Colorado Public Employees' Retirement Association

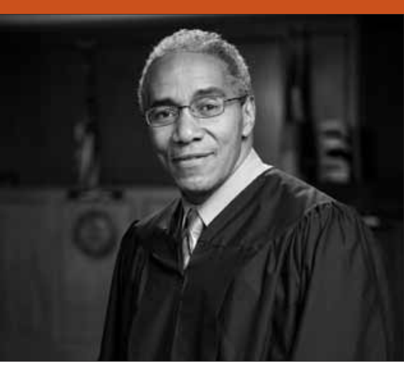
COLORADO PERA®

Comprehensive Annual Financial Report

*For the Fiscal Year Ended December 31, 2010*

# INSIGHTS into a SUSTAINABLE FUTURE

# 2010



State Trooper photo courtesy of Colorado State Patrol Media Center. All other photos by Colorado PERA.

COLORADO PERA®

## Comprehensive Annual Financial Report

*For the Fiscal Year Ended December 31, 2010*

*Prepared by Colorado PERA Staff*

# INSIGHTS into a SUSTAINABLE FUTURE

# 2010

## INTRODUCTORY SECTION



## FINANCIAL SECTION



## INVESTMENT SECTION

## ACTUARIAL SECTION



## STATISTICAL SECTION

*"The changes made in SB 1 steer PERA back onto a stable financial path using an approach that is responsible, well-thought out, and fiscally conservative."*

–Deborah Bristol
Colorado State Patrol

# INTRODUCTORY SECTION

COLORADO PERA

Colorado Public Employees' Retirement Association
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303-832-9550 • 1-800-759-PERA (7372)
www.copera.org

*June 17, 2011*

Meredith Williams
*Executive Director*

## Dear Colorado PERA Members, Benefit Recipients, Employers, and Members of the Board of Trustees:

I am pleased to present Colorado PERA's *Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended December 31, 2010.

2010 marked a new beginning for PERA with the passage of Senate Bill 10-001 (SB 10-001). This landmark legislation allowed us to constructively focus on the issues and challenges brought on by the financial crisis of 2008, and provided an opportunity to return PERA to long-term sustainability.

SB 10-001 represented the first comprehensive response to the economic upheaval by any public retirement fund nationally. This legislation required shared sacrifice by all PERA members, retirees, and public employers as well as courage by a bipartisan coalition of members of the Colorado General Assembly and former Governor Bill Ritter.

Not everyone was in support of SB 10-001, and in fact, only a few days after the legislation was signed, a class-action lawsuit was filed in Denver District Court. The plaintiffs, who claim to be acting on behalf of a class of individuals, are challenging the constitutionality of SB 10-001 as it provides for the modifications to the annual increase. PERA firmly believes that SB 10-001 was not only an appropriate solution to PERA's challenges but that the State Legislature was well within its legal authority to enact the changes included in the bill.

I remain confident that SB 10-001 was the right thing to do for Colorado PERA and the entire state. With this bill, it is expected that Colorado PERA's unfunded liability will be eliminated within the next three decades and Colorado PERA's trust funds will be accumulating more assets than liabilities. Instead of running out of money, PERA will be accumulating funds to pay for the benefits of current and future retirees.

Colorado PERA serves our 470,000-plus members and retirees who patrol our highways, teach our children, maintain our wilderness areas, and provide other important services to Coloradans. Just as we depend on these public servants for their contributions to the quality of life we enjoy in Colorado, they depend on Colorado PERA for their future retirement.

We honor all of those who provide public service in Colorado—it is our privilege to work for them and our duty to ensure that they have a sustainable retirement.

### Report Contents and Structure

This *CAFR* is designed to comply with the reporting requirements under Title 24, Article 51, Section 204(8) of the Colorado Revised Statutes.

### Overview of Colorado PERA

Established in 1931, Colorado PERA operates by authority of the Colorado General Assembly and is administered under Title 24, Article 51, of the Colorado Revised Statutes. Initially covering all State employees, Colorado PERA has expanded to include all Colorado school districts, the State's judicial system, and many municipalities, and other local government entities.

### Legislation

During the 2010 legislative session, several bills that impact Colorado PERA were passed by the Legislature and signed into law.

#### Senate Bill 10-001: Eliminate PERA's Unfunded Liability

SB 10-001 was signed by former Governor Ritter on February 23, 2010. The major provisions of the bill include the following:

- Increases over time the Amortization Equalization Disbursement (AED) paid by PERA employers and the Supplemental Amortization Equalization Disbursement (SAED) funded by monies otherwise available for employee wage increases.
- Sets the early retirement reduction factors for a reduced service retirement benefit at an actuarially determined percentage for members not eligible to retire as of January 1, 2011.

- Changes the annual salary increase limit used in the Highest Average Salary (HAS) calculation from 15 percent to 8 percent for members in the PERA benefit structure, not eligible to retire on January 1, 2011, and who began membership before January 1, 2007.
- Changes the HAS for members in the DPS benefit structure, not eligible to retire as of January 1, 2011, from the 36 months of earned service credit with the highest salaries to the highest annual salaries associated with four periods of 12 consecutive months of service credit. An 8 percent cap on annual salary increases is associated with the lowest of the four 12-month periods.
- Modifies the conditions for receiving a match on employer contributions when a member withdraws a PERA account. Members who withdraw their accounts on or after January 1, 2011, must have five years of service credit to receive the 50 percent match.
- Changes the age and service requirements for full service retirement eligibility for members with less than five years of service credit on January 1, 2011, and members who began membership on or after January 1, 2011.
- Changes the amount of the cost of living adjustment, or annual increase, how the annual increase amount will be determined, how it will be paid to retirees, and who is eligible to receive it.
- Prevents the recalculation of a service retirement for retirees who suspend their benefits on or after January 1, 2011, and establishes how a second benefit would be earned and paid out.
- Requires retirees who return to work for a PERA-covered employer to make nonrefundable contributions at the same rate as all members working for that employer.
- Adds days to the 110-day limit on working after retirement for a limited number of retirees in school districts and higher education institutions.

**Senate Bill 10-146 (SB 10-146): PERA Contribution Rates**
SB 10-146 was signed by former Governor Ritter on March 31, 2010. This bill increases the PERA member/employee contributions beginning in July 2010. The bill was sponsored by the Joint Budget Committee as a budget balancing bill and was part of the Governor's budget proposed in November 2009. SB 10-146 makes the following changes to contributions:

- In the State Division, (excluding State Troopers) the member contribution is increased from 8.00 percent to 10.50 percent. The employer contribution rate is decreased from 10.15 percent to 7.65 percent.
- For State Troopers, the member contribution rate is increased from 10.00 percent to 12.50 percent. The employer contribution rate is decreased from 12.85 percent to 10.35 percent.
- In the Judicial Division, the member contribution rate is increased from 8.00 percent to 10.50 percent. The employer contribution rate is decreased from 13.66 percent to 11.16 percent.

The contribution changes are temporary, one-year modifications that will end on June 30, 2011. Employer or member contribution rates in the School, DPS, and Local Government Divisions are not impacted.

(Senate Bill 11-076, which was signed by Governor Hickenlooper on May 23, 2011, will continue the 2.5 percent reduction for fiscal year 2011-2012 in the employer contribution by State Division [including State Troopers and members of the Colorado PERA DC Plan] and Judicial Division employers with a corresponding 2.5 percent increase in the member contribution. Please see page 79 in the Financial Section for more information.)

**Senate Bill 10-003 (SB 10-003): Higher Education Flexibility**
This bill was signed by former Governor Ritter on June 9, 2010, and gives higher education institutions more flexibility in setting tuition rates and directing administrative operations. A minor provision of this bill concerns one of the working after retirement changes passed in SB 10-001.

SB 10-001 adds 30 days to the 110-day limit for working after retirement in a calendar year without penalty for up to 10 service retirees per employer in the school districts and higher education institutions, provided full contributions are paid. Each year the employer must designate the 10 retirees who are subject to the 140-day limit.

This bill expands the 140-day limit for higher education institutions that have more than one principal campus. Under SB 10-003, each campus of a higher education institution may designate up to 10 PERA retirees to work up to 140 days per year at the campus without a reduction in PERA benefits.

**House Bill 10-1425 (HB 10-1425): DPS Postretirement Employment Limit**
Signed by former Governor Ritter on May 27, 2010, this bill exempts PERA retirees from the 110-day working after retirement limit if they were working as hourly employees for the Denver Public Schools (DPS) before January 1, 2010, and continue to be in those same positions.

This exemption was already in place for PERA retirees who were active members of the Denver Public Schools Retirement System (DPSRS) before January 1, 2010. Hourly employees working for DPS were not included in this exemption passed with the 2009 PERA and DPSRS merger legislation.

**House Bill 10-1181 (HB 10-1181): DPA Administrative Clean-up**
Signed by former Governor Ritter on June 7, 2010, this bill contains a number of provisions affecting the Colorado Department of Personnel and Administration (DPA). A minor administrative provision of this bill codified existing practice which allows the Colorado PERA Board of Trustees (Board) to select and retain legal counsel.

### Implementation of SB 10-001
Implementing the changes as a result of SB 10-001 was one of the major accomplishments during 2010. Aside from the many hours spent during the legislative session monitoring the bill, PERA staff dedicated many hours to training, communicating, and making system changes related to the provisions of SB 10-001.

The significant change in benefits related to SB 10-001 resulted in an increased demand of PERA staff time serving members.

- PERA's Benefit Services Division had an increase in the number of members requesting appointments, estimates, and service purchases as well as processing a record number of new retirements.
- PERA's Customer Service Division received over 236,000 phone calls that were answered during 2010, an average of 15,000 for each Customer Service Representative.
- PERA's Field Education Services Division had over 30,000 attendees at 1,578 meetings held throughout Colorado educating and assisting members with information about the new DPS benefit structure as well as changes from SB 10-001.
- PERA's Application Development Division modified the benefit administration system of PERA to incorporate the changes to PERA's plan provisions that were mandated by SB 10-001, while also completing the data conversion and systems consolidation projects related to the merger of DPSRS into PERA.

### Merger With Denver Public Schools Retirement System

On January 1, 2010, the Denver Public Schools Retirement System (DPSRS) merged into Colorado PERA and transferred the net assets of DPSRS into the new Denver Public Schools Division Trust Fund (DPS Division Trust Fund or DPS Division) as mandated by Senate Bill 09-282 (SB 09-282). The assets, liabilities, and obligations of DPSRS became the assets, liabilities, and obligations of the DPS Division.

After many months of preparations between the staffs of both DPSRS and Colorado PERA, the transition was seamless and Colorado PERA welcomed the members and retirees of DPSRS, as well as several thousand new PERA members from Denver Public Schools (DPS) who previously did not participate in a retirement plan. However, behind the scenes, PERA and DPSRS staff dedicated time and effort to ensuring a successful transition, which included the following highlights:

- Transferred $2.8 billion in DPSRS investments to PERA and reallocated assets, as necessary, to fit PERA's asset allocation targets.
- Paid January 2010 benefits on time to DPSRS retirees.
- Worked with DPS administration and DPS charter schools to ensure contributions were reported accurately to PERA.
- Added nearly 7,000 DPSRS retirees and their dependents to PERACare.
- Transferred ownership of DPSRS cash accounts to PERA.
- Drafted and modified a plan document for the DPS Health Care Trust Fund that was adopted by the DPS Board of Education and PERA Board that transferred $13.5 million in assets to PERA.
- Implemented hardware at PERA that could run DPSRS benefit administration and accounting systems simultaneously with PERA systems.
- Created new benefit administration programs and modified existing programs.
- Migrated DPSRS data to PERA systems.
- Updated financial reporting and journal entry processes to implement the new DPS Division and DPS Health Care Trust Fund for postings to these two new funds.
- Started conducting weekly new employee orientation meetings at DPS to educate and inform members about PERA.
- Updated PERA law and rules to accommodate the new DPS benefit structure.
- Revised PERA publications, forms, and Web site to reflect the DPS benefit structure.
- Provided assistance to DPS benefit structure callers on portability and other related issues.
- Scanned more than 20,000 DPSRS retiree documents into PERA's imaging system.
- Relocated DPSRS staff to PERA along with physical files and other property.

The merger of DPSRS into Colorado PERA has been many years in the making and we look forward to being an integral part of the retirement plans for both the active members and retirees of Denver Public Schools.

### Economic Condition and Outlook

The U.S. economy rallied toward the end of 2010 as gross domestic product growth on an annualized basis was a respectable 3.1 percent in the fourth quarter. Production measures and retail sales also showed strength at the end of the year providing hope that the economic recovery was strengthening. The unemployment rate ended the year at 9.4 percent. The decline in the residential housing market diminished; the impact on the housing market of pending foreclosures remains uncertain. The Federal Reserve maintained the Fed Funds rate at a stated range of 0.0 percent to 0.25 percent during the year. In November, the Federal Reserve announced a second round of quantitative easing to encourage economic growth and to ensure that inflation expectations are consistent with its long-term price stability goals. Inflation, particularly core inflation, remained subdued during the year; increases in certain commodity prices impacted headline inflation numbers. Corporate balance sheets showed some improvement, businesses were rebuilding inventories, and business spending on capital equipment had increased.

The global economy remains divided between the economies of developed nations and the economies of emerging market countries. In general, developed countries are experiencing similar challenges as the U.S.; growth, while improving, has not been as robust as expected at this stage of a recovery, unemployment is still high, and residential housing markets are struggling. Emerging market economies have, in general, experienced stronger growth and have started to show inflationary trends.

The Colorado economy has lagged the recovery in the national economy. The State's budget deficit reflects declining tax revenues as a result of diminished spending, falling wages, and declining property values. The construction sector has been very weak and is expected to continue this trend. The Colorado labor market has shown weakness with unemployment levels rising during 2010, but is expected to slowly recover with modest job growth anticipated in 2011. The residential market continued to experience difficulties in 2010 and foreclosures continue at historically high levels.

### Investments

Investment portfolio income is a significant source of revenue to Colorado PERA. The Investment Committee, a subcommittee of the Colorado PERA Board, is responsible for assisting the Colorado PERA Board in overseeing Colorado PERA's investment program.

In 2010, there was net investment income of $5,054,367,000 compared with total contributions by members and employers of $820,476,000 and $997,406,000, respectively.

For the year ended December 31, 2010, the total fund had a rate of return of 14.0 percent on a market value basis. Colorado PERA's annualized net rate of return over the last three years was negative 0.3 percent, over the last five years it was 4.7 percent, and over the last 10 years it was 4.6 percent.

Proper funding and healthy investment returns are important to the financial soundness of Colorado PERA. Changes in the composition of the portfolio are reflected in the Investment Summary on page 96.

An integral part of the overall investment policy is the strategic asset allocation policy. The targeted strategic asset allocation is designed to provide appropriate diversification and balance expected total rate of return with the volatility of expected returns. Specifically, the fund is to be broadly diversified across and within asset classes to limit the volatility of the total fund investment returns and to limit the impact of large losses on individual investments. Both traditional and nontraditional assets are incorporated into the asset allocation mix.

In addition to asset class targets, the Colorado PERA Board sets ranges within which asset classes are maintained. The permissible ranges in effect during 2010 were adopted by the Colorado PERA Board in 2008. The targeted asset allocation mix and the specified ranges for each asset class are presented on page 93. All of the asset classes were within their specified ranges at year end as described on page 93.

Colorado PERA's investment policy is summarized in the Colorado PERA Report on Investment Activity on page 93.

### Corporate Governance

Colorado PERA has maintained its commitment to corporate governance reform through its participation in the Council of Institutional Investors as well as several other coalitions of long-term shareholders. In 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Dodd-Frank Act outlines a comprehensive framework for reform following the financial crisis. Colorado PERA continues to actively advocate for comprehensive improvements to shareholder rights, rigorous federal oversight, and credit rating agency reform to a broad range of congressional and federal regulatory officials. In addition, Colorado PERA continued to be active in the securities litigation arena, fulfilling the Colorado PERA Board's commitment to support corporate governance reforms such as transparency, accountability, and enforcement of shareholder's rights.

### Financial Information and Management Responsibility

The financial statements of Colorado PERA have been prepared by management, which is responsible for the integrity and fairness of the data presented, including the many amounts which must, of necessity, be based on estimates and judgments. The *CAFR* was prepared to conform to the accounting principles generally accepted in the United States of America. Financial information presented through the annual report is consistent with that which is displayed in the basic financial statements.

Ultimate responsibility for the basic financial statements and annual report rests with the management of Colorado PERA with the Colorado PERA Board providing an oversight role. The Board is assisted in its responsibilities by the Audit Committee, consisting of nine Board members and two outside members. The Audit Committee generally reviews the adequacy and effectiveness of Colorado PERA's system of internal controls, and the accounting and financial reporting systems of Colorado PERA. A more detailed description of the role of the Audit Committee can be found in their report which starts on page 12.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Colorado PERA's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Management has concluded that as of December 31, 2010, our internal control over financial reporting was effective.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statement preparation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

State law requires that the State Auditor conduct or cause to be conducted an annual audit of Colorado PERA. Pursuant to this requirement KPMG LLP audited Colorado PERA's 2010 basic financial statements in accordance with Government Auditing Standards. This audit is described in the Independent Auditor's Report on pages 20-21 of the Financial Section. Management has provided the auditors with full and unrestricted access to Colorado PERA's staff to discuss their audit and related findings to facilitate independent validation of the integrity of the plan's financial reporting and the adequacy of internal controls.

The Financial Section of the *CAFR* also contains Management's Discussion and Analysis (MD&A) that serves as a narrative introduction, overview, and analysis of the basic financial statements. The transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors and starts on page 22.

### Funding

The Colorado PERA Board's Statement of Funding Policy dated November 16, 2007, is as follows: "To secure promised and mandated benefits, the funding goal of the Colorado Public Employees' Retirement Association's defined benefit and retiree health care plans is to maintain employer and member contributions into the trust funds sufficient to accumulate assets over a member's term of employment to fully finance the benefits members receive throughout retirement by achieving and maintaining a minimum 100 percent funding ratio of assets to accrued actuarial liabilities. The Board's minimum 100 percent funding ratio goal over time avoids externalizing the costs of amortizing unfunded accrued liabilities onto others in the future, and provides for fairness and intergenerational equity for taxpayers, employers, and employees with respect to the costs of providing benefits."

On December 31, 2010, Colorado PERA's funded ratio equaled 64.7 percent based on the actuarial value of assets with an unfunded liability of $21.5 billion. (Please see the Management's Discussion and Analysis on page 39 for additional information on Colorado PERA's funded ratio.)

Investment income is the most significant driver in a defined benefit plan, which can contribute up to 80 percent of the total inflows over the life of a plan. To understand the significance of this investment assumption, a sensitivity analysis is included in the Management's Discussion and Analysis on pages 36-38.

Colorado PERA's funding position is the top concern and priority for the Colorado PERA Board and management.

The Colorado PERA Board worked extensively in 2004 and 2006 with elected officials to pass Senate Bill 04-257 and Senate Bill 06-235, which were designed to move Colorado PERA toward full funding over the coming decades. Key features of these bills include increased funding through the AED and SAED, as well as a new benefit structure for new hires that includes a Rule of 85 and a separate annual increase reserve (AIR) fund.

With this legislation and its phased 3 percent increases in both the AED and SAED and the projected reductions in normal cost due to benefit adjustments for new hires, Colorado PERA was expected to achieve a 30-year amortization period on unfunded liabilities in all trust funds by the end of a 30-year period and eventually achieve a minimum of 100 percent funding in 60 years.

However in 2008, Colorado PERA, along with investors worldwide, suffered through one of the worst financial markets in history. During 2009, the Board initiated and completed an actuarial experience study and an actuarial audit and initiated an asset/liability study to assist in determining the best course of action for the various funds. These studies included a detailed review of all significant actuarial assumptions and methods used in preparing the annual actuarial valuation, including the investment rate of return and discount rate assumptions, which as a result of these studies, were reduced 0.5 percent to 8.0 percent. A listing of all of the changes to the actuarial assumptions can be found in the Notes to the Required Supplemental Information on page 85. Additionally in 2009, the Board requested and had completed an actuarial analysis of the impact of different possible benefit and contribution changes which would be considered during the 2010 legislative session so as to achieve long-term sustainability for the trust funds.

Colorado PERA believed it was necessary to work toward proposed legislation in the 2010 legislative session to address the dramatic decline in the financial markets and economy and the resulting decline in the Colorado PERA investment portfolio. The comprehensive proposal for legislative action came to fruition in 2010 and was based on thorough calculations and a robust analysis of how the various possible changes would impact Colorado PERA's funded status and its members. The modifications of Senate Bill 10-001 were included in the 2009 actuarial valuation results. To maintain the sustainability of Colorado PERA it is critical that every aspect of the bill be fulfilled. The entire bill can be found online at http://www.leg.state.co.us.

### Total Compensation Philosophy

Colorado PERA recognizes that people are its primary asset, and its principal source of competitive advantage. Employees are provided a competitive total compensation package which serves to attract and retain valued employees while motivating extraordinary performance.

As in past years, Colorado PERA participated in several annual compensation and benefits surveys, most notable being the Mountain States Employers' Council Front Range Survey and the McLagan Partners Pension Fund Data Exchange Compensation Survey. These surveys provide solid comparable compensation data to assist in keeping Colorado PERA's compensation programs competitive.

## Letter of Transmittal

### Recognition of Achievements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Colorado PERA for its *Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended December 31, 2009. The GFOA's Certificate of Achievement is the highest form of recognition in the area of public employee retirement system accounting and financial reporting. To receive this award, a government unit must publish an easily readable and efficiently organized *CAFR* that meets or exceeds program standards, and satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year. Colorado PERA has been awarded this distinction for the past 25 years. We believe this *CAFR* continues to meet GFOA requirements and we are submitting it to the GFOA to determine its eligibility for another Certificate.

The GFOA also awarded Colorado PERA an Award for Outstanding Achievement in Popular Annual Financial Reporting for its *Popular Annual Financial Report* for the fiscal year ended December 31, 2009. This is the eighth year that Colorado PERA has received this prestigious national award recognizing its conformance with the highest standards for preparation of state and local government reports. In order to receive this award, a government unit must publish a Popular Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

### Employer Affiliations

In addition to Denver Public Schools becoming a Colorado PERA-affiliated employer in 2010, the following public employers also affiliated with Colorado PERA in 2010: El Paso-Teller County Emergency Telephone Service Authority and the Estes Valley Fire Protection District.

### Management Changes

In March 2010, Colorado PERA hired Mark Walter as the new Director of Fixed Income. Prior to joining Colorado PERA, Mark worked as a senior director in Microsoft Corporation's Treasury Group. He has a bachelor's degree in finance from the University of Colorado at Boulder and holds a Chartered Financial Analyst (CFA) designation. The Fixed Income Division oversees all bond investing as well as managing multiple fixed income portfolios.

### Board Composition

Colorado PERA is governed by a 16-member Board of Trustees; 11 are elected by the membership for staggered four-year terms and serve without compensation except for necessary expenses. In addition, there are three Governor-appointed Trustees confirmed by the Senate who receive limited compensation. The State Treasurer serves as an ex officio voting member. A Denver Public Schools Division seat was also added as a non-voting ex officio Trustee as part of SB 09-282.

On June 30, 2010, terms were set to expire for the following three Trustee seats: Mark Anderson (Local Government Division), Carolyn Jonas-Morrison (State Division), and Scott Murphy (School Division). Each of these Trustees submitted the required materials necessary to run for re-election and each seat was uncontested; therefore, at the March 2010 Board meeting, the Colorado PERA Board voted to not hold an election and these Trustees began serving new four-year terms on July 1, 2010.

In September 2010, Mark Anderson, Board Chair, retired from his position as Risk Manager for the City of Colorado Springs, and left the Colorado PERA Board upon his retirement. Sara Alt, who held the Vice Chair, became Acting Chair until January 2011 when Carole Wright and Maryann Motza were elected Chair and Vice Chair, respectively. Cary Kennedy left the Colorado PERA Board when her term as State Treasurer expired in January 2011. Walker Stapleton was elected State Treasurer in November 2010 and began serving as an ex officio Trustee effective January 2011.

### Acknowledgements

The compilation of this *CAFR* reflects the combined efforts of Colorado PERA staff and is the responsibility of Colorado PERA management. 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.

Copies of this *CAFR* are provided to all Colorado PERA-affiliated employers and other interested parties; a summary (*Popular Annual Financial Report*) will be sent to members and benefit recipients. An electronic version of both publications is available on the Colorado PERA Web site at www.copera.org.

