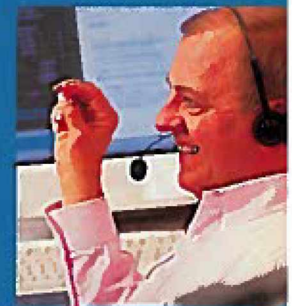

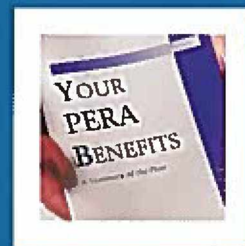

working to secure your future

Public Employees' Retirement Association of Colorado

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended December 31, 1999

WORKING TO SECURE YOUR FUTURE

1999 proved to be another prosperous year for PERA. This successful year would not have been possible without the diligence of the Board of Trustees, PERA leadership, and the PERA staff. All take their work very seriously because they are committed to unrivaled participant satisfaction and strive to provide plan participants with competitive retirement programs and excellent service.

Whether it is improving PERA operations, initiating legislation to improve the plan, or pursuing the highest investment return possible with the least amount of risk, PERA's leadership and staff is constantly striving for a better future for its members and benefit recipients. As 1999 ended a thriving decade for PERA, the next is sure to be as successful because of PERA's dedicated team.

1999 STATISTICAL HIGHLIGHTS*

The Public Employees' Retirement Association of Colorado provides retirement and survivor benefits for the employees of 375 state, school, and local government entities in Colorado.

■ **Benefit Recipients**	**52,458**
■ **Contributing Members**	**157,967**
■ **Service Retirements**	**3,390**
■ **Disability Retirements**	**198**
■ **Survivor Benefits Started**	**56**
■ **Benefit Payments**	**$1,054,515,000**
■ **Refunds Paid**	**$129,151,000**
■ **Net Assets Available for Benefits**	**$31,163,229,000**
■ **Investment Income**	**$4,524,316,000**
■ **1999 Investment Rate of Return****	**19.0%**
■ **Three–Year Annualized Rate of Return****	**18.3%**
■ **Five–Year Annualized Rate of Return****	**18.5%**
■ **Ten–Year Annualized Rate of Return****	**13.4%**
■ **Employer Contributions**	**$499,763,000**
■ **Member Contributions**	**$430,418,000**

* *Includes the 401(k) Plan, Health Care and Pension Trust Funds*

** *Excludes the 401(k) Plan*

Public Employees' Retirement Association of Colorado

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended December 31, 1999

Public Employees' Retirement Association of Colorado

1300 Logan Street

Denver, Colorado 80203

303 . 832 . 9550

www.copera.org

Prepared by the PERA Staff

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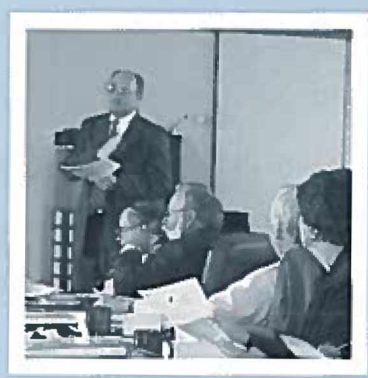

The Board of Trustees and PERA's Executive Staff keep a watchful eye over all of PERA's activities. PERA's staff is committed to providing competitive retirement programs and excellent customer service.

LETTER OF TRANSMITTAL

PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
Mailing Address: PO Box 5800 Denver, Colorado 80217-5800
Street Address: 1300 Logan Street Denver, Colorado 80203-2386
303-832-9550 or 1-800-759-PERA (7372)

June 30, 2000

Dear Members of the Board of Trustees,

I am pleased to present PERA's *Comprehensive Annual Financial Report* (*CAFR*) for the fiscal year ended December 31, 1999. We are proud of PERA's achievements during the year, and we will continue striving to improve service to our members and benefit recipients in the future. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation rests with PERA's management.

Report Contents

This *Report* consists of five sections:

The *Introductory Section* contains the administrative organizational chart, the Certificate of Achievement for Excellence in Financial Reporting, information about the Board of Trustees, this Letter of Transmittal, and the Board Chair's Report.

The *Financial Section* contains the report of the independent accountants, the financial statements of the Association, and certain required supplementary information.

The *Investment Section* contains a report on investment activity, investment policies, investment results (including the 401(k) Plan), and various schedules.

The *Actuarial Section* contains the certification letter from the independent actuary, Watson Wyatt, along with the results of the annual actuarial valuation and other actuarial statistics.

The *Statistical Section* contains tables of significant data pertaining to PERA, a list of affiliated employers, and information on other programs in which the Association is involved for the good of its members and benefit recipients.

Plan Overview

PERA was established in 1931 by the Colorado General Assembly as an instrumentality of the state. Initially covering only state employees, the Plan has expanded to include all Colorado school districts except Denver, the State's judicial system, numerous municipalities, and other government entities. The Plan's purpose is to provide benefits to members at retirement or in the event of disability or death, or to their survivors upon the member's death. The Plan is funded on an actuarial reserve basis, with money being set aside for benefits while the benefits are being earned and before they are paid.

Major Initiatives

In 1999, Senate Bill (SB) 99-90, initiated by the PERA Board of Trustees, was enacted into law. This was a major piece of legislation for PERA, which accomplished the following:

- Increased the matching of member contributions and interest when a member refunds his or her account prior to retirement eligibility or age 65 from 25 percent to 50 percent on July 1, 1999. This change increases the amount of employer contributions a short-term member receives when withdrawing from PERA from 2 percent of pay to 4 percent of pay, plus interest.

- Increased the matching of PERA member contributions and interest when a member withdraws his or her account at age 65 or retirement eligibility from 50 percent to 100 percent on July 1, 1999. The 100 percent match also is used to calculate the money purchase benefit.

- Established a new match on members' voluntary contributions to 401(k), 403(b), 401(a), or 457 tax-deferred defined contribution plans once PERA's unfunded liability is fully amortized, or January 1, 2001, whichever is later. The match is funded from the employer contributions normally sent to PERA. The initial amount available for matching contributions will be equal to 2 percent of salary, plus half of the amount expected to reduce any overfunding of PERA over 10 years. Each year the amount available for the match will be determined by PERA and the maximum amount to be matched will be set. Some years more than 2 percent may be available and in other years no matching dollars would be available for voluntary contributions if PERA is not fully funded.

- Reduced the contribution rate for state, school, and judicial employers permanently by 1.0 percent of salary on January 1, 2001, if PERA is fully funded. The contribution rate for municipal employers will be reduced when the Municipal Division reaches an overfunded status. (For January 1, 2001, the Municipal Division rate will be reduced to 9.43 percent.)

- Established the Health Care Trust Fund.

- Transferred 0.3 percent of pay in the employer contribution rate to the Health Care Trust Fund from the pension fund starting July 1, 1999. The rate to the Health Care Trust Fund went from 0.8 percent to 1.1 percent of salary.

- Doubled the Health Care Program subsidy for pre-Medicare retirees up to a maximum of $230 per month for a retiree with 20 or more years of service, effective July 1, 2000.

- Authorized PERA to offer health care coverage to PERA-affiliated employers on a voluntary basis for their active PERA members, effective January 1, 2001.

- Allowed all Colorado retail pharmacies to join the pharmacy network in PERA's self-insured plans.

- Reduced the employee contribution rate from 11.5 percent of pay to 10 percent of pay on July 1, 1999, for State Troopers (including agents of the Colorado Bureau of Investigation). This reduction had a value equal to the benefit that other PERA members received from early retirement changes made as a result of House Bill 98-1191 in 1998.

- Modified the benefit formula for judges hired prior to July 1, 1973, to include 2.5 percent of Highest Average Salary for each year of service over 20 with a 100 percent maximum. Benefits for current Judicial Division benefit recipients were recalculated effective July 1, 1999.

Other items passed by the Legislature and signed into law in 1999 included:

- House Bill 99-1080, supported and recommended by PERA's Board, conforms state law to federal limits on the purchase of "nonqualified" private sector service. The law applies to new members hired on or after January 1, 1999, and limits their purchase of PERA service credit for private-sector employment to a maximum of five years. The purchase cannot be made until the new hires have earned five years of service credit.

- During the 1999 legislative session, House Bill 99-1352 was defeated. This bill was opposed by PERA and several retiree, consumer, and business groups. It would have prohibited Colorado employers from using mail order pharmacy benefits effectively in the health care programs offered to their employees and retirees.

Also in 1999, Governor Owens asked that the PERA Board of Trustees consider changes to the PERA program that would encourage longer-service PERA members to retire earlier. By February 2000, the Board had negotiated provisions that were designed to accomplish the Governor's desired objective, while ensuring the strength of the PERA trust funds. HB 00-1458 was passed by the Legislature and signed by the Governor on May 23, 2000. (See Note 10 on page 32.)

Accounting System and Reports

This CAFR was prepared to conform with the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board (GASB) in Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans," and Statement No. 26, "Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans," as well as generally accepted accounting principles that apply to government accounting for fiduciary funds.

GASB Statement No. 25 establishes financial reporting standards for defined benefit plans and standards for the notes to the financial statements of defined contribution plans. GASB Statement No. 26 provides financial reporting guidance for defined benefit pension plans that administer postemployment health care plans.

The accompanying financial statements are prepared using the accrual basis of accounting. Member and employer contributions are recognized in the period in which employee services are performed. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

In developing and evaluating PERA's accounting program, it was determined that internal control adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

Recognition of Achievements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Association for its CAFR for the fiscal year ended December 31, 1998. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents meet or exceed program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. PERA has been awarded this annual certification for the last 14 years. We believe this report continues to meet GFOA requirements; therefore, we are submitting it to the GFOA to determine its eligibility for another Certificate.

Additions/Deductions to Plan Net Assets

The collection of employer and member contributions and investment income provide the reserves needed to finance retirement and health care benefits. Defined benefit, health care, and 401(k) Plan contributions and investment income, including unrealized gains and losses for 1999, totaled $5,553,634,000. Member and employer contributions increased by $32,469,000 (8.2 percent) and $23,227,000 (4.9 percent), respectively. The increase in contributions was due to increased membership, salaries, and voluntary contributions to the 401(k) Plan.

The primary deduction of a retirement system is the disbursement of retirement and survivor benefits. These recurring benefit payments, along with refunds of contribution accounts to members who terminate employment, subsidies toward health care premiums, and the cost of administering PERA comprise the total expense.

In 1999, deductions totaled $1,210,833,000, an increase of about 14.0 percent from 1998, largely due to an increase in retirement benefits.

Additions of $5,553,634,000 exceeded deductions of $1,210,883,000 by $4,342,751,000 during 1999. Administrative expenses are controlled by an annual budget approved by the Board of Trustees and represent less than 0.1 percent of total assets.

Economic Condition and Outlook

The nation's economy experienced record growth in 1999, with major gains in the stock market and in home values. The gross national product increased 4.1 percent in 1999, and unemployment averaged 4.2 percent—the lowest rate since 1969. Consumer inflation remained low (2.2 percent), although higher than the 1.6 percent rate posted in 1998. Personal income grew by 5.9 percent in 1999. Wage pressures on prices were offset by strong productivity gains, a relatively strong dollar, expanding exports, and weak commodity prices. A continuing "bull" market is forecast, albeit at a slower pace than in 1999. However, if the Federal Reserve Board is not able to contain higher inflation, a major downturn in the nation's investment, housing and stock markets could occur.

Colorado's continued economic expansion in 1999 surprised many economists. Last year, the state strengthened its position as a high-technology center, with solid expansion in the technology, financial services, and tourism sectors. Although the state forecasted a 1.9 percent population growth rate in 1999, final figures indicate that the state's population grew 2.2 percent last year. This was the highest population increase recorded in the state since the 2.3 percent growth that was posted in 1995. Retail sales rose 7.7 percent in 1999, marking the highest retail sales increase since 1994. The value of non-residential construction increased by 25.1 percent in 1999; major gains in several non-residential construction sectors accounted for this expansion. Despite increased mortgage rates, the residential construction sector rose 14.2 percent.

The state's unemployment rate hit a record-low of 2.9 percent, making 1999 the tenth consecutive year that the state's unemployment rate was lower than the national rate. A shortage of low and moderately priced housing for entry and mid-level workers added to employers' difficulties in attracting and retaining employees to unskilled positions, particularly in the services and retail trade sectors. Non-farm jobs grew 3.7 percent in 1999, after increasing 3.9 percent the year before. Rising housing, transportation, and medical care costs fueled higher inflation, as indicated by the 2.9 percent Denver-Boulder-Greeley inflation rate posted in 1999.

An economic slowdown in Colorado continues to be forecast due to the "tight" labor market, lower rate of in-migration, a weakening national economy, as well as the loss of cost advantages in the state's labor, housing, and commercial lease rates. The shortage of highly skilled workers in Colorado's advanced-technology sector is expected to result in lower job growth (3.3 percent), higher unemployment (3.2 percent), and lower construction activity.

Rising commodity prices—particularly in the price of oil—should cause the Denver-Boulder-Greeley inflation rate to increase to 3.2 percent in 2000. Retail sales are assumed to increase 7.6 percent, and personal income should rise 8.0 percent. Management of the state's rapid population growth will continue to be a critical issue. Many growth-related bills were scheduled to be introduced in the Legislature in 2000. However, the lower population growth that is assumed in Colorado in 2000 (1.9 percent) could affect the real estate and construction industries. Any downturn in the nation's economy next year is likely to affect Colorado's economy.

Investments

The investment portfolio income is a major contributor to PERA. The Investment Committee oversees the Fund's portfolio, managers, and performance. It also reviews and approves potential investment opportunities, with input from PERA staff members.

In 1999, net investment income totaled $4,524,316,000. This exceeded total contributions by members and employers of $430,418,000 and $499,763,000, respectively.

For the year ended December 31, 1999, the total fund had a rate of return of 19.0 percent on a market value basis. The Association's annualized rate of return over the last three years was 18.3 percent, and over the last five years it was 18.5 percent. The average annualized market rate of return over the last 10 years was 13.4 percent. PERA assumes an investment return of 8.75 percent over the long term.

Proper funding and healthy investment returns are very important to the financial soundness of PERA. The ratio of investment earnings to total revenue is evidence of the Association's continued solid financial management. Changes in the composition of the portfolio are reflected in the "Investment Summary" on page 44.

An integral part of the overall investment policy is the strategic asset allocation policy. The targeted strategic asset allocation is designed to provide an optimal diversification to reduce risk and maximize total rate of return relative to risk. This emphasizes a maximum diversification of the portfolio that protects the Fund from declines that a particular asset class may experience in a given period. Both traditional and nontraditional assets are incorporated into the asset allocation mix. PERA also has a derivatives program in the equity portfolio as an investment technique to reduce volatility and enhance the portfolio returns over a full-market cycle. A further explanation of PERA's investment policies and strategies is presented in the "PERA Report on Investment Activity" on page 42.

Funding

The bottom-line for a retirement system is its level of funding. If the funding level is adequate, the ratio of total accumulated assets to total liabilities will be larger and more funds will be available for investment purposes. Also, an adequate funding level gives the participants assurance that their pension benefits are secure. The advantage of a well-funded plan is that participants can see assets that are committed to the payment of promised benefits.

The PERA funding objective is to be able to pay long-term benefit promises through contributions that remain approximately level from year to year as a percent of salaries earned by members. In this way, members and employers in each year pay their fair share for retirement service earned in that year by PERA members. If the retirement system follows level contribution rate financing principles—as PERA does (with current service financed on a current basis)—the system will be able to pay all promised benefits when due. This is the ultimate test of financial soundness.

The "funding ratio" and "solvency test" calculations are two ways of measuring a retirement system's funding progress. PERA directs its efforts at keeping the funding ratio (the ratio of assets to accrued liabilities) at a minimum of 80 percent.

As of December 31, 1999, PERA's pension trust funds were "fully funded," i.e., PERA's actuarial assets exceeded actuarial liabilities. (See page 66 for a historical review of PERA's funding level.)

However, in the Health Care Trust Fund, the actuarial liabilities exceeded the actuarial assets creating an unfunded liability. The ratio of assets to liabilities was 12.9 percent. This unfunded liability will be amortized over a period of time; the amortization period was 32 years as of December 31, 1999, a significant reduction of 20 years from the previous period.

PERA's actuarial assumptions, which are reviewed every five years by an independent actuary retained by PERA, are used to project the Plan's future experience. Also, every five years an actuarial audit is performed by another external actuarial consulting firm.

The most recent five-year actuarial audit was conducted by Watson Wyatt Worldwide, based on PERA's 1995 experience data. The most recent five-year review of actuarial assumptions was conducted by Towers Perrin based on PERA's 1991–1995 experience data. A presentation of PERA's actuarial methods and assumptions is provided in the Actuarial Section of this *Report* on page 58.

Professional Services

Professional consultants are chosen by the Board of Trustees to perform professional services that are critical to PERA's operation. The opinions of Ernst & Young LLP, the independent certified public accounting firm that provides financial statement audit services for PERA, and Watson Wyatt, the actuarial firm that conducts PERA's annual actuarial valuation, are included in this *Report*. A listing of the major investment, actuarial, and other consultants that provide professional services to PERA are in this Introductory Section.

Review of Operations and Activities in 1999

1999 was busy and fruitful for PERA. The Board and staff devoted a significant amount of time preparing for the extensive innovative changes specified under SB 99-90.

Pursuant to the Board's directive, a committee began developing proposals for alternate retirement plans for employers that have the choice of joining PERA. Implementation of one or more of these proposals are designed to enhance PERA's program, increase PERA membership, and increase customer satisfaction.

Work began on the new health benefits program, called PERACare, to be offered in accordance with SB 99-90. An Advisory Committee was formed, comprised of representatives of employers and employee organizations. This legislation requires that PERA design a program for active employees, retirees, and dependents of PERA-affiliated employers. PERACare will begin providing benefits on January 1, 2001, with a choice of benefit plans, and a goal of providing efficient administration.

The Board approved major enhancements to the Long-Term Care Program to become effective with the program's open enrollment in 2000.

An "Ambassadors Program" was initiated by PERA in April 1999 as a grassroots effort to disseminate information about PERA to the Legislature by PERA retirees and members who are knowledgeable about the PERA benefits program.

To ensure that PERA can function with minimal disruption in the event of any natural or other disaster, in March 1999 the PERA Board approved a plan to develop a secondary business recovery facility. Groundbreaking on this facility occurred in January 2000, with completion anticipated in 2001.

Also in 1999, PERA added several new benefit calculators, including a retirement planner, to the PERA Web site. Members can obtain a comprehensive picture of his or her retirement benefits, including investments and pension plans, by entering data to these programs. At the end of 1999, PERA members could order Personal Identification Numbers (PIN) to be used in conjunction with their Social Security numbers on the PERA Web site to view details about their PERA accounts.

PERA's extensive efforts to prevent problems related to the "Year 2000 problem" were successful in ensuring uninterrupted benefits and services to PERA employers, members, and benefit recipients.

PERA devotes much effort in communicating and advising members and retirees about their current or future benefits. In 1999:

- Counselors provided counseling to 1,282 members in 14 cities around the state, 352 Saturday appointments, and 3,323 appointments at PERA.

- The Customer Service Center handled nearly 221,672 calls, responded to 2,748 e-mails, and assisted 5,394 visitors to PERA. The Legislative Status Hotline received 2,839 calls.

- The continuing high demand for counseling services prompted PERA to increase the number of pilot Group Counseling Sessions. First introduced in 1998, these sessions offer personalized information, provide more opportunities for members to meet with a Field Education Representative, and make more efficient use of PERA staff. In 1999, they provided information to 805 members.

- Field Education staff conducted 662 information meetings and staffed 85 information tables throughout Colorado. Close to 22,000 persons attended those meetings, and more than 4,300 persons were contacted at information tables. In addition, 24 training meetings were held to educate 438 PERA-affiliated employer staff members about procedures and policies. Also in 1999, several employer meetings were conducted to educate employers about PERA's new disability program.

401(k) Plan Activities

During the year, staff analyzed whether to bring the 401(k) Plan recordkeeping in-house or to continue using an external vendor. As a result, the Board approved continued use of ADP as the 401(k) recordkeeper. Staff also began arrangements to:

- Move from monthly to daily valuation of the 401(k) Plan.
- Implement an online transactional Web site for the 401(k) Plan.
- Add more funds to the 401(k) Plan.
- Make other significant 401(k) Plan changes.

In 1999, 401(k) Plan net assets grew from $362,874,000 at the end of 1998 to $514,115,000 at the end of 1999, with 24,224 participant accounts in the Plan by the close of 1999—a 20.4 percent net increase in members over 1998. The Investment Section contains a detailed report on the 401(k) Plan on page 49.

Employer Affiliations

Seven new public employers affiliated with PERA in 1999:

- Park Center Water District
- Housing Authority of the City of Boulder

- San Luis Valley Water Conservancy District
- Scientific and Cultural Facilities District
- Plains and Peaks Regional Library Services System
- Monument Sanitation District
- Santa Fe Trail BOCES

Early in 2000, the following three employers affiliated with PERA: Walker Field Public Airport Authority, Three Rivers Regional Library System, and St. Vrain Sanitation District.

Board-Related Activities

The annual Board of Trustees election for the 16-member Board was held in May 1999. State members elected Gordon East to a four-year term, replacing incumbent Ann Kelly-Bunjer. School members re-elected Julie Coleman to a four-year term, and Edward Bohac was elected by retirees to a four-year term, replacing incumbent William Maguire. In March, the Board approved incumbent Patricia Kelly, Municipal Division, and James Casebolt, Judicial Division, as Trustees for the next four years—both were the only candidates running for a Trustee seat in their respective Divisions. James Casebolt filled the Judicial Division seat that was vacated at the end of June by Leonard Plank, who chose not to run for another term.

In July 1999, the Board elected J. Kim Natale as Chair and Donna Bottenberg as Vice Chair of the Board. Natale replaced Jack Ehnes, who served as Chair since 1995, and continues to serve as a Trustee. Natale has served as Vice Chair since 1995 and as a Trustee on the Board since 1985. Bottenberg has been a Trustee for the past six years.

A Member-Directed Investment Committee was added to the Board of Trustees activities with a goal of reviewing issues concerning the new DC plan match, the 401(k) voluntary investment plan, and financial education efforts of PERA.

The Board's Investment Committee was revamped, replacing the Asset Management Committee with a nine-member committee.

Also, the Board appointed a search committee to develop the process of selecting a new Executive Director to succeed me as I announced my retirement effective July 1, 2000. In April 2000, the Board selected Meredith Williams as the new Executive Director. He was the CEO of the Kansas Public Employees Retirement System since 1991.

Acknowledgments

The cooperation of our affiliated employers contributes significantly to PERA's success. We thank them for their continuing support.

The compilation of this *Report* reflects the combined efforts of PERA staff. It is intended to provide complete and reliable information as a basis for making management decisions, determining compliance with legal provisions, and determining responsible stewardship of assets contributed by the members and their employers.

This *Report* is being mailed to all affiliated employers and other interested parties; a summary will be sent to members and benefit recipients.

I would like to express my gratitude to the staff, Board of Trustees, consultants, and other associates who worked diligently to ensure the successful operation of PERA, not only in 1999, but since I began as PERA's Executive Director in 1984. I appreciate all of the support from the members, retirees, employers, legislators, investment consultants and managers, and my peers across the country. It has been a great experience—and now I am ready to enjoy the financial security we provide our membership.

This is my last *Comprehensive Annual Financial Report* for PERA. I am proud that we provide our constituents with such an informative document and that we have received the GFOA's award for financial reporting excellence since the 1985 *Report*. I leave PERA when it has achieved full funding, excellent benefits, and an outstanding reputation among its peers.

Respectfully submitted,

Robert J. Scott
Executive Director

CERTIFICATE OF ACHIEVEMENT

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Public Employees' Retirement Association of Colorado

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Gary Brubaker

President

Jeffrey L. Esser

Executive Director

BOARD CHAIR'S REPORT

PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
Mailing Address: PO Box 5800 Denver, Colorado 80217-5800
Street Address: 1300 Logan Street Denver, Colorado 80203-2386
303-832-9550 or 1-800-759-PERA (7372)

June 30, 2000

To all PERA Members, Benefit Recipients, and Employers:

As Chair of the Board of Trustees for the Public Employees' Retirement Association of Colorado, I am pleased to present PERA's 1999 *Comprehensive Annual Financial Report.* This *Report* offers a detailed view of the financial and actuarial status of your retirement system.

Strong growth, low inflation, and optimism about the nation's economy led to another record-breaking year in the nation's stock markets. Major stock indices hit new highs at the end of the year, making 1999 the fifth consecutive year of double-digit gains for these indices. By the close of 1999, PERA's portfolio surpassed $30 billion with a 19.0 percent annual rate of return on investments.

In 1999, major legislation, Senate Bill (SB) 99-90 initiated by the PERA Board was enacted into law. In addition to strengthening pension portability, increasing automatic matching of PERA contributions and interest upon withdrawal, and improving funding for PERA's Health Care Program subsidies, SB 99- 90 allows matching contributions to voluntary defined contribution plans by members when PERA is fully funded.

Maintaining that PERA's trust fund needed time to adjust to new liabilities resulting from passage of SB 99-90, the Board did not initially support any changes to PERA's benefit program in 2000. However, in response to the Governor's interest in encouraging longer service PERA members to retire earlier, PERA's Board passed a motion to reduce the cost to purchase non-covered service credit as a percentage of Highest Average Salary effective February 18, 2000, to 15.5 percent for State, School, and Municipal members, 20 percent for Judges, and 20.4 percent for State Troopers.

The Board also agreed to support certain legislative changes in the PERA program provided that PERA's post-retirement adjustment would be changed to an automatic increase of 3.5 percent compounded annually, and provided that the contribution to PERA's Health Care Trust Fund would be increased once PERA is fully funded. HB 00-1458 was passed by the Legislature and signed by the Governor on May 23, 2000. In addition to including a Modified Rule of 80, HB 00-1458 will reduce PERA's employer contribution rates for the Judicial Division and State and School Division by 1 percent of salary on July 1, 2000, six months earlier than provided for in SB 99-90. PERA's Board supported this bill after it received assurance that it would not affect the actuarial soundness of the PERA plan, nor would it affect implementation of PERA's defined contribution match program. (Please see "Note 10—Subsequent Events" for more information on legislation in 2000.)

Also in 1999, Bob Scott, PERA's Executive Director since 1984, announced his retirement effective July 1, 2000. The Board reluctantly accepted Bob's resignation after 16 years of outstanding and dedicated service. Under Scott's direction, PERA pioneered innovative improvements to the defined benefit plan and PERA's voluntary programs to position PERA competitively for the decade ahead.

On behalf of the Board, I'd like to extend a warm welcome to Meredith Williams who will succeed Bob Scott as PERA's Executive Director. Meredith has an outstanding reputation as the Executive Director of the Kansas Public Employees Retirement System since 1991, and the Board is excited about working with him. In closing, I extend my appreciation to you for your continued support and interest in PERA.

Sincerely,

J. Kim Natale

J. Kim Natale
Chair, Board of Trustees

BOARD OF TRUSTEES

By state law, the management of the public employees' retirement fund is vested in the Board of Trustees of the Public Employees' Retirement Association of Colorado. The Board is composed of 16 members, including the State Auditor and the State Treasurer as ex-officio members. The 14 representative members are elected by mail ballot by their respective Division members to serve on the Board for a four–year term. Five members are elected from the School Category and four from the State Category in the State and School Division, two from the Municipal Division, and one from the Judicial Division. Two members are elected to represent benefit recipients. If a Board member resigns, a new member is appointed from the respective Division for the remainder of the year until the next election.


