusted basis.

#### **2. *Allowable Investments***

Managers may invest in stocks that do not pay dividends. Managers may invest in equity securities outside of the Russell 3000 Index, and global equity managers may invest in equity securities outside of the MSCI World Index. Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio.

#### **3. *Manager Styles***

Managers for the U.S. equity asset class may include index funds, style managers (such as value, growth, and capitalization), “core” managers, and global managers.

#### **4. *Benchmarks***

The Russell 3000 index will be the benchmark for the passive index funds, core managers, and global managers. For near term periods (approximately 5 years or less), the MSCI World or MSCI ACWI indexes are the benchmarks for global equity managers. Other style or capitalization indices maintained by a qualified organization may be used as the benchmark for style managers.

### **B. *International Equities***

#### **1. *Objective***

The overall objective of the International Equity Asset Class is to obtain, over time, a return after fees that equals or exceeds the returns of the MSCI Europe, Australasia, and Far East (MSCI EAFE) Index (unhedged), or the MSCI ACWI ex U.S. Index, both absolutely and on a risk adjusted basis.

## INVESTMENT SECTION

### 2. Allowable Investments

Managers may invest in stocks that do not pay dividends. Managers may invest in American Depositary Receipts or American Depositary Shares. Managers may invest in equity securities of companies or in countries that are not included in the indices. Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio. Managers may, at their discretion, hedge the currency exposure of all or part of their portfolios. Managers may not overhedge their portfolio, although proxy hedging for purposes of liquidity and cost savings is allowed.

### 3. Manager Styles

Managers for the International Equity asset class may include index funds, general international managers, and regional or specialized managers (such as emerging markets). The Board may from time to time hire a currency overlay manager to hedge the currency exposure in those portfolios where managers do not actively or normally consider hedging their exposure.

### 4. Benchmarks

The MSCI EAFE Index (unhedged), will be the benchmark for the developed markets passive index fund. Active international developed markets managers may use as their benchmark either the MSCI EAFE index or the MSCI ACWI ex US index (unhedged). The MSCI Emerging Markets (MSCI EMF) index will be the benchmark for the emerging markets managers, both active and passive. Regional or specialized indices (unhedged) maintained by a qualified organization may be used as the benchmark for other active managers.

## C. Fixed Income

### 1. Objectives

The overall objective of the Fixed Income asset class is to obtain, over time, a return after fees that equals or exceeds the returns of the Bloomberg Barclays Aggregate Bond Index (Aggregate Bond Index) both absolutely and on a risk adjusted basis.

The Fixed Income Asset Class shall consist of investments in mortgages and in both dollar and non-dollar fixed income securities. Mortgages shall consist of investments in mortgage backed securities, and direct ownership of commercial mortgages through the Idaho Commercial Mortgage Program.

The objective of the non-mortgage fixed income securities other than real return portfolios is to obtain, over time, a return after fees that equals or exceeds the returns of the Bloomberg Barclays Government/Credit Bond Index (Government/Credit Bond Index) on a risk adjusted basis. The overall objective of the mortgage securities is to obtain, over time, a return after fees that equals or exceeds the returns of the Bloomberg Barclays Mortgage Index (Mortgage Index) on a risk adjusted basis. The overall objective of the real return fixed income is to obtain, over time, a return after fees that equals or exceeds the returns of the Bloomberg Barclays TIPS Index on a risk adjusted basis.

### 2. Allowable Investments

Managers may invest in debt securities that do not pay interest. Active managers may invest in securities in companies or countries that are not included in the indices.

Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio. Fixed income managers may, at their discretion and to the extent allowed by their contracts and guidelines, use currency forward or futures markets as may be considered appropriate to implement fixed income strategies.

### 3. Manager Styles

Managers in the Fixed Income asset class may include index funds, domestic bond managers, specialized managers, and global managers.

## INVESTMENT SECTION

### 4. Benchmarks

The Government/Credit Bond Index or Aggregate Bond Index will be the benchmark for all non-mortgage fixed income managers except real return fixed income managers.

The Bloomberg Barclays TIPS index will be the benchmark for real return fixed income managers. The Mortgage Index will be the benchmark for all mortgage managers. The Barclays Capital Aggregate Index will be the benchmark for the asset class.

### D. Real Estate

#### 1. Objectives

Equity real estate investments will be considered part of the U.S. Equity asset class. The overall objective of equity real estate investments is to attain a 5% real rate of return overall, over a long term holding period, as long as this objective is consistent with maintaining the safety of principal. The 5% real rate of return includes both income and appreciation, is net of investment management fees, and is net of inflation as measured annually by the Consumer Price Index. Over a short term basis, the objective is to earn a nominal minimum income yield of 5% on each individual investment, or inflation plus 3%, whichever is greater.

#### 2. Allowable Investments

Allowable equity real estate investments include open-end and closed-end commingled real estate funds, direct real estate investments, publicly traded real estate investment trusts (REITs), passive REIT index funds, and other public real estate companies, private real estate companies and real estate operating venture entities. Allowable investments must be originated and managed by real estate advisors with substantial experience originating and managing similar investments with other institutional investors. The real estate asset sector is not intended to include solely debt investments; in particular, straight mortgage interests are considered part of the fixed income asset class. The real estate asset sector may include equity-oriented debt investments, including mezzanine loans, that conform with the return targets of the sector.

#### 3. Need for Income Component of Return

Upon closing, each real estate investment must have as a goal the expectation of an annual income return and overall holding period return measured primarily by realized return rather than expected capital appreciation. Thus, a significant portion of real estate investments made should be in existing income producing properties with measurable return expectations rather than purely development properties. However, existing properties with potential for physical enhancement, including development or redevelopment, are acceptable investments.

#### 4. Protection of the Trust

Investment vehicles should be chosen that will protect the Trust, including provision for investments that do not contain debt or liability with recourse beyond the Trust commitment to the related business entity, provision for inspection and evaluation of environmental hazards prior to the purchase of any specific property, and the provision of insurance coverage to protect against environmental and natural hazards.

#### 5. Reporting

A comprehensive reporting system for individual investments, entities and funds will be maintained so that primary operational and economic characteristics are continually defined, and underperforming investments can be identified and remediated. Active asset and portfolio management is required for the management of all non-publicly traded real estate investments. Investment managers shall be required to present periodic operational reports within approved formats, including statements of fair market value, audited financial statements and annual business plans.



## INVESTMENT SECTION

### **6. Benchmarks**

The MSCI US REIT, Dow Jones Select REIT, NAREIT all Equity, or Wilshire REIT index will be the benchmark for the passive REIT index fund. The National Council of Real Estate Investment Fiduciaries (NCREIF) Property Index or the Open End Core Equity (NFI-ODCE) Value Weight net will be the benchmarks for the open-end and closed-end funds and private real estate. The asset class in total will be benchmarked against the Russell 3000 index.

### **7. Asset Allocation**

For purposes of asset allocation, real estate investments will be treated as part of the U.S. equity asset class.

### **E. Alternative Investments**

#### **1. Definition and Board Approval**

The Board may from time to time authorize the investment of Trust assets in entities or structures that do not fit the asset descriptions listed above. Examples of such investments are venture capital partnerships, private equity, leveraged buy-out funds, private debt, and direct ownership of individual assets such as oil and gas partnerships. These investments shall only be entered into upon the recommendation of a qualified consultant after due diligence and with approval by the Board or a subcommittee appointed by the Board to review the recommendation. Subsequent investments with a previously approved alternative investment manager do not require additional specific approvals by the Board or subcommittee.

#### **2. Objectives and Benchmarks**

If the alternative investment is an equity investment, the objective for the investment will be to exceed, over time and after fees, the return achieved by the Russell 3000 Index. If the alternative investment is a debt investment, then the objective will be to exceed, over time and after fees, the returns achieved by the Government/Credit Bond Index plus 3%. It is recognized that these investments may experience greater volatility than the comparable publicly traded securities and indices.

#### **3. Asset Allocation**

For purposes of asset allocation, alternative equity investments will be treated as part of the U.S. equity asset class, and alternative debt investments will be treated as part of the fixed income asset class.

### **VI. Asset Allocation**

The tables in Appendix I summarize the asset allocation of the Trust, including the expected net return and risk of each asset class, the normal asset allocation and allowable ranges, and the expected risk and net return of the Trust as compared to the actuarial assumptions [see section III.B.1.(a)].

### **VII. Deposit and Investment Risk Policy - GASB 40**

#### **A. Purpose**

The Governmental Accounting Standards Board (GASB) has identified that state and local governments have deposits and investments which are exposed to risks that may result in losses. GASB Statement number 40 (GASB 40) is intended to inform users of the financial statements about the risks that could affect the ability of a government entity to meet its obligations. GASB 40 has identified general deposit and investment risks as credit risk, including concentration of credit risk and custodial credit risk, interest rate risk, and foreign currency risk and requires disclosures of these risks and of policies related to these risks. This portion of the Investment Policy addresses the monitoring and reporting of those risks.

## INVESTMENT SECTION

In general, the risks identified in GASB 40, while present, are diminished when the entire portfolio is viewed as whole. For example, interest rate risk experienced by fixed income instruments often react in the exact opposite direction as that experienced by equities. Thus, interest rate exposure as set out in GASB 40 will not reflect the cross-influences of impacts across the broad range of investments that make up the PERSI portfolio. And, in fact, the general underlying measures used in GASB 40 across most of the risks identified (credit, concentration, and interest rate risk in particular) were tools that were developed primarily for portfolios dominated by fixed income investments, and are often only poorly transferred, if at all, to portfolios, like PERSI's, that are dominated by equity interests.

Consequently, it is the policy of PERSI that the risks addressed in GASB 40 are to be monitored and addressed primarily through the guidelines agreed to by those managers, and by regular disclosures in reports by managers of levels of risks that may exceed expected limits for those portfolios.

### **B. Specific Areas of Risk**

#### **1. Credit Risk**

Summary: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to PERSI.

Policy: Managers will provide PERSI with expected credit risk exposures in their portfolio guidelines. If the actual credit risk exposure falls outside of these expectations, managers will be required to report these occurrences to Staff and these disclosures are to be made available to the Board.

#### **2. Custodial Credit Risk**

Summary: Custodial credit risk is the risk that in the event of a financial institution or bank failure, the System would not be able to recover the value of their deposits and investments that are in the possession of an outside party.

Policy: PERSI minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to PERSI ownership and further to the extent possible, be held in the System's name.

#### **3. Concentration of Credit Risk**

Summary: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue.

Policy: Managers will provide PERSI with expected concentration of credit risk exposures in their portfolio guidelines. If the concentration of credit risk exceeds expectations, managers are to be required to report these occurrences to Staff and these disclosures are to be made available to the Board. For the portfolio as a whole, staff will report to the Board at a regular Board meeting if the exposure to a non-US government guaranteed credit instrument exceeds 5% of the total PERSI portfolio.

#### **4. Interest Rate Risk**

Summary: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk to PERSI's fixed income portfolio is monitored using the effective duration methodology.

Effective duration measures the volatility of the price of a bond given a change in interest rates, taking into account the optionality on the underlying bond.

Policy: Managers will provide PERSI with the expected portfolio duration in their portfolio guidelines. If the duration of the portfolio differs from expectations, managers are to be required to report these occurrences to Staff and these disclosures are to be made available to the Board.



## INVESTMENT SECTION

### 5. Foreign Currency Risk

**Summary:** Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. PERSI's currency risk exposures, or exchange rate risk, primarily reside within the international equity investment holdings.

**Policy:** International investments (equity and fixed income) will have a component of currency risk associated with it. Currency risk and hedging exposures are dependent on the underlying international exposure, which fluctuates over time. The individual manager guidelines will outline the expected currency exposures (either specifically or through ranges of security exposures to particular currency areas) of the underlying portfolio and if the actual currency exposure differs from the expected, managers are to be required to report these occurrences to Staff and these disclosures are to be made available to the Board.

**ADOPTION:** The Board of Trustees of the Public Employee Retirement System of Idaho (PERSI) adopts this Statement of Investment Policy dated November 2019, which supersedes the Statement adopted February 2016. We hereby certify that this statement incorporates the full and current text of adopted policies and objectives and do hereby charge the staff, consultants, and investment managers to employ good judgment in exercising the intent expressed within this Statement.

## INVESTMENT SECTION

### APPENDIX I

#### Long Term and Strategic Asset Allocations

Asset Class	Expected Return*	Expected Risk	Normal	Ranges
<b>Equities</b>			<b>70%</b>	<b>66% - 77%</b>
Broad Domestic Equity	8.3%	18.3%	55%	50% - 65%
International	8.5%	19.7%	15%	10% - 20%
<b>Fixed Income</b>	<b>3.1%</b>	<b>3.8%</b>	<b>30%</b>	<b>23% - 33%</b>
<b>Cash</b>	<b>2.3%</b>	<b>0.9%</b>	<b>0%</b>	<b>0% - 5%</b>

*(Expected returns are net of fees and expenses)*

Total Fund	Expected Return*	Expected Inflation	Expected Real Return	Expected Risk
Actuary	7.00%	3.00%	4.00%	n/a
Portfolio	6.39%	2.25%	4.14%	14.16%

\* Expected arithmetic return

Data provided by Callan & Milliman - 2018

Asset Class	Long Term Allocation Target	Strategic Allocation Target	Ranges	Benchmarks
<b>Equities</b>	<b>70%</b>	<b>70%</b>	<b>66% - 77%</b>	<b>R3000</b>
Broad Domestic Equity	55%	21%	50% - 65%	R3000
Global		18%		ACWI/World
Real Estate		8%		NAREIT/NFI-ODCE
Private Equity		8%		R3000
International Developed	15%	6%	10% - 20%	EAFE
International EM		9%		EM
<b>Fixed Income</b>	<b>30%</b>	<b>30%</b>	<b>23% - 33%</b>	<b>Aggregate</b>
U.S. Fixed		20%		Aggregate
U.S. TIPS		10%		U.S. TIPS
<b>Cash</b>			<b>0% - 5%</b>	
<b>Total Fund</b>	<b>100%</b>	<b>100%</b>		<b>Composite *</b>

\* Composite returns are the target weighted returns of the asset class benchmarks



# ACTUARIAL

SECTION



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October 20, 2020

Retirement Board  
Public Employee Retirement System of Idaho  
State of Idaho  
P.O. Box 83720  
Boise, ID 83720

Members of the Board:

Milliman has performed annual actuarial valuations for the Public Employee Retirement System of Idaho (PERSI) since the System's inception. It is anticipated that future actuarial valuations will be performed every year with the next valuation to be as of July 1, 2021. Various benefit increases have occurred since the System was established in 1965. The most recent significant benefit changes were effective July 1, 2000.

### **Contribution Rates**

The financing objective of the System is to establish contribution rates that will tend to remain level as percentages of payroll. From 1993 to 2020, the total contribution rate has been between 15.78% and 19.42%; year by year detail including employer and member rates is shown in the table on the following page.

At July 1, 2002, the combined overall contribution rate was 15.78%. Our July 1, 2002 valuation found that the contribution rates were not sufficient to amortize the unfunded actuarial accrued liability within 25 years of the valuation date, as required by Section 59-1322, Idaho Code. Therefore, in November 2002, the Board approved three 1% contribution rate increases to take effect on July 1, 2004, July 1, 2005, and July 1, 2006. Effective July 1, 2003, the contribution rate for Fire and Police employers was also increased by 0.1% to offset the cost of the \$100,000 duty related death benefit. The July 1, 2004 contribution rate increase took effect as scheduled. Due to investment gains, the other two increases were deferred and ultimately in October 2007 the Board canceled the scheduled contribution rate increases.

The July 1, 2009 valuation found that the contribution rates were insufficient to amortize the unfunded actuarial accrued liability within 25 years of the valuation date. Therefore, in December 2009, the Board approved three contribution rate increases to take effect: 1.5% on July 1, 2011, 1.5% on July 1, 2012, and 2.28% on July 1, 2013. In December 2010, these scheduled rate increases were each delayed one year. In December 2011, these scheduled rate increases were again each delayed one year. On July 1, 2013, the first contribution rate increase went into effect as scheduled. In October 2013, the remaining two scheduled rate increases were each delayed one year; in September 2014 these increases were canceled altogether.

## ACTUARIAL SECTION

The July 1, 2016 valuation found that the contribution rates were insufficient to amortize the unfunded actuarial accrued liability within 25 years of the valuation date. Therefore, in October 2016, the Board approved a 1.0% contribution rate increase to take effect on July 1, 2018. In October 2017, the Board delayed this rate increase until July 1, 2019. On July 1, 2019, this rate increase went into effect.

The historical changes in contribution rates since 1993 are shown in the table below. Note that weighted total values may change even if rates by group do not change.

Year of Change	Total Rate	Weighted Total		Fire & Police		General/Teachers	
		Member Rate	Employer Rate	Member Rate	Employer Rate	Member Rate	Employer Rate
1993	17.16%	6.51%	10.65 %	7.82%	10.87%	6.38%	10.63 %
1994	18.75	7.12	11.63	8.53	11.85	6.97	11.61
1998	17.78	6.75	11.03	8.10	11.25	6.60	11.01
2000	15.78	5.98	9.80	7.21	10.01	5.86	9.77
2003	15.82	6.01	9.81	7.21	10.11	5.86	9.77
2004	16.84	6.41	10.43	7.65	10.73	6.23	10.39
2008	16.88	6.44	10.44	7.65	10.73	6.23	10.39
2009	16.89	6.45	10.44	7.69	10.73	6.23	10.39
2013	18.39	7.03	11.36	8.36	11.66	6.79	11.32
2019	19.42	7.43	11.99	8.81	12.28	7.16	11.94

Our July 1, 2020 actuarial valuation found that the System's current rates are sufficient to pay the System's normal cost rate of 14.93%. As of July 1, 2020, there is an unfunded actuarial liability of \$2,433.2 million. The contribution rates as currently scheduled are sufficient to amortize the Unfunded Actuarial Accrued Liability (UAAL) in 20.5 years, which is lower than the 25-year amortization period required by statute.

### Funding Status

Based on the July 1, 2020 actuarial valuation, the unfunded actuarial accrued liability was increased by \$715.4 million due to an asset loss recognized as of July 1, 2020. Specifically, the System's assets earned a net return after expenses of 2.65%, which is 4.35% below the actuarial assumption of 7.00%. All other actuarial experience gains and losses decreased the actuarial accrued liability by \$6.9 million. Thus, the total experience loss for the year was \$708.5 million.

The UAAL increased by \$374.4 million due to the March 1, 2020 Discretionary COLA of 0.70% and ROPP COLA of 4.76%. In addition, the UAAL decreased by \$40.9 million because expected contributions plus assumed investment returns were greater than the normal cost and the interest on the UAAL.

All of these items resulted in a total actuarial loss of \$1,042.0 million and a change in funding status from a 92.5% funding ratio on July 1, 2019, to 87.7% on June 30, 2020. The funding ratio is the ratio of the actuarial value of the assets over the value of the actuarial accrued liability.

### Comparison to GASB Statement No. 67 Liabilities

The long-term expected rate of return on investments is 7.05%, net of investment expenses. This figure includes 0.05% for expected administrative expenses. For purposes of determining the System's funding status and UAAL, we use a discount rate that is net of all expenses (7.00%). All figures shown in this report have been calculated using this discount rate.

## ACTUARIAL SECTION

This is in contrast to the discount rate used to determine the Total Pension Liability (TPL) and Net Pension Liability (NPL) for purposes of GASB reporting. According to GASB Statement 67, the discount rate used to calculate TPL and NPL must be net of investment expenses but not administrative expenses. Therefore, TPL and NPL have been determined using a discount rate of 7.05%. Results and further details on these items can be found in our GASB 67 Report.

### Assumptions

Our July 1, 2019 actuarial valuation report presented summaries of the actuarial assumptions and methods used in the valuation. The last major experience study, completed in June 2018, covered the period July 1, 2011 through June 30, 2017. The next major experience study, to be completed in 2022, will cover the period July 1, 2017 through June 30, 2021.

### Other Information

PERSI is a cost-sharing multiple-employer defined benefit plan. Minimum funding requirements are set by Idaho Statute. The funding policy is established and maintained by the PERSI Board. They have chosen to define their Actuarially Determined Contribution as the contribution rate necessary to fully fund the system over a period of 25 years based on the valuation results two years prior to this measurement date. We believe that this definition is reasonable and in compliance with all Actuarial Standards of Practice.

### Certification Statement

Milliman has developed certain models to estimate the values included in this report. The intent of the models was to estimate pension liabilities and costs. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP)

In preparing this letter and using our models, we relied, without audit, on information (some oral and some in writing) supplied by PERSI's staff. This information includes, but is not limited to, statutory provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with data used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the System. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the System and to reasonable expectations which, in combination, represent our best estimate of anticipated experience under the System. We believe that all of these assumptions and methods meet the parameters set by Actuarial Standards of Practice (ASOPs).

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the



## ACTUARIAL SECTION

potential range of future measurements. The Retirement Board has the final decision regarding the appropriateness of the assumptions and actuarial cost methods.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. Actuarial computations under GASB Statements No. 67 and 68 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed exhibits have been made on a basis consistent with our understanding of the System's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Actuarial Standard of Practice No. 51 (ASOP 51) directs actuaries to identify risks that are significant to any actuarial calculation or communication. Probably the most notable risk is Investment Risk - the potential for plan assets to grow at a rate lower than assumed in the actuarial valuation. If valuation performance is worse than expected, then additional funding may be required. There is also Maturity Risk - the potential for total plan liabilities to become more heavily weighted toward inactive liabilities over time - is pertinent to the contents of this letter because as the System's assets and liabilities continue to grow, the impact of any gains or losses on the assets or liabilities also becomes larger. A third risk is Demographic Risk - the potential for members experience to differ from our Actuarial assumptions, including (but not limited to) retirement, withdrawal, salary growth, and mortality. If member experience is different than anticipated by the actuarial assumptions, additional System funding may be required. Please refer to our funding valuation report dated October 18, 2019 for more detailed discussion of risk.

Milliman's work is prepared solely for the internal business use of the System. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

- (a) The System may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.
- (b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States of the American Academy of

## ACTUARIAL SECTION

Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

The enclosed Exhibits 1 through 9 provide further related information. Milliman is completely responsible for these exhibits. Specifically, they are:

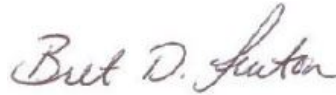
- Exhibit 1           Summary of Actuarial Assumptions and Methods
- Exhibit 2           Schedule of Active Member Valuation Data
- Exhibit 3           Schedule of Retiree and Beneficiary Valuation Data
- Exhibit 4           Schedule of Funding Progress
- Exhibit 5           Solvency Test
- Exhibit 6           Analysis of Actuarial Gains or Losses
- Exhibit 7           Schedule of Contributions from the Employer and All Other  
Contributing Entities
- Exhibit 8           Schedule of Contributions from the Employer Expressed as a  
Percentage of Payroll
- Exhibit 9           Provisions of Governing Law

We would like to express our appreciation to Don Drum, Executive Director of the System, and to members of his staff, who gave substantial assistance in supplying the data on which this report is based.

Respectfully submitted,



Robert L. Schmidt, F.S.A., M.A.A.A.  
Principal and Consulting Actuary



Bret D. Linton, F.S.A., M.A.A.A.  
Principal and Consulting Actuary

RLS/BDL/rc/kw



## ACTUARIAL SECTION

### Public Employee Retirement System of Idaho

#### EXHIBIT 1: SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS EFFECTIVE JULY 1, 2020

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**1. Investment Return (Adopted July 1, 2018)**

The annual rate of investment return on the assets of the System, net of investment expenses, is assumed to be 7.05% (including 0.05% for administrative expenses) compounded annually.

**2. Actuarial Value of Assets (Adopted July 1, 1994)**

All assets are valued at market as of the valuation date.

**3. Actuarial Assumptions**

The actuarial assumptions and methods were adopted by the Board based upon recommendations from the retained actuary. The actuarial assumptions are based on periodic studies of the System's actual experience.

**4. Mortality (Adopted July 1, 2014)**

***Contributing Members, Service Retirement Members, and Beneficiaries***

- **Teachers**

*Males* RP-2000 Combined Table for Healthy Individuals for males, set back three years.

*Females* RP-2000 Combined Table for Healthy Individuals for females, set back three years.

- **Fire & Police**

*Males* RP-2000 Combined Table for Healthy Individuals for males, with no offset.

*Females* RP-2000 Combined Table for Healthy Individuals for females, set forward one year.

10% of Fire and Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2008.

- **General Employees and All Beneficiaries**

*Males* RP-2000 Combined Table for Healthy Individuals for males, set back one year.

*Females* RP-2000 Combined Table for Healthy Individuals for females, set back one year.

All mortality tables are adjusted with generational mortality adjustments using projection scale AA as shown in Table A-8B of the July 1, 2020 valuation report. The projection scale is applied from the year 2000 to the year in which the mortality assumption is being applied.

- **Disabled Members**

For disabled members, the mortality rates used in the valuation are the rates from the RP-2000 table for disabled individuals for respective sexes, with a one-year setback for males and a one-year set forward for females.

## ACTUARIAL SECTION

All mortality tables are adjusted with generational mortality adjustments using projection scale AA as shown in Table A-8B of the July 1, 2020 valuation report. The projection scale is applied from the year 2000 to the year in which the mortality assumption is being applied.

### 5. Service Retirement (Adopted July 1, 2016)

Annual rates of retirement assumed to occur among persons eligible for a service retirement are illustrated in the following table:

Age	Fire & Police		General Employees			
	First Year Eligible	There after	Male		Female	
			First Year Eligible	There after	First Year Eligible	There after
55	21%	18%	22%	10%	26%	18%
60	17	22	26	17	26	18
65	40	40	33	50	37	52
70	*	*	18	20	18	21

Age	Teachers			
	Male		Female	
	First Year Eligible	Thereafter	First Year Eligible	Thereafter
55	19%	5%	10%	10%
60	30	18	26	18
65	36	46	49	49
70	*	*	*	*

\* For all ages older than the age indicated, retirement is assumed to occur immediately.

### 6. Early Retirement (Adopted July 1, 2016)

Annual rates of retirement assumed to occur among persons eligible for a reduced early retirement benefit are illustrated in the following table:

Age	Fire & Police	General Employees		Teachers	
		Male	Female	Male	Female
50	4%	*	*	*	*
55	5%	3%	3%	6%	6%
60		5	6	14	12

\* For all ages younger than the age indicated, withdrawal is assumed to occur (see Section 7).

## ACTUARIAL SECTION

### 7. Other Terminations of Employment (Adopted July 1, 2016)

Assumed annual rates of termination are illustrated below. Rates are based only on years of service.

Years of Service	Fire and Police	General Employees		Teachers	
		Male	Female	Male	Female
5	6.6%	8.8%	10.3%	5.5%	6.0%
10	4.2	5.5	6.4	3.1	3.1
15	2.8	3.5	4.0	1.9	1.8
20	1.7	2.4	2.9	1.3	1.3
25	1.5	1.7	2.5	1.2	1.2
30	1.5	1.5	2.5	1.2	1.2

### 8. Disability Retirement (Adopted July 1, 2016)

Annual rates assumed for disability retirement are illustrated in the following table:

Age	Fire & Police	General Employees		Teachers	
		Male	Female	Male	Female
25	.01%	.01%	.01%	.01%	.05%
35	.03	.03	.01	.02	.04
45	.10	.11	.10	.07	.07
55	.61	.32	.28	.20	.30

25% of Fire and Police active member disabilities are assumed to be duty related. This assumption was adopted July 1, 2009.