Colorado PERA thanks the staff and management of our affiliated employers for their continuing support. The cooperation of our affiliated employers is significant to the success of Colorado PERA.

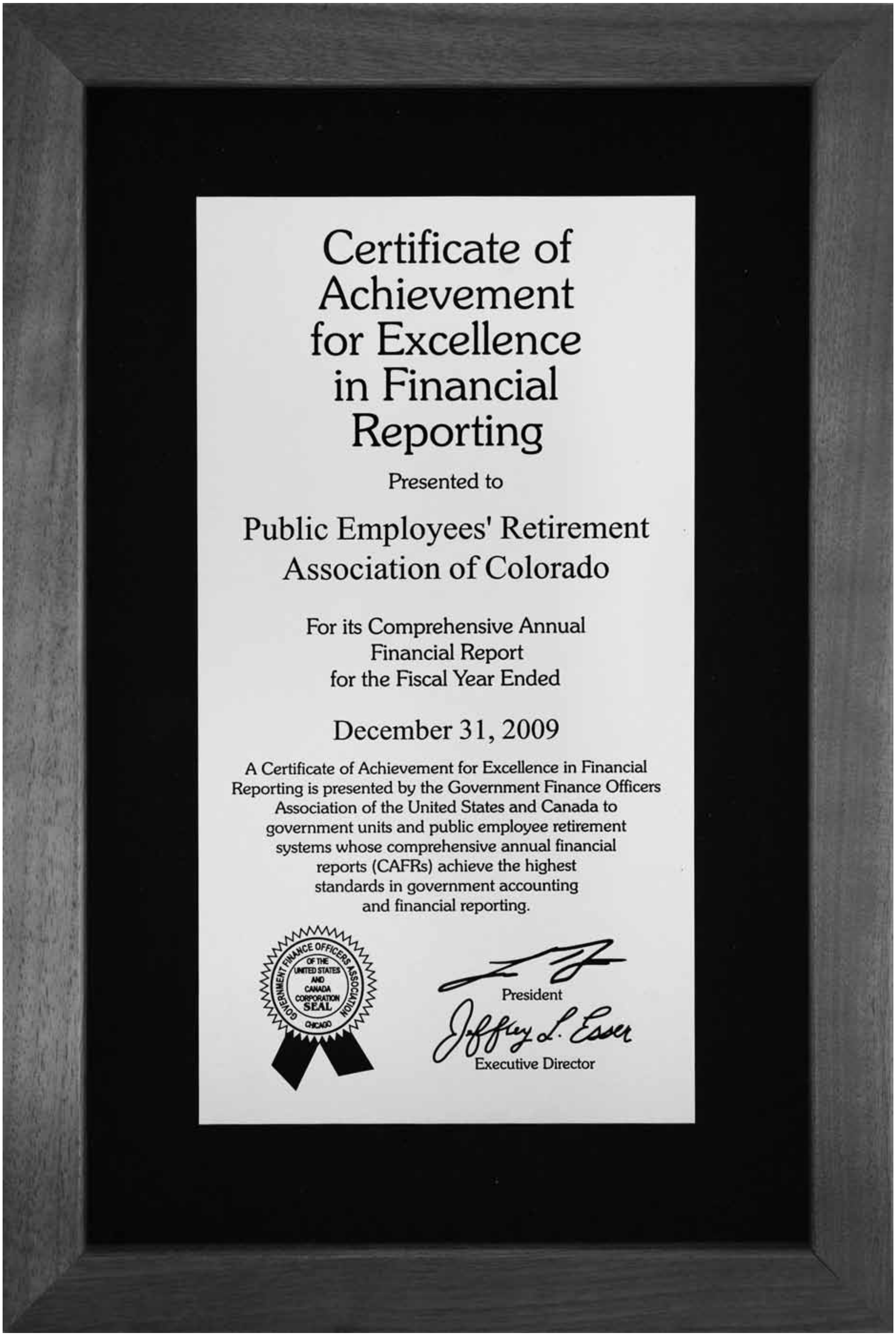
I would also like to express my gratitude to the Colorado PERA staff, Board of Trustees, and consultants for their dedication and tireless efforts to ensure the continued successful operation of Colorado PERA during 2010.

Respectfully submitted,

*Meredith Williams*
*Colorado PERA Executive Director*

**Mission Statement**

To promote long-term financial security for our membership while maintaining the stability of the fund.


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, 2009
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.
GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO
President
Executive Director

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*June 17, 2011*

Carole Wright
*Board Chair*

## To All Colorado PERA Members, Benefit Recipients, and Employers:

As Chair of the Board of Trustees of the Colorado Public Employees' Retirement Association, I am pleased to present Colorado PERA's 2010 *Comprehensive Annual Financial Report*. This report offers a detailed view of the financial and actuarial status of your retirement system.

Prior to the start of the 2010 legislative session, the Colorado PERA Board formulated a recommendation for the General Assembly's consideration that would return PERA to long-term sustainability. The Board's recommendation largely became last year's Senate Bill 10-001 (SB 10-001), a bipartisan law that cut benefits and increased contributions. Trustees acted to ensure the viability of the PERA trust funds by cutting their own benefits, which demonstrated that we were willing to make the tough calls needed to fulfill our fiduciary duty to keep PERA sustainable.

SB 10-001 made sweeping changes to the PERA benefit structure. It required shared sacrifice from active contributing members, retirees, and public employers by reducing benefits and increasing contributions to ensure that PERA benefits will be paid now and in the future. Actuarial analysis shows that SB 10-001 has already reduced PERA's liabilities by $8.8 billion and if the plan laid out in the legislation is followed, the unfunded liabilities will be retired within 30 years.

Also in 2010, the Board approved an asset/liability study conducted by Hewitt EnnisKnupp, Inc. In September 2010, the Board voted to decrease the allocation to global equity by 2 percent and increase the allocation to the opportunity fund by 2 percent. The Board also approved a change in the weights of domestic and international equity within the global equity asset class. The international equity weight within global equity will be gradually increased; the objective being an international weighting that approximates the investment opportunity set. More information about investment-related activities in 2010 can be found in the Fund Performance Evaluation on pages 97-99.

In addition, the Board appointed an ad-hoc committee on defined contribution plans to work with staff to identify for recommendation to the Board, a recordkeeper and third-party administrator for the PERA 401(k), 457, and 401(a) plans. The Board believes there is significant potential for gaining economies of scale through retaining a single firm to offer plan administration, recordkeeping, communications, education, and fulfillment services for the combined plans, which together, comprise $2.4 billion of assets under management.

Another significant event in 2010 was the successful implementation and integration of our fifth pension trust fund, the Denver Public Schools Division Trust Fund. On January 1, 2010, PERA welcomed the members and retirees of the Denver Public Schools Retirement System (DPSRS), as well as several thousand new PERA members from Denver Public Schools who previously did not participate in a retirement plan. The successful merger of DPSRS into PERA was the culmination of many hours of coordination and preparation by both PERA and the former DPSRS staff. While every division at PERA was involved in these preparations, PERA's Information Technology and Application Development Divisions, had one of the most critical responsibilities, which was ensuring that individual member files were intact and accessible on January 1.

Colorado PERA enters into 2011 with increased assets and a lower benefits cost structure. Overall, 80 percent of the pension trusts' portfolio income comes from employee contributions and investment returns. The Board recognizes the management and staff of PERA for its expertise and political acumen during these difficult times.

I would also like to express my gratitude to two Trustees who left the Board in 2010—Mark Anderson, who retired from the City of Colorado Springs in September 2010, and Cary Kennedy, who served as an ex officio Trustee in her capacity as the Colorado State Treasurer until her term expired in January 2011.

Mark served on the Board since January 1993, and excelled in serving in the Board's leadership roles as Board Vice Chair and Board Chair. He led PERA through a challenging period by listening to the membership and being accessible and forthright.

Cary served on the Board since January 2007. Her dedication to PERA was demonstrated by her loyalty and passion for the PERA membership especially during important policy discussions. On behalf of the Board, I formally recognize and thank both Mark and Cary for their constancy of service to Colorado PERA's membership.

Furthermore, I express my gratitude to my fellow Trustees for their perseverance, intellectual rigor, and dedication when meeting the challenges before them. The Board's guidance and support remain critical to the success of Colorado PERA.

I also would like to extend my appreciation to the entire Colorado PERA membership and other constituencies for their continued support of Colorado PERA. As Trustees, we are committed to ensuring the integrity and sustainability of the fund for all Colorado PERA members.

Sincerely,

*Carole Wright*
*Chair, Colorado PERA Board of Trustees*

## Report of the Colorado PERA Audit Committee

COLORADO PERA®

**Colorado Public Employees' Retirement Association**
**Mailing Address:** PO Box 5800, Denver, CO 80217-5800
**Office Locations:** 1301 Pennsylvania Street, Denver
1120 West 122nd Avenue, Westminster
303-832-9550 • 1-800-759-PERA (7372)
www.copera.org

As described more fully in its Charter, the purpose of the Colorado PERA Audit Committee (Audit Committee) is to assist the Colorado PERA Board in fulfilling its fiduciary responsibilities as they relate to accounting policies and reporting practices, the system of internal controls, the effectiveness of standards of ethical business conduct, the sufficiency of auditing relative thereto, and the policies, practices and activities of the General Counsel. Management is responsible for the preparation, presentation, and integrity of Colorado PERA's financial statements; accounting and financial reporting principles; internal controls; and procedures designed to reasonably ensure compliance with accounting standards, applicable laws, and regulations. Colorado PERA has a full-time Internal Audit Division that reports functionally to the Audit Committee. This division is responsible for independently and objectively reviewing and evaluating the adequacy, effectiveness, and efficiency of Colorado PERA's system of internal controls.

KPMG LLP, Colorado PERA's independent public accounting firm, is responsible for performing an independent audit of Colorado PERA's financial statements in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. In accordance with law, the Colorado State Auditor's Office has ultimate authority and responsibility for selecting, evaluating, and, when appropriate, replacing Colorado PERA's independent public accounting firm.

The Audit Committee serves a Board-level oversight role in which it provides advice, counsel, and direction to management and to the Internal Audit function on the basis of the information it receives, discussions with management and Internal Audit, and the experience of the Audit Committee's members in business, financial, and accounting matters. In this role, the Committee also reviews the audit plan of the independent public accounting firm, the results of the audit, and the status of management's actions to implement recommendations from the audit.

The Audit Committee believes that a candid, substantive, and focused dialogue with the internal auditors and the independent public accounting firm is fundamental to the Committee's oversight responsibilities. To support this belief, the Audit Committee periodically meets separately with both the internal auditors and the independent public accounting firm, without management present. In the course of its discussions in these meetings, the Audit Committee asked a number of questions intended to bring to light any areas of potential concern related to Colorado PERA's financial reporting and internal controls. These questions include, but are not limited to:

- Are there any significant accounting judgments, estimates or adjustments made by management in preparing the financial statements that would have been made differently had the auditors themselves prepared and been responsible for the financial statements?
- Based on the auditors' experience, and their knowledge of Colorado PERA, do Colorado PERA's financial statements fairly present to users, with clarity and completeness, Colorado PERA's financial position and performance for the reporting period in accordance with generally accepted accounting principles?
- Based on the auditors' experience, and their knowledge of Colorado PERA, has Colorado PERA implemented internal controls and internal audit procedures that are appropriate for Colorado PERA?
- Are the external and internal auditors getting the support they need from management to execute their duties?

Questions raised by the Audit Committee regarding these matters were answered to the Committee's satisfaction.

The Audit Committee had an agenda for the year that includes:

- Recommending the *Comprehensive Annual Financial Report*, including the Audit Report, to the Board for approval.
- Examining and approving the objectives, coordination and scope of audits, including reviews of risk management and the overall audit plans of the Internal Audit Director, the duties and responsibilities of the Internal Audit Director, and the timing, staffing, and estimated budgets of the Internal Audit Division.
- Examining and discussing the objectives, duties, responsibilities, coordination, and scope of audits, including reviews of risk management and the overall audit plans of the external auditor. In addition, examining and discussing the timing, staffing, and estimated budgets of the annual external audit.

- Reviewing the Executive Director's annual written performance evaluation of the Internal Auditor and General Counsel.
- Reviewing the effectiveness of the internal audit function, including compliance with the International Internal Auditing Standards for the Professional Practice of Internal Auditing.
- Reviewing the effectiveness of, and Colorado PERA's compliance with its Standards of Professional and Ethical Conduct.
- Meeting no less than one time with the independent accountants separately, without management, during the year.
- Meeting no less than one time with the Internal Audit Director, Chief Financial Officer, and General Counsel separately, without management, during the year.
- Meeting at least annually with the Internal Audit Director of Colorado PERA, or with the person acting in a similar capacity, and with Colorado PERA management, to discuss the effectiveness of the internal control procedures.
- Reviewing any changes in accounting practices or policies, and the financial impact thereof, any accruals, provisions, estimates or management programs and policies that may have a significant effect on the financial statements of Colorado PERA.
- Reviewing with Colorado PERA management, the independent public accounting firm, and/or external legal counsel, any claim or contingency that could have a significant effect on the financial condition or the results of Colorado PERA operations, the manner in which such claim or contingency is being managed and the manner in which it has been disclosed in the financial statements of Colorado PERA.

The Audit Committee has reviewed and discussed the audited financial statements for the year ended December 31, 2010, with management and KPMG LLP. Management represented to the Audit Committee that Colorado PERA's audited financial statements were prepared in accordance with U.S. generally accepted accounting principles, and KPMG LLP represented that their presentations to the Audit Committee included the matters required to be discussed with the independent public accounting firm by Auditing Standards regarding auditor communication. This review included a discussion with management of the quality, not merely the acceptability, of Colorado PERA's accounting principles, the reasonableness of significant estimates and judgments, and the clarity of disclosure in Colorado PERA's financial statements, including the disclosures related to critical accounting estimates.

In reliance on these reviews and discussions, and the reports of KPMG LLP, the Audit Committee has recommended to the Colorado PERA Board, and the Colorado PERA Board has approved, the inclusion of the audited financial statements in Colorado PERA's *Comprehensive Annual Financial Report* for the year ended December 31, 2010.

Audit Committee as of June 17, 2011

*Marcus Pennell, Chairperson*
*James Casebolt*
*Howard Crane*
*Richard Delk*
*Wayne Eckerling*
*Warren Malmquist*
*Scott Murphy*
*Susan Murphy*
*Walker Stapleton*
*Lynn Turner*
*Richard Zillmann*

## Board of Trustees

By State law, the management of the public employees' retirement fund is vested in the Colorado PERA Board. The Colorado PERA Board is composed of 16 members, which includes the following:

- Eleven members elected by mail ballot by their respective Division members to serve on the Board for four–year terms; four members from the School Division, three from the State Division, one from the Local Government Division, one from the Judicial Division, and two retiree members elected by benefit recipients.
- Three members appointed by the Governor and approved by the State Senate.
- The State Treasurer serves as an ex officio member.
- One ex officio (non-voting) member from the DPS Division.

As provided in SB 09-282, the first-term of the ex officio DPS member started May 21, 2009, until December 31, 2009, and this member was appointed by the DPSRS Board of Trustees. The second term of the ex officio DPS Division member starts January 1, 2010, through June 30, 2012, and this member will be appointed by the DPS Board of Education. The ex officio member who will serve for the term starting July 1, 2012, and each term thereafter will be elected by the members of the DPS Division in a Board election administered by Colorado PERA.

If a Board member resigns, a new member is appointed from the respective Division for the remainder of the year until the next election.

**Carole Wright**
***Chair***

Elected by Retirees
Retired Teacher,
Aurora Public
Schools
*Current term expires*
*June 30, 2013*

**Maryann Motza**
***Vice Chair***

Elected by State
Members
Social Security
Administrator
for the State
*Current term expires*
*June 30, 2013*

**Sara R. Alt**

Elected by Retirees
Retired Legislative
Liaison,
Colorado
Department of
Personnel and
Administration
*Current term expires*
*June 30, 2011*

**Mark J. Anderson**

Elected by Local
Government
Members
Risk Manager,
City of
Colorado Springs
*Retired September 30,*
*2010*

**James Casebolt**

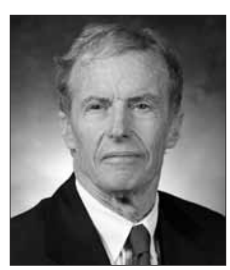
Elected by Judicial
Members
Judge,
Colorado Court of
Appeals
*Current term expires*
*June 30, 2011*

**Howard M. Crane**

Appointed by
the Governor
*Current term expires*
*July 10, 2012*

**Richard Delk**

Elected by State
Members
Director,
Strategic Fiscal
Planning Office of
the Colorado State
Patrol
*Current term expires*
*June 30, 2012*



**Wayne Eckerling**

Non-voting
ex officio member
Retired Assistant
Superintendent,
Denver Public
Schools
Appointed to Denver
Public Schools
Division seat
*Current term expires*
*June 30, 2012*

**Brett Johnson**

Deputy
State Treasurer
Delegated
Substitute for
State Treasurer
*Term effective*
*January 2011*

**Carolyn Jonas-Morrison**

Elected by State
Members
Dean, Math and
Technology
Division,
Pikes Peak
Community College
*Current term expires*
*June 30, 2014*

**Cary Kennedy**

Ex officio member
State Treasurer
*Term ended in*
*January 2011*

**Rochelle Logan**

Appointed to fill a
vacancy in the
Local Government
Division
Associate Director
of Support Services,
Douglas County
Libraries
*Current term expires*
*June 30, 2011*

**Scott Murphy**

Elected by School
Members
Superintendent,
Littleton Public
Schools
*Current term expires*
*June 30, 2014*

**Susan G. Murphy**

Appointed by
the Governor
*Current term expires*
*July 10, 2013*

**Amy L. Nichols**

Elected by School
Members
Math Teacher,
Aurora Public
Schools
*Current term expires*
*June 30, 2012*

**Scott L. Noller**

Elected by School
Members
Assistant Principal,
Colorado Springs
School District #11
*Current term expires*
*June 30, 2013*

**Marcus Pennell**

Elected by School
Members
Physics Teacher,
Jefferson County
School District
*Current term expires*
*June 30, 2013*

**Eric Rothaus**

Deputy State
Treasurer
Delegated
Substitute for
State Treasurer
*Term ended in*
*January 2011*

**Walker Stapleton**

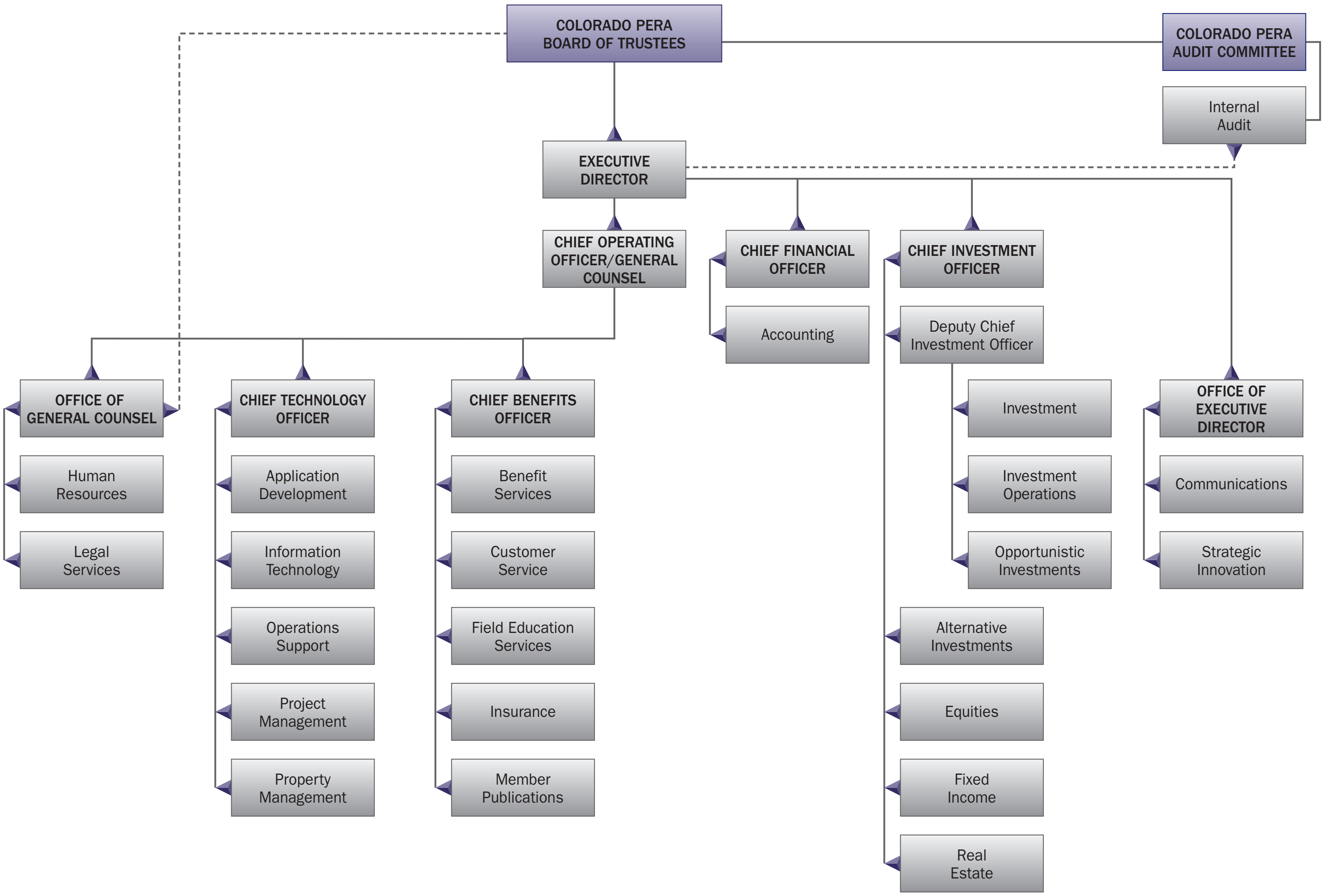
Ex officio member
State Treasurer
*Continuous term*
*effective*
*January 2011*

**Lynn E. Turner**

Appointed by
the Governor
*Current term expires*
*July 10, 2014*

## Administrative Organizational Chart

*As of June 1, 2011*



## Colorado PERA Executive Management

### Meredith Williams—Executive Director

Gregory W. Smith—*Chief Operating Officer/General Counsel*
Jennifer Paquette—*Chief Investment Officer*
Karl Greve—*Chief Financial Officer*
Katie Kaufmanis—*Director of Communications*
David Mather—*Director of Internal Audit*
Karl Paulson—*Manager of Strategic Innovation*

### Gregory W. Smith—Chief Operating Officer/General Counsel

Ron Baker—*Chief Technology Officer*
Donna Trujillo—*Chief Benefits Officer*
Luz Rodriguez—*Director of Legal Services*
Angela Setter—*Director of Human Resources*

### Jennifer Paquette—Chief Investment Officer

David Bomberger—*Deputy Chief Investment Officer*
Martha Argo—*Director of Investment*
Bill Koski—*Director of Opportunistic Investments*
Jim Lavan—*Director of Real Estate*
Tom Liddy—*Director of Investment Operations*
Jim Liptak—*Director of Equities*
Tim Moore—*Director of Alternative Investments*
Mark Walter—*Director of Fixed Income*

### Karl Greve—Chief Financial Officer

*Accounting Division*

### Donna Trujillo—Chief Benefits Officer

Anne Bandy—*Director of Customer Service*
Matt Carroll—*Director of Benefit Services*
Dennis Gatlin—*Director of Field Education Services*
Madalyn Knudsen—*Director of Member Publications*
Wendy Tenzyk—*Director of Insurance*

### Ron Baker—Chief Technology Officer

Kevin Carpenter—*Director of Information Technology*
Dennis Fischer—*Director of Property Management*
Rich Krough—*Director of Application Development*
Aubre Schneider—*Director of Operations Support*

## Consultants

**Health Care Program Consultant**
*Leif Associates, Inc.*
1515 Arapahoe Street
Tower One, Suite 530
Denver, CO 80202

**Independent Auditors**
*KPMG LLP*
707 Seventeenth Street
Suite 2700
Denver, CO 80202

**Investments—Portfolio Consultant**
*Hewitt EnnisKnupp, Inc.*
10 South Riverside Plaza
Suite 1600
Chicago, IL 60606

**Investment Performance Consultants**
*Hewitt EnnisKnupp, Inc.*
10 South Riverside Plaza
Suite 1600
Chicago, IL 60606

*The Northern Trust Company*
50 South LaSalle Street
Chicago, IL 60603

**Investments—Real Estate Performance**
*Hewitt EnnisKnupp, Inc.*
10 South Riverside Plaza
Suite 1600
Chicago, IL 60606

**Master Custodian**
*The Northern Trust Company*
50 South LaSalle Street
Chicago, IL 60603

**Pension and Health Care Program Actuary**
*Cavanaugh Macdonald Consulting, LLC*
3550 Busbee Parkway
Suite 250
Kennesaw, GA 30144