J. Kim Natale

Chair of the Board
Member since 1985; Represents school employees
Math and Science Teacher, Jefferson County School District R-1
Current term expires June 30, 2002


Donna J. Bottenberg

Vice Chair of the Board
Member since 1993;
Represents state employees
Professor on special assignment, University of Northern Colorado
Current term expires June 30, 2002


Mark J. Anderson

Member since 1993
Represents municipal employees
Insurance and Claims Manager, City of Colorado Springs
Current term expires June 30, 2002


Dave Barba

Ex-officio member since November 1995
State Auditor
Continuous term


Edward W. Bohac

Member since 1999
Represents retirees
Retired College Fiscal Administrator
Current term expires June 30, 2003


James Casebolt

Member since 1999
Represents judges
Judge, Colorado Court of Appeals
Current term expires June 30, 2003


Mike Coffman

Ex-officio member since January 1999
State Treasurer
Continuous term


Julie A. Coleman

Member since 1995
Represents school employees
Physical Education Teacher, Mesa County Valley School District 51
Current term expires June 30, 2003


Jack L. Darnell

Member since 1992
Represents state employees
Colorado State Patrol Sergeant
Current term expires June 30, 2000


Gordon P. East

Member since 1999
Represents state employees
Lands Unit Supervisor, Colorado Division of Wildlife
Current term expires June 30, 2003


Jack Ehnes

Member since 1989
Represents state employees
Director, Risk Management & Employee Benefits, State of Colorado
Current term expires June 30, 2001


Patricia K. Kelly

Member since 1993
Represents municipal employees
City Attorney, City of Colorado Springs
Current term expires June 30, 2003


Ann Kelly-Bunjer

Member since 1994
Represented state employees
Workplace Issues Coordinator, Colorado Department of Personnel/GSS
Term expired June 30, 1999


Richard Lansford

Member since 1997
Represents retirees (represented School Division members from 1990-1993)
Retired Teacher
Current term expires June 30, 2001


William Maguire

Member since 1995
Represented retirees (represented State Division members from 1985-1994)
Retired Personnel Specialist
Term expired June 30, 1999


Michael J. Morris

Member since 1994
Represents school employees
Principal, Boulder Valley Public Schools
Current term expires June 30, 2000


Leonard P. Plank

Member since 1993
Represented judges
Judge, Colorado Court of Appeals
Term expired June 30, 1999


Gloria Santistevan-Feeback

Member since 1996
Represents school employees
Math Teacher, Pueblo School District #60
Current term expires June 30, 2001


Carole Wright

Member since 1993
Represents school employees
Reading Specialist, Aurora Public School District 28J
Current term expires June 30, 2000

ADMINISTRATIVE ORGANIZATIONAL CHART*

Board of Trustees

Robert J. Scott**
Executive Director

Steven Brown
Deputy
Executive Director
Support Services

Karl Greve
Accounting
Director/Controller

Patricia Bell
Human Resources
Director

Mike Miller
Information Systems
Director

Dennis Fischer
Operations Support
Director

Donna Trujillo
Operations Support
Director

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Benefit Services
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Investment Operations
Director

Jim Lavan
Real Estate
Director

Kim Johnson
General Counsel

Rob Gray
Government
Relations
Director

David Maurek
Internal Audit
Director

* *As of June 1, 2000*

** *Meredith Williams becomes PERA's Executive Director July 1, 2000, with the retirement of Bob Scott effective June 30, 2000*

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Health Care Program Consultants

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Independent Accountants

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Investments—Portfolio Consultant

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Investments—Real Estate Performance

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Master Custodian

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401(k) Consultant

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401(k) Recordkeeper

ADP
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Louisville, KY 40202

FINANCIAL SECTION

Whether it is practicing due diligence to protect PERA's assets, preparing financial statements, or effectively communicating benefit information, PERA's staff is committed to working efficiently and effectively to serve its membership.

REPORT OF THE INDEPENDENT ACCOUNTANTS

ERNST & YOUNG

Ernst & Young LLP
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370 17th Street
Denver, Colorado 80202-5663

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Board of Trustees
Public Employees' Retirement Association of Colorado

We have audited the accompanying general-purpose financial statements, consisting of the State and School Division Trust Fund, Municipal Division Trust Fund, Judicial Division Trust Fund (the "Defined Benefit Plans"), the Voluntary Investment Program, the Health Care Trust Fund and the Insurance Dividend Reserve, of the Public Employees' Retirement Association of Colorado ("PERA") as of December 31, 1999, and for the year then ended. These general-purpose financial statements are the responsibility of the management of PERA. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial status of PERA as of December 31, 1999, and its changes in financial status for the year then ended, in conformity with generally accepted accounting principles.

The supplementary information on pages 33-37 is not a required part of the general-purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board ("GASB"). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit and do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The schedule of administrative expenses contained in the Financial Section is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Ernst + Young LLP

May 9, 2000

STATEMENTS OF PENSION PLAN AND POSTEMPLOYMENT HEALTHCARE PLAN NET ASSETS

As of December 31, 1999, with Comparative Totals for 1998
(In Thousands of Dollars)

	State and School Division Trust Fund	Municipal Division Trust Fund
ASSETS		
Cash and short-term investments		
Cash and short-term investments	$688,800	$41,747
Securities lending collateral	2,414,768	146,355
Total cash and short-term investments	3,103,568	188,102
Receivables		
Benefit	81,590	7,494
Interfund	3,407	0
Investment settlement and income	92,488	5,606
Total receivables	177,485	13,100
Investments, at fair value:		
U.S. government obligations	1,097,246	66,502
Domestic corporate bonds	784,289	47,534
Domestic stocks	15,901,102	963,737
International stocks	4,438,053	268,982
International fixed income	626,841	37,992
Real estate equity	1,871,419	113,423
Real estate debt	161,832	9,808
Alternative investments	2,995,013	181,522
Total investments	27,875,795	1,689,500
Property and equipment, at cost, net of accumulated depreciation of $13,005 and $11,286 at December 31, 1999, and 1998 respectively	12,952	1,048
Total assets	31,169,800	1,891,750
LIABILITIES		
Investment settlements and other	122,311	7,959
Security lending obligations	2,414,768	146,355
Interfund	4,431	355
Total liabilities	2,541,510	154,669
Commitments and contingencies (Note 6)		
Net assets held in trust for pension plan benefits and postemployment healthcare plan benefits	$28,628,290	$1,737,081
Net assets held in trust for:		
Defined contribution pension plan benefits	$0	$0
Postemployment healthcare plan benefits[1]	0	0
Defined benefit pension plan benefits[1]	28,628,290	1,737,081
Net assets held in trust for pension plan benefits and postemployment healthcare plan benefits	$28,628,290	$1,737,081

[1] (A schedule of funding progress is presented for each plan on page 33.)

The accompanying notes are an integral part of these financial statements.

Judicial Division Trust Fund	Total Defined Benefit Plans	401(k) Voluntary Investment Program	Total Pension Trust Funds	Health Care Trust Fund	Insurance Dividend Reserve (Agency Fund)	Totals (Memorandum Only) 1999	1998
$3,914	$734,461	$21,202	$755,663	$3,038	$545	$759,246	$603,891
13,719	2,574,842	0	2,574,842	10,650	1,912	2,587,401	2,422,919
17,633	3,309,303	21,202	3,330,505	13,688	2,457	3,346,650	3,026,810
891	89,975	11,130	101,105	2,432	0	103,537	86,687
11	3,418	0	3,418	4,260	1	7,679	6,826
526	98,620	19,812	118,432	408	73	118,913	126,557
1,428	192,013	30,942	222,955	7,100	74	230,129	220,070
6,234	1,169,982	0	1,169,982	4,839	869	1,175,690	1,181,905
4,456	836,279	64,482	900,761	3,459	621	904,841	1,310,878
90,341	16,955,180	403,096	17,358,276	70,133	12,591	17,441,000	15,537,781
25,215	4,732,250	19,001	4,751,251	19,574	3,514	4,774,339	3,644,135
3,561	668,394	0	668,394	2,765	496	671,655	590,394
10,632	1,995,474	0	1,995,474	8,254	1,482	2,005,210	1,721,307
919	172,559	0	172,559	714	129	173,402	190,636
17,016	3,193,551	0	3,193,551	13,210	2,372	3,209,133	1,885,288
158,374	29,723,669	486,579	30,210,248	122,948	22,074	30,355,270	26,062,324
24	14,024	0	14,024	0	0	14,024	14,550
177,459	33,239,009	538,723	33,777,732	143,736	24,605	33,946,073	29,323,754
635	130,905	21,715	152,620	12,448	22,693	187,761	73,531
13,719	2,574,842	0	2,574,842	10,650	1,912	2,587,401	2,422,919
0	4,786	2,893	7,679	0	0	7,679	6,826
14,354	2,710,533	24,608	2,735,141	23,098	24,605	2,782,844	2,503,276
$163,105	$30,528,476	$514,115	$31,042,591	$120,638	$0	$31,163,229	$26,820,478
$0	$0	$514,115	$514,115	$0	$0	$514,115	$362,874
0	0	0	0	120,638	0	120,638	99,462
163,105	30,528,476	0	30,528,476	0	0	30,528,476	26,358,142
$163,105	$30,528,476	$514,115	$31,042,591	$120,638	$0	$31,163,229	$26,820,478

STATEMENTS OF CHANGES IN PENSION PLAN AND POSTEMPLOYMENT HEALTHCARE PLAN NET ASSETS

For the Year Ended December 31, 1999, with Comparative Totals for 1998
(In Thousands of Dollars)

	State and School Division Trust Fund	Municipal Division Trust Fund
ADDITIONS		
Contributions		
Employers	$422,025	$31,418
Members	324,504	27,893
Purchased service	69,775	3,630
Retiree health care premiums	0	0
Total contributions	816,304	62,941
Investment income		
Net appreciation in fair value of investments	3,619,295	218,420
Interest	224,235	13,496
Dividends	260,996	15,708
Real estate net operating income	88,537	5,329
Securities lending income	114,332	6,881
	4,307,395	259,834
Less investment expense	(72,665)	(4,373)
Less securities lending borrower rebates	(99,647)	(5,997)
Less securities lending agent fees	(4,229)	(255)
Net investment income	4,130,854	249,209
Total additions	4,947,158	312,150
DEDUCTIONS		
Benefits		
Benefits paid to retirees/cobeneficiaries	922,495	39,298
Benefits paid to survivors	20,617	1,605
Benefits paid to health care participants	0	0
Total benefits	943,112	40,903
Refunds of contribution accounts, including match and interest	89,684	10,210
Disability insurance premiums	8,054	692
Administrative expense	15,794	1,391
Other	1,873	(1,118)
Total deductions	1,058,517	52,078
Net increase in assets available	3,888,641	260,072
Net assets available for pension and postemployment healthcare benefits		
Beginning of year	24,739,649	1,477,009
Ending of year	$28,628,290	$1,737,081

The accompanying notes are an integral part of these financial statements.

Judicial Division Trust Fund	Total Defined Benefit Plans	401(k) Voluntary Investment Program	Total Pension Trust Funds	Health Care Trust Fund	Totals (Memorandum Only) 1999	1998
$2,689	$456,132	$495	$456,627	$43,136	$499,763	$476,536
1,552	353,949	76,469	430,418	0	430,418	397,949
121	73,526	0	73,526	0	73,526	45,190
0	0	0	0	25,611	25,611	21,798
4,362	883,607	76,964	960,571	68,747	1,029,318	941,473
20,622	3,858,337	94,410	3,952,747	15,713	3,968,460	2,907,274
1,278	239,009	3,752	242,761	955	243,716	265,051
1,488	278,192	4,570	282,762	1,111	283,873	275,961
505	94,371	0	94,371	376	94,747	100,452
652	121,865	1,096	122,961	487	123,448	137,751
24,545	4,591,774	103,828	4,695,602	18,642	4,714,244	3,686,489
(414)	(77,452)	0	(77,452)	(309)	(77,761)	(62,879)
(568)	(106,212)	(966)	(107,178)	(424)	(107,602)	(118,390)
(24)	(4,508)	(39)	(4,547)	(18)	(4,565)	(4,310)
23,539	4,403,602	102,823	4,506,425	17,891	4,521,316	3,500,910
27,901	5,287,209	179,787	5,466,996	86,638	5,553,634	4,442,383
5,173	966,966	0	966,966	0	966,966	874,913
348	22,570	0	22,570	0	22,570	18,898
0	0	0	0	64,979	64,979	62,395
5,521	989,536	0	989,536	64,979	1,054,515	956,206
683	100,577	28,574	129,151	0	129,151	90,456
38	8,784	0	8,784	0	8,784	0
37	17,222	984	18,206	483	18,689	17,227
1	756	(1,012)	(256)	0	(256)	(2,076)
6,280	1,116,875	28,546	1,145,421	65,462	1,210,883	1,061,813
21,621	4,170,334	151,241	4,321,575	21,176	4,342,751	3,380,570
141,484	26,358,142	362,874	26,721,016	99,462	26,820,478	23,439,908
$163,105	$30,528,476	$514,115	$31,042,591	$120,638	$31,163,229	$26,820,478

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
(In Thousands of Dollars)

NOTE 1—PLAN DESCRIPTION

Organization

The Public Employees' Retirement Association of Colorado (PERA) was established in 1931; the statute relating to PERA is Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.). PERA administers cost-sharing multiple-employer defined benefit plans for the State and School Division Trust Fund, Municipal Division Trust Fund, and Judicial Division Trust Fund (Division Trust Funds). PERA also administers a cost-sharing multiple-employer defined benefit postemployment healthcare plan (Health Care Trust Fund—see Note 8), the Insurance Dividend Reserve, and a multiple-employer Internal Revenue Code (IRC) Section 401(k) defined contribution plan (Voluntary Investment Program—see Note 7). The purpose of the Division Trust Funds is to provide benefits to members at retirement or disability, or to their beneficiaries in the event of death. Members of PERA are employed by public employers (most of whom do not participate under Social Security) located in the state of Colorado and affiliated with PERA.

Responsibility for the organization and administration of the Division Trust Funds, Health Care Trust Fund (HCTF), Voluntary Investment Program, and Insurance Dividend Reserve is placed with the Board of Trustees (the Board) of PERA. The State Division Trust Fund was established in 1931, the School and Municipal Division Trust Funds in 1944, and the Judicial Division Trust Fund in 1949. The State and School Division Trust Funds were combined in 1997. With the passage of Senate Bill (SB) 99-90 effective July 1, 1999, the Health Care Fund became a Trust Fund and its name was changed to the Health Care Trust Fund.

The number of affiliated employers for the three Divisions is as follows:

	As of December 31 1999	1998
State and School	269	271
Municipal	100	97
Judicial	6	6
Total employers	375	374

Membership

Division Trust Funds—Defined Benefit Pension Plans

Benefit recipients and members of PERA consisted of the following as of December 31, 1999, and 1998:

	State and School	Municipal	Judicial	Totals 1999	Totals 1998
Retirees and beneficiaries currently receiving benefits	49,639	2,602	217	52,458	49,808
Terminated members entitled to benefits, but not yet receiving them	7,714	532	12	8,258	7,270
Non-vested Inactive Members	64,882	7,002	2	71,886	67,743
Active Members:					
Vested					
General Employees	76,615	5,408	213	82,236	81,221
State Troopers	470	0	0	470	438
Non-vested					
General Employees	68,833	6,144	38	75,015	72,308
State Troopers	246	0	0	246	268
Total Active Members	146,164	11,552	251	157,967	154,235
Totals	268,399	21,688	482	290,569	279,056

Voluntary Investment Program

See Note 7.

Health Care Trust Fund

See Note 8.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
(In Thousands of Dollars)

Benefit Provisions

Division Trust Funds—Defined Benefit Pension Plans

Benefit provisions for the defined benefit pension plans are established by and may be amended by state statute. Title 24, Article 51 of the C.R.S. assigns the authority to establish and amend the benefit provisions of the plan to the state Legislature. Members with five or more years of service automatically receive the higher of the defined benefit retirement benefit or money purchase benefit at retirement. Members are eligible to receive a monthly retirement benefit when they reach age 65 or meet the age and service requirements listed below. Members elect to receive their benefits in the form of single or joint-life monthly payments.

Service retirement benefits are based on the member's years of service, age, and Highest Average Salary (HAS). Members who meet the eligibility for service retirement receive monthly defined retirement benefits equal to 2.5 percent of their HAS for each year of service credit. The benefit shall not exceed 100 percent, nor shall it exceed the maximum amount allowed by federal law.

HAS is calculated as one-twelfth of the average of the highest annual salaries on which PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit. A 15 percent annual limit in salary increases applies if any salary used in the HAS calculation is from the three years prior to retirement. The three 12-month periods do not have to be consecutive nor do they have to be the last three years of employment. In calculating the HAS for members in the Judicial Division Trust Fund, only one period of 12 consecutive months of service credit is used.

A money purchase benefit is determined by the member's life expectancy and the value of the member's contribution account plus a matching amount as of the date of retirement. The matching amount is 100 percent of the member's contributions and interest at the time of retirement. For members who have less than five years of service, a money purchase benefit is payable beginning at age 65.

The reduction factor used to calculate PERA benefits for reduced service retirement is 3 percent per year for members retiring from age 55 through age 59, with 20 through 29 years of service (0.25 percent per month), and 4 percent per year on benefits paid to members retiring at age 60 with 5 years of service.

Members who retire under age 55 receive benefits reduced 6 percent for each year under age 55 and 3 percent for each year over age 55 that members retire prior to service retirement eligibility.

PERA provides a two-tier Disability Program. This Program requires that members have five or more years of earned service credit, with at least six months of this credit earned since the most recent membership period. Disability retirement benefits are provided to members who are totally and permanently mentally or physically incapacitated from regular and substantial gainful employment. The amount of the disability retirement benefit is based on the member's highest average salary and earned, purchased, and in some circumstances, projected service credit. Short-term disability payments are provided to members who are mentally or physically incapacitated from performance of essential job duties after reasonable accommodation, but who are not totally and permanently incapacitated from regular and substantial gainful employment. PERA provides reasonable income replacement, and rehabilitation or retraining services. The maximum period for short-term disability payments is 22 months, and the maximum income replacement is 60 percent of the member's predisability PERA-includable earnings.

Monthly benefits paid to qualified survivors of members are based on the defined benefit formula; however, a surviving spouse may be eligible to receive the higher of the money purchase benefit or the defined benefit formula. The minimum monthly benefit, based on the defined benefit formula, that is paid to an eligible surviving spouse equals 25 percent of HAS.

Prior to July 1, 1999, if a member died with less than one year of PERA service credit or with no survivors qualified to receive a monthly benefit, the named beneficiary or the estate would receive a lump-sum payment of the member's contribution account, in addition to a matching amount equal to 50 percent of the member's contributions and interest. With the passage of SB 99-90 effective July 1, 1999, the matching amount received by the named beneficiary or the estate (in instances when a member dies with less than one year of PERA service credit or with no qualified survivors) equals 100 percent of the member's contributions and interest.

Annual increases in retirement benefits and survivor benefits occur on March 1 for all benefits that have been paid for at least three months preceding March 1. The percentage amount of the increase is the lesser of 3.5 percent compounded annually for the number of years the benefit has been in effect since March 1, 1993, or the percentage increase in the Consumer Price Index from 1992, or the year prior to the year in which the benefit becomes effective, whichever is later, to the year preceding March 1. The percentage is multiplied by the base benefit to determine the increase.

Retirement benefits for State Troopers and members of the Judicial Division differ slightly.

Until July 1, 1999, members who withdrew their accounts before reaching age 65 or meeting the age and service requirements for retirement eligibility received a refund that included their member contributions and interest, and a matching amount equal to 25 percent of the member's contributions and interest. Effective July 1, 1999, members who are not retirement-eligible or have not attained age 65 receive a matching amount equal to 50 percent of the member's contributions and interest. Prior to July 1, 1999, members who withdrew their accounts upon or after reaching age 65 or retirement eligibility received a 50 percent matching amount of the member's contributions and interest; effective July 1, 1999, these members receive a 100 percent matching amount.

(In Thousands of Dollars)

Interest credited to member contribution accounts is set at 80 percent of PERA's actuarial investment assumption rate. For 1999, the actuarial investment assumption rate was 8.75 percent and the member interest rate was 80 percent of that, or 7.0 percent.

Members who previously received refunds of their contributions may reinstate this service credit through lump-sum or installment payments once they have one year of service credit. Also, any PERA member can accelerate vesting by purchasing service for paid sabbatical leaves and certain periods of non-vested private or public sector employment not covered by PERA through lump-sum or installment payments.

Voluntary Investment Program

See Note 7.

Health Care Trust Fund

See Note 8.

Insurance Dividend Reserve

The Insurance Dividend Reserve (IDR) is an accumulation of dividends received from an insurance company as a return on the premiums paid, adjusted for actual historical experience by members. The IDR is used to provide increased life insurance benefits without increasing premiums to life insurance participants.

Federal Income Tax Status

PERA is exempt from federal income taxes under the Internal Revenue Code.

Termination of PERA

If PERA is partially or fully terminated for any reason, state law provides that the rights of all members and benefit recipients to all benefits on the date of termination, to the extent then funded, will become nonforfeitable.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Board oversees all funds included in the general purpose financial statements of PERA and has the ability to influence operations. The Board's responsibilities include designation of management, membership eligibility, investment of funds, and accountability for fiscal matters.

PERA is an instrumentality of the state; it is not an agency of state government. Also, it is not subject to administrative direction by any department, commission, board, bureau, or agency of the state. Accordingly, PERA's general purpose financial statements are not included in the financial statements of any other organization.

Basis of Presentation

The accompanying financial statements are prepared in accordance with Government Accounting Standards Board (GASB) Statements 25 and 26, as well as generally accepted accounting principles that apply to governmental accounting for fiduciary funds.

Basis of Accounting

The accompanying general purpose financial statements for the pension trust funds, the postemployment healthcare plan, and the agency fund are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which compensation is paid to the member by the employer. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Fund Accounting

The financial activities of the State and School Division Trust Fund, the Municipal Division Trust Fund, the Judicial Division Trust Fund, the HCTF, the IDR, and the Voluntary Investment Program are recorded in separate funds. The State and School, Municipal, and Judicial Divisions maintain separate accounts, and all actuarial determinations are made using separate Division-based information.

The Division Trust Funds, the HCTF, and the IDR pool their investments into a combined investment portfolio. Investment value and earnings of the investment pool are allocated among the funds based on each fund's percentage ownership. As of December 31, 1999, and 1998, the ownership percentages of each fund were as follows:

	Ownership Percentage as of December 31	
	1999	1998
State and School	93.33%	93.41%
Municipal	5.66	5.57
Judicial	0.53	0.53
HCTF	0.41	0.41
IDR	0.07	0.08
Total	100.00%	100.00%

The administrative activities and operating assets and liabilities of PERA are pooled and recorded in a common operating fund. Expenses incurred and net operating assets are allocated from the common operating fund to the Division Trust Funds based on the ratio of the number of members and benefit recipients at the beginning of the year in each Division to the total for all the Division Trust Funds.

Fair Value of Investments

Plan investments are presented at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
(In Thousands of Dollars)

not traded on a national or international exchange are based on equivalent values of comparable securities with similar yield and risk. Real estate debt is valued on the basis of future principal and interest payments, and is discounted at prevailing interest rates for similar instruments. The fair value of real estate and timber investments (timber investments are included within the alternative investment category; see Note 4) are based on periodic independent appraisals. Other investments that do not have an established market (including venture capital, leveraged buyout funds, and international private equity funds within the alternative investment category; see Note 4) are recorded at estimated fair value. Short-term investments are carried at cost, which approximates fair value.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation. Costs of major additions and improvements are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation is calculated using the straight-line method, with estimated lives ranging from three to forty years in the following major classes: vehicles, five years; computer and office equipment, three years to five years; office furniture and leasehold improvements, ten years; and building and building additions, forty years.

Reclassification of Prior Year Amounts

Certain amounts in the prior year financial statements have been reclassified to conform with the current year presentation.

NOTE 3—CONTRIBUTIONS

Division Trust Funds—Defined Benefit Pension Plans

Members and employers are required to contribute to PERA at a rate set by statute. The contribution requirements of plan members and affiliated employers are established under Title 24, Article 51, Part 4 of the C.R.S.

Members are required to contribute 8 percent of their gross salary to PERA, except for State Troopers and Colorado Bureau of Investigation officers, who contributed 11.5 percent from January 1, 1999, until June 30, 1999, and 10.0 percent from July 1, 1999, until December 31, 1999. These contributions are placed in individual member accounts. Member contributions are tax-deferred for federal and state income tax purposes, effective July 1, 1984, and January 1, 1987, respectively. Prior to those dates, contributions were made on an after-tax basis.

PERA-affiliated employers also contribute a percentage of payroll. The contribution rates for the combined retirement benefits and health care benefits from January 1, 1999, through December 31, 1999, were as follows:

Employer Contributions as a Percent of Members' Salaries January 1, 1999, through December 31, 1999

Division	Membership	Contributions
State and School	All members *(except State Troopers)*	11.4%
State and School	State Troopers	13.1%
Municipal	All members	10.0%
Judicial	All members	15.0%

These contributions are deposited, less the portion of contributions for health care benefits, which are transferred to the HCTF, in a trust fund established for each Division for the purpose of creating actuarial reserves for future benefits.

Voluntary Investment Program

See Note 7.

Health Care Trust Fund

See Note 8.

NOTE 4—INVESTMENTS

Investment Authority

Under C.R.S. § 24-51-206, the Board has responsibility for the investment of PERA's funds, with the following investment limitations:

- The aggregate amount of monies invested in corporate stocks or corporate bonds, notes, or debentures that are convertible into stock or in investment trust shares cannot exceed 65 percent of the then book value of the fund.
- No investment of the fund in common or preferred stock (or both) of any single corporation can exceed 5 percent of the then book value of the fund.
- The fund cannot acquire more than 12 percent of the outstanding stock or bonds of any single corporation.

The above limitations and the fund's diversification over several asset classes are intended to reduce the overall investment risk exposure.

Investment Concentrations

No investments (other than those issued or guaranteed by the U.S. government) represent 5 or more percent of the Plan net assets.

Cash

The following table on page 24 presents the PERA combined total deposits and money market funds as of December 31, 1999.

The differences between carrying values and bank balances are due to outstanding checks and deposits not yet processed by the bank.

The carrying value of cash and short-term investments at December 31, 1999, on the Statements of Pension Plan and Postemployment Healthcare Plan Net Assets includes short-term fixed income investments of $124,376 and deposit and money market funds of $634,870 for a total of $759,246. PERA considers fixed income and mortgage investments purchased with a maturity of 12 months or less to be short-term investments.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
(In Thousands of Dollars)

	Carrying Value	Bank Balance
Deposits with banks (fully insured by federal depository insurance)	$1,613	$8,049
Deposits held at bank (fully collateralized by the underlying securities, held by PERA's agent in PERA's name)	72,808	72,808
Money market funds held at bank (fully collateralized by the underlying securities, held by PERA's agent in PERA's name)	560,449	560,449
Total deposits and money market funds	$634,870	$641,306

Other Investments

The following table presents the combined PERA total investments held at December 31, 1999, categorized to give an indication of the level of risk assumed by PERA. The categories are:

1. Insured or registered securities, which are held by PERA or its agent in PERA's name.
2. Uninsured and unregistered, collateralized with securities held by the counterparty's trust department or agent in PERA's name.
3. Uncollateralized.

Investments not evidenced by securities are not categorized.

	Carrying Amount (Fair Value)
Investments—Category 1 (held by PERA's agent in PERA's name)	
U.S. government obligations	$1,081,953
Domestic corporate bonds	829,509
Domestic stocks	16,524,543
International stocks	3,392,550
International fixed income	256,482
Short-term domestic fixed income	27,821
Short-term international fixed income	16,712
Short-term commercial paper	34,846
Total investments—category 1	22,164,416
Investments—Not categorized	
Investments held by broker-dealers under securities loans with cash collateral	
U.S. government obligations	63,228
Domestic corporate bonds	37,894
Domestic stocks	722,823
International stocks	1,297,766
International fixed income	339,930
Short-term U.S. government obligations	44,248
Short-term domestic corporate bonds	473
Subtotal	2,506,362
Investments held by broker-dealers under securities loans with pooled non-cash collateral	
U.S. government obligations	30,509
Domestic corporate bonds	28,264
Domestic stocks	193,634
International stocks	84,023
International fixed income	75,243
Subtotal	411,673
Securities lending short-term collateral investment pool	2,587,404
Domestic corporate bonds (private placements)	9,174
Short-term fixed income (mortgages)	276
Real estate equity	2,005,210
Real estate debt	173,402
Alternative investments	3,209,133
Total investments—not categorized	10,902,634
Total investments	$33,067,050

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
(In Thousands of Dollars)

Short-term domestic fixed income of $72,542, short-term international fixed-income of $16,712, short-term commercial paper of $34,846, and short-term private debt of $276 are included in the total investment amount shown in this disclosure while being included in cash and short-term investments in the financial statements, due to their maturity being less than 12 months.