### 9. Future Salaries (Adopted July 1, 2016)

In general, the total annual rates at which salaries are assumed to increase include 3.75% per annum for increase in the general wage level of the membership plus increases due to promotions and longevity. The general wage level increases are due to inflation and increases in productivity. The total ultimate rates assumed are illustrated below.

Years of Service	Fire and Police	General Employees		General Employees	
		Male	Female	Male	Female
5	7.02%	6.03%	6.45%	7.07%	7.17%
10	5.57	5.10	5.46	7.17	7.38
15	4.89	4.63	4.68	5.20	5.33
20	4.42	4.37	4.42	4.48	4.56

## ACTUARIAL SECTION

### 10. Vesting (Adopted July 1, 2016)

The following table illustrates the assumed probability that vested terminating members will elect to receive deferred benefits instead of withdrawing accumulated contributions.

Age	Fire and Police	General Employees		Teachers	
		Male	Female	Male	Female
25	48%	52%	61%	75%	84%
35	53	71	70	79	88
45	65	76	73	82	85
55	—	—	—	—	—

### 11. Growth in Membership (Adopted July 1, 2012)

In general, the combined effects of stable active membership and salary levels are assumed to produce a 3.75% average annual expansion in the payroll of covered members.

### 12. Interest on Employee Contributions (Adopted July 1, 2016)

The credited interest rate on employee contributions is assumed to be 8.50%.

### 13. Postretirement Benefit Increases (Cost of Living Adjustments)

A nondiscretionary postretirement increase of 1% per year is assumed for the valuation. See Exhibit 3 for total discretionary and nondiscretionary increases granted by the Board for the past ten years.

### 14. Actuarial Cost Method

The individual entry age actuarial cost method is used, as was adopted by the Board on August 20, 2013. this method is well suited for PERSI's contribution structure of contributing a percentage of pay over employees working lifetimes. The normal cost rates used in this valuation were calculated based on all current active members as of July 1, 2020, for each sex and type of employee in the valuation. The normal costs and projected fiscal year 2020 salaries for all active members were calculated. The ratio of the two is the aggregate normal cost rate. The normal cost rate was adopted in October, 2020, in conjunction with the July 1, 2020 actuarial valuation.

The unfunded actuarial accrued liability (UAAL) created by this method, including gains and losses, is amortized as a level percentage of the System's projected payroll.

Commencing July 1, 2007, 1.49% of the payroll of higher education faculty covered by the Optional Retirement Program (ORP) is payable to PERSI until July 1, 2025. Commencing July 1, 1997, 3.83% of the payroll of community college and post-secondary vocational educational institutions covered by the ORP was payable to PERSI until July 1, 2011. The difference between the future ORP contributions and the actuarial accrued liability computed under the actuarial cost method is the portion of the actuarial accrued liability used to determine the UAAL, or funding reserve, for PERSI.

## ACTUARIAL SECTION

### 15. Experience Studies

The last experience study was completed in 2018 for the period July 1, 2011 through June 30, 2017 and reviewed economic assumptions, mortality and all demographic assumptions. These assumptions will be studied in 2022 for the period from July 1, 2017 through June 30, 2021. Assumptions were adopted as noted.

### 16. Recent Changes

The 2020 valuation results reflect the March 1, 2020 Discretionary COLA of 0.7% and a ROPP COLA of 4.76%.

### EXHIBIT 2: SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date July 1	Number	Annual Salaries*		
		Annual Valuation Payroll	Average Annual Pay	% Increase in Average Annual Pay
2011	65,798	\$ 2,572,044,000	\$ 39,090	-0.1%
2012	65,270	2,567,659,000	39,339	0.6
2013	65,535	2,634,566,000	40,201	2.2
2014	66,223	2,676,344,000	40,414	0.5
2015	67,008	2,756,913,000	41,143	1.8
2016	68,517	2,833,369,000	41,353	0.5
2017	70,073	3,040,649,000	43,393	4.9
2018	71,112	3,188,316,000	44,835	3.3
2019	72,502	3,356,492,000	46,295	3.3
2020	73,657	3,520,698,000	47,799	3.2

\* Actuarial valuation payroll is computed as the sum of the annualized salaries for all active members, and differs from the actual payroll shown in the financial section of the annual report.

## ACTUARIAL SECTION

### Public Employee Retirement System of Idaho

#### EXHIBIT 3: SCHEDULE OF RETIREE AND BENEFICIARY VALUATION DATA <sup>(1)</sup>

Valuation Date July 1	Number			COLA Percentage Increases Granted Previous March 1
	Total	Added	Removed	
2011	35,334	2,652	943	1.0%
2012	37,150	2,769	953	1.0
2013	38,947	2,815	1,018	1.0
2014	40,776	2,852	1,023	1.0
2015	42,657	2,889	1,008	1.70% + 2.30% Partial Restoration
2016	44,181	2,634	1,110	0.20% + 0.80% Partial Restoration
2017	45,468	2,746	1,459	1.1
2018	46,907	2,657	1,218	1.9
2019	48,120	2,572	1,359	1.0
2020	49,573	2,784	1,331	0.70% + 4.76% Full Restoration

Valuation Date July 1	Annual Benefits				
	Total Rolls End of Year	Added to Rolls <sup>(2)</sup>	Removed from Rolls	Average	% Increase in Average
2011	\$567,933,000	\$51,647,000	\$9,734,000	\$16,073	2.7 %
2012	611,045,000	53,184,000	10,072,000	16,448	2.3
2013	651,466,000	51,630,000	11,209,000	16,727	1.7
2014	694,946,000	54,963,000	11,483,000	17,043	1.9
2015	754,201,000	70,985,000	11,730,000	17,681	3.7
2016	793,277,000	52,788,000	13,712,000	17,955	1.5
2017	836,201,000	60,924,000	18,000,000	18,391	2.4
2018	884,827,000	64,770,000	16,144,000	18,863	2.6
2019	922,112,000	59,048,000	21,763,000	19,163	1.6
2020	99,794,000	99,199,000	21,517,000	20,168	5.2

(1) Information regarding the number of retirees and beneficiaries added to, and removed from, the rolls was not used in the actuarial valuations.

(2) Includes postretirement increases.

## ACTUARIAL SECTION

### Public Employee Retirement System of Idaho

#### EXHIBIT 4: SCHEDULE OF FUNDING PROGRESS (ALL DOLLAR AMOUNTS IN MILLIONS)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL) <sup>(1)</sup>	Present Value of Future ORP Contributions	Unfunded Actuarial Accrued Liabilities (UAAL) <sup>(2)</sup>	Funded Ratio <sup>(3)</sup>	Covered Payroll <sup>(4)</sup>	UAAL as a Percentage of Covered Payroll
July 1, 2011	\$ 11,360.1	\$ 12,641.2	\$ 48.5	\$ 1,232.6	90.2 %	\$ 2,627.9	46.9 %
July 1, 2012	11,306.2	13,396.7	47.0	2,043.5	84.7	2,619.6	78.0
July 1, 2013	12,053.5	14,172.9	45.3	2,074.1	85.3	2,697.6	76.9
July 1, 2014	13,833.1	14,928.1	42.7	1,052.3	92.9	2,702.9	38.9
July 1, 2015	13,956.7	15,488.2	41.3	1,490.2	90.4	2,791.1	53.4
July 1, 2016	13,884.2	16,128.3	38.0	2,206.1	86.3	2,909.3	75.8
July 1, 2017	15,296.7	17,101.0	37.7	1,766.6	89.6	3,089.6	57.2
July 1, 2018	16,274.8	17,889.0	34.1	1,580.1	91.2	3,200.4	49.4
July 1, 2019	17,239.5	18,661.7	31.0	1,391.2	92.5	3,382.1	41.1
July 1, 2020	17,392.1	19,852.3	27.0	2,433.2	87.7	3,546.0	68.6

- (1) Actuarial present value of benefits less actuarial present value of future normal costs based on entry age actuarial cost method.
- (2) Actuarial accrued liabilities less actuarial value of assets and present value of future ORP contributions. Amounts reported in this table do not include the value of any discretionary COLA or Gain Sharing allocations granted after the valuation date. If negative, amount is referred to as a funding reserve.
- (3) Funded Ratio is the ratio of the actuarial value of assets over the actuarial accrued liabilities less the present value of future ORP contributions.
- (4) Covered Payroll includes compensation paid to all active employees on which contributions are calculated. Covered Payroll differs from the Active Member Valuation Payroll shown in Exhibit 2, which is an annualized compensation of only those members who were active on the actuarial valuation date.

## ACTUARIAL SECTION

### Public Employee Retirement System of Idaho

**EXHIBIT 5: SOLVENCY TEST**  
(ALL DOLLAR AMOUNTS IN MILLIONS)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities For			Portion of Actuarial Accrued Liabilities Covered by Assets		
		Active Member Contributions (A)	Retirees and Beneficiaries (B)	Active Members (Employer Financed Portion) (C)	(A)	(B)	(C)
July 1, 2011	\$ 11,360.1	\$ 2,838.9	\$ 6,284.8	\$ 3,517.5	100.0	100.0	63.6 %
July 1, 2012	11,306.2	3,114.9	6,925.0	3,356.8	100.0	100.0	37.7
July 1, 2013	12,053.5	3,304.1	7,425.2	3,443.6	100.0	100.0	38.5
July 1, 2014	13,833.1	3,268.7	8,125.8	3,533.6	100.0	100.0	69.0
July 1, 2015	13,956.7	3,468.5	8,565.6	3,454.1	100.0	100.0	55.7
July 1, 2016	13,884.2	3,652.6	9,097.0	3,378.7	100.0	100.0	33.6
July 1, 2017	15,296.7	3,554.1	9,609.7	3,937.2	100.0	100.0	54.2
July 1, 2018	16,274.8	3,611.4	10,121.1	4,156.5	100.0	100.0	61.2
July 1, 2019	17,239.5	3,817.2	10,559.3	4,285.2	100.0	100.0	66.8
July 1, 2020	17,392.1	3,962.7	11,413.9	4,475.7	100.0	100.0	45.0



## ACTUARIAL SECTION

### Public Employee Retirement System of Idaho

#### EXHIBIT 6: ANALYSIS OF ACTUARIAL GAINS OR LOSSES (ALL DOLLAR AMOUNTS IN MILLIONS)

	Gain (Loss) for Period		
	2017-2018	2018-2019	2019-2020
<b>Investment Income</b>			
Investment income was greater (less) than expected.	\$ 237.2	\$ 185.6	\$ (715.4)
<b>Pay Increases</b>			
Pay increases were less (greater) than expected.	113.5	16.8	38.3
<b>Membership Growth &amp; Return to Employment</b>			
(Additional) liability for new members.	(33.2)	(34.9)	(37.3)
<b>Death After Retirement</b>			
Retirees died younger (lived longer) than expected.	37.6	48.5	20.2
<b>Cost of Living Adjustment (COLA)</b>			
Different Automatic COLA than expected.	NA	NA	NA
<b>Other</b>			
Miscellaneous gains (and losses) resulting from other causes. <sup>(2)</sup>	(73.3)	(73.3)	(14.3)
<b>Total Gain (Loss) During the Period From Actuarial Experience</b>	\$ 281.8	\$ 178.9	\$ (708.5)
<b>Contribution Income</b>			
Actual contributions were greater (less) than the normal cost and interest on the Unfunded Actuarial Accrued Liability.	(10.1)	10.0	40.9
<b>Non-Recurring Items</b>			
Changes in actuarial assumptions caused a gain (loss)	None	None	None
Changes in actuarial methods caused a gain (loss)	None	None	None
Changes in plan provisions caused a gain (loss) <sup>(1)</sup>	(85.6)	None	(374.4)
Changes to Contribution Rate Increase Schedule	0.4	None	None
<b>Composite Gain (Loss) During the Period</b>	<u>\$ 186.5</u>	<u>\$ 188.9</u>	<u>\$ (1,042.0)</u>

Note: Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the actuarial accrued liability.

(1) As new members enter the plan, they both increase liabilities and contribution income. This line item is just highlighting the increased liability side of the equation.

(2) For 2017-18, this reflects the 0.90% retroactive COLA, effective March 1, 2018. For 2019-20 this reflects the 0.70% discretionary COLA and ROPP COLA of 4.76%, effective March 1, 2020.

## ACTUARIAL SECTION

### Public Employee Retirement System of Idaho

#### EXHIBIT 7: SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND ALL OTHER CONTRIBUTING ENTITIES (ALL DOLLAR AMOUNTS IN MILLIONS)

Fiscal Year Ending	Covered Employee Payroll <sup>(1)</sup>	Actual PERSI Employer Contributions Dollar Amount <sup>(2)</sup>	Actual ORP Contributions Dollar Amount	Total Actual Employer Contributions	Actuarially Determined Contribution (ADC) <sup>(3)</sup>	Percentage of ADC Dollars Contributed
06/30/11	\$2,627.9	\$274.3	\$4.8	\$279.1	\$326.5	85%
06/30/12	2,619.6	273.5	3.7	277.2	327.9	84
06/30/13	2,697.6	281.6	3.8	285.4	295.5	97
06/30/14	2,702.9	307.1	3.9	311.0	325.0	96
06/30/15	2,791.1	317.0	4.2	321.2	327.1	98
06/30/16	2,909.3	331.1	4.5	335.6	298.7	112
06/30/17	3,089.6	351.6	4.8	356.4	337.2	106
06/30/18	3,200.4	364.2	4.9	369.1	388.3	95
06/30/19	3,382.1	384.9	5.2	390.1	382.6	102
06/30/20	3,546.0	425.2	5.4	430.6	392.3 <sup>(4)</sup>	110

- (1) Computed as the dollar amount of the actual PERSI employer contribution made as a percentage of payroll divided by the Actual PERSI contribution rate expressed as a percentage of payroll.
- (2) The actual PERSI employer contributions are expressed as a percentage of payroll. Employer contributions are made as a percentage of actual payroll in accordance with statute and the Board's Funding Policy. Thus, the actual employer contributions set by both statute and the Board's Funding Policy may differ from the computed Actuarially Determined Contribution (ADC), employer contribution rate for GASB disclosure purposes. Dollar amounts shown exclude additional receipts due to merger of retirement systems.
- (3) For PERSI employers, the ADC, formerly known as the Annual Required Contribution (ARC), is equal to the normal cost rate plus a 25-year amortization of any Unfunded Actuarial Accrued Liability or minus a 25-year amortization of any Funding Reserve amount. The ADC determined as of the valuation date is applicable for employer fiscal years commencing July 1 of the calendar year following the valuation date. For Optional Retirement Plan (ORP) employers, the ADC is equal to 1.49% of salaries of university members in the ORP until 2025 and 3.83% of salaries of junior college members in the ORP until 2011.
- (4) The ADC for the PERSI fiscal year ending June 30, 2020 is based on 10.91% of covered payroll as computed in the 2018 valuation. For valuations prior to 2012, the ADC rate determined as of the valuation date was applicable for employer fiscal years commencing October 1 of the calendar year following the valuation date.

## ACTUARIAL SECTION

### Public Employee Retirement System of Idaho

#### EXHIBIT 8: SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER EXPRESSED AS A PERCENTAGE OF PAYROLL

Fiscal Year Ending	Actual PERSI Employer Contribution % <sup>(1)</sup>	Actuarially Determined Contribution (ADC) % <sup>(2)</sup>	Percentage of ADC Contributed
6/30/11	10.44 %	12.243%	85 %
6/30/12	10.44	12.375	84
6/30/13	10.44	10.813	97
6/30/14	11.36	11.880	96
6/30/15	11.36	11.570	98
6/30/16	11.38	10.110	113
6/30/17	11.38	10.760	106
6/30/18	11.38	11.980	95
6/30/19	11.38	11.160	102
6/30/20	11.99	10.910 <sup>(3)</sup>	110

- (1) The actual PERSI employer contributions are expressed as a percentage of payroll. Employer contributions are made as a percentage of actual payroll in accordance with statute and the Board's Funding Policy. Thus, the actual employer contributions set by both statute and the Board's Funding Policy may differ from the computed Actuarially Determined Contribution (ADC), employer contribution rate for GASB disclosure purposes. Dollar amounts shown exclude additional receipts due to merger of retirement systems.
- (2) For PERSI employers, the ADC, formerly known as the Annual Required Contribution (ARC), is equal to the normal cost rate plus a 25-year amortization of any Unfunded Actuarial Accrued Liability or minus a 25-year amortization of any Funding Reserve amount. The ADC determined as of the valuation date is applicable for employer fiscal years commencing July 1 of the calendar year following the valuation date. For Optional Retirement Plan (ORP) employers, the ADC is equal to 1.49% of salaries of university members in the ORP until 2025 and 3.83% of salaries of junior college members in the ORP until 2011.
- (3) The ADC for the PERSI fiscal year ending June 30, 2020 is based on 10.91% of covered payroll as computed in the 2018 valuation. For valuations prior to 2012, the ADC rate determined as of the valuation date was applicable for employer fiscal years commencing October 1 of the calendar year following the valuation date.

## ACTUARIAL SECTION

### Public Employee Retirement System of Idaho

#### EXHIBIT 9: PROVISIONS OF GOVERNING LAW

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All actuarial calculations are based on our understanding of the statutes governing the Public Employee Retirement System of Idaho, as contained in Sections 59-1301 through 59-1399, inclusive, of the Idaho Code, with amendments effective through July 1, 2019. The benefit and contribution provisions of this law are summarized briefly below, along with corresponding references to the Idaho Code. This summary does not attempt to cover all the detailed provisions of the law. Only those benefits in effect through July 1, 2020 are considered in this valuation. The items in parentheses are the provisions applicable to firefighters and police officers.

#### **Effective Date**

The effective date of the Retirement System was July 1, 1965.

#### **Member Contribution Rate**

The member contribution rate effective July 1, 2020 is 7.16% (8.81%) of salary.

The member contribution rate is fixed at 60% (72%) of the employer contribution rate. For firefighters and police officers, the 72% adjustment is applied after reducing the employer rate by 0.10% for the 2003 addition of a \$100,000 death benefit for fire and police members who die in the line of duty. After the 72% is applied, the resulting rate is increased by 0.04% for the lump sum duty disability benefit. Member contributions have been “picked up” on a pre-tax basis by the employer since June 30, 1983 (Sections 59-1331 and 59-1332).

#### **Employer Contribution Rate**

The employer contribution rate is set by the Retirement Board (Section 59-1322). The current rates of 11.94% (12.28%) are reflected in this valuation.

#### **Service Retirement Allowance**

##### ***Eligibility***

Age 65 (60) with five years of service including six months of membership service (Section 59-1341).

##### ***Amount of Allowance***

For each year of credited service, the annual service retirement allowance is 2.0% (2.3%) of the highest 42-month average salary (Section 59-1342).

## ACTUARIAL SECTION

### **Service Retirement Allowance (continued)**

#### **Minimum Benefit**

\$60 (\$72) annual allowance for each year of service. The dollar amounts increase after 1974 according to the rate of cost of living increases in retirement allowances (Section 59-1342).

#### **Maximum Benefit**

In no case may a member's regular retirement benefit exceed the highest three-year average salary of the member (Section 59-1342).

#### **Normal Form**

Straight life retirement allowance plus any death benefit (Section 59-1351).

#### **Optional Form**

Actuarial equivalent of the normal form under the options available, according to the mortality and interest basis adopted by the Board (Section 59-1351).

### **Early Retirement Allowance**

#### **Eligibility**

Age 55 (50) with five years of service, including six months of membership service (contributing members only) (Section 59-1345).

#### **Amount of Allowance**

Full accrued service retirement allowance if age plus service equals 90 (80); otherwise, the accrued service retirement allowance, reduced by 3% for each of the first five years by which the early retirement date precedes the date the member would be eligible to receive the full accrued benefit, and by 5.75% for each additional year (Section 59-1346).

### **Vested Retirement Allowance**

#### **Eligibility**

Former contributing members with five years of membership service are entitled to receive benefits after attaining age 55 (50) (Section 59-1345).

#### **Amount of Allowance**

Same as early retirement allowance (Section 59-1345).

### **Disability Retirement Allowance**

#### **Eligibility**

Five years of membership service. For a police officer or a firefighter hired after July 1, 1993, who is disabled from an occupational cause, there is no service requirement (Section 59-1352).

## ACTUARIAL SECTION

### ***Amount of Allowance***

Projected service retirement allowance based on accrued service plus service projected to age 65 (60) (latter limited to excess of 30 years over accrued service) less any amount payable under workers' compensation law (Section 59-1353).

### ***Normal Form***

Temporary annuity to age 65 (60) plus any death benefit. Service retirement allowance becomes payable at age 65 (60) (Section 59-1354)

### ***Safety Member Lump Sum Duty Disability Benefit***

Fire and Police members who are disabled in the line of duty are eligible for a \$100,000 lump sum benefit, in addition to the annuity benefits discussed above (Section 59-1352A).

## **Death Benefits**

### ***After Retirement***

Under the normal form of the retirement allowance, the excess, if any, of the member's accumulated contributions with interest at retirement over all payments received. Otherwise, payable according to the option elected (Section 59-1361).

### ***Before Retirement***

- A. An automatic joint and survivor option applied to the actuarial equivalent of the member's accrued service retirement allowance is paid to the surviving spouse of a member with at least five years of service who dies while:
  - i. contributing;
  - ii. not contributing, but eligible for benefits; or
  - iii. retired for disability,
- or
- B. If a member with at least five years of service has no spouse, a lump sum payment is made equal to twice the accumulated contributions with interest (Section 59-1361).
- or
- C. If a member with at least five years of service has no spouse, a lump sum payment is made equal to twice the accumulated contributions with interest (Section 59-1361).

Fire and police members are entitled to an additional \$100,000 payment if death occurs in the line of duty. (Section 59-1361 A).

## ACTUARIAL SECTION

**Withdrawal Benefits**      Accumulated contributions with interest (Section 59-1358). The interest rate is determined by the Board (Section 59-1301(26)).

**Postretirement Increases**      Postretirement benefit increases are based on changes in the Consumer Price Index. The measurement period for changes in the CPI-U is August to August. The COLA changes are implemented effective on the March 1 following the measurement period.

If the CPI-U increases by at least 1%, the COLA is at least 1%. If the CPI-U increases by more than 1%, an additional postretirement increase of up to 5% each year (but not more than the increase in the CPI-U) may be authorized by the Board, subject to the approval of the Legislature.

If the CPI-U increases by less than 1% or decreases, the COLA is automatic, based on the change in the CPI. If a negative COLA is applicable, the negative COLA cannot decrease benefits by more than 6%. Additionally, a negative COLA cannot decrease a member's benefit below the amount of the benefit at the initial benefit date.

If a COLA is implemented that is less than the increase in the CPI-U, members' benefits will not retain their full inflation adjusted purchasing power. In such cases, the Board may implement a Restoration of Purchasing Power (ROPP) COLA at a later date to bring those members closer to 100% of inflation adjusted purchasing power. As with a discretionary COLA, a ROPP is subject to approval of the Legislature. (Section 59-1355).

**Gain Sharing**      Beginning in 2000, under Section 59-1309, Idaho Code, the Board may allocate all or a portion of "extraordinary gains" to active and retired members and employers as Gain Sharing.

Extraordinary gains are defined as the excess, if any, at the close of the fiscal year of the Assets over Actuarial Accrued Liabilities plus an amount necessary to absorb a one standard deviation market event without increasing contribution rates, as determined by the Board. Under the Board's current investment policy, assets in excess of a 113% funded ratio are considered extraordinary gains. The Board has the authority to rescind the Gain Sharing up to the date of distribution.



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October 20, 2020

Retirement Board  
Public Employee Retirement System of Idaho State of Idaho  
P.O. Box 83720  
Boise, ID 83720

Members of the Board:

Milliman has performed annual actuarial valuations of the Idaho Firefighters' Retirement Fund (FRF) from 1981 through 1988 and biennial valuations from July 1, 1990 to July 1, 2000. Starting with the July 1, 2001 valuation, actuarial valuations occurred annually through the July 1, 2007 valuation. From July 1, 2007 through July 1, 2013 the valuations were again biennial. Beginning with the July 1, 2014 valuation they have been performed annually once again. The most recent actuarial valuation was for July 1, 2020; the next is scheduled for July 1, 2021.

### **Contribution Rates**

FRF covers a closed group of firefighters who were hired before October 1, 1980 and who receive benefits in excess of those provided under the Public Employee Retirement System of Idaho (PERSI). The cost of these excess benefits is paid by member contributions, employer contributions, and receipts from a fire insurance premium tax. Employer contributions comprise two elements: 8.65% of the salaries of covered members and an additional rate applied to the salaries of all firefighters of the employer. The additional rate is designed to meet the costs of the Fund not covered by other resources. Idaho Code Section 59-1394 requires the cost of the excess benefits to be retired by the schedule of contributions over a given period of time not to exceed 50 years.

On December 3, 2019 the PERSI Board moved to reduce the Additional Employer Contribution Rate from the current 5.00% to 0.00%. In accordance with this decision, the additional employer contribution rate for excess benefits (shown in Exhibit 8) was reduced to a rate of 0.00% of payroll, effective July 1, 2020.

FRF benefits were offset by PERSI benefits effective October 1, 1980. Effective July 1, 1990, all members hired after June 30, 1978 are to receive the same FRF benefits as members hired earlier.

Effective October 1, 1994, the PERSI benefits and contributions were increased. The FRF additional contribution rate to fund the excess benefits was decreased to 15.40% and the total employer contributions for FRF members remained fixed at 35.90% for Class A & B firefighters and 27.25% for Class D firefighters.

The Retirement Board lowered the PERSI contribution rates starting October 31, 1997 and made the reduction permanent as of April 25, 2000. The FRF excess contribution rate was increased to 17.24% since the total employer contributions for FRF members remained fixed at the 35.90%/ 27.25% rates.



## ACTUARIAL SECTION

The Retirement Board raised the PERSI contribution rates, with the first increase effective July 1, 2004, and additional increases effective July 1, 2005 and July 1, 2006 an additional 0.1% contribution was added to provide for a \$100,000 death benefit for duty related deaths. The FRF excess contribution rate was maintained at 17.24%. The July 1, 2004 rate increase took effect as scheduled, but the other two rate increases were delayed by the Board to July 1, 2006 and July 1, 2007.

After the July 1, 2006 PERSI and FRF valuation reports were completed, the PERSI Board delayed the effective date of the scheduled contribution rate increases to July 1, 2008 and July 1, 2009. In October 2007, the Board canceled the remaining scheduled contribution rate increases.

After the July 1, 2009 PERSI and FRF valuation reports were completed, the PERSI Board approved three new contribution rate increases scheduled for July 1, 2011, July 1, 2012, and July 1, 2013. These were adopted in December 2009 due to a significant drop in funded status because of investment losses in the year ending June 30, 2009.