**Risk Management**
*IMA of Colorado*
1550 17th Street
Suite 600
Denver, CO 80202

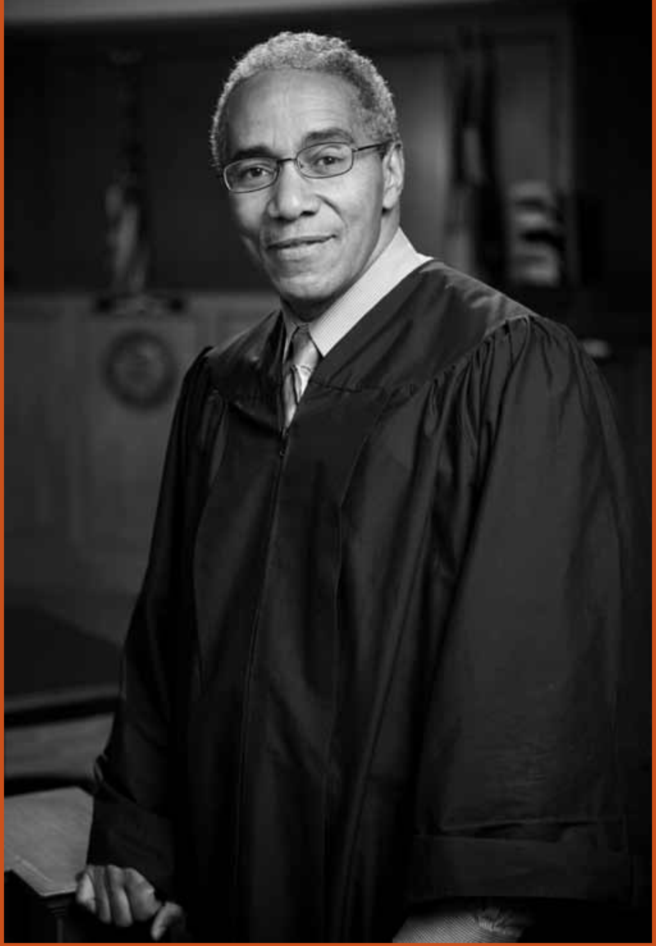
**401(k), Colorado PERA DC Plan Investment, and Deferred Compensation Plan Performance Consultant**
*R.V. Kuhns & Associates, Inc.*
111 SW Naito Parkway
Portland, OR 97204

**401(k) and Colorado PERA DC Plan Service Provider**
*ING Institutional Plan Services, LLC*
One Heritage Drive
Quincy, MA 02171

**Deferred Compensation Plan Service Provider**
*Great-West Retirement Services®*
A Unit of Great-West Life & Annuity Insurance Company
8515 East Orchard Road
Greenwood Village, CO 80111

*"The bipartisan effort to pass SB 1 speaks to the importance of acting quickly to make the tough decisions to restore PERA's sustainability."*

–Honorable Addison L. Adams
Arapahoe County Court



# FINANCIAL SECTION

## Report of the Independent Auditors

KPMG LLP
Suite 2700
707 Seventeenth Street
Denver, CO 80202-3499

### Independent Auditors' Report

Board of Trustees
Colorado Public Employees' Retirement Association
Denver, Colorado:

We have audited the accompanying statements of fiduciary net assets of each major fiduciary fund and the related statements of changes in fiduciary net assets of each major fiduciary fund of the Colorado Public Employees' Retirement Association (PERA) as of and for the year ended December 31, 2010, which collectively comprise PERA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of PERA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative combined information has been derived from PERA's December 31, 2009 financial statements, and in our report dated July 30, 2010, we expressed an unqualified opinion on the respective financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PERA's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fiduciary fund of the Colorado Public Employees' Retirement Association as of December 31, 2010, and the respective changes in fiduciary net assets of each major fiduciary fund for the year then ended, in conformity with U.S. generally accepted accounting principles.

As described in note 11 to the financial statements, the funded ratio of the actuarial accrued liability as of December 31, 2010 was 62.8% for the State Division, 64.8% for the School Division, 73.0% for the Local Government Division, 75.0% for the Judicial Division, 88.9% for the Denver Public Schools Division Trust Fund, 17.5% for the Health Care Trust Fund, and 17.9% for the Denver Public Schools Health Care Trust Fund. These funded ratios were derived using an 8% investment rate of return and discount rate and the actuarial value of assets.

KPMG

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2011, on our consideration of PERA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 22 to 47 and Required Supplementary Information on pages 80 to 87 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information, and we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise PERA's basic financial statements. The Introductory Section on pages 3 to 18, Supplementary Schedules on pages 88 to 90, and the Investment, Actuarial, and Statistical Sections on pages 93 to 188 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information contained in the Introductory, Investment, Actuarial, and Statistical Sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

KPMG LLP

June 17, 2011

## Management's Discussion and Analysis (Unaudited)

*(In Thousands of Dollars)*

Management is pleased to provide this discussion and analysis of the financial activities of the Colorado Public Employees' Retirement Association (Colorado PERA) for the year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with additional information in the Letter of Transmittal beginning on page 3 of this *CAFR* and in conjunction with the basic financial statements of Colorado PERA on pages 48–51.

In addition to historical information, the Management's Discussion and Analysis includes forward-looking statements, which involve certain risks and uncertainties. Colorado PERA's actual results, performance, and achievements may differ materially from the results, performance, and achievements expressed or implied in such forward-looking statements, due to a wide range of factors, including changes in interest rates, changes in the securities markets, general economic conditions, and legislative changes, as well as other factors.

Colorado PERA administers eleven fiduciary funds, including five defined benefit pension trust funds: the State Division Trust Fund, the School Division Trust Fund, the Local Government Division Trust Fund, the Judicial Division Trust Fund, and the Denver Public Schools Division Trust Fund (the Division Trust Funds). Colorado PERA also administers three defined contribution pension trust funds: the Voluntary Investment Program, the Defined Contribution Retirement Plan, and the Deferred Compensation Plan, two cost-sharing multiple-employer defined benefit other postemployment benefit plans (OPEB), the Health Care Trust Fund (HCTF) and the Denver Public Schools Health Care Trust Fund (DPS HCTF), and one private purpose trust fund, the Life Insurance Reserve (LIR).

On January 1, 2010, the Denver Public Schools Retirement System (DPSRS) merged into Colorado PERA and transferred the net assets of DPSRS into the new Denver Public Schools Division Trust Fund (DPS Division Trust Fund or DPS Division) as mandated by Senate Bill 09-282. The assets, liabilities, and obligations of DPSRS became the assets, liabilities, and obligations of the DPS Division. The net assets of DPSRS were $2,746,176 at December 31, 2009. Re-characterization of certain benefit assets and liabilities of DPSRS to member deposit accounts was done to comply with Colorado PERA laws and rules of the new DPS Division and resulted in a transfer of net assets of $2,750,566 into the DPS Division. Also, on January 1, 2010, the Denver Public Schools transferred $13,510 in assets to the new DPS HCTF.

After the dramatic and historic drop in virtually all markets and asset classes throughout the world in 2008, the Colorado PERA Board worked throughout 2009 to prepare recommendations for consideration by the Colorado General Assembly in 2010. The Board set the following guiding principles in the development of this comprehensive package to maintain long-term sustainability:

- Shared responsibility among members, retirees, and employers;
- Intergenerational equity;
- Preservation of the defined benefit plan;
- Maintaining the same benefit structure of Colorado PERA's different divisions to preserve portability; and
- Designing the recommendations to have little or no short-term impact on member behavior.

The work of the Colorado PERA Board culminated in the crafting of Senate Bill 10-001: Concerning Modifications to the Public Employees' Retirement Association Necessary to Reach a One Hundred Percent Funded Ratio within the Next Thirty Years. The modifications in this bill, due to the magnitude of their changes, were included in the 2009 actuarial valuation that was reported in the 2009 *CAFR.* The changes in participant benefits reduced the overall liability of the plan by over $8.8 billion in 2009 (State Division $3.2 billion, School Division $5.0 billion, Local Government Division $631 million, and Judicial Division $44 million). A copy of the full bill can be found online at http://www.leg.state.co.us.

### Basic Retirement Funding Equation

At the most basic level, in the long run a retirement plan must balance the money coming in through investment earnings and contributions against the money going out through benefit and expense payments.

**I + C = B + E**

| | | |
|---|---|---|
| **Where:** | **I** | is investment income |
| | **C** | is contribution inflows |
| | **B** | is benefits paid |
| | **E** | is expenses |

During any year in the life of a plan, one side of the equation will be greater than the other with the goal that they will balance in the long run. The Statement of Changes in Fiduciary Net Assets on pages 50–51 details the contributions, investment income, benefit payments, and expenses for all eleven fiduciary funds Colorado PERA administers.

*(In Thousands of Dollars)*

The results for the past 25 years (January 1, 1986, to December 31, 2010) show that the funds grew by $35.4 billion or 717 percent. During this time, the number of members and benefit recipients grew from 126,251 to 472,281 or 274 percent. The breakdown of the net change in assets is shown below for the 25-year period January 1, 1986, to December 31, 2010:

| | | |
|---|---|---|
| I | – Investment income | $40,552,838 |
| C | – Contributions | 27,470,840 |
| C | – Plan transfers | 3,216,676 |
| | Subtotal | 71,240,354 |
| B | – Benefits | 35,275,524 |
| E | – Expenses | 567,994 |
| | Subtotal | 35,843,518 |
| | **Net change in assets** | **$35,396,836** |

The results for the year ended December 31, 2010, show that the funds increased by $6.1 billion or 17.4 percent. The increase was principally due to the DPSRS merger and the overall improvement in the financial markets where our global equity benchmark [74.1 percent Dow Jones (DJ) U.S. Total Stock Market Index and 25.9 percent Morgan Stanley Capital International All Country World Excluding U.S. Index (MSCI ACWI Ex-U.S.)] increased 15.9 percent. The breakdown of the net change in assets is shown below for the year ended December 31, 2010:

| | | |
|---|---|---|
| I | – Investment income | $5,054,367 |
| C | – Contributions | 2,012,051 |
| C | – Plan transfers | 2,764,111 |
| | Subtotal | 9,830,529 |
| B | – Benefits | 3,682,049 |
| E | – Expenses | 49,635 |
| | Subtotal | 3,731,684 |
| | **Net change in assets** | **$6,098,845** |

### Financial Highlights

**Net Assets—**The fair value of the net assets for all funds administered by Colorado PERA increased $6.1 billion (including $2.8 billion received as a transfer) during calendar year 2010.

| | 2010 CHANGE IN NET ASSETS | 2010 ENDING NET ASSETS |
|---|---|---|
| State Division Trust Fund | $875,347 | $12,487,105 |
| School Division Trust Fund | 1,567,464 | 19,870,277 |
| Local Government Division Trust Fund | 309,229 | 2,883,504 |
| Judicial Division Trust Fund | 23,534 | 223,889 |
| Denver Public Schools Division Trust Fund | 2,940,926 | 2,940,926 |
| Voluntary Investment Program | 227,464 | 1,902,325 |
| Defined Contribution Retirement Plan | 15,909 | 53,384 |
| Deferred Compensation Plan | 65,529 | 458,881 |
| Health Care Trust Fund | 57,492 | 285,670 |
| Denver Public Schools Health Care Trust Fund | 14,791 | 14,791 |
| Life Insurance Reserve | 1,160 | 15,033 |
| **Total** | **$6,098,845** | **$41,135,785** |

In the Voluntary Investment Program, the increase in net assets was primarily due to positive investment returns arising from the global stock markets. The Defined Contribution Retirement Plan grew primarily due to increased contributions and positive investment returns in the global stock markets. The Deferred Compensation Plan grew primarily from growth in contributions and positive investment returns in the global stock markets. The Denver Public Schools Division Trust Fund and the DPS HCTF grew primarily from the inflow of net assets due to the SB 09-282 merger. In all other funds, the increase in net assets was primarily due to positive investment returns arising from the overall increase in values for global stocks, alternative investments, and real estate.

## Management's Discussion and Analysis (Unaudited)

*(In Thousands of Dollars)*

### Change in Net Assets

| | (C) CONTRIBUTIONS AND OTHER ADDITIONS | + (C) PLAN TRANSFERS | + (I) INVESTMENT GAIN/(LOSS) | – (B) – (E) BENEFITS, EXPENSES, AND OTHER DEDUCTIONS | = NET CHANGE CHANGE IN NET ASSETS |
|---|---|---|---|---|---|
| State Division Trust Fund | $523,361 | $– | $1,553,142 | $1,201,156 | $875,347 |
| School Division Trust Fund | 848,611 | – | 2,469,517 | 1,750,664 | 1,567,464 |
| Local Government Division Trust Fund | 149,923 | – | 355,964 | 196,658 | 309,229 |
| Judicial Division Trust Fund | 9,228 | – | 27,400 | 13,094 | 23,534 |
| Denver Public Schools Division Trust Fund | 45,378 | 2,750,566 | 367,145 | 222,163 | 2,940,926 |
| Voluntary Investment Program | 140,198 | – | 194,500 | 107,234 | 227,464 |
| Defined Contribution Retirement Plan | 13,359 | 11 | 5,519 | 2,980 | 15,909 |
| Deferred Compensation Plan | 45,132 | 24 | 42,232 | 21,859 | 65,529 |
| Health Care Trust Fund | 225,991 | – | 34,676 | 203,175 | 57,492 |
| Denver Public Schools Health Care Trust Fund | 10,870 | 13,510 | 1,992 | 11,581 | 14,791 |
| Life Insurance Reserve | – | – | 2,280 | 1,120 | 1,160 |
| **2010 change in net assets** | **$2,012,051** | **$2,764,111** | **$5,054,367** | **$3,731,684** | **$6,098,845** |
| **2009 change in net assets** | **$1,845,806** | **$373,236** | **$5,270,206** | **$3,284,415** | **$4,204,833** |
| **2008 change in net assets** | **$1,748,531** | **$–** | **($11,007,526)** | **$3,080,924** | **($12,339,919)** |
| **2007 change in net assets** | **$1,615,130** | **$–** | **$3,983,543** | **$2,842,809** | **$2,755,864** |
| **2006 change in net assets** | **$1,569,409** | **$–** | **$5,476,054** | **$2,662,929** | **$4,382,534** |
| **2006–2010 change in net assets** | **$8,790,927** | **$3,137,347** | **$8,776,644** | **$15,602,761** | **$5,102,157** |

### Investment Highlights

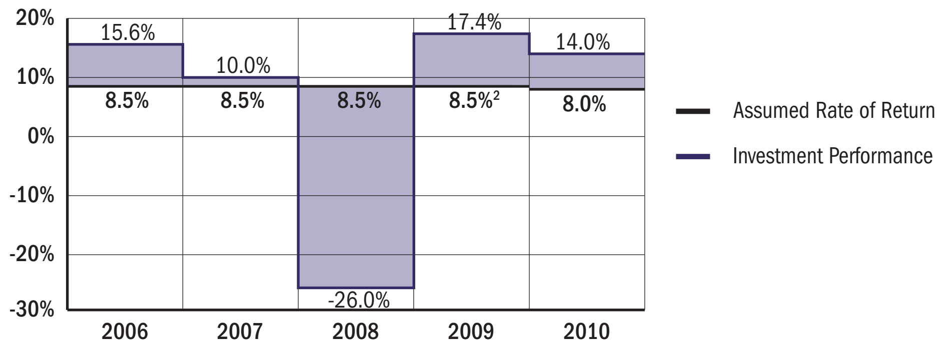
The investment highlights in this section do not include the Voluntary Investment Program, Defined Contribution Retirement Plan, and Deferred Compensation Plan unless otherwise noted. Those plans are participant-directed defined contribution plans. Investments for all of the other plans are pooled (the five Division Trust Funds, the HCTF, the DPS HCTF, and the LIR).

| | NET APPRECIATION/ (DEPRECIATION) IN FAIR VALUE | INTEREST AND DIVIDENDS | REAL ESTATE, ALT INVEST, AND OPPTY FUND NET OPERATING INC | INVESTMENT EXPENSES | SECURITIES LENDING INCOME/ (LOSS) | TOTAL INVESTMENT GAIN/(LOSS) |
|---|---|---|---|---|---|---|
| State Division Trust Fund | $1,297,753 | $227,421 | $73,216 | ($49,770) | $4,522 | $1,553,142 |
| School Division Trust Fund | 2,064,238 | 360,891 | 116,186 | (78,979) | 7,181 | 2,469,517 |
| Local Government Division Trust Fund | 297,955 | 51,652 | 16,629 | (11,304) | 1,032 | 355,964 |
| Judicial Division Trust Fund | 22,936 | 3,975 | 1,279 | (870) | 80 | 27,400 |
| Denver Public Schools Division Trust Fund | 306,694 | 53,832 | 17,332 | (11,781) | 1,068 | 367,145 |
| Health Care Trust Fund | 29,101 | 4,964 | 1,598 | (1,086) | 99 | 34,676 |
| Denver Public Schools Health Care Trust Fund | 1,673 | 284 | 91 | (62) | 6 | 1,992 |
| Life Insurance Reserve | 1,731 | 511 | 97 | (66) | 7 | 2,280 |
| **2010 Total** | **$4,022,081** | **$703,530** | **$226,428** | **($153,918)** | **$13,995** | **$4,812,116** |
| **2009 Total** | **$4,201,203** | **$663,565** | **$158,338** | **($118,731)** | **$29,299** | **$4,933,674** |
| **2008 Total** | **($11,381,519)** | **$799,501** | **$163,589** | **($108,241)** | **$20,847** | **($10,505,823)** |
| **2007 Total** | **$2,995,089** | **$847,723** | **$173,132** | **($131,452)** | **($26,594)** | **$3,857,898** |
| **2006 Total** | **$4,494,355** | **$762,609** | **$157,407** | **($128,102)** | **$23,103** | **$5,309,372** |

The largest inflow into a retirement plan over the long-term comes from investment income. Over the past 25 years, even with the large losses in 2008, investment income represents 59 percent of the inflows into Colorado PERA, and over the past 10 years it represents 47 percent of the inflows.

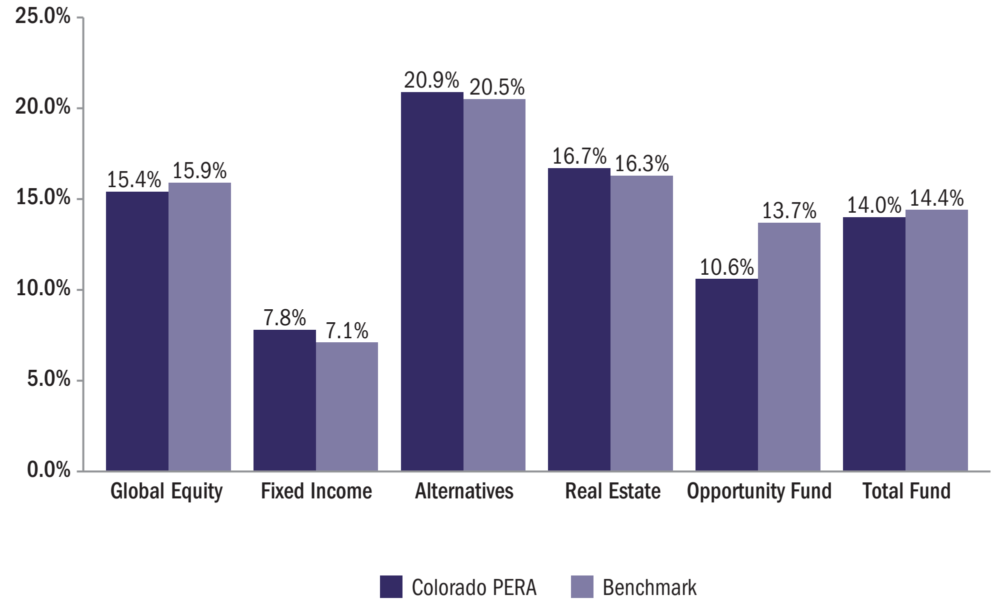
**Investment Performance Trend Information**—For the year ended December 31, 2010, the net-of-fees rate of return on the pooled investment assets was 14.0 percent, which was less than 17.4 percent for the year ended December 31, 2009, and exceeded the actuarial assumed rate of 8.0 percent. The net-of-fees annualized rate of return for the pooled investment assets was 4.7 percent for the past five years and 4.6 percent for the past 10 years. The 25-year annualized gross-of-fees rate of return for the pooled investment assets was 9.0 percent. Market returns and volatility will vary from year to year for the total fund and across the various asset classes. The chart on the next page compares the actual investment performance of the pooled investment assets versus the actuarial assumed rate of return for each of the last five years.

### Actual vs. Assumed Rate of Return[1, 2]




1 Previously reported returns were revised to reflect net of fees returns for 2006.
2 In September 2009, the assumed rate of return was lowered to 8.0 percent effective January 1, 2010.

### 2010 Actual Results vs. Benchmarks




Note: Hewitt EnnisKnupp, Inc., the Board's investment consultant, provides the investment returns based on data made available by Colorado PERA's custodian, The Northern Trust Company. Listed above are the one-year net-of-fee time-weighted rates of return for each asset class and their respective benchmarks.

Colorado PERA adopted a policy benchmark, which is a passive representation of the asset allocation policy, as of April 1, 2004. For 2010, the policy benchmark is a combination of 58 percent of the Global Equity Custom Benchmark; 25 percent of the Fixed Income Custom Benchmark; 7 percent of the Real Estate Custom Benchmark; 7 percent of the Alternative Custom Benchmark; and 3 percent of the Public Markets Benchmark. For more information, see the Schedule of Investment Results on page 100.

The total fund underperformed the policy benchmark return by approximately 44 basis points for the year ended December 31, 2010. The two primary contributors to the underperformance were global equities and the impact of asset allocation on returns. The negative impact of global equities and asset allocation was partially offset by outperformance from fixed income, real estate, and alternatives. The global equity portfolio generally has a bias toward securities issued by companies that possess strong financial health and also show solid and improving profitability as these stocks tend to outperform over longer time periods. From a broad perspective, the stocks that outperformed in 2010 were stocks with low quality characteristics including weaker balance sheets and more variable earnings and stocks in highly cyclical industries such as consumer discretionary, industrials, and materials. Underperforming the most were companies that showed a steady trend of increasing earnings per share and economically defensive stocks including utilities and health care. These trends worked against the relative performance of most of our global equity portfolios during 2010. Asset allocation, or the variance in the actual weights of the various asset classes versus the target weights, negatively impacted the total fund returns. Cash also had a negative impact on the overall return.

*(In Thousands of Dollars)*

Colorado PERA's total fund returned 14.0 percent, compared to the BNY Mellon Performance and Risk Analytics' Median Public Fund return of 13.0 percent for the year ended December 31, 2010. The BNY Mellon Performance and Risk Analytics' Median Public Fund measure is comprised of 73 public pension funds with assets of approximately $0.7 trillion. Colorado PERA's total fund returned negative 0.3 percent and 4.7 percent on a three- and five-year annualized basis, respectively compared with the BNY Mellon Performance and Risk Analytics' Median Public Fund returns of 0.3 percent and 4.5 percent for these periods, respectively. Colorado PERA's 10-year annualized rate of return was 4.6 percent compared to the BNY Mellon Performance and Risk Analytics' Median Public Fund return of 4.9 percent.

**Asset Allocation—**The Colorado PERA Board has the responsibility for the investment of Colorado PERA's funds with the following statutory limitations: the aggregate amount of monies invested in corporate stocks and fixed income securities convertible into stock cannot exceed 65 percent of the then book value of the fund, no investment in common and/or preferred stock of any single corporation can exceed 5 percent of the then book value of the fund, and the fund cannot acquire more than 12 percent of the outstanding stocks or bonds of any single corporation. As a fiduciary of the funds, the Colorado PERA Board is responsible to carry out its investment functions solely in the interest of the Colorado PERA members and benefit recipients and for the exclusive purpose of providing benefits.