Securities Lending Transactions

C.R.S. § 24-51-206, and Board of Trustees' policies permit PERA to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. PERA's custodian, The Northern Trust Company, lends securities of the type on loan at year-end for collateral in the form of U.S. and non-U.S. currencies, Organization for Economic Cooperation and Development (OECD) government securities, equities, or irrevocable letters of credit. U.S. securities are lent versus collateral valued at 102 percent of the fair value of the securities plus any accrued interest. Non-U.S. securities are lent versus collateral valued at 105 percent of the fair value of the securities, plus any accrued interest, except that fixed-income securities can be loaned against same currency collateral at 102 percent, plus any accrued interest. Collateral is marked to market daily. There are no restrictions on the amount of securities that can be lent at one time. Securities lent at year-end for cash and securities collateral are classified according to the category for the collateral in the preceding schedule of custodial credit risk.

As of December 31, 1999, PERA had no credit risk exposure to borrowers because the amounts PERA owes the borrowers exceed the amounts the borrowers owe PERA. The contract with PERA's custodian provides that the custodian will indemnify PERA if there has been a bankruptcy filing by the borrower and if the custodian is unable to recover loaned securities due to their inability to comply with the contract. PERA had no losses on securities lending transactions resulting from the default of a borrower or the lending agent for the year ended December 31, 1999.

All securities loans can be terminated on demand by either PERA or the borrower. The weighted average loan life of overall loans was 38.8 days in December 1999. Cash collateral is invested in a custom collateral account made up of a combination of The Northern Trust Company's Collective Short-Term Extendible Portfolio (54.3 percent), The Northern Trust Company's Short-Term Advantage Fund (2.1 percent), and The Northern Trust Company's Global Core Collateral Section (43.6 percent). Though the weighted average maturities of these funds as of December 31, 1999, were 42, 42, and 29 days, respectively, withdrawals for U.S. securities can be made with next day liquidity from the Short-Term Extendible Portfolio and the Short-Term Advantage Fund. The Global Core Collateral Section allows same day liquidity. Longer periods are required for non-U.S. securities. Cash collateral may also be invested separately in term loans, in which case the investments match the loan term. These loans can be terminated on demand by either lender or borrower. PERA cannot pledge or sell non-cash collateral unless the borrower defaults.

As of December 31, 1999, the fair value of lent securities was $2,918,035. The fair value of associated collateral was $3,022,965. Of this amount, $2,587,404 represents the fair value of cash collateral and $435,561 represents the fair value of the non-cash collateral. Non-cash collateral, which PERA does not have the ability to pledge or sell unless the borrower defaults, is not reported in the balance sheet. PERA's income net of expenses from securities lending was $11,281 for the year ended December 31, 1999. As of December 31, 1998, the fair value of lent securities was $2,690,021. The fair value of associated collateral was $2,766,348. Of this amount, $2,422,919 represents the fair value of cash collateral and $343,429 represents the fair value of the non-cash collateral. PERA's income net of expenses from securities lending was $15,051 for the year ended December 31, 1998.

The following table represents the balances relating to the securities lending transactions as of December 31, 1999, and December 31, 1998.

Securities Lent	Carrying Amount (Fair Value) of Underlying Securities December 31, 1999	Carrying Amount (Fair Value) of Underlying Securities December 31, 1998
U.S. government obligations	$93,737	$803,436
Domestic corporate bonds	66,631	86,148
Domestic stocks	916,457	1,168,233
International stocks	1,381,789	539,294
International fixed income	414,700	92,910
Short-term U.S. government obligations	44,248	0
Short-term domestic corporate bonds	473	0
Total	$2,918,035	$2,690,021

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
(In Thousands of Dollars)

Alternative Investments

The following table presents the categories of investments within the alternative investment asset class at December 31, 1999.

	Fair Value at December 31, 1999
Leveraged buyout funds	$1,519,098
Venture capital	796,132
International private equity funds	594,093
Timber investments	299,810
Total alternative investments	$3,209,133

NOTE 5—FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

Covered Call Options

PERA writes covered call options as an investment technique to enhance portfolio returns and to reduce portfolio volatilities. When a call option is sold (written), it obligates PERA to deliver stock at a set price for a specific period of time. PERA receives premium income for options written, and the value of the options are recorded as a liability due to the obligation to deliver stock. The liability is adjusted to reflect the current fair value of the options written. Fair value is the amount that PERA would pay to terminate the contracts at the reporting date. If a call option expires, PERA realizes a gain to the extent of the premium received. If a call option is exercised, the premium received is realized as a gain. A gain or loss is also realized on the underlying security to satisfy the delivery obligation. PERA may repurchase a call option written at its discretion when it is favorable to do so. When a contract is repurchased, the liability is reduced and the difference between the premium received and the amount paid to close the contract is realized as a gain or loss.

By writing covered call options, in exchange for the premium income, PERA foregoes the opportunity for capital appreciation above the exercise price should the market price of the underlying security increase. As a result, PERA bears the risk of an unfavorable change in the price of the security underlying the written option.

PERA has written covered call options on 144 companies' securities as of December 31, 1999. Premiums received on the sales of these options were $1.4 billion and the fair value on the options as of December 31, 1999, was ($1.3) billion.

Index Options

PERA purchases and sells call option spreads on the S&P 500 Index to enhance portfolio returns. The positions vary in order to take advantage of option premium levels and market conditions. The domestic option spreads are exchange traded with margin required. As of December 31, 1999, PERA pledged 207 securities in the underlying S&P 500 Index Portfolio for collateral. PERA pledged shares with a fair value of $2.8 billion.

Premiums paid are recorded as an asset and premiums received as a liability at the inception of the contract. The open contracts are marked-to-market to reflect the current fair value. When the contracts are exercised, the asset or liability is taken off record, a realized gain or loss is recognized, and a cash settlement is made. If the options expire out of the money, the asset or liability position is removed and a realized gain or loss is recognized for the premium paid or received. The option contracts may also be closed or repurchased by PERA, at which time the asset or liability is removed, a realized gain or loss is recognized, and cash is received on closing a contract or cash is paid on the amount repurchased.

Market risk may arise from an imperfect correlation between the change in the fair value of the underlying index and the contracts open. The maximum exposure to loss for a purchased option is limited to the premium initially paid for the option.

As of December 31, 1999, PERA received net premiums of $502 million and the fair value of the open contracts was ($681) million.

Forward Foreign Exchange Contracts

A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry credit risk due to the possible nonperformance by one of the counterparties. The maximum potential loss is the aggregate face value in U.S. dollars at the time the contract was opened; however, the likelihood of such loss is remote. No losses occurred in 1999 or 1998. Forwards are usually traded over-the-counter. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuation and to facilitate trade settlement of foreign security transactions. Forwards carry market risk resulting from adverse fluctuations in foreign exchange rates. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, PERA records the unrealized currency translation gain or loss based on the applicable forward exchange rates.

At December 31, 1999, PERA had outstanding forward foreign exchange contracts to purchase foreign currencies with a fair value of $480 million and outstanding contracts to sell foreign currencies with a fair value of ($481) million.

Futures

A futures contract is an agreement for delayed delivery of securities, commodities, or money market instruments in which the seller agrees to make delivery at a specified future date of a specified instrument, at a specific price or yield. Futures are exchange traded and the exchange assumes the risk of nonperformance by a counterparty. PERA is required to pledge to the broker cash or U.S. government securities (the initial margin), equal to a certain percentage of the contract amount. The fair value of U.S. Treasury Bill collateral was $3 million as of December 31, 1999. Subsequent payments, known as "variation margin," are made by PERA each day, depending on the daily fluctuations in the value of the underlying security. Such variation margin is recorded as realized gain or loss in the financial statements.

(In Thousands of Dollars)

PERA buys and sells futures contracts for portfolio yield enhancement, to reduce the transaction costs of buying the underlying assets and as a hedge against market risk, which is the exposure to the possibility of financial loss caused by adverse changes in the underlying assets. Should interest rates move unexpectedly, PERA may not achieve the anticipated benefits of the futures contracts and may realize a loss.

The fair value of U.S. Long Bond Futures (Short) was ($55) million. The fair value of the International Index Futures (Short) was ($115) million, the fair value of the International Fixed Income Futures Long was $58 million, and the fair value of the international Fixed Income Futures (Short) was ($56) million as of December 31, 1999.

Interest Rate Swap

Interest rate swaps represent an agreement between counterparties to exchange interest cash flows by reference to specified indexes on a notional principal amount for a specified period. PERA entered into an interest rate swap on December 2, 1999, for a three-month term. The counterparties exchanged the United States Dollar-London Interbank Offered Rate (LIBOR)-BBA against a custom index. At the designated maturity date one of the counterparties is obligated to make a net cash payment per the terms of the contract. The net settlement will be recognized at maturity. PERA entered into this contract to gain exposure to the high yield bond market.

PERA is exposed to credit risk in the event of nonperformance by the counterparty to the financial instrument, but does not expect the counterparty to fail to meet its obligation. Interest rate swaps carry market risk, which results from adverse market changes and changes in interest rates.

The fair value of the contract was $15 million as of December 31, 1999.

The financial instruments discussed above involve, to varying degrees, elements of market risk to the extent of future market movements in excess of the amount recognized in the Statements of Pension Plan and Postemployment Healthcare Plan Net Assets. Market risk arises from the potential unfavorable change in the value of the underlying instruments. The following contract or notional amounts of these instruments reflect the extent of PERA's involvement in each class of financial instrument as of December 31, 1999. The contract or notional amounts do not represent the exposure to market loss.

Contracts	Description	Contract or Notional Value
638,095	Covered call options written (domestic)	$4,126,643
102,748	Long index call options (domestic)	15,096,250
102,748	Short index call options (domestic)	(15,096,250)
45	Long fixed income futures contracts (international)	58,389
414	Short fixed income futures contracts (international)	(55,619)
687	Short index futures contracts (international)	(115,350)
600	Short fixed income futures contracts (domestic)	(5,723)
39	Long forward foreign exchange contracts	488,480
39	Short forward foreign exchange contracts	(488,480)
1	Interest rate swap	$15,000

Mortgage-Backed Securities

A mortgage-backed security depends on the underlying pool of mortgage loans to provide the cash flow to make principal and interest payments on the security. A decline in interest rates can result in prepayments, which reduces the fair value of the security. If homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on investment would be higher than anticipated. A collateralized mortgage obligation (CMO), is a mortgage-backed security that is comprised of classes of bonds created by prioritizing the cash flows of the underlying mortgage pool. This redistributes prepayment risk among the various bond classes in the CMO structure.

PERA invests in mortgage-backed securities to enhance fixed income returns. Mortgage-backed securities are subject to credit risk, the risk that the borrower will be unable to meet its obligations. These securities are also subject to prepayment risk, which is the risk that a payment will be made in excess of the regularly scheduled principal payment. Prepayment risk is comprised of two risks: call risk, the risk that prepayments will occur when interest rates have declined, and extension risk, the risk that prepayments will not be made when interest rates have increased.

As of December 31, 1999, the fair value of government mortgage-backed securities was $597 million and the fair value of asset-backed securities was $117 million. The fair value of CMOs as of December 31, 1999, was $89 million.

NOTE 6—COMMITMENTS AND CONTINGENCIES

At December 31, 1999, PERA was committed to the future purchase of investments at an aggregate cost of approximately $2,291,308.

Certain legal proceedings are pending against PERA arising from its normal activities that, based on the facts presently available and the advice of legal counsel, will not have a material adverse effect on PERA's financial condition on settlement.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
(In Thousands of Dollars)

NOTE 7—VOLUNTARY INVESTMENT PROGRAM—PERA'S 401(K) DEFINED CONTRIBUTION PENSION PLAN DESCRIPTION

The Voluntary Investment Program is an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA to provide benefits at retirement to PERA members in the State and School, Municipal, and Judicial Division Trust Funds. Plan participation is voluntary to all PERA members, and contributions are separate from the defined benefit contributions made to PERA.

Members may contribute up to 23 percent of covered salary, to a maximum of $10,000 (actual dollars) for 1999; employer contributions are optional. The contribution requirements for the program are established under C.R.S. § 24-51-1402. At December 31, 1999, there were 24,224 participants with account balances.

Members of the program are allowed to change their contribution amounts, transfer account balances among seven investment funds, or change the contribution percentages designated to each fund on a monthly basis. The seven investment funds are: Money Market, Short-Term Bond, Long-Term Bond, Balanced, Growth and Income Stock, Growth Stock, and International Stock. Members may access their funds through loans, in-service withdrawals, and distributions as allowed under the Internal Revenue Code. Plan provisions are established or are authorized to be established by the PERA Board of Trustees under Title 24, Article 51, Part 14 of the C.R.S.

Significant Accounting Policies—401(k) Voluntary Investment Program

Basis of Accounting

The Voluntary Investment Program financial statements are prepared using the accrual basis of accounting. Employer and member contributions are recognized in the period that the contributions are due.

Method Used to Value Investments

Plan investments are presented at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Other investments that do not have an established market are recorded at estimated fair value.

Investment Concentrations

The following investments of the Voluntary Investment Program represent 5 or more percent of the total plan net assets at December 31, 1999.

Pacific Investment Management Company	
(PIMCO) Total Return Fund	$27,703
Dodge & Cox Balanced Fund	55,171
PERA Growth and Income Stock Fund	
(Managed by PERA Staff)	240,763
Fidelity Contrafund	$131,771

NOTE 8—HEALTH CARE TRUST FUND—PERA'S COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description and Benefit Provisions

The Health Care Trust Fund (HCTF) provides a health care premium subsidy to participating PERA benefit recipients and their eligible beneficiaries who choose to enroll in the Program. Title 24, Article 51, Part 12 of the C.R.S., specifies the eligibility for enrollment and the amount of the premium subsidy. In 1999, the maximum monthly subsidy was $115 (actual dollars) for benefit recipients whose retirement benefits were based on 20 years or more of service credit. For those with less service credit, the subsidy was reduced by 5 percent ($5.75 actual dollars) for each year under 20 years. The benefit recipient paid the remaining portion of the premium if the subsidy did not cover the entire amount.

The HCTF offers two general types of health plans—"insurance-purchasing pools" and "risk-sharing pools." The health maintenance organization (HMO) plans the HCTF uses are considered to be insurance-purchasing pools. The Mutual of Omaha health care plans and the Express Scripts/ValueRx Prescription Drug Program the HCTF use are considered to be self-insured risk-sharing pools.

The Board has the authority to contract, self-insure, and make disbursements necessary to carry out the purposes of the Program. PERA contracts with a major medical indemnity carrier to administer claims for the self-insured plans and with HMOs providing services within Colorado.

Membership

Enrollment in the Health Care Program (the Program) is voluntary for the following:

- Any PERA benefit recipient.
- Guardians of children receiving PERA survivor benefits if children are enrolled in the Program.
- Retirees temporarily not receiving PERA benefits.
- Surviving spouses of deceased retirees who are not receiving PERA benefits, but were enrolled in the Program when death occurred.
- Divorced spouses of retirees who are not receiving PERA benefits, but were enrolled in the Program when the divorce occurred.

As of December 31, 1999, the Program had 31,266 enrollees of whom 7,577 were under 65 and 23,649 who were 65 or older.

Contributions

Effective July 1, 1999, the HCTF is funded by affiliated employer contributions equal to 1.1 percent of covered salaries, for all PERA members as set by statute. (Prior to July 1, 1999, funding was 0.8 percent of covered salaries.) The contribution requirements for the affiliated employers are established under C.R.S. § 24-51-208.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
(In Thousands of Dollars)

Schedule of Benefits Paid

Breakdown of "Risk-Sharing Pool" and "Insurance-Purchasing Pool"

HCTF Benefits Paid to Participants

Risk-Sharing Pool Benefits Paid	1999	1998	1997
Mutual of Omaha claims expenses before incurred but not reported (IBNR) adjustment	$29,831	$29,593	$28,567
Net change in Mutual of Omaha IBNR adjustment expense for current and prior years	(923)	466	59
Total Mutual of Omaha claims and claims adjustment expenses	28,908	30,059	28,626
Mutual of Omaha administrative expenses before adjustment for IBNR run-out	3,307	3,173	3,089
Accrual of administrative expenses for IBNR run-out adjustments	10	18	64
Total administrative expenses including adjustments for IBNR run-out	3,317	3,191	3,153
Prescription drug expenses	17,167	15,269	15,090
Total risk-sharing pool benefits paid	49,392	48,519	46,869
Insurance-Purchasing Pool Benefits Paid			
Premium subsidy for non-risk sharing HMO health care plans and other net benefits	16,070	12,600	12,783
Total benefits paid to health care participants	$65,462	$61,119	$59,652

Basis for Estimated Liabilities for "Risk-Sharing Pools"

The HCTF establishes claims liabilities based on the estimates of the ultimate costs of claims (including future claims adjustment expenses) that have been "incurred but not reported" (IBNR). The estimated claims liability for the self-insured health care plan was calculated by Mutual of Omaha, the Fund's third-party administrator, acting as an actuary, using a variety of actuarial and statistical techniques and then adjusted for actual experience to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Estimated IBNR claim liability for year ended December 31, 1999, is $5,841. The IBNR for the self-insured prescription drug program is negligible due to the speed in processing the claims.

The estimated IBNR related to Administration Fee charged by Mutual of Omaha is calculated as 15 percent of the average Administration Fee for the year. The estimated Administration Fee IBNR is calculated at $523 for the year ended December 31, 1999.

The following table represents the changes in the aggregate estimated claims liability IBNR and related Administration Fee IBNR for the self-insured policies.

Changes in Estimated Claims Liability

	1999	1998	1997
Unpaid claims and claims adjustment expenses at beginning of year	$6,764	$6,298	$6,239
Incurred claims and claims adjustment expenses:			
Provision for insured events of current year	45,487	43,561	42,034
Increase (decrease) in provision for insured events of prior years	588	1,767	1,682
Total incurred claims and claims adjustment expenses	46,075	45,328	43,716
Payments:			
Claims and claims adjustment expenses attributable to insured events of current year	39,646	36,797	35,736
Claims and claims adjustment expenses attributable to insured events of prior years	7,352	8,065	7,921
Total claims payments	46,998	44,862	43,657
Unpaid claims and claims adjustment expenses at year-end	$5,841	$6,764	$6,298

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
(In Thousands of Dollars)

NOTE 9—INSURANCE DIVIDEND RESERVE NOTE DISCLOSURES

The following represents the changes in assets and liabilities for the Insurance Dividend Reserve (Agency Fund) for the year ended 1999.

	Balance as of January 1, 1999	Net Change	Balance as of December 31, 1999
Assets			
Cash and short-term investments	$454	$91	$545
Securities lending collateral	1,896	16	1,912
Receivables	94	(20)	74
Investments at fair value	20,138	1,936	22,074
Total assets	$22,582	$2,023	$24,605
Liabilities			
Investment settlements and other	$20,686	$2,007	$22,693
Securities lending obligations	1,896	16	1,912
Total liabilities	$22,582	$2,023	$24,605

NOTE 10—SUBSEQUENT EVENTS

In 1999, Senate Bill 99-90, initiated by the PERA Board of Trustees, was enacted into law. This legislation contains several features that will affect the Health Care and the Division Trust Funds that will be implemented in years after 1999. These features include:

1. Establishing an employer match on members' voluntary contributions to defined contribution plans, once PERA's unfunded liability is fully amortized, or January 1, 2001, whichever is later. When the employer match starts, contribution rates to the Division Trust Funds for employers will be reduced as provided in the act.

2. Doubling the amount of the Health Care Program subsidy for pre-Medicare retirees up to a maximum of $230 (actual dollars) per month for a retiree with 20 or more years of service, effective July 1, 2000.

3. Authorizing PERA to offer a Health Care Program to PERA-affiliated employers on a voluntary basis for their active PERA members, effective January 1, 2001.

During the 2000 legislative session, House Bill (HB) 00-1458 was passed by the Legislature and signed by the Governor. The Governor's office initiated HB 00-1458 to make early retirement more feasible and to achieve cost reductions, and the PERA Board of Trustees supported the bill. The features of HB 1458 include:

- A Modified Rule of 80 provision for certain members retiring June 1, 2000, or later. Members whose age plus years of service total 80 or more will retire without reduction for early retirement, if they are at least age 55 and have a minimum of five years of service credit.
- The employer contribution rate in the State and School Division and in the Judicial Division will be reduced by 1.0 percent of salary, to 10.4 percent and 14 percent of salary respectively, effective July 1, 2000. Twenty percent of the ten-year amortization of any overfunding will be used for additional employer contribution reductions in each Division beginning July 1, 2001. Certain minimum reductions will take effect beginning on that date and in following years.
- Once a Division's trust fund becomes fully funded, 30 percent of the ten-year amortization of the overfunding will be allocated to the PERA Health Care Trust Fund.
- Beginning in March 2001, the annual increase for PERA benefit recipients will be 3.5 percent compounded annually. Under current law, the increase is the lower of actual inflation or a cumulative annual rate of 3.5 percent since retirement.
- Members who are eligible for retirement and meet other requirements may convert excess sick leave into salary before retirement, if permitted by their employer or by the bill. Sick leave converted will be counted as salary for PERA contributions and benefits. The ability to convert sick leave into salary will end on June 30, 2005.

House Bill 00-1222 was signed by Governor Owens on June 1, 2000, and will become effective on July 1, 2000. This bill will allow a school district to declare a critical shortage of non-licensed employees if the district is unable to hire the number of employees needed. Once the district declares the critical shortage, PERA service retirees working in non-licensed positions will be allowed to work with no limitation or reduction in PERA benefits, and employer contributions to PERA will begin on salary paid to those retirees. HB 00-1222 also prohibits any retiree from returning to work for any PERA employer during the month in which he or she retires.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress For the Years Ended December 31

(In Thousands of Dollars)

Valuation Year

State and School Division Trust Fund	**1999**	**1998**	**1997**
Actuarial Value of Assets (a)	$24,976,228	$21,644,949	$18,572,185
Actuarial Accrued Liability (b)	24,311,246	22,498,963	20,264,739
Total Unfunded (Overfunded) Actuarial Accrued Liability (UAAL/OAAL) (b-a)	(664,982)	854,014	1,692,554
Funded Ratio (a/b)	102.7%	96.2%	91.6%
Covered Payroll (c)	4,309,573	4,098,423	3,877,988
UAAL/OAAL as a Percentage of Covered Payroll	(15.4)%	20.8%	43.6%

State Division Trust Fund[1]	**1996**	**1995**	**1994**
Actuarial Value of Assets (a)	$6,562,389	$5,838,863	$5,239,957
Actuarial Accrued Liability (b)	7,211,331	6,922,184	6,395,090
Total Unfunded Actuarial Accrued Liability (UAAL) (b-a)	648,942	1,083,321	1,155,133
Funded Ratio (a/b)	91.0%	84.4%	81.9%
Covered Payroll (c)	1,546,194	1,510,353	1,429,026
UAAL as a Percentage of Covered Payroll	42.0%	71.7%	80.8%

School Division Trust Fund[1]	**1996**	**1995**	**1994**
Actuarial Value of Assets (a)	$9,717,424	$8,599,151	$7,675,230
Actuarial Accrued Liability (b)	9,767,811	9,248,544	8,529,017
Total Unfunded Actuarial Accrued Liability (UAAL) (b-a)	50,387	649,393	853,787
Funded Ratio (a/b)	99.5%	93.0%	90.0%
Covered Payroll (c)	2,114,118	1,994,914	1,869,673
UAAL as a Percentage of Covered Payroll	2.4%	32.6%	45.7%

Municipal Division Trust Fund	**1999**	**1998**	**1997**	**1996**	**1995**	**1994**
Actuarial Value of Assets (a)	$1,524,667	$1,300,574	$1,098,291	$949,049	$829,117	$728,217
Actuarial Accrued Liability (b)	1,413,208	1,301,869	1,121,444	920,713	842,576	759,365
Total Unfunded (Overfunded) Actuarial Accrued Liability (UAAL/OAAL) (b-a)	(111,459)	1,295	23,153	(28,336)	13,459	31,148
Funded Ratio (a/b)	107.9%	99.9%	97.9%	103.1%	98.4%	95.9%
Covered Payroll (c)	380,064	359,025	314,167	289,818	280,999	263,249
UAAL/OAAL as a Percentage of Covered Payroll	(29.3)%	0.4%	7.4%	(9.8)%	4.8%	11.8%

Judicial Division Trust Fund	**1999**	**1998**	**1997**	**1996**	**1995**	**1994**
Actuarial Value of Assets (a)	$142,499	$124,059	$106,012	$92,908	$82,384	$73,981
Actuarial Accrued Liability (b)	122,237	115,228	107,888	92,051	87,003	80,605
Total Unfunded (Overfunded) Actuarial Accrued Liability (UAAL/OAAL) (b-a)	(20,262)	(8,831)	1,876	(857)	4,619	6,624
Funded Ratio (a/b)	116.6%	107.7%	98.3%	100.9%	94.7%	91.8%
Covered Payroll (c)	20,123	19,854	19,666	18,832	17,533	17,023
UAAL/OAAL as a Percentage of Covered Payroll	(100.7)%	(44.5)%	9.5%	(4.6)%	26.3%	38.9%

Valuation Year

Health Care Trust Fund	**1999**	**1998**	**1997**	**1995**	**1992**	**1990**
Actuarial Value of Assets (a)	$100,825	$82,929	$76,957	$72,423	$65,021	$52,647
Actuarial Accrued Liability (b)	782,698	591,222	595,597	551,699	501,684	548,172
Total Unfunded Actuarial Accrued Liability (UAAL) (b-a)	681,873	508,293	518,640	479,276	436,663	495,525
Funded Ratio (a/b)	12.9%	14.0%	12.9%	13.1%	13.0%	9.6%
Covered Payroll (c)	4,709,760	4,477,302	4,211,821	3,803,799	3,436,694	2,912,712
UAAL as a Percentage of Covered Payroll	14.5%	11.4%	12.3%	12.6%	12.7%	17.0%

[1] The State Division Trust Fund and the School Division Trust Fund were merged on July 1, 1997.

The accompanying notes are an integral part of the Required Supplementary Information.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions for the Years Ended December 31

(In Thousands of Dollars)

State and School Division Trust Fund	**1999**	**1998**	**1997**			
Dollar Amount of Annual Required Contribution (ARC)	$422,025	$409,749	$392,898			
ARC[1]	10.31%	10.61%	10.71%			
% ARC Contributed	100%	100%	100%			
State Division Trust Fund[2]				**1996**	**1995**	**1994**
Dollar Amount of Annual Required Contribution (ARC)				$159,057	$153,472	$147,269
ARC[1]				10.83%	10.83%	10.83%
% ARC Contributed				100%	100%	100%
School Division Trust Fund[2]				**1996**	**1995**	**1994**
Dollar Amount of Annual Required Contribution (ARC)				$214,155	$200,889	$188,161
ARC[1]				10.80%	10.80%	10.80%
% ARC Contributed				100%	100%	100%
Municipal Division Trust Fund	**1999**	**1998**	**1997**	**1996**	**1995**	**1994**
Dollar Amount of Annual Required Contribution (ARC)	$31,418	$30,186	$27,253	$25,149	$23,980	$22,359
ARC[1]	8.90%	9.20%	9.20%	9.20%	9.20%	9.20%
% ARC Contributed	100%	100%	100%	100%	100%	100%
Judicial Division Trust Fund	**1999**	**1998**	**1997**	**1996**	**1995**	**1994**
Dollar Amount of Annual Required Contribution (ARC)	$2,689	$2,693	$2,636	$2,531	$2,353	$2,294
ARC[1]	13.90%	14.20%	14.20%	14.20%	14.20%	14.20%
% ARC Contributed	100%	100%	100%	100%	100%	100%
Health Care Trust Fund	**1999**	**1998**	**1997**	**1995**	**1992**	**1990**
Dollar Amount of Annual Required Contribution (ARC)	$43,136	$33,522	$31,750	$28,467	$27,460	$20,974
ARC[1]	1.10%	0.80%	0.80%	0.80%	0.80%	0.80%
% ARC Contributed	100%	100%	100%	100%	100%	100%

[1] As a percent of covered payroll.

[2] The State Division Trust Fund and the School Division Trust Fund were merged on July 1, 1997.

The accompanying notes are an integral part of the Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1—DESCRIPTION

The historical trend information about the State and School Division Trust Fund, Municipal Division Trust Fund, Judicial Division Trust Fund, and the Health Care Trust Fund is presented as required supplementary information. This information is intended to help users assess the funding status on a going-concern basis and to assess progress made in accumulating assets to pay benefits when due.

Information for the required supplementary schedules of funding progress and employer contributions is available for six years for the Division Trust Funds. The Health Care Trust Fund required supplementary information is provided for years when actuarial valuations were performed.