Due to the 12.01% investment return in the year ending June 30, 2010, in December 2010, the PERSI Board delayed the scheduled contribution rate increases for July 1, 2011, July 1, 2012, and July 1, 2013, to July 1, 2012, July 1, 2013, and July 1, 2014, respectively.

Due to the 20.25% investment return in the year ending June 30, 2011, in December 2011, the Board delayed the scheduled contribution rate increases for July 1, 2012, July 1, 2013, and July 1, 2014, to July 1, 2013, July 1, 2014, and July 1, 2015, respectively.

On July 1, 2013, the first of three scheduled contribution rate increases went into effect. This raised the member contribution for Class D Firefighters from 7.69% to 8.36%. It also increased the PERSI Rate employer contribution from 10.73% to 11.66% for all firefighter groups.

In December 2013, the Board delayed the scheduled contribution rate increases for July 1, 2014 and July 1, 2015 to July 1, 2015 and July 1, 2016, respectively

In September 2014 the scheduled contribution rate increases scheduled for July 1, 2015 and July 1, 2016 were canceled.

On January 1, 2015, the additional employer contribution rate was decreased from 17.24% to 5.00%.

After the July 1, 2016 PERSI and FRF valuation reports were completed, the PERSI Board approved a contribution rate increase scheduled for July 1, 2018. This was adopted in October 2016 due to a drop in funded status because of low investment returns in the fiscal years 2015 and 2016. In 2017, the rate increase was delayed one year: from July 1, 2018 to July 1, 2019.

On July 1, 2019, the member contribution for Class D Firefighters from 8.36% to 8.81%. The PERSI Rate employer contribution increased from 11.66% to 12.28% for all firefighter groups.

On July 1, 2020, the additional employer contribution rate was decreased from 5.00% to 0.00%.

### **Funding Status**

Based on the July 1, 2020 actuarial valuation, there is currently no Unfunded Actuarial Accrued Liability (UAAL) to amortize. This is consistent with the results from the July 1, 2019 valuation. The Fund's original funding goal is to amortize the liabilities by June 30, 2018 (40 years from July 1, 1978). The current amortization period of zero is less than the statutory maximum of 50 years.

The UAAL was increased by \$5.9 million due to an asset loss partially recognized as of July 1, 2020. Specifically, the Fund's assets earned an annual average net return after expenses of 2.68% for the

## ACTUARIAL SECTION

2019-20 fiscal year which was more than the actuarial assumption of 7.00%. The UAAL was also reduced by \$2.7 million due to the 2020 COLA being different than assumed..

All experience gains and losses (including the asset loss) over the one-year period since the prior valuation resulted in the UAAL being decreased by \$1.9 million. The UAAL decreased by \$22.2 million because actual contributions plus assumed investment returns were more than the normal cost and the interest on the UAAL.

The funding status increased from a 150.2% funding ratio on July 1, 2019, to 158.6% on June 30, 2020. The funding ratio is the ratio of the actuarial value of the assets over the value of the actuarial accrued liability.

### ***Comparison to GASB Statement No. 67 Liabilities***

The long-term expected rate of return on investments is 7.05%, net of investment expenses. This figure includes 0.05% for expected administrative expenses. For purposes of determining the Fund's funding status and UAAL, we use a discount rate that is net of all expenses (7.00%). The figures shown in this report have been calculated using this discount rate.

This is in contrast to the discount rate used to determine the Total Pension Liability (TPL) and Net Pension Liability (NPL) for purposes of GASB reporting. According to GASB Statement 67, the discount rate used to calculate TPL and NPL must be net of investment expenses but not administrative expenses. Therefore, TPL and NPL have been determined using a discount rate of 7.05%.

For the July 1, 2020 valuation, 3-year smoothing is used to calculate the actuarial value of plan assets. This is in contrast to the Fiduciary Net Position (FNP) used for purposes of GASB reporting. According to GASB Statement 67, the FNP must be based on the plan's fair value of assets at the valuation date. Therefore, FNP has been determined without any asset smoothing.

Results and further details on these items can be found in our GASB 67 Report.

### **Assumptions**

Our July 1, 2020 actuarial valuation report presented summaries of the actuarial assumptions and methods used in the valuation. The FRF assumptions generally reflect the assumptions used for the PERSI Fire and Police members, but are modified to reflect the characteristics expected of the closed group of FRF members.

The mortality assumptions for the plan were changed on July 1, 2014, in conjunction with changes to the assumptions for the PERSI Base Plan, as described in Appendix A of the July 1, 2014 valuation. The next major PERSI experience study, to be completed in 2022, will cover the period July 1, 2017 through June 30, 2021.

### **Certification Statement**

Milliman has developed certain models to estimate the values included in this report. The intent of the models was to estimate pension liabilities and costs. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP).

In preparing this report and using our models, we relied, without audit, on information (some oral and some in writing) supplied by the PERSI staff. This information includes, but is not limited to, statutory provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on

## ACTUARIAL SECTION

the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

All costs, liabilities rates of interest, and other factors have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Fund and reasonable expectations) and which in combination, offer our best estimate of anticipated experience affecting the Fund. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the System and to reasonable expectations which, in combination, represent our best estimate of anticipated experience under the System. We believe that all of these assumptions and methods meet the parameters set by Actuarial Standards of Practice (ASOPs).

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the Fund. Actuarial computations under GASB Statements No. 67 and 68 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Actuarial Standard of Practice No. 51 (ASOP 51) directs actuaries to identify risks that are significant to any actuarial calculation or communication. Probably the most notable risk is Investment Risk - the potential for plan assets to grow at a rate lower than assumed in the actuarial valuation. If investment performance is worse than expected, then additional funding may be required. There is also Maturity Risk - the potential for total plan liabilities to become more heavily weighted toward inactive liabilities over time - is pertinent to the contents of this letter because as the System's assets and liabilities continue to grow, the impact of any gains or losses on the assets or liabilities also becomes larger. A third risk is Demographic Risk - the potential for members experience to differ from our Actuarial assumptions, including (but not limited to) retirement, withdrawal, salary growth, and mortality. If member experience is different than anticipated by the actuarial assumptions, additional System funding may be required. Please refer to our funding valuation report dated October 14, 2020 for more detailed discussion of risk.

Milliman's work is prepared solely for the internal business use of the Fund. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

- (a) The Fund may provide a copy of Milliman's work, in its entirety, to the Fund's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Fund.

## ACTUARIAL SECTION

- (b) The Fund may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this letter is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States of the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

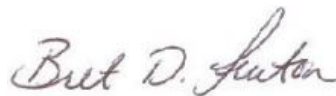
The enclosed Exhibits 1 through 9 provide further related information. Milliman is completely responsible for these exhibits. Specifically, they are:

Exhibit 1	Summary of Actuarial Assumptions and Methods
Exhibit 2	Schedule of Active Member Valuation Data
Exhibit 3	Schedule of Retiree and Beneficiary Valuation Data
Exhibit 4	Schedule of Funding Progress
Exhibit 5	Solvency Test
Exhibit 6	Analysis of Actuarial Gains or Losses
Exhibit 7	Schedule of Contributions from the Employer and All Other Contributing Entities
Exhibit 8	Contribution Rates as a Percent of Pay
Exhibit 9	Provisions of Governing Law

Respectfully submitted,



Robert L. Schmidt, F.S.A., M.A.A.A.  
Principal and Consulting Actuary



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RLS/BDL/rc/kw

## ACTUARIAL SECTION

### Idaho Firefighters' Retirement Fund

#### EXHIBIT 1: SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS EFFECTIVE JULY 1, 2020

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**1. Investment Return (Adopted July 1, 2012)**

The annual rate of investment return on the assets, net of investment expenses, for the Fund is assumed to be 7.05% (including 0.05% for administrative expenses), compounded annually.

**2. Actuarial Value of Assets (Adopted September 2014)**

For the July 1, 2014 valuation, all assets are valued at market as of the valuation date. Use of 3-year smoothing to calculate the actuarial value of plan assets is being implemented prospectively: the July 1, 2015 valuation used a 2-year smoothing; subsequent valuations have used a 3-year smoothing.

**3. Actuarial Assumptions**

The actuarial assumptions and methods were adopted by the PERSI Board based upon recommendations from the retained actuary. The actuarial assumptions are based on periodic studies of the PERSI total fund's actual experience.

**4. Service Retirement, Disability Retirement, and Termination (Adopted July 1, 2016)**

The actively employed members of FRF are fully eligible for unreduced service retirement. They are assumed to retire at the valuation date. No future withdrawals or disabilities are anticipated.

**5. Mortality (Adopted July 1, 2014)**

The mortality rates used for all members of the Fund, active and retired, are from the RP- 2000 Combined Mortality Table for males with generational mortality adjustments with ages unadjusted. The mortality rates assumed for spouses are from the RP-2000 Combined Mortality Table for females with generational mortality adjustments; with ages set back one year. For disabled members, the mortality rates used in the valuation are from the RP-2000 Mortality Table for disabled males with generational mortality adjustments, set back one year. These tables are illustrated in Table A-2A of the July 1, 2020 valuation report.

The Generational mortality adjustments provide a margin for future mortality improvements. The adjustments are applied from the base year of the tables (2000) to the year in which the mortality assumption is applied. The adjustments are done using the standard RP-2000 projection scale (Scale AA). These tables are illustrated in Tables A-2A and A-2B of the July 1, 2020 valuation report.

**6. Future Salaries (Adopted July 1, 2016)**

This assumption is not applicable since all remaining actively employed members are assumed to retire at the valuation date. No future withdrawals, disabilities, or salary increases are anticipated.

**7. Replacement of Terminated Members**

The FRF is a closed group. No new members are permitted. The total number of firefighters in PERSI (including those hired October 1, 1980 and later) is assumed to remain unchanged from year to year.

## ACTUARIAL SECTION

### **8. Postretirement Benefit Increases (Cost of Living Adjustments) (Adopted July 1, 2013)**

FRF benefits are based on paid salary and are assumed to increase at the same rate as the average paid firefighter's salary, or 3.75% per year. For members whose FRF benefits are offset by their PERSI benefits, the PERSI benefits are assumed to have post-retirement benefit increases of 1.00% per year. The assumptions regarding PERSI future post-retirement benefit increases is part of the funding policy for the FRF.

### **9. Probability of Marriage**

It is assumed that there is an 85% probability that the member has an eligible spouse. The spouse's age is assumed to be three years younger than the member's.

### **10. Fire Insurance Premiums (Adopted July 1, 2004)**

The fire insurance premiums received for the plan year ending June 30, 2020, amounted to \$4,714,908 or approximately 6.0% of all firefighters' covered compensation during the same period. Future fire insurance premiums are expected to provide contributions as a decreasing percentage of compensation, due to the assumption that the firefighters' covered compensation (including Class D members) will increase at the rate of 3.75% per year, but future fire insurance premiums are assumed to increase at a rate of only 3.00% per year. The rate for the increase for covered compensation was adopted July 1, 2012. The rate for the increase of fire insurance premiums was adopted July 1, 2018.

In addition, starting with the plan year ending June 30, 2021, only half the fire insurance premiums are expected to be contributed to the plan due to the additional employer contributions rate being reduced to 0.00%.

### **11. Actuarial Cost Method (Adopted July 1, 1998)**

Costs are determined based on the entry age normal cost method. The actuarial present value of future benefits not provided by PERSI less the present value of future normal costs equals the actuarial accrued liability. The UAAL is equal to the actuarial accrued liability less the actuarial value of the assets. The UAAL is amortized as a level dollar amount over a fixed amortization period. The current amortization period is zero since the UAAL at July 1, 2020 is negative.

The Actuarially Determined Contribution (ADC) is then the total of the normal cost allocated to the current plan year plus the amortization payment on the UAAL. Prior to July 1, 2006, the UAAL was amortized over a closed 40-year period from July 1, 1996. This assumption was adopted July 1, 1998, but applied retroactively to the July 1, 1996 valuation.

### **12. Experience Studies**

The last experience study was for the period July 1, 2011, through June 30, 2017, and reviewed economic assumptions, mortality and all demographic assumptions. These assumptions will be studied in 2022 for the period from July 1, 2017, through June 30, 2021. The FRF assumptions generally reflect the assumptions used for the PERSI Fire and Police members, but are modified to reflect the characteristics expected of the closed group of FRF members.

### 13. Recent Changes

The results reflect the PERSI Base Plan Discretionary COLA of 0.70% and the ROPP COLA of 4.76% which went into effect March 1, 2020.

## ACTUARIAL SECTION

### Idaho Firefighters' Retirement Fund

#### EXHIBIT 2: SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date July 1	Number	Annual Salaries		
		Total <sup>(1)</sup>	Average	Annual Increase in Average
2009	5	\$ 437,818	\$ 87,564	2.6 %
2011	4	(2)	(2)	(2)
2013	3	(2)	(2)	(2)
2014	2	(2)	(2)	(2)
2015	2	(2)	(2)	(2)
2016	2	(2)	(2)	(2)
2017	1	(2)	(2)	(2)
2018	1	(2)	(2)	(2)
2019	1	(2)	(2)	(2)
2020	1	(2)	(2)	(2)

(1) Annualized average salaries for covered members for the 12-month period commencing July 1 to June 30 of the previous calendar year.

(2) Salary information is not shown for years in which there are fewer than 5 active members.



## ACTUARIAL SECTION

### Idaho Firefighters' Retirement Fund

#### EXHIBIT 3: SCHEDULE OF RETIREE AND BENEFICIARY VALUATION DATA <sup>(1)</sup>

Valuation Date July 1	Number			COLA Increases Granted Previous January 1
	Total	Added	Removed	
2009	573	6	23	5.10 %
2011	566	14	21	3.30
2013	551	3	18	2.18
2014	545	3	9	2.48
2015	535	1	11	(0.34)
2016	524	3	14	1.73
2017	517	2	9	2.85
2018	507	1	11	1.88
2019	486	5	26	3.13
2020	472	11	25	3.92

Valuation Date July 1	Annual Benefits				
	Total <sup>(2)</sup>	Added <sup>(3)</sup>	Removed	Average	Annual Increase in Average
2009	\$ 24,598,935	\$ 2,442,928	\$ 836,262	\$ 42,930	5.0 %
2011	25,998,263	2,147,165	747,837	45,933	3.4
2013	26,499,035	1,255,415	754,643	48,093	2.3
2014	26,856,909	784,008	426,134	49,279	2.5
2015	26,319,030	(33,958)	503,921	49,194	(0.2)
2016	26,285,792	576,922	610,160	50,164	2.0
2017	26,687,801	815,356	413,347	51,621	2.9
2018	26,650,120	515,311	552,992	52,564	1.8
2019	26,400,434	964,724	1,214,411	54,322	3.3
2020	26,795,398	1,699,606	1,304,642	56,770	4.5

(1) Information regarding the number of retirees and beneficiaries added to, and removed from, the rolls was not used in the actuarial valuations.

(2) Combined annual benefits from FRF and PERSI. The FRF benefits comprised \$19,016,212 of the 2020 total.

(3) Includes postretirement increases (or decreases, if applicable) for all retirees and beneficiaries.

## ACTUARIAL SECTION

### Idaho Firefighters' Retirement Fund

#### EXHIBIT 4: SCHEDULE OF FUNDING PROGRESS (All Dollar Amounts in Millions)

Actuarial Valuation Date July 1	Actuarial Value of Assets <sup>(1)</sup>	Actuarial Accrued Liabilities (AAL) <sup>(2)</sup>	Unfunded Actuarial Accrued Liabilities (UAAL) <sup>(3)</sup>	Funded Ratio	Covered Payroll <sup>(4)</sup>	UAAL as a Percentage of Covered Payroll
2009	\$ 225.3	\$ 325.3	\$ 100.0	69.3 %	\$ 55.7	179.5 %
2011	290.4	311.5	21.1	93.2	59.3	35.6
2013	307.0	321.5	14.5	95.5	63.0	23.0
2014	352.2	315.6	(36.6)	111.6	63.0	(58.1)
2015	360.4	301.9	(58.5)	119.4	63.8	(91.7)
2016	363.4	294.7	(68.7)	123.3	68.0	(101.0)
2017	369.8	292.2	(77.6)	126.6	70.6	(109.9)
2018	385.7	283.2	(102.5)	136.2	74.8	(137.0)
2019	411.5	273.9	(137.6)	150.2	78.3	(175.7)
2020	427.2	269.3	(157.9)	158.6	78.7	(200.6)

- (1) For the July 1, 2014 valuation and all preceding valuations, assets are valued at market as of the valuation date. Use of 3-year smoothing to calculate the actuarial value of plan assets has been implemented prospectively: the July 1, 2015 valuation used a 2-year smoothing; subsequent valuations use a 3-year smoothing.
- (2) Actuarial present value of future excess benefits less actuarial present value of excess statutory contributions over amounts required by PERSI, for years prior to 1996. For years after 1996, the excess of the actuarial present value of future excess benefits less the present value of future normal cost contributions under the entry age cost method.
- (3) Actuarial accrued liabilities less actuarial value of assets.
- (4) Covered Payroll includes compensation paid to all active firefighters for whom contributions were made to FRF. Covered Payroll differs from the Active Member Valuation Payroll shown in Exhibit 2, which is an annualized compensation of only those members hired prior to October 1, 1980, who were active on the actuarial valuation date.

## ACTUARIAL SECTION

### Idaho Firefighters' Retirement Fund

#### EXHIBIT 5: SOLVENCY TEST (All Dollar Amounts in Millions)

Actuarial Valuation Date July 1	Actuarial Liabilities <sup>(1)</sup> for					Portion of Actuarial Liabilities Covered by Assets		
	Actuarial Value of Assets <sup>(2)</sup>	(A)	(B)	(C)		(A)	(B)	(C)
		Active Member Contributio ns	Retirees and Beneficiarie s	Active Members (Employer Financed Portion)				
2009	\$ 225.3	\$ 0.0	\$ 324.0	\$ 1.3	100.0%	69.5 %	0.0 %	
2011	290.4	0.0	310.7	0.8	100.0	93.5	0.0	
2013	307.0	0.0	320.4	1.1	100.0	95.8	0.0	
2014	352.2	0.0	314.9	0.7	100.0	100.0	100.0	
2015	360.4	0.0	301.3	0.6	100.0	100.0	100.0	
2016	363.4	0.0	294.0	0.7	100.0	100.0	100.0	
2017	369.8	0.0	291.7	0.5	100.0	100.0	100.0	
2018	385.7	0.0	282.7	0.5	100.0	100.0	100.0	
2019	411.5	0.0	273.4	0.5	100.0	100.0	100.0	
2020	427.2	0.0	268.8	0.5	100.0	100.0	100.0	

(1) Computed based on funding policy methods and assumptions.

(2) For the July 1, 2014 valuation and all preceding valuations, assets are valued at market as of the valuation date. Use of 3-year smoothing to calculate the actuarial value of plan assets has been implemented prospectively: the July 1, 2015 valuation used a 2-year smoothing; subsequent valuations use a 3-year smoothing.

## ACTUARIAL SECTION

### Idaho Firefighters' Retirement Fund

#### EXHIBIT 6: ANALYSIS OF ACTUARIAL GAINS OR LOSSES (All Dollar Amounts in Millions)

	Gain (Loss) for Period		
	2017-2018	2018-2019	2019-2020
<b>Investment Income</b>			
Investment income was greater (less) than expected, net of asset smoothing, if applicable.	\$ 1.8	\$ 1.6	\$ (5.9)
<b>COLAs</b>			
COLAs were less (greater) than expected.	7.1	1.9	2.7
<b>Other</b>			
Miscellaneous gains (and losses) resulting from other causes including retirees dying younger (living longer) than expected.	2.8	7.7	1.3
<b>Total Gain (Loss) During the Period From Actuarial Experience</b>	<u>\$ 11.7</u>	<u>\$ 11.2</u>	<u>\$ (1.9)</u>
<b>Contribution Income</b>			
Actual contributions plus assumed investment returns were greater (less) than the normal cost and interest on the UAAL.	13.2	23.9	22.2
<b>Non-Recurring Items</b>			
Effect of automatic PERSI COLA.	None	None	None
Changes in actuarial assumptions and benefits caused a gain (loss).	None	None	None
PERSI Restoration of Purchasing Power and Discretionary COLA.	None	None	None
<b>Composite Gain (Loss) During the Period</b>	<u><u>\$ 24.9</u></u>	<u><u>\$ 35.1</u></u>	<u><u>\$ 20.3</u></u>

*Note: Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the actuarial accrued liability.*

## ACTUARIAL SECTION

### Idaho Firefighters' Retirement Fund

#### EXHIBIT 7: SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND ALL OTHER CONTRIBUTING ENTITIES (Actual Dollar Amounts)

Fiscal Year Ending	Covered Employee Payroll <sup>(1)</sup>	Statutory Employer Contributions <sup>(2)</sup>	Additional Employer Contributions <sup>(2)</sup>	Insurance Premium Payment from the State	Total Employer Contributions	Actuarially Determined Contribution (ADC) <sup>(3)</sup>	Percentage of ADC Contributed
2011	\$ 59,337,447	\$ 31,616	\$ 10,229,773	\$ 3,052,326	\$ 13,313,715	\$ 7,959,238	167.3 %
2012	59,883,692	25,532	10,323,948	3,136,829	13,486,309	1,666,127	809.4
2013	62,969,139	25,617	10,855,876	3,345,821	14,227,314	1,666,127	853.9
2014	63,017,405	25,032	10,864,197	3,311,094	14,200,323	1,119,619	1,268.3
2015	63,780,545	17,259	7,720,025	3,568,189	11,305,473	0	NA
2016	68,017,833	17,723	3,400,892	3,779,982	7,198,597	0	NA
2017	70,568,501	12,273	3,638,264	3,802,450	7,452,987	0	NA
2018	74,848,287	12,226	3,731,159	3,962,841	7,706,226	0	NA
2019	78,284,032	12,715	3,914,200	4,320,912	8,247,827	0	NA
2020	78,657,631	12,608	3,932,881	4,714,908	8,660,397	0	NA

- (1) Computed as the dollar amount of the actual employer contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll.
- (2) Employer contributions are made as a percentage of actual payroll rather than as a dollar amount. The Statutory Employer FRF contributions in excess of PERSI required contributions are payable only on Class A & B active member payroll. The Additional Employer FRF contributions are payable on Class A & B and Class D active member payrolls.
- (3) Starting July 1, 1996, the ADC, formerly known as the Annual Required Contribution (ARC), is computed as a dollar amount based on the entry age cost method and future payroll contributions from Class A & B members only. The ADC is computed for GASB reporting purposes only. The actual employer contributions as a percentage of payroll varied from those determined by the actuarial valuation based on the funding policy as shown in Table D-2 of the actuarial valuation report. Thus, as long as the actual contributions are made as a percentage of payroll under the current funding policy methods and assumptions, as required by the most recent actuarial valuation, the actual dollar amount of the employer contributions will differ from the dollar amount of the ADC.

## ACTUARIAL SECTION

### Idaho Firefighters' Retirement Fund

#### EXHIBIT 8: CONTRIBUTION RATES AS A PERCENT OF PAY

Year <sup>(1)</sup>	State Contributions	Employer Contributions				Total Employer Contributions For Members	
	Fire Insurance Premium Tax <sup>(2)</sup>	PERSI Rate	Statutory FRF Rate	Additional Rate	Social Security	Hired Before 10/1/80 <sup>(3)</sup>	Hired After 9/30/80 <sup>(4)</sup>
Effective Date:	July 1	October 1	January 1	October 1	January 1	October 1	October 1
2009	5.20 %	10.73 %	8.65 %	17.24 %	7.65 %	36.62 %	35.62 %
2011	5.10	10.73	8.65	17.24	7.65	36.62	35.62
2013	5.30	11.66	8.65	17.24	7.65	37.55	36.55
2014	5.20	11.66	8.65	17.24 <sup>(5)</sup>	7.65	37.55	36.55
2015	5.60	11.66	8.65	5.00	7.65	25.31	24.31
2016	5.60	11.66	8.65	5.00	7.65	25.31	24.31
2017	5.20	11.66	8.65	5.00	7.65	25.31	24.31
2018	5.30	11.66	8.65	5.00	7.65	25.31	24.31
2019	5.50	12.28	8.65	5.00	7.65	25.93	24.93
2020	3.00	12.28	8.65	0.00 <sup>(6)</sup>	7.65	20.93	19.93

(1) Rates become effective on dates shown in given year. Biennial valuations were performed 1988-2000.

(2) Rate expressed as a percentage of the value of future fire insurance premium taxes over the value of future covered compensation.

(3) PERSI rate plus Statutory FRF rate plus additional rate.

(4) PERSI rate plus additional rate plus Social Security.

(5) Effective January 1, 2015, the Additional Employer Contribution Rate decreased from 17.24% to 5.00%.

(6) The Employer additional rate changed to 0.00% on July 1, 2020.

Idaho Firefighters' Retirement Fund

**EXHIBIT 9: PROVISIONS OF GOVERNING LAW**

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This exhibit outlines our understanding of the laws governing the Idaho Firefighters' Retirement Fund (FRF), compared with the provisions that apply to firefighters of the Public Employee Retirement System of Idaho (PERSI), as contained in Sections 59-1301 through 59-1399 for PERSI and Sections 72-1401 through 72-1472 for FRF, inclusive of the Idaho Code through July 1, 2019. Each currently active firefighter hired before October 1, 1980, is entitled to receive the larger of (a) a benefit based on the FRF provisions, considering all of his service as a firefighter, and (b) a PERSI benefit, based on membership service beginning October 1, 1980, plus prior service rendered before July 1, 1965. Firemen hired October 1, 1980 and later (Class D members) are not entitled to FRF benefits.

In 1990, the law was changed to provide benefits to all members of FRF equally. Prior to the change, members hired after July 1, 1978, and before October 1, 1980, (Class C members) received a lower level of benefits. Class A members are members hired prior to July 1, 1976, who chose Option 1, where contributions are calculated on the basis of statewide average paid firefighter's salary. Benefits are based on the statewide average salary in effect at the date of retirement. Class B members are all Option 2 members hired prior to July 1, 1978, where contributions are calculated on the basis of the individual's annual average salary, but benefits are based on actual pay.

**Retirement Provisions Affecting Firefighters In Idaho**

**July 1, 2020**

	Public Employee Retirement System	Firefighters' Retirement Fund
<b>Member Contribution Rate</b>	8.81% of salary.	11.45% of salary <sup>(1)</sup>
<b>Service Retirement Allowance</b>		
Eligibility	Age 60 with five years of service, including six months of membership service.	20 years of service <sup>(2)</sup>
Amount of annual Allowance	2.30% of the highest 3.5-year average salary for the each year of credited service	40% of final five-year average salary <sup>(1)</sup> plus 5.00% of average salary for each year of service in excess of 20 years.
Maximum Benefit	100% highest three-year average salary	65% of final five-year average salary. <sup>(1)</sup>
Minimum Benefit	For retirement during or prior to 1974, \$72 annual allowance for each year of service, increasing in subsequent years at the rate of cost-of-living increases in retirement allowances.	None.

(1) For firefighters employed prior to July 1, 1976, who chose Option 1, contributions are calculated on the basis of the statewide average paid firefighter's salary. Benefits are based on the statewide average salary in effect at the date of retirement.

For firefighters employed prior to July 1, 1976, who chose Option 2, contributions are based on the individual members' salaries for the prior year. Benefits are based on actual pay.