The Colorado PERA Board commissioned an Asset/Liability Study in 2005, which was prepared by Hewitt EnnisKnupp, Inc. The objective of the study was to determine the optimal strategic asset allocation policy that would ultimately allow Colorado PERA to meet its benefit obligations while also ensuring that Colorado PERA incurs appropriate levels of risk. The Colorado PERA Board's policy specifies the desired target allocation for each asset class as well as the ranges within which each asset class may operate. As a result of the study, the Colorado PERA Board approved certain asset allocation targets and ranges at its December 2005 Colorado PERA Board meeting. On November 16, 2007, the Colorado PERA Board added the Opportunity Fund asset class and adjusted the targets and ranges for 2008. The purpose of the Opportunity Fund is to provide a framework for including asset categories that do not fit within the traditional asset class structure. On March 21, 2008, the Colorado PERA Board approved combining the domestic stock and international stock asset classes into one global stocks asset class and set the range for global stocks from 52 to 64 percent. In September 2008, the Colorado PERA Board established a target of 58 percent for global stocks, effective January 1, 2009.

| | 12/31/2009 ACTUAL %[1] | 2009 TARGET % | 2009 RANGES | 12/31/2010 ACTUAL %[1] | 2010 TARGET % | 2010 RANGES |
|---|---|---|---|---|---|---|
| Global Stocks | 58.9% | 58% | 52%-64% | **57.7%** | **58%** | **52%–64%** |
| Fixed Income | 22.4% | 25% | 22%-28% | **22.9%** | **25%** | **22%–28%** |
| Alternative Investments[2] | 9.6% | 7% | 4%-10% | **9.3%** | **7%** | **4%–10%** |
| Real Estate | 6.0% | 7% | 4%-10% | **7.4%** | **7%** | **4%–10%** |
| Opportunity Fund[3] | 1.9% | 3% | 0%-6% | **2.1%** | **3%** | **0%–6%** |
| Cash & Short-Term Investments[4] | 1.2% | 0% | | **0.6%** | **0%** | |

[1] Asset allocation decisions are made based on the total holdings of the portfolios within each asset class. Therefore, the investment receivables, payables, accruals, and cash and short-term investments are allocated back to the investment portfolios that hold them for purposes of the table (above) and chart below.

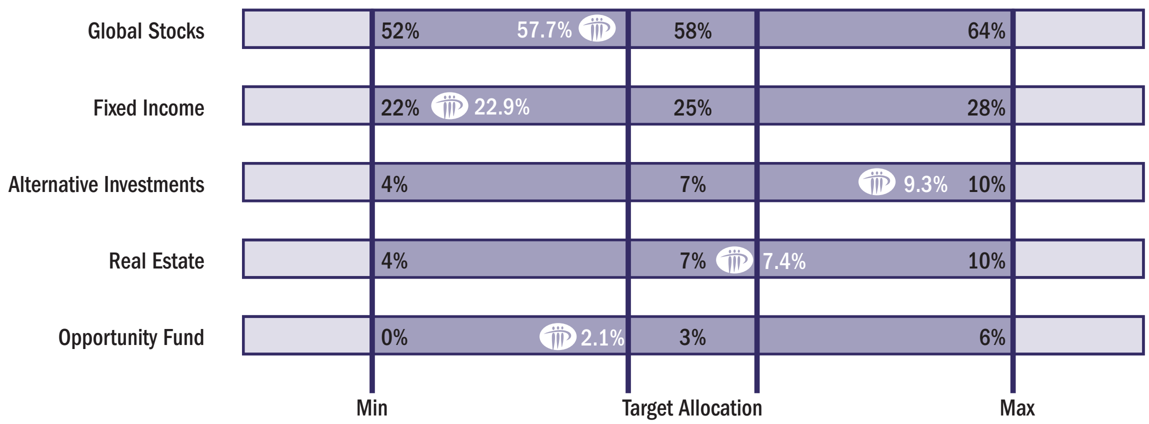
[2] The Alternative Investment asset class is a fund of funds strategy with exposure to private equity, venture capital, secondary interests in private equity funds, and distressed debt.

[3] The Opportunity Fund asset class is a fund of funds strategy with exposure to timber and commodity funds.

[4] A range has not been set for Cash & Short-Term Investments in the Asset Allocation Policy. The target percentage is zero.

Following the completion of another Asset/Liability Study in September 2010, the Colorado PERA Board approved new asset allocation targets effective January 1, 2011, as follows: global stocks 56 percent, fixed income 25 percent, alternative investments 7 percent, real estate investments 7 percent, and opportunity fund 5 percent.

### 2010 Asset Allocation Permissible Ranges vs. December 31, 2010, Actual Allocation




**Sudan Divestment—**Following the 2007 legislative session, then Governor Ritter signed into law House Bill 07-1184: Sudan Divestment by Public Pension Plans, which imposes targeted divestment from companies with active business operations in Sudan. As a result of this legislation, Colorado PERA is required to create a list of scrutinized companies every six months and to prohibit investments in these companies going forward. The establishment of the list requires Colorado PERA to engage the companies on the list to warn them of potential divestment and to encourage the companies to change their activities in Sudan. Colorado PERA must also engage the managers of indirect investments in companies on the list and request removal of scrutinized companies or ask the manager to create a similar fund that does not contain the identified companies. Colorado PERA contacts managers in its defined benefit plans as well as managers of funds within the defined contribution plans regarding the Scrutinized Companies List. In 2010, Colorado PERA submitted its Scrutinized Companies List to elected officials of the State on January 15, 2010, June 18, 2010, and November 19, 2010.

More information regarding the Sudan Divestment can be obtained from the Colorado PERA Web site at www.copera.org.

**Iran-Related Investment Policy—**On January 18, 2008, the Colorado PERA Board of Trustees adopted an Iran-Related Investment Policy. This policy outlines a phased strategy to address Colorado PERA's direct public investments in foreign companies doing business in the Islamic Republic of Iran. The strategy addresses and includes a number of actions, up to and including possible divestment. Colorado PERA recognizes the federal government has sole responsibility for the conduct of American foreign policy. Colorado PERA is acting out of a fiduciary concern for the welfare of its members' assets, which requires a broad horizon and sensitivity to the potential risks posed by investment in Iran.

More information regarding the Iran investment policy can be obtained from the Colorado PERA Web site at www.copera.org.

**Investment Settlements and Other Payables—**As of December 31, 2010, Colorado PERA had investment settlements and other liabilities of $155 million, a decrease of $191 million. This decrease was due primarily to a decrease in pending investment purchases.

**Securities Lending Collateral and Obligations—**As of December 31, 2010, Colorado PERA had securities lending collateral of $2.8 billion, an increase of $0.8 billion from 2009. The main reason for the change in collateral was the increase in the amount of securities available to loan due to the inclusion of the assets from the DPS Division and allowing lending on all-country portfolios.

**Securities Lending Net Income—**For the year ended December 31, 2010, Colorado PERA had net income from securities lending of $14 million, which compares to net income of $29 million in 2009. Securities lending net income decreased primarily due to the decreasing spreads available as demand for lending decreased in 2010, and a decrease in the amount of appreciation in the fair value of the cash collateral. For more detail on securities lending see Note 5 on pages 65–66.

**Real Estate, Alternative Investment, and Opportunity Fund Net Income—**For the year ended December 31, 2010, Colorado PERA had net income of $226 million from real estate, alternative investment, and opportunity fund net income, which compares to net income of $158 million in 2009. The primary reasons for the increase were net income from assets transferred from DPSRS and the effects of an improving economy on the net income of the real estate and alternative investment portfolios.

**Investment Expenses—**For the year ended December 31, 2010, Colorado PERA had investment expenses of $154 million which compares to $119 million in 2009. Investment expenses increased as assets increased because of market gains, the transfer of assets from DPSRS, and the recording of a 2010 incentive real estate expense.

## Management's Discussion and Analysis (Unaudited)

*(In Thousands of Dollars)*

**Commitments—**As of December 31, 2010, Colorado PERA had commitments for the future purchase of investments in alternative investments of $1.4 billion and real estate of $765 million.

### (C)—Contributions: Analysis of Division Trust Funds, Health Care Trust Fund, and DPS Health Care Trust Fund

| TRUST FUND | EMPLOYER CONTRIBUTIONS[1] | MEMBER CONTRIBUTIONS | PURCHASED SERVICE | RETIREE HEALTH AND LIFE PREMIUMS | FEDERAL HEALTH CARE SUBSIDIES | OTHER | TOTAL CONTRIBUTIONS AND OTHER |
|---|---|---|---|---|---|---|---|
| State Division | $287,624 | $223,240 | $12,496 | $– | $– | $1 | $523,361 |
| School Division | 519,044 | 316,446 | 13,096 | – | – | 25 | 848,611 |
| Local Government Division | 89,515 | 56,728 | 3,671 | – | – | 9 | 149,923 |
| Judicial Division | 5,654 | 3,465 | 109 | – | – | – | 9,228 |
| Denver Public Schools Division | 6,493 | 36,824 | 2,056 | – | – | 5 | 45,378 |
| Health Care | 74,047 | – | – | 110,158 | 25,751 | 16,035 | 225,991 |
| Denver Public Schools Health Care | 4,762 | – | – | 4,747 | 1,252 | 109 | 10,870 |
| **2010 Total** | **$987,139** | **$636,703** | **$31,428** | **$114,905** | **$27,003** | **$16,184** | **$1,813,362** |
| **2009 Total** | **$941,801** | **$569,338** | **$23,439** | **$106,903** | **$13,633** | **$12,738** | **$1,667,852** |
| **2008 Total** | **$857,729** | **$557,481** | **$32,547** | **$102,644** | **$13,743** | **$12,827** | **$1,576,971** |
| **2007 Total** | **$749,918** | **$526,561** | **$25,117** | **$96,345** | **$12,397** | **$12,485** | **$1,422,823** |
| **2006 Total** | **$674,476** | **$495,893** | **$106,561** | **$85,673** | **$12,481** | **$13,025** | **$1,388,109** |

[1] Employer contributions include employer statutory rate, AED, and SAED, less a 15.04 percent offset as required by SB 09-282 for the DPS Division.

### Member Contribution Rates for 2010

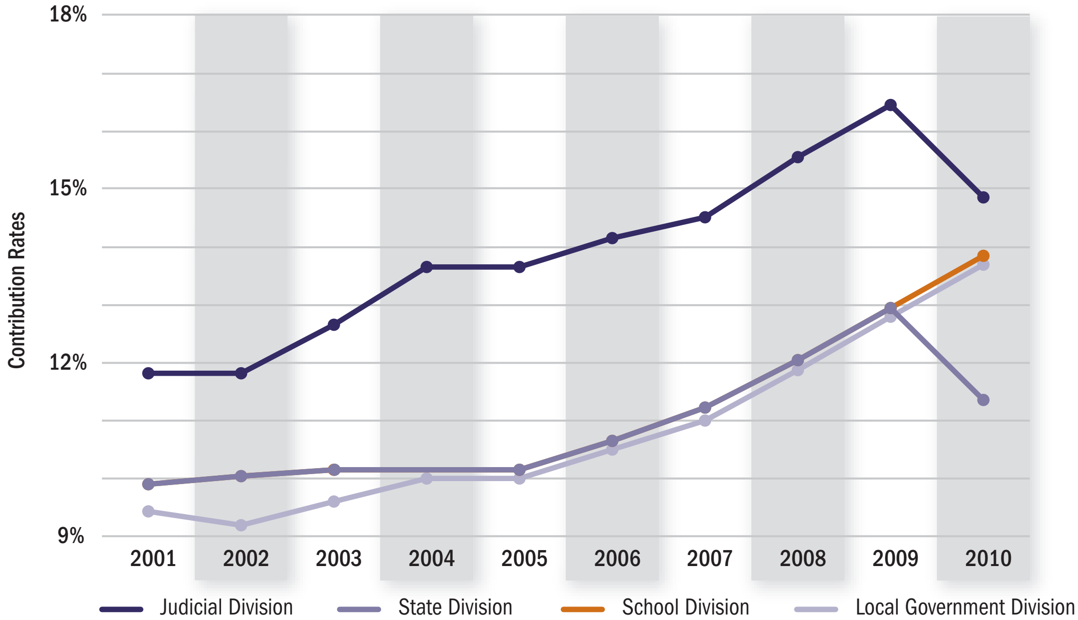
Member and employer contribution rates are set in statute. The enactment of SB 10-146 required that member contributions increase by 2.50 percent and employer contributions decrease by 2.50 percent for the State and Judicial Divisions for the one-year period beginning July 1, 2010, through June 30, 2011. The amount of contributions swapped in 2010 for the State Division was $30.9 million and $0.5 million for the Judicial Division.

| | MEMBER CONTRIBUTION RATE | |
|---|---|---|
| TRUST DIVISION | JANUARY 1—JUNE 30 | JULY 1—DECEMBER 31 |
| State | 8.00% | 10.50% |
| State Troopers | 10.00% | 12.50% |
| School | 8.00% | 8.00% |
| Local Government | 8.00% | 8.00% |
| Judicial | 8.00% | 10.50% |
| Denver Public Schools | 8.00% | 8.00% |
| Health Care | 0.00% | 0.00% |
| Denver Public Schools Health Care | 0.00% | 0.00% |

Member contributions for the Division Trust Funds increased from $569 million in 2009 to $637 million in 2010. Over the past 25 years, member contributions represent 19 percent of the inflows into the Division Trust Funds.

*(In Thousands of Dollars)*

**Employer Contribution Rates Plus Amortization Equalization Disbursement and the Supplemental Amortization Equalization Disbursement Rates 2001-2010 (Includes Health Care Trust Fund Contribution)**




Note: The DPS Division, not shown on graph, was established January 1, 2010. The employer contribution rate plus AED and SAED was 17.45 percent; 15.04 percent was offset as required by SB 09-282, leaving a contribution rate of 2.41 percent. The decrease in 2010 for the State and Judicial Divisions was due to the 2.5 percent rate swap required by SB 10-146.

## Employer Contribution Rates for 2010

### January 1 through June 30

| TRUST FUND | ANNUAL REQUIRED CONTRIBUTION[1] | ACTUAL EMPLOYER CONTRIBUTION RATE | HEALTH CARE CONTRIBUTION RATE | AED | SAED | DENVER PUBLIC SCHOOLS PCOP OFFSET | CONTRIBUTION RATE AVAILABLE FOR FUNDING |
|---|---|---|---|---|---|---|---|
| State Division | 18.93% | 10.15% | (1.02%) | 2.20% | 1.50% | – | 12.83% |
| State Troopers | – | 12.85% | (1.02%) | 2.20% | 1.50% | – | 15.53% |
| School Division | 18.75% | 10.15% | (1.02%) | 2.20% | 1.50% | – | 12.83% |
| Local Government Division | 12.31% | 10.00% | (1.02%) | 2.20% | 1.50% | – | 12.68% |
| Judicial Division | 18.63% | 13.66% | (1.02%) | 2.20% | 1.50% | – | 16.34% |
| Denver Public Schools Division | 14.61% | 13.75% | (1.02%) | 2.20% | 1.50% | (15.04%) | 1.39% |
| Health Care | 1.12% | – | 1.02% | – | – | – | 1.02% |
| Denver Public Schools Health Care | 0.92% | – | 1.02% | – | – | – | 1.02% |

### July 1 through December 31 (SB 10-146)

| TRUST FUND | ANNUAL REQUIRED CONTRIBUTION[1] | ACTUAL EMPLOYER CONTRIBUTION RATE | HEALTH CARE CONTRIBUTION RATE | AED | SAED | DENVER PUBLIC SCHOOLS PCOP OFFSET | CONTRIBUTION RATE AVAILABLE FOR FUNDING |
|---|---|---|---|---|---|---|---|
| State Division | 18.93% | 7.65% | (1.02%) | 2.20% | 1.50% | – | 10.33% |
| State Troopers | – | 10.35% | (1.02%) | 2.20% | 1.50% | – | 13.03% |
| School Division | 18.75% | 10.15% | (1.02%) | 2.20% | 1.50% | – | 12.83% |
| Local Government Division | 12.31% | 10.00% | (1.02%) | 2.20% | 1.50% | – | 12.68% |
| Judicial Division | 18.63% | 11.16% | (1.02%) | 2.20% | 1.50% | – | 13.84% |
| Denver Public Schools Division | 14.61% | 13.75% | (1.02%) | 2.20% | 1.50% | (15.04%) | 1.39% |
| Health Care | 1.12% | – | 1.02% | – | – | – | 1.02% |
| Denver Public Schools Health Care | 0.92% | – | 1.02% | – | – | – | 1.02% |

[1] Annual Required Contribution rates for 2010 contributions are based on the 2008 Actuarial Valuation.

## Management's Discussion and Analysis (Unaudited)

*(In Thousands of Dollars)*

Senate Bill 09-282 provides for an offset to the DPS Division employer contribution rate. The offset, expressed as a percentage of payroll, is equal to the annual assumed payment obligations for PCOPs issued in 1997 and 2008 by the Denver Public Schools at a fixed effective annual interest rate of 8.50 percent. At a minimum, the DPS Division contribution rate must be sufficient to fund the DPS HCTF (1.02 percent) and the Annual Increase Reserve (AIR) (1.00 percent) as the AIR applies to the DPS Division. The annual increase is a post-retirement cost of living adjustment meeting certain criteria as described in Note 1. The staff of the Denver Public Schools provided the PCOP offset rate of 15.04 percent for 2010.

C.R.S §24-51-401(1.7) (e) recognizes the effort to equalize the funded status of the DPS Division and the School Division of Colorado PERA. Beginning January 1, 2015, and every fifth year thereafter, the bill requires a true-up calculation to confirm the equalization of the funded status of these two divisions. The true-up calculation is an actuarial projection to assure the funded status of these divisions will be equal in 30 years. In the event a true-up calculation does not project equalization between these divisions over a 30-year period, the Colorado PERA Board shall recommend an adjustment of the DPS Division employer contribution rate to the Colorado General Assembly. An adjustment to the DPS Division contribution rate may result in a significant increase in the total contributions paid by the DPS Division employers.

Employer contributions for the Division Trust Funds, the HCTF, and the DPS HCTF increased from $942 million in 2009 to $987 million in 2010, even with the contribution swap in the State and Judicial Division, due to the AED and SAED increase and due to increases in members' covered salaries with the inclusion of the DPS Division. Over the past 25 years, employer contributions represented 18 percent of the inflows into the Division Trust Funds, HCTF, and the DPS HCTF.

The AED and the SAED are set to be increased in future years, as described in the table shown below. With the passage of SB 10-001, the AED and the SAED can be adjusted based on the year-end funded status within a particular Division Trust Fund. If a particular Division Trust Fund reaches a funded status of 103 percent, a decrease in the AED and SAED is mandated and if it falls below a funded status of 90 percent, an increase is mandated. For the Local Government and Judicial Divisions, if the funded ratio reaches 90 percent and subsequently falls below 90 percent, an increase in the AED and SAED is mandated. Increases cannot exceed the maximum allowable limitations shown in the table below.

| | State Division Trust Fund | | School Division Trust Fund | | Local Government Division Trust Fund | | Judicial Division Trust Fund | | Denver Public Schools Division Trust Fund | |
|---|---|---|---|---|---|---|---|---|---|---|
| PERIOD | AED | SAED | AED | SAED | AED | SAED | AED | SAED | AED | SAED |
| 1/1/2011 - 12/31/2011 | 2.60% | 2.00% | 2.60% | 2.00% | 2.20% | 1.50% | 2.20% | 1.50% | 2.60% | 2.00% |
| 1/1/2012 - 12/31/2012 | 3.00% | 2.50% | 3.00% | 2.50% | 2.20% | 1.50% | 2.20% | 1.50% | 3.00% | 2.50% |
| 1/1/2013 - 12/31/2013 | 3.40% | 3.00% | 3.40% | 3.00% | 2.20% | 1.50% | 2.20% | 1.50% | 3.40% | 3.00% |
| 1/1/2014 - 12/31/2014 | 3.80% | 3.50% | 3.80% | 3.50% | 2.20% | 1.50% | 2.20% | 1.50% | 3.80% | 3.50% |
| 1/1/2015 - 12/31/2015 | 4.20% | 4.00% | 4.20% | 4.00% | 2.20% | 1.50% | 2.20% | 1.50% | 4.20% | 4.00% |
| 1/1/2016 - 12/31/2016 | 4.60% | 4.50% | 4.50% | 4.50% | 2.20% | 1.50% | 2.20% | 1.50% | 4.50% | 4.50% |
| 1/1/2017 - 12/31/2017 | 5.00% | 5.00% | 4.50% | 5.00% | 2.20% | 1.50% | 2.20% | 1.50% | 4.50% | 5.00% |
| 1/1/2018 - 12/31/2018 | 5.00% | 5.00% | 4.50% | 5.50% | 2.20% | 1.50% | 2.20% | 1.50% | 4.50% | 5.50% |
| Maximum allowable limitations | 5.00% | 5.00% | 4.50% | 5.50% | 5.00% | 5.00% | 5.00% | 5.00% | 4.50% | 5.50% |

If the future increases in the AED and SAED are not made it could result in significant underfunding of the plans and impact the ability to make future benefit payments. The shift of the State and Judicial Divisions' employer contributions to member contributions, as required by SB 10-146 and SB 11-076 negatively affects the stated goal of SB 10-001 for those Divisions. The actuarial liabilities in the State and Judicial Divisions are estimated to increase by $17.0 million and $0.1 million, respectively, by the rate swap required in these bills.

The Annual Required Contribution (ARC) calculation is based on an estimated 8.0 percent investment rate of return and discount rate. In 2010, the actual contributions as set in statute to Division Trust Funds were $451 million less than the ARC as calculated by the actuaries. Even with SB 10-001, the ARC deficiency is expected to continue until benefit and contribution changes are more fully implemented. During the past eight years, this shortfall in funding to the Division Trust Funds has been $3.2 billion. The table below shows the yearly ARC shortfall by fund for the past six years:

**Yearly ARC Deficiency (Amounts in Millions of Dollars)**

| VALUATION YEAR | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| State Division | $221.4 | $151.9 | $180.8 | $156.7 | $131.5 | **$169.4** |
| School Division | 312.1 | 201.8 | 247.5 | 203.0 | 173.9 | **214.6** |
| Local Government Division | 18.7 | 10.5 | 12.6 | 0.8 | (5.6) | **(1.3)** |
| Judicial Division | 1.0 | 0.7 | 1.3 | 1.1 | 0.6 | **1.3** |
| Denver Public Schools Division | — | — | — | — | — | **67.1** |
| Total | $553.2 | $364.9 | $442.2 | $361.6 | $300.4 | $451.1 |

Note: The HCTF and the DPS HCTF have not had an ARC deficiency.
The DPS Division and the DPS HCTF were established January 1, 2010.

*(In Thousands of Dollars*

For more detail on the ARC, see the Required Supplementary Information—Schedule of Employer Contributions for the Division Trust Funds and the Schedule of Contributions from Employers and Other Contributing Entities for the Health Care Trust Fund on pages 82–83.