NOTE 2—ACTUARIAL ASSUMPTIONS AND METHODS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

	State and School Division Trust Fund	Municipal Division Trust Fund	Judicial Division Trust Fund	Health Care Trust Fund
Valuation date	12/31/99	12/31/99	12/31/99	12/31/99
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percent Open	Level percent Open	Level percent Open	Level percent Open
Remaining amortization period	0	0	0	32
Asset valuation method	4-year smoothed market	4-year smoothed market	4-year smoothed market	4-year smoothed market
Actuarial assumptions				
Investment rate of return*	8.75%	8.75%	8.75%	8.75%
Projected salary increases*	5.0-10.0%	5.5-12.9%	5.0-6.01%	Not applicable
*Includes inflation at	4.50%	4.50%	4.50%	4.50%
Cost-of-living adjustments	CPI increase maximum 3.5%	CPI increase maximum 3.5%	CPI increase maximum 3.5%	None
Health care inflation factor	Not applicable	Not applicable	Not applicable	Zero

NOTE 3—SIGNIFICANT FACTORS AFFECTING TRENDS IN ACTUARIAL INFORMATION

Pension Plans

1999 Changes in Plan Provisions Since Prior Year—Combined State and School, Municipal, and Judicial Division Trust Funds:

- The member contribution rate for the State Troopers was reduced from 11.5 percent to 10.0 percent, effective July 1, 1999.
- Increased the money purchase benefit matching percentages on payments to terminating members to 50 percent of the member's contributions and interest if refunded prior to retirement eligibility or age 65, and 100 percent if refunded when eligible for retirement or age 65, or upon the death of a member. Increases in the money purchase benefit match distribution and money purchase benefit are effective July 1, 1999.
- Increased the employer contribution rate designated for the Health Care Trust Fund from 0.8 percent of salary to 1.1 percent by reducing the rate designated for the pension trust fund by 0.3 percent on July 1, 1999.

1998 Changes in Plan Provisions Since Prior Year—Combined State and School, Municipal, and Judicial Division Trust Funds:

- The employer contribution rate for the State and School Division, except State Troopers, was changed from 11.5 percent to 11.4 percent, effective July 1, 1998.
- The eligibility for service retirement benefits for members, except State Troopers, was changed to include age 50 with 30 years of service credit.
- In the calculation of reduced service retirement benefits for members, except State Troopers, the reduction was changed from 4 percent to 3 percent for members who retire at or after age 55 and before age 60.
- In the calculation of reduced service retirement for State Troopers, the reduction was changed from 4 percent to 3 percent for members who retire at or after age 50 and before age 60.

1997 Changes in Plan Provisions Since Prior Year—Combined State and School, Municipal, and Judicial Division Trust Funds:

- The Highest Average Salary (HAS) for members of the Judicial Division was changed from a three-year average to the highest one year's salary.
- The State Division Trust Fund and the School Division Trust Fund were merged into the State and School Division Trust Fund.
- The maximum amortization period for the three Division Trust Funds was reduced from 60 years to 40 years.
- The employer contribution rate for the State and School Division was reduced 0.1 percent to 11.5 percent.
- The benefit formula for years over 20 was changed retroactively from 1.5 percent to 2.5 percent of HAS beginning July 1997, up to a maximum of 100 percent of HAS.

1996 Changes in Plan Provisions Since Prior Year—State, School, Municipal, and Judicial Division Trust Funds:

- The investment rate of return assumption was increased from 8.5 percent to 8.75 percent.
- Mortality, withdrawal, retirement, disability, and pay increase assumptions were changed based on the actuarial experience study performed in 1996.

1995 Changes in Plan Provisions Since Prior Year—State, School, Municipal, and Judicial Division Trust Funds:

- The interest rate credited on member contribution accounts was changed to equal 80 percent of the actuarial investment assumption rate.
- Interest credited on member contribution accounts is calculated from date of membership rather than just calculated from July 1, 1991.
- Established a "matching" refund amount before attaining retirement eligibility age equal to 25 percent of contributions and interest or equal to 50 percent of contributions and interest after attaining retirement eligibility age or age 65.
- The money purchase benefit was established and is actuarially determined based on the member contribution account and the matching contribution amount and interest.

1994 Changes in Plan Provisions Since Prior Year—State, School, Municipal, and Judicial Division Trust Funds:

- No significant changes in Plan provisions.

Health Care Trust Fund

1999 Changes in Plan Provisions Since Prior Actuarial Valuation—Health Care Trust Fund:

- Increasing the employer contribution rate designated for the Health Care Trust Fund from 0.8 percent of salary to 1.1 percent by reducing the rate designated for the pension trust fund by 0.3 percent on July 1, 1999.
- Doubling the amount of the Health Care Program subsidy for pre-Medicare retirees up to a maximum of $230 (actual dollars) per month for a retiree with 20 or more years of service, effective July 1, 2000.

1998 Changes in Plan Provisions Since Prior Actuarial Valuation—Health Care Trust Fund:

- The plan provisions were changed to allow benefit recipients to cover dependent children up to age 24.

1997 Changes in Plan Provisions Since Prior Actuarial Valuation—Health Care Trust Fund:

- The investment rate of return assumption was increased from 8.5 percent to 8.75 percent.
- Mortality and inflation assumptions were changed based on the actuarial experience study performed in 1996.

1995 Changes in Plan Provisions Since Prior Actuarial Valuation—Health Care Trust Fund:

- No significant changes in Plan provisions.

1992 Changes in Plan Provisions Since Prior Actuarial Valuation—Health Care Trust Fund:

- State law changed requiring membership for all employees who are not exempt by federal law. Active membership increased 24 percent during the year of this change.
- The method of valuing assets was changed from a cost method to the 4-year smoothed market value of assets method.
- The investment rate of return assumption was increased from 7.5 percent to 8.5 percent.

1990 Changes in Plan Provisions Since Prior Actuarial Valuation—Health Care Trust Fund:

- No significant changes in Plan provisions.

Health Care Trust Fund
Required Supplemental Schedule of Claims Development Information

The Claims Development Information Table below illustrates how the Health Care Trust Fund's earned revenues and investment income compares to the costs of loss and other expenses related to the Mutual of Omaha and the Express Scripts/ValueRx Prescription Drug policies as of each of the previous three years (information for years prior to 1997 is not available). The rows of the table are defined as follows:

1. This line shows the total of the year's gross earned premiums, employer contributions, and reported investment revenues.
2. This line shows the year's other operating costs of the Health Care Trust Fund including overhead and claims expenses not allocable to individual claims.
3. This line shows the incurred claims and allocated claims adjustment expenses, claims assumed by re-insurers, and net incurred claims and claims adjustment expenses (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called service year).
4. This section shows the cumulative amounts paid on the Mutual of Omaha and Express Scripts/ValueRx policies as of the end of successive years for each service year.
5. This line shows the latest re-estimated amount of claims assumed by re-insurers for each successive year. The Health Care Trust Fund does not use reinsurance agreements.
6. This section shows how each service year's incurred claims increased or decreased as of the end of successive years. (This annual re-estimation results from new information received on known claims, re-evaluation of existing information on known claims, and emergence of new claims not previously known.)
7. This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data of individual service years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature service years.

Claims Development Information Table
(In Thousands of Dollars)

	1999	1998	1997
1. Premium revenues, employer contributions, and investment income:			
Total premium revenues	$25,611	$21,798	$20,124
Employer contributions	43,136	33,521	31,750
Total investment income	17,891	14,089	15,711
Total premium revenue, contributions, and investment income	$86,638	$69,408	$67,585
2. HCTF unallocated expenses:			
Premium subsidy expense and other unallocated deductions	$16,070	$12,600	$12,783
3. Estimated losses and expenses:			
Administrative expense	$3,317	$3,191	$3,153
Prescription drug claims expense	17,167	15,269	15,090
Mutual of Omaha claims expense	28,908	30,059	28,626
Total estimated losses and expenses	$49,392	$48,519	$46,869
4. Net paid (cumulative) as of:			
End of service year	$42,963	$39,988	$38,889
One year later		$46,252	$46,299
Two years later			$46,611
5. Re-estimated ceded losses and expenses		$0	$0
6. Re-estimated net incurred losses and expenses:			
End of service year	$49,392	$48,519	$46,869
One year later		$46,252	$46,299
Two years later			$46,611
7. Increase (decrease) in estimated net incurred losses and expenses from end of service year	$0	$(2,267)	$(258)

SCHEDULE OF ADMINISTRATIVE EXPENSES

For the Year Ended December 31
(In Thousands of Dollars)

	1999	1998
Personnel services:		
Salaries	$11,889	$9,160
Employee benefits	2,688	2,470
Total personnel services	14,577	11,630
Staff education:		
Tuition assistance program	61	74
PERA-required education	353	395
Total staff education	414	469
Professional contracts:		
Actuarial contracts	174	254
Audits	85	90
Medical exams	141	339
Investment counsel	712	548
Legal and legislative counsel	611	552
Computer services and consulting	514	373
Management consulting	296	73
Health care consultants	151	191
Other	243	311
Total professional contracts	2,927	2,731
Miscellaneous:		
Equipment rental and services	739	882
Memberships	121	102
Publications and subscriptions	74	84
Travel and local expense	583	562
Auto expense	15	15
Telephone	205	143
Postage	845	693
Insurance	139	128
Printing	460	382
Office supplies	364	332
Building rent, supplies, and utilities	379	418
Other	68	59
Total miscellaneous	3,992	3,800
Total budgeted expense	21,910	18,630
Depreciation expense	1,197	2,316
401(k) Voluntary Investment Program expense	577	565
Total expenses	23,684	21,511
Interfund–tenant and other expense	92	94
Interfund–Life Insurance Reserve	(424)	(265)
Interfund–CIF investment expense	(4,663)	(4,113)
Total administrative expense	$18,689	$17,227
Allocation of administrative expense:		
State and School Division Trust Fund	$15,794	$14,142
Municipal Division Trust Fund	1,391	1,158
Judicial Division Trust Fund	37	25
401(k) Voluntary Investment Program	984	1,056
Health Care Trust Fund	483	846
Total allocation	$18,689	$17,227

SCHEDULE OF INVESTMENT EXPENSES

For the Year Ended December 31
(In Thousands of Dollars)

	1999	1998
External manager expenses		
Domestic fixed income	$1,202	$1,417
Domestic equity	5,769	4,960
International equity	9,610	10,443
International fixed income	549	540
Real estate debt & equity	18,830	9,894
Alternative investments	32,647	27,900
	68,607	55,154
Internal manager expenses	4,663	4,113
Other investment expenses and custody fees	4,550	3,664
Total expenses	77,820	62,931
Expenses allocated to the Insurance Dividend Reserve	(59)	(52)
Total investment expenses	$77,761	$62,879

INVESTMENT SECTION

By using straight-through processing, PERA's investment traders are on the cutting-edge of their field. Because the investment trading process is completely automated, they never have to leave their desks in Denver to make a trade directly on the floor of the New York Stock Exchange. PERA also considers its corporate facilities a valuable investment. Whether providing engineering services or reviewing expansion plans for the future, PERA's Operations Support team is vital in addressing PERA's growth.

PERA REPORT ON INVESTMENT ACTIVITY
(Does not include the 401(k) Voluntary Investment Program)

State Law

State law gives complete responsibility for the investment of PERA's funds to the Board of Trustees, with some stipulations including:

- The aggregate amount of monies invested in corporate stocks or corporate bonds, notes or debentures which are convertible into stock or in investment trust shares cannot exceed 65 percent of the then book value of the fund.
- No investment of the fund in common or preferred stock (or both) of any single corporation can exceed 5 percent of the then book value of the fund.
- The fund cannot acquire more than 12 percent of the outstanding stock or bonds of any single corporation.

Board of Trustees' Statutory Fiduciary Responsibility

By state law, the management of PERA's retirement fund is vested in the PERA Board of Trustees who are held to the standard of conduct of fiduciaries in discharging their responsibilities. According to C.R.S. § 24-51-207(2), PERA's trustees, as fiduciaries, must carry out their functions solely in the interest of PERA members and benefit recipients and for the exclusive purpose of providing benefits.

Goal

The function of the Association is to provide present and future retirement or survivor benefits for its members. In keeping with that function, the preservation of capital is of paramount importance.

The future investment performance of the Fund directly affects its future financial strength. Earnings of portfolio assets in excess of the assumed actuarial rate of return reduce unfunded actuarial liabilities.

Outline of Investment Policy

The Fund is long-term in nature and the selection of investments is regulated by: statutory limitation, investment time horizon, the limits of acceptable risk, and the objective of optimizing the total rate of return. The Deputy Executive Director of Investments is authorized to execute investment transactions on behalf of the Board.

Investment decisions are made under the framework of the goal established for the rate of return, limits of acceptable risk, and Fund objectives. The goal is to optimize the return of the portfolio, as opposed to maximizing the rate of return.

The optimal portfolio mix is one that carefully equates expected rate of return with expected risk of all investment categories utilized in the portfolio. In setting the optimal mix of assets for the portfolio, the Board has developed a strategic (long-term) asset allocation policy, which incorporates a diversified asset mix.

The targeted strategic asset allocation is designed to provide an optimal diversification to reduce risk and maximize total rate of return relative to risk. Since the investment time horizon of the portfolio is long-term, and the portfolio is constructed to avoid the necessity of liquidating holdings to meet benefit payments, liquidity is not a primary consideration. However, every reasonable effort will be made to provide protection for the portfolio in future deteriorating markets.

The Board recognizes that individual investment holdings contain substantially higher risk than portfolios constructed of such holdings. Consequently, primary emphasis will be given to diversification of the portfolio on an optimal basis, utilizing the diversified strategic asset allocation mix.

While efforts can be made to maintain the quality of individual holdings, it is recognized that the utilization of certain non-traditional asset categories such as venture capital, leveraged buyout funds, international equities, and real estate may contain substantially higher risk than with individual issues. Consequently, primary effort will be made to reduce the risk of the total portfolio through optimal diversification, as opposed to concentrating on individual issues.

The portfolio will be managed by a carefully constructed mix of internal and external management. No holding will be considered a "permanent" part of the portfolio. Any security can be sold at any time either to increase gains or decrease losses.

PERA utilizes a derivatives program. Its objective is to enhance portfolio returns by generating incremental income and to reduce volatility on a portion of the Standard and Poor's (S&P) 500 Index portfolio. The strategy is to sell "at-the-money covered-call options," which gives the owner the right to buy the underlying stock at a predetermined "strike" price. PERA receives a cash premium from selling the options. If the stock moves above the strike price, PERA can buy back the options or allow the stock to be "called-away" at the strike price. This program provides a means of reducing overall portfolio risk in addition to receiving additional income provided by the program over a full market cycle.

The targeted strategic asset allocation is designed to provide the optimal mix of asset categories over the investment time horizon of the portfolio. In doing so, characteristics of expected return, risk, and correlation of return of the various asset categories have been carefully projected. Both traditional (cash, bonds, domestic stocks, fixed income, mortgages) and non-traditional investments (real estate, international investments, including stocks and fixed income, and alternative investments) have been incorporated into the targeted strategic asset mix.

PERA REPORT ON INVESTMENT ACTIVITY (CONTINUED)

(Does not include the 401(k) Voluntary Investment Program)

Preference will be given to Colorado investments, all other things being equal. However, to provide optimal portfolio diversification by geographical location and asset categories, and to maintain fiduciary responsibility, investments located within Colorado will not exceed 20 percent of the aggregate (combined) portfolio at cost. Within the 20 percent, every effort will be made to further diversify the available asset classes (commercial real estate mortgages, common stock holdings, corporate debt, equity ownership of real estate, residential mortgage pools, and venture capital).

In making investment decisions, the Board avails itself of the highest caliber advice obtainable both internally and externally. This advice may include the internal investment staff, outside investment managers selected for both traditional and non-traditional asset classes, and investment consultants selected by the Board for specific expertise in implementing and carrying out the portfolio process.

Generally accepted accounting principles (GAAP) are followed in accounting for the portfolio. However, GAAP should not restrict investment decisions. Securities recorded at original cost, adjusted cost, and market value will be reported to the Board. The firm engaged for the annual audit is consulted when questions concerning accounting issues arise. An annual evaluation is conducted by a performance evaluation service from the investment industry.

In addition, the annual external financial audit and the annual actuarial evaluation are reviewed in conjunction with an evaluation of the investment performance. All evaluations are related to the Association's stated goals. Because these goals are long-term, cumulative performance results are considered as more important than performance in any one year.

Corporate Governance

General Policy

Although PERA is not generally subject to the Employee Retirement Income Security Act of 1974 (ERISA), the PERA Board complies with the position taken by the U.S. Department of Labor (DOL) in February 1988. The DOL has stated that the right to vote shares of stock owned by a pension plan is, in itself, an asset of the plan, and therefore the fiduciary's responsibility to manage the assets includes proxy voting.

Board of Trustees Shareholder Responsibility Committee

To assist the Board of Trustees in carrying out its fiduciary responsibilities in voting proxies, the Board established a Shareholder Responsibility Committee. The General Counsel serves as an advisor to the Committee. The Board and the Shareholder Responsibility Committee have delegated to the Legal Department the authority to execute and vote all proxies according to the Board Proxy Voting Policy. All proxy issues are reviewed by staff on a case-by-case basis and then voted according to guidelines established by the Policy. PERA retains corporate governance consultants to assist in the proxy voting process.

Proxy Voting Policy

The Board's Proxy Voting Policy sets forth directives on the following nine issues: Board of Directors, Proxy Contests and Corporate Defenses, Tender Offers and Corporate Defenses, Corporate Restructurings, State of Incorporation, Proxy System, Executive Compensation, Corporate Governance, and Social Issues. The Proxy Voting Policy on Social Issues states that "PERA will abstain on all social issues, and will only vote on financial issues." The voting of proxy ballots for international stocks is delegated to PERA's external international equity managers consistent with certain requirements established by the Board.

(PERA's Report on Investment Activity was prepared by internal staff.)

INVESTMENT BROKERS/ADVISORS

Bear Stearns & Co., Inc.
Bridge Information Systems
Chase Securities
CIBC World Markets (Oppenheimer)
Credit Suisse First Boston Corp.
Donaldson Lufkin & Jenrette
Goldman Sachs & Co.
Hanifen, Imhoff Inc.
Heitman Advisory Corp.
ING–Barings
InstiNet Corp.
INVESCO Realty Advisors
J.P. Morgan Securities, Inc.
Knight Securities
La Salle Advisors Ltd.
Lehman Brothers Inc.
Lend Lease
Merrill Lynch & Co., Inc.
Morgan Stanley Dean Witter Asset Management
Paine Webber Inc.
Prudential Realty Investors
RREEF
Salomon Smith Barney, Inc.
Sanford Bernstein
Simmons and Co.
U.S. Banccorp (First Chicago Corp.)
U.S. Banccorp (Piper Jaffray Inc.)
Warburg Dillon Read

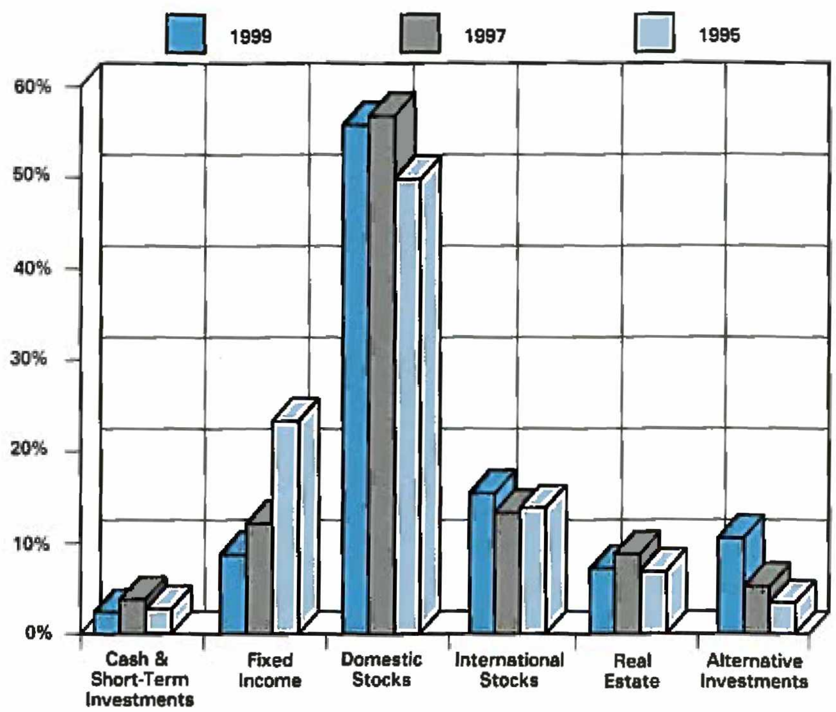
INVESTMENT SUMMARY

(Does not include the 401(k) Voluntary Investment Program)

	(In Thousands of Dollars) Market Value December 31, 1999	Percent of Total Market Value 1999	1997	1995
Cash and Short-Term Investments	$738,044	2.4%	3.8%	2.7%
Fixed Income				
U.S. Government Obligations	1,175,690	3.8%	2.8%	9.9%
Domestic Corporate Bonds	840,359	2.7%	7.9%	11.4%
International Fixed Income	671,655	2.2%	1.4%	2.0%
Total Fixed Income	2,687,704	8.7%	12.1%	23.3%
Domestic Stocks	17,037,904	55.7%	56.7%	49.9%
International Stocks	4,755,338	15.5%	13.3%	13.8%
Real Estate				
Real Estate Equity	2,005,210	6.6%	7.3%	4.5%
Real Estate Debt	173,402	0.6%	1.5%	2.4%
Total Real Estate	2,178,612	7.2%	8.8%	6.9%
Alternative Investments				
Venture Capital	796,132	2.6%	1.4%	0.8%
Leveraged Buyout Funds	1,519,098	5.0%	2.3%	1.2%
International Private Equity Funds	594,093	1.9%	0.6%	0.0%
Timber Investments	299,810	1.0%	1.0%	1.4%
Total Alternative Investments	3,209,133	10.5%	5.3%	3.4%
Total Investments	$30,606,735	100.0%	100.0%	100.0%

ASSET ALLOCATION AT MARKET VALUE

(Does not include the 401(k) Voluntary Investment Program)
Year End December 31



FUND PERFORMANCE EVALUATION

(Does not include the 401(k) Voluntary Investment Program)

Evaluation

PERA retains R.V. Kuhns and Associates and The Northern Trust Company to evaluate its Fund performance. Institutional Property Consultants is utilized for the real estate portfolio performance evaluation and industry comparisons. In their analyses, R.V. Kuhns and The Northern Trust include all investments within the portfolio, including cash and accrued income. They also make the calculations for annual rates of return. Information prepared and presented in this Report is in compliance with the Global Investment Performance Standards of the Association for Investment Management and Research.

Asset Allocation

The Association's long-term strategic asset allocation policy sets the following portfolio targets as a percentage of cost: 45 percent in domestic equity, 20 percent in international equity, 16 percent in domestic fixed income, 2 percent in international fixed income, 12 percent in real estate, and 5 percent in alternative investments. To accommodate changing market valuations, the Board has approved an allocation range for each asset category in which staff must invest.

Total Portfolio Results

For the year ended December 31, 1999, the total fund returned 19.0 percent, compared to R.V. Kuhns' Median Public Fund return of 16.2 percent. The R.V. Kuhns Median Public Fund measure is comprised of 93 different public pension funds with assets of approximately $1.4 trillion used for comparative analysis. This universe is used to determine the effectiveness of the respective performance of the Association's portfolio managers. PERA's 1999 total return was the 22nd highest out of all of the funds included in the Kuhns universe.

Strong growth, low inflation, and optimism about the nation's economy led to another record-breaking year for the stock market. Major stock indices hit new highs at the end of the year with the Standard & Poor's (S&P) 500 Index rising 21.0 percent, making 1999 the fifth consecutive year that this index enjoyed double-digit returns. As in 1998, high-technology stocks were stellar performers and non-technology stocks lagged far behind. The S&P 500 Index's technology sector, which rose 75 percent in 1999, accounted for about 70 percent of the performance of the S&P 500 Index. However, the bond market experienced its worst year since 1994 and its second-worst year since 1973. The Federal Reserve Bank increased the interest rate three times, causing bond prices to decline in many fixed income sectors.

The Association's three- and five-year annualized rates of return of 18.3 percent and 18.5 percent, respectively, exceeded the R.V. Kuhns Median Public Fund returns of 16.8 percent and 17.0 percent, respectively, for these periods. PERA's three- and five-year annualized returns were 17th and 21st out of 93 public pension funds in the Kuhns universe. PERA's 10-year annualized rate of return of 13.4 percent exceeded both inflation and PERA's actuarial investment assumption rate of 8.75 percent.

Compared to all funds, PERA was "overweighted" in the following categories: U.S. and international equities, real estate and alternative investments, and "underweighted" in U.S. and global fixed income.

In 1999, the Board approved reallocating $750 million from PERA's actively managed equity portfolio to the following internally managed funds: $250 million to the Index Tilt Fund, $200 million to the Standard & Poor's Small Capitalization Fund, $100 million to the Mid-Capitalization Fund, $100 million to the Small Capitalization Value Fund, $50 million to the Low Price Earnings Fund, and $50 million to the Small Capitalization Salomon Fund.

Domestic Stocks

As investors poured money into stocks tied to the "communications revolution," the telecommunications sector was a dominant force behind the stock market's advance last year. Seven stocks accounted for 50 percent of the S&P 500 Index's performance in 1999; without technology stocks, the S&P 500 Index would have returned only 7.5 percent. The average S&P 500 stock gained 13.9 percent, and the median stock rose only 0.4 percent.

In 1999, PERA's domestic stock portfolio (excluding options) returned 21.9 percent, slightly ahead of the 21.0 percent returned by both the S&P 500 Index and the Kuhns median domestic equity portfolio. PERA's domestic stock portfolio also slightly outperformed the Russell 3000 return of 20.9 percent.

Equities are invested through 15 different portfolios, each of which impacts the overall equity return. PERA's partial hedge or options program is designed to reduce volatility and risk, and enhance portfolio returns over a full-market cycle. This program has allowed PERA to have a greater equity exposure and this exposure has had an overall positive impact on the total portfolio. However, in 1999 the total domestic equity portfolio (including options) returned 15.7 percent. About 10.5 percent of the portfolio is invested in small- and mid-cap equities, compared to the median of 6.1 percent.

International Stocks

The benchmark by which PERA's international equity managers are evaluated is a custom benchmark using 75 percent of the Europe-Australia-Far East (EAFE) Index and 25 percent of the EAFE Excluding Japan Index. International stock markets staged a surprising broad-based rally in 1999.

FUND PERFORMANCE EVALUATION (CONTINUED)
(Does not include the 401(k) Voluntary Investment Program)

Japan's stock market ended a decade-long bear market, with its highest performance since the 1980s, and several other Asian stock markets scored impressive gains. New highs were recorded by benchmark indices in the United Kingdom, France, and Germany, but most European stocks were not strong performers until well into the fourth quarter. PERA's international equity return in 1999 was 29.9 percent, compared with the custom benchmark return of 25.0 percent. Of the 86 public funds in Kuhns' universe with international investments, the median return in 1999 was 36.0 percent.

In 1999, the Board approved terminating Phillipe Investment Management Company, Bankers Trust Australia, Nomura Capital Management, and BEA Associates as international equity managers. The Board approved reallocating BEA Associates' funds to Baring Asset Management, Delaware Investment Advisors, and Schroder Capital Management International, with approximately $30 million in additional funding allotted to each of these managers. They also approved reallocating the funds from Phillipe, Nomura, and Bankers Trust to be split evenly between two new managers hired, Bank of Ireland and Delaware Investment Advisors. The Board also terminated BlackRock International Ltd. as an international equity manager with these funds going to Schroder Capital.

Domestic Fixed Income

Rising interest rates, concerns about inflation, and Year 2000 computer disruptions resulted in falling bond prices, with losses in almost every bond category last year. A basket of Treasury bonds with varying durations lost 6.21 percent, and corporate bonds declined 1.75 percent in 1999. PERA's domestic fixed income investments returned (1.1) percent in 1999 compared to its benchmark, the Lehman Brothers Aggregate Bond Index return of (0.8) percent, which was also the median return for 85 funds in the Kuhns' universe. The fixed income under performance was due to PERA's investment in corporate bonds. This sector did not perform as well as expected and resulted in lower returns than the Lehman Index.

International Fixed Income

The benchmark by which international fixed income is measured is the Salomon World Non-U.S. Government Bond Index. International fixed income returns in 1999 reflected continued volatility in global markets, with PERA's international fixed income portfolio returning (4.2) percent, compared with the Salomon Index return of (4.3) percent.