(2) Completed years of service. No partial years of service are recognized.



	Public Employee Retirement System	Firefighters' Retirement Fund
<b>Non-Duty Disability Retirement Allowance</b>		
Eligibility	Five years of membership service.	Five years of service. <sup>(2)</sup>
Amount of Annual Allowance	Projected service retirement allowance based on accrued service plus service projected to age 60 (projected service is limited to excess of 30 years over accrued service), less any amount payable under workers' compensation law.	2.00% of final five-year average salary <sup>(1)</sup> times years of service <sup>(2)</sup> , or same as service retirement benefit if eligible.
Normal Form	Temporary annuity to age 60 plus any death benefit.	Payable for firefighter's lifetime, with 100% of benefit continued to eligible surviving spouse or children.
<b>Duty Disability Retirement Allowance</b>		
Eligibility	If hired after July 1, 1993, no service requirement, otherwise same as non-duty disability retirement.	No age or service requirements.
Amount of Annual Allowance	Same as non-duty disability retirement.	65% of final five-year average salary.
Normal Form	Same as non-duty disability retirement.	Same as non-duty disability retirement.
<b>Special Disability Benefit</b>		
Eligibility	Firefighters hired after October 1, 1980 and prior to July 1, 1993, with less than 10 years of service.	None.
Benefit	Same as FRF disability benefit.	None.

(1) For firefighters employed prior to July 1, 1976, who chose Option 1, contributions are calculated on the basis of the statewide average paid firefighter's salary. Benefits are based on the statewide average salary in effect at the date of retirement.

For firefighters employed prior to July 1, 1976, who chose Option 2, contributions are based on the individual members' salaries for the prior year. Benefits are based on actual pay.

(2) Completed years of service. No partial years of service are recognized.

	Public Employee Retirement System	Firefighters' Retirement Fund
<b>Death Benefits Before Retirement</b>		
Eligibility	Five years of service for surviving spouse's benefit.	Non-duty death: Five years of service. <sup>(2)</sup> Duty death: No service requirement. Benefits are payable to surviving spouse or, if no eligible surviving spouse, to unmarried children under 18.
Amount of Annual Allowance	1. Accumulated contribution with interest, or 2. The surviving spouse of a member with five years of service who dies while: i. contributing; ii. noncontributing, but eligible for benefits; or iii. retired for disability receives an automatic joint and survivor option applied to the actuarial equivalent of the member's accrued service retirement allowance.	100% of the benefit the firefighter would have received as a duty or non-duty disability allowance, depending on cause of his death
Normal Form	Payable for member's lifetime, with death benefit determined by option selected at retirement.	Payable for firefighter's lifetime, with 100% of benefit continued to eligible surviving spouse or children.
Optional Form	Actuarial equivalent of the normal form under the options available according to the mortality and interest basis adopted by the Board.	None.
<b>Death Benefits After Retirement</b>		
Eligibility	Designated beneficiary or estate.	Surviving spouse or, if no eligible surviving spouse, unmarried children under 18.
Amount of Annual Allowance	Under the normal form of the retirement allowance, the excess, if any, of the member's accumulated contributions with interest at retirement over all payments received. Otherwise payable according to the option elected.	100% of firefighter's retirement allowance.

(2) Completed years of service. No partial years of service are recognized.

## ACTUARIAL SECTION

(continued)

	Public Employee Retirement System	Firefighters' Retirement Fund
<b>Early Retirement Allowance</b>		
Eligibility	Age 50 with five years of service including six months of membership service (contributing members only).	None.
Amount of Allowance	Full accrued service retirement allowance if age plus service equals 80; otherwise, the accrued service retirement allowance reduced by 3.00% for each of the first five years by which the early retirement date precedes the date the member would be eligible to receive his full accrued benefit, and by 5.75% for each additional year.	None.
<b>Vested Retirement Allowance</b>		
Eligibility	Former contribution members with five years of membership service are entitled to receive benefits after attaining age 50.	Firefighters who terminate after five years of service <sup>(2)</sup> are entitled to receive benefits beginning at age 60.
Amount of Allowance	Same as early retirement allowance.	2.00% of final five-year average salary times years of service <sup>(2)</sup> .
<b>Withdrawal Benefit</b>	Accumulated contributions with interest.	Accumulated contributions with interest
<b>Post-Retirement Increases</b>		
Amount of Adjustment	<p>Increases are based on a cost-of-living factor reflecting the changes in the Consumer Price Index, subject to a maximum total increase or decrease of 6% in any year.</p> <p>If the Consumer Price Index increases by at least 1% from August to August, a 1.00% annual postretirement increase is effective the following March. An additional postretirement increase of up to 5.00% each year may be authorized by the Board.</p> <p>If the CPI-U increases by less than 1% or decreases, the COLA is automatically equal to the change in the CPI-U. A decrease cannot be more than 6%. Member benefits cannot decrease below the amount at the initial benefit date.</p>	Benefits increase or decrease by the same percentage by which the average paid firefighter's salary increases or decreases. The change for the year is effective each February.

(2) Completed years of service. No partial years of service are recognized



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October 20, 2020

Retirement Board  
Public Employee Retirement System of Idaho State of Idaho  
P.O. Box 83720  
Boise, ID 83720

Members of the Board:

Milliman has performed annual actuarial valuations of the Judges' Retirement Fund of the State of Idaho (JRF) beginning with the June 30, 2010 actuarial valuation. Until June 30, 2014, the JRF was an independent Fund. Beginning with the July 1, 2014 actuarial valuation, the Fund has been administered by the Public Employee Retirement System of Idaho (PERSI). It is anticipated that future actuarial valuations will be performed every year with the next valuation to be as of July 1, 2021.

### **Contribution Rates**

The financing objective of the Fund is to establish contribution rates that will tend to remain level as percentages of payroll. The current total contribution rate is 74.10%: 62.53% employer contribution rate and 11.57% employee contribution rate. Based on the July 1, 2020 valuation assumptions and valuation results, this contribution rate will be sufficient to amortize the Unfunded Actuarial Accrued Liability (UAAL) over the required 25-year period ending July 1, 2045.

### **Funding Status**

Based on the July 1, 2020 actuarial valuation, the UAAL was decreased by \$4.035 million due to an asset gain recognized as of July 1, 2020. Specifically, the Fund's assets earned a net return after accounting for all expenses of 2.63%, which is 4.37% above the actuarial assumption of 7.00%. All other experience gains and losses decreased the actuarial liability by \$0.965 million. Thus, the total experience gain for the year was \$3.070 million.

Also, the UAAL decreased by \$0.897 million because actual contributions plus assumed investment returns were more than the normal cost and the interest on the UAAL.

The current contribution rates are adequate to amortize the Normal Cost and UAAL balance over the required 25-year period.

The funding status increased from a 82.17% funding ratio on July 1, 2019, to 80.71% on July 1, 2020. The funding ratio is the ratio of the actuarial value of the assets over the value of the actuarial accrued liability.

### **Comparison to GASB Statement No. 67 Liabilities**

The long-term expected rate of return on investments is 7.05%, net of investment expenses. This figure includes 0.05% for expected administrative expenses. For purposes of determining the Fund's funding

## ACTUARIAL SECTION

status and UAAL, we use a discount rate that is net of all expenses (7.00%). The figures shown in this report have been calculated using this discount rate.

This is in contrast to the discount rate used to determine the Total Pension Liability (TPL) and Net Pension Liability (NPL) for purposes of GASB reporting. According to GASB Statement 67, the discount rate used to calculate TPL and NPL must be net of investment expenses but not administrative expenses. Therefore, TPL and NPL have been determined using a discount rate of 7.05%. Results and further details on these items can be found in our GASB 67 and 68 Report.

### Assumptions

Our July 1, 2020 actuarial valuation report presented summaries of the actuarial assumptions and methods used in the valuation. A demographic experience study was performed in 2019 which updated the retirement, disability, and mortality rates as well as the election rate for retirement under Paragraph (b) of section 1-2001(2), Idaho code. See our letter dated August 2, 2019 for more details. Economic and mortality assumptions generally reflect the assumptions use for the PERSI valuation.

The last major PERSI experience study, completed in 2018, covered the period July 1, 2011 through June 30, 2017.

### Certification Statement

Milliman has developed certain models to estimate the values included in this report. The intent of the models was to estimate pension liabilities and costs. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial stands of practice (ASOP)

In preparing this report and using our models, we relied, without audit, on information (some oral and some in writing) supplied by PERSI's staff. This information includes, but is not limited to, statutory provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with data used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the System. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the System and to reasonable expectations which, in combination, represent our best estimate of anticipated experience under the System. We believe that all of these assumptions and methods meet the parameters set by Actuarial Standards of Practice (ASOPs).

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The Retirement Board has the final decision regarding the appropriateness of the assumptions and actuarial cost methods.

## ACTUARIAL SECTION

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. Actuarial computations under GASB Statements No. 67 and 68 are for purposes of assisting the System and participating employers in fulfilling their financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed exhibits have been made on a basis consistent with our understanding of the System's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Actuarial Standard of Practice No. 51 (ASOP 51) directs actuaries to identify risks that are significant to any actuarial calculation or communication. Probably the most notable risk is Investment Risk - the potential for plan assets to grow at a rate lower than assumed in the actuarial valuation. If investment performance is worse than expected, then additional funding may be required. There is also Maturity Risk - the potential for total plan liabilities to become more heavily weighted toward inactive liabilities over time - is pertinent to the contents of this letter because as the System's assets and liabilities continue to grow, the impact of any gains or losses on the assets or liabilities also becomes larger. A third risk is Demographic Risk - the potential for members experience to differ from our Actuarial assumptions, including (but not limited to) retirement, withdrawal, salary growth, and mortality. If member experience is different than anticipated by the actuarial assumptions, additional System funding may be required. Please refer to our funding valuation report dated October 14, 2020 for more detailed discussion of risk.

Milliman's work is prepared solely for the internal business use of the System. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

- (a) The System may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.
- (b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

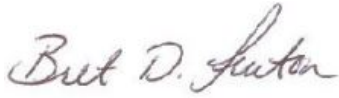
On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this letter is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States of the American Academy of Actuaries. We are members of the American Academy of Actuaries and Fellows of the Society of Actuaries and meet the Qualification Standards of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

## ACTUARIAL SECTION

The enclosed Exhibits 1 through 9 provide further related information. Milliman is completely responsible for these exhibits. Specifically, they are:

Exhibit 1	Summary of Actuarial Assumptions and Methods
Exhibit 2	Schedule of Active Member Valuation Data
Exhibit 3	Schedule of Retiree and Beneficiary Valuation Data
Exhibit 4	Schedule of Funding Progress
Exhibit 5	Solvency Test
Exhibit 6	Analysis of Actuarial Gains or Losses
Exhibit 7	Schedule of Contributions from the Employer
Exhibit 8	Schedule of Contributions from the Employer Expressed as a Percentage of Covered Payroll
Exhibit 9	Provisions of Governing Law

Respectfully submitted,



Bret D. Linton, F.S.A., M.A.A.A.  
Principal and Consulting Actuary



Robert L. Schmidt, F.S.A., M.A.A.A.  
Principal and Consulting Actuary

BDL/RLS/rc/kw

## ACTUARIAL SECTION

### Judges' Retirement Fund of the State of Idaho

#### EXHIBIT 1: SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS EFFECTIVE JULY 1, 2020

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##### 1. Investment Return (Adopted July 1, 2014)

The annual rate of investment return on the assets, net of investment expenses, for the Fund is assumed to be 7.05% (including 0.05% for administrative expenses), compounded annually.

##### 2. Actuarial Value of Assets

All assets are valued at market as of the valuation date.

##### 3. Actuarial Assumptions

The actuarial assumptions and methods were adopted by the PERSI Board based upon recommendations from the retained actuary. The actuarial assumptions are based on periodic studies of the PERSI total fund's actual experience.

##### 4. Service Retirement

Annual rates of retirement assumed to occur among persons eligible for a service retirement are illustrated in the following table:

Age	Rate of Retirement <sup>(1)</sup>
55	8%
60	9%
65	40%
70	71%
71	100%

(1) Eligibility occurs after 20 years of service, attained age 55 with 15 years of service, attained age 60 with 10 years of service, or attained age 65 with four years of service.

##### 5. Mortality (Adopted July 1, 2019)

###### **Contributing Members, Service and Disability Retirement Members, and Beneficiaries**

Males	Pre-Commencement employees	General Pub-2010 Above Median tables for male
	Post-Commencement healthy annuitants	General Pub-2010 Above Median tables for male
Females	Pre-Commencement employees	General Pub-2010 Above Median tables for female
	Post-Commencement healthy annuitants	General Pub-2010 Above Median tables for female

All mortality tables are adjusted with generational mortality adjustments using projection scale MP-2018.



## ACTUARIAL SECTION

### 6. Disability Retirement

None.

### 7. Other Terminations of Employment

There are no other employment termination assumptions that are valued.

### 8. Future Salaries (Adopted July 1, 2014)

The rate of annual salary increase assumed for the purpose of the valuation is 3.75%.

### 9. Growth in Membership (Adopted July 1, 2014)

In general, the combined effects of stable active membership and salary levels are assumed to produce a 3.75% average annual expansion in the payroll of covered members.

### 10. Interest on Employee Contributions

The credited interest rate on employee contributions is assumed to be 6.50%.

### 11. Postretirement Benefit Increases (Cost of Living Adjustments) (Adopted July 1, 2014)

Any member who assumed office prior to July 1, 2012 is assumed to have a postretirement increase of 3.75% per year. However, for members who made an irrevocable election prior to August 1, 2012 to have their postretirement benefit increases based on Idaho Code Section 59-1355, a postretirement increase of 1.00% per year is assumed instead.

Any member who assumed office on or after July 1, 2012, is assumed to have a postretirement increase of 1.00% per year.

### 12. Probability of Marriage

The marriage assumption for all members is 100%. Males are assumed to be 2 years older than their spouses.

### 13. Actuarial Cost Method

The actuarial valuation is prepared using the entry age actuarial cost method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets and (b) the actuarial present value of future normal costs is called the unfunded actuarial accrued liability (UAAL). The UAAL, if positive, is amortized as a level percentage of the projected salaries of present and future members of the Fund during various amortization periods. In effect, this means that UAAL amortization payments are assumed to grow at the same rate as the General Wage increase assumption (currently 3.75%).

The normal cost rates used in this valuation were calculated based on all current active members as of July 1, 2020 for each sex and type of employee in that valuation. The actuarial present values of projected benefits and of projected salaries for all active members were calculated. The ratio of the two is the aggregate normal cost rate.

## ACTUARIAL SECTION

### **14. Experience Studies**

A demographic experience study was performed in 2019 which updated the retirement, disability, and mortality rates as well as the election rate for retirement under Paragraph (b) of section 1-2001(2), Idaho code. See our letter dated August 2, 2019, for details. The JRF economic assumptions generally reflect the assumptions used for the PERSI valuation.

### **15. Recent Changes**

There have been no changes to the valuation assumptions since the prior valuation.

## ACTUARIAL SECTION

### Judges' Retirement Fund of the State of Idaho

#### EXHIBIT 2: SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date July 1	Number	Annual Salaries		
		Total <sup>(1)</sup>	Average	Annual Increase in Average
2015	52	\$ 6,543,000	\$ 125,827	NA
2016	53	6,886,500	129,934	3.3%
2017	50	6,690,000	133,800	3.0%
2018	53	7,257,000	136,928	2.3%
2019	53	7,448,600	140,540	2.6%
2020	55	7,870,000	143,091	1.8%

(1) Annualized average salaries for covered members for the 12-month period commencing July 1 to June 30 of the current valuation period.

## ACTUARIAL SECTION

### Judges' Retirement Fund of the State of Idaho

#### EXHIBIT 3: SCHEDULE OF RETIREE AND BENEFICIARY VALUATION DATA

Valuation Date July 1	Number			COLA Increases Granted Previous Year	
	Total	Added	Removed	JRF	PERSI
2015	92	8	2	0.0%	1.70%
2016	94	2	—	3.70% <sup>(1)</sup>	0.20%
2017	101	8	1	6.59% <sup>(1)</sup>	1.10%
2018	102	5	4	3.20% <sup>(1)</sup>	1.90%
2019	107	7	2	2.81% <sup>(1)</sup>	1.00%
2020	105	1	3	1.87% <sup>(1)</sup>	1.70%

#### Annual Benefits

Valuation Date July 1	Total	Added <sup>(2)</sup>	Removed	Average	Annual Increases in Average
2015	\$ 5,873,186	\$ 545,609	\$ 121,376	\$ 63,839	NA
2016	6,124,128	250,942	—	65,150	2.1 %
2017	6,740,340	690,100	73,888	66,736	2.4 %
2018	7,004,642	507,626	243,324	68,673	2.9 %
2019	7,572,230	654,828	87,240	70,769	3.1 %
2020	7,672,234	270,278	170,275	73,069	3.3 %

(1) JRF COLA's are based on salary increase of position previously held by the retiree. Pay raises vary by position. The raises effective July 1, 2016 ranged from 0.00% to 3.70%. The raises effective July 1, 2017 ranged from 2.49% to 6.59%. The raises effective July 1, 2018 ranged from 2.63% to 3.20%. The raises effective July 1, 2019 ranged from 2.46% to 2.81%. the raises effective July 1, 2020 ranged from 1.64% to 1.87%.

(2) Includes postretirement increases for all retirees and beneficiaries.

## ACTUARIAL SECTION

### Judges' Retirement Fund of the State of Idaho

#### EXHIBIT 4: SCHEDULE OF FUNDING PROGRESS (All Dollar Amounts in Thousands)

Actuarial Valuation Date July 1	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL) <sup>(1)</sup>	Unfunded Actuarial Accrued Liabilities (UAAL) <sup>(2)</sup>	Funded Ratio	Covered Payroll <sup>(3)</sup>	UAAL as a Percentage of Covered Payroll
2015	\$ 76,468	\$ 97,780	\$ 21,312	78.2 %	\$ 6,149	346.6 %
2016	75,449	100,159	24,710	75.3 %	6,097	405.3 %
2017	82,936	104,521	21,585	79.3 %	6,162	350.3 %
2018	88,071	107,250	19,179	82.1 %	6,178	310.4 %
2019	93,199	113,426	20,227	82.2 %	6,732	300.5 %
2020	93,706	116,106	22,400	80.7 %	7,802	287.1 %

(1) Actuarial present value of benefits less actuarial present value of future normal costs based on entry age actuarial cost method.

(2) Actuarial accrued liabilities less actuarial value of assets.

(3) Covered Payroll includes compensation paid to all active judges for whom contributions were made to JRF. Covered Payroll differs from the Active Member Valuation Payroll shown in Exhibit 2, which is an annualized compensation of only those members who were active on the actuarial valuation date.

## ACTUARIAL SECTION

### Judges' Retirement Fund of the State of Idaho

#### EXHIBIT 5: SOLVENCY TEST (All Dollar Amounts in Thousands)

Actuarial Valuation Date July 1	Actuarial Value of Assets	Actuarial Liabilities for			Portion of Actuarial Liabilities Covered by Assets		
		(A)	(B)	(C)			
		Active Member Contributions	Retirees and Beneficiaries	Active Member (Employee) Financed Portion)	(A)	(B)	(C)
2015	\$ 76,468	\$ 3,130	\$ 70,487	\$ 24,163	100.0 %	100.0 %	11.8 %
2016	75,449	3,574	72,304	24,281	100.0 %	99.4 %	0.0 %
2017	82,936	3,013	78,511	22,997	100.0 %	100.0 %	6.1 %
2018	88,071	3,738	81,706	21,806	100.0 %	100.0 %	12.0 %
2019	93,199	3,797	91,177	18,452	100.0 %	98.1 %	0.0 %
2020	93,706	4,516	90,697	20,893	100.0 %	98.3 %	0.0 %

## ACTUARIAL SECTION

### Judges' Retirement Fund of the State of Idaho

#### EXHIBIT 6: ANALYSIS OF ACTUARIAL GAINS OR LOSSES (All Dollar Amounts in Thousands)

	Gain (Loss) for Period		
	2017-2018	2018-2019	2019-2020
<b>Investment Income</b>			
Investment income was greater (less) than expected, net of asset smoothing, if applicable.	\$ 1,195	\$ 723	\$ (4,035)
<b>Pay Increases</b>			
Pay increases and COLAs were less (greater) than expected.	692	914	1,160
<b>Other</b>			
Miscellaneous gains (and losses) resulting from other causes, includes gains or losses due to retiree mortality experience.	197	(77)	(195)
<b>Total Gain (Loss) During the Period From Actuarial Experience</b>	<b>\$ 2,084</b>	<b>\$ 1,560</b>	<b>\$ (3,070)</b>
<b>Contribution Income</b>			
Actual contributions plus assumed investment returns were greater (less) than the normal cost and interest on the UAAL.	322	885	897
<b>Non-Recurring Items</b>			
Changes in actuarial assumptions and benefits caused a gain (loss).	None	(3,493)	None
Changes in actuarial methods caused a gain (loss).	None	None	None
Changes in plan provisions caused a gain (loss).	None	None	None
Changes to Contribution Rate Increase Schedule.	None	None	None
<b>Composite Gain (Loss) During the Period</b>	<b>\$ 2,406</b>	<b>\$ (1,048)</b>	<b>\$ (2,173)</b>

*Note: Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the UAAL.*

## ACTUARIAL SECTION

### Judges' Retirement Fund of the State of Idaho

#### EXHIBIT 7: SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER (Actual Dollar Amounts)

Fiscal Year Ending	Covered Employee Payroll <sup>(1)</sup>	Total Actual Employer Contributions <sup>(2)</sup>	Actuarially Determined Contribution (ADC) <sup>(3)</sup>	Percentage of ADC Dollars Contributed
6/30/15	\$ 6,149,339	\$ 3,595,417	\$ 3,492,825	103 %
6/30/16	6,097,302	3,370,587	3,463,268	97 %
6/30/17	6,162,190	3,946,599	3,604,265	109 %
6/30/18	6,178,081	4,278,996	3,273,147	131 %
6/30/19	6,731,755	4,688,762	3,307,311	142 %
6/30/20	7,801,909	4,878,534	3,897,054	125 %

- (1) Computed as the dollar amount of the actual employee contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll.
- (2) The actual JRF employer contributions are expressed as a percentage of payroll. Employer contributions are made as a percentage of actual payroll in accordance with statute and the Board's Funding Policy. Thus, the actual employer contributions set by both statute and the Board's Funding Policy may differ from the computed Actuarially Determined Contribution (ADC) employer contribution rate for GASB disclosure purposes.
- (3) The ADC is computed as a dollar amount based on the entry age cost method and future payroll contributions from members. The ADC is computed for GASB reporting purposes only. As long as the actual contributions are made as a percentage of payroll under the current funding policy methods and assumptions, as required by the most recent actuarial valuation, the actual dollar amount of the employer contributions will differ from the dollar amount of the ADC.



## ACTUARIAL SECTION

### Judges' Retirement Fund of the State of Idaho

#### EXHIBIT 8: SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER EXPRESSED AS A PERCENTAGE OF COVERED PAYROLL

Fiscal Year Ending	Actual JRF Employer Contribution % <sup>(1)</sup>	Annual Determined Contribution (ADC) % <sup>(2)</sup>	Percentage of ADC Contributed
6/30/15	58.47%	56.80%	103%
6/30/16	55.28%	56.80%	97%
6/30/17	64.05%	58.49%	109%
6/30/18	69.26%	52.98%	131%
6/30/19	69.65%	49.13%	142%
6/30/20	62.53%	49.95%	125%

(1) The actual JRF employer contributions are expressed as a percentage of covered payroll. Employer contributions are made as a percentage of actual payroll in accordance with the Idaho Codes. Thus, the actual employer contributions set by the Idaho Codes may differ from the computed ADC employer contribution rate for GASB disclosure purposes.

(2) The ADC is equal to the employer normal cost rate plus a 25-year amortization of any UAAL or minus a 25-year amortization of any Funding Reserve amount.

## ACTUARIAL SECTION

### Judges' Retirement Fund of the State of Idaho

#### EXHIBIT 9: PROVISIONS OF GOVERNING LAW

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All actuarial calculations are based on our understanding of the statutes governing the Judges' Retirement Fund of the State of Idaho, as contained in Sections 1-2001 through 1-2012, inclusive, of the Idaho Code, with amendments effective through July 1, 2020. The benefit and contribution provisions of this law are summarized briefly below, along with corresponding references to the Idaho Code. This summary does not attempt to cover all the detailed provisions of the law. Members seeking specific plan provisions should consult their member handbook. Only those benefits in effect through July 1, 2020 are considered in this valuation.

**Effective Year**

The effective date of the Retirement Fund was 1947.

**Member Contribution Rate**

The member contribution rate effective July 1, 2020 is 11.57% of salary. Members contribute to the plan during the first 20 years of service (Section 1-2004B).

**Employer Contribution Rate**

The employer contribution rate effective July 1, 2020, 62.53% of salary is contributed by the State, during the first 20 years of service (Section 1-2004A).

**Service Retirement Allowance**

***Eligibility***

Age 65 with four years of service, 60 with 10 years of service, 55 with 15 years of service, or any age with 20 years of service (Section 1-2001).

***Amount of Allowance***

The annual service retirement allowance is 5.0% multiplied by the number of years served as either justice or judge or both, for the first 10 years of credited service plus 2.5% multiplied by the remaining number of years of credited service as either justice or judge or both, but in any event the total shall not be greater than 75%.

For members who assumed office before July 1, 2012, the retirement allowance is multiplied by the current annual compensation of the highest office in which he or she served.

For members who assumed office on or after July 1, 2012, the initial retirement allowance is multiplied by the annual compensation at the time of retirement of the highest office in which he or she served (Section 1-2001).

**Service Retirement Allowance (continued)**

***Normal Form***

For members who first assumed office before July 1, 2012, monthly payments for life under a fully subsidized 50% Joint and Survivor annuity.

For members who first assumed office on or after July 1, 2012, monthly payments for life under a fully subsidized 30% Joint and Survivor annuity (Section 1-2001, 1-2001b, and 1-2009).

**Vested Retirement Allowance**

***Eligibility***

Vested former contributing members are entitled to receive benefits upon reaching the eligibility age requirements in Section 1-2001.

***Amount of Allowance***

Accrued service retirement allowance (Section 1-2001).

**Disability Retirement Allowance**

***Eligibility***

Four years of membership service. (Section 1-2001).

***Amount of Allowance***

The annual service retirement allowance is 5.0% multiplied by the number of years served as either justice or judge or both, for the first 10 years of credited service plus 2.5% multiplied by the remaining number of years of credited service as either justice or judge or both, but in any event the total shall not be greater than 75%.

For members who assumed office before July 1, 2012, the annual retirement allowance is multiplied by the current annual compensation of the highest office in which he or she served.

For members who assumed office on or after July 1, 2012, the annual service retirement allowance is multiplied by the annual compensation at the time of retirement of the highest office in which he or she served (Section 1-2001).

***Normal Form***

For members who first assumed office before July 1, 2012, monthly payments for life under a fully subsidized 50% Joint and Survivor annuity.

For members who first assumed office on or after July 1, 2012, monthly payments for life under a fully subsidized 30% Joint and Survivor annuity (Section 1-2001, 1-2001b, and 1-2009).