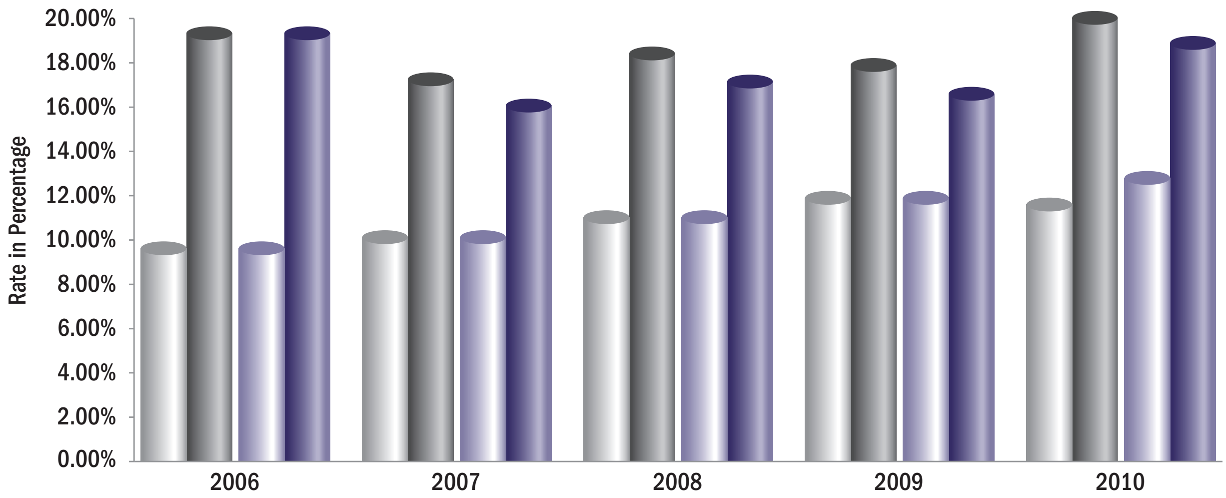
Using the Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 43 as a guide based on the 2009 valuation, the 2011 annual required employer contributions, to meet a 30-year amortization period, would need to be as follows:

- State Division Trust Fund—13.63 percent
- School Division Trust Fund—15.73 percent
- Local Government Division Trust Fund—8.98 percent
- Judicial Division Trust Fund—16.30 percent
- Denver Public Schools Division Trust Fund—13.58 percent
- Health Care Trust Fund—1.28 percent
- Denver Public Schools Health Care Trust Fund—0.92 percent

Additionally, based on the 2010 valuation the 2012 annual required employer contributions to meet a 30-year amortization period would need to be as follows:

- State Division Trust Fund—17.77 percent
- School Division Trust Fund—17.60 percent
- Local Government Division Trust Fund—9.79 percent
- Judicial Division Trust Fund—19.53 percent
- Denver Public Schools Division Trust Fund—9.60 percent
- Health Care Trust Fund—1.18 percent
- Denver Public Schools Health Care Trust Fund—0.92 percent

### State and School Divisions; Year-End Employer Contribution/ARC Comparison (Contribution Includes AED and SAED Less Health Care Trust Fund Allocation)



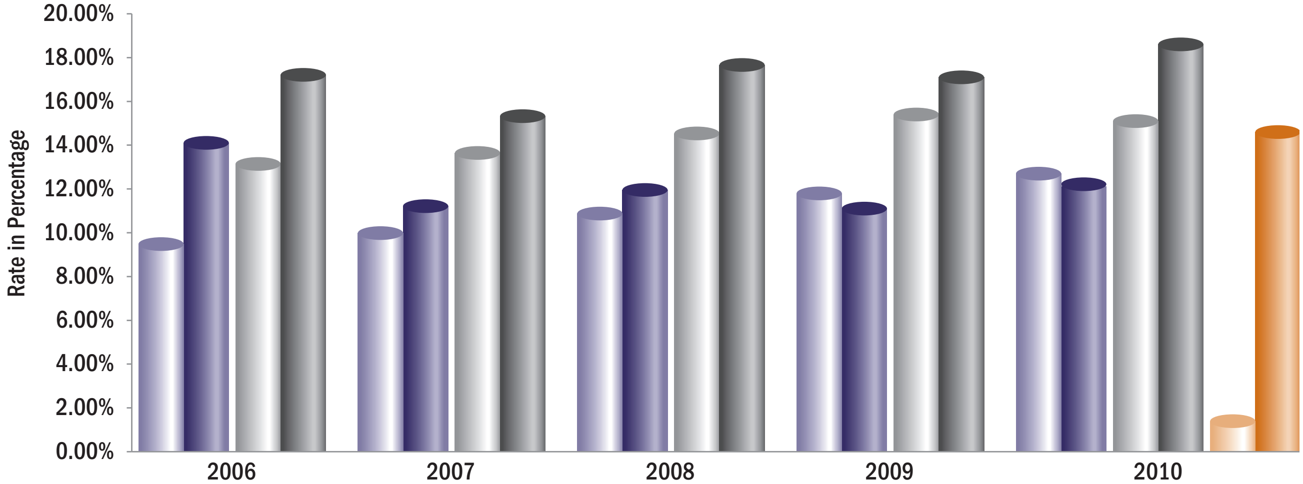

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| State Actual[1] | 9.63% | 10.13% | 11.03% | 11.93% | 11.58%[2] |
| State ARC | 19.33% | 17.23% | 18.45% | 17.91% | 18.93% |
| School Actual | 9.63% | 10.13% | 11.03% | 11.93% | 12.83% |
| School ARC | 19.33% | 16.06% | 17.18% | 16.56% | 18.75% |

[1] Actual rates are for non-State Troopers.
[2] The rate is an average of employer rates reflecting the 2.50 percent reduction required by SB 10-146.

## Management's Discussion and Analysis (Unaudited)

*(In Thousands of Dollars)*

### Local Government, Judicial, and Denver Public Schools Divisions; Year-End Employer Contribution/ARC Comparison (Contribution Includes AED and SAED Less Health Care Trust Fund Allocation)




| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Local Govt Actual | 9.48% | 9.98% | 10.88% | 11.78% | 12.68% |
| Local Govt ARC | 14.11% | 11.21% | 11.95% | 11.14% | 12.31% |
| Judicial Actual | 13.14% | 13.64% | 14.54% | 15.44% | 15.09%[1] |
| Judicial ARC | 17.21% | 15.33% | 17.66% | 17.08% | 18.63% |
| DPS Actual | | | | | 1.39% |
| DPS ARC | | | | | 14.61% |

[1] The rate is an average of employer rates reflecting the 2.50 percent reduction required by SB 10-146.

**Cumulative Contribution Deficiency of Our Employers—**The following chart shows the net pension obligation of all of our employers for each fund. The net pension obligation is a measure that represents employers' cumulative contribution shortfall versus actuarially determined contributions adjusted to include investment earnings at the actuarial assumed investment rate of return, which accounts for the difference from the yearly ARC deficiency shown on page 30. If the Division Trust Funds of Colorado PERA were sole employer plans or an agent multi-employer plan, these amounts, allocated to each employer, would need to be reported as a liability on our employers' financial statements. As our employers are part of a cost-sharing multi-employer plan, they do not record these amounts as liabilities and only record a liability if they have not paid in the statutorily required contribution rate. This table is being provided to illustrate the overall impact of the contribution deficiency of our employers.

### Cumulative Net Pension Obligation at End of Valuation Year (Amounts in Millions of Dollars)

| VALUATION YEAR | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|
| State Division | $85.0 | $256.9 | $487.7 | $657.5 | $857.7 | $1,039.6 | $1,201.7 | **$1,404.1** |
| School Division | 134.6 | 408.4 | 735.5 | 964.3 | 1,240.2 | 1,479.7 | 1,697.2 | **1,958.5** |
| Local Government Division | 14.8 | 30.1 | 49.9 | 62.2 | 76.6 | 79.6 | 76.4 | **77.2** |
| Judicial Division | 1.8 | 3.4 | 4.5 | 5.4 | 6.9 | 8.2 | 9.0 | **10.5** |
| Denver Public Schools Division | – | – | – | – | – | – | – | **67.1** |
| **Total** | **$236.2** | **$698.8** | **$1,277.6** | **$1,689.4** | **$2,181.4** | **$2,607.1** | **$2,984.3** | **$3,517.4** |

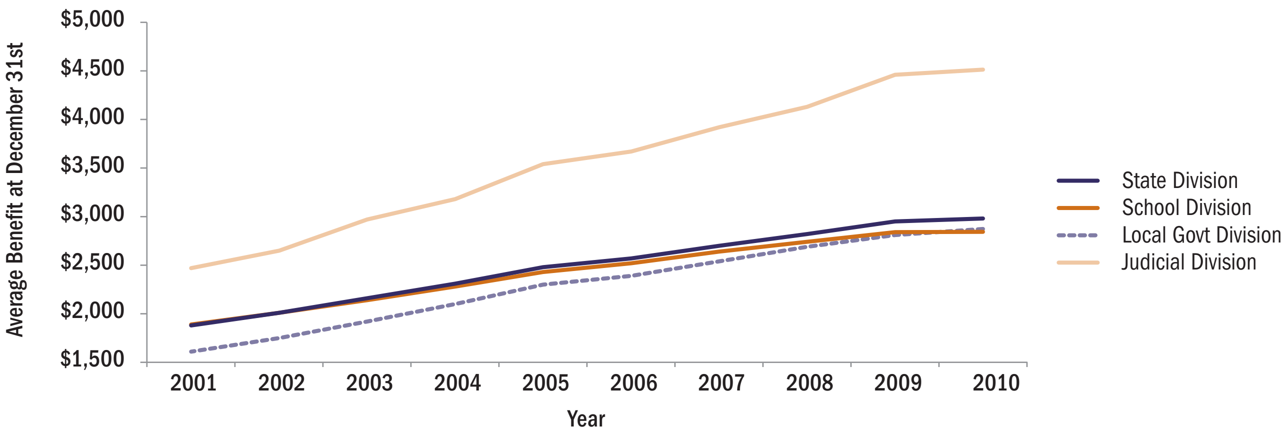
Note: A net pension obligation is not shown for the Health Care Trust Fund and the DPS Health Care Trust Fund as there has not been an ARC deficiency during this period.

*(In Thousands of Dollars)*

### (B) & (E)—Benefits and Expenses

| TRUST FUND | BENEFIT PAYMENTS | REFUNDS | DISABILITY PREMIUMS | ADMIN EXPENSES | OTHER | TOTAL DEDUCTIONS |
|---|---|---|---|---|---|---|
| State Division | $1,122,435 | $68,844 | $1,661 | $8,942 | ($726) | $1,201,156 |
| School Division | 1,642,350 | 79,012 | 2,802 | 17,104 | 9,396 | 1,750,664 |
| Local Government Division | 165,770 | 22,942 | 496 | 2,215 | 5,235 | 196,658 |
| Judicial Division | 15,394 | 104 | 26 | 61 | (2,491) | 13,094 |
| Denver Public Schools Division | 215,825 | 3,029 | 311 | 2,944 | 54 | 222,163 |
| Health Care | 192,044 | – | – | 11,131 | – | 203,175 |
| Denver Public Schools Health Care | 11,012 | – | – | 569 | – | 11,581 |
| **2010 Total** | **$3,364,830** | **$173,931** | **$5,296** | **$42,966** | **$11,468** | **$3,598,491** |
| **2009 Total** | **$2,992,743** | **$149,004** | **$5,812** | **$36,307** | **$8,561** | **$3,192,427** |
| **2008 Total** | **$2,792,007** | **$140,594** | **$5,266** | **$35,415** | **$11,577** | **$2,984,859** |
| **2007 Total** | **$2,545,249** | **$140,975** | **$5,402** | **$31,893** | **$11,358** | **$2,734,877** |
| **2006 Total** | **$2,342,770** | **$150,732** | **$5,154** | **$29,376** | **$11,953** | **$2,539,985** |

### Average Benefits Payable Per Month (In Actual Dollars)




Note: The DPS Division, not shown on graph, was established January 1, 2010. The average benefits payable per month for 2010 was $2,947.00.

### Average Monthly Benefit by Division[1]
*(In Actual Dollars)*

| YEAR | STATE DIVISION | SCHOOL DIVISION | LOCAL GOVERNMENT DIVISION | JUDICIAL DIVISION | DENVER PUBLIC SCHOOLS DIVISION |
|---|---|---|---|---|---|
| 2006 | $2,570 | $2,523 | $2,395 | $3,672 | $– |
| 2007 | 2,697 | 2,636 | 2,539 | 3,925 | – |
| 2008 | 2,820 | 2,740 | 2,692 | 4,134 | – |
| 2009 | 2,950 | 2,841 | 2,807 | 4,457 | – |
| **2010** | **2,980** | **2,845** | **2,873** | **4,617** | **2,947** |

[1] Colorado PERA is a substitute for Social Security for most of the public employees who earn service and receive a benefit.

It is expected that the growth rate in the average monthly benefit will decline with the SB 10-001 changes, which includes changes to the annual increase (cost of living adjustment).

### Ratio of Active Members to Retirees and Beneficiaries
*(As of December 31st)*

| YEAR | STATE DIVISION | SCHOOL DIVISION | LOCAL GOVERNMENT DIVISION | JUDICIAL DIVISION | DENVER PUBLIC SCHOOLS DIVISION |
|---|---|---|---|---|---|
| 2006 | 1.84 | 2.69 | 4.16 | 1.13 | – |
| 2007 | 1.79 | 2.64 | 4.13 | 1.06 | – |
| 2008 | 1.78 | 2.58 | 3.95 | 1.12 | – |
| 2009 | 1.73 | 2.51 | 3.45 | 1.09 | – |
| **2010** | **1.69** | **2.33** | **3.18** | **1.08** | **2.12**[1] |

[1] The ratio increased from the 2009 DPSRS rate of 1.30 due to the hourly and part-time staff of DPS becoming members of the DPS Division at Colorado PERA as required by SB 09-282.

## Management's Discussion and Analysis (Unaudited)

*(In Thousands of Dollars)*

By itself, a declining ratio of actives to retirees and beneficiaries does not pose a problem to a Division Trust Fund's actuarial condition. However, to the extent that a plan is underfunded, a low or declining ratio of actives to retirees and beneficiaries, coupled with increasing life expectancy, can complicate the Division Trust Fund's ability to move toward full funding, as fewer active, contributing workers, relatively, are available to amortize the unfunded liability.

**Benefit Payments to Contributions Ratio**

| TRUST FUND | EMPLOYER CONTRIBUTIONS | MEMBER CONTRIBUTIONS | TOTAL CONTRIBUTIONS | BENEFIT PAYMENTS | RATIO OF BENEFITS/CONTRIBUTIONS 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|
| State Division | $287,624 | $223,240 | $510,864 | $1,122,435 | **2.2** | 2.2 | 2.2 | 2.2 |
| School Division | 519,044 | 316,446 | 835,490 | 1,642,350 | **2.0** | 2.0 | 2.0 | 2.0 |
| Local Government Division | 89,515 | 56,728 | 146,243 | 165,770 | **1.1** | 1.1 | 1.0 | 0.9 |
| Judicial Division | 5,654 | 3,465 | 9,119 | 15,394 | **1.7** | 1.7 | 1.7 | 1.8 |
| Denver Public Schools Division | 6,493 | 36,824 | 43,317 | 215,825 | **5.0** | – | – | – |

### Actuarial Summary

The December 31, 2010, actuarial valuation was prepared by Cavanaugh Macdonald Consulting, LLC. Actuarial valuations, based on a set of assumptions, examine a fund's assets as compared to liabilities, compare past and future trends, and determine the annual required contribution (ARC) rates required of each employer in order to pay current and future benefits and compares it to the statutory contribution rate. Actuarial assumptions are studied at least every five years and are set by the Board. The last experience study was completed in 2009.

The modifications of SB 10-001, due to the magnitude of the bill's changes, were included in the 2009 actuarial valuation that was reported in the 2009 *CAFR.* The changes in plan provisions reduced the overall liability of the plan by over $8.8 billion in 2009 (State Division $3.2 billion, School Division $5.0 billion, Local Government Division $631 million, and Judicial Division $44 million). A copy of the bill can be found online at http://www.leg.state.co.us.

For more information on the annual valuations, see Note 11 on funded status and actuarial information on pages 77–78, the Required Supplementary Information and the accompanying notes on pages 80–87, and the Actuarial Section of the *CAFR* on pages 114–147.

**Health Care Trust Fund Actuarial Liabilities—**In general, the actuarial accrued liabilities of the HCTF are made up of three types of benefits: a fixed monthly premium subsidy, implicit subsidy for members not eligible for premium-free Medicare Part A coverage, and a Retiree Drug Subsidy (RDS) for members eligible for Medicare Part A.

C.R.S. § 24-51-1202 *et seq.* specifies the eligibility for enrollment and the amount of the premium subsidy and the implicit Medicare Part A subsidy. The maximum monthly premium subsidy is $230 (actual dollars) per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum subsidy is $115 (actual dollars) per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is for benefit recipients whose retirement benefits are based on 20 years or more of service credit. For those with less service credit, the subsidy is reduced by 5 percent for each year less than 20 years. The benefit recipient pays the remaining portion of the premium if the subsidy does not cover the entire amount.

An additional implicit subsidy exists for retirees in the PERA benefit structure who have not participated in Social Security and who are not otherwise eligible for Medicare Part A for hospital-related services. C.R.S. § 24-51-1206(4) states that the HCTF cannot charge premiums to retirees without Part A that are greater than premiums charged to retirees with Part A for the same plan option, coverage level, and service credit. Currently for each individual retiree, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Parts A and B. Implicit in this process, an additional subsidy is paid by the HCTF on behalf of retirees in the PERA benefit structure who are not covered by Medicare Part A. The benefit recipients who retire under the DPS benefit structure, and who are not covered by Medicare Part A, receive a maximum subsidy of $230 per month.

For members electing coverage in a plan option that produces an RDS, which is payable to the HCTF under Part D of the Medicare Modernization Act of 2003 (MMA), the HCTF has reduced the full cost of the premium to the member by the estimated RDS. GASB standards do not allow for future assumed RDS payments to be used as a direct offset of premiums for future liabilities. Therefore, a liability for these payments has been included in the total HCTF liability. Plan options producing an RDS in 2010 are the Self-Funded Medicare Supplement plans and the Rocky Mountain Health Plans' Medicare HMO. While GASB standards require the additional cost to be included in our liability, if the RDS payment did not exist, this cost would be borne by the member in the plan and would not be a cost of the plan per current Colorado statute.

**Denver Public Schools Health Care Trust Fund Actuarial Liabilities—**In general, the actuarial accrued liabilities of the DPS HCTF is made up of three types of benefits: a fixed monthly premium subsidy, implicit subsidy for PERA benefit structure members not eligible for premium-free Medicare Part A, and an RDS for members eligible for Medicare Part A.

*(In Thousands of Dollars)*

C.R.S. § 24-51-1202 *et seq.* specifies the eligibility for enrollment and the amount of the premium. The maximum monthly premium subsidy is $230 (actual dollars) per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum subsidy is $115 (actual dollars) per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is for benefit recipients whose retirement benefits are based on 20 years or more of service credit. For those with less service credit, the subsidy is reduced by 5 percent for each year less than 20 years. The benefit recipient pays the remaining portion of the premium if the subsidy does not cover the entire amount. For the benefit recipients who retire under the DPS benefit structure, only the retiree is eligible for a subsidy. Upon the death of the retiree, no further subsidy is paid.

The benefit recipients who retire under the DPS benefit structure, and who are not covered by Medicare Part A, receive a maximum subsidy of $230 per month. An additional implicit subsidy exists for retirees who retire under the PERA benefit structure and who have not participated in Social Security and are not otherwise eligible for Medicare Part A for hospital-related services.

For members electing coverage in a plan option that produces an RDS, which is payable to the DPS HCTF under Part D of the Medicare Modernization Act of 2003 (MMA), the DPS HCTF has reduced the full cost of the premium to the member by the estimated RDS. GASB standards do not allow for future assumed RDS payments to be used as a direct offset of premiums for future liabilities. Therefore, a liability for these payments has been included in the total DPS HCTF liability. Plan options producing an RDS in 2010 are the Self-Funded Medicare Supplement plans and the Rocky Mountain Health Plans' Medicare HMO. While GASB standards require the additional cost to be included in our liability, if the RDS payment did not exist, this cost would be borne by the member in the plan and would not be a cost of the plan per current Colorado statute.

**Actuarial Statistics—**As of December 31, 2010, the Funded Ratio, the Unfunded Actuarial Accrued Liabilities (UAAL), and the amortization periods with current funding for each trust fund are shown in the table below. The results in this table are based on parameters set by GASB and do not fully consider future contribution rate increases nor the impact of reduced benefits for those hired in the future as provided for in Colorado law.

| TRUST FUND | FUNDED RATIO | UAAL | ARC | ARC AMORTIZATION PERIOD | AMORTIZATION PERIOD CURRENT YEAR FUNDING |
|---|---|---|---|---|---|
| State Division | 62.8% | $7,564,230 | 17.77% | 30 Years | 47 Years |
| School Division | 64.8% | 11,018,018 | 17.60% | 30 Years | 50 Years |
| Local Government Division | 73.0% | 1,079,521 | 9.79% | 30 Years | 19 Years |
| Judicial Division | 75.0% | 76,025 | 19.53% | 30 Years | 83 Years |
| Denver Public Schools Division | 88.9% | 371,094 | 9.60% | 30 Years | Infinite |
| Total Defined Benefit Plans[1] | | 20,108,888 | | | |
| Health Care | 17.5% | 1,354,800 | 1.18% | 30 Years | 42 Years |
| Denver Public Schools Health Care | 17.9% | 64,427 | 0.92% | 30 Years | 24 Years |
| Total Other Postemployment Benefit Plans | | 1,419,227 | | | |
| **Total[1]** | | **$21,528,115** | | | |

[1] The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

For calculation of the ARC rate, the amortization period used is 30 years as required by GASB. The amortization period is the number of years it will take to pay off the unfunded actuarial accrued liability (UAAL), given the current funding and benefits, for each division based on a set of assumptions. See the Required Supplementary Information and the accompanying notes on pages 80–87 for additional information.

The table below shows the amortization periods adjusted to include the future additional contributions of the AED and the SAED. For the DPS Division, no adjustment has been made for the current PCOP offset. However, considering anticipated reductions in the future PCOP offset to DPS contribution requirements to the DPS Division for the cost of certain PCOPs as currently structured, the amortization period is expected to be below 30 years. Colorado statutes call for a "true-up" in 2015, and every five years following, with the expressed purpose of adjusting the total DPS contribution rate to ensure equalization of the ratio of UAAL over payroll between the DPS and School Divisions at the end of the 30-year period beginning January 1, 2010.

| TRUST FUND | AMORTIZATION PERIOD WITH FUTURE AED AND SAED INCREASES |
|---|---|
| State Division | 28 Years |
| School Division | 28 Years |
| Local Government Division | 19 Years |
| Judicial Division | 83 Years |
| Denver Public Schools Division | Infinite |
| Health Care | 42 Years |
| Denver Public Schools Health Care | 24 Years |

## Management's Discussion and Analysis (Unaudited)

*(In Thousands of Dollars)*

The amortization periods with AED and SAED do not include the full effect of the 2006 and 2010 legislation. The legislation includes plan changes that will lower the normal cost for future new hires and will allow more of the employer's contribution to be used to amortize past service costs earned. The future AED and SAED have not been taken into consideration in the calculation of the ARC as defined in GASB Statement 25 or in the amortization period based on the current year funding.

Title 24, Article 51, Section 211 of the Colorado Revised Statutes (C.R.S.) states that the amortization period of 30 years shall be deemed actuarially sound. At the end of 2010, given the current contribution rates, all funds except for the Local Government Division and the Denver Public Schools Health Care Trust Fund exceeded the 30-year amortization period.

As stated by Cavanaugh Macdonald Consulting, LLC, in the Report of the Independent Actuary on pages 116–119 in the Actuarial Section of the *CAFR:*

> "The employer contribution rate, together with Medicare Part D Retiree Drug Subsidy receipts, is sufficient to eventually finance the Health Care Trust Fund and the DPS Health Care Trust Funds benefits in accordance with GASB 43 and 45. The Local Government Division employer contribution rates are sufficient to finance the promised benefits under GASB 25 and 27. Considering the addition of the AED and SAED contributions as a percentage of payroll, the State and School Divisions' employer contribution rates are currently sufficient to finance the promised benefits and eventually meet the required contribution levels under GASB 25 and 27. Considering the addition of the AED and SAED contributions and the offsets of PCOP credits as a percentage of payroll, the Denver Public Schools Division employer contribution rate is currently sufficient to finance the promised benefits and eventually meet the required contribution levels under GASB 25 and 27. The total employer contributions, combined with projected reductions in liability due to benefit structure changes for newer hires, are expected to fund the Judicial Division."