Alternative Investments

In 1999, PERA approved funding of 13 new alternative investments: three in domestic leveraged buyout partnerships, three in international private equity partnerships, and seven in domestic venture capital partnerships. In 1999, PERA's venture capital, leveraged buyout, international private equity, and timberland partnerships returned 124.0 percent, 58.7 percent, 28.8 percent, and 11.1 percent, respectively. The alternative investment portfolio composite returned 60.7 percent in 1999, and 29.8 percent and 27.1 percent on a three– and five–year annualized basis, respectively.

Real Estate

PERA's objective is to invest 12 percent of its total net assets in real estate with 9.6 percent in real estate equity, and 2.4 percent in real estate debt. At year-end 1999, 7.2 percent of PERA's total net assets were invested in real estate including 6.6 percent in equity real estate and 0.6 percent in real estate debt.

PERA uses a custom benchmark to measure the performance of its real estate sector. The COLPERA Composite Index is comprised of four separate indices and weighted according to the targeted real estate asset sectors set by the Board (15 percent NAREIT Index, 45 percent NCREIF Property Index, 20 percent Salomon Brothers Mortgage Index, and 20 percent GPR-Life Index). PERA's real estate portfolio returned 9.2 percent, compared to the COLPERA Composite Index of 5.1 percent. Of the 57 funds in the Kuhns' universe that invest in real estate, the median 1999 return was 9.3 percent. On a three–year annualized basis, the real estate portfolio returned 10.6 percent, surpassing the custom benchmark return of 5.6 percent. This was below the Kuhns' Public Funds Universe median three–year real estate return of 12.1 percent.

PERA invested $388.2 million in real estate (equity and debt combined) transactions and received $114.1 million in net proceeds from dispositions of equity assets and mortgage payoffs in 1999. Unfunded real estate commitments as of year-end totaled $676.7 million.

SCHEDULE OF INVESTMENT RESULTS

(Does not include 401(k) Voluntary Investment Program)

	1999	3-Year Annualized	5-Year Annualized	10-Year Annualized
PERA Total Portfolio	19.0%	**18.3%**	**18.5%**	**13.4%**
Median Plan (R.V. Kuhns' Median Public Fund)	16.2%	16.8%	17.0%	N/A
Domestic Stocks	15.7%	**22.0%**	**23.7%**	**16.1%**
Standard & Poor's (S&P 500)	21.0%	27.6%	28.5%	18.2%
Russell 3000	20.9%	25.5%	26.9%	17.7%
International Stocks	29.9%	**14.5%**	**12.7%**	**N/A**
Europe-Australia-Far East (EAFE) Custom Index[1]	25.0%	16.9%	14.4%	8.8%
Domestic Fixed Income	(1.1)%	**3.3%**	**6.6%**	**7.3%**
Lehman Brothers Aggregate Bond Index	(0.8)%	5.7%	7.7%	7.7%
Custom Fixed Income Benchmark[2]	1.1%	3.3%	6.6%	N/A
International Fixed Income	(4.2)%	**3.4%**	**9.1%**	**N/A**
Salomon World Non-U.S. Government Bond Index	(4.3)%	3.4%	6.4%	8.0%
Real Estate (Includes Mortgages)	9.2%	**10.6%**	**10.7%**	**5.0%**
Custom Real Estate Benchmark[3]	5.1%	5.6%	9.0%	N/A
Alternative Investments	60.7%	**29.8%**	**27.1%**	**N/A**
PERA Venture Capital Funds	124.0%	53.6%	39.1%	23.7%
PERA LBO Funds	58.7%	23.2%	26.2%	17.4%
PERA International Private Equity	28.8%	N/A	N/A	N/A
PERA Timber Investments	11.1%	9.8%	11.4%	N/A

1 (75 percent EAFE and 25 percent EAFE Excluding Japan)

2 (80 percent Lehman Aggregate, 10 percent Lehman High Yield, and 10 percent Lehman Emerging Markets)

3 (15 percent NAREIT, 45 percent NCREIF, 20 percent Salomon Bros. Mortgage, and 20 percent GPR)

COLORADO INVESTMENT PROFILE

(Does not include 401(k) Voluntary Investment Program)
As of December 31, 1999
(In Thousands of Dollars)

PERA continues to seek out high-quality Colorado investments. At the end of 1999, PERA's investments in Colorado were valued at more than $1.87 billion, an increase of more than $500 million from 1998.

	Market Value
Commercial mortgages	$21,700
Committed to future funding	67,521
Common stock of companies headquartered in Colorado	205,564
Bonds and notes	61,287
Real estate equity	150,500
Funds under management of Colorado companies (Venture capital and stock managers)	1,372,460
Total	$1,879,032

LARGEST STOCK HOLDINGS (MARKET VALUE)
As of December 31, 1999
(In Thousands of Dollars)

	Shares	Stocks	Market Value
1.	4,775,225	Microsoft, Corp.	$557,508
2.	3,098,155	General Electric Co.	479,439
3.	3,896,795	Cisco Systems, Inc.	417,444
4.	4,767,600	Wal-Mart Stores, Inc.	329,560
5.	3,454,256	Intel Corp.	284,328
6.	3,326,875	Lucent Technologies	249,516
7.	4,007,037	Citigroup Inc.	223,142
8.	2,848,725	Home Depot Inc.	195,850
9.	2,385,500	Exxon Mobil Corp.	192,182
10.	3,763,240	Dell Computer Corp.	$191,925

LARGEST BOND HOLDINGS (MARKET VALUE)
As of December 31, 1999
(In Thousands of Dollars)

	Par	Bonds			Market Value
1.	$230,000	U.S. Treasury Bonds	4.250%	due 11/15/03	$213,530
2.	65,000	U.S. Treasury Bonds	5.500%	due 08/15/28	55,452
3.	45,000	U.S. Treasury Bonds	4.000%	due 10/31/00	44,248
4.	43,996	FHLMC	7.500%	due 01/01/30	43,569
5.	38,000	U.S. Treasury Bonds	5.250%	due 05/15/04	36,386
6.	33,869	FNCI	7.000%	due 10/01/14	33,585
7.	28,000	U.S. Treasury Bonds	5.250%	due 08/15/03	26,991
8.	26,000	FHLMC	7.000%	due 01/19/30	25,167
9.	25,000	Eminent Fund I CL A	Floater	due 10/07/19	25,000
10.	$25,000	U.S. Treasury	3.875%	due 01/15/09	$24,773

More detailed information on PERA's investment holdings is available.
Requests should be sent to PERA, 1300 Logan Street, Denver, Colorado 80203.

PERA'S 401(K) VOLUNTARY INVESTMENT PROGRAM REPORT ON INVESTMENT ACTIVITY

The PERA 401(k) Voluntary Investment Program [401(k) Plan] was established on July 1, 1985, under Section 401(k) of the Internal Revenue Code. Plan participation is voluntary, and contributions are entirely separate from those that members make to the defined benefit plan each month. This section includes information about the 401(k) Plan; however, a separate 401(k) Plan Annual Report is published and mailed to all Plan participants.

In 1999, members were able to make tax-deferred contributions of up to 23 percent of their annual gross salary excluding any IRC Section125 flexible spending account deductions, up to a maximum of $10,000. Contributions to the 401(k) Plan are deducted from the participant's monthly salary, and earnings on 401(k) Plan investments are also tax-deferred.

An administrative fee pays for recordkeeping, communications, education, consulting, staff, and other overhead expenses. In 1999, the fee equaled 0.25 percent of a participant's account balance (0.0625 percent quarterly) with a minimum fee of $25 per year per account and a maximum fee of $100 per year per account.

On December 31, 1999, the 401(k) Plan had net assets of $514,115,000 and 24,224 accounts, a net increase of nearly 42 percent in the total Plan value in one year, and 20.4 percent in membership.

Year-End Statistics (In Thousands of Dollars)

Year	Assets	Number of Accounts
1991	$30,018	3,094
1992	42,369	4,545
1993	60,711	6,019
1994	78,687	8,080
1995	125,692	10,155
1996	186,541	13,064
1997	272,053	16,391
1998	362,874	20,112
1999	$514,115	24,224

1999 Activities

Staff studied various approaches to improving the 401(k) Plan recordkeeping and the features of the Plan overall. The Board of Trustees approved several major improvements in 1999, effective April 24, 2000, as well as the addition of four new investment funds.

- These four funds were approved as additions to the Plan: Vanguard's Standard & Poor's 500 Index Fund, the Janus Fund, the MAS Small Cap Value Fund, and the Janus Enterprise Fund.
- A change from monthly to daily valuation of funds will allow posting of up-to-date 401(k) account information, faster receipt of distributions, loans, and quarterly statements, weekly check processing (instead of monthly), and daily trading of 401(k) fund assets (instead of monthly).
- Plan participants will have access to their 401(k) accounts through the Internet to obtain their account balances, change their investment mixes, transfer monies between funds, request loans and distributions, and change their Personal Identification Numbers (PINs).

In 1999, the EuroPacific Growth Fund's management staff received Morningstar's "Manager of the Year for 1999" award. The EuroPacific Growth Fund is the PERA 401(k) Plan's international stock fund. Five–, 10–, and 15–year returns for this fund ranked near the top of the foreign-stock category.

Strong growth, low inflation, and optimism about the nation's economy in the fourth quarter of 1999 led to another record-breaking year for the stock market. Major stock indices hit new heights at the end of December, with the Dow Jones Industrial Average (DJIA) and Standard & Poor's (S&P) 500 Index rising 25.2 percent, and 21.0 percent, respectively, making 1999 the fifth consecutive year that these indices both enjoyed double-digit returns. The technology-dominated Nasdaq Composite Index closed above 4000 and returned 85.6 percent in 1999, the highest gain posted by any major index in history. Small stocks staged a "comeback" at the very end of December, returning 19.6 percent in 1999 based on the Russell 2000 Index of small capitalization stocks.

The fourth quarter reinforced a year-long trend in which high-technology stocks were stellar performers and non-technology stocks lagged far behind. Domestic stock fund returns reflected the overall market's "narrow" advance, while international stock funds staged a broad-based rally. However, the nation's bond markets fared poorly in 1999, due to rising interest rates, inflation-related fears, and overreaction to the "Year 2000" computer problem. Bond prices in many fixed-income sectors declined steadily throughout the year, with the Lehman Brothers Aggregate Bond Index posting its lowest return since 1994.

In 1999, Senate Bill 90, initiated by PERA's Board of Trustees, was enacted into law. One of the provisions in this law establishes a match on members' voluntary contributions to 401(k), 403(b), 401(a), or 457 tax-deferred defined contribution plans once PERA's unfunded liability is fully amortized, or January 1, 2001, whichever is later.

Investment Policy and Objectives

The 401(k) Plan conforms to the following policies and objectives set forth by PERA's Board of Trustees.

PERA'S 401(K) VOLUNTARY INVESTMENT PROGRAM REPORT ON INVESTMENT ACTIVITY (CONTINUED)

The PERA 401(k) Plan is designed to provide members with a savings vehicle that meets their needs for financial protection and serves as members' primary supplemental tax-deferred retirement savings arrangement. While this Plan is primarily intended to create resources to supplement PERA's basic retirement benefits, members should be able to access their funds to meet other long-term financial needs.

All services supporting the Plan (e.g., investment of assets and recordkeeping) need not be performed by PERA staff. Costs of operation should be kept to a minimum, while providing state-of-the-art services to members. To maximize the utility of the 401(k) Plan for all members, the Plan should be actively managed and compare favorably with all other funds competing for members' contributions in the following areas:

- Level of tax-deferred savings.
- Availability of funds.
- Range and flexibility of investment choices.
- Accessibility of information about fund balances and Plan features.
- Cost of service (both actual and perceived) to participants.

Investment Options

The Plan assets are invested in one or more of the following types of investments. Among the specific investment funds designated by the Board, some variety is provided with respect to the expected risk and the expected potential for earnings and appreciation.

Money Market Fund (Short-Term Investment Fund managed by The Northern Trust): Primarily invests in high-grade money market instruments with short maturities such as U.S. government obligations, commercial paper, and certificates of deposit.

Short-Term Bond Fund (Low Duration Fund managed by PIMCO): Primarily invests in domestic corporate and government fixed income securities of varying maturities with a portfolio duration ranging between one and three years, and some foreign securities.

Long-Term Bond Fund (Total Return Fund managed by PIMCO): Primarily invests in U.S. government and corporate securities based on an analysis of major changes in the direction of long-term interest rates.

Balanced Fund (Balanced Fund managed by Dodge&Cox): The fund is a combination of common stocks and fixed income securities (primarily high quality bonds), with no more than 75 percent of the assets in stocks.

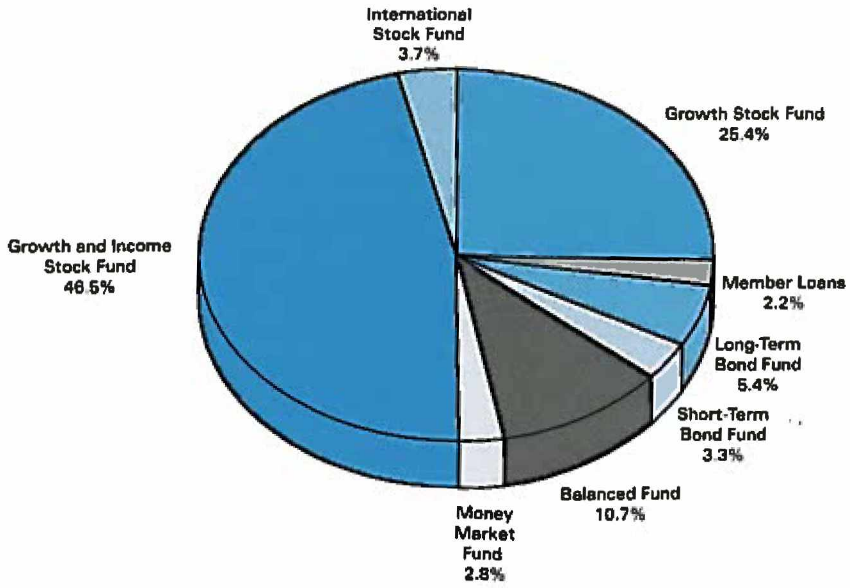
Growth and Income Stock Fund (managed by PERA's Investment Staff): Primarily invests in common stocks of high-quality companies with a broad range of capitalization.

Growth Stock Fund (Contrafund managed by Fidelity Investments): Primarily invests in common stocks and securities convertible into common stocks of companies with high growth potential.

International Stock Fund (EuroPacific Growth Fund managed by The American Funds Group): Primarily invests in equity securities of issuers domiciled in Europe or the Pacific Basin. May also invest in securities through depository receipts, securities convertible into common stocks, straight debt securities, government securities, or non-convertible preferred stocks.

ASSET ALLOCATION BY 401(K) VOLUNTARY INVESTMENT PROGRAM INVESTMENT FUNDS

As of December 31, 1999



401(K) VOLUNTARY INVESTMENT PROGRAM SCHEDULE OF INVESTMENT RESULTS

Fund	1999	1998	Annualized Returns 3-Year	5-Year	10-Year
Money Market Fund[2]	5.3%	6.2%	5.5%	5.6%	5.4%
Short-Term Bond Fund[1]	3.0%	7.2%	6.0%	7.1%	7.4%
Long-Term Bond Fund	(0.3)%	9.4%	6.4%	8.6%	8.8%
Balanced Fund[1]	12.1%	6.7%	13.1%	16.3%	13.0%
Growth and Income Stock Fund	38.7%	13.3%	27.0%	29.5%	18.9%
Growth Stock Fund[1]	25.0%	31.5%	26.4%	27.2%	22.4%
International Stock Fund[2]	57.0%	15.5%	25.5%	21.5%	16.0%

[1] This fund joined PERA's 401(k) Plan in April 1994; 10–year returns reported by fund managers.
[2] This fund joined PERA's 401(k) Plan in January 1997; 5– and 10–year returns reported by fund managers.

401(K) VOLUNTARY INVESTMENT PROGRAM INVESTMENT SUMMARY

(In Thousands of Dollars)

Fund	Market Value December 31, 1999	Percent of Total Market Value 1999	1997	1995
Money Market Fund[1]	$14,274	2.8%	0.8%	N/A[1]
Short-Term Bond Fund	16,920	3.3%	5.4%	10.5%
Long-Term Bond Fund	27,703	5.4%	8.1%	17.8%
Balanced Fund	55,171	10.7%	13.1%	9.7%
Growth and Income Stock Fund	240,763	46.5%	47.0%	42.3%
Growth Stock Fund	131,771	25.4%	21.4%	17.0%
International Stock Fund[1]	19,024	3.7%	1.9%	N/A[1]
Member Loans	$11,521	2.2%	2.3%	2.7%

[1] This fund joined PERA's 401(k) Plan in January 1997.

ACTUARIAL SECTION

PERA's mission is to make sure that each generation of active members is guaranteed a benefit at retirement. While the annual actuarial valuation of the trust funds measures the progress toward this goal, PERA staff works diligently to measure the effectiveness and efficiency of operations, reliability of financial and supporting information, and compliance with applicable laws, rules, and regulations. The annual valuation gives us the "A-OK" on the plan's level of funding.

REPORT OF THE INDEPENDENT ACTUARY

Watson Wyatt
Worldwide

Watson Wyatt & Company

Suite 1400
950 Seventeenth Street
Denver, CO 80202-2831

Telephone 303 298 7878
Fax 303 623 5633

May 5, 2000

Board of Trustees
Public Employees' Retirement Association of Colorado
1300 Logan Street
Denver, Colorado 80203

Dear Members of the Board:

PERA's basic financial goal is to establish contributions which, as a percentage of payroll, remain level for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

The most recent valuations are based on the plan provisions and assumptions in effect on December 31, 1999. PERA provided the participant data and the asset information. Watson Wyatt reviewed the data for reasonableness. The following plan provisions have changed since the prior valuation:

The member contribution rate for State Troopers was reduced from 11.5% to 10.0%.

The Matching Employer Contribution percentages for members receiving refunds were increased from 50% to 100% for members who are eligible for a service or reduced service retirement at the time the refund is paid and from 25% to 50% for members who are not eligible for a service or reduced service retirement at the time the refund is paid.

The amount of the employer contribution allocated to the Health Care Trust Fund was increased from 0.8% to 1.1%.

If a division becomes fully funded, effective on the January 1 following but not before January 1, 2001, the employer contribution rate will be reduced and a portion of the employer contribution will be made available for defined contribution plan matching contributions. The level of the matching contributions will be determined by the Board for each calendar year based on the amount available. For the State & School or the Judicial Division, the employer contribution rate will be permanently reduced by 1.0% of covered salaries and temporarily reduced by 50% of the ten-year amortization of the overfunding and the maximum amount available for matching contributions will be 2% of covered salaries plus 50% of the ten-year amortization of the overfunding. For the Municipal Division, the employer contribution rate will be temporarily reduced by 50% of the ten-year amortization of the overfunding and the maximum amount available for matching contributions will be 0.5% of covered salaries plus 50% of the ten-year amortization of the overfunding.

The experience assumptions used in the valuations were developed from actual system experience and were adopted by the Board in 1996. In our opinion, the assumptions are internally consistent and produce results which are reasonable in the aggregate. We also believe the assumptions and actuarial methods meet the requirements of Governmental Accounting Standards Board Statement No. 25.

REPORT OF THE INDEPENDENT ACTUARY

Board of Trustees
May 5, 2000

Page 2

Watson Wyatt updated the following schedules for the December 31, 1999 CAFR:

Financial Section

Schedule of Funding Progress for the Years Ended December 31
Schedule of Employer Contributions for the Years Ended December 31
(Annual Required Contribution and % ARC Contributed Only)
Notes to Required Supplementary Information

Actuarial Section

Percent of Eligible Members Retiring Next Year
Schedule of Retirees Beneficiaries Added to and Removed from Benefit Payroll
Member – Retiree Comparison
Total Actuarial Liabilities
Unfunded Actuarial Accrued Liabilities
Schedule of Gains and Losses in Accrued Liabilities
Schedule of Active Member Valuation Data
Schedule of Members in Valuation
Schedule of Computed Employer Contribution Rates
Schedule of Contribution Rate History

Statistical Section

Member and Benefit Recipient Statistics
Schedule of Average Retirement Benefits Payable
Current Average Monthly Benefit by Year of Retirement
Schedule of Retirees and Survivors by Type of Benefit
Schedule of Average Benefit Payments

We certify that this valuation was performed in accordance with standards of practice and by qualified actuaries as prescribed by the Actuarial Standards Board. We are Members of the American Academy of Actuaries and have experience in performing valuations for public retirement systems.

It is our opinion that PERA continues in sound financial condition.

Sincerely,

Gene H. Wickes, FSA, MAAA

John R. Grange, ASA, MAAA

THE PLAN SUMMARY FOR CALENDAR YEAR 1999

The Public Employees' Retirement Association was established in 1931 by the Colorado General Assembly as an instrumentality of the state. It initially covered only state employees, but membership has expanded to include all school districts except Denver, numerous municipalities, special districts, public health departments and other local government entities, as well as the State's judicial system.

The Plan's purpose is to provide benefits to members and their dependents at retirement or in the event of death or disability. The Plan is funded on an actuarial reserve basis, with money being set aside for benefits while the benefits are being earned and before they are paid.

Administration of the Plan

The Plan operates by the authority of the Colorado General Assembly, with benefits and administration defined under Title 24, Article 51, of the Colorado Revised Statutes. PERA is governed by a 16-member Board of Trustees, 14 of whom are elected by the membership to four–year terms and serve without compensation except for necessary expenses. The State Auditor and the State Treasurer serve as ex-officio members.

The Board appoints an Executive Director who is responsible for the daily administration of the Association. The Board retains an actuary to make annual valuations of the funding adequacy of the liabilities accrued under the Plan. The Board also retains other consultants as necessary.

Member Contributions

Most members contribute 8 percent of their gross salary to a member contribution account. State Troopers contributed 11.5 percent of pay through June 30, 1999. Senate Bill (SB) 99-90, enacted in 1999, reduced the contribution rate for State Troopers to 10 percent of pay on July 1, 1999. Generally, salary is compensation for services rendered and is specifically defined in state law.

Member contributions have been tax-deferred for federal income tax purposes since July 1, 1984, and for state income tax purposes since January 1, 1987. Therefore, contributions are not considered as income for federal or state income tax purposes until they are withdrawn through a refund or a benefit.

Employer Contributions

Affiliated employers also contribute a percentage of their total payroll to the Fund. Respective employer contribution rates are shown on the "Schedule of Contribution Rate History" on page 68.

The "Schedule of Computed Employer Contribution Rates" on page 67 shows a detailed explanation of how the employer contributions are determined. These contributions are credited to the respective Division for the purpose of creating actuarial reserves, so each member's benefits are fully provided for at retirement. PERA is exempt from federal income taxes under the Internal Revenue Code.

Termination

A member who terminates PERA-covered employment may request a member contribution account refund or leave the account with PERA; a refund cancels a former PERA member's rights to future PERA benefits.

Until July 1, 1999, a member who withdrew his or her account before reaching age 65 or meeting age and service requirements for retirement received a refund that included his or her member contributions and interest, and a matching amount equal to 25 percent of the member's contributions and interest. With the enactment of SB 99-90 effective July 1, 1999, a member who has not attained age 65 or is not eligible to retire receives a matching amount equal to 50 percent of the member's contributions and interest. Prior to July 1, 1999, a member who withdrew his or her account upon or after reaching age 65 or retirement eligibility, received a 50 percent matching amount; effective July 1, 1999, SB 99-90 allowed these members to receive a 100 percent matching amount.

Any member who leaves a member account with PERA until reaching age 65 or meeting PERA's age and service requirements may apply for lifetime monthly benefits instead of withdrawing their accounts.

Member contribution accounts accrue interest at a rate set by state law as 80 percent of PERA's actuarial investment assumption rate; the accrued rate used to credit interest to member contribution accounts in 1999 was 7.0 percent.

Retirement Benefits

Members are eligible to receive monthly retirement benefits when they reach age 65 or meet PERA's age and service retirement eligibility requirements. Retirement benefits are equal to the higher of a defined service retirement benefit or a money purchase retirement benefit. However, members who apply for a monthly retirement benefit at age 65 with less than five years of service or 60 months on the payroll are eligible for a money purchase retirement benefit only.

Defined Retirement Benefits

Defined service retirement benefits are based on the member's years of service, age, and Highest Average Salary (HAS). HAS is one-twelfth of the average of highest annual salaries on which PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit. A 15 percent annual limit in salary increases applies if any salary used in the HAS calculation is from the three years prior to retirement. A one–year HAS applies for judges.

THE PLAN SUMMARY FOR CALENDAR YEAR 1999 (CONTINUED)

Defined retirement benefits equal 2.5 percent of HAS for each year of service credit up to a maximum of 100 percent of HAS.

Service retirement benefits are available to members at age 50 with at least 30 years of service, age 60 with at least 20 years of service, or age 65 with at least 5 years of service.

Reduced defined service retirement benefits available to members at age 60 with five years of service are reduced 4 percent per year (0.333 percent per month) before the eligible date for service retirement. Members who retire at age 55 with 20 years of service receive reduced defined service retirement benefits; the reduction factor equals 3 percent per year (0.25 percent per month).

Members also are eligible for reduced service retirement benefits at age 50 with 25 years of service. Benefits for members retiring under age 55 are reduced 6 percent for each year under age 55 and 3 percent for each year over age 55 that members retire before they would have become eligible for service retirement benefits.[1]

Retirement benefits for State Troopers and members of the Judicial Division differ slightly.

Money Purchase Retirement Benefit

Until July 1, 1999, a money purchase benefit was determined by the member's life expectancy and the value of the member's contribution account and the matching amount equal to 50 percent of the member's contributions and interest, at the member's effective date of retirement. With the passage of SB 99-90 in 1999, the matching amount used to calculate a money purchase retirement benefit was increased to 100 percent, effective July 1, 1999.

Survivor Benefits

The benefit amount that qualified survivors receive is determined by which survivors are eligible to receive benefits and the member's HAS. The order in which qualified survivors receive benefits depends on whether or not the member is eligible for retirement (whether reduced service or service) at the time of the member's death.

Through June 30, 1999, if a member died with less than one year of PERA service credit, or with no survivors qualified to receive a monthly benefit, the named beneficiary or the estate received a lump-sum payment of the member's contribution account, in addition to a matching amount equal to 50 percent of the member's contributions and earned interest. Effective July 1, 1999, the matching amount received by the named beneficiary or estate equals 100 percent of the member's contributions and interest.

If a member had more than one year of service and qualified survivors at the time of death, a monthly benefit may be payable to qualified survivors. If the member's death was job-incurred, the service credit minimum is waived. If the member is not eligible for retirement, children receive a benefit first, but if the member is eligible for retirement, the cobeneficiary receives the benefit first.

Children are eligible to receive survivor benefits if under age 18, or if enrolled full-time in an accredited school within six months of the member's death, until they reach age 23. If there are no eligible children, or after benefits to children have ceased, the member's surviving spouse receives a monthly benefit at age 60 if the member had less than 10 years of service credit or immediately if the member had more than 10 years of service at the time of death. If there is no eligible spouse, financially dependent parents will receive a survivor benefit.

Disability Retirement Benefits

PERA provides a two-tiered disability program that provides reasonable income replacement, or rehabilitation or retraining services. Disability retirement benefits are provided to members who are totally and permanently mentally or physically incapacitated from regular and substantial gainful employment. Short-term disability payments are provided to members who are mentally or physically incapacitated from performance of essential job duties with reasonable accommodation, but who are not totally or permanently incapacitated from regular and substantial gainful employment.

Annual Benefit Increases

Benefits are increased up to 3.5 percent compounded annually from the date of the initial benefit or the rate of increase for the Consumer Price Index, whichever is lower. This increase is recalculated on the last workday of each March and is based on the total benefit.[1]

[1] *Please see Note 10 to the General Purpose Financial Statements (page 32) for an explanation of plan changes effective after the calendar year ending December 31, 1999.*

ctuarial Methods

The cost that a retirement plan such as PERA incurs equals enefits paid plus administration and financing expenses. These osts are paid through contributions to the Plan and investment arnings on the Plan's assets.

Using the Plan's schedule of benefits, the member data, and a arefully selected set of actuarial assumptions, the Plan's actuary stimates the cost of the benefits that will be paid. Then, using particular actuarial funding method, the actuary allocates these osts and determines a systematic manner to fund for future plan enefits. For PERA (as well as most public sector plans), the bjective is to fund in a manner that keeps contribution rates pproximately level from generation to generation. The funding nethod best designed to keep annual costs level as a percent of ay is the "Entry Age Actuarial Cost Method." This method is lescribed below.