**Death Benefits**

***After Retirement or Termination***

For members who first assumed office before July 1, 2012, 50% of the judge's retirement benefit is continued to the surviving spouse.

For members who first assumed office on or after July 1, 2012, 30% of the judge's retirement benefit is continued to the surviving spouse.

Upon termination or retirement, a member may elect to have 100% of his or her accrued retirement benefit continued to his or her surviving spouse upon his or her death. Such election results in a reduction of his or her monthly benefit to the actuarial equivalent of their assumed normal retirement benefit, which is a 50% surviving spouse benefit if first assumed office before July 1, 2012, or a 30% surviving spouse benefit if first assumed office on or after July 1, 2012 (Sections 1-2001b and 1-2009).

***Before Retirement or Termination***

An amount equal to the benefit the judge would have received had he or she elected a 100% Joint and Survivor benefit before his or her death (Section 1-2009).

**Withdrawal Benefits**

Accumulated contributions with credited interest at 6.5% per annum, compounded annually (Section 1-2001).

**Postretirement Increases**

For members who first assumed office before July 1, 2012, postretirement benefit increases are in proportion to increases in the salary of the highest office in which the member served (Section 1-2001).

Members who assumed office before July 1, 2012, had until August 1, 2012 to make an irrevocable election to have their postretirement benefit increases based on the consumer Price Index as described in Idaho Code Section 59-1355. Those that made this election will instead receive the benefit increases described below.

For members who first assumed office on or after July 1, 2012, and those who made the election described in the prior paragraph, postretirement benefit increases are based on changes in the Consumer Price Index. The measurement period for changes in the CPI-U is August to August. The COLA changes are implemented effective on the July 1 following the measurement period.

If the CPI-U increases by at least 1%, the COLA is at least 1%. If the CPI-U increases by more than 1%, an additional postretirement increase of up to 5% each year (but not more than the increase in the CPI-U) may be authorized by the Board, subject to the approval of the Legislature.

If the CPI-U increases by less than 1% or decreases, the COLA is automatic, based on the change in the CPI. If a negative COLA is applicable, the negative COLA cannot decrease benefits by more than 6%. Additionally, a negative COLA cannot decrease a member's benefit below the amount of the benefit at the initial benefit date.

If a COLA is implemented that is less than the increase in the CPI-U, members' benefits will not retain their full inflation-adjusted purchasing power. In such cases the Board may implement a Restoration of Purchasing Power (ROPP) COLA at a later date to bring those members closer to 100% of inflation adjusted purchasing power. As with a discretionary COLA, a ROPP is subject to approval of the Legislature (Section 59-12355).

**Pop-Up Benefit**

Section 1-2001b, paragraph (2), provides a judge with a pop-up benefit if the named contingent annuitant predeceases the judge. This benefit equals what they would have received had they not elected the 100% Joint and Survivor form of payment.

**Retirement Under Paragraph (b)**

Section 1-2001(2), paragraph (b), provides any person now serving as justice of the supreme court, a judge of the court of appeals, or a district judge of a district court an additional 2.5% multiplied by 5 years senior judge service but in any event the total shall not be greater than 75% of the current annual compensation of the highest office held while in active service. The five years of senior judge service is required for this benefit. This benefit is not available with the age 55 and 15 years of service retirement for those judges who first took office after July 1, 2012.



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October 20, 2020

Retirement Board  
Public Employee Retirement System of Idaho State of Idaho  
P.O. Box 83720  
Boise, ID 83720

Members of the Board:

Milliman has performed actuarial valuations for the Sick Leave of Idaho Retirement Fund (the Fund). The most recent valuation was performed as of July 1, 2020. It is anticipated that future actuarial valuations will be performed every other year with the next valuation to be as of July 1, 2021. The benefits provided by the fund are provided under Idaho Code Section 67-5333 for State employees and Section 33-1228 for School employees and administered by the Public Employee Retirement System of Idaho (PERSI).

### **Contribution Rates**

The financing objective of the Fund is to establish contribution rates that will tend to remain level as percentages of payroll. From 1993 to 2020, the total contribution rate has been between 0.00% and 1.26%; year by year detail including employer and member rates is shown in the table on the following page.

At July 1, 1988, the contribution rates were 0.40% and 0.325% for State employers and School employers, respectively. Our July 1, 1988 valuation found that the contribution rates were not sufficient to amortize the unfunded actuarial accrued liability. Therefore, the Board approved contribution rate increases to take effect over the next few years. Effective July 1, 1993, the contribution rate for State employers was set at 0.65%. Contribution rates for School employers were also increased over this time period, settling at 1.15% as of July 1, 1996. Effective July 1, 2006, the contribution rate for School employers was increased again. The rates vary by school location between 1.16% and 1.26% according to the number of days of paid sick leave accruing during the contract year in accordance with Rule 552 of the Idaho Administrative Code. Effective January 1, 2020, the contribution rate for State employers and for School employers were both set at 0.00%. The contribution rates are scheduled to increase to the normal cost rate on July 1, 2022.

The historical changes in contribution rates since 1992 are shown in the table on the following page.

## ACTUARIAL SECTION

(continued)

Effective Date <sup>(1)</sup>	Actual Rates		Calculated Employer Rates State					
	State	School	State			School		
			Normal Cost	Unfunded Actuarial Accrued Liability	Total	Normal Cost	Unfunded Actuarial Accrued Liability	Total
1992	0.800 %	1.000%	0.30 %	0.31 %	0.61 %	0.52 %	0.57 %	1.09 %
1993	0.650	1.100	0.30	0.31	0.61	0.52	0.57	1.09
1994	0.650	1.100	0.30	0.31	0.61	0.52	0.57	1.09
1995	0.650	1.100	0.32	0.27	0.59	0.59	0.55	1.14
1996	0.650	1.150 <sup>(2)</sup>	0.32	0.27	0.59	0.59	0.55	1.14
1997	0.650	1.150	0.35	0.16	0.51	0.63	0.44	1.07
1999	0.650	1.150	0.42 <sup>(3)</sup>	0.10	0.52	0.60	0.22	0.82
2001	0.650	1.150	0.45 <sup>(3)</sup>	0.20	0.65	0.62	0.29	0.91
2004	0.650	1.150	0.40	0.23	0.63	0.73	0.68	1.41
2006	0.650	1.16/1.26 <sup>(4)</sup>	0.40	0.13	0.53	0.67	0.41	1.08
2008	0.650	1.16/1.26 <sup>(4)</sup>	0.39	0.16	0.55	0.66	0.48	1.14
2010	0.650	1.16/1.26 <sup>(4)</sup>	0.37	0.16	0.53	0.62	0.51	1.13
2012	0.650	1.16/1.26 <sup>(4)</sup>	0.37	NA	0.37	0.63	0.13	0.76
2015	0.650	1.16/1.26 <sup>(4)</sup>	0.35	NA	0.35	0.62	NA	0.62
2016	0.650	1.16/1.26 <sup>(4)</sup>	0.39	NA	0.39	0.65	NA	0.65
2017	0.650	1.16/1.26 <sup>(4)</sup>	0.38	NA	0.38	0.68	NA	0.68
2019	0.650	1.16/1.26 <sup>(4)</sup>	0.36	NA	0.36	0.64	NA	0.64
2020	0.000 <sup>(5)</sup>	0.00/0.00 <sup>(4&amp;5)</sup>	0.32	NA	0.32	0.61	NA	0.61

(1) Contribution rates are effective July 1 of the indicated year for the State program, September 1 of the indicated year for the School program.

(2) Rates are effective October 1 of indicated year.

(3) Reflects changes in benefit provisions.

(4) Contribution rates for School participants vary by school location according to the number of days of paid sick leave accruing during the contract year in accordance with Rule 552 of the Idaho Administrative Code.

(5) Per the Board decisions in 2019 and 2020, there are not contributions charged of employers from January 1, 2020 through June 30, 2022.

### Funding Status

The most recent valuation was performed as of July 1, 2020. Based on this valuation, there is currently no unfunded actuarial accrued liability to amortize. This is consistent with the July 1, 2019 actuarial valuation. As of July 1, 2020 there is a funding excess (assets exceed actuarial accrued liability) of \$140.7 million for State employers and \$122.3 million for School employers.

The Fund's assets earned a net return after expenses of 7.8% during Fiscal Year 2018-19, which is above and 4.2% during Fiscal Year 2019-2020. the actuarial assumption is 7.00%. Changes in demographic assumptions, due to the experience study performed in 2020, reduced the actuarial accrued liability (AAL) by \$9.9 million for State employers and reduced AAL by \$35.3 million for School employers. All other actuarial experience gains and losses decreased the AAL by \$2.0 million for State employers and increased AAL by \$5.2 million for School employers.

All of these items resulted in a change in funding status for State employers from a 226.6% funding ratio on July 1, 2019 to 250.2% on July 1, 2020. All of these items resulted in a change in funding status for School employers from a 138.2% funding ratio on July 1, 2019 to 152.3% on July 1, 2020. The

funding ratio is the ratio of the actuarial value of the assets over the value of the actuarial accrued liability.

### **Comparison to GASB Statement No. 74 Liabilities**

The long-term expected rate of return on investments is 7.05%, net of investment expenses. This figure includes 0.05% for expected administrative expenses. For purposes of determining the System's funding status and UAAL, we use a discount rate that is net of all expenses (7.00%). All figures shown in this report have been calculated using this discount rate.

This is in contrast to the discount rate used to determine the Total OPEB Liability (TOL) and Net OPEB Liability (NOL) for purposes of GASB reporting. According to GASB Statement 74, the discount rate used to calculate TOL and NOL must be net of investment expenses but not administrative expenses. Therefore, TOL and NOL have been determined using a discount rate of 7.05%. Results and further details on these items can be found in our GASB 74/75 Report.

### **Assumptions**

Our July 1, 2020 actuarial valuation report presented summaries of the actuarial assumptions and methods used in the valuation. The last major experience study for PERSI, completed in June 2018, covered the period July 1, 2011 through June 30, 2017. The next major experience study, to be completed in 2022, will cover the period July 1, 2017 through June 30, 2021. In 2020, a demographic experience study was performed on the Sick Leave plan, resulting in some assumptions diverging from those used for PERSI.

### **Certification Statement**

Milliman has developed certain models to estimate the values included in this report. The intent of the models was to estimate pension liabilities and costs. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP).

In preparing this report and using our models, we relied, without audit, on information (some oral and some in writing) supplied by PERSI's staff. This information includes, but is not limited to, statutory provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with data used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the System. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the System and to reasonable expectations which, in combination, represent our best estimate of anticipated experience under the System. We believe that all of these assumptions and methods meet the parameters set by Actuarial Standards of Practice (ASOPs).

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases



## ACTUARIAL SECTION

(continued)

or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The Retirement Board has the final decision regarding the appropriateness of the assumptions and actuarial cost methods.

Actuarial Standard of Practice No. 51 (ASOP 51) directs actuaries to identify significant risks inherent in pension actuarial calculations or communications. Probably the most notable risk is Investment Risk - the potential for plan assets to grow at a rate lower than assumed in the actuarial valuation. If investment performance is worse than expected, then additional funding may be required. Another risk is Demographic Risk - the potential for members experience to differ from our Actuarial assumptions, including (but not limited to) retirement, withdrawal, salary growth, and mortality. If member experience is different than anticipated by the actuarial assumptions, additional system funding may be required.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. Actuarial computations under GASB Statements No. 74 and 75 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed exhibits have been made on a basis consistent with our understanding of the System's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of the System. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

- (a) The System may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.
- (b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this letter is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States of the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

## ACTUARIAL SECTION

(continued)

The enclosed Exhibits 1 through 9 provide further related information. Milliman is completely responsible for these exhibits. Specifically, they are:

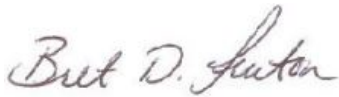
- Exhibit 1 Summary of Actuarial Assumptions and Methods
- Exhibit 2 Schedule of Active Member Valuation Data
- Exhibit 3 Schedule of Retiree and Beneficiary Valuation Data
- Exhibit 4 Schedule of Funding Progress
- Exhibit 5 Solvency Test
- Exhibit 6 Analysis of Actuarial Gains or Losses
- Exhibit 7 Schedule of Contributions from the Employer All Other Contributing Entities
- Exhibit 8 Schedule of Contributions from the Employer Expressed as a Percentage of Covered Payroll
- Exhibit 9 Provisions of Governing Law

We would like to express our appreciation to Don Drum, Executive Director of PERSI, and to members of his staff, who gave substantial assistance in supplying the data on which this report is based.

Respectfully submitted,



Robert L. Schmidt, F.S.A., M.A.A.A.  
Principal and Consulting Actuary



Bret D. Linton, F.S.A., M.A.A.A.  
Principal and Consulting Actuary

BDL/RLS/rc/kw

## ACTUARIAL SECTION

### Sick Leave of Idaho Retirement Fund Public Employee Retirement System of Idaho

#### EXHIBIT 1: SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS EFFECTIVE JULY 1, 2020

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##### 1. Investment Return (Adopted July 1, 2018)

The annual rate of investment return on the assets of the System, net of investment expenses, is assumed to be 7.05% (including 0.05% for administrative expenses) compounded annually.

##### 2. Actuarial Value of Assets (Adopted July 1, 1994)

All assets are valued at market as of the valuation date.

##### 3. Actuarial Assumptions

The actuarial assumptions and methods were adopted by the Board based upon recommendations from the retained actuary. The actuarial assumptions are based on periodic studies of the System's actual experience.

##### 4. Mortality (Adopted July 1, 2014)

###### ***Contributing Members, Service Retirement Members, and Beneficiaries***

- **Teachers**

*Males* RP-2000 Combined Table for Healthy Individuals for males, set back three years.

*Females* RP-2000 Combined Table for Healthy Individuals for females, set back three years.

- **General Employees and All Beneficiaries**

*Males* RP-2000 Combined Table for Healthy Individuals for males, set back one year.

*Females* RP-2000 Combined Table for Healthy Individuals for females, set back one year.

All mortality tables are adjusted with generational mortality adjustments using projection scale AA as shown in Table A-8B of the July 1, 2020 valuation report. The projection scale is applied from the year 2000 to the year in which the mortality assumption is being applied.

- **Disabled Members**

For disabled members, the mortality rates used in the valuation are the rates from the RP-2000 table for disabled individuals for respective sexes, with a one-year setback for males and a one-year set forward for females.

All mortality tables are adjusted with generational mortality adjustments using projection scale AA as shown in Table A-8B of the July 1, 2017 valuation report. The projection scale is applied from the year 2000 to the year in which the mortality assumption is being applied.

## ACTUARIAL SECTION

### 5. Service Retirement (Adopted July 1, 2020)

Annual rates of retirement assumed to occur among persons eligible for a service retirement are illustrated in the following table:

General Employees - School				
Age	Male		Female	
	First Year Eligible	Thereafter	First Year Eligible	Thereafter
55	25 %	5 %	24 %	9 %
60	20	16	26	13
65	33	31	36	42
70	15	17	13	23

General Employees - State				
Age	Male		Female	
	First Year Eligible	Thereafter	First Year Eligible	Thereafter
55	23 %	10 %	20 %	18 %
60	24	13	24	16
65	30	41	35	43
70	12	23	15	28

Teachers				
Age	Male		Female	
	First Year Eligible	Thereafter	First Year Eligible	Thereafter
55	19 %	5 %	10 %	10 %
60	30	18	26	18
65	36	46	49	49
70	*	*	*	*

Fire and Police		
Age	First Year Eligible	Thereafter
55	23 %	18 %
60	14	23
65	28	33
70	*	*

\* For all ages older than the age indicated, retirement is assumed to occur immediately.

## ACTUARIAL SECTION

### 6. Early Retirement (Adopted July 1, 2020)

Annual rates of retirement assumed to occur among persons eligible for a reduced early retirement benefit are illustrated in the following table:

Age	General Employees - School		General Employees - State		Teachers		Fire and Police
	Male	Female	Male	Female	Male	Female	
50	*	*	*	*	*	*	0.03
55	2 %	2 %	3 %	3 %	6 %	6 %	5%
60	5	6	6	6	14	12	N/A

\* For all ages younger than the age indicated, withdrawal is assumed to occur (see Section 7).

### 7. Other Terminations of Employment (Adopted July 1, 2020)

Assumed annual rates of termination are illustrated below. Rates are based only on years of service.

Years of Service	General Employees - School		General Employees - State		Teachers		Fire and Police
	Male	Female	Male	Female	Male	Female	
5	8.8 %	10.3 %	9.0 %	10.8 %	5.5 %	6.0 %	7.9%
10	5.5	6.4	5.4	6.6	3.1	3.1	4.7
15	3.5	4.0	3.7	4.1	1.9	1.8	3.1
20	2.4	2.9	2.6	3.0	1.3	1.3	1.7
25	1.7	2.5	1.3	2.2	1.2	1.2	0.7
30	1.5	2.5	1.3	2.2	1.2	1.2	0.7

### 8. Disability Retirement (Adopted July 1, 2016)

Annual rates assumed for disability retirement are illustrated in the following table:

Age	General Employees		Teachers		Fire and Police
	Male	Female	Male	Female	
25	.01%	.01%	.01%	.05%	.01%
35	.03	.01	.02	.04	.03
45	.11	.10	.07	.07	.10
55	.32	.28	.20	.30	.61

### 9. Future Salaries (Adopted July 1, 2016)

In general, the total annual rates at which salaries are assumed to increase include 3.75% per annum for increase in the general wage level of the membership plus increases due to promotions and longevity. The general wage level increases are due to inflation and increases in productivity. The total ultimate rates assumed are illustrated below.

## ACTUARIAL SECTION

Years of service	General Employees		Teachers		Fire and Police
	Male	Female	Male	Female	
5	6.03%	6.45%	7.07%	7.17%	7.02%
10	5.10	5.46	7.17	7.38	5.57
15	4.63	4.68	5.20	5.33	4.89
20	4.37	4.42	4.48	4.56	4.42

### 10. Growth in Membership (Adopted July 1, 2012)

In general, the combined effects of stable active membership and salary levels are assumed to produce a 3.75% average annual expansion in the payroll of covered members.

### 11. Actuarial Cost Method

The individual entry age actuarial cost method is used. This cost method was adopted as of July 1, 2013 by the Board in order to be consistent with the cost method required by GASB Statements 74 and 75.

The normal cost rates used in the July 1, 2020 valuation were calculated based on all current active members as of July 1, 2020, for each sex and type of employee in the valuation. The normal costs and projected fiscal year 2021 salaries for all active members were calculated. The ratio of the two is the aggregate normal cost rate. The current normal cost rate was adopted in October, 2020 in conjunction with the July 1, 2020 actuarial valuation.

The unfunded actuarial accrued liability (UAAL) created by this method, including gains and losses, is amortized as a level percentage of the System's projected payroll.

### 12. Experience Studies

The last PERSI experience study was completed in 2018 for the period July 1, 2011 through June 30, 2017 and reviewed economic assumptions, mortality and all demographic assumptions. These assumptions are scheduled to be studied in 2022 for the period from July 1, 2017 through June 30, 2021. In 2020 a Sick Leave demographic experience study was completed studying retirement and termination rates for general and fire & police members, accrual of unused sick leave hours/days, payout period, and for forfeitures. Assumptions were adopted as noted.

### 13. Assumed Rates of Accrual for Sick Leave Hours and Days

The unused sick leave hours and days accumulation assumptions were set based on a study of actual member sick leave hours and days, as of July 1, 2020. The study showed a significant difference between different income levels (for the State program only) and different sexes. The member's current salary was compared against \$60,000 for State members. If the salary was larger than the indexed amount, his or her current sick leave hours were projected forward based on the higher accrual scale.

## ACTUARIAL SECTION

<b>Group - State</b>	<b>Annual Accrual Rate</b>
State males earning less than \$60,000 per year	49.7 hours
State females earning less than \$60,000 per year	34.9 hours
State males earning more than \$60,000 per year	61.0 hours
State females earning more than \$60,000 per year	51.0 hours

<b>Group - School</b>	<b>Annual Accrual Rate</b>
School males	6.66 days
School females	5.00 days

### 14. Forfeitures of Sick Leave Balance

3.25% / 2.00% (State / School) of sick leave benefits (as of the later of retirement or the valuation date) are assumed to be forfeited due to death before benefits are fully spent. Active and inactive liabilities are reduced by this percentage.

### 15. Payout Period

Benefits are assumed to be paid out evenly over 4 years starting at the later of retirement or the valuation date.

### 16. Recent Changes

In 2020 a Sick Leave demographic experience study was completed studying retirement and termination rates for general and fire & police members, accrual of unused sick leave hours/days, payout period, and forfeitures. This resulted in adoption of a number of updated assumptions.

## ACTUARIAL SECTION

### Sick Leave of Idaho Retirement Fund Public Employee Retirement System of Idaho

#### EXHIBIT 2: SCHEDULE OF ACTIVE MEMBER VALUATION DATA

	State Coverage - ORP		State Coverage - Other		School Coverage		Total	
	Members	Annual Salaries In Thousands	Members	Annual Salaries In Thousands	Members	Annual Salaries In Thousands	Members	Annual Salaries In Thousands
July 1, 2004	(1)	(2)	18,881	\$642,516	28,041	\$933,726	46,921	\$1,576,240
July 1, 2006	(1)	\$206,061	18,854	690,750	28,924	997,211	47,777	1,894,022
July 1, 2008	(1)	241,822	18,954	744,319	29,672	1,083,264	48,625	2,069,405
July 1, 2010	(1)	263,868	18,100	722,064	30,290	1,134,279	48,389	2,120,211
July 1, 2012	(1)	276,912	17,856	729,030	28,843	1,051,824	46,698	2,057,766
July 1, 2015	(1)	310,128	18,159	775,085	29,879	1,121,478	48,037	2,206,691
July 1, 2016	3,978	242,292	18,291	779,043	30,464	1,150,959	52,733	2,172,294
July 1, 2017	3,859	257,426	16,863	803,788	31,558	1,238,143	52,280	2,299,357
July 1, 2019	4,127	281,937	16,932	839,989	33,114	1,380,543	54,173	2,502,469
July 1, 2020	4,207	298,387	17,171	877,914	33,744	1,456,859	55,122	2,633,160

(1) Detailed individual data for ORP members was not provided before the 2016 valuation.

(2) Compensation data for ORP members was not provided before the 2006 valuation.



## ACTUARIAL SECTION

### Sick Leave of Idaho Retirement Fund Public Employee Retirement System of Idaho

#### EXHIBIT 3: SCHEDULE OF RETIREE VALUATION DATA

Valuation Date	State Coverage		School Coverage		Total	
	Retired Members	Remaining Entitlement Balance in Thousands	Retired Members	Remaining Entitlement Balance in Thousands	Retired Members	Remaining Entitlement Balance in Thousands
July 1, 2006	2,337	\$9,369	3,506	\$23,389	5,843	\$32,758
July 1, 2008	2,504	11,764	3,547	28,039	6,051	39,803
July 1, 2010	2,937	13,308	4,045	32,428	6,982	45,736
July 1, 2012	3,384	15,061	4,775	38,652	8,159	53,713
July 1, 2015	4,027	16,946	5,724	43,602	9,751	60,548
July 1, 2016	4,145	17,014	5,910	44,031	10,055	61,045
July 1, 2017	4,301	17,635	5,946	43,418	10,247	61,053
July 1, 2019	5,232	25,226	6,229	44,721	11,461	69,947
July 1, 2020	5,534	27,474	6,523	47,821	12,057	75,295

## ACTUARIAL SECTION

### Sick Leave of Idaho Retirement Fund Public Employee Retirement System of Idaho

#### EXHIBIT 4: SCHEDULE OF FUNDING PROGRESS (ALL DOLLAR AMOUNTS IN MILLIONS)

##### State Sick Leave Program

Valuation Date	Actuarial Accrued Liability	Plan Assets	Unfunded Actuarial Liability	Funding Percentage	Covered Payroll	UAAL as a Percent of Cov. Payroll
July 1, 2006	\$86.8	\$75.2	\$11.6	87%	\$896.8	1%
July 1, 2008	94.1	79.3	14.8	84	986.1	2
July 1, 2010	97.1	82.8	14.3	85	890.9	2
July 1, 2012	100.1	108.3	(8.2)	108	891.3	-1
July 1, 2015	91.3	157.7	(66.4)	173	976.6	-7
July 1, 2016	86.5	162.9	(76.4)	188	1,046.8	-7
July 1, 2017	85.9	186.5	(100.6)	217	1,098.0	-9
July 1, 2019	99.3	225.2	(125.9)	227	1,153.5	-11
July 1, 2020	93.7	234.4	(140.7)	250	1,382.8	-10

##### School Sick Leave Program

Valuation Date	Actuarial Accrued Liability	Plan Assets	Unfunded Actuarial Liability	Funding Percentage	Covered Payroll	UAAL as a Percent of Cov. Payroll
July 1, 2006	\$166.9	\$123.9	\$43.0	74%	\$997.2	4%
July 1, 2008	183.4	131.2	52.2	72	1,083.3	5
July 1, 2010	193.7	137.8	55.9	71	1,164.3	5
July 1, 2012	194.1	175.2	18.9	90	1,081.2	2
July 1, 2015	194.6	246.6	(52.0)	127	1,136.3	-5
July 1, 2016	200.8	250.9	(50.1)	125	1,174.7	-4
July 1, 2017	220.5	285.5	(65.0)	129	1,240.6	-5
July 1, 2019	249.3	344.5	(95.2)	138	1,380.9	-7
July 1, 2020	233.7	356.0	(122.3)	152	1,507.1	-8

**Notes:**

*Actuarial present value of benefits less actuarial present value of future normal costs based on entry age actuarial cost method.*

*Funded Ratio is the ratio of the actuarial value of assets over the actuarial accrued liabilities.*

*Covered Payroll includes compensation paid to all active employees on which contributions are calculated. Covered Payroll differs from the Active Member Valuation Payroll shown in Exhibit 2 which is an annualized compensation of only those members who were active on the actuarial valuation date.*

## ACTUARIAL SECTION

### Sick Leave of Idaho Retirement Fund Public Employee Retirement System of Idaho

#### EXHIBIT 5: SOLVENCY TEST (ALL DOLLAR AMOUNTS IN MILLIONS)

##### State Sick Leave Program

Valuation Date	Plan Assets	Actuarial Accrued Liabilities for			Portion Covered by Assets (A)	Portion Covered by Assets (B)	Portion Covered by Assets (C)
		Active Member Contributions (A)	Retirees and Beneficiaries (B)	Active Members (Employer Financed) (C)			
July 1, 2006	\$75.2	\$—	\$9.4	\$77.4	100%	100%	85%
July 1, 2008	79.3	—	11.8	82.3	100	100	82
July 1, 2010	82.8	—	13.3	83.8	100	100	83
July 1, 2012	108.3	—	15.1	85.0	100	100	100
July 1, 2015	157.7	—	16.9	74.4	100	100	100
July 1, 2016	162.9	—	17.0	69.5	100	100	100
July 1, 2017	186.5	—	17.6	68.3	100	100	100
July 1, 2019	225.2	—	25.2	74.1	100	100	100
July 1, 2020	234.4	—	23.4	70.3	100	100	100

##### School Sick Leave Program

Valuation Date	Plan Assets	Actuarial Accrued Liabilities for			Portion Covered by Assets (A)	Portion Covered by Assets (B)	Portion Covered by Assets (C)
		Active Member Contributions (A)	Retirees and Beneficiaries (B)	Active Members (Employer Financed) (C)			
July 1, 2006	\$123.9	\$—	\$23.4	\$143.5	100%	100%	70%
July 1, 2008	131.2	—	28.0	155.4	100	100	66
July 1, 2010	137.8	—	32.4	161.3	100	100	65
July 1, 2012	175.2	—	38.7	155.4	100	100	88
July 1, 2015	246.6	—	43.6	151.0	100	100	100
July 1, 2016	250.9	—	44.0	156.8	100	100	100
July 1, 2017	285.5	—	43.4	177.1	100	100	100
July 1, 2019	344.5	—	44.7	204.6	100	100	100
July 1, 2020	356.0	—	41.2	192.5	100	100	100

## ACTUARIAL SECTION

### Sick Leave of Idaho Retirement Fund Public Employee Retirement System of Idaho

#### EXHIBIT 6: ANALYSIS OF ACTUARIAL GAINS OR LOSSES (ALL DOLLAR AMOUNTS IN MILLIONS)

##### State Sick Leave Program

	2017-2019	2019-2020
Investment gain (or loss)	5.9	(6.3)
Miscellaneous gains (or losses) <sup>(1)</sup>	(2.2)	2.0
Subtotal: Actuarial Experience	3.7	(4.3)
Passage of Time	21.6	9.2
Assumption Changes	0.0	9.9
Actuarial Method Changes	0.0	0.0
Changes in Plan Provisions	0.0	0.0
Total Gain (Loss) During the Period	<u>25.3</u>	<u>14.8</u>

##### School Sick Leave Program

	2017-2019	2019-2020
Investment gain (or loss)	9.1	(9.6)
Miscellaneous gains (or losses) <sup>(1)</sup>	(4.2)	(5.1)
Subtotal: Actuarial Experience	4.9	(14.7)
Passage of Time	25.3	6.5
Assumption Changes	0.0	35.3
Actuarial Method Changes	0.0	0.0
Changes in Plan Provisions	0.0	0.0
Total Gain (Loss) During the Period	<u>30.2</u>	<u>27.1</u>

Note: Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the actuarial accrued liability.