### Sensitivity of Actuarial Valuation to Changes in Assumed Investment Rate of Return and Discount Rate

The most important long-run driver of a pension plan is investment income, which can contribute as much as 80 percent or more of the total inflows into a pension plan over its life. Over the last 25 years, investment income at Colorado PERA represented 59 percent of the inflows into the plans. Currently the investment rate of return and discount rate assumption are 8.0 percent. The investment return assumption and the discount rate for liabilities, as mandated by GASB, should be based on an estimated long-term investment yield for the plan, with consideration given to the nature and mix of current and expected plan investments and the basis used to determine the actuarial value of assets. To understand the importance of the investment rate of return, which is used to discount the actuarial liabilities of Colorado PERA, a one and one-half, and one-half percent fluctuation in the investment rate of return and discount rate would change the funded ratio, UAAL, and ARC (for contributions for the fiscal year ended December 31, 2012) as follows:

**Investment return assumption (discount rate) equal to 6.5 percent.**

| | ACTUARIAL VALUE OF ASSETS | | | MARKET VALUE OF ASSETS |
|---|---|---|---|---|
| TRUST FUND | FUNDED RATIO | UAAL | ARC | UAAL |
| State Division | 52.6% | $11,425,623 | 26.02% | $11,618,462 |
| School Division | 53.9% | 17,186,640 | 26.85% | 17,456,271 |
| Local Government Division | 60.0% | 1,929,127 | 17.68% | 1,948,504 |
| Judicial Division | 63.7% | 128,738 | 29.75% | 130,583 |
| Denver Public Schools Division | 75.0% | 978,160 | 19.12% | 970,707 |
| Total Defined Benefit Plans[1] | | 31,648,288 | | 32,124,527 |
| Health Care | 15.0% | 1,623,447 | 1.26% | 1,623,274 |
| Denver Public Schools Health Care | 15.6% | 75,506 | 0.99% | 74,654 |
| Total Other Postemployment Benefit Plans[1] | | 1,698,953 | | 1,697,928 |
| **Total[1]** | | **$33,347,241** | | **$33,822,455** |

[1] The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

*(In Thousands of Dollars)*

**Investment return assumption (discount rate) equal to 7.5 percent.**

| | ACTUARIAL VALUE OF ASSETS | | | MARKET VALUE OF ASSETS |
|---|---|---|---|---|
| TRUST FUND | FUNDED RATIO | UAAL | ARC | UAAL |
| State Division | 59.3% | $8,738,253 | 20.37% | $9,015,559 |
| School Division | 61.1% | 12,889,617 | 20.49% | 13,293,035 |
| Local Government Division | 68.6% | 1,336,303 | 12.26% | 1,374,781 |
| Judicial Division | 71.1% | 92,287 | 22.79% | 95,619 |
| Denver Public Schools Division | 84.2% | 555,767 | 12.60% | 568,243 |
| Total Defined Benefit Plans[1] | | 23,612,227 | | 24,347,237 |
| Health Care | 16.7% | 1,436,808 | 1.20% | 1,438,432 |
| Denver Public Schools Health Care | 17.1% | 67,838 | 0.93% | 67,084 |
| Total Other Postemployment Benefit Plans[1] | | 1,504,646 | | 1,505,516 |
| **Total[1]** | | $25,116,873 | | $25,852,753 |

[1] The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

**Current investment return assumption (discount rate) equal to 8.0 percent.**

| | ACTUARIAL VALUE OF ASSETS | | | MARKET VALUE OF ASSETS |
|---|---|---|---|---|
| TRUST FUND | FUNDED RATIO | UAAL | ARC | UAAL |
| State Division | **62.8%** | **$7,564,230** | **17.77%** | **$7,883,769** |
| School Division | **64.8%** | **11,018,018** | **17.60%** | **11,488,329** |
| Local Government Division | **73.0%** | **1,079,521** | **9.79%** | **1,127,550** |
| Judicial Division | **75.0%** | **76,025** | **19.53%** | **80,101** |
| Denver Public Schools Division | **88.9%** | **371,094** | **9.60%** | **392,723** |
| Total Defined Benefit Plans[1] | | **20,108,888** | | **20,972,472** |
| Health Care | **17.5%** | **1,354,800** | **1.18%** | **1,357,322** |
| Denver Public Schools Health Care | **17.9%** | **64,427** | **0.92%** | **63,723** |
| Total Other Postemployment Benefit Plans[1] | | **1,419,227** | | **1,421,045** |
| **Total[1]** | | **$21,528,115** | | **$22,393,517** |

[1] The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

**Investment return assumption (discount rate) equal to 8.5 percent.**

| | ACTUARIAL VALUE OF ASSETS | | | MARKET VALUE OF ASSETS |
|---|---|---|---|---|
| TRUST FUND | FUNDED RATIO | UAAL | ARC | UAAL |
| State Division | 66.4% | $6,487,071 | 15.27% | $6,848,844 |
| School Division | 68.7% | 9,303,996 | 14.86% | 9,841,201 |
| Local Government Division | 77.6% | 845,238 | 7.43% | 902,818 |
| Judicial Division | 79.0% | 60,917 | 16.41% | 65,736 |
| Denver Public Schools Division | 93.7% | 199,468 | 6.69% | 231,873 |
| Total Defined Benefit Plans[1] | | 16,896,690 | | 17,890,472 |
| Health Care | 18.4% | 1,279,278 | 1.15% | 1,282,699 |
| Denver Public Schools Health Care | 18.7% | 61,261 | 0.90% | 60,606 |
| Total Other Postemployment Benefit Plans[1] | | 1,340,539 | | 1,343,305 |
| **Total[1]** | | $18,237,229 | | $19,233,777 |

[1] The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

## Management's Discussion and Analysis (Unaudited)

*(In Thousands of Dollars)*

**Investment return assumption (discount rate) equal to 9.5 percent.**

| | ACTUARIAL VALUE OF ASSETS | | | MARKET VALUE OF ASSETS |
|---|---|---|---|---|
| TRUST FUND | FUNDED RATIO | UAAL/(OAAL) | ARC | UAAL/(OAAL) |
| State Division | 73.8% | $4,583,567 | 10.52% | $5,029,806 |
| School Division | 76.6% | 6,282,838 | 9.71% | 6,953,830 |
| Local Government Division | 87.2% | 434,518 | 3.01% | 511,200 |
| Judicial Division | 87.2% | 33,757 | 10.44% | 40,064 |
| Denver Public Schools Division | 103.6% | (104,257) | 1.17% | (51,923) |
| Total Defined Benefit Plans[1] | | 11,230,423 | | 12,482,977 |
| Health Care | 20.3% | 1,145,097 | 1.12% | 1,150,315 |
| Denver Public Schools Health Care | 20.4% | 55,575 | 0.88% | 55,019 |
| Total Other Postemployment Benefit Plans[1] | | 1,200,672 | | 1,205,334 |
| **Total[1]** | | **$12,431,095** | | **$13,688,311** |

[1] The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

Note: The net-of-fees annualized rate of return for the pooled investment assets was 4.7 percent for the past five years and 4.6 percent for the past 10 years. The 25-year annualized gross-of-fees rate of return for the pooled investment assets was 9.0 percent.

**Current Year Actuarial Gains/(Losses)**—To better understand why the UAAL changed for the year, a summary of the gains and losses in the actuarial liability for 2010 are shown in the table below by fund (amounts are in millions of dollars). Actuarial gains and losses are amortized over 30 years using an open amortization period as specified by GASB. Typically, a valuation report should provide a gain/loss analysis that identifies the magnitude of actuarial gains and losses, based on variations between actual and assumed experience. A gain or loss occurs when the actual amount paid differs from the previous valuation. As this is the first valuation of the DPS HCTF, next year's report will provide the first opportunity for a gain/loss evaluation.

| AMOUNTS IN MILLIONS OF DOLLARS | STATE | SCHOOL | LOCAL GOVERNMENT | JUDICIAL | DENVER PUBLIC SCHOOLS | HCTF |
|---|---|---|---|---|---|---|
| From differences between assumed and actual experience on liabilities | | | | | | |
| Age and service retirements[1] | $0.4 | ($3.7) | ($6.9) | $– | $6.0 | ($0.3) |
| Disability retirements[2] | 3.9 | 4.2 | 0.8 | 0.2 | – | 0.3 |
| Deaths[3] | (6.7) | (47.4) | (1.5) | (0.8) | (3.3) | (1.7) |
| Withdrawals[4] | (2.5) | (4.6) | (6.1) | (0.3) | (2.8) | (0.4) |
| New members[5] | (54.4) | (67.4) | (10.7) | (0.8) | (6.4) | (4.0) |
| Pay increases[6] | 287.7 | 303.1 | 64.2 | 6.4 | 65.7 | – |
| Other[7] | 20.1 | 15.8 | (7.2) | 4.6 | 196.9[10] | 103.3 |
| Subtotal | 248.5 | 200.0 | 32.6 | 9.3 | 256.1 | 97.2 |
| From differences between assumed and actual experience on assets | (951.3) | (1,472.5) | (190.7) | (15.1) | (176.9) | (16.7) |
| From change in plan assumptions[8] | – | – | – | – | – | 112.4 |
| From change in plan provisions[9] | – | – | – | – | – | – |
| **Total actuarial gains/(losses) on 2010 activities** | **($702.8)** | **($1,272.5)** | **($158.1)** | **($5.8)** | **$79.2** | **$192.9** |
| **Total actuarial gains/(losses) on 2009 activities** | **$388.8** | **$445.9** | **$23.6** | **($6.6)** | **$–** | **($366.4)** |

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

[2] *Disability retirements:* If disability claims are lower than assumed, there is a gain.

[3] *Deaths:* If survivor claims are higher than assumed or if retirees die later than assumed, there is a loss.

[4] *Withdrawals:* If fewer actuarial liabilities are released by terminations than assumed, there is a loss.

[5] *New members:* If the number of new members entering the plan is lower than assumed, or if they have prior service, there is a loss.

[6] *Pay increases:* If there are fewer salary increases than assumed, there is a gain.

[7] *Other:* Miscellaneous gains and losses resulting from changes in actuary's valuation software, data adjustments, timing of financial transactions, etc.

[8] *Change in plan assumptions:* The plan assumptions were updated in 2009 and 2010 as described in the Notes to the Required Supplemental Information on pages 85-87.

[9] *Change in plan provisions:* The plan provisions changed in 2009 related to changes from SB 10-001 which are described in the Notes to the Required Supplemental Information on page 85.

[10] The primary difference was due to a change in the method used to smooth investment gains and losses that had been used by DPSRS to make values comparable to other Division Trust Funds.

*(In Thousands of Dollars)*

### Actuarial Trend Information

**Funded Ratio—**The funded ratio for the plan is determined by dividing the actuarial value of assets by the actuarial accrued liability. The actuarial value of assets is not the current market value but a market-related value, as mandated by GASB, which smoothes changes in the market value over four years. The actuarial value of the assets as of December 31, 2010, was $39.5 billion compared to a market value of assets of $38.7 billion, and to the actuarial accrued liability of $61.1 billion. The funded ratio for each of the funds, based on the actuarial value of assets, at December 31 for each of the last five years is shown below.

| TRUST FUND | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| State Division | 73.0% | 73.3% | 67.9% | 67.0% | **62.8%** |
| School Division | 74.1% | 75.5% | 70.1% | 69.2% | **64.8%** |
| Local Government Division | 79.5% | 81.2% | 76.4% | 76.2% | **73.0%** |
| Judicial Division | 85.1% | 87.5% | 80.2% | 77.3% | **75.0%** |
| Denver Public Schools Division | – | – | – | – | **88.9%** |
| Total Defined Benefit Plans[1] | 74.1% | 75.1% | 69.8% | 68.9% | **66.1%** |
| Health Care | 17.2% | 19.9% | 18.7% | 14.8% | **17.5%** |
| Denver Public Schools Health Care | – | – | – | – | **17.9%** |
| Total Other Postemployment Benefit Plans[1] | 17.2% | 19.9% | 18.7% | 14.8% | **17.6%** |
| **Total all Funds[1]** | **72.7%** | **73.8%** | **68.5%** | **67.2%** | **64.7%** |

[1] The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

The Colorado PERA Board's Statement of Funding Policy dated November 16, 2007, is as follows:

> "To secure promised and mandated benefits, the funding goal of the Colorado Public Employees' Retirement Association's defined benefit and retiree health care plans is to maintain employer and member contributions into the trust funds sufficient to accumulate assets over a member's term of employment to fully finance the benefits members receive throughout retirement by achieving and maintaining a minimum 100 percent funded ratio of assets to accrued actuarial liabilities. The Board's minimum 100 percent funded ratio goal over time avoids externalizing the costs of amortizing unfunded accrued liabilities onto others in the future, and provides for fairness and intergenerational equity for taxpayers, employers and employees with respect to the costs of providing benefits."

The funded ratios listed above give an indication of how well this objective has been met to date. A larger funded ratio indicates that a plan is better funded. As an example, for every $1.00 of the actuarially determined benefits earned for the State Division Trust Fund as of December 31, 2010, approximately $0.63 of assets are available for payment based on the actuarial value of assets. These benefits earned will be payable over the life span of members after their retirement.

## Management's Discussion and Analysis (Unaudited)

*(In Thousands of Dollars)*

At December 31, 2010, and December 31, 2009, Colorado PERA had the following funded status for all of its Division Trust Funds and the HCTFs.

| | MARKET VALUE OF ASSETS | | ACTUARIAL VALUE OF ASSETS | |
|---|---|---|---|---|
| | 12/31/2009 | 12/31/2010 | 12/31/2009 | 12/31/2010 |
| **STATE DIVISION TRUST FUND[1]** | | | | |
| Actuarial accrued liability | $20.0 billion | **$20.4 billion** | $20.0 billion | **$20.4 billion** |
| Assets held to pay those liabilities[2] | 11.6 billion | **12.5 billion** | 13.4 billion | **12.8 billion** |
| Unfunded actuarial accrued liability | 8.4 billion | **7.9 billion** | 6.6 billion | **7.6 billion** |
| Funded Ratio | 58.1% | **61.3%** | 67.0% | **62.8%** |
| **SCHOOL DIVISION TRUST FUND[1]** | | | | |
| Actuarial accrued liability | $30.4 billion | **$31.3 billion** | $30.4 billion | **$31.3 billion** |
| Assets held to pay those liabilities[2] | 18.3 billion | **19.9 billion** | 21.1 billion | **20.3 billion** |
| Unfunded actuarial accrued liability | 12.1 billion | **11.5 billion** | 9.4 billion | **11.0 billion** |
| Funded Ratio | 60.1% | **63.3%** | 69.2% | **64.8%** |
| **LOCAL GOVERNMENT DIVISION TRUST FUND[1]** | | | | |
| Actuarial accrued liability | $3.9 billion | **$4.0 billion** | $3.9 billion | **$4.0 billion** |
| Assets held to pay those liabilities[2] | 2.6 billion | **2.9 billion** | 2.9 billion | **2.9 billion** |
| Unfunded actuarial accrued liability | 1.3 billion | **1.1 billion** | 0.9 billion | **1.1 billion** |
| Funded Ratio | 66.8% | **71.9%** | 76.2% | **73.0%** |
| **JUDICIAL DIVISION TRUST FUND[1]** | | | | |
| Actuarial accrued liability | $296 million | **$304 million** | $296 million | **$304 million** |
| Assets held to pay those liabilities[2] | 200 million | **224 million** | 229 million | **228 million** |
| Unfunded actuarial accrued liability | 95 million | **80 million** | 67 million | **76 million** |
| Funded Ratio | 67.7% | **73.6%** | 77.3% | **75.0%** |
| **DENVER PUBLIC SCHOOLS DIVISION TRUST FUND[1]** | | | | |
| Actuarial accrued liability | | **$3.3 billion** | | **$3.3 billion** |
| Assets held to pay those liabilities[2] | | **2.9 billion** | | **3.0 billion** |
| Unfunded actuarial accrued liability | | **0.4 billion** | | **0.4 billion** |
| Funded Ratio | | **88.2%** | | **88.9%** |
| **HEALTH CARE TRUST FUND[1]** | | | | |
| Actuarial accrued liability | $1.8 billion | **$1.6 billion** | $1.8 billion | **$1.6 billion** |
| Assets held to pay those liabilities[2] | 0.2 billion | **0.3 billion** | 0.3 billion | **0.3 billion** |
| Unfunded actuarial accrued liability | 1.5 billion | **1.3 billion** | 1.5 billion | **1.4 billion** |
| Funded Ratio | 12.9% | **17.4%** | 14.8% | **17.5%** |
| **DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND[1]** | | | | |
| Actuarial accrued liability | | **$79 million** | | **$79 million** |
| Assets held to pay those liabilities[2] | | **15 million** | | **15 million** |
| Unfunded actuarial accrued liability | | **64 million** | | **64 million** |
| Funded Ratio | | **18.8%** | | **17.9%** |
| **ALL DIVISION TRUST FUNDS, HCTF, AND DPS HCTF[1,3]** | | | | |
| Actuarial accrued liability | $56.3 billion | **$61.1 billion** | $56.3 billion | **$61.1 billion** |
| Assets held to pay those liabilities[2,4] | 32.9 billion | **38.7 billion** | 37.9 billion | **39.5 billion** |
| Unfunded actuarial accrued liability | 23.4 billion | **22.4 billion** | 18.4 billion | **21.5 billion** |
| Funded Ratio | 58.4% | **63.3%** | 67.2% | **64.7%** |

[1] The above funded status is based upon an assumed rate of return on investments of 8.0 percent and an assumed rate of 8.0 percent to discount the liabilities to be paid in the future to a value as of December 31, 2009, and 2010.

[2] The market value of assets is the fair value of the investments. The actuarial value of assets calculates the value of the assets by spreading any market gains or losses above or below the assumed rate of return over four years.

[3] The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

[4] In aggregate, the market value of the assets as of December 31, 2010, is $38.7 billion or $0.9 billion less than the value of assets calculated by the actuaries, as they are recognizing the gains and losses in value over four years, rather than in the year they occurred. The remaining gains and (losses) to be smoothed for 2008 are ($3.8) billion, for 2009 are $1.4 billion, and for 2010 are $1.5 billion.

**Unfunded Actuarial Accrued Liabilities—**The table below identifies the components that contributed to the growth in the underfunded status of the Defined Benefit Trust Funds for the period 2006 to 2010. There are many factors that contribute to this complex issue and this table is included to provide a better understanding.

**Defined Benefit Pension Trust Funds Changes in Unfunded Actuarial Accrued Liabilities**
*(Amounts in Millions of Dollars)*

| | 2006 | 2007 | 2008 | 2009 | 2010[1] | 2006–2010 |
|---|---|---|---|---|---|---|
| UAAL beginning of year | ($12,479.1) | ($12,803.6) | ($13,043.6) | ($16,813.0) | **($16,937.6)** | ($12,479.1) |
| **Experience Gains and Losses** | | | | | | |
| Age and service retirements | (60.7) | (56.9) | (47.1) | (18.7) | **(4.2)** | (187.6) |
| Disability retirements | 24.3 | 26.6 | 29.1 | 31.2 | **9.1** | 120.3 |
| Deaths | 0.3 | 9.4 | (79.1) | (91.2) | **(59.7)** | (220.3) |
| Withdrawal from employment | (88.9) | (107.7) | (113.0) | (139.7) | **(16.3)** | (465.6) |
| New members | (136.2) | (113.5) | (100.6) | (105.5) | **(139.7)** | (595.5) |
| Pay increases | 59.6 | (221.3) | (147.9) | 407.1 | **727.1** | 824.6 |
| Investment income | 682.7 | 833.3 | (2,632.8) | (2,908.6) | **(2,806.5)** | (6,831.9) |
| Other | 46.3 | 157.6 | (97.1) | (368.6) | **230.2** | (31.6) |
| Experience gain/(loss) during year | 527.4 | 527.5 | (3,188.5) | (3,194.0) | **(2,060.0)** | (7,387.6) |
| **Non-recurring Items** | | | | | | |
| DPSRS UAAL transfer[1] | – | – | – | – | **(386.8)** | (386.8) |
| Effect of changes in plan provisions | – | – | 131.4 | 8,873.2 | **–** | 9,004.6 |
| Actuarial assumption changes | – | – | – | (4,827.5) | **–** | (4,827.5) |
| Non-recurring items | – | – | 131.4 | 4,045.7 | **(386.8)** | 3,790.3 |
| **30-year amortization contribution deficiency** | (380.6) | (461.2) | (377.1) | (313.2) | **(468.6)** | (2,000.7) |
| **Expected change in UAAL with 30-year amortization or less** | (471.3) | (306.3) | (335.2) | (663.1) | **(255.8)** | (2,031.7) |
| Total gain/(loss) for year | (324.5) | (240.0) | (3,769.4) | (124.6) | **(3,171.2)** | (7,629.7) |
| **UAAL end of year** | **($12,803.6)** | **($13,043.6)** | **($16,813.0)** | **($16,937.6)** | **($20,108.8)** | **($20,108.8)** |

[1] The Denver Public Schools Division Trust Fund was merged effective January 1, 2010.

The previous schedule shows where losses and gains occurred over the five-year period compared to what was expected or assumed. These include the following significant gains and losses:

- $9.0 billion gain from plan provision changes which primarily are the result of SB 10-001.
- $6.8 billion loss due to investment income.
- $2.0 billion loss from contribution deficiencies from the required amortization period of 30 years. (The contribution deficiency is created when the actual contributions flowing into the plans are less than the annual required contribution calculated for accounting purposes.)
- $2.0 billion loss which is the difference between last year's UAAL and the expected UAAL using the normal cost earned, less the required employer contributions all of which is adjusted for interest.

**Initiatives to Improve Funding—**In 2003, the Board sought legislation which would stabilize the contribution rates and allow for increases or decreases in the rates when certain funding thresholds were reached. This legislation passed, but was ultimately vetoed by then Governor Owens.

In 2004, the Board again sought legislation to improve funding, revise benefits, and move the funds back toward achieving the then 40-year amortization period goal. The Board supported major legislation (Senate Bill 04-132 and Senate Bill 04-257) that would help to address Colorado PERA's funding needs in a cost-effective and equitable manner. Both pieces of legislation were enacted into law.

In 2005, Senate Bill 05-73 provided for an employer AED contribution for Colorado PERA retirees who return to work after retirement.

In 2006, Senate Bill 06-235 improved funding, revised benefits, made changes to Board governance, and expanded retirement plan choice to institutions of higher education.

In 2007, House Bill 07-1377 repealed a provision of SB 06-235 that would have expanded retirement plan choice to eligible new employees of higher educational institutions. The legislation was amended in the House to allow new employees of community colleges the ability to choose between the Colorado PERA defined benefit program and the Colorado PERA defined contribution program.

## Management's Discussion and Analysis (Unaudited)

*(In Thousands of Dollars)*

The Board has also acted to address funding concerns by raising the cost to purchase service credit effective November 1, 2003, and raising it again effective November 1, 2005, to the full actuarial cost based on the current assumed rate of return.

At the November 2008 Board meeting, the Board approved a new interest rate credit policy allowing the Board to modify the calculated member credit interest rate, reducing it up to 2 percent in whole numbers at their discretion in any future year where the year-to-date investment returns experienced by Colorado PERA are negative after three quarters. The interest rate was then set to 3 percent in 2009, a decrease from the rate of 5 percent set in 2008. This rate is used in calculating interest on refunds and in determining the money purchase formula benefit in the Division Trust Funds. For more information on benefit provisions, refer to Note 1 of the Financial Statements on pages 55–61.

The combination of the dramatic losses due to the financial markets along with the cumulative effect of contribution shortfalls in the last six years and the benefit enhancements in the 1990's brought into question the long-term sustainability of the Division Trust Funds. At the end of 2008, the Board began studying revisions to the funds' plans to analyze changes, which could lead the funds back on a path to long-term sustainability. After completing their analysis, the Board put together a recommendation that ultimately led to the creation of SB 10-001. The changes are substantive and affect employers, active and inactive members, and retirees. The entire bill can be found online at http://www.leg.state.co.us.

**Service Purchases—**For the year ended December 31, 2010, the Division Trust Funds had purchased service of $31 million, which compares to purchased service of $23 million in 2009. The increase was due to more service being purchased by the membership in 2010.

**Refunds—**For the year ended December 31, 2010, Division Trust Funds had refunds of $174 million, which compares to $149 million in 2009. The increase was due to a 5 percent increase in refund volume with the remainder of the increase being caused by a larger average dollar refund being taken in 2010.

**Administrative Expenses—**For the year ended December 31, 2010, Colorado PERA had administrative expenses of $50 million, which compares to $42 million in 2009. The two primary reasons for the increase were the transferring of all DPSRS staff and expenses to Colorado PERA, and increased legal expenses. Additionally, a new method of allocation between the funds was used after a review of the allocation of expenses to each fund.

**Other Deductions—**For the year ended December 31, 2010, Colorado PERA had other deductions of $12 million, which compares to $9 million in 2009. The increase was due to more monies being transferred to the Health Care Trust Fund as a result of purchased service at retirement. For more detail on other additions and deductions, see the Supplementary Schedules on page 90 of the Financial Section.

### Other Changes

**Voluntary Investment Program—**The securities lending collateral and obligation decreased from $23.5 million in 2009 to $15.5 million in 2010 as borrower demand for the specific securities held within the 401(k) Growth and Income portfolio was lower as of December 31, 2010, than as of December 31, 2009. Additionally, net securities lending income/(loss) improved from a loss of $80 to a gain of $224 primarily from appreciation in the fair value of the securities lending collateral.

Total employer contributions to the fund increased from $3.4 million in 2009 to $3.8 million in 2010. This change came from an increase in employers' discretionary employer contributions into the 401(k) Plan. The Voluntary Investment Program grew by $18 million in 2009 with the transfer of the employer match money from the State 457 Plan and money previously rolled into the State DC Plan was transferred over to the Voluntary Investment Program on July 1, 2009. No similar transfers were completed in 2010.