Entry Age Actuarial Cost Method

Under the Entry Age Actuarial Cost Method, projected service etirement, termination, disability, and death benefits are letermined for all active members. Cost factors, which are leveloped to produce level annual costs in each year from the ge at hire (entry age) to the assumed retirement age, are applied o the projected benefits to determine what the "normal cost" should be. The normal cost is the portion of the total cost of the Plan allocated to the current year. The "actuarial accrued liability" for active members is then calculated as the portion of the total cost of the Plan allocated to prior years.

The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for inactive members entitled to future benefits, is equal to the present value of the benefits expected to be paid. No normal costs are now payable for these participants.

The excess of the total actuarial accrued liability over the value of the Plan assets is called the "unfunded actuarial accrued liability." Funding requirements under the Entry Age Actuarial Cost Method are determined by adding the normal cost and the cost to amortize the unfunded liability. Under Colorado state law, the amortization period cannot exceed 40 years.

The actuarial assumptions are used to determine the projected benefits and cost factors. The effect of differences between these assumptions and the actual experience of the Plan is calculated each year when the annual actuarial valuation is performed. These differences produce either actuarial gains or losses that result in an adjustment of the unfunded liability.

Asset Valuation Method

In 1992, the PERA Board of Trustees adopted a method for valuing assets that recognizes a "smoothed" market value of those assets. This means the difference between actual market value, actuarial gains, and the expected actuarial gains is recognized over a four-year period.

Actuarial Assumptions

PERA's actuarial assumptions are used to project the Plan's future experience. Every five years the actuarial assumptions are reviewed and an actuarial review is performed by an external actuarial consulting firm to verify the following:

- Accuracy of membership data, financial data, actuarial and benefit calculations, and employer contributions.
- Consistency of calculations with respect to statutory requirements.
- Consistency and reasonableness of assumptions and methods.
- Valuation of all significant benefits.
- A review of the valuation report content.

The most recent actuarial review was conducted by Watson Wyatt Worldwide, based on PERA's 1995 experience data. The review's findings were received by the Board in mid-1996. The most recent five–year review of actuarial assumptions was conducted by Towers Perrin, the independent retained actuary, based on PERA's 1991–1995 experience data. As a result, Towers Perrin recommended new assumptions that were reviewed by Watson Wyatt Worldwide and adopted by the Board. These assumptions were first used in the 1996 valuation year.

Economic Assumptions

The investment return rate used in the 1999 valuations was 8.75 percent per year compounded annually, net after administrative expenses. The real rate of return is the portion of the total investment return in excess of the inflation rate. Considering other financial assumptions, the 8.75 percent investment return translates into an assumed real rate of return of 4.25 percent.

The overall member payroll was assumed to increase 5.5 percent annually in 1999. Pay increase assumptions for individual members in 1999 are shown for sample ages in Exhibits A,B,C, and D. At each age, 4.5 percent of the increase is attributable to the assumed inflation rate, and the remainder is for merit and seniority increases. Judicial Division pay increases (Exhibit D) are determined by the State Legislature. Benefits are assumed to increase at a rate of 3.5 percent.

Non-Economic Assumptions

The mortality table (Colorado Projected Experience Table) is based on PERA experience. The table is used to estimate the value of benefits expected to be paid. Related values are shown in Exhibit F. For disability retirement, impaired longevity is recognized by basing benefit values on an adjusted age midway between attained age and normal retirement age.

The probabilities of age and service retirement are shown in Exhibit G. The probabilities of withdrawal from service, disability, and death-in-service are shown for sample ages in Exhibits A, B, C, D, and E. It is assumed that one-half of the vested members who terminate will elect to withdraw their accounts while the remaining one-half will elect to leave their accounts in the Plan to be eligible for a benefit at their retirement date.

SEPARATIONS FROM EMPLOYMENT BEFORE RETIREMENT AND INDIVIDUAL PAY INCREASE ASSUMPTIONS

Exhibit A—State and School Division; State Category

MEMBERS OTHER THAN STATE TROOPERS

	Percent of Members Separating Within the Next Year						Pay Increase Assumptions for an Individual Member		
	Withdrawal		Death		Disability				
Sample Ages	Men	Women	Men	Women	Men	Women	Merit & Seniority	Base (Economy)	Increase Next Year
20	6.80%	8.00%	0.03%	0.02%	0.01%	0.01%	5.10%	4.50%	9.60%
25	6.80%	8.00%	0.03%	0.02%	0.04%	0.03%	3.80%	4.50%	8.30%
30	5.38%	7.63%	0.04%	0.03%	0.05%	0.05%	2.80%	4.50%	7.30%
35	4.00%	6.29%	0.06%	0.04%	0.18%	0.16%	2.10%	4.50%	6.60%
40	3.43%	4.80%	0.10%	0.06%	0.24%	0.22%	1.50%	4.50%	6.00%
45	3.40%	4.12%	0.21%	0.10%	0.39%	0.34%	1.10%	4.50%	5.60%
50	3.40%	3.92%	0.43%	0.18%	0.75%	0.66%	0.90%	4.50%	5.40%
55	3.40%	3.72%	0.60%	0.25%	1.01%	0.90%	0.70%	4.50%	5.20%
60	3.40%	3.60%	0.76%	0.38%	1.08%	0.96%	0.50%	4.50%	5.00%
65	3.40%	3.60%	1.18%	0.67%	1.08%	0.96%	0.50%	4.50%	5.00%

STATE TROOPERS

	Percent of Members Separating Within the Next Year						Pay Increase Assumptions for an Individual Member		
	Withdrawal		Death		Disability				
Sample Ages	Men	Women	Men	Women	Men	Women	Merit & Seniority	Base (Economy)	Increase Next Year
20	6.00%	6.00%	0.03%	0.02%	0.02%	0.02%	5.50%	4.50%	10.00%
25	6.00%	6.00%	0.03%	0.02%	0.08%	0.08%	4.20%	4.50%	8.70%
30	5.10%	5.10%	0.04%	0.03%	0.12%	0.12%	3.20%	4.50%	7.70%
35	2.70%	2.70%	0.06%	0.04%	0.40%	0.40%	2.50%	4.50%	7.00%
40	1.60%	1.60%	0.10%	0.06%	0.54%	0.54%	1.90%	4.50%	6.40%
45	1.10%	1.10%	0.21%	0.10%	0.86%	0.86%	1.50%	4.50%	6.00%
50	1.00%	1.00%	0.43%	0.18%	1.66%	1.66%	1.30%	4.50%	5.80%
55	1.00%	1.00%	0.60%	0.25%	2.24%	2.24%	1.10%	4.50%	5.60%
60	1.00%	1.00%	0.76%	0.38%	2.40%	2.40%	0.90%	4.50%	5.40%
65	1.00%	1.00%	1.18%	0.67%	2.40%	2.40%	0.50%	4.50%	5.00%

Exhibit B—State and School Division; School Category

	Percent of Members Separating Within the Next Year						Pay Increase Assumptions for an Individual Member		
	Withdrawal		Death		Disability				
Sample Ages	Men	Women	Men	Women	Men	Women	Merit & Seniority	Base (Economy)	Increase Next Year
20	6.17%	6.40%	0.03%	0.02%	0.01%	0.01%	2.50%	4.50%	7.00%
25	5.93%	6.40%	0.03%	0.02%	0.04%	0.02%	2.50%	4.50%	7.00%
30	4.62%	6.08%	0.04%	0.03%	0.05%	0.03%	1.60%	4.50%	6.10%
35	3.04%	4.45%	0.06%	0.04%	0.11%	0.07%	1.50%	4.50%	6.00%
40	2.49%	3.41%	0.10%	0.06%	0.18%	0.11%	1.10%	4.50%	5.60%
45	2.40%	2.95%	0.21%	0.10%	0.30%	0.19%	0.80%	4.50%	5.30%
50	2.40%	2.80%	0.43%	0.18%	0.72%	0.46%	0.60%	4.50%	5.10%
55	2.40%	2.80%	0.60%	0.25%	1.05%	0.66%	0.50%	4.50%	5.00%
60	2.40%	2.80%	0.76%	0.38%	1.14%	0.72%	0.50%	4.50%	5.00%
65	2.40%	2.80%	1.18%	0.67%	1.14%	0.72%	0.50%	4.50%	5.00%

SEPARATIONS FROM EMPLOYMENT BEFORE RETIREMENT AND INDIVIDUAL PAY INCREASE ASSUMPTIONS

Exhibit C—Municipal Division

	Percent of Members Separating Within the Next Year						Pay Increase Assumptions for an Individual Member		
	Withdrawal		Death		Disability				
Sample Ages	Men	Women	Men	Women	Men	Women	Merit & Seniority	Base (Economy)	Increase Next Year
20	6.40%	8.00%	0.03%	0.02%	0.01%	0.01%	8.40%	4.50%	12.90%
25	6.40%	8.00%	0.03%	0.02%	0.04%	0.04%	6.00%	4.50%	10.50%
30	5.06%	7.63%	0.04%	0.03%	0.07%	0.05%	4.40%	4.50%	8.90%
35	3.77%	6.29%	0.06%	0.04%	0.22%	0.18%	3.20%	4.50%	7.70%
40	3.23%	4.80%	0.10%	0.06%	0.30%	0.24%	2.40%	4.50%	6.90%
45	3.20%	4.12%	0.21%	0.10%	0.47%	0.39%	1.90%	4.50%	6.40%
50	3.20%	3.92%	0.43%	0.18%	0.91%	0.75%	1.60%	4.50%	6.10%
55	3.20%	3.72%	0.60%	0.25%	1.23%	1.01%	1.50%	4.50%	6.00%
60	3.20%	3.60%	0.76%	0.38%	1.32%	1.08%	1.30%	4.50%	5.80%
65	3.20%	3.60%	1.18%	0.67%	1.32%	1.08%	1.00%	4.50%	5.50%

Exhibit D—Judicial Division

	Percent of Members Separating Within the Next Year						Pay Increase Assumptions for an Individual Member		
	Withdrawal		Death		Disability				
Sample Ages	Men	Women	Men	Women	Men	Women	Seniority[1]	Base (Economy)	Increase Next Year
30	2.00%	2.00%	0.04%	0.03%	0.06%	0.06%	1.51%	4.50%	6.01%
35	2.00%	2.00%	0.06%	0.04%	0.07%	0.07%	1.20%	4.50%	5.70%
40	2.00%	2.00%	0.10%	0.06%	0.10%	0.10%	0.70%	4.50%	5.20%
45	2.00%	2.00%	0.21%	0.10%	0.17%	0.17%	0.50%	4.50%	5.00%
50	2.00%	2.00%	0.43%	0.18%	0.31%	0.31%	0.50%	4.50%	5.00%
55	2.00%	2.00%	0.60%	0.25%	0.56%	0.56%	0.50%	4.50%	5.00%
60	2.00%	2.00%	0.76%	0.38%	1.19%	1.19%	0.50%	4.50%	5.00%
65	2.00%	2.00%	1.18%	0.67%	1.65%	1.65%	0.50%	4.50%	5.00%

[1] Pay raises are subject to legislative approval. Percentages are based on prior experience.

Exhibit E

Percent of Members With Less Than Five Years of Service Withdrawing from Employment Next Year[2]

	State Category		School Category		Municipal Division	
Years of Service	Men	Women	Men	Women	Men	Women
0	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
1	15.00%	17.00%	15.00%	15.00%	14.00%	16.00%
2	12.00%	14.00%	12.00%	11.00%	11.00%	14.00%
3	10.00%	11.00%	8.00%	8.00%	9.00%	13.00%
4	8.00%	9.00%	7.00%	6.00%	7.00%	11.00%

[2] There are no select withdrawal assumptions for the Judicial Division and State Troopers.

SINGLE LIFE RETIREMENT VALUES

Based on the Colorado Projected Experience Table and 8.75 Percent Interest

Exhibit F—State and School, Municipal, and Judicial Divisions

Sample Attained Ages	Present Value of $1 Monthly for Life		Present Value of $1 Monthly Increasing 3.5% Annually		Future Life Expectancy (Years)	
	Men	Women	Men	Women	Men	Women
40	$134.42	$137.85	$199.38	$209.04	40.37	45.45
45	130.69	135.44	189.60	201.37	35.62	40.61
50	126.16	132.21	178.56	192.09	31.09	35.85
55	120.89	127.93	166.40	181.03	26.83	31.20
60	113.73	121.94	151.73	167.46	22.63	26.61
65	103.99	114.11	134.18	151.59	18.52	22.20
70	92.59	104.13	115.45	133.42	14.80	18.01
75	80.16	91.70	96.60	113.11	11.56	14.10
80	67.35	77.62	78.59	92.11	8.83	10.64
85	$55.18	$61.78	$62.57	$70.61	6.66	7.61

PERCENT OF ELIGIBLE MEMBERS RETIRING NEXT YEAR

Exhibit G

Retirement Ages	State Category Men	State Category Women	State Troopers	School Category Men	School Category Women	Municipal Division Men	Municipal Division Women	Judicial Division
50	12%	14%	15%	16%	16%	10%	11%	10%
51	12%	14%	15%	16%	16%	10%	11%	10%
52	12%	14%	15%	16%	16%	10%	11%	10%
53	12%	14%	15%	16%	16%	10%	11%	10%
54	12%	14%	15%	16%	16%	10%	11%	10%
55	14%	12%	25%	20%	16%	11%	14%	10%
56	14%	12%	25%	20%	16%	11%	14%	10%
57	14%	12%	25%	20%	16%	11%	14%	10%
58	14%	12%	25%	20%	16%	11%	14%	10%
59	14%	12%	25%	20%	16%	11%	14%	10%
60	16%	14%	50%	18%	18%	15%	15%	10%
61	16%	14%	60%	18%	18%	15%	15%	10%
62	16%	14%	70%	18%	18%	15%	15%	10%
63	16%	14%	80%	18%	18%	15%	15%	10%
64	16%	14%	90%	18%	18%	15%	15%	10%
65	30%	30%	100%	25%	25%	25%	25%	25%
66	30%	30%	100%	25%	25%	25%	25%	15%
67	30%	30%	100%	25%	25%	25%	25%	15%
68	30%	30%	100%	25%	25%	25%	25%	15%
69	30%	30%	100%	25%	25%	25%	25%	15%
70	100%	100%	100%	100%	100%	100%	100%	40%
71	100%	100%	100%	100%	100%	100%	100%	40%
72	100%	100%	100%	100%	100%	100%	100%	100%
73	100%	100%	100%	100%	100%	100%	100%	–
74	100%	100%	100%	100%	100%	100%	100%	–
75	100%	100%	100%	100%	100%	100%	100%	–

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM BENEFIT PAYROLL[1]

	Added to Payroll		*Removed from Payroll*		*Payroll—End of Year*				
Year Ended	**No.**	**Annual Benefits**	**No.**	**Annual Benefits**	**No.**[3]	**Annual Benefits**	**Cost of Living Stabilization Fund (CLSF)**	**Average Annual Benefits**	**Increase in Average Benefits**
12/31/90	2,472	$30,727,020	979	$4,241,455	34,940	$330,668,124	$47,742,599	$10,830	6.5%
12/31/91	2,601	33,363,027	1,119	4,319,340	36,422	367,985,496	51,154,160	11,508	6.3%
12/31/92	2,996	44,840,160	1,230	7,905,996	38,188	424,857,912	64,202,904	12,809	11.3%
12/31/93	3,624	63,975,396	1,270	9,695,472	40,542	492,925,488	61,040,724	13,664	6.7%
12/31/94	3,121	51,809,484	1,301	10,650,936	42,362	605,429,820	N/A[2]	14,292	4.6%
12/31/95	3,174	54,087,286	1,496	17,421,180	44,040	657,482,568	N/A[2]	14,929	4.5%
12/31/96	3,074	53,056,140	1,390	15,449,340	45,716	726,848,793	N/A[2]	15,899	6.5%
12/31/97	3,411	71,578,344	1,477	18,628,140	47,621	863,077,468	N/A[2]	18,124	14.0%
12/31/98	3,139	78,278,484	1,694	13,692,660	49,808	926,962,944	N/A[2]	18,611	2.7%
12/31/99	4,212	$115,746,756	1,562	$22,867,068	52,458	$1,026,797,016	N/A[2]	$19,574	5.17%

[1] Numbers derived on an accrual basis.
[2] On March 1, 1994, in accordance with House Bill 93-1324, the CLSF was terminated and the assets of the CLSF were transferred to the retirement benefits reserve within each of the four Division Trust Funds. The 2 percent of salary contribution earmarked for the CLSF reverted to the Division Trust Funds.
[3] The number includes retirees and beneficiaries not being paid at the end of the year (e.g., future spousal benefits).

MEMBER-RETIREE COMPARISON[1]

The number of persons receiving monthly retirement benefits has grown steadily in relation to membership. This trend will continue for many years into the future. The level-cost financing principle is designed so that contribution rates will not have to be raised to meet promised benefits. The current contribution rates should be sufficient to meet the increasing retirement payroll if the benefit provisions contained in the state law are not changed. The retirement benefit disbursements shown in the right-hand column include cost-of-living increases paid in years since 1970. Prior to 1981, figures are for years ended June 30.

Year	Number of Retiree Accounts on 12/31	Number of Member Accounts on 12/31[2]	Retiree Accounts as % of Members on 12/31	Total Benefits Paid–Year Ended 12/31
1940	93	3,715	2.5%	$72,588
1945	171	5,585	3.1%	137,442
1950	280	11,853	2.4%	237,866
1955	747	21,185	3.5%	745,679
1960	1,775	33,068	5.4%	2,055,139
1965	3,631	49,701	7.3%	5,486,225
1970	6,308	65,586	9.6%	13,115,234
1975	11,650	84,781	13.7%	32,820,433
1980	17,301	96,473	17.9%	71,289,456
1985	24,842	101,409	24.5%	192,456,029
1990	32,955	115,350	27.4%	350,398,094
1991	34,481	146,818	23.5%	401,187,591
1992	36,186	162,980	22.2%	453,538,219
1993	38,500	174,685	22.0%	523,746,160
1994	40,257	187,907	21.4%	586,645,446
1995	41,909	203,102	20.6%	639,501,796
1996	43,611	210,893	20.7%	694,349,889
1997	45,525	220,860	20.6%	787,128,075
1998	47,735	221,978	21.5%	893,810,708
1999	50,344	238,111	21.1%	$989,536,328

[1] Numbers derived on a cash basis.
[2] Includes inactive member accounts.

SCHEDULE OF MEMBERS IN VALUATION

By Attained Age and Years of Service As of December 31, 1999

STATE CATEGORY

Members included in the State Category valuation totaled 52,238 and involved annual salaries totaling $1,793,533,031. The average age for these members (excluding State Troopers) was 43.7 years, and the average service was 8.3 years. The average age for State Troopers was 38.8 years, and the average service was 10.4 years.

	Years of Service to Valuation Date							Totals	
Attained Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	No.	Valuation Payroll
Under 20	770							770	$6,048,824
20-24	1,845	9						1,854	30,725,141
25-29	3,647	429	13					4,089	104,296,391
30-34	3,478	1,282	320	15				5,095	150,588,905
35-39	3,867	1,606	1,038	377	32			6,920	214,117,382
40-44	3,254	1,817	1,516	1,021	427	38		8,073	284,607,261
45-49	3,062	1,980	1,708	1,221	1,047	416	6	9,440	363,908,896
50-54	2,215	1,544	1,457	1,154	1,009	828	123	8,330	340,488,804
55-59	1,090	933	843	657	515	452	217	4,707	196,958,026
60	154	90	105	85	51	52	24	561	21,695,588
61	131	105	90	95	52	43	32	548	21,891,873
62	100	85	82	50	31	25	17	390	14,525,700
63	84	65	63	43	29	25	11	320	11,404,152
64	67	48	51	28	38	18	21	271	10,060,188
65	50	36	33	22	14	7	6	168	5,439,000
66	52	24	12	25	20	6	4	143	4,419,450
67	54	22	20	12	9	6	6	129	3,005,100
68	28	26	12	9	9	4	3	91	2,455,950
69	40	12	12	6	9	5	2	86	1,959,300
70+	120	51	22	18	23	11	8	253	4,937,100
Totals	24,108	10,164	7,397	4,838	3,315	1,936	480	52,238	$1,793,533,031

SCHOOL CATEGORY

Members included in the School Category valuation totaled 93,926 and involved annual salaries totaling $2,515,044,158. The average age for these members was 43.2 years, and the average service was 8.0 years.

	Years of Service to Valuation Date							Totals	
Attained Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	No.	Valuation Payroll
Under 20	1,233							1,233	$8,675,560
20-24	3,395	37						3,432	51,065,750
25-29	7,393	819	8					8,220	179,088,701
30-34	6,011	2,826	302	18				9,157	216,033,300
35-39	7,831	2,693	1,801	460	10			12,795	282,996,544
40-44	7,276	3,392	2,013	1,838	569	18		15,106	371,401,569
45-49	5,449	3,970	2,559	1,921	2,267	762	2	16,930	521,466,745
50-54	3,462	2,779	2,595	2,025	1,874	2,003	329	15,067	541,003,789
55-59	1,654	1,324	1,261	1,232	966	705	318	7,460	247,747,500
60	230	164	128	127	120	65	29	863	24,376,800
61	214	149	105	93	98	42	20	721	17,987,550
62	174	104	80	80	62	41	19	560	13,914,600
63	149	105	65	57	47	29	12	464	10,500,000
64	146	79	50	47	36	25	10	393	7,928,550
65	120	66	33	34	30	20	8	311	6,034,350
66	101	59	18	19	22	7	5	231	3,698,100
67	92	42	12	16	17	5	4	188	2,517,900
68	88	38	8	11	8	5	5	163	2,401,350
69	73	32	10	6	4	7	1	133	1,610,700
70+	271	134	39	23	9	14	9	499	4,594,800
Totals	45,362	18,812	11,087	8,007	6,139	3,748	771	93,926	$2,515,044,158

SCHEDULE OF MEMBERS IN VALUATION

By Attained Age and Years of Service As of December 31, 1999

MUNICIPAL DIVISION

Members included in the Municipal Division valuation totaled 11,552 and involved annual salaries totaling $379,922,296. The average age for these members was 40.9 years, and the average service was 7.1 years.

	Years of Service to Valuation Date							Totals	
Attained Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	No.	Valuation Payroll
Under 20	570							570	$3,956,016
20-24	669	7						676	10,726,098
25-29	873	126	3					1,002	25,562,420
30-34	963	253	56	9				1,281	37,602,043
35-39	926	399	249	102	17			1,693	59,389,715
40-44	794	443	338	247	89	8		1,919	71,152,111
45-49	607	430	288	228	158	97	4	1,812	72,683,867
50-54	383	279	223	171	125	150	18	1,349	55,150,256
55-59	225	145	100	117	71	72	23	753	29,201,983
60	24	17	13	12	7	5	3	81	2,713,770
61	22	11	7	9	8	7	2	66	2,464,082
62	21	16	9	6	6	2	4	64	1,807,470
63	11	12	4	8	7	3	1	46	1,482,971
64	12	10	6	5	3	1	4	41	1,292,544
65	16	8	6	5	0	5	3	43	1,268,110
66	7	4	2	7	5	0	1	26	1,532,915
67	11	5	2	1	0	0	0	19	273,245
68	5	5	1	1	2	1	1	16	774,370
69	5	1	2	1	0	0	0	9	158,250
70+	58	17	5	4	1	0	1	86	730,060
Totals	6,202	2,188	1,314	933	499	351	65	11,552	$379,922,296

JUDICIAL DIVISION

Members included in the Judicial Division valuation totaled 251 and involved annual salaries totaling $20,130,214. The average age for Judicial Division members was 53.5 years, and the average service was 13.3 years.

	Years of Service to Valuation Date							Totals	
Attained Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	No.	Valuation Payroll
Under 20									
20-24									
25-29									
30-34	1	0	0	0	0	0	0	1	$81,543
35-39	2	2	0	0	0	0	0	4	199,238
40-44	7	8	4	0	0	0	0	19	1,520,633
45-49	7	21	13	7	2	0	0	50	3,956,400
50-54	12	17	21	18	15	1	0	84	6,797,700
55-59	8	4	9	14	13	3	0	51	4,335,450
60	0	0	2	1	3	1	1	8	605,850
61	0	1	1	1	1	0	1	5	397,950
62	0	1	0	0	2	0	0	3	246,750
63	0	0	1	1	0	1	1	4	201,600
64	0	2	0	0	1	2	1	6	513,450
65	0	1	0	2	0	1	0	4	276,150
66	0	0	0	0	0	1	0	1	90,300
67	1	0	4	0	0	1	0	6	534,450
68	0	0	1	1	0	0	0	2	176,400
69	0	0	0	1	1	0	0	2	177,450
70+	0	0	0	1	0	0	0	1	18,900
Totals	38	57	56	47	38	11	4	251	$20,130,214

SUMMARY OF SOLVENCY TEST

The PERA funding objective is to be able to pay long-term benefit promises through contributions that remain approximately level from year to year as a percent of salaries earned by members. In this way, members and employers in each year pay their fair share for retirement service accrued in that year by PERA members. Occasionally rates are increased, but only to add or improve benefit provisions. Likewise, rates have been decreased by the State Legislature. (See "Schedule of Contribution Rate History" on page 68.)

If the retirement system follows level contribution rate financing principles, the system will pay all promised benefits when due—the ultimate test of financial soundness.

A short-term solvency test is one means of checking PERA's funding progress. In a short-term solvency test, the retirement plan's present assets (investments and cash) are compared with: (1) Member contributions on deposit, (2) the liabilities for future benefits to persons who have retired, and (3) the liabilities for service already rendered by active members. In a system that has been following the discipline of level contribution rate financing, the liabilities for member contributions on deposit (liability 1) and the liabilities for future benefits to present retirees (liability 2) will be fully covered by present assets, except in rare circumstances.

In addition, the liabilities for service already rendered by members (liability 3) may be covered by the remainder of present assets. Generally, if the system has been using level contribution rate financing, the funded portion of liability 3 will increase over time.

The schedule below illustrates the progress of funding liability 3 of PERA and is indicative of PERA's policy to follow the discipline of level contribution rate funding.

TOTAL ACTUARIAL LIABILITIES

Valuation Date	Member Contributions (1)[1]	Retirees and Beneficiaries (2)	Employer-Financed Portion of Active Members (3)	Valuation Assets	Portion of Actuarial Accrued Liabilities Covered by Reported Assets (1)	(2)	(3)
12/31/90	$1,635,129,849	$3,842,084,802	$5,076,877,515	$9,477,521,126	100%	100%	79.0%
12/31/91	1,834,998,407	4,272,349,404	5,414,471,940	10,508,670,579	100%	100%	81.3%
12/31/92	2,050,729,958	4,887,166,176	5,487,483,258	11,339,310,964	100%	100%	80.2%
12/31/93	2,093,693,307	6,516,956,622	6,186,381,981	12,668,101,503	100%	100%	66.5%
12/31/94	2,395,959,381	7,163,767,095	6,204,351,274	13,717,384,820	100%	100%	67.0%
12/31/95	3,727,497,280	7,862,779,572	5,510,030,884	15,349,515,165	100%	100%	68.2%
12/31/96	4,040,814,028	8,339,476,944	5,611,614,086	17,321,769,518	100%	100%	88.1%
12/31/97	4,161,334,387	10,303,331,080	7,029,404,533	19,776,487,860	100%	100%	75.6%
12/31/98	4,413,349,123	11,659,836,332	7,842,874,545	23,069,582,456	100%	100%	89.2%
12/31/99	$4,631,541,543	$12,650,882,161	$8,561,267,296	$26,613,394,180	100%	100%	100%

[1] Includes accrued interest on member contributions.

SUMMARY OF UNFUNDED/OVERFUNDED ACTUARIAL ACCRUED LIABILITIES

Unfunded/overfunded actuarial accrued liabilities are the difference between actuarially calculated liabilities for service already rendered and the assets of the retirement fund. It is natural for unfunded liabilities to exist for PERA and other retirement plans.

The law governing PERA requires that these unfunded liabilities be financed (amortized) systematically over future years. This law requires that contribution rates be set at a level so that if actual experience matches actuarial assumptions, unfunded actuarial accrued liabilities would be paid off over a maximum 40–year period. PERA's amortization periods in 1999 for these unfunded actuarial accrued liabilities were well under the 40–year limit.