(1) Reflects losses on active and inactive member experience.

## ACTUARIAL SECTION

### Sick Leave of Idaho Retirement Fund Public Employee Retirement System of Idaho

#### EXHIBIT 7a: STATE EMPLOYERS

#### SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND ALL OTHER CONTRIBUTING ENTITIES (ALL DOLLAR AMOUNTS IN MILLIONS)

Fiscal Year Ending	Covered Employee Payroll <sup>(1)</sup>	Actual Employer Contributions Dollar Amount <sup>(2)</sup>	Actuarially Determined Contribution (ADC) <sup>(3)</sup>	Percentage of ADC Dollars Contributed
6/30/11	\$873.2	\$5.7	\$4.6	123%
6/30/12	891.3	5.8	4.7	123
6/30/13	930.7	6.0	3.4	176
6/30/14	936.7	6.1	3.5	176
6/30/15	976.6	6.3	3.6	176
6/30/16	1,046.8	6.8	3.7	186
6/30/17	1,098.0	7.1	4.3	167
6/30/18	1,101.7	7.2	4.2	171
6/30/19	1,153.5	7.5	4.4	170
6/30/20	1,382.8	4.5	5.0	90

- (1) Computed as the dollar amount of the actual PERSI employer contribution made as a percentage of payroll divided by the Actual PERSI contribution rate expressed as a percentage of payroll.
- (2) The actual Sick Leave employer contributions are expressed as a percentage of payroll. Employer contributions are made as a percentage of actual payroll in accordance with statute and the Board's Funding Policy. Thus, the actual employer contributions set by both statute and the Board's Funding Policy may differ from the computed Actuarially Determined Contribution (ADC), employer contribution rate for GASB disclosure purposes. Dollar amounts shown exclude additional receipts due to merger of retirement systems.
- (3) The ADC, formerly known as the Annual Required Contribution (ARC), is equal to the normal cost rate plus an amortization of any Unfunded Actuarial Accrued Liability over the remaining lifetime of the covered members. The ADC determined as of the valuation date is applicable for employer fiscal years commencing July 1 of the calendar year following the valuation date.

## ACTUARIAL SECTION

### Sick Leave of Idaho Retirement Fund Public Employee Retirement System of Idaho

#### EXHIBIT 7b: SCHOOL EMPLOYERS

#### SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND ALL OTHER CONTRIBUTING ENTITIES (ALL DOLLAR AMOUNTS IN MILLIONS)

Fiscal Year Ending	Covered Employee Payroll <sup>(1)</sup>	Actual PERSI Employer Contributions Dollar Amount <sup>(2)</sup>	Actuarially Determined Contribution (ADC) <sup>(3)</sup>	Percentage of ADC Dollars Contributed
6/30/11	\$1,118.3	\$13.3	\$12.6	105%
6/30/12	1,081.2	12.9	12.2	105
6/30/13	1,124.4	13.4	8.5	157
6/30/14	1,114.7	13.3	8.5	157
6/30/15	1,136.3	13.5	8.6	157
6/30/16	1,174.7	14.0	7.3	192
6/30/17	1,240.6	14.8	8.1	183
6/30/18	1,310.9	15.6	8.9	175
6/30/19	1,380.9	16.4	9.4	174
6/30/20	1,507.1	9.0	9.6	94

- (1) Computed as the dollar amount of the actual PERSI employer contribution made as a percentage of payroll divided by the Actual PERSI contribution rate expressed as a percentage of payroll.
- (2) The actual Sick Leave employer contributions are expressed as a percentage of payroll. Employer contributions are made as a percentage of actual payroll in accordance with statute and the Board's Funding Policy. Thus, the actual employer contributions set by both statute and the Board's Funding Policy may differ from the computed Actuarially Determined Contribution (ADC), employer contribution rate for GASB disclosure purposes. Dollar amounts shown exclude additional receipts due to merger of retirement systems.
- (3) The ADC, formerly known as the Annual Required Contribution (ARC), is equal to the normal cost rate plus an amortization of any Unfunded Actuarial Accrued Liability over the remaining lifetime of the covered members. The ADC determined as of the valuation date is applicable for employer fiscal years commencing July 1 of the calendar year following the valuation date.

## ACTUARIAL SECTION

### EXHIBIT 8a: STATE EMPLOYERS SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER EXPRESSED AS A PERCENTAGE OF PAYROLL

Fiscal Year Ending	Actual PERSI Employer Contribution % <sup>(1)</sup>	Actuarially Determined Contribution (ADC) % <sup>(2)</sup>	Percentage of ADC Contributed
6/30/11	0.65%	0.55%	118%
6/30/12	0.65	0.53	123
6/30/13	0.65	0.37	176
6/30/14	0.65	0.37	176
6/30/15	0.65	0.37	176
6/30/16	0.65	0.37	176
6/30/17	0.65	0.35	186
6/30/18	0.65	0.39	167
6/30/19	0.65	0.38	171
6/30/20	0.33	0.36	92

- (1) The actual Sick Leave employer contributions are expressed as a percentage of payroll. Employer contributions are made as a percentage of actual payroll in accordance with statute and the Board's Funding Policy. Thus, the actual employer contributions set by both statute and the Board's Funding Policy may differ from the computed Actuarially Determined Contribution (ADC), employer contribution rate for GASB disclosure purposes.
- (2) The ADC, formerly known as the Annual Required Contribution (ARC), is equal to the normal cost rate plus an amortization of any Unfunded Actuarial Accrued Liability over the remaining lifetime of the covered members. The ADC determined as of the valuation date is applicable for employer fiscal years commencing July 1 of the calendar year following the valuation date.

## ACTUARIAL SECTION

### Sick Leave of Idaho Retirement Fund Public Employee Retirement System of Idaho

#### EXHIBIT 8b: SCHOOL EMPLOYERS SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER EXPRESSED AS A PERCENTAGE OF PAYROLL

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Fiscal Year Ending	Actual PERSI Employer Contribution % <sup>(1)</sup>	Actuarially Determined Contribution (ADC) % <sup>(2)</sup>	Percentage of ADC Contributed
6/30/11	1.19%	1.14%	104%
6/30/12	1.19	1.13	105
6/30/13	1.19	1.13	105
6/30/14	1.19	0.76	157
6/30/15	1.19	0.76	157
6/30/16	1.19	0.76	157
6/30/17	1.19	0.62	192
6/30/18	1.19	0.65	183
6/30/19	1.19	0.68	175
6/30/20	0.60	0.64	94

(1) The actual Sick Leave employer contributions are expressed as a percentage of payroll. Employer contributions are made as a percentage of actual payroll in accordance with statute and the Board's Funding Policy. Thus, the actual employer contributions set by both statute and the Board's Funding Policy may differ from the computed Actuarially Determined Contribution (ADC), employer contribution rate for GASB disclosure purposes.

(2) The ADC, formerly known as the Annual Required Contribution (ARC), is equal to the normal cost rate plus an amortization of any Unfunded Actuarial Accrued Liability over the remaining lifetime of the covered members. The ADC determined as of the valuation date is applicable for employer fiscal years commencing July 1 of the calendar year following the valuation date.



## ACTUARIAL SECTION

### Sick Leave of Idaho Retirement Fund Public Employee Retirement System of Idaho

#### EXHIBIT 9: PROVISIONS OF GOVERNING LAW

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All actuarial calculations are based on our understanding of the statutes governing the use of unused sick leave benefits administered by the Public Employee Retirement System of Idaho, as contained in Section 67-5333 for State employees and Section 33-1228 for School employees of the Idaho Code. The benefit and contribution provisions of this law are summarized briefly below. The items in parentheses are the provisions applicable to school employees.

#### Benefits

Upon separation from State (public school) employment for retirement reasons, a member's unused sick leave earned subsequent to July 1, 1976, is determined and reported to PERSI. The monetary value of one-half of the unused sick leave is transferred from the sick leave account to the member's retirement account (the entitlement balance). The monetary value of the unused sick leave is based upon the rate of pay of the employee at the time of retirement.

Effective July 1, 2001, the maximum amount transferred shall be limited for State covered members only, based on the number of hours of credited State service as follows:

<b>Years of State Service</b>	<b>Maximum Unused Sick Leave</b>
Less than 5*	420 Hours
5-10	480
10-15	540
16 or more	600

*\* All members who are eligible for retirement benefits have at least 5 years of service.*

The transferred monies to the member's retirement account are used for the payment of group health, accident, and life insurance premiums under programs maintained by the State (school district). Upon a retired covered member's death, any remaining entitlement balance reverts to the sick leave account.

#### Contributions

Each State government (public school) employer contributes a percentage of covered members' salaries to the sick leave account maintained by the System. The System's board determines the contribution rate.



# STATISTICAL *SECTION*

## STATISTICAL SECTION

The objectives of the Statistical Section are to provide additional historical perspective, context, and relevant details to assist readers in using the information in the financial statements, notes to the financial statements, and the required supplementary information in order to understand and assess the System's economic condition. In support of these objectives, the System has implemented GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

The System is the administrator of seven fiduciary funds including three defined benefit retirement plans - the Public Employee Retirement Fund Base Plan (PERSI Base Plan) the Firefighters' Retirement Fund (FRF) and the Judges' Retirement Plan (JRF); two defined contribution plans - the Public Employee Retirement Fund Choice Plans 401(k) and 414(k) (PERSI Choice Plan); and two Sick Leave Insurance Reserve Trust Funds – one for state employers and one for school district employers. The data in Tables 1 through 4 of this section was provided by the System's actuary and Choice Plan record keeper. The data in the remaining tables was provided by the System's own records.

During Fiscal Year 2020, the number of active PERSI members increased from 72,502 to 73,657 The number of retired members or annuitants receiving monthly allowances increased from 48,120 to 49,573. The number of inactive members who have not been paid a separation benefit increased from 39,867 to 41,945. Of these inactive members, 13,788 have achieved vested eligibility. Total membership in PERSI increased from 160,489 to 165,175 during the fiscal year. Table 1 of this section illustrates the diversity of our employee membership, and Table 2 shows how the membership distribution of active, retired, and inactive members has changed over the years.

As of June 30, 2020 there were 819 public employers in Idaho who were PERSI members. Tables 8 and 9 of this section illustrate the diversity of our employer participation.

## STATISTICAL SECTION

**Table 1**  
**Distribution of Membership by Group**

	Active Members			Inactive Members			Retirees	Total
	Vested	Non-vested	Total	Vested	Non-vested	Total		
<b>Cities</b>	4,714	3,192	7,906	1,877	2,127	4,004	4,610	16,520
Female	1,388	1,156	2,544	689	872	1,561	1,642	5,747
Male	3,326	2,036	5,362	1,188	1,255	2,229	2,968	10,559
<b>Counties</b>	5,204	3,991	9,195	1,306	2,536	3,842	4,273	17,310
Female	2,495	1,991	4,486	724	1,398	2,122	2,198	8,806
Male	2,709	2,000	4,709	582	1,138	1,720	2,075	8,504
<b>Schools</b>	20,208	13,504	33,712	5,362	12,613	17,975	21,831	73,518
Female	15,118	10,501	25,619	4,243	9,933	14,176	15,913	55,708
Male	5,090	3,003	8,093	1,119	2,680	3,799	5,918	17,810
<b>State</b>	10,366	6,927	17,293	4,125	8,860	12,985	14,768	45,046
Female	5,331	3,576	8,907	2,372	4,935	7,307	7,716	23,930
Male	5,035	3,351	8,386	1,753	3,925	5,678	7,052	21,116
<b>All Others</b>	3,419	2,132	5,551	1,118	2,021	3,139	4,091	12,781
Female	1,035	858	1,893	570	1,136	1,706	1,764	5,363
Male	2,384	1,274	3,658	548	885	1,433	2,327	7,418
<b>Grand Total</b>	43,911	29,746	73,657	13,788	28,157	41,945	49,573	165,175
Female	25,367	18,082	43,449	8,598	18,274	26,872	29,233	99,554
Male	18,544	11,664	30,208	5,190	9,883	15,073	20,340	65,621

## STATISTICAL SECTION

**Table 2**  
**Changes in Membership - PERSI Base Plan**

Fiscal Year Ended	Active Members			Retired Members		Inactive Members
	Number	Average Age	Average Years of Service	Number	Average Age	Number
2010	67,020	46.7	10.6	33,625	71.3	24,119
2011	65,798	46.9	10.8	35,334	71.5	25,489
2012	65,270	46.9	10.8	37,150	71.6	26,682
2013	65,535	46.8	10.7	38,947	71.6	27,110
2014	66,223	46.6	10.5	40,776	71.7	28,273
2015	67,008	46.5	10.4	42,657	71.6	29,827
2016	68,517	46.8	10.1	44,181	71.8	31,862
2017	70,073	46.6	9.9	45,468	72.2	34,151
2018	71,112	46.0	9.9	46,907	72.4	37,588
2019	72,502	45.9	9.8	48,120	72.7	39,867
2020	73,657	45.8	9.7	49,573	72.9	41,945

**Table 3a**  
**Retired Members by Type of Benefit - PERSI Base Plan**

Amount of Monthly Benefit	Total Number of Retirees	Type of Retirement			Option Selected	
		Normal	Disability	Beneficiary	Joint & Survivor <sup>(1)</sup>	Straight Life <sup>(2)</sup>
\$0 - 250	5,020	4,426	4	590	1,352	3,668
251 - 500	6,340	5,789	36	515	1,691	4,649
501 - 750	5,304	4,742	117	445	1,452	3,852
751 - 1,000	4,227	3,724	135	368	1,259	2,968
1,001 - 1,250	3,624	3,192	123	309	1,108	2,516
1,251 - 1,500	3,138	2,722	159	257	1,015	2,123
1,501 - 1,750	2,722	2,356	183	183	897	1,825
1,751 - 2,000	2,479	2,188	137	154	881	1,598
Over 2,000	16,719	15,585	624	510	6,563	10,156
Totals	49,573	44,724	1,518	3,331	16,218	33,355

<sup>1</sup> Joint & Survivor (also known as Contingent Annuitant)

<sup>2</sup> Single Life Options include Straight Life, Cash Refund, Social Security and all other FOPs.

## STATISTICAL SECTION

**Table 3b**  
**Retired Members by Type of Benefit - Firefighters' Retirement Fund**

Amount of Monthly Benefit	Total Number of Retirees	Type of Retirement			Option Selected	
		Normal	Disability	Beneficiary	Joint & Survivor <sup>(1)</sup>	Straight Life <sup>(2)</sup>
\$0 - 250	9	3	—	6	3	6
251 - 500	5	—	—	5	—	5
501 - 750	11	4	—	7	4	7
751 - 1,000	8	5	—	3	5	3
1,001 - 1,250	14	12	—	2	12	2
1,251 - 1,500	9	5	1	3	6	3
1,501 - 1,750	13	9	1	3	10	3
1,751 - 2,000	8	7	1	—	8	—
Over 2,000	395	255	26	114	281	114
Totals	472	300	29	139	329	143

<sup>1</sup> Joint & Survivor (also known as Contingent Annuitant)

<sup>2</sup> Single Life Options include Straight Life, Cash Refund, Social Security and all other FOPs.  
Monthly benefit refers to the benefit payable by the FRF plan (total benefit less PERSI benefit).

All FRF retirees and disableds are valued with two benefits and two options.

- 1) The benefit payable by the FRF plan is valued using a Straight Life option.
- 2) The total benefit is valued using a Spouse Reversionary option (spouse benefit payable upon the death of the retiree or disabled).

All FRF beneficiaries are valued using a Straight Life option.

## STATISTICAL SECTION

**Table 3c**

**Retired Members by Type of Benefit - Judges' Retirement Fund**

Amount of Monthly Benefit	Total Number of Retirees	Type of Retirement			Option Selected	
		Normal	Disability	Beneficiary	Joint & Survivor <sup>(1)</sup>	Straight Life <sup>(2)</sup>
\$0 - 2,000	3	—	—	3	—	3
2,001 - 2,500	4	2	—	2	2	2
2,501 - 3,000	6	1	—	5	1	5
3,001 - 3,500	4	2	—	2	2	2
3,501 - 4,000	8	4	—	4	3	5
4,001 - 4,500	9	4	—	5	3	6
4,501 - 5,000	5	3	—	2	2	3
5,001 - 5,500	6	5	—	1	4	2
Over 5,500	60	58	—	2	48	12
Totals	105	79	—	26	65	40

<sup>1</sup>Joint & Survivor (also known as Contingent Annuitant)

<sup>2</sup>Single Life

**Table 3d**

**Retired Members by Type of Benefit - PERSI Choice Plan**

Amount of Monthly Benefit	Total Number of Retirees	Both 414(k) and 401(k)	414(k) Only	401(k) Only
\$0 - 250	46	25	3	18
251 - 500	73	52	4	17
501 - 750	41	31	—	10
751 - 1,000	45	31	—	10
1,001 - 1,250	12	9	—	2
1,251 - 1,500	19	10	—	9
1,501 - 1,750	1	1	—	—
1,751 - 2,000	15	11	—	3
Over 2,000	21	15	—	6
Totals	273	185	13	75

## STATISTICAL SECTION

**Table 4a**  
**Average Benefit Payments – PERSI Base Plan**

Retirement Effective Dates	Years Credited Service						
	0-4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Period 7/1/2010 to 6/30/2011							
Average monthly benefit	\$ 118	\$ 411	\$ 761	\$ 1,187	\$ 1,664	\$ 2,560	\$ 3,607
Average final average salary	\$ 887	\$ 2,412	\$ 2,766	\$ 3,259	\$ 3,702	\$ 4,424	\$ 4,906
Number of retired members	40	428	347	357	353	351	569
Period 7/1/2011 to 6/30/2012							
Average monthly benefit	\$ 197	\$ 396	\$ 791	\$ 1,213	\$ 1,720	\$ 2,547	\$ 3,544
Average final average salary	\$ 818	\$ 2,373	\$ 2,877	\$ 3,245	\$ 3,754	\$ 4,329	\$ 4,801
Number of retired members	60	492	380	377	395	370	514
Period 7/1/2012 to 6/30/2013							
Average monthly benefit	\$ 179	\$ 442	\$ 814	\$ 1,190	\$ 1,730	\$ 2,540	\$ 3,654
Average final average salary	\$ 1,849	\$ 2,402	\$ 2,911	\$ 3,304	\$ 3,701	\$ 4,370	\$ 4,974
Number of retired members	55	528	448	407	397	381	494
Period 7/1/2013 to 6/30/2014							
Average monthly benefit	\$ 222	\$ 406	\$ 772	\$ 1,201	\$ 1,782	\$ 2,455	\$ 3,589
Average final average salary	\$ 1,408	\$ 2,550	\$ 2,760	\$ 3,325	\$ 3,922	\$ 4,317	\$ 4,954
Number of retired members	54	536	472	424	411	423	522
Period 7/1/2014 to 6/30/2015							
Average monthly benefit	\$ 216	\$ 388	\$ 795	\$ 1,133	\$ 1,685	\$ 2,557	\$ 3,579
Average final average salary	\$ 1,499	\$ 2,351	\$ 3,048	\$ 3,239	\$ 3,745	\$ 4,495	\$ 4,961
Number of retired members	38	574	462	461	367	424	562
Period 7/1/2015 to 6/30/2016							
Average monthly benefit	\$ 264	\$ 407	\$ 796	\$ 1,242	\$ 1,735	\$ 2,569	\$ 3,553
Average final average salary	\$ 1,300	\$ 2,460	\$ 3,050	\$ 3,526	\$ 3,889	\$ 4,509	\$ 4,966
Number of retired members	46	475	418	378	417	427	520
Period 7/1/2016 to 6/30/2017							
Average monthly benefit	\$ 229	\$ 425	\$ 787	\$ 1,246	\$ 1,751	\$ 2,556	\$ 3,715
Average final average salary	\$ 813	\$ 2,512	\$ 3,182	\$ 3,485	\$ 3,791	\$ 4,738	\$ 5,233
Number of retired members	27	405	418	377	333	435	543
Period 7/1/2017 to 6/30/2018							
Average monthly benefit	\$ 134	\$ 427	\$ 813	\$ 1,241	\$ 1,910	\$ 2,561	\$ 3,470
Average final average salary	\$ 813	\$ 2,897	\$ 3,219	\$ 3,355	\$ 4,077	\$ 4,436	\$ 5,037
Number of retired members	39	407	376	367	326	419	429
Period 7/1/2018 to 6/30/2019							
Average monthly benefit	\$ 199	\$ 411	\$ 832	\$ 1,231	\$ 1,853	\$ 2,684	\$ 3,531
Average final average salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	24	373	395	374	322	407	456
Period 7/1/2019 to 6/30/2020							
Average monthly benefit	\$ 164	\$ 426	\$ 779	\$ 1,271	\$ 1,795	\$ 2,690	\$ 3,615
Average final average salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	19	410	390	410	363	434	494



## STATISTICAL SECTION

**Table 4b**  
**Average Benefit Payments – Firefighters’ Retirement Fund**

Retirement Effective Dates	Years Credited Service						
	0-4	5- 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Period 7/1/2010 to 6/30/2011							
Average monthly benefit	\$ 4,495	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Number of retired members	5	—	—	—	—	—	—
Period 7/1/2011 to 6/30/2012							
Average monthly benefit	\$ 3,232	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Number of retired members	3	—	—	—	—	—	—
Period 7/1/2012 to 6/30/2013							
Average monthly benefit	\$ 3,872	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Number of retired members	7	—	—	—	—	—	—
Period 7/1/2013 to 6/30/2014							
Average monthly benefit	\$ 4,170	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Number of retired members	6	—	—	—	—	—	—
Period 7/1/2014 to 6/30/2015							
Average monthly benefit	\$ 2,620	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Number of retired members	9	—	—	—	—	—	—
Period 7/1/2015 to 6/30/2016							
Average monthly benefit	\$ 4,300	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Number of retired members	4	—	—	—	—	—	—
Period 7/1/2016 to 6/30/2017							
Average monthly benefit	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Number of retired members	—	—	—	—	—	—	—
Period 7/1/2017 to 6/30/2018							
Average monthly benefit	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Number of retired members	—	—	—	—	—	—	—
Period 7/1/2018 to 6/30/2019							
Average monthly benefit	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Number of retired members	—	—	—	—	—	—	—
Period 7/1/2019 to 6/30/2020							
Average monthly benefit	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Number of retired members	—	—	—	—	—	—	—

## STATISTICAL SECTION

**Table 4c**  
**Average Benefit Payments - Judges Retirement Plan**

Retirement Effective Dates	Years Credited Service						
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Period 7/1/2014 to 6/30/2015							
Average monthly benefit	\$ 2,017	\$ 4,676	\$ 5,888	\$ —	\$ 9,048	\$ —	\$ —
Number of retired members	1	1	1	—	2	—	—
Period 7/1/15 to 6/30/16							
Average monthly benefit	\$ —	\$ —	\$ 8,708	\$ 8,082	\$ 9,239	\$ —	\$ —
Number of retired members	—	—	1	1	1	—	—
Period 7/1/16 to 6/30/17							
Average monthly benefit	\$ —	\$ 5,463	\$ 6,217	\$ 7,823	\$ —	\$ 4,440	\$ 2,610
Number of retired members	—	2	2	2	—	1	1
Period 7/1/17 to 6/30/18							
Average monthly benefit	\$ 2,498	\$ —	\$ 6,465	\$ —	\$ 8,724	\$ —	\$ —
Number of retired members	1	—	2	—	1	—	—
Period 7/1/2018 to 6/30/2019							
Average monthly benefit	\$ —	\$ —	\$ 5,902	\$ 8,105	\$ 7,525	\$ —	\$ 2,814
Number of retired members	—	—	3	1	2	—	1
Period 7/1/2019 to 6/30/2020							
Average monthly benefit	\$ —	\$ —	\$ 7,036	\$ —	\$ —	\$ —	\$ —
Number of retired members	—	—	1	—	—	—	—

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

## STATISTICAL SECTION

**Table 4d**  
**Average Benefit Payments – PERSI Choice Plan**

Retirement Effective Dates	Years of Service						
	0 - 4*	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Period 7/1/10 to 6/30/11							
Average monthly benefit	\$ 445	\$ 913	\$ 378	\$ 511	\$ 794	\$ 621	\$ 674
Number of retired members	1	11	11	25	17	14	38
Period 7/1/11 to 6/30/12							
Average monthly benefit	\$ 850	\$ 525	\$ 425	\$ 514	\$ 534	\$ 489	\$ 588
Number of retired members	1	12	14	30	12	13	37
Period 7/1/12 to 6/30/13							
Average monthly benefit	\$ 820	\$ 456	\$ 515	\$ 554	\$ 480	\$ 683	\$ 644
Number of retired members	2	14	14	27	22	17	44
Period 7/1/13 to 6/30/14							
Average monthly benefit	\$ 120	\$ 890	\$ 534	\$ 1,124	\$ 560	\$ 656	\$ 560
Number of retired members	1	10	15	23	13	17	41
Period 7/1/14 to 6/30/15							
Average monthly benefit	\$ 588	\$ 1,665	\$ 844	\$ 1,341	\$ 747	\$ 927	\$ 738
Number of retired members	2	14	25	26	13	22	43
Period 7/1/15 to 6/30/16							
Average monthly benefit	\$ 318	\$ 945	\$ 606	\$ 585	\$ 577	\$ 563	\$ 499
Number of retired members	5	18	37	26	29	29	48
Period 7/1/16 to 6/30/17							
Average monthly benefit	\$ 694	\$ 844	\$ 737	\$ 670	\$ 494	\$ 776	\$ 588
Number of retired members	21	26	44	41	30	46	60
Period 7/1/17 to 6/30/18							
Average monthly benefit	\$ 679	\$ 898	\$ 534	\$ 415	\$ 476	\$ 488	\$ 485
Number of retired members	40	30	47	41	32	44	57
Period 7/1/18 to 6/30/19							
Average monthly benefit	\$ 483	\$ 786	\$ 599	\$ 611	\$ 701	\$ 549	\$ 604
Number of retired members	18	38	58	49	38	47	47
Period 7/1/19 to 6/30/2020							
Average monthly benefit	710	1,180	1,070	859	923	827	965
Number of retired members	16	33	48	40	32	35	69

*\*Average final average salary data not applicable for this defined contribution plan. The average monthly benefit is determined by the retiree and can vary significantly based on the number of months the retiree chooses to receive payments*

## STATISTICAL SECTION

**Table 5**  
**Schedule of Benefit Expenses by Type**

Fiscal Year	Age & Service Benefits		Disabilities			Refunds		
	Retirants	Survivors (2)	Retirants (1)		Survivors	Death	Separation	Total
			Pre-NRA	Post-NRA				
PERSI BASE PLAN and FRF								
2015	\$685,057,604	\$32,850,337	\$18,982,851	\$12,714,575	\$1,769,618	\$11,212,116	\$28,354,914	\$790,942,015
2016	731,945,232	34,812,098	18,968,148	13,955,913	1,943,926	10,556,133	32,307,543	844,488,993
2017	769,911,801	35,034,939	18,218,550	15,307,442	3,661,761	13,559,082	28,872,581	884,566,156
2018	813,358,969	34,939,807	17,837,813	16,089,613	6,054,511	13,543,029	26,823,893	928,647,635
2019	858,803,241	37,082,031	16,982,825	17,682,996	6,464,109	13,883,047	27,262,885	978,161,134
2020	911,695,768	39,998,407	16,762,235	18,617,617	6,671,327	16,047,284	31,557,305	1,041,349,943
JUDGES' RETIREMENT PLAN								
2015	\$ 4,683,420	\$ 893,969						
2016	5,059,316	915,621						
2017	5,173,494	999,921						
2018	5,703,094	988,464						
2019	6,117,401	1,051,002						
2020	6,554,175	1,085,537						
PERSI CHOICE PLAN								
2015	\$ 15,662,811							
2016	41,363,965							
2017	37,358,429							
2018	41,919,856							
2019	51,884,409							
2020	50,050,809							
SICK LEAVE INSURANCE RESERVE TRUST FUND								
2015	\$ 17,853,009							
2016	18,438,911							
2017	18,166,014							
2018	16,858,055							
2019	16,885,258							
2020	16,625,362							

(1) The split between duty and non-duty disabilities is not available.