Refunds from the plan increased from $75 million in 2009 to $102 million in 2010 in part from the increased use of refunds for purchased service and the increased value of accounts. The historical trend analysis for this fund is shown on page 156 of the Statistical Section.

**Defined Contribution Retirement Plan—**Total member contributions increased from $4.7 million in 2009 to $6.9 million in 2010. These increases were due to a growth in membership from 3,039 contributing members at the end of 2009 to 3,479 participants at the end of 2010 and due to the enactment of Senate Bill 10-146 which required that member contributions increase and employer contributions decrease by 2.50 percent. The historical trend analysis for this fund is shown on page 157 of the Statistical Section.

Effective July 1, 2009, assets and participating members grew due to changes made with Senate Bill 09-66, which consolidated the State DC Plan under Colorado PERA. The State DC Plan was administered by three providers: Great-West Life & Annuity Insurance Company, The Hartford and ICMA-RC. All members' assets ($18.4 million) held at these three providers were transferred over to similar investments in the DC Retirement Plan. No similar transfers were completed in 2010.

**Deferred Compensation Plan—**The Colorado PERA Deferred Compensation Plan was established July 1, 2009, as a continuation of the State's Deferred Compensation Plan (457 Plan). At that time, the administrative functions were transferred from the State of Colorado to Colorado PERA pursuant to Senate Bill 09-66, which required that the Colorado PERA Board assume the administration of and fiduciary responsibility for the 457 Plan. All 457 Plan investments remained unchanged from the State of Colorado's Deferred Compensation Plan investments. The Colorado PERA Board has the authority to administer and amend the 457 Plan pursuant to C.R.S. § 24-51-1601. The complete provisions of the 457 Plan are incorporated into the PERA Deferred Compensation Plan Document. On July 1, 2009, $337 million was transferred into the 457 Plan.

As of December 31, 2009, there were 18,007 participants with balances, including 9,057 actively contributing. For the last six months of 2009, the 457 Plan received $23.9 million in member contributions and earned $40 million in investment income. During the last six months of 2009, the 457 Plan had a total of 360 terminated participants take full distributions, which amounted to $8.7 million.

As of December 31, 2010, there were 18,215 participants with balances, including 9,916 actively contributing. For 2010, the 457 Plan received $44.2 million in member contributions and earned $42.2 million in investment income. During 2010, the 457 Plan had a total 958 terminated participants take full distributions, which amounted to $20.9 million.

**Health Care Trust Fund—**The Health Care Trust Funds' federal health care subsidies increased from $13,633 in 2009 to $25,751 primarily due to income from the Early Retiree Reinsurance Program (ERRP). The Patient Protection and Affordable Care Act (PPACA) of 2010 established the ERRP for plans offering health care coverage to early retirees (those aged 55 through 64). This program provides sponsors of postemployment health care plans for early retirees the opportunity to receive a payment for amounts paid to treat certain chronic and high-cost conditions. For the year ended December 31, 2010, the HCTF received $11,582 in ERRP income.

Other additions to the HCTF increased from $12,721 in 2009 to $16,035 in 2010. The increase was due to more purchased service monies being transferred to the Health Care Trust Fund from the Division Trust Funds at retirement.

**GASB Pension Project—**In June 2010, GASB published its Preliminary Views on Pension Accounting and Financial Reporting by Employers. A Preliminary Views document presents the GASB Board's current views at a relatively early stage of a project. This Preliminary Views sets forth the current views on issues related to pension accounting and financial reporting by employers. Guidance proposed in the Preliminary Views may be modified before it is issued as an Exposure Draft and prior to the final issuance of the accounting standard. An Exposure Draft is currently planned for 2011 and the final standard is currently planned for 2012.

## Management's Discussion and Analysis (Unaudited)

*(In Thousands of Dollars)*

### Comparative Financial Information

#### Defined Benefit Pension Trust Funds

The five defined benefit funds provide retirement, survivor, and disability benefits to the employees of affiliated State, School, Local Government, and Judicial employers. The Denver Public Schools Division was established on January 1, 2010, and received the net assets from the Denver Public Schools Retirement System, as required by SB 09-282. Benefits are funded by member and employer contributions and by earnings on investments.

#### Defined Benefit Pension Trust Funds Fiduciary Net Assets

| ASSETS | DECEMBER 31, 2010 | DECEMBER 31, 2009 | % CHANGE |
|---|---|---|---|
| Cash and short-term investments | **$741,003** | $802,509 | (7.7%) |
| Securities lending collateral | **2,814,560** | 2,038,834 | 38.0% |
| Receivables | **203,042** | 210,132 | (3.4%) |
| Investments, at fair value | **37,561,636** | 31,975,146 | 17.5% |
| Capital assets, net of accumulated depreciation | **21,095** | 19,216 | 9.8% |
| **Total assets** | **41,341,336** | 35,045,837 | 18.0% |
| LIABILITIES | | | |
| Security lending obligations | **2,819,265** | 2,047,014 | 37.7% |
| Investment settlements and other liabilities | **116,370** | 309,622 | (62.4%) |
| **Total liabilities** | **2,935,635** | 2,356,636 | 24.6% |
| **Net assets available for benefits** | **$38,405,701** | **$32,689,201** | **17.5%** |

#### Defined Benefit Pension Trust Funds Changes in Fiduciary Net Assets

| ADDITIONS | DECEMBER 31, 2010 | DECEMBER 31, 2009 | % CHANGE |
|---|---|---|---|
| Employer contributions | **$908,330** | $867,728 | 4.7% |
| Member contributions | **636,703** | 569,338 | 11.8% |
| Plan transfer | **2,750,566** | – | 100.0% |
| Purchased service | **31,428** | 23,439 | 34.1% |
| Investment income | **4,773,168** | 4,895,695 | (2.5%) |
| Other | **40** | 17 | 135.3% |
| **Total additions** | **9,100,235** | 6,356,217 | 43.2% |
| DEDUCTIONS | | | |
| Benefit payments | **3,161,774** | 2,800,087 | 12.9% |
| Refunds | **173,931** | 149,004 | 16.7% |
| Disability insurance premiums | **5,296** | 5,812 | (8.9%) |
| Administrative expenses | **31,266** | 24,137 | 29.5% |
| Other | **11,468** | 8,561 | 34.0% |
| **Total deductions** | **3,383,735** | 2,987,601 | 13.3% |
| **Changes in net assets available for benefits** | **5,716,500** | 3,368,616 | 69.7% |
| **Net assets available for benefits** | | | |
| **Beginning of year** | **32,689,201** | 29,320,585 | 11.5% |
| **End of year** | **$38,405,701** | **$32,689,201** | **17.5%** |

*(In Thousands of Dollars)*

### Defined Contribution Pension Trust Funds

Colorado PERA administers three defined contribution pension trust funds. The Voluntary Investment Program and the Deferred Compensation Plan provide retirement benefits to members of the Defined Benefit Pension Trust Funds who have voluntarily made contributions during their employment. The Defined Contribution Retirement Plan provides retirement benefits to eligible State of Colorado choice members who have selected the Colorado PERA DC plan as their retirement plan.

### Defined Contribution Pension Trust Funds Fiduciary Net Assets

| ASSETS | DECEMBER 31, 2010 | DECEMBER 31, 2009 | % CHANGE |
|---|---|---|---|
| Cash and short-term investments | **$149,066** | $162,267 | (8.1%) |
| Securities lending collateral | **15,583** | 23,587 | (33.9%) |
| Receivables | **69,421** | 64,867 | 7.0% |
| Investments, at fair value | **2,200,364** | 1,882,366 | 16.9% |
| Total assets | **2,434,434** | 2,133,087 | 14.1% |
| LIABILITIES | | | |
| Security lending obligations | **15,724** | 23,911 | (34.2%) |
| Investment settlements and other liabilities | **4,120** | 3,488 | 18.1% |
| Total liabilities | **19,844** | 27,399 | (27.6%) |
| Net assets available for benefits | **$2,414,590** | $2,105,688 | 14.7% |

### Defined Contribution Pension Trust Funds Changes in Fiduciary Net Assets

| ADDITIONS | DECEMBER 31, 2010 | DECEMBER 31, 2009 | % CHANGE |
|---|---|---|---|
| Employer contributions | **$10,267** | $9,294 | 10.5% |
| Member contributions | **183,773** | 163,172 | 12.6% |
| Plan transfer | **35** | 373,236 | (100.0%) |
| Investment income | **242,251** | 336,532 | (28.0%) |
| Other | **4,649** | 5,488 | (15.3%) |
| Total additions | **440,975** | 887,722 | (50.3%) |
| DEDUCTIONS | | | |
| Refunds | **125,811** | 85,473 | 47.2% |
| Administrative expenses | **6,094** | 5,314 | 14.7% |
| Other | **168** | 50 | 236.0% |
| Total deductions | **132,073** | 90,837 | 45.4% |
| Changes in net assets available for benefits | **308,902** | 796,885 | (61.2%) |
| Net assets available for benefits | | | |
| Beginning of year | **2,105,688** | 1,308,803 | 60.9% |
| End of year | **$2,414,590** | $2,105,688 | 14.7% |

## Management's Discussion and Analysis (Unaudited)

*(In Thousands of Dollars)*

### Other Postemployment Benefit Funds

The HCTF and DPS HCTF provide a health care premium subsidy to participating PERA benefit recipients and their eligible beneficiaries who choose to enroll in the Program. The HCTF and DPS HCTF are funded by amounts contributed by employers during an employee's working life based on a percentage of pay and by earnings on investments. The Denver Public Schools Division Health Care Trust Fund was established on January 1, 2010, and received assets from the Denver Public Schools, as required by SB 09-282.

### Other Postemployment Benefit Funds Fiduciary Net Assets

| ASSETS | DECEMBER 31, 2010 | DECEMBER 31, 2009 | % CHANGE |
|---|---|---|---|
| Cash and short-term investments | **$6,124** | $6,275 | (2.4%) |
| Securities lending collateral | **23,261** | 15,941 | 45.9% |
| Receivables | **22,688** | 6,818 | 232.8% |
| Investments, at fair value | **310,433** | 250,003 | 24.2% |
| **Total assets** | **362,506** | 279,037 | 29.9% |
| **LIABILITIES** | | | |
| Securities lending obligations | **23,300** | 16,005 | 45.6% |
| Investment settlements and other liabilities | **38,745** | 34,854 | 11.2% |
| **Total liabilities** | **62,045** | 50,859 | 22.0% |
| **Net assets available for benefits** | **$300,461** | **$228,178** | **31.7%** |

### Other Postemployment Benefit Funds Changes in Fiduciary Net Assets

| ADDITIONS | DECEMBER 31, 2010 | DECEMBER 31, 2009 | % CHANGE |
|---|---|---|---|
| Employer contributions | **$78,809** | $74,073 | 6.4% |
| Plan transfer | **13,510** | – | 100.0% |
| Retiree health care premium payments | **114,905** | 106,903 | 7.5% |
| Federal health care subsidies | **27,003** | 13,633 | 98.1% |
| Investment income | **36,668** | 35,483 | 3.3% |
| Other | **16,144** | 12,721 | 26.9% |
| **Total additions** | **287,039** | 242,813 | 18.2% |
| **DEDUCTIONS** | | | |
| Benefit payments | **203,056** | 192,656 | 5.4% |
| Administrative expenses | **11,700** | 12,170 | (3.9%) |
| **Total deductions** | **214,756** | 204,826 | 4.8% |
| **Changes in net assets available for benefits** | **72,283** | 37,987 | 90.3% |
| **Net assets available for benefits** | | | |
| **Beginning of year** | **228,178** | 190,191 | 20.0% |
| **End of year** | **$300,461** | **$228,178** | **31.7%** |

*(In Thousands of Dollars)*

## Private Purpose Trust Fund

The Life Insurance Reserve (LIR) is an accumulation of dividends received from an insurance company as a return on the premiums paid by those members who have voluntarily enrolled in life insurance programs, adjusted for actual historical experience. The proceeds from the LIR received are used to pay the administrative costs of the plan.

### Life Insurance Reserve Fiduciary Net Assets

| ASSETS | DECEMBER 31, 2010 | DECEMBER 31, 2009 | % CHANGE |
|---|---|---|---|
| Cash and short-term investments | **$326** | $376 | (13.3%) |
| Securities lending collateral | **1,236** | 955 | 29.4% |
| Receivables | **48** | 55 | (12.7%) |
| Investments, at fair value | **16,501** | 14,972 | 10.2% |
| **Total assets** | **18,111** | 16,358 | 10.7% |
| **LIABILITIES** | | | |
| Securities lending obligations | **1,239** | 959 | 29.2% |
| Investment settlements and other liabilities | **1,839** | 1,526 | 20.5% |
| **Total liabilities** | **3,078** | 2,485 | 23.9% |
| **Net assets available for benefits** | **$15,033** | **$13,873** | **8.4%** |

### Life Insurance Reserve Changes in Fiduciary Net Assets

| ADDITIONS | DECEMBER 31, 2010 | DECEMBER 31, 2009 | % CHANGE |
|---|---|---|---|
| Investment income | **$2,280** | $2,496 | (8.7%) |
| **Total additions** | **2,280** | 2,496 | (8.7%) |
| **DEDUCTIONS** | | | |
| Life insurance claims | **545** | 575 | (5.2%) |
| Administrative expenses | **575** | 576 | (0.2%) |
| **Total deductions** | **1,120** | 1,151 | (2.7%) |
| **Changes in net assets available for benefits** | **1,160** | 1,345 | (13.8%) |
| **Net assets available for benefits** | | | |
| **Beginning of year** | **13,873** | 12,528 | 10.7% |
| **End of year** | **$15,033** | **$13,873** | **8.4%** |

## Statement of Fiduciary Net Assets

*As of December 31, 2010, With Comparative Combined Totals for 2009*
*(In Thousands of Dollars)*

| ASSETS | STATE DIVISION TRUST FUND | SCHOOL DIVISION TRUST FUND | LOCAL GOVERNMENT DIVISION TRUST FUND | JUDICIAL DIVISION TRUST FUND | DENVER PUBLIC SCHOOLS DIVISION TRUST FUND | TOTAL DEFINED BENEFIT PLANS |
|---|---|---|---|---|---|---|
| **Cash and short-term investments** | | | | | | |
| Cash and short-term investments | $240,671 | $383,556 | $55,678 | $4,305 | $56,793 | $741,003 |
| Securities lending collateral | 914,144 | 1,456,863 | 211,482 | 16,352 | 215,719 | 2,814,560 |
| **Total cash and short-term investments** | 1,154,815 | 1,840,419 | 267,160 | 20,657 | 272,512 | 3,555,563 |
| **Receivables** | | | | | | |
| Benefit | 43,697 | 38,268 | 5,194 | 1,375 | 3,984 | 92,518 |
| Interfund | 814 | 1,296 | 188 | 15 | 192 | 2,505 |
| Investment settlements and income | 35,083 | 55,912 | 8,117 | 628 | 8,279 | 108,019 |
| **Total receivables** | 79,594 | 95,476 | 13,499 | 2,018 | 12,455 | 203,042 |
| **Investments, at fair value:** | | | | | | |
| Fixed income | 2,820,321 | 4,494,722 | 652,467 | 50,451 | 665,536 | 8,683,497 |
| Global stocks | 7,141,221 | 11,380,901 | 1,652,085 | 127,744 | 1,685,177 | 21,987,128 |
| Alternative investments | 1,144,319 | 1,823,691 | 264,732 | 20,470 | 270,035 | 3,523,247 |
| Real estate investments | 927,121 | 1,477,545 | 214,484 | 16,585 | 218,781 | 2,854,516 |
| Opportunity fund | 166,698 | 265,666 | 38,565 | 2,982 | 39,337 | 513,248 |
| Self-directed brokerage | – | – | – | – | – | – |
| **Total investments, at fair value** | 12,199,680 | 19,442,525 | 2,822,333 | 218,232 | 2,878,866 | 37,561,636 |
| **Capital assets, at cost, net of accumulated depreciation of $22,947 and $21,611 at December 31, 2010, and 2009, respectively** | 6,238 | 11,866 | 1,563 | 43 | 1,385 | 21,095 |
| **Total assets** | 13,440,327 | 21,390,286 | 3,104,555 | 240,950 | 3,165,218 | 41,341,336 |
| **LIABILITIES** | | | | | | |
| Investment settlements and other liabilities | 37,550 | 60,711 | 9,215 | 681 | 8,213 | 116,370 |
| Securities lending obligations | 915,672 | 1,459,298 | 211,836 | 16,380 | 216,079 | 2,819,265 |
| Interfund | – | – | – | – | – | – |
| **Total liabilities** | 953,222 | 1,520,009 | 221,051 | 17,061 | 224,292 | 2,935,635 |
| **Commitments and contingencies (Note 7)** | | | | | | |
| **Net assets held in trust for pension plan benefits, other postemployment benefits, and Life Insurance Reserve participants** | **$12,487,105** | **$19,870,277** | **$2,883,504** | **$223,889** | **$2,940,926** | **$38,405,701** |
| **NET ASSETS HELD FOR:** | | | | | | |
| Defined benefit pension plan benefits | $12,487,105 | $19,870,277 | $2,883,504 | $223,889 | $2,940,926 | $38,405,701 |
| Defined contribution pension plan benefits | – | – | – | – | – | – |
| Other postemployment benefits | – | – | – | – | – | – |
| Private purpose trust fund participants | – | – | – | – | – | – |
| **Net assets held in trust for pension plan benefits, other postemployment benefits, and Life Insurance Reserve participants** | **$12,487,105** | **$19,870,277** | **$2,883,504** | **$223,889** | **$2,940,926** | **$38,405,701** |

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

## Statement of Fiduciary Net Assets

*As of December 31, 2010, With Comparative Combined Totals for 2009*
*(In Thousands of Dollars)*

| VOLUNTARY INVESTMENT PROGRAM | DEFINED CONTRIBUTION RETIREMENT PLAN | DEFERRED COMPENSATION PLAN | TOTAL PENSION TRUST FUNDS | HEALTH CARE TRUST FUND | DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND | LIFE INSURANCE RESERVE | COMBINED TOTALS 2010 | COMBINED TOTALS 2009 |
|---|---|---|---|---|---|---|---|---|
| $143,962 | $3,485 | $1,619 | $890,069 | $5,783 | $341 | $326 | **$896,519** | $971,427 |
| 15,541 | 42 | – | 2,830,143 | 21,967 | 1,294 | 1,236 | **2,854,640** | 2,079,317 |
| 159,503 | 3,527 | 1,619 | 3,720,212 | 27,750 | 1,635 | 1,562 | **3,751,159** | 3,050,744 |
| 62,280 | 49 | 6,681 | 161,528 | 18,263 | 1,219 | – | **181,010** | 164,639 |
| – | – | – | 2,505 | 2,313 | – | 1 | **4,819** | 1,202 |
| 410 | 1 | – | 108,430 | 843 | 50 | 47 | **109,370** | 116,031 |
| 62,690 | 50 | 6,681 | 272,463 | 21,419 | 1,269 | 48 | **295,199** | 281,872 |
| 388,863 | 14,289 | 215,270 | 9,301,919 | 67,774 | 3,992 | 3,815 | **9,377,500** | 7,976,010 |
| 1,310,565 | 35,628 | 230,656 | 23,563,977 | 171,607 | 10,108 | 9,659 | **23,755,351** | 20,606,417 |
| – | – | – | 3,523,247 | 27,499 | 1,620 | 1,548 | **3,553,914** | 3,123,429 |
| – | – | – | 2,854,516 | 22,279 | 1,312 | 1,254 | **2,879,361** | 1,975,466 |
| – | – | – | 513,248 | 4,006 | 236 | 225 | **517,715** | 438,041 |
| – | – | 5,093 | 5,093 | – | – | – | **5,093** | 3,124 |
| 1,699,428 | 49,917 | 451,019 | 39,762,000 | 293,165 | 17,268 | 16,501 | **40,088,934** | 34,122,487 |
| – | – | – | 21,095 | – | – | – | **21,095** | 19,216 |
| 1,921,621 | 53,494 | 459,319 | 43,775,770 | 342,334 | 20,172 | 18,111 | **44,156,387** | 37,474,319 |
| 1,301 | 43 | 249 | 117,963 | 34,660 | 1,793 | 1,839 | **156,255** | 348,288 |
| 15,681 | 43 | – | 2,834,989 | 22,004 | 1,296 | 1,239 | **2,859,528** | 2,087,889 |
| 2,314 | 24 | 189 | 2,527 | – | 2,292 | – | **4,819** | 1,202 |
| 19,296 | 110 | 438 | 2,955,479 | 56,664 | 5,381 | 3,078 | **3,020,602** | 2,437,379 |
| **$1,902,325** | **$53,384** | **$458,881** | **$40,820,291** | **$285,670** | **$14,791** | **$15,033** | **$41,135,785** | **$35,036,940** |
| $– | $– | $– | $38,405,701 | $– | $– | $– | **$38,405,701** | $32,689,201 |
| 1,902,325 | 53,384 | 458,881 | 2,414,590 | – | – | – | **2,414,590** | 2,105,688 |
| – | – | – | – | 285,670 | 14,791 | – | **300,461** | 228,178 |
| – | – | – | – | – | – | 15,033 | **15,033** | 13,873 |
| **$1,902,325** | **$53,384** | **$458,881** | **$40,820,291** | **$285,670** | **$14,791** | **$15,033** | **$41,135,785** | **$35,036,940** |

## Statement of Changes in Fiduciary Net Assets

*For the Year Ended December 31, 2010, With Comparative Combined Totals for 2009*
*(In Thousands of Dollars)*

| ADDITIONS | STATE DIVISION TRUST FUND | SCHOOL DIVISION TRUST FUND | LOCAL GOVERNMENT DIVISION TRUST FUND | JUDICIAL DIVISION TRUST FUND | DENVER PUBLIC SCHOOLS DIVISION TRUST FUND | TOTAL DEFINED BENEFIT PLANS |
|---|---|---|---|---|---|---|
| **Contributions** | | | | | | |
| Employers | $287,624 | $519,044 | $89,515 | $5,654 | $6,493 | $908,330 |
| Members | 223,240 | 316,446 | 56,728 | 3,465 | 36,824 | 636,703 |
| Plan transfer | – | – | – | – | 2,750,566 | 2,750,566 |
| Purchased service | 12,496 | 13,096 | 3,671 | 109 | 2,056 | 31,428 |
| Retiree health care and life premiums | – | – | – | – | – | – |
| Federal health care subsidies | – | – | – | – | – | – |
| **Total contributions** | 523,360 | 848,586 | 149,914 | 9,228 | 2,795,939 | 4,327,027 |
| **Investment income** | | | | | | |
| Net appreciation in fair value of investments | 1,297,753 | 2,064,238 | 297,955 | 22,936 | 306,694 | 3,989,576 |
| Interest | 111,972 | 177,687 | 25,431 | 1,957 | 26,504 | 343,551 |
| Dividends | 115,449 | 183,204 | 26,221 | 2,018 | 27,328 | 354,220 |
| Real estate, alternative investment, and opportunity fund net operating income | 73,216 | 116,186 | 16,629 | 1,279 | 17,332 | 224,642 |
| Less investment expense | (49,770) | (78,979) | (11,304) | (870) | (11,781) | (152,704) |
| **Net income from investing activities** | 1,548,620 | 2,462,336 | 354,932 | 27,320 | 366,077 | 4,759,285 |
| Securities lending income | 4,201 | 6,673 | 959 | 74 | 993 | 12,900 |
| Securities lending borrower rebates | 678 | 1,076 | 154 | 12 | 160 | 2,080 |
| Less securities lending agent fees | (357) | (568) | (81) | (6) | (85) | (1,097) |
| **Net income from securities lending** | 4,522 | 7,181 | 1,032 | 80 | 1,068 | 13,883 |
| **Net investment income** | 1,553,142 | 2,469,517 | 355,964 | 27,400 | 367,145 | 4,773,168 |
| **Other additions** | 1 | 25 | 9 | – | 5 | 40 |
| **Total additions** | 2,076,503 | 3,318,128 | 505,887 | 36,628 | 3,163,089 | 9,100,235 |
| **DEDUCTIONS** | | | | | | |
| **Benefits** | | | | | | |
| Benefits paid to retirees/cobeneficiaries | 1,109,458 | 1,629,557 | 163,832 | 15,043 | 214,284 | 3,132,174 |
| Benefits paid to survivors | 12,977 | 12,793 | 1,938 | 351 | 1,541 | 29,600 |
| Benefits paid to health care participants | – | – | – | – | – | – |
| **Total benefits** | 1,122,435 | 1,642,350 | 165,770 | 15,394 | 215,825 | 3,161,774 |
| Refunds of contribution accounts, including match and interest | 68,844 | 79,012 | 22,942 | 104 | 3,029 | 173,931 |
| Disability premiums and life insurance claims | 1,661 | 2,802 | 496 | 26 | 311 | 5,296 |
| Administrative expenses | 8,942 | 17,104 | 2,215 | 61 | 2,944 | 31,266 |
| Other deductions/(transfers) | (726) | 9,396 | 5,235 | (2,491) | 54 | 11,468 |
| **Total deductions** | 1,201,156 | 1,750,664 | 196,658 | 13,094 | 222,163 | 3,383,735 |
| **Net increase in assets available** | 875,347 | 1,567,464 | 309,229 | 23,534 | 2,940,926 | 5,716,500 |
| **Net assets held in trust for pension plan benefits, other postemployment benefits, and Life Insurance Reserve participants** | | | | | | |
| **Beginning of year** | 11,611,758 | 18,302,813 | 2,574,275 | 200,355 | – | 32,689,201 |
| **End of year** | **$12,487,105** | **$19,870,277** | **$2,883,504** | **$223,889** | **$2,940,926** | **$38,405,701** |