The amortization periods have continually improved over the last decade. There were no unfunded liabilities in the State and School Division, Municipal Division, and in the Judicial Division as of December 31, 1999.

Benefits to retirees are "fully funded," that is, assets reserved for benefits currently being paid equal liabilities for those benefits. Liabilities for members are based on service rendered toward their retirement benefits payable in the future. Unfunded actuarial accrued liabilities exist because liabilities for such service by members exceed assets currently on hand for such future benefits.

Because inflation continues, the value of dollars is decreasing. Looking at just the dollar amounts of assets, benefits paid, member salaries, and unfunded/overfunded actuarial accrued liabilities will be misleading.

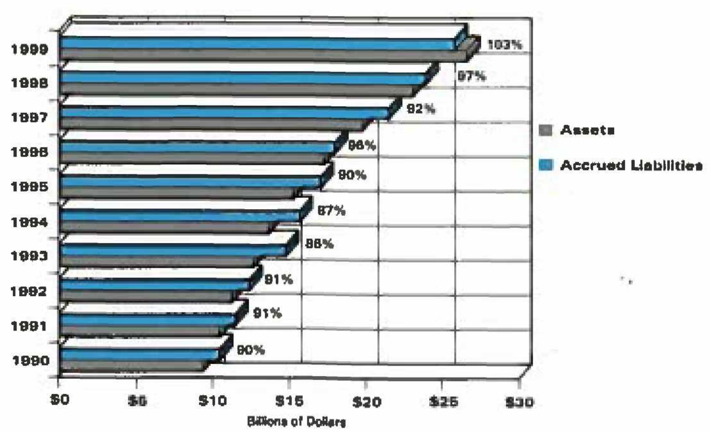
While no one or two measures can fully describe the financial condition of the Plan, unfunded/overfunded actuarial accrued liability dollars divided by member salary dollars provide a meaningful index. The smaller the ratio, the stronger the system. Observation of this relative index over a period of years will give an indication of the financial strength of the system. This ratio has increased at times over the last decade, but the recent trend shows stability.

Unfunded/overfunded actuarial accrued liabilities shown in PERA's valuation are based upon actuarial assumptions adopted by the PERA Board in 1996. Investment returns during the last several years have helped to increase assets, reduce unfunded actuarial accrued liabilities, and lower the ratio of unfunded liabilities to member salaries.

UNFUNDED/OVERFUNDED ACTUARIAL ACCRUED LIABILITIES (UAAL/OAAL)

Valuation Date	Total Actuarial Accrued Liabilities	Valuation Assets	Assets as a % of Accrued Liabilities	Unfunded/Overfunded Actuarial Accrued Liabilities	Member Salaries	UAAL/OAAL as a % of Member Salaries
12/31/90	$10,554,092,157	$9,477,521,126	89.8%	$1,076,571,031	$2,912,712,448	37.0%
12/31/91	11,521,819,751	10,508,670,579	91.2%	1,013,149,172	3,213,117,152	31.5%
12/31/92	12,425,379,392	11,339,310,964	91.3%	1,086,068,428	3,436,693,500	31.6%
12/31/93	14,797,031,910	12,668,101,503	85.6%	2,128,930,407	3,451,307,428	61.7%
12/31/94	15,764,077,750	13,717,384,820	87.0%	2,046,692,930	3,578,972,051	57.2%
12/31/95	17,100,307,736	15,349,515,165	89.8%	1,750,792,571	3,803,799,573	46.0%
12/31/96	17,991,905,058	17,321,769,518	96.3%	670,135,540	3,968,963,337	16.9%
12/31/97	21,494,070,000	19,776,487,860	92.0%	1,717,582,140	4,211,820,401	40.8%
12/31/98	23,916,060,522	23,069,582,456	96.5%	846,478,066	4,477,302,776	18.9%
12/31/99	$25,846,691,306	$26,613,394,180	103.1%	$(796,702,874)	$4,709,759,629	(16.9%)

ASSETS AS PERCENT OF ACCRUED LIABILITIES
1990-1999



SCHEDULE OF GAINS AND LOSSES IN ACCRUED LIABILITIES

Resulting From Differences Between Assumed Experience and Actual Experience

$ Gain (or Loss) for Years Ended December 31
(In Millions of Dollars)

Type of Activity	1999	1998	1997	1996	1995	1994
Age and service retirements[1]	$(228.8)	$(306.5)	$(301.5)	$(99.6)	$(60.5)	$(82.6)
Disability retirements[2]	(4.1)	(23.8)	(72.0)	(58.4)	(19.2)	27.2
Deaths[3]	(6.5)	(9.3)	6.9	2.8	(8.6)	.5
Withdrawal from employment[4]	(26.4)	(49.2)	(105.2)	(133.4)	(137.4)	(42.3)
New entrants[5]	(133.9)	(49.1)	(39.3)	(23.2)	(22.7)	(3.7)
Pay increases[6]	33.7	110.4	118.8	152.1	109.7	207.1
Investment income[7]	1,847.4	1,729.5	1,045.9	715.2	461.2	(68.5)
Other	180.2	(292.6)	4.4	35.6	(63.6)	53.8
Gain (or loss) during year	1,661.6	1,109.4	658.0	591.1	258.9	91.5
Non-recurring items[8]	(92.9)	(269.4)	(1,917.5)	472.4	39.2	(14.6)
Composite gain (or loss) during year	$1,568.7	$840.0	$(1,259.5)	$1,063.5	$298.1	$76.9

[1] **Age and service retirements:** If members retire at older ages than assumed, there is a gain. If members retire at younger ages, a loss occurs.

[2] **Disability retirements:** If disability claims are lower than was assumed, there is a gain. If a higher number of disability claims was experienced, there is a loss.

[3] **Deaths:** If survivor claims are lower than was assumed, there is a gain. If a higher number of survivor claims was experienced, there is a loss. If retirees live longer than assumed, there is a loss; if retirees die sooner than assumed, there is a gain.

[4] **Withdrawal from employment:** If more members terminate and more liabilities are released by withdrawals than are assumed, there is a gain. If fewer liabilities are released, a loss occurs.

[5] **New entrants:** If the number of new members entering the Plan is lower than was assumed, there is a loss. If a higher number of new members entered the Plan than was assumed, there is a gain.

[6] **Pay increases:** If there are smaller salary increases than assumed, there is a gain. If greater increases occur, a loss results.

[7] **Investment income:** If there is greater investment income than assumed, there is a gain. If less income is received, a loss occurs.

[8] **Non-recurring items:** Include changes to plan benefits, changes in actuarial method or assumptions, and special transfers to retired life funds.

SCHEDULE OF COMPUTED EMPLOYER CONTRIBUTION RATES

	Expressed as a Percentage of Member Payroll		
	State and School Division	Municipal Division	Judicial Division
Contributions:			
Service retirement benefits	9.91%	10.12%	12.23%
Disability retirement benefits	1.03%	1.44%	1.88%
Survivor benefits	0.50%	0.62%	1.27%
Termination withdrawals	3.24%	3.56%	1.69%
Total normal cost	14.68%	15.74%	17.07%
Member contributions	8.02%[1]	8.00%	8.00%[2]
Employer normal cost	6.66%	7.74%	9.07%
Percentage available to amortize unfunded actuarial accrued liabilities	3.65%	1.16%	4.83%
Amortization period	0 years	0 years	0 years
Total employer contribution rate for actuarially funded benefits	11.41%	10.00%	15.00%
Health Care Trust Fund	1.10%	1.10%	1.10%
Statutory employer contribution rate	10.31%[1]	8.90%	13.90%

[1] Weighted average of more than one statutory rate.

[2] Assumes no judge will elect a refund of contributions made for the 17th through the 20th year of service.

SCHEDULE OF CONTRIBUTION RATE HISTORY

State and School Division[3]

Members (Other Than State Troopers)

			Percent of Payroll: Member Contribution Rate	Percent of Payroll: Employer Contribution Rate[1]
7-1-97	to	6-30-98	8.00%	11.50%
7-1-98	to	12-31-99	8.00%	11.40%

State Division[3]

Members (Other Than State Troopers)

			Percent of Payroll: Member Contribution Rate	Percent of Payroll: Employer Contribution Rate[1]
8-1-31	to	6-30-38	3.50%	0.00%
7-1-38	to	6-30-49	3.50%	3.50%
7-1-49	to	6-30-58	5.00%	5.00%
7-1-58	to	6-30-69	6.00%	6.00%
7-1-69	to	6-30-70	7.00%	7.00%
7-1-70	to	6-30-71	7.00%	8.00%
7-1-71	to	6-30-73	7.00%	8.50%
7-1-73	to	6-30-74	7.75%	9.50%
7-1-74	to	6-30-75	7.75%	10.50%
7-1-75	to	8-31-80	7.75%	10.64%
9-1-80	to	12-31-81	7.75%	12.20%
1-1-82	to	6-30-87	8.00%	12.20%
7-1-87	to	6-30-88	8.00%	10.20%
7-1-88	to	6-30-91	8.00%	12.20%
7-1-91	to	4-30-92	8.00%	11.60%
5-1-92	to	6-30-92	8.00%	5.60%[2]
7-1-92	to	6-30-93	8.00%	10.60%
7-1-93	to	6-30-97	8.00%	11.60%

Municipal Division

			Percent of Payroll: Member Contribution Rate	Percent of Payroll: Employer Contribution Rate[1]
1-1-44	to	12-31-49	3.50%	3.50%
1-1-50	to	6-30-58	5.00%	5.00%
7-1-58	to	6-30-69	6.00%	6.00%
7-1-69	to	12-31-69	7.00%	6.00%
1-1-70	to	12-31-70	7.00%	7.00%
1-1-71	to	6-30-73	7.00%	7.50%
7-1-73	to	12-31-73	7.75%	7.50%
1-1-74	to	12-31-74	7.75%	8.50%
1-1-75	to	12-31-75	7.75%	9.50%
1-1-76	to	12-31-80	7.75%	9.86%
1-1-81	to	12-31-81	7.75%	10.20%
1-1-82	to	6-30-91	8.00%	10.20%
7-1-91	to	12-31-99	8.00%	10.00%

State Troopers

			Percent of Payroll: Member Contribution Rate	Percent of Payroll: Employer Contribution Rate[1]
7-1-45	to	6-30-69	7.00%	7.00%
7-1-69	to	6-30-70	8.00%	8.00%
7-1-70	to	6-30-71	8.00%	9.00%
7-1-71	to	6-30-73	8.00%	9.50%
7-1-73	to	6-30-74	8.75%	10.50%
7-1-74	to	6-30-75	8.75%	11.50%
7-1-75	to	8-31-80	8.75%	11.64%
9-1-80	to	12-31-81	8.75%	13.20%
1-1-82	to	6-30-87	9.00%	13.20%
7-1-87	to	6-30-88	9.00%	11.20%
7-1-88	to	6-30-89	9.00%	13.20%
7-1-89	to	4-30-92	12.30%	13.20%
5-1-92	to	6-30-92	12.30%	7.20%[2]
7-1-92	to	6-30-93	11.50%	12.20%
7-1-93	to	6-30-97	11.50%	13.20%
7-1-97	to	6-30-99	11.50%	13.10%
7-1-99	to	12-31-99	10.00%	13.10%

School Division[3]

			Percent of Payroll: Member Contribution Rate	Percent of Payroll: Employer Contribution Rate[1]
1-1-44	to	12-31-49	3.50%	3.50%
1-1-50	to	6-30-58	5.00%	5.00%
7-1-58	to	6-30-69	6.00%	6.00%
7-1-69	to	12-31-69	7.00%	6.00%
1-1-70	to	12-31-70	7.00%	7.50%
1-1-71	to	12-31-71	7.00%	8.50%
1-1-72	to	6-30-73	7.00%	9.25%
7-1-73	to	12-31-73	7.75%	9.25%
1-1-74	to	12-31-74	7.75%	10.25%
1-1-75	to	12-31-75	7.75%	11.25%
1-1-76	to	12-31-80	7.75%	12.10%
1-1-81	to	12-31-81	7.75%	12.50%
1-1-82	to	6-30-87	8.00%	12.50%
7-1-87	to	6-30-88	8.00%	11.50%
7-1-88	to	6-30-91	8.00%	12.50%
7-1-91	to	6-30-92	8.00%	12.20%
7-1-92	to	6-30-97	8.00%	11.60%

Judicial Division

			Percent of Payroll: Member Contribution Rate	Percent of Payroll: Employer Contribution Rate[1]
7-1-49	to	6-30-57	5.00%	5.00%
7-1-57	to	6-30-73	6.00%	12.00%
7-1-73	to	6-30-80	7.00%	12.00%
7-1-80	to	8-30-80	7.00%	13.00%
9-1-80	to	12-31-81	7.00%	15.00%
1-1-82	to	6-30-87	8.00%	15.00%
7-1-87	to	6-30-88	8.00%	13.00%
7-1-88	to	12-31-99	8.00%	15.00%

[1] All employer contribution rates shown between July 1, 1985, and June 30, 1999, include 0.8 percent, which is used to pay a portion of health care premiums for benefit recipients. From July 1, 1999, forward the employer contribution rates include 1.1 percent dedicated to the Health Care Trust Fund to be used to pay a portion of health care premiums for benefit recipients.

[2] Legislation created an annual reduction equal to 1 percent of salary retroactive to July 1, 1991, to be taken during May and June of 1992.

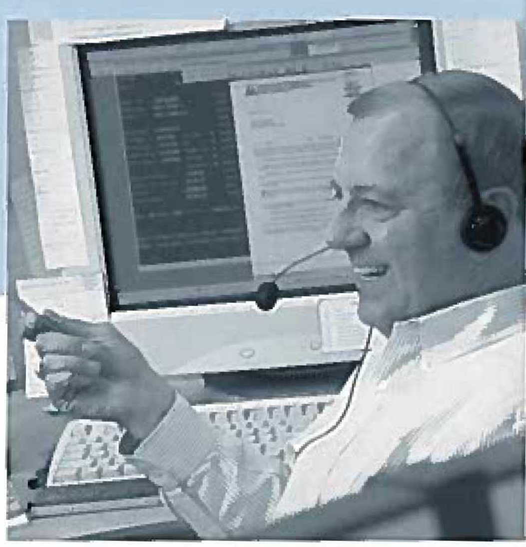
[3] State and School Divisions were merged July 1, 1997.

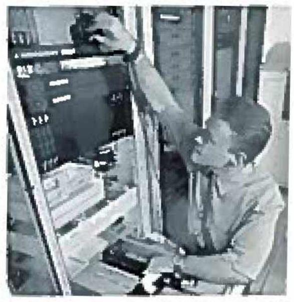
SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Year	Number of Employers	Number of Members	Annual Payroll	Average Annual Salary	% Increase (Decrease) in Average Pay
1990	342	106,898	$2,912,712,448	$27,248	4.22%
1991	359	132,311	3,213,117,152	24,285	5.62%[1]
1992	365	136,898	3,436,693,500	25,104	3.37%
1993	355	139,807	3,451,307,428	24,686	(1.67)%
1994	360	140,194	3,578,972,051	25,529	3.41%
1995	367	144,420	3,803,799,573	26,338	3.17%
1996	370	147,670	3,968,963,337	26,877	2.05%
1997	373	152,475	4,211,820,401	27,623	2.78%
1998	374	154,235	4,477,302,776	29,029	5.09%
1999	375	157,967	$4,709,759,629	$29,815	2.71%

[1] After adjustment for inclusion of temporary, part-time, substitute, and seasonal personnel beginning July 1, 1991.

STATISTICAL SECTION





PERA works hard to maintain complete and accurate data for its membership. Some of PERA's staff is responsible for calculating that data while others are responsible for interpreting it. In either instance, their expertise is essential in providing excellent service to plan participants.

SCHEDULE OF EXPENSES BY TYPE
(In Thousands of Dollars)

Year	Benefit Payments	Refunds[1]	Administrative Expenses	Disability Insurance	Other	Total
STATE AND SCHOOL DIVISION[2]						
1997	$749,313	$60,686	$14,090	$—	$377	$824,466
1998	851,676	65,811	14,142	—	2,068	933,697
1999	$943,112	$89,684	$15,794	$8,054	$1,873	$1,058,517
STATE DIVISION[2]						
1994	$262,012	$15,772	$6,014	$—	$(1,481)	$282,317
1995	283,375	18,507	6,565	—	(9,567)	298,880
1996	$305,658	$31,880	$5,503	$—	$(3,902)	$339,139
SCHOOL DIVISION[2]						
1994	$296,970	$12,908	$8,656	$—	$(1,782)	$316,752
1995	325,819	17,185	9,834	—	10,599	363,437
1996	$355,521	$27,343	$8,548	$—	$4,237	$395,649
MUNICIPAL DIVISION						
1994	$23,889	$3,636	$1,065	$—	$(272)	$28,318
1995	26,117	5,149	1,183	—	599	33,048
1996	28,723	7,330	999	—	249	37,301
1997	32,823	8,112	996	—	150	42,081
1998	36,967	8,070	1,158	—	(824)	45,371
1999	$40,903	$10,210	$1,391	$692	$(1,118)	$52,078
JUDICIAL DIVISION						
1994	$3,785	$47	$39	$—	$(119)	$3,752
1995	4,190	53	43	—	(225)	4,061
1996	4,449	9	36	—	(67)	4,427
1997	4,992	145	35	—	(53)	5,119
1998	5,168	46	25	—	(442)	4,797
1999	$5,524	$683	$37	$38	$1	$6,280
HEALTH CARE TRUST FUND						
1994	$45,563	$—	$—	$—	$(1)	$45,562
1995	55,040	—	—	—	—	55,040
1996	57,102	—	—	—	—	57,102
1997	59,652	—	—	—	—	59,652
1998	62,395	—	846	—	(2,122)	61,119
1999	$64,979	$—	$483	$—	$—	$65,462

[1] Refunds include interest and matching amounts as required by law.

[2] The State and School Divisions were merged in 1997.

SCHEDULE OF REVENUE BY SOURCE
(In Thousands of Dollars)

Year	Member Contributions[1]	Employer Contributions[1]	Service Credit Purchases	Retiree Health Care Premiums	Net Investment Income	Other Income[2]	Total Revenues
STATE AND SCHOOL DIVISION[3]							
1997	$293,059	$392,898	$27,029	$—	$3,361,986	$—	$4,074,972
1998	308,379	409,749	43,762	—	3,231,469	—	3,993,359
1999	$324,504	$422,025	$69,775	$—	$4,130,854	$—	$4,947,158
STATE DIVISION[3]							
1994	$109,635	$142,913	$15,969	$—	$25,933	$49,338	$343,788
1995	114,278	153,472	7,294	—	1,265,032	—	1,540,076
1996	$118,472	$159,057	$5,513	$—	$840,178	$—	$1,123,220
SCHOOL DIVISION[3]							
1994	$139,349	$182,509	$21,215	$—	$37,733	$71,524	$452,330
1995	148,784	200,889	11,825	—	1,849,069	—	2,210,567
1996	$158,675	$214,155	$8,018	$—	$1,232,953	$—	$1,613,801
MUNICIPAL DIVISION							
1994	$19,443	$21,590	$1,082	$—	$3,550	$6,681	$52,346
1995	20,852	23,980	1,152	—	176,405	—	222,389
1996	21,872	25,149	814	—	119,221	—	167,056
1997	23,701	27,253	853	—	195,741	—	247,548
1998	26,248	30,186	1,339	—	191,499	—	249,272
1999	$27,893	$31,418	$3,630	$—	$249,209	$—	$312,150
JUDICIAL DIVISION							
1994	$1,291	$2,240	$159	$—	$362	$692	$4,744
1995	1,326	2,353	131	—	17,738	—	21,548
1996	1,426	2,531	62	—	11,802	—	15,821
1997	1,485	2,636	340	—	19,086	—	23,547
1998	1,517	2,693	89	—	18,394	—	22,693
1999	$1,552	$2,689	$121	$—	$23,539	$—	$27,901
HEALTH CARE TRUST FUND							
1994	$—	$26,896	$—	$17,261	$342	$—	$44,499
1995	—	28,467	—	17,795	17,035	—	63,297
1996	—	30,008	—	18,932	10,383	—	59,323
1997	—	31,750	—	20,124	15,711	—	67,585
1998	—	33,522	—	21,798	14,089	—	69,409
1999	$—	$43,136	$—	$25,611	$17,891	$—	$86,638

1 Member and employer contribution rate history is shown on page 68.
2 Other income in 1994 is due to assets transferred from the Cost of Living Stabilization Fund as required by House Bill 93-1324.
3 The State and School Divisions were merged in 1997.

MEMBER AND BENEFIT RECIPIENT STATISTICS[1]

	State Category	School Category	Municipal Division	Judicial Division	Total
Active members—12/31/99[1]	52,238	93,926	11,552	251	157,967
Retirements during 1999:					
Disability retirements	84	88	26	0	198
Service retirements	1,177	2,068	142	3	3,390
Total	1,261	2,156	168	3	3,588
Retirement benefits:					
Total receiving disability and service retirement benefits on Dec. 31, 1998	19,952	25,272	2,313	199	47,736
Total retiring during 1999	1,261	2,156	168	3	3,588
Cobeneficiaries continuing after retiree's death	173	153	21	5	352
Returning to retirement rolls from suspension	78	59	9	0	146
Total	21,464	27,640	2,511	207	51,822
Retirees and cobeneficiaries deceased during year	642	700	78	9	1,429
Retirees suspending benefits to return to work	13	31	5	0	49
Total receiving retirement benefits	20,809	26,909	2,428	198	50,344
Total retirement benefits payable on 12/31/99	$419,406,720	$535,786,248	$40,599,120	$5,290,944	$1,001,083,032
Average monthly benefit on 12/31/99	$1,680	$1,659	$1,393	$2,227	$1,657
Average monthly benefit for all members who retired during 1999	$2,317	$2,359	$2,091	$2,474	$2,332
Survivor benefit accounts:					
Total survivors being paid on 12/31/99	921	1,000	174	19	2,114
Total benefits payable on 12/31/99	$12,653,988	$10,846,836	$1,844,808	$368,352	$25,713,984
Future benefits:					
Future retirements to age 60 or 65	2,766	4,735	512	11	8,024
Total annual future benefits	$22,974,767	$28,074,127	$4,089,195	$183,968	$55,322,057
Future survivor beneficiaries of inactive members	88	125	20	1	234
Total annual future benefits	$265,135	$368,869	$31,190	$5,831	$671,025

[1] In addition, 71,886 non-vested terminated members were due a refund of their contributions as of 12/31/99—State and School Division: 64,882; Municipal Division: 7,002; and Judicial Division: 2.

SCHEDULE OF AVERAGE RETIREMENT BENEFITS PAYABLE[1]

Year Ended	Average Monthly Benefit	Average Age at Retirement	Average Current Age of Retirees	Average Years of Service at Retirement
12/31/90	$935	60.9	70.0	18.3
12/31/91	980	60.7	70.1	18.5
12/31/92	1,085	60.5	70.0	18.7
12/31/93	1,158	60.2	69.7	19.1
12/31/94	1,213	60.0	69.7	19.2
12/31/95	1,266	59.7	69.7	19.4
12/31/96	1,334	59.6	69.2	19.6
12/31/97	1,533	59.2	69.5	19.8
12/31/98	1,580	59.2	69.6	20.1
12/31/99	$1,657	59.0	69.4	20.5

[1] Includes disability retirements, but not survivor benefits.

SCHEDULE OF BENEFIT DISBURSEMENTS BY TYPE[1]

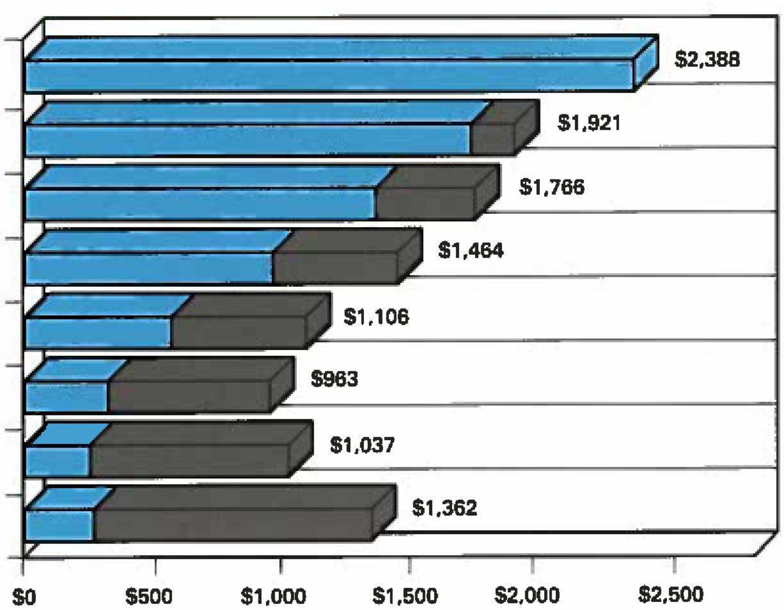
(In Thousands of Dollars)

Year Ended	Retirement Benefits	Survivor Benefits	Contribution Refunds	Interest and Matching Amount Paid	Health Care	Total
12/31/94	$571,655	$15,001	$30,104	$2,259	$45,563	$664,582
12/31/95	622,149	17,352	26,616	14,278	55,040	735,435
12/31/96	677,181	17,170	39,022	27,540	57,102	818,015
12/31/97	769,130	17,998	39,326	29,617	59,652	915,723
12/31/98	874,913	18,898	41,884	32,043	62,395	1,030,133
12/31/99	$966,966	$22,570	$46,230	$54,347	$64,979	$1,155,092

[1] Numbers do not include 401(k) Voluntary Investment Program.

CURRENT AVERAGE MONTHLY BENEFIT BY YEAR OF RETIREMENT

Service Retiree Accounts as of December 31, 1999



	1965	1970	1975	1980	1985	1990	1995	1999
Original Benefit at Retirement	$274	$259	$330	$577	$975	$1,377	$1,752	$2,388
Benefit Increases	$1,088	$778	$633	$529	$489	$389	$169	$0

SCHEDULE OF RETIREES AND SURVIVORS BY TYPE OF BENEFIT

As of December 31, 1999

Types of Benefits:
1 – Age and service retirement.
2 – Disability retirement.
3 – Survivor payment—Option 3.
4 – Survivor payment—children, spouse, or dependent parent.
5 – Surviving spouse with future benefit.
6 – Former member with future benefit.

Option Selected:
Retirees select one of the following options at retirement:

1 —Single life benefit.
2 —Joint benefit with 1/2 to surviving cobeneficiary.
3 —Joint and survivor benefit.
4 —Joint benefit with 1/2 to either survivor. (No longer offered to members retiring.)

Surviving Cobeneficiary:
Retiree has predeceased the cobeneficiary.

Surviving Retiree:
Cobeneficiary has predeceased the retiree.

State and School Division

		Type of Benefit					
Amount of Benefit	Total (Columns 1–5)	1	2	3	4	5	6
$1-$250	2,884	2,603	105	3	142	31	2,562
$251-$500	4,795	3,889	545	6	321	34	2,118
$501-$750	4,758	3,609	809	14	284	42	1,180
$751-$1,000	4,804	3,396	1,125	11	251	21	657
$1,001-$1,250	4,646	3,284	1,157	14	189	2	424
$1,251-$1,500	4,401	3,284	963	14	138	2	247
$1,501-$1,750	3,867	3,034	740	8	85	0	174
$1,751-$2,000	3,451	2,831	521	11	88	0	121
Over $2,000	16,033	14,997	826	67	143	0	231
Totals	49,639	40,927	6,791	148	1,641	132	7,714

	Option Selected					
Amount of Benefit	1	2	3	4	Surviving Cobeneficiary	Surviving Retiree
$1-$250	1,799	116	364	20	313	96
$251-$500	2,836	262	548	35	610	143
$501-$750	2,636	373	594	52	615	148
$751-$1,000	2,624	497	702	55	483	160
$1,001-$1,250	2,507	552	778	57	395	152
$1,251-$1,500	2,378	544	852	46	321	106
$1,501-$1,750	1,998	558	825	60	232	101
$1,751-$2,000	1,736	598	716	33	188	81
Over $2,000	7,513	3,294	4,077	181	549	209
Totals	26,027	6,794	9,456	539	3,706	1,196

SCHEDULE OF RETIREES AND SURVIVORS BY TYPE OF BENEFIT (CONTINUED)

As of December 31, 1999

Types of Benefits:
1 – Age and service retirement.
2 – Disability retirement.
3 – Survivor payment—Option 3.
4 – Survivor payment—children, spouse, or dependent parent.
5 – Surviving spouse with future benefit.
6 – Former member with future benefit.