(2) Benefit amounts are not available. All survivors are included with the Age & Service Benefits survivors.

NRA = Normal Retirement Age. PERSI members with disability benefits convert to age & service retirants at NRA (60 for Fire & Police, 65 for other members).

Schedule is intended to show information for 6 years. Additional years will be displayed as they become available.

## STATISTICAL SECTION

**Table 6**  
**History of Cost-of-Living Adjustments**

Year <sup>(1)</sup>	CPI Rate	PERSI COLA Rate	Maximum COLA	Difference	
1980	12.2	6	6	0	
1981	12.6	6	6	0	
1982	10.2	6	6	0	
1983	5.1	5.1	5.1	0	
1984	2.9	2.9	2.9	0	
1985	4.2	4.2	4.2	0	
1986	3.2	1	3.2	2.2	(2)
1987	1.5	1.5	1.5	0	
1988	4.5	1	4.5	3.5	(2)
1989	4.2	1	4.2	3.2	(2)
1990	4.7	4.7	4.7	0	
1991	5.6	5.6	5.6	0	
1992	3.8	3.8	3.8	0	
1993	3.1	3.1	3.1	0	
1994	2.8	2.8	2.8	0	
1995	2.9	2.9	2.9	0	
1996	2.6	2.6	2.6	0	
1997	2.9	2.9	2.9	0	
1998	2.2	2.2	2.2	0	
1999	1.6	1.6	1.6	0	(2)
2000	2.3	2.3	2.3	0	
2001	3.4	3.4	3.4	0	
2002	2.7	2.7	2.7	0	
2003	1.8	1	1.8	0.8	(3)
2004	2.2	2.2	2.2	0	
2005	2.7	2.7	2.7	0	(3)
2006	3.6	3.6	3.6	0	
2007	3.8	3.8	3.8	0	
2008	2	2	2	0	
2009	5.4	1	5.4	4.4	(4),(5)
2010	-1.48	1	-1.48	0	(4)
2011	1.15	1	1.15	0.15	(5) (6)
2012	3.77	1	3.77	2.77	(5)
2013	1.69	1	1.69	0.69	
2014	1.59	1	1.59	0.59	
2015	1.7	1.7	1.7	0	(5)
2016	0.2	0.2	0.2	0	
2017	1.1	1.1	1.1	0	
2018	1.9	1.9	1.9	0	
2019	1.7	1.0	1.0	0.7	
2020	1.3	1.7% (4.8% retroactive)	1.0	0.3	

(1) For years 1980 through 1986, based on the prior year annual change in CPI-U, August to August, adjustments were effective January 1. Beginning in 1987, adjustments were effective March 1.

(2) Retro-active COLAs were awarded effective March 1, 1999 to re-establish purchasing power for the years 1986, 1988, 1989.

(3) A retro-active COLA was awarded effective March 1, 2005 to re-establish purchasing power for 2003.

(4) A retro-active COLA of 2.48% was awarded effective March 1, 2010 to re-store partial purchasing power for 2009 for a net COLA of 1%.

(5) A retro-active COLA of up to 2.3% was awarded effective March 1, 2015 to re-establish purchasing power for the years 2009, 2011, 2012.

(6) A retro-active COLA of up to .8% was awarded effective March 1, 2016 to re-establish purchasing power for the year 2011.

## STATISTICAL SECTION

**Table 7a**  
**Changes in Net Position - Base Plan**  
 (last 10 fiscal years)

	2011	2012	2013
<b>Additions:</b>			
Employee Contributions	\$ 178,415,845	\$ 179,168,074	\$ 184,652,290
Employer Contributions	279,174,844	277,143,887	285,440,860
Investment Income <sup>(1)</sup>	231,745,111	240,033,473	247,522,779
Gains and Losses	1,697,095,152	(102,816,241)	726,899,521
Rollovers In	—	—	—
Other Income	37,716	24,089	16,311
<b>Total additions to plan net position</b>	<b>2,386,468,668</b>	<b>593,553,282</b>	<b>1,444,531,761</b>
<b>Deductions</b>			
Benefit Payments	558,619,602	599,848,356	654,141,410
Refunds	38,753,611	40,830,899	33,845,755
Administrative Expenses	5,973,540	6,231,431	6,308,487
Transfers/Rollovers Out	—	—	—
<b>Total deductions to plan net position</b>	<b>603,346,753</b>	<b>646,910,686</b>	<b>694,295,652</b>
<b>Change in net position</b>	<b>\$ 1,783,121,915</b>	<b>\$ (53,357,404)</b>	<b>\$ 750,236,109</b>

<sup>1</sup> Investment income is reported net of investment expense.

## STATISTICAL SECTION

2014	2015	2016	2017	2018	2019	2020
\$ 203,890,954	\$ 211,468,780	\$ 220,866,936	\$ 237,032,668	\$ 243,950,654	\$ 257,060,511	\$ 280,790,591
310,986,283	321,240,628	335,610,100	356,367,389	369,139,113	390,080,902	430,638,154
279,876,227	273,500,316	277,666,987	284,543,243	309,314,922	293,129,527	289,766,084
1,719,909,543	97,579,801	(72,888,917)	1,411,348,507	976,147,101	1,009,441,400	173,079,424
—	—	—	—	—	—	—
12,690	16,767	25,283	29,366	38,380	329,710	421,066
<b>2,514,675,697</b>	<b>903,806,292</b>	<b>761,280,389</b>	<b>2,289,321,173</b>	<b>1,898,590,170</b>	<b>1,950,042,050</b>	<b>1,174,695,319</b>
694,765,148	742,712,826	792,705,222	835,774,004	885,355,285	963,881,907	1,012,558,071
34,828,507	28,354,914	32,307,543	29,497,711	24,357,947	22,854,217	25,253,837
6,787,811	6,434,462	6,806,655	8,810,136	8,922,335	9,276,642	10,179,831
<b>736,381,466</b>	<b>777,502,202</b>	<b>831,819,420</b>	<b>874,081,851</b>	<b>918,635,567</b>	<b>984,509,516</b>	<b>1,047,991,739</b>
<b>\$ 1,778,294,231</b>	<b>\$ 126,304,090</b>	<b>\$ (70,539,031)</b>	<b>\$ 1,415,239,322</b>	<b>\$ 979,954,603</b>	<b>\$ 965,532,534</b>	<b>\$ 126,703,580</b>

## STATISTICAL SECTION

**Table 7b**

**Changes in Net Position - FRF Plan**  
(last 10 fiscal years)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Additions:</b>			
Employee Contributions	\$ 13,746	\$ 11,100	\$ 11,136
Employer Contributions	13,313,715	13,486,309	14,227,313
Investment Income <sup>(1)</sup>	5,912,515	6,096,564	6,289,701
Gains and Losses	43,298,001	(2,611,410)	18,470,947
Rollovers In	—	—	—
Other Income	—	—	—
<b>Total additions to plan net position</b>	<b>62,537,977</b>	<b>16,982,563</b>	<b>38,999,097</b>
<b>Deductions</b>			
Benefit Payments	19,238,671	19,637,373	19,801,418
Refunds	—	—	—
Administrative Expenses	—	—	—
Transfers/Rollovers Out	—	—	—
<b>Total deductions to plan net position</b>	<b>19,238,671</b>	<b>19,637,373</b>	<b>19,801,418</b>
<b>Change in net position</b>	<b><u>\$ 43,299,306</u></b>	<b><u>\$ (2,654,810)</u></b>	<b><u>\$ 19,197,679</u></b>

<sup>1</sup> Investment income is reported net of investment expense.



## STATISTICAL SECTION

2014	2015	2016	2017	2018	2019	2020
\$ 9,095	\$ 6,168	\$ 6,329	\$ 4,385	\$ 4,368	\$ 4,540	\$ 4,503
14,200,323	11,305,473	7,198,597	7,452,987	7,706,226	8,247,827	\$ 8,660,397
8,078,269	6,896,831	6,892,864	6,961,648	7,489,302	7,203,382	\$ 6,942,993
49,642,989	2,461,078	(1,809,410)	34,527,177	23,635,009	24,806,072	4,147,101
—	—	—	—	—	—	—
—	—	—	—	—	—	—
<b>71,930,676</b>	<b>20,669,550</b>	<b>12,288,380</b>	<b>48,946,197</b>	<b>38,834,905</b>	<b>40,261,821</b>	<b>19,754,994</b>
19,958,800	19,874,275	19,476,228	19,294,441	18,934,403	18,929,519	19,073,931
—	—	—	—	—	—	—
—	153,719	58,873	43,022	29,833	55,031	73,557
—	—	—	—	—	—	—
<b>19,958,800</b>	<b>20,027,994</b>	<b>19,535,101</b>	<b>19,337,463</b>	<b>18,964,236</b>	<b>18,984,550</b>	<b>19,147,488</b>
<b>\$ 51,971,876</b>	<b>\$ 641,556</b>	<b>\$ (7,246,721)</b>	<b>\$ 29,608,734</b>	<b>\$ 19,870,669</b>	<b>\$ 21,277,270</b>	<b>\$ 607,506</b>

## STATISTICAL SECTION

**Table 7c**

**Changes in Net Position - Choice Plan 401(k)**  
(last 10 fiscal years)

	2011	2012	2013
<b>Additions:</b>			
Employee Contributions	\$ 33,068,567	\$ 32,417,476	\$ 36,341,951
Employer Contributions	180,556	383,189	9,119,848
Investment Income <sup>(1)</sup>	7,441,583	8,267,997	9,431,394
Gains and Losses	51,079,923	(1,861,880)	31,292,784
Rollovers In	7,469,551	9,576,929	9,132,179
Other Income	—	—	—
<b>Total additions to plan net position</b>	<b>99,240,180</b>	<b>48,783,711</b>	<b>95,318,156</b>
<b>Deductions</b>			
Benefit Payments	7,771,465	7,123,041	8,018,315
Refunds	—	—	—
Administrative Expenses	—	—	—
Transfers/Rollovers Out	12,032,837	13,323,865	15,382,348
<b>Total deductions to plan net position</b>	<b>19,804,302</b>	<b>20,446,906</b>	<b>23,400,663</b>
<b>Change in net position</b>	<b>\$ 79,435,878</b>	<b>\$ 28,336,805</b>	<b>\$ 71,917,493</b>

<sup>1</sup>Investment income is reported net of investment expense.

## STATISTICAL SECTION

	2014	2015	2016	2017	2018	2019	2020
\$	39,062,685	\$ 42,874,459	\$ 45,299,030	\$ 48,333,290	\$ 52,141,131	\$ 59,426,695	\$ 63,949,419
	14,230,058	5,166,873	4,778,923	5,475,485	5,993,209	6,517,244	7,027,305
	11,462,165	9,589,538	12,385,370	13,786,327	15,624,002	15,820,380	16,407,170
	69,529,511	9,030,653	(3,529,621)	64,650,113	53,200,084	54,408,333	12,034,995
	10,706,301	14,575,338	11,868,500	14,836,646	14,179,305	13,948,722	21,341,826
	—	—	—	—	—	—	—
	<b>144,990,720</b>	<b>81,236,861</b>	<b>70,802,202</b>	<b>147,081,861</b>	<b>141,137,731</b>	<b>150,121,373</b>	<b>120,760,715</b>
	8,936,739	12,729,966	35,985,817	34,029,074	38,708,774	43,319,799	47,345,691
	—	—	—	—	—	—	—
	—	—	1,069,543	115,788	125,334	1,570,385	1,845,868
	18,901,443	23,364,173	—	—	—	—	—
	<b>27,838,182</b>	<b>36,094,139</b>	<b>35,985,817</b>	<b>34,029,074</b>	<b>38,708,774</b>	<b>44,890,184</b>	<b>49,191,559</b>
<b>\$</b>	<b>117,152,538</b>	<b>\$ 45,142,722</b>	<b>\$ 34,816,385</b>	<b>\$ 113,052,787</b>	<b>\$ 102,428,957</b>	<b>\$ 105,231,189</b>	<b>\$ 71,569,156</b>

## STATISTICAL SECTION

**Table 7d**

**Changes in Net Position - Choice Plan 414(k)**  
(last 10 fiscal years)

	2011	2012	2013
<b>Additions:</b>			
Employee Contributions	\$ —	\$ —	\$ —
Employer Contributions	—	—	—
Investment Income <sup>(1)</sup>	1,244,977	1,190,148	1,198,833
Gains and Losses	9,321,922	(564,614)	3,732,343
Rollovers In	—	—	—
Other Income	—	—	—
<b>Total additions to plan net position</b>	<b>10,566,899</b>	<b>625,534</b>	<b>4,931,176</b>
<b>Deductions</b>			
Benefit Payments	2,339,079	2,341,735	2,233,004
Refunds	—	—	—
Administrative Expenses	—	—	—
Transfers/Rollovers Out	1,627,984	1,619,181	1,619,036
<b>Total deductions to plan net position</b>	<b>3,967,063</b>	<b>3,960,916</b>	<b>3,852,040</b>
<b>Change in net position</b>	<b>\$ 6,599,836</b>	<b>\$ (3,335,382)</b>	<b>\$ 1,079,136</b>

<sup>1</sup> Investment income is reported net of investment expense.

## STATISTICAL SECTION

2014	2015	2016	2017	2018	2019	2020
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—
1,293,253	901,407	227,137	(101,457)	93,272	117,688	78,391
8,177,394	776,244	639,034	5,758,352	3,627,429	4,308,210	1,508,108
—	—	—	—	—	—	—
—	—	—	—	—	—	—
<b>9,470,647</b>	<b>1,677,651</b>	<b>866,171</b>	<b>5,656,895</b>	<b>3,720,701</b>	<b>4,425,898</b>	<b>1,586,499</b>
2,210,950	2,932,845	5,378,148	3,329,355	3,211,082	3,838,437	3,330,570
—	—	—	—	—	—	—
—	—	523,170	10,491	10,196	344,469	335,552
1,661,723	2,049,671	—	—	—	—	—
<b>3,872,673</b>	<b>4,982,516</b>	<b>5,901,318</b>	<b>3,339,846</b>	<b>3,221,278</b>	<b>4,182,906</b>	<b>3,666,122</b>
<b>\$ 5,597,974</b>	<b>\$ (3,304,865)</b>	<b>\$ (5,035,147)</b>	<b>\$ 2,317,049</b>	<b>\$ 499,423</b>	<b>\$ 242,992</b>	<b>\$ (2,079,624)</b>

## STATISTICAL SECTION

**Table 7e**

**Changes in Net Position – Sick Leave Insurance Reserve Fund – State**  
(last 10 fiscal years)

	2011	2012	2013
<b>Additions:</b>			
Employer Contributions	\$ 5,675,940	\$ 5,793,204	\$ 6,049,837
Net appreciation (depreciation) <sup>(1)</sup>	19,114,477	2,298,334	15,142,268
Other Income	2,656	3,690	1,290
<b>Total additions to plan net position</b>	<b>24,793,073</b>	<b>8,095,228</b>	<b>21,193,395</b>
<b>Deductions</b>			
Benefit Payments	3,765,826	3,463,901	4,049,618
Administrative Expenses	39,148	39,346	39,876
<b>Total deductions to plan net position</b>	<b>3,804,974</b>	<b>3,503,247</b>	<b>4,089,494</b>
<b>Change in net position</b>	<b>\$ 20,988,099</b>	<b>\$ 4,591,981</b>	<b>\$ 17,103,901</b>

**Table 7f**

**Changes in Net Position – Sick Leave Insurance Reserve Fund – School**  
(last 10 fiscal years)

	2011	2012	2013
<b>Additions:</b>			
Employer Contributions	\$ 13,307,372	\$ 12,866,373	\$ 13,380,821
Net appreciation (depreciation) <sup>(1)</sup>	31,830,496	3,796,750	24,479,545
Other Income	2,064	740	724
<b>Total additions to plan net position</b>	<b>45,139,932</b>	<b>16,663,863</b>	<b>37,861,090</b>
<b>Deductions</b>			
Benefit Payments	11,502,027	12,846,104	12,638,080
Administrative Expenses	65,192	64,994	64,464
<b>Total deductions to plan net position</b>	<b>11,567,219</b>	<b>12,911,098</b>	<b>12,702,544</b>
<b>Change in net position</b>	<b>\$ 33,572,713</b>	<b>\$ 3,752,765</b>	<b>\$ 25,158,546</b>

<sup>1</sup> Reported net of investment expense.

## STATISTICAL SECTION

2014	2015	2016	2017	2018	2019	2020
\$ 6,088,489	\$ 6,347,903	\$ 6,804,354	\$ 7,136,693	\$ 7,161,239	\$ 7,497,670	\$ 4,494,217
23,097,449	5,722,685	3,356,390	21,515,574	17,315,690	16,084,184	9,554,069
1,079	600	889	30	1,270	1,777	1,957
<b>29,187,017</b>	<b>12,071,188</b>	<b>10,161,633</b>	<b>28,652,297</b>	<b>24,478,199</b>	<b>23,583,631</b>	<b>14,050,243</b>
4,366,900	4,510,989	4,980,235	5,010,974	4,671,380	4,611,044	4,739,183
40,181	40,375	40,752	41,148	44,182	47,183	47,225
<b>4,407,081</b>	<b>4,551,364</b>	<b>5,020,987</b>	<b>5,052,122</b>	<b>4,715,562</b>	<b>4,658,227</b>	<b>4,786,408</b>
<b>\$ 24,779,936</b>	<b>\$ 7,519,824</b>	<b>\$ 5,140,646</b>	<b>\$ 23,600,175</b>	<b>\$ 19,762,637</b>	<b>\$ 18,925,404</b>	<b>\$ 9,263,835</b>

2014	2015	2016	2017	2018	2019	2020
\$ 13,264,646	\$ 13,521,617	\$ 13,978,967	\$ 14,763,323	\$ 15,599,238	\$ 16,432,554	\$ 8,967,109
36,880,546	9,043,823	3,919,755	32,991,024	26,544,159	24,687,356	14,515,013
327	164	360	2,187	1,948	2,725	3,000
<b>50,145,519</b>	<b>22,565,604</b>	<b>17,899,082</b>	<b>47,756,534</b>	<b>42,145,345</b>	<b>41,122,635</b>	<b>23,485,121</b>
13,006,742	13,342,020	13,458,676	13,155,040	12,186,675	11,930,829	11,886,179
64,159	63,965	63,588	63,192	67,806	72,453	72,369
<b>13,070,901</b>	<b>13,405,985</b>	<b>13,522,264</b>	<b>13,218,232</b>	<b>12,254,481</b>	<b>12,003,282</b>	<b>11,958,548</b>
<b>\$ 37,074,618</b>	<b>\$ 9,159,619</b>	<b>\$ 4,376,818</b>	<b>\$ 34,538,302</b>	<b>\$ 29,890,864</b>	<b>\$ 29,119,354</b>	<b>\$ 11,526,573</b>

## STATISTICAL SECTION

**Table 7g**

### Changes in Net Position – JRF Plan

	2015	2016	2017	2018	2019	2020
<b>Additions:</b>						
Employee Contributions	\$ 629,077	\$ 623,754	\$ 630,392	\$ 714,804	\$ 778,864	\$ 845,925
Employer Contributions	3,595,417	3,370,587	3,946,599	4,278,996	4,688,762	4,878,534
Investment Income <sup>(1)</sup>	1,523,041	1,505,550	1,540,236	1,668,307	1,579,702	1,560,565
Net appreciation (depreciation)	526,854	(413,420)	7,612,667	5,261,917	5,357,121	975,063
Other Income	2,063	2,571	4,946	7,947	13,200	12,960
<b>Total additions to plan net position</b>	<b>6,276,452</b>	<b>5,089,042</b>	<b>13,734,840</b>	<b>11,931,971</b>	<b>12,417,649</b>	<b>8,273,046</b>
<b>Deductions</b>						
Benefit Payments	5,577,389	5,974,937	6,173,415	6,691,558	7,168,403	7,639,712
Administrative Expenses	95,733	133,096	74,035	104,949	121,305	127,095
<b>Total deductions to plan net position</b>	<b>5,673,122</b>	<b>6,108,033</b>	<b>6,247,450</b>	<b>6,796,507</b>	<b>7,289,708</b>	<b>7,766,807</b>
<b>Special Item - Transfer in of Judges' Retirement</b>	<b>75,864,300</b>	—	—	—	—	—
<b>Change in net position</b>	<b><u>\$ 76,467,630</u></b>	<b><u>\$ (1,018,991)</u></b>	<b><u>\$ 7,487,390</u></b>	<b><u>\$ 5,135,464</u></b>	<b><u>\$ 5,127,941</u></b>	<b><u>\$ 506,239</u></b>

<sup>1</sup> Reported net of investment expense.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



## STATISTICAL SECTION

**Table 8**  
**Principal Participating Employers**  
**2020**

<b>Participating Employers</b>	<b>Covered Employees</b>	<b>Rank</b>	<b>Percentage of Total System</b>
State of Idaho	17,293	1	23%
West Ada School District (formerly Meridian School District)	3,855	2	5%
Boise Ind.School District	3,111	3	4%
Ada County	1,921	4	3%
City of Boise	1,492	5	2%
Nampa School District	1,379	6	2%
Pocatello School District	1,374	7	2%
Bonneville School District	1,349	8	2%
Coeur d'Alene School District	1,154	9	2%
Idaho Falls School District	1,061	10	1%
All other	39,668		54%
<b>Total (819 employers)</b>	<b>73,657</b>		<b>100%</b>

**2010**

<b>Participating Employers</b>	<b>Covered Employees</b>	<b>Rank</b>	<b>Percentage of Total System</b>
State of Idaho	17,214	1	26%
Meridian School District	3,556	2	5%
Boise Ind School District	2,974	3	4%
Ada County	1,496	4	2%
Nampa School District	1,460	5	2%
City of Boise	1,261	6	2%
Pocatello School District	1,163	7	2%
Idaho Falls School District	1,005	8	1%
Coeur d'Alene School District	1,000	9	1%
Bonneville School District	982	10	1%
All other	34,909		52%
<b>Total (630 employers)</b>	<b>67,020</b>		<b>100%</b>

## STATISTICAL SECTION

**Table 9**

**Public Entities Participating in PERSI**

**State Agencies**

Accountancy Board  
Administration Dept  
Agriculture Dept  
Attorney General  
Barley Commission  
Board of Veterinary Med  
Bean Commission  
Beef Council  
Board of Education  
Boise State Univ  
Brand Inspector  
Comm For The Blind  
Comm On Hispanic  
Affairs  
Commerce Dept  
Commission On Aging  
Commission On The Arts  
Commission for Pardons  
and Paroles  
Controller's Office  
Correction Dept  
Correctional Indust  
Dairy Council  
Dentistry Board  
Dept of Environmental  
Quality  
Div of Bldg Safety  
Div of Financial Mgt  
Div of Veteran Services  
Division of Human  
Resources  
Endowment Fund  
Investment Board  
Finance Dept  
Fish & Game Dept  
Forest Products Comm  
Governor's Office  
Health & Welfare Dept  
Health District 1  
Health District 2  
Health District 3

Health District 4  
Health District 5  
Health District 6  
Health District 7  
Historical Society  
House of Reps  
ID Workforce  
Development Council  
ID Public Television  
Idaho Career & Technical  
Education  
Idaho Grape Growers &  
Wine Producers  
Commission  
Idaho Oilseed  
Commission  
Idaho Rangeland  
Resources Commission  
Idaho State Police  
Idaho State Univ  
Independent Living  
Council  
Industrial Commission  
Info Tech Services  
Insurance Dept  
Insurance Fund  
Judicial Branch  
Juvenile Corrections  
Labor Dept  
Lands Dept  
Lava Hot Springs  
Foundation  
Legislative Services  
Lewis-Clark State College  
Library  
Lieutenant Governor  
Liquor Dispensary  
Lottery  
Medicine Board  
Military Division  
Nursing Board  
Occupational License Bur