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

## Statement of Changes in Fiduciary Net Assets

*For the Year Ended December 31, 2010, With Comparative Combined Totals for 2009*
*(In Thousands of Dollars)*

| VOLUNTARY INVESTMENT PROGRAM | DEFINED CONTRIBUTION RETIREMENT PLAN | DEFERRED COMPENSATION PLAN | TOTAL PENSION TRUST FUNDS | HEALTH CARE TRUST FUND | DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND | LIFE INSURANCE RESERVE | COMBINED TOTALS 2010 | COMBINED TOTALS 2009 |
|---|---|---|---|---|---|---|---|---|
| $3,827 | $6,428 | $12 | $918,597 | $74,047 | $4,762 | $– | **$997,406** | $951,095 |
| 132,674 | 6,896 | 44,203 | 820,476 | – | – | – | **820,476** | 732,510 |
| – | 11 | 24 | 2,750,601 | – | 13,510 | – | **2,764,111** | 373,236 |
| – | – | – | 31,428 | – | – | – | **31,428** | 23,439 |
| – | – | – | – | 110,158 | 4,747 | – | **114,905** | 106,903 |
| – | – | – | – | 25,751 | 1,252 | – | **27,003** | 13,633 |
| 136,501 | 13,335 | 44,239 | 4,521,102 | 209,956 | 24,271 | – | **4,755,329** | 2,200,816 |
| 166,421 | 4,758 | 31,969 | 4,192,724 | 29,101 | 1,673 | 1,731 | **4,225,229** | 4,501,216 |
| 8,742 | 216 | 7,792 | 360,301 | 2,444 | 140 | 148 | **363,033** | 342,608 |
| 19,119 | 545 | 2,471 | 376,355 | 2,520 | 144 | 363 | **379,382** | 357,557 |
| – | – | – | 224,642 | 1,598 | 91 | 97 | **226,428** | 158,338 |
| (6) | – | – | (152,710) | (1,086) | (62) | (66) | **(153,924)** | (118,732) |
| 194,276 | 5,519 | 42,232 | 5,001,312 | 34,577 | 1,986 | 2,273 | **5,040,148** | 5,240,987 |
| 242 | – | – | 13,142 | 93 | 5 | 6 | **13,246** | 26,545 |
| (15) | – | – | 2,065 | 14 | 1 | 1 | **2,081** | 4,365 |
| (3) | – | – | (1,100) | (8) | – | – | **(1,108)** | (1,691) |
| 224 | – | – | 14,107 | 99 | 6 | 7 | **14,219** | 29,219 |
| 194,500 | 5,519 | 42,232 | 5,015,419 | 34,676 | 1,992 | 2,280 | **5,054,367** | 5,270,206 |
| 3,697 | 35 | 917 | 4,689 | 16,035 | 109 | – | **20,833** | 18,226 |
| 334,698 | 18,889 | 87,388 | 9,541,210 | 260,667 | 26,372 | 2,280 | **9,830,529** | 7,489,248 |
| – | – | – | 3,132,174 | – | – | – | **3,132,174** | 2,771,829 |
| – | – | – | 29,600 | – | – | – | **29,600** | 28,258 |
| – | – | – | – | 192,044 | 11,012 | – | **203,056** | 192,656 |
| – | – | – | 3,161,774 | 192,044 | 11,012 | – | **3,364,830** | 2,992,743 |
| 102,056 | 2,886 | 20,869 | 299,742 | – | – | – | **299,742** | 234,477 |
| – | – | – | 5,296 | – | – | 545 | **5,841** | 6,387 |
| 5,178 | 94 | 822 | 37,360 | 11,131 | 569 | 575 | **49,635** | 42,197 |
| – | – | 168 | 11,636 | – | – | – | **11,636** | 8,611 |
| 107,234 | 2,980 | 21,859 | 3,515,808 | 203,175 | 11,581 | 1,120 | **3,731,684** | 3,284,415 |
| 227,464 | 15,909 | 65,529 | 6,025,402 | 57,492 | 14,791 | 1,160 | **6,098,845** | 4,204,833 |
| 1,674,861 | 37,475 | 393,352 | 34,794,889 | 228,178 | – | 13,873 | **35,036,940** | 30,832,107 |
| **$1,902,325** | **$53,384** | **$458,881** | **$40,820,291** | **$285,670** | **$14,791** | **$15,033** | **$41,135,785** | **$35,036,940** |

## Notes to the Financial Statements

*(In Thousands of Dollars)*

### Note 1—Plan Description

#### Organization

Colorado PERA was established in 1931. The statute relating to Colorado PERA is Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.). Colorado PERA administers cost-sharing multiple-employer defined benefit plans for the State Division Trust Fund, School Division Trust Fund, Local Government Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund (Division Trust Funds). Additionally, Colorado PERA administers cost-sharing multiple-employer defined benefit other postemployment benefit plans for the Health Care Trust Fund (HCTF) and the Denver Public Schools Health Care Trust Fund (DPS HCTF), collectively Health Care Trust Funds (see Note 10), a private purpose trust fund (Life Insurance Reserve), and three multiple-employer defined contribution plans (Voluntary Investment Program, Defined Contribution Retirement Plan, and the Deferred Compensation Plan, see Notes 8 and 9). Prior to 2009, the Defined Contribution Retirement Plan was a component plan of the Voluntary Investment Program. Senate Bill 09-66 (SB 09-66), established a separate trust fund for the Defined Contribution Retirement Plan and it is now shown as a separate fiduciary fund. Additionally, as a result of SB 09-66, Colorado PERA became the administrator of the Deferred Compensation Plan on July 1, 2009, and received a plan transfer from the State of Colorado's 457 Plan. SB 09-282 required the merger of the DPSRS into Colorado PERA on January 1, 2010, and established the separate Denver Public Schools Division Trust Fund and Denver Public Schools Health Care Trust Fund.

Responsibility for the organization and administration of the Division Trust Funds, Health Care Trust Funds, Voluntary Investment Program, Defined Contribution Retirement Plan, the Deferred Compensation Plan, and Life Insurance Reserve rests with the Colorado PERA Board. The State Division Trust Fund was established in 1931, the School and Local Government Division Trust Funds in 1944, the Judicial Division Trust Fund in 1949, and the Denver Public Schools Division Trust Fund in 2010. The State and School Division Trust Funds were combined in 1997 and separated in 2006.

Listed below is the number of active affiliated employers for the five Divisions. The School and Denver Public Schools Divisions' employer counts include charter schools operating within the respective public school districts and under the Colorado Charter School Institute.

| DIVISION | AS OF DECEMBER 31, 2010 |
|---|---|
| State | 70 |
| School | 271 |
| Local Government | 142 |
| Judicial | 6 |
| Denver Public Schools | 28 |
| **Total employers** | **517** |

#### Membership—Division Trust Funds-Defined Benefit Pension Plans

Benefit recipients and members of Colorado PERA consisted of the following as of December 31, 2010, with comparative combined totals for 2009:

| | STATE DIVISION | SCHOOL DIVISION | LOCAL GOVERNMENT DIVISION | JUDICIAL DIVISION | DENVER PUBLIC SCHOOLS DIVISION[1] | 2010 | 2009 |
|---|---|---|---|---|---|---|---|
| Retirees and beneficiaries | 32,500 | 49,933 | 5,075 | 294 | 6,215 | **94,017** | 84,088 |
| Terminated employees entitled to benefits but not yet receiving benefits | 4,587 | 10,523 | 1,348 | 7 | 542 | **17,007** | 15,873 |
| Inactive members | 55,911 | 85,528 | 16,865 | 5 | 1,853 | **160,162** | 151,525 |
| Active members | | | | | | | |
| Vested general employees | 29,997 | 64,976 | 8,144 | 248 | 4,926 | **108,291** | 100,441 |
| Vested State Troopers | 600 | – | – | – | – | **600** | 592 |
| Non-vested general employees | 24,182 | 51,510 | 8,000 | 69 | 8,245 | **92,006** | 88,966 |
| Non-vested State Troopers | 198 | – | – | – | – | **198** | 207 |
| Total Actives | 54,977 | 116,486 | 16,144 | 317 | 13,171 | **201,095** | 190,206 |
| **Grand Totals** | **147,975** | **262,470** | **39,432** | **623** | **21,781** | **472,281** | **441,692** |

[1] The Denver Public Schools Division became effective January 1, 2010.

#### Membership—Voluntary Investment Program and Defined Contribution Retirement Plan

See Note 8.

#### Membership—Deferred Compensation Plan

See Note 9.

**Membership—Health Care Trust Fund**
See Note 10.

**Benefit Provisions—Division Trust Funds**
Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly.

***Plan Eligibility***
All employees of Colorado PERA employers who work in a position eligible for Colorado PERA membership must be covered by Colorado PERA, except for employees who are hired into a position that makes them eligible for a choice between enrolling in the PERA Defined Benefit Plan or the PERA Defined Contribution Plan (PERAChoice).

PERAChoice eligibility applies to certain new employees of State Agencies and Departments and Community Colleges. If an eligible employee does not make a choice of which plan he or she would like to participate in within 60 days of the starting date of employment, the employee is automatically enrolled in the PERA Defined Benefit Plan. During years two through five of participation in their plan of choice, employees may make a one-time irrevocable election to switch their original election. After the fifth year of participation in their plan of choice, this option to switch no longer exists.

Some positions of Colorado PERA-affiliated employers are not eligible for Colorado PERA membership and may be covered by another separate retirement program.

***Benefit Provisions***
The Division Trust Funds have various benefit provisions depending upon the member's date of hire or upon the member's date of retirement. Where there are differences in plan benefit provisions, they are noted below. On January 1, 2010, DPSRS was merged with Colorado PERA. On that date all liabilities and assets of DPSRS were transferred to and became liabilities and assets of the DPS Division of Colorado PERA. The benefit provisions of DPSRS were incorporated into Colorado PERA as the DPS benefit structure. The benefit provisions of existing members of Colorado PERA on the merger date and all new hires post-merger date are identified as the PERA benefit structure.

***Member Accounts***
Members contribute 8 percent of their Colorado PERA-includable salary to their member accounts; State Troopers and Colorado Bureau of Investigation agents contribute 10 percent.

State law authorizes the Colorado PERA Board to determine annually the interest to be credited to member accounts, but in no event may the Board specify a rate that exceeds 5 percent. Effective January 1, 2009, the rate was set at 3 percent.

SB 10-146 was signed by former Governor Ritter on March 31, 2010. SB 10-146 was proposed by the Governor and recommended by the Joint Budget Committee to reduce the State's expenditures.

SB 11-076 was signed by Governor Hickenlooper on May 23, 2011. SB 11-076 was proposed by the Joint Budget Committee to reduce the State's expenditures.

These two legislative bills temporarily increase the State and Judicial Divisions' member contribution rates by 2.50 percent of salary, and a corresponding decrease in the State and Judicial Divisions' employer contribution rates, effective July 1, 2010, through June 30, 2012. On July 1, 2012, the State and Judicial Divisions' member contribution rates will return to their previous statutory rates.

***Service Credit***
Members earn service credit for each month of work performed for a Colorado PERA-affiliated employer for which salary is earned for such services.

A full month of service credit is earned for each month of work and salary equal to 80 multiplied by the federal minimum hourly wage in effect for that month. Earned salary which is less than this amount results in a partial month of service credit.

Eligible members may purchase additional service credit based upon (1) other employment that is not covered by Colorado PERA or another retirement program or (2) the service credit forfeited as the result of a withdrawn Colorado PERA member account. Such service credit purchases are subject to limits in State and federal law. The amounts used to purchase service credit are credited to the member's account and may include tax-paid funds and eligible rollovers of tax-deferred funds. Such amounts are eligible for interest, but no match.

***Refund or Distribution Provisions***
Upon termination of Colorado PERA-covered employment, members have the following options concerning their member account:

- Leave the account invested in the Division Trust Funds for a future distribution or retirement benefit; however, a distribution must begin by April 1 following the year in which the member reaches age 70½.

## Notes to the Financial Statements

*(In Thousands of Dollars)*

- Request a distribution of the member account plus an applicable match. Such a distribution cancels the refunding member's service credit and any benefit entitlements associated with the account. The distribution may be taken as cash with the resulting tax consequences or as a rollover to an eligible qualified plan, 403(b) plan, 457 plan, or an Individual Retirement Account.

***Matching Amounts***

Members under the PERA benefit structure who withdraw their accounts before reaching retirement eligibility, as described below, receive a refund of their member account plus a 50 percent match on eligible amounts. Members who withdraw their accounts on or after reaching retirement eligibility or age 65 receive their member account plus a 100 percent match on eligible amounts.

Members under the DPS benefit structure who withdraw their accounts before reaching retirement eligibility receive a refund of their member accounts and do not receive any match. Members of the DPS benefit structure who terminated employment on or after January 1, 2001, and withdraw their accounts on or after reaching retirement eligibility receive their member account plus a 100 percent match on eligible amounts.

The provisions of SB 10-001 maintain the 100 percent match at retirement eligibility, but change the eligibility for the 50 percent match for members under the PERA benefit structure refunding on or after January 1, 2011. As of January 1, 2011, members under the PERA benefit structure who withdraw their accounts before reaching retirement eligibility must have five years of earned service credit in order to receive the 50 percent match. All contributions received prior to January 1, 2011, are eligible for the 50 percent match regardless of how much service credit the member has earned. However, contributions received after January 1, 2011, will not be eligible for the 50 percent match until the member earns five years of service credit. Members of the DPS benefit structure are not eligible for the 50 percent match.

***Highest Average Salary***

Plan benefits, described below, are generally calculated as a percentage of the member's highest average salary (HAS). The following conditions apply to the HAS calculation:

- For all members of the PERA benefit structure, except judges, eligible to retire as of January 1, 2011, who were hired before January 1, 2007, and who retire on or after January 1, 2009, HAS is determined by the highest annual salaries associated with four periods of 12 consecutive months of service credit. The four 12-month periods selected do not have to be consecutive nor do they have to include the last four years of membership. The lowest of the four periods becomes a base year used as a starting point for the 15 percent cap on annual salary increases. This salary cap applies regardless of when the annual salaries used in the HAS occurred.
- For all members of the PERA benefit structure, except judges, not eligible to retire as of January 1, 2011, or members of the PERA benefit structure who are hired on or after January 1, 2007, regardless of the date of retirement: HAS is determined by the highest annual salaries associated with four periods of 12 consecutive months of service credit. The four 12-month periods selected do not have to be consecutive nor do they have to include the last four years of membership. The lowest of the four periods becomes a base year used as a starting point for an 8 percent cap on annual salary increases. This salary cap applies regardless of when the annual salaries used in the HAS occurred.
- For members of the Judicial Division Trust Fund (judges) regardless of the date of hire or the date of retirement, HAS is one-twelfth of the highest annual salary associated with one period of 12 consecutive months of service credit.
- For members of the DPS benefit structure who are eligible to retire as of January 1, 2011, HAS is the average monthly salary of the 36 months of earned service having the highest salaries.
- For members of the DPS benefit structure who are not eligible to retire as of January 1, 2011, HAS is determined by the highest annual salaries associated with four periods of 12 consecutive months of service credit. The four 12-month periods selected do not have to be consecutive nor do they have to include the last four years of membership. The lowest of the four periods becomes a base year used as a starting point for an 8 percent cap on annual salary increases. This salary cap applies regardless of when the annual salaries used in the HAS occurred.

***Service Retirement Benefits—PERA Benefit Structure***

Upon termination of Colorado PERA-covered employment and reaching eligibility for service retirement benefits, a member may begin receipt of benefits as shown on the next page:

*(In Thousands of Dollars)*

**SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED BEFORE JULY 1, 2005**

| *Age Requirement (in years)* | *Service Credit Requirement (in years)* |
|---|---|
| 50 | 30 |
| 55 | Age and Service = 80 or more |
| 60 | 20 |
| 65 | 5 |
| 65 | Less than 5 but 60 payroll postings[1] |

[1] Retiring members who are age 65 and have less than five years of service credit and less than 60 payroll postings will receive a service retirement benefit under the Money Purchase Formula only.

**SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED ON OR AFTER JULY 1, 2005, BUT BEFORE JANUARY 1, 2007**

| *Age Requirement (in years)* | *Service Credit Requirement (in years)* |
|---|---|
| Any Age | 35 |
| 55 | 30 |
| 55 | Age and Service = 80 or more |
| 60 | 20 |
| 65 | 5 |
| 65 | Less than 5 but 60 payroll postings[1] |

[1] Retiring members who are age 65 and have less than five years of service credit and less than 60 payroll postings will receive a service retirement benefit under the Money Purchase Formula only.

**SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED ON OR AFTER JANUARY 1, 2007, BUT BEFORE JANUARY 1, 2011**

| *Age Requirement (in years)* | *Service Credit Requirement (in years)* |
|---|---|
| Any Age | 35 |
| 55 | 30 |
| 55 | Age and Service = 85 or more |
| 60 | 25 |
| 65 | 5 |
| 65 | Less than 5 but 60 payroll postings[1] |

[1] Retiring members who are age 65 and have less than five years of service credit and less than 60 payroll postings will receive a service retirement benefit under the Money Purchase Formula only.

**SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED ON OR AFTER JANUARY 1, 2011**

| *Age Requirement (in years)* | *Service Credit Requirement (in years)* |
|---|---|
| Any Age | 35 |
| 58 | 30 |
| 58 | Age and Service = 88 or more |
| 65 | 5 |
| 65 | Less than 5 but 60 payroll postings[1] |

[1] Retiring members who are age 65 and have less than five years of service credit and less than 60 payroll postings will receive a service retirement benefit under the Money Purchase Formula only.

## Notes to the Financial Statements

*(In Thousands of Dollars)*

**SERVICE RETIREMENT ELIGIBILITY FOR STATE TROOPERS**

| *Age Requirement (in years)* | *Service Credit Requirement (in years)* |
|---|---|
| Any Age | 30 |
| 50 | 25 |
| 55 | 20 |
| 65 | 5 |
| 65 | Less than 5 but 60 payroll postings[1] |

[1] Retiring members who are age 65 and have less than five years of service credit and less than 60 payroll postings will receive a service retirement benefit under the Money Purchase Formula only.

The service retirement benefit for all retiring members, except certain judges, is the higher of the Defined Benefit Formula or the Money Purchase Formula as explained below:

- ***Defined Benefit Formula***
  HAS multiplied by 2.5 percent multiplied by Years of Service Credit
- ***Money Purchase Formula***
  Values the retiring member's account plus a 100 percent match on eligible amounts as of the member's retirement date. This amount is then annuitized into a monthly benefit using the retiring member's life expectancy, expected rates of return, and other actuarial factors.

In addition, a special benefit calculation applies for certain judges. Service retirement benefits for members of the Judicial Division Trust Fund (judges) who were on the bench on or before July 1, 1973, will receive the higher of the above service retirement calculation or the following:

[(4% × Years of Service Credit 1-10) + (1.66% × Years of Service Credit Over 10-16) + (1.5% × Years of Service Credit Over 16-20) + (2.5% × Years of Service Credit over 20)]

In all cases, a service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit amount allowed by federal law.

In addition to the Service Retirement Eligibility Charts above, SB 10-001 made the following changes to the age and service credit requirements for a full service retirement:

- For all members, other than State Troopers, with less than five years of service credit as of January 1, 2011, eligibility will change to a modified Rule of 85 (age and service must add to 85 with a minimum age of 55).
- For all new members, other than State Troopers, first covered under the Plan on or after January 1, 2011, but before January 1, 2017, eligibility will include a modified Rule of 88 (age and service must add to 88 with a minimum age of 58).
- For all new members, other than State Troopers, first covered under the Plan on or after January 1, 2017, eligibility will include a modified Rule of 90 (age and service must add to 90 with a minimum age of 60). If the most recent 10 years of service credit is earned under either the School Division Trust Fund or the Denver Public Schools Division Trust Fund, eligibility will include a modified Rule of 88 (age and service must add to 88 with a minimum age of 58).

***Reduced Service Retirement—PERA Benefit Structure***

Reduced service retirement benefits are calculated in the same manner as a service retirement benefit with a reduction for each month prior to the member's first eligible date for a service retirement. The benefit calculation reduction factors are specified in C.R.S. § 24-51-605.

**REDUCED SERVICE RETIREMENT ELIGIBILITY**

| *Age Requirement (in years)* | | *Service Credit Requirement (in years)* |
|---|---|---|
| 50 | | 25 |
| 50 | –(State Troopers only)– | 20 |
| 55 | | 20 |
| 60 | | 5 |

SB 10-001 did not change the age and service requirements to be eligible for a reduced service retirement benefit nor did it change the reduced service retirement benefit for members who are eligible to retire as of January 1, 2011; for these members the current reduction factors found at C.R.S. § 24-51-605 will remain in place. The legislation did change the reduction factors used to calculate reduced benefits for those members not eligible to retire as of January 1, 2011. For these members, an actuarial reduction will be applied to the reduced service retirement benefit.

*(In Thousands of Dollars)*

***Service Retirement and Reduced Service Retirement Benefits (DPS Benefit Structure)***
Members in the DPS benefit structure are eligible to receive a monthly retirement benefit when they meet the age and service requirements listed below. If the member has less than five years of service credit under the DPS benefit structure, the member does not have the option to apply for a benefit and the member is only eligible for a refund of his or her account.

If the member has five years of service credit as of January 1, 2011, the following age and service requirements apply:

**SERVICE RETIREMENT BENEFIT**

| *Age Requirement (in years)* | *Service Credit Requirement (in years)* |
|---|---|
| 50 | 30 |
| 55 | 25[1] |
| 65 | 5 |

[1] 15 years must be earned service credit

**REDUCED SERVICE RETIREMENT BENEFIT**

| *Age Requirement (in years)* | *Service Credit Requirement (in years)* |
|---|---|
| Less than 50 | 30 |
| Less than 55 | 25 |
| 55 | 15 |

If the member does not have five years of service credit as of January 1, 2011, the following age and service requirements apply:

**SERVICE RETIREMENT BENEFIT**

| *Age Requirement (in years)* | *Service Credit Requirement (in years)* |
|---|---|
| Any Age | 35 |
| 55 | 30[1] |
| 60 | 25 |
| 65 | 5 |

[1] 20 years must be earned service credit

**REDUCED SERVICE RETIREMENT BENEFIT**

| *Age Requirement (in years)* | *Service Credit Requirement (in years)* |
|---|---|
| 50 | 25 |
| 55 | 20 |
| 60 | 5 |

***Disability Program***
Eligible active members, other than judges, with five or more years of earned service credit are covered by the Colorado PERA Disability Program. Judges are immediately covered under the Program. The earned service credit requirement may be waived for State Troopers who become disabled as the result of injuries in the line of duty.

Medical determinations for the Program are outsourced to a separate Disability Program Administrator, Unum. Applicants found to be disabled receive payments under one of two tiers:

- *Short-Term Disability (STD):* Disability applicants are eligible for STD payments if they are found to be mentally or physically incapacitated from performance of essential job duties after reasonable accommodation, and who are medically unable to earn at least 75 percent of their predisability earnings from any job but who are not totally and permanently incapacitated from regular and substantial gainful employment. Colorado PERA's STD program is an insurance product with Colorado PERA's Third Party Administrator and payments are made directly to the individual from Colorado