Option Selected:
Retirees select one of the following options at retirement:

1 —Single life benefit.
2 —Joint benefit with 1/2 to surviving cobeneficiary.
3 —Joint and survivor benefit.
4 —Joint benefit with 1/2 to either survivor. (No longer offered to members retiring.)

Surviving Cobeneficiary:
Retiree has predeceased the cobeneficiary.

Surviving Retiree:
Cobeneficiary has predeceased the retiree.

Municipal Division

Amount of Benefit	Total (Columns 1–5)	Type of Benefit 1	2	3	4	5	6
$1-$250	135	118	6	0	10	1	104
$251-$500	253	198	30	0	25	0	166
$501-$750	325	211	69	2	40	3	105
$751-$1,000	324	180	107	2	32	3	64
$1,001-$1,250	395	199	174	0	20	2	29
$1,251-$1,500	300	170	118	2	10	0	17
$1,501-$1,750	219	132	78	2	7	0	18
$1,751-$2,000	174	119	45	2	8	0	10
Over $2,000	477	425	49	2	1	0	19
Totals	2,602	1,752	676	12	153	9	532

Amount of Benefit	Option Selected 1	2	3	4	Surviving Cobeneficiary	Surviving Retiree
$1-$250	72	3	20	0	25	4
$251-$500	108	10	31	4	65	10
$501-$750	132	22	56	3	58	9
$751-$1,000	130	37	62	6	50	2
$1,001-$1,250	165	58	100	8	31	11
$1,251-$1,500	120	54	74	5	25	10
$1,501-$1,750	78	30	75	4	14	9
$1,751-$2,000	72	31	48	3	7	3
Over $2,000	153	112	174	9	15	11
Totals	1,030	357	640	42	290	69

SCHEDULE OF RETIREES AND SURVIVORS BY TYPE OF BENEFIT (CONTINUED)

As of December 31, 1999

Types of Benefits:

1 – Age and service retirement.
2 – Disability retirement.
3 – Survivor payment—Option 3.
4 – Survivor payment—children, spouse, or dependent parent.
5 – Surviving spouse with future benefit.
6 – Former member with future benefit.

Option Selected:

Retirees select one of the following options at retirement:

1 —Single life benefit.
2 —Joint benefit with 1/2 to surviving cobeneficiary.
3 —Joint and survivor benefit.
4 —Joint benefit with 1/2 to either survivor. (No longer offered to members retiring.)

Surviving Cobeneficiary:
Retiree has predeceased the cobeneficiary.

Surviving Retiree:
Cobeneficiary has predeceased the retiree.

Judicial Division

Amount of Benefit	Total (Columns 1–5)	Type of Benefit 1	2	3	4	5	6
$1-$250	3	3	0	0	0	0	1
$251-$500	15	14	1	0	0	0	1
$501-$750	10	8	1	0	1	0	3
$751-$1,000	7	4	0	0	3	0	1
$1,001-$1,250	11	10	1	0	0	0	0
$1,251-$1,500	20	14	2	0	4	0	3
$1,501-$1,750	19	15	0	0	3	1	0
$1,751-$2,000	13	12	0	0	1	0	0
Over $2,000	119	99	14	0	6	0	3
Totals	217	179	19	0	18	1	12

Amount of Benefit	Option Selected 1	2	3	4	Surviving Cobeneficiary	Surviving Retiree
$1-$250	0	0	3	0	0	0
$251-$500	5	2	3	0	5	0
$501-$750	2	0	1	0	4	2
$751-$1,000	2	0	1	0	1	0
$1,001-$1,250	2	0	3	1	5	0
$1,251-$1,500	3	1	8	1	3	0
$1,501-$1,750	2	1	2	0	8	2
$1,751-$2,000	1	1	4	0	4	2
Over $2,000	20	22	39	4	25	3
Totals	37	27	64	6	55	9

SCHEDULE OF AVERAGE BENEFIT PAYMENTS

Year Retired	Years of Service Credit					
Period 1/1/99 to 12/31/99	**0-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**
Average Monthly Benefit	$351	$659	$1,039	$1,591	$2,387	$3,385
Average Highest Average Salary	$2,117	$2,495	$2,836	$3,278	$3,934	$4,551
Number of Service Retirees	149	193	162	820	553	1,513
Period 1/1/98 to 12/31/98	**0-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**
Average Monthly Benefit	$296	$611	$975	$1,586	$2,194	$3,293
Average Highest Average Salary	$1,815	$2,296	$2,543	$3,249	$3,709	$4,398
Number of Service Retirees	153	191	160	754	488	1,059
Period 1/1/97 to 12/31/97	**0-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**
Average Monthly Benefit	$600	$828	$1,159	$1,588	$2,171	$3,097
Average Highest Average Salary	$2,011	$2,395	$2,716	$3,322	$3,727	$4,170
Number of Service Retirees	322	308	277	775	556	736
Period 1/1/96 to 12/31/96	**0-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**
Average Monthly Benefit	$599	$800	$1,023	$1,514	$2,200	$3,211
Average Highest Average Salary	$1,917	$2,298	$2,444	$3,098	$3,671	$4,169
Number of Service Retirees	304	313	265	714	374	559
Period 1/1/95 to 12/31/95	**0-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**
Average Monthly Benefit	$628	$797	$1,082	$1,544	$2,190	$3,248
Average Highest Average Salary	$1,964	$2,242	$2,450	$3,043	$3,526	$4,119
Number of Service Retirees	337	318	286	724	466	519
Period 1/1/94 to 12/31/94	**0-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**
Average Monthly Benefit	$614	$755	$1,121	$1,574	$2,225	$3,243
Average Highest Average Salary	$2,004	$2,168	$2,449	$3,068	$3,507	$4,050
Number of Service Retirees	349	332	284	724	477	512
Period 1/1/93 to 12/31/93	**0-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**
Average Monthly Benefit	$591	$853	$1,080	$1,701	$2,406	$3,270
Average Highest Average Salary	$2,022	$2,247	$2,378	$3,212	$3,749	$3,955
Number of Service Retirees	324	356	343	901	627	677
Period 1/1/92 to 12/31/92	**0-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**
Average Monthly Benefit	$556	$820	$1,104	$1,616	$2,348	$3,184
Average Highest Average Salary	$1,791	$2,099	$2,403	$2,943	$3,360	$3,701
Number of Service Retirees	331	363	336	738	349	414
Period 1/1/91 to 12/31/91	**0-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**
Average Monthly Benefit	$554	$758	$1,093	$1,606	$2,311	$3,211
Average Highest Average Salary	$1,756	$2,016	$2,262	$2,820	$3,194	$3,599
Number of Service Retirees	282	330	332	658	252	365
Period 1/1/90 to 12/31/90	**0-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**
Average Monthly Benefit	$537	$790	$1,143	$1,619	$2,426	$3,101
Average Highest Average Salary	$1,743	$1,993	$2,292	$2,736	$3,213	$3,392
Number of Service Retirees	279	295	269	668	263	312

SCHEDULE OF AFFILIATED EMPLOYERS

State Category

Agencies and Instrumentalities

Colorado Association of School Boards
Colorado Council on Arts and Humanities
Colorado High School Activities Association
Colorado Student Loan Program
Colorado Uninsurable Health Insurance Plan
Colorado Water Resources and Power Development Authority
Department of Agriculture
Department of Corrections
Department of Education
Department of Health Care Policy and Financing
Department of Human Services
Department of Labor and Employment
Department of Law
Department of Local Affairs
Department of Military Affairs
Department of Natural Resources
Department of Public Health and Environment
Department of Public Safety
Department of Regulatory Agencies
Department of Revenue
Department of State
Department of Transportation
Department of the Treasury
Fire and Police Pension Association
General Assembly
General Support Services/Department of Personnel
Joint Budget Committee
Judicial Department
Legislative Council
Office of the District Attorneys
Office of the Governor
Office of Legislative Legal Services
Office of the Lieutenant Governor
Office of Technology and Innovation
Pinnacol Assurance (formerly Colorado Compensation Insurance Authority)
Public Employees' Retirement Association of Colorado
Special District Association of Colorado
State Auditor's Office
State Historical Society

Institutions of Higher Education

Adams State College
Aims Community College
Arapahoe Community College
Auraria Higher Education Center
Aurora Community College
Colorado Mountain College
Colorado Northwestern Community College
Colorado School of Mines
Colorado State University
Commission on Higher Education
Denver Community College
Fort Lewis College
Front Range Community College
Lamar Community College
Lowry Higher Education Center
Mesa State College
Metropolitan State College of Denver
Morgan Community College
Northeastern Junior College
Otero Junior College
Pikes Peak Community College
Pueblo Vocational Community College
Red Rocks Community College
School for the Deaf & Blind
State Board for Community Colleges and Occupational Education
The State Colleges in Colorado
Trinidad State Junior College
University of Colorado at Boulder
University of Colorado at Colorado Springs
University of Colorado at Denver
University of Colorado Health Sciences Center
University of Northern Colorado
University of Southern Colorado
Western State College

School Category

Adams County

Adams County School District 14
Bennett School District 29J
Brighton School District 27J
Mapleton School District 1
Northglenn-Thornton School District 12
Strasburg School District 31J
Westminster School District 50

Alamosa County

Alamosa County School District Re-11J
Sangre de Cristo School District Re-22J

Arapahoe County

Adams-Arapahoe School District 28J
Byers School District 32J
Cherry Creek School District 5
Deer Trail School District 26J
Englewood School District 1
Littleton School District 6
Sheridan School District 2

Archuleta County

Archuleta County School District 50 Jt

Baca County

Campo School District RE-6
Pritchett School District RE-3
Springfield School District RE-4

SCHEDULE OF AFFILIATED EMPLOYERS

Vilas School District RE-5
Walsh School District RE-1

Bent County
Las Animas School District RE-1
McClave School District RE-2

Boulder County
Boulder Valley School District RE2
St. Vrain Valley School District RE1J

Chaffee County
Buena Vista School District R-31
Salida School District R-32(J)

Cheyenne County
Cheyenne County School District Re-5
Kit Carson School District R-1

Clear Creek County
Clear Creek School District RE-1

Conejos County
North Conejos School District RE1J
Sanford School District 6J
South Conejos School District RE 10

Costilla County
Centennial School District R-1
Sierra Grande School District R-30

Crowley County
Crowley County School District RE-1

Custer County
Custer County Consolidated School District C-1

Delta County
Delta County School District 50(J)

Dolores County
Dolores County School District Re No. 2

Douglas County
Douglas County School District Re 1

Eagle County
Eagle County School District Re 50

Elbert County
Agate School District 300
Big Sandy School District 100J
Elbert School District 200
Elizabeth School District C-1
Kiowa School District C-2

El Paso County
Academy School District 20
Calhan School District RJ1
Cheyenne Mountain School District 12
Colorado Springs School District 11
Edison School District 54 Jt
Ellicott School District 22
Falcon School District 49
Fountain School District 8
Hanover School District 28
Harrison School District 2
Lewis-Palmer School District 38
Manitou Springs School District 14
Miami/Yoder School District 60 Jt
Peyton School District 23 Jt
Widefield School District 3

Fremont County
Canon City School District Re-1
Cotopaxi School District Re-3
Florence School District Re-2

Garfield County
Garfield School District Re-2
Garfield School District 16
Roaring Fork School District Re-1

Gilpin County
Gilpin County School District Re-1

Grand County
East Grand School District 2
West Grand School District 1

Gunnison County
Gunnison Watershed School District Re1J

Hinsdale County
Hinsdale County School District Re-1

Huerfano County
Huerfano School District Re-1
La Veta School District Re-2

Jackson County
North Park School District R-1

Jefferson County
Jefferson County School District R-1

Kiowa County
Eads School District Re-1
Plainview School District Re-2

Kit Carson County
Arriba-Flagler Consolidated School District No. 20
Bethune School District R-5
Burlington School District Re-6J
Hi-Plains School District R-23
Stratton School District R-4

Lake County
Lake County School District R-1

La Plata County
Bayfield School District 10Jt-R
Durango School District 9-R
Ignacio School District 11 Jt

Larimer County
Park School District R-3
Poudre School District R-1
Thompson School District R-2J

SCHEDULE OF AFFILIATED EMPLOYERS

Las Animas County
- Aguilar Reorganized School District 6
- Branson Reorganized School District 82
- Hoehne Reorganized School District 3
- Kim Reorganized School District 88
- Primero Reorganized School District 2
- Trinidad School District 1

Lincoln County
- Genoa/Hugo School District C-113
- Karval School District Re 23
- Limon School District Re 4J

Logan County
- Buffalo School District Re-4
- Frenchman School District Re-3
- Plateau School District Re-5
- Valley School District Re-1

Mesa County
- De Beque School District 49 Jt
- Mesa County Valley School District 51
- Plateau Valley School District 50

Mineral County
- Creede Consolidated School District 1

Moffat County
- Moffat County School District Re No.1

Montezuma County
- Dolores School District RE 4A
- Mancos School District Re-6
- Montezuma-Cortez School District Re 1

Montrose County
- Montrose County School District Re-1J
- West End School District Re-2

Morgan County
- Brush School District Re-2 (J)
- Fort Morgan School District Re-3
- Weldon Valley School District Re-20 (J)
- Wiggins School District Re-50 (J)

Otero County
- Cheraw School District 31
- East Otero School District R1
- Fowler School District R4J
- Manzanola School District 3J
- Rocky Ford School District R2
- Swink School District 33

Ouray County
- Ouray School District R-1
- Ridgway School District R-2

Park County
- Park County School District Re-2
- Platte Canyon School District 1

Phillips County
- Haxtun School District Re-2J
- Holyoke School District Re-1J

Pitkin County
- Aspen School District 1

Prowers County
- Granada School District Re-1
- Holly School District Re-3
- Lamar School District Re-2
- Wiley School District Re-13 Jt

Pueblo County
- Pueblo City School District 60
- Pueblo County School District 70

Rio Blanco County
- Meeker School District RE1
- Rangely School District RE4

Rio Grande County
- Del Norte School District C-7
- Monte Vista School District C-8
- Sargent School District Re-33J

Routt County
- Hayden School District Re 1
- South Routt School District Re 3
- Steamboat Springs School District Re 2

Saguache County
- Center Consolidated School District 26 Jt
- Moffat School District 2
- Mountain Valley School District Re 1

San Juan County
- Silverton School District 1

San Miguel County
- Norwood School District R-2J
- Telluride School District R-1

Sedgwick County
- Julesburg School District Re 1
- Platte Valley School District Re3

Summit County
- Summit School District Re 1

Teller County
- Cripple Creek-Victor School District Re-1
- Woodland Park School District RE-2

Washington County
- Akron School District R-1
- Arickaree School District R-2
- Lone Star School District 101
- Otis School District R-3
- Woodlin School District R-104

Weld County
- Ault-Highland School District Re-9
- Briggsdale School District Re-10
- Eaton School District Re-2
- Fort Lupton School District Re-8
- Gilcrest School District Re-1

SCHEDULE OF AFFILIATED EMPLOYERS

Greeley School District 6
Johnstown School District Re-5J
Keenesburg School District Re-3
Pawnee School District Re-12
Platte Valley School District Re-7
Prairie School District Re-11
Windsor School District Re-4

Yuma County

East Yuma County School District R-J-2
West Yuma County School District R-J-1

Boards of Cooperative Educational Services (BOCES)

East Central BOCES
Expeditionary Learning School BOCES
Grand Valley BOCES
Mountain BOCES
Mount Evans BOCES
Northeast BOCES
Northern Colorado BOCES
Northwest Colorado BOCES
Pikes Peak BOCES
Rio Blanco BOCES
Santa Fe Trail BOCES
South Central BOCES
South Platte Valley BOCES
Southeastern BOCES
Uncompaghre BOCES
Weld BOCES
West Central BOCES

Boards of Cooperative Services (BOCS)

Adams County BOCS
San Juan BOCS
San Luis Valley BOCS
Southwest BOCS

Vocational Schools

Delta-Montrose Area Vocational School
San Juan Basin Area Vocational School

Municipal Division

Alamosa Housing Authority
Aurora Housing Authority
Baca Grande Water & Sanitation District
Beulah Water Works District
Black Hawk-Central City Sanitation District
Blanca-Fort Garland Metropolitan District
Boxelder Sanitation District
Brush Housing Authority
Carbon Valley Park & Recreation District
Castle Pines Metropolitan District
Castle Pines North Metropolitan District
Centennial Soil Conservation District
Center Housing Authority
City of Alamosa
City of Boulder
City of Colorado Springs
City of Fort Morgan
City of Manitou Springs
City of Pueblo
City of Wray
City of Yuma
Colorado Housing & Finance Authority
Colorado School District Self-Insurance Pool
Colorado Springs Utilities
Columbine Knolls-Grove Metropolitan Recreation District
Costilla Housing Authority
Cunningham Fire Protection District
Douglas Public Library District
East Cheyenne Ground Water Management District
East Larimer County Water District
Eastern Rio Blanco Parks & Recreation Department
Eaton Housing Authority
Estes Valley Public Library District
Forest Lakes Metropolitan District
Fremont Sanitation District
Fremont Soil Conservation District
Garfield County Housing Authority
Housing Authority of Arriba
Housing Authority of the City of Boulder
Housing Authority of the County of Saguache
Housing Authority of the Town of Limon
Lamar Housing Authority
Lamar Utilities Board
Left Hand Water District
Longs Peak Water District
Longmont Housing Authority
Louisville Fire Protection District
Meeker Regional Library District
Memorial Hospital–Colorado Springs
Montrose Fire Protection District
Montrose Recreation District
Monument Sanitation District
Morgan Soil Conservation District
Mountain View Fire Protection District
Mountain Village Metropolitan District
Mountain Water and Sanitation District
Niwot Sanitation District
North Chaffee County Regional Library
Northeast Colorado Health Department
Park Center Water District
Pine Drive Water District
Plains and Peaks Regional Library Services System
Pueblo City-County Health Department
Pueblo Library District
Rampart Regional Library District
Rangely Regional Library District
Red, White & Blue Fire Protection District
Rifle Fire Protection District
Rio Blanco Fire Protection District

SCHEDULE OF AFFILIATED EMPLOYERS

Rio Blanco Water Conservancy District
Routt County Soil Conservation District *(inactive affiliate)*
Sable-Altura Fire Protection District
San Luis Valley Development Resources Group
San Luis Valley Water Conservancy District
San Miguel County Public Library
San Miguel Regional and Telluride Housing Authority
Scientific and Cultural Facilities District
Sheridan Sanitation District #1
Soldier Canyon Filter Plant
Southwest Regional Library
Steamboat II Water and Sanitation District
Steamboat Springs Rural Fire Protection District
St. Vrain Sanitation District *(affiliated in 2000)*
Three Rivers Regional Library Services System *(affiliated in 2000)*
Town of Bayfield
Town of Crawford
Town of Dinosaur
Town of Eckley
Town of Estes Park
Town of Firestone
Town of Lake City
Town of Mountain Village
Town of Platteville
Town of Rico
Town of Siebert
Town of Silver Plume
Tri-County Health Department
Upper Colorado Environmental Plant Center
Walker Field Colorado Public Airport Authority *(affiliated in 2000)*
Washington-Yuma Counties Combined Communications Center
Weld County Health Department
West Greeley Soil Conservation District
Western Rio Blanco Metropolitan Recreation & Park District
Windsor-Severance Library District
Yuma Housing Authority

Judicial Division

1st-23rd District Court
24th District-Denver Probate Court
25th District-Denver Juvenile Court
Adams County Court
Alamosa County Court
Arapahoe County Court
Archuleta County Court
Baca County Court
Bent County Court
Boulder County Court
Chaffee County Court
Cheyenne County Court
Clear Creek County Court
Conejos County Court
Costilla County Court
Court of Appeals
Crowley County Court
Custer County Court
Delta County Court
Denver County Court
Dolores County Court
Douglas County Court
Eagle County Court
El Paso County Court
Elbert County Court
Fremont County Court
Garfield County Court
Gilpin County Court
Grand County Court
Gunnison County Court
Hinsdale County Court
Huerfano County Court
Jackson County Court
Jefferson County Court
Kiowa County Court
Kit Carson County Court
La Plata County Court
Lake County Court
Larimer County Court
Las Animas County Court
Lincoln County Court
Logan County Court
Mesa County Court
Mineral County Court
Moffat County Court
Montezuma County Court
Montrose County Court
Morgan County Court
Otero County Court
Ouray County Court
Park County Court
Phillips County Court
Pitkin County Court
Prowers County Court
Pueblo County Court
Rio Blanco County Court
Rio Grande County Court
Routt County Court
Saguache County Court
San Juan County Court
San Miguel County Court
Sedgwick County Court
Summit County Court
Supreme Court
Teller County Court
Washington County Court
Weld County Court
Yuma County Court

HEALTH CARE PROGRAM

The PERA Health Care Program began covering enrolled benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Effective July 1, 1999, pursuant to SB 99-90 initiated by the PERA Board of Trustees and enacted in 1999, a PERA Health Care Trust Fund (HCTF) was established.

Until July 1, 1999, the HCTF received employer contributions equal to 0.8 percent of member salaries from affiliated employers. This allocation is invested, and earnings are added to the Fund. As specified in SB 99-90, the amount of the regular employer contribution earmarked for the PERA HCTF was increased to 1.1 percent of salary, effective July 1, 1999, while reducing the rate to the pension trust fund by 0.3 percent of pay.

Monthly premium costs for participants depend on the health care plan selected, the total premium, the PERA subsidy amount, Medicare eligibility, and the number of persons being covered. Under the Program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining part of that premium through an automatic deduction from the monthly retirement benefit. In 1999, the maximum subsidy continued to be $115 per month for benefit recipients whose retirement benefits were based on 20 years or more of PERA service credit. For those with less service, the subsidy was reduced by 5 percent ($5.75) for each year under 20 years. Passage of SB 99-90 will double the maximum premium subsidy to $230 per month for enrollees under age 65, beginning July 1, 2000.

Effective July 1, 1999, QualMed discontinued its plans with PERA and contracts with three health maintenance organizations (HMOs) were renewed: PacifiCare of Colorado, Kaiser Permanente, and Rocky Mountain HMO. Also in 1999, ValueRx Prescription Drug Program (used by the Mutual of Omaha Point of Service Plan and by Rocky Mountain HMO) was purchased by Express Scripts Prescription Drug Program. Passage of SB 99-90 also allows all Colorado retail pharmacies to join the Express Scripts' pharmacy network used by PERA for its self-insured plans and Rocky Mountain HMO.

The Board continues to pursue efforts that will improve health care coverage and cost to PERA's retirees. In 1999, the Board approved the following changes to the Program effective July 1, 1999:

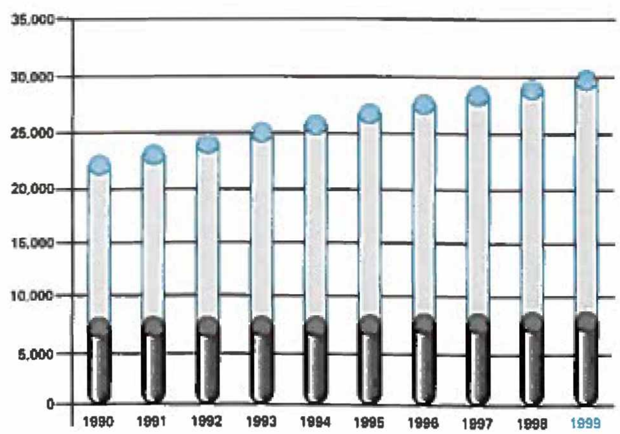
- Increase prescription drug copayments under the Express Scripts Prescription Drug program for Mutual of Omaha and Rocky Mountain HMO participants, and for participants under age 65 in PacifiCare's pre-Medicare plan. This is the first time since 1993 that PERA has increased prescription drug copayments, and prescription drug costs rose 16 percent overall in the 1998 year alone.
- Allow Rocky Mountain HMO and PacifiCare to expand their service areas in locations most affected by the departure of QualMed with some expansion into rural areas.

  Rocky Mountain HMO will expand throughout most of the Eastern Plains and Front Range, making this HMO available in all but eight counties in the state.

  PacifiCare will expand its pre-Medicare plan (under age 65) plan to 12 Eastern Plains counties.
- Allow continuation of a small blending of rates for pre-Medicare and Medicare participants in the Mutual of Omaha self-insured plan.

In 1999, PERA began to develop PERACare, the health benefits program for active employees, retirees, and dependents of PERA-affiliated employers. A PERACare Advisory Committee, comprised of representatives of employers and employee organizations, was formed. PERACare will begin coverage on January 1, 2001.

HEALTH CARE PROGRAM ENROLLMENTS



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Benefit Recipients	21,938	23,037	24,236	25,444	26,270	27,531	28,575	29,571	30,291	31,293
Spouses & Dependents	7,241	7,269	7,271	7,321	7,334	7,534	7,731	7,817	7,974	8,052

LIFE INSURANCE PROGRAM

PERA has provided its members with access to voluntary supplemental life insurance benefits since 1956 when it contracted with New York Life Insurance Company for coverage. The Board transferred the plan underwritten by New York Life to Rocky Mountain Life, a subsidiary of Blue Cross and Blue Shield of Colorado, in 1988. However, New York Life retained coverage for members and retirees having a paid-up policy, and certain disability retirees with waiver of premium coverage.

In 1986, PERA assumed responsibility from the state of Colorado for administering two Rocky Mountain Life plans for retired state employees. This plan is a closed group with no provision for new participants.

Currently, PERA offers two group, decreasing-term life insurance plans—the Rocky Mountain Life coverage and a plan offered by the National Conference on Public Employee Retirement Systems through Prudential. Active members may join one or both of the plans, and may continue coverage into retirement or after leaving PERA-covered employment if they retain their PERA account. Inactive members may continue life insurance coverage as long as they retain their PERA member contribution account. During the annual open enrollment period, members enrolling are not required to furnish evidence of good health for themselves or their dependents. Members may enroll outside the enrollment period, but must provide a statement of good health. Effective January 1, 2000, Prudential Plan's basic coverage increased by more than 10 percent; the $9 monthly premium was not changed.

LIFE INSURANCE PROGRAM ENROLLMENT

Year	Rocky Mountain Life	Prudential	Rocky Mountain Life (Closed Group)	New York Life[1]	Total Enrollments
1990	34,245	15,129	4,208	—	53,582
1991	36,191	16,332	3,602	—	56,125
1992	37,028	16,809	3,451	—	57,288
1993	36,857	16,899	3,051	—	56,807
1994	36,265	16,555	2,884	—	55,704
1995	36,979	16,032	2,576	18,738	74,325
1996	37,062	17,135	2,489	16,297	72,983
1997	37,382	17,270	2,154	15,936	72,742
1998	37,477	17,327	1,997	15,513	72,314
1999	37,901	17,622	1,855	15,081	72,459

[1] New York Life, with paid-up coverage and no premiums assessed, not listed before 1995.

LIFE INSURANCE PROGRAM CLAIMS

	Rocky Mountain Life		Prudential		Rocky Mountain Life (Closed Group)		New York Life[2]		Total Program	
Year	Amt. of Claims Paid	No. of Claims Paid[1]	Amt. of Claims Paid	No. of Claims Paid[1]	Amt. of Claims Paid	No. of Claims Paid[1]	Amt. of Claims Paid	No. of Claims Paid	Amt. of Claims Paid	No. of Claims Paid[1]
1990	$4,766,110	N/A	$951,121	N/A	$302,809	N/A	—	—	$6,020,040	N/A
1991	5,383,194	808	1,276,347	188	361,256	180	—	—	7,020,797	1,176
1992	4,715,336	787	1,264,979	187	277,618	177	—	—	6,257,933	1,151
1993	5,114,319	751	1,250,563	169	236,675	155	—	—	6,601,557	1,075
1994	5,241,796	876	1,384,378	223	265,185	177	—	—	6,891,359	1,276
1995	5,064,415	653	1,561,740	246	288,416	172	$444,602	282	7,359,173	1,353
1996	4,660,358	599	1,462,712	210	268,815	157	399,868	288	6,791,753	1,254
1997	5,116,641	679	1,469,340	226	171,175	127	378,422	282	7,135,578	1,314
1998	4,875,713	691	1,731,344	283	246,473	149	395,834	333	7,249,364	1,456
1999	$4,700,668	703	$1,415,914	256	$265,141	138	$412,966	328	$6,794,689	1,425

[1] Number of claims paid not available before 1991.

[2] New York Life, with paid-up coverage and no premiums assessed, not listed before 1995.

5/20 (REV 6-00) 2M