Office of Drug Policy  
Office of Energy  
Resources  
Office of Performance  
Evaluations  
Office of Species  
Conservation  
Outfitters & Guides  
Parks & Recreation  
Pharmacy Board  
Potato Commission  
Prof Eng & Surveyors  
Public Defense  
Commission  
Public Employee  
Retirement System  
Public Utility Comm  
Racing Commission  
Real Estate Comm  
STEM Action Center  
Secretary of State  
Senate  
Soil Conservation Comm  
State Appellate Public  
Defender  
State Bar  
Supt Public Inst  
Tax Appeals Board  
Tax Commission  
Transportation Dept  
Treasurer  
University of Idaho  
Vocational Rehab  
Water Resources Dept  
Wheat Commission

**Counties**

Ada County  
Adams County  
Bannock County  
Bear Lake County  
Benewah County

## STATISTICAL SECTION

Bingham County	City of Arco	City of Glenns Ferry
Blaine County	City of Ashton	City of Gooding
Boise County	City of Athol	City of Grace
Bonner County	City of Bancroft	City of Grand View
Bonneville County	City of Basalt	City of Grangeville
Boundary County	City of Bellevue	City of Greenleaf
Butte County	City of Blackfoot	City of Hagerman
Camas County	City of Bliss	City of Hailey
Canyon County	City of Bloomington	City of Harrison
Caribou County	City of Boise	City of Hayden
Cassia County	City of Bonners Ferry	City of Hayden Lake
Clark County	City of Bovill	City of Hazelton
Clearwater County	City of Buhl	City of Heyburn
Custer County	City of Burley	City of Homedale
Elmore County	City of Caldwell	City of Hope
Franklin County	City of Cambridge	City of Horseshoe Bend
Fremont County	City of Carey	City of Idaho City
Gem County	City of Cascade	City of Idaho Falls
Gooding County	City of Castleford	City of Inkom
Idaho County	City of Challis	City of Iona
Jefferson County	City of Chubbuck	City of Island Park
Jerome County	City of Clark Fork	City of Jerome
Kootenai County	City of Coeur d'Alene	City of Juliaetta
Latah County	City of Cottonwood	City of Kamiah
Lemhi County	City of Council	City of Kellogg
Lewis County	City of Craigmont	City of Kendrick
Lincoln County	City of Culdesac	City of Ketchum
Madison County	City of Dalton Gardens	City of Kimberly
Minidoka County	City of Deary	City of Kooskia
Nez Perce County	City of Declo	City of Kootenai
Oneida County	City of Donnelly	City of Kuna
Owyhee County	City of Dover	City of Lapwai
Payette County	City of Downey	City of Lava Hot Springs
Power County	City of Driggs	City of Lewiston
Shoshone County	City of Dubois	City of Mackay
Teton County	City of Eagle	City of Malad
Twin Falls County	City of Emmett	City of Malta
Valley County	City of Fairfield	City of Marsing
Washington County	City of Filer	City of McCall
	City of Firth	City of McCammon
	City of Franklin	City of Melba
	City of Fruitland	City of Menan
	City of Garden City	City of Meridian
	City of Genesee	City of Middleton
	City of Georgetown	City of Montpelier
<b><u>Cities</u></b>		
City of Aberdeen		
City of Albion		
City of Amer Falls		
City of Ammon		

## STATISTICAL SECTION

City of Moscow  
 City of Moyie Springs  
 City of Mtn Home  
 City of Mud Lake  
 City of Mullan  
 City of Nampa  
 City of New Meadows  
 City of New Plymouth  
 City of Newdale  
 City of Nezperce  
 City of Notus  
 City of Oakley  
 City of Oldtown  
 City of Orofino  
 City of Osburn  
 City of Paris  
 City of Parker  
 City of Parma  
 City of Paul  
 City of Payette  
 City of Peck  
 City of Pinehurst  
 City of Plummer  
 City of Pocatello  
 City of Ponderay  
 City of Post Falls  
 City of Potlatch  
 City of Preston  
 City of Priest River  
 City of Rathdrum  
 City of Rexburg  
 City of Richfield  
 City of Rigby  
 City of Riggins  
 City of Ririe  
 City of Roberts  
 City of Rupert  
 City of Salmon  
 City of Sandpoint  
 City of Shelley  
 City of Shoshone  
 City of Smelterville  
 City of Soda Springs  
 City of Spirit Lake  
 City of St Anthony

City of St Charles  
 City of St Maries  
 City of Stanley  
 City of Sugar City  
 City of Sun Valley  
 City of Tensed  
 City of Teton  
 City of Tetonia  
 City of Troy  
 City of Twin Falls  
 City of Ucon  
 City of Victor  
 City of Wallace  
 City of Weippe  
 City of Weiser  
 City of Wendell  
 City of Weston  
 City of Wilder  
 City of Winchester  
 City of Worley

### **Water and Sewer Districts**

A&B Irrigation District  
 Aberdeen-Springfield  
     Canal Co  
 Ada Co Drainage Dist #2  
 Amer Falls Res Dist #1  
 Amer Falls Res Dist #2  
 Avondale Irr District  
 Big Lost River Irrigation  
 Big Wood Canal Co  
 Black Canyon Irrigation  
     District  
 Boise Proj Bd Control  
 Boise-Kuna Irr District  
 Burley Irr District  
 Cabinet Mountains Water  
     District  
 Caldwell Irrigation Lateral  
     District  
 Canyon Hill Irr District  
 Cataldo Water District  
 Central Shoshone Co  
     Water District  
 Dalton Gardens Irr District

E Greenacres Irr District  
 East Shoshone Co  
     Water District  
 Emmett Irrigation District  
 Falls Irrigation District  
 Fish Haven Area  
     Recreational Sewer Dist  
 Fremont-Madison Irr  
 Grandview Mutual Canal Co  
 Granite Reeder Water &  
     Sewer  
 Hayden Lake  
     Recreational Water &  
     Sewer District  
 Hayden Lake Irrigation Dist  
 Henry's Fork Ground  
     Water District  
 Idaho Irr District  
 Kalispel Bay Water &  
     Sewer District  
 King Hill Irr District  
 Kingston Water District  
 Kootenai-Ponderay  
     Sewer District  
 Lake Irr District  
 Lewiston Orchard Irr Dist  
 Little Wood Riv Irr District  
 Milner Low Lift Irr District  
 Minidoka Irr District  
 Mtn Home Irr District  
 Nampa-Meridian Irrigation  
 New Sweden Irr District  
 New York Irr District  
 No Kootenai Water  
     District  
 North Snake Ground  
     Water District  
 Orofino Cr-Whiskey Cr  
     Water & Sewer District  
 Outlet Bay Water &  
     Sewer District  
 Owyhee Project South  
     Board of Control  
 Payette Lakes Water &  
     Sewer District

## STATISTICAL SECTION

Peoples Canal and  
Irrigation Co  
Pinehurst Water District  
Pioneer Irr District  
Progressive Irr District  
Riverside Indep Water &  
Sewer  
Riverside Irr District  
Riverside Irr District LTD  
Roseberry Irr District  
Ross Point Water District  
Settlers Irr District  
Snake River Valley Irr Dist  
Southside Wtr & Swr Dist  
Star Sewer & Water Dist  
Sun Valley Water &  
Sewer  
Twin Falls Canal Co  
W Bonner Water & Sewer  
District  
Water District #1  
Water District #11  
Water District #31  
Water District #32-C  
Water District #34  
Water District #63  
Water District 37  
Water District 37N  
Water District 67  
Weiser Irr District  
Wilder Irr District

### **Highway Districts**

Ada County Hwy District  
Atlanta Hwy District  
Bliss Hwy District  
Buhl Hwy District  
Burley Hwy District  
Canyon Hwy District #4  
Central Hwy District  
Clarkia Better Roads Hwy  
District  
Clearwater Hwy District  
Cottonwood Hwy District  
Deer Creek Hwy District

Dietrich Hwy District #5  
Downey Swan Lake Hwy  
District  
East Side Hwy District  
Evergreen Hwy District  
Fenn Hwy District  
Ferdinand Hwy District  
Filer Highway District  
Gem Hwy District  
Glenns Ferry Hwy District  
Golden Gate Hwy District  
Gooding Hwy District  
Grangeville Hwy District  
Greencreek Hwy District  
Hagerman Hwy District  
Highway District #1  
(Fruitland)  
Hillsdale Hwy District  
Homedale Hwy District  
Independent Hwy District  
Jerome Hwy District  
Kamiah Hwy District  
Keuterville Hwy District  
Kidder-Harris Hwy District  
Kimama Highway District  
Lakes Hwy District  
Lost River Hwy District  
Minidoka Co Hwy District  
Mtn Home Hwy District  
Murtaugh Hwy District  
N Latah Co Hwy District  
Nampa Hwy District  
North Hwy District  
Notus-Parma Hwy District  
Oakley Highway District  
Plummer-Gateway Hwy  
District  
Post Falls Hwy District  
Prairie Hwy District Board  
Raft River Hwy District  
Richfield Hwy District #3  
S Latah County Hwy  
District #2  
Shoshone Hwy District #2  
Twin Falls Hwy District

Union Ind Hwy District  
Weiser Valley Hwy District  
Wendell Hwy District #6  
West Point Hwy District  
White Bird Hwy District  
Winona Hwy District  
Worley Hwy District

### **Junior Colleges and Public School Districts**

Aberdeen School District  
Alturas International  
Academy  
American Falls SD  
American Heritage  
Charter School  
Another Choice Virtual  
Charter School  
Anser of Idaho Inc  
Arbon School District  
Avery School District  
Basin School District  
Bear Lake School District  
Bingham Academy  
Blackfoot Charter Comm  
Learning Center  
Blackfoot School District  
Blaine Co School District  
Bliss School District  
Boise Ind School District  
Bonneville School District  
Boundary County SD  
Bruneau-Grandview SD  
Buhl School District  
Butte Co School District  
Caldwell School District  
Camas Co School District  
Cambridge School District  
Canyon-Owyhee SD  
(COSSA)  
Cascade School District  
Cassia Co School District  
Castleford School District  
Challis Jt School District

## STATISTICAL SECTION

Chief Tahgee Elementary Academy	I Succeed Virtual High School	Middleton School District
Clark Co School District	ID High Sch Activity Assn	Midvale School District
Clearwater/Orofino Jt SD	Idaho Arts Charter School	Minidoka County SD
Coeur d'Alene Charter Academy	Idaho College and Career Readiness Academy	Monticello Montessori Charter School
Coeur d'Alene SD	Idaho Falls School District	Moscow Charter School
College of Eastern Idaho	Idaho Science & Technology Charter School	Moscow School District
College of Southern Idaho	Idaho Virtual Academy	Mountain Home SD
College of Western Idaho	Idaho Virtual Education Partners, Inc.	Mountain View SD
Compass Public Charter School	Inspire Virtual Charter School	Mullan School District
Cottonwood SD	Jerome School District	Murtaugh School District
Council Valley SD	Kamiah Jt School District	Nampa School District
Culdesac Jt SD	Kellogg School District	New Plymouth SD
Dietrich School District	Kendrick School District	NezPerce Jt SD
Elevate Academy, Inc	Kimberly School District	North Gem SD
Emmett School District	Kootenai Bridge Academy	North Idaho College
Falconridge Charter School	Kootenai School District	North Star Charter School
Fern-Waters Public Charter School	Kootenai Technical Education Campus	North Valley Academy Charter School
Filer School District	Kuna Jt School District	Notus School District
Firth School District	Lake Pend Oreille School District	Oneida School District
Forge International School	Lakeland School District	Palouse Prairie Education Organization
Fruitland School District	Lapwai School District	Parma School District
Future Public School Inc	Legacy Public Charter School	Pathways in Education - Nampa, Inc.
Garden Valley SD	Lewiston Independ SD	Payette River Regional Technical Academy
Gem Prep: Meridian, Inc	Liberty Charter School Inc	Payette School District
Gem Prep: Nampa, Inc.	Mackay School District	Peace Valley Charter
Gem Prep: Online, LLC	Madison School District	Pleasant Valley SD
Gem Prep: Pocatello Inc.	Marsh Valley Jt SD	Plummer-Worley Jt SD
Genesee School District	Marsing School District	Pocatello Community Charter School
Glenns Ferry Jt SD	McCall Donnelly SD	Pocatello School District
Gooding Jt School District	Meadows Valley SD	Post Falls School District
Grace School District	Melba School District	Potlatch School District
Hagerman Jt SD	Meridian Charter High School Inc	Prairie School District
Hansen School District	Meridian Medical Arts Charter School	Preston School District
Heritage Academy	Meridian School District	Project Impact STEM Academy
Heritage Community Charter School		Richard McKenna Charter High School
Highland Jt School District		Richfield School District
Homedale School District		Rigby School District
Horseshoe Bend SD		

## STATISTICAL SECTION

Ririe School District  
 Rockland School District  
 Rolling Hills Charter  
     School  
 STEM Charter Academy  
 Sage International School  
     of Boise  
 Salmon River Jt SD  
 Salmon School District  
 Sandpoint Charter School  
 Shelley Jt School District  
 Shoshone School District  
 Snake River SD  
 Soda Springs SD  
 South Lemhi SD  
 St Anthony SD  
     (FremontCoSD)  
 St Maries School District  
 Sugar-Salem SD  
 Swan Valley SD  
 Syringa Mountain School  
 Taylors Crossing Public  
     Charter School  
 Teton School District  
 The Academy, Inc.  
     The Village Charter  
     School  
 Thomas Jefferson Charter  
     School  
 Three Creek SD  
 Treasure Valley Classical  
     Academy, Inc  
 Troy School District  
 Twin Falls School District  
 Upper Carmen Charter  
     School  
 Valley School District  
 Vallivue School District  
 Victory Charter School  
 Vision Charter School  
 Wallace School District  
 Weiser School District  
 Wendell School District  
 West Bonner Co Sch Dist  
 West Jefferson SD

West Side School District  
 White Pine Charter  
     School  
 Whitepine Jt SD  
 Wilder School District  
 Xavier Charter School  
  
**Other**  
 Aberdeen District Library  
 Ada Co Free Library  
 Am Falls Housing Agn  
 Amer Falls Free Libr  
 Assoc of ID Cities  
 Bannock Planning  
     Organization  
 Bear Lake Co Library  
 Bear Lake County Fire  
     District  
 Bear Lake Regional  
     Commission  
 Bingham Co Senior  
     Citizen Center  
 Blackfoot Fire Department  
 Blaine Co Rec District  
 Boise Basin Library District  
 Boise City/Ada Co  
     Housing Authority  
 Boise Fire Department  
 Boise River Flood Control  
     District #10  
 Bonner Soil & Water  
     Conservation District  
 Boundary Co Free Library  
 Buhl Fire District  
 Buhl Housing Authority  
 Burley Fire Dept  
 Burley Library  
 Caldwell Fire Department  
 Caldwell Housing  
     Authority  
 Canyon Co Mosquito  
     Abatement District  
 Canyon County  
     Ambulance District  
 Capital City Dev Corp

Caribou Soil  
     Conservation District  
 Cascade Medical Center  
 Cascade Rural Fire &  
     EMS  
 Central Fire District  
 Central Orchards Sewer  
     District  
 Clearwater-Potlatch  
     Timber Prot Assn  
 Coeur d'Alene Fire Dept  
 Comm Planning Assn -  
     SW ID  
 Consolidated Free Library  
     District  
 Coolin Sewer District  
 Cottonwood Rural FD  
 Council Valley Free  
     Library District  
 Deary Rural Fire District  
 Donnelly Rural FPD  
 Dry Creek Cemetery Dist  
 Eagle Fire Protection Dist  
 Eagle Sewer District  
 East Bonner County  
     Library District  
 Eastern ID Fair Dist  
 Eastern Idaho Reg Waste  
     Water Authority  
 Edwards Mosquito  
     Abatement District  
 Ellisport Bay Sewer  
     District  
 Foster Grandparents of  
     SE Idaho  
 Franklin Co Library Dist  
 Franklin County Fire Dist  
 Fremont County Dist Lib  
 Garden Valley Fire  
     Protection District  
 Gem Co Mosquito  
     Abatement District  
 Gem Co Recreation  
 Gem County Fire Prot  
     District 1



## STATISTICAL SECTION

Gooding Cem Maint Dist	Jefferson Free Library	Meridian Cemetery Maint
Gooding Fire District	District	District
Gooding Public Library Dist	Jerome Cemetery	Meridian Library District
Gooding Soil	Maintenance District	Metro Community
Conservation District	Jerome Fire Dept	Services, Inc.
Grangeville Cemetery	Jerome Recreation	Mica Kidd Island Fire Prot
Maintenance District	District	District
Greater Middleton Parks	Ketchum Fire Dept	Middleton Rural Fire
& Rec District	Kingston-Cataldo Sewer	District
Greater Swan Valley Fire	District	Minidoka County Fire
Protection District	Kootenai Co Emergency	Protection District
Hagerman Cemetery Dist	MedSvc	Minidoka Soil & Water
Hagerman Fire Prot Dist	Kootenai Co Fire &	Conservation District
Hauser Lake Fire	Rescue F	Moscow Cemetery District
Protection District	Kootenai Co Fire &	Moscow Fire Dept
Hayden Area Regional	Rescue P	Moscow Rural Fire
Sewer Board	Kootenai Metropolitan	District
Hillcrest Cemetery	Planning Organization	N Ada Co Fire/Rescue
Maintenance District	Kuna Cemetery	District
Homedale Rural Fire Prot	Maintenance District	N Bingham Co Library
District	Kuna Fire District	District
Housing Alliance &	Kuna Library District	N Fremont Cemetery Dist
Community Partnerships	Kuna Rural Fire District	Nampa Fire Dept
(HACP)	Latah County Library Dist	Nampa Housing Auth
ID Assn of Counties	Lemhi Co Fire Protection	Nez Perce Co Fair Board
ID Assn of School	District	No Lakes Fire Prot Dist
Administrators	Lemhi County Library Dist	North Idaho Fair
ID Bureau of Education	Lewiston Fire Dept	North Lake Recreational
Svc for the Deaf and	Lewiston-Nez Perce	Sewer & Water District
Blind	County Airport Authority	Northside Fire District
ID Co Risk Mgmt Prog	Lincoln Co Cemetery Dist	Oneida Co Library
ID Crop Improvement	Lincoln County	Orofino Cemetery District
Association	Emergency Services	Oregon Trail Recreational
ID Falls Fire Dept	Lincoln County Housing	District
ID Public Emp Assn	Authority	Paradise Valley Fire Dist
Idaho Digital Learning	Local Hwy Tech	Paul Cemetery District
Academy	Assistance Council	Payette County
Idaho Education Assn	Madison Co Library Dist	Recreation District
Idaho Heritage Trust	M-A-R Cemetery Dist	Payette Fire Dept
Idaho School Boards	Marsing-Homedale	Plummer Gateway Fire
Association	Cemetery District	Prot District
Idaho School District	McCall Fire Prot District	Pocatello Fire Dept
Council	Meadows Valley Rural	Pocatello-Chubbuck
Iona Bonneville Sewer	Fire District	Auditorium District
District	Meadows Vly Pub Lib Dist	Port of Lewiston

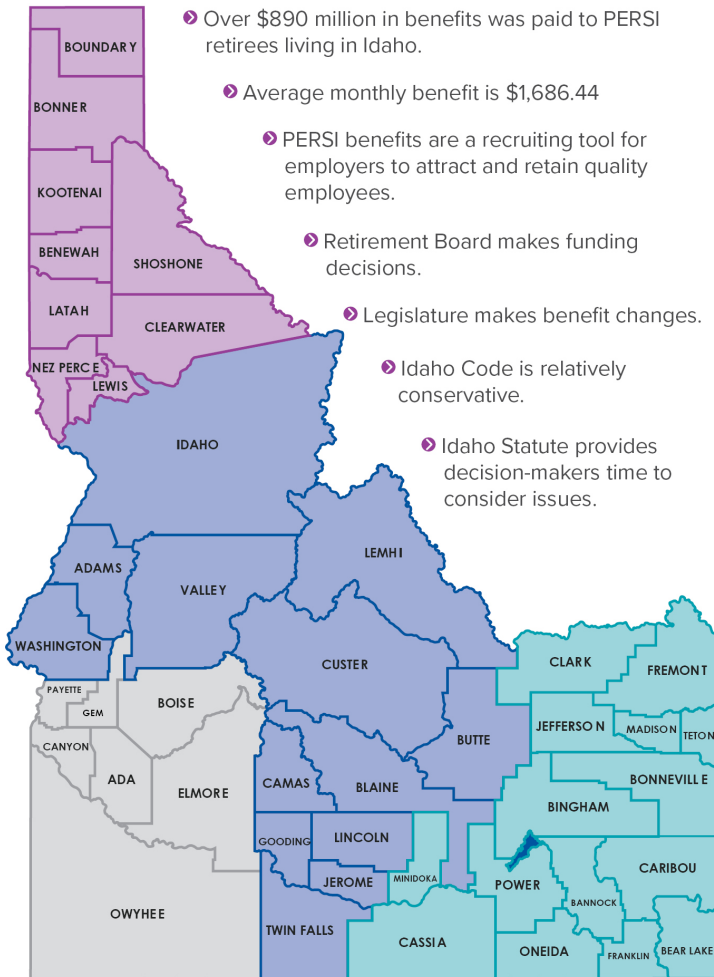


## STATISTICAL SECTION

Portneuf Library District	Twin Falls Co Pest
Post Falls Urban Renewal Agency	Abatement District
Prairie-River Library Dist	Twin Falls County Fair
Priest Lake Public Library	Twin Falls Fire Dept
Rexburg Cemetery Dist	Twin Falls Housing Auth
Rexburg-Madison Fire	Valley of Tetons Library Board
Rock Creek Fire Protection District	Valley Recreation District of Hazelton
S Bannock Library District	Valley Regional Transit
S Id Solid Waste Dist	Valley Soil & Water Conservation District
S Id Timber Prot Assn	W Boise Sewer District
Sagle Fire District	Weiser Ambulance District
Salmon Library District	Weiser Area Rural Fire District
Sandpoint Fire Dept	Weiser Memorial Hospital
Schweitzer Fire District	Wendell Rural FD
Selkirks-Pend Oreille Transit Authority	West Bonner Library Dist
Shelley Cemetery Dist	West End Cemetery Dist
Shoshone City & Rural Fire Protection District	West End Fire Prot Dist
Shoshone Co Fd #1	Westside Fire District
Shoshone Co Fd #2	Whitney FPD
Shoshone Co FD#2	Whitney FPD
So Cent Region E911	Wilder Cemetery District
South Bingham Soil Conservation District	Wilder Housing Auth
South Boundary Fire Protection District	Wilderness Ranch Fire Protection District
South Fork Coeur d'Alene River Sewer District	Wilder Rural Fire Protection District
South Fremont Fire Protection District	Wood River Fire & Rescue
Southern Valley County Rec District	Wood River Soil & Water Conservation District
Spirit Lake Fire Prot Dist	Worley Fire Protect. Dist
St Maries Fire Prot Dist	
Stanley Community Library District	
Star Joint FPD	
Targhee Regional Public Transit Authority	
Teton Co Fire Pr Dist	
Timberlake Fire Protection District	

## STATISTICAL SECTION

### PERSI BENEFITS PAID IN FISCAL YEAR 2020 TO RETIREES LIVING IN IDAHO



COUNTIES	2020 in millions	NUMBER OF RETIREES	AVERAGE MONTHLY BENEFIT
Boundary	4.12	320	\$1,074.14
Bonner	15.85	985	\$1,341.00
Kootenai	62.78	3,239	\$1,615.14
Benewah	4.25	287	\$1,234.40
Shoshone	8.52	514	\$1,381.28
Latah	32.20	1,507	\$1,780.45
Clearwater	7.42	453	\$1,365.70
Nez Perce	28.66	1,312	\$1,820.58
Lewis	3.36	217	\$1,290.16
Idaho	7.57	528	\$1,195.07
Adams	2.91	188	\$1,291.05
Washington	6.93	425	\$1,359.10
Valley	12.00	526	\$1,901.18
Lemhi	5.26	325	\$1,347.99
Custer	2.85	172	\$1,381.45
Butte	1.28	101	\$1,058.97
Camas	0.93	54	\$1,428.94
Blaine	9.30	420	\$1,844.68
Gooding	8.65	509	\$1,416.88
Lincoln	2.48	157	\$1,315.19
Jerome	7.55	442	\$1,423.85
Twin Falls	38.72	1,922	\$1,678.91
Payette	8.84	489	\$1,505.69
Gem	10.50	625	\$1,400.36
Boise	4.85	256	\$1,579.27
Canyon	82.16	4,356	\$1,571.76
Ada	279.86	11,800	\$1,976.42
Elmore	12.06	707	\$1,421.06
Owyhee	3.44	269	\$1,065.99
Minidoka	8.83	580	\$1,269.24
Cassia	11.86	678	\$1,457.52
Oneida	2.40	144	\$1,391.50
Power	4.54	257	\$1,470.59
Franklin	4.88	299	\$1,361.13
Bear Lake	4.21	266	\$1,319.69
Bannock	64.89	2,781	\$1,944.36
Caribou	3.79	238	\$1,326.84
Bingham	22.76	1,317	\$1,440.05
Bonneville	53.53	2,415	\$1,847.13
Teton	2.25	140	\$1,338.28
Madison	10.82	601	\$1,500.19
Jefferson	12.05	667	\$1,505.56
Fremont	8.15	494	\$1,375.22
Clark	0.65	42	\$1,288.37
<b>TOTALS FOR IDAHO</b>	<b>890.93</b>	<b>44,024</b>	<b>\$1,686.44</b>

### CONTACT US AT

Public Employee Retirement System of Idaho  
607 North 8th Street | Boise, Idaho 83702  
208.334.3365 or 1.800.451.8228  
[www.persi.idaho.gov](http://www.persi.idaho.gov)

## STATISTICAL SECTION

Several publications and reports are distributed to members and employers to keep them informed about the status of their membership accounts and PERSI in general, including:

- Comprehensive Annual Financial Report
- Member Handbook
- Annual Membership Account Statement
- Remittance Advice
- Newsletters
- Brochures
- Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. (Form 1099R)
- Pre-Retirement Education Materials
- Reports to Legislature
- Memorandums to Employers

To receive any of these materials, contact PERSI (numbers below). Additional PERSI information can be found on PERSI's website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

### **PERSI Office Locations:**

#### **Boise**

Office Location:  
607 North 8th Street  
Boise, ID 83702

Mailing Address:  
P.O. Box 83720  
Boise, ID 83720-0078

#### **Coeur d'Alene**

Office Location & Mailing Address:  
2005 Ironwood Parkway  
Suite 226  
Coeur d'Alene, ID 83814

#### **Pocatello**

Office Location:  
1246 Yellowstone Avenue  
Suite A5  
Pocatello, ID 83201

### **Telephone:**

**PERSI Answer Center** (208) 334-3365 Toll-free 1-800-451-8228

**Employer Service Center** (208) 287-9525 Toll-free 1-866-887-9525

**PERSI Choice 401(k) Plan** Toll-free 1-866-437-3774



**PERSI**

Public Employee Retirement System of Idaho

*The costs associated with this publication are available from the Public Employee Retirement System of Idaho  
in accordance with Section 60-202, Idaho Statute.*