

History of PERSI

[History of Important Dates for PERSI](#)

[History of PERSI's Contribution Rates, Earnings, COLAs, Interest and More](#)

PERSI has experienced ongoing changes in the years since its inception, as we are always seeking new and better ways to serve our ever-growing number of members. The following is a summary of PERSI's history.

The Public Employee Retirement System of Idaho was created in 1963 by the 37th Idaho Legislature, with funding effective July 1, 1965. The first Retirement Board, with assistance from the Idaho State Employees Association (now Idaho Public Employees Association), met throughout the Fall of 1964 and the Spring of 1965 to organize the system. One of their initial tasks was to select the first director. After considering 56 applicants, the Board selected six-term legislator, Tommy Terrell, as PERSI's director. Terrell was chosen for his knowledge of state government and his background in finance and insurance.

Initial membership in PERSI was 5,404 active members, employed by state agencies and 19 political subdivisions. State agencies were required to join the system and political subdivisions across the state were given the option of joining. Police Retirement Funds (PRFs) were also permitted to join. The Boise City and Idaho Falls Police Retirement Funds elected to join, while the other three PRF's in the state began phasing out their funds by including newly hired employees in PERSI. By July of 1966, membership included 75 political subdivisions and over 8,000 members.

PERSI's first offices were located in the Boise Hotel. There were eight staff members.

Initial assets of the system totaling \$324,794 were transferred to First National City Bank (now West One), in August of 1965. The bank was PERSI's first investment manager, placing 70% of the portfolio in fixed assets and 30% in equity investments. This mix gave a rate of return of 4.28% for the portfolio's first year.

PERSI's first retirees began receiving benefits in January, 1966. Some 238 members retired that first month, receiving \$24, 658.

In 1967, the Teacher's Retirement System merged with PERSI, adding 11,000 active members, 1,600 retirees, and \$20 million to the system. By the end of 1967, PERSI had more than 2,500 retirees and 20,000 active members working for 370 employers.

By 1972, PERSI had 23 staff members and needed more room to carry out its operations, so it constructed its first headquarters building in Boise. This building was designed to accommodate growth for about 20 years. In 1975, satellite offices were opened in Pocatello and Coeur d'Alene to better serve members across the state.

During the '70s, PERSI added three funding agents to manage the portfolio: Idaho Bank & Trust (now Key Bank), First Security and First Interstate. They, along with First National City Bank, managed an "equal balanced" portfolio, where each had one quarter of the assets to invest however they wished.

The Firefighters' Retirement Fund (FRF) joined PERSI in 1980, as did new employees of the Department of Employment. Firefighters who belonged to the FRF retained their membership in that system. All new firefighters hired after October 1, 1980, automatically became members of PERSI.

In 1983 employee contributions to PERSI became tax deferred.

Throughout the 1970's and 80's, the portfolio grew substantially, and in 1986, as the portfolio reached \$1 billion, PERSI hired Frank Russell Trust as investment manager to implement a "specialty investment manager" concept. In 1988, to bring better control over the assets, portfolio management was brought directly under the Board and PERSI obtained an investment staff.

In 1991, PERSI began offering Pre-Retirement Seminars to members within five years of retirement. Also in 1991, the first phase of the Benefit Enhancements program was approved by the legislature. By the time three phases of the program were approved in '93, the PERSI benefit formula grew in value by about 18%.

In 1993, having outgrown its original building, PERSI began constructing a new headquarters site. This was completed in June, '94, and should accommodate operations for another 20 years.

Throughout the 1990's PERSI's investment portfolio did extremely well and the funds assets grew significantly.

As of 2000, PERSI was 113% funded, and as a result, 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. Each year, PERSI's funding level will be evaluated to determine any possible gain sharing distributions for the year.

Retirees received their first gain sharing as a "13th 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) 401(k) accounts. This new plan, which is in addition to PERSI's traditional Defined Benefit (DB) "Base" Plan, is called the PERSI "Choice" Plan 401(k).

Active members received their distributions into their new 401(k) accounts on February 1, 2001. Beginning in May 2001, members were able to begin actively managing their funds. Members may choose to leave their funds in the PERSI "Total Return Fund" with an asset allocation mirroring the Base Plan portfolio, or they may transfer their funds among ten additional investment options. In July 2001, members were allowed to begin voluntary contributions to the plan through tax-deferred payroll deductions. (Dependent on the ability of the 700 individual employers to accept voluntary contributions.)

The Choice Plan 401(k) is very unique to the public sector. PERSI obtained permission from the Internal Revenue Service to expand a grandfathered State 401(k) to all our members statewide. While some public employees are familiar with 457 or 403(b) plans, a 401(k) is something quite new to them. Many of our members have never had the opportunity to make such pre-tax voluntary contributions but now may actively save to supplement their retirement.

PERSI is now a more mature retirement system with many "growing pains" in its past. Current membership data is available on this website in our [annual report](#).

As PERSI looks toward the future, its goals continue to be ever-improved customer service and a strong, stable system that members can count on to be there for their retirement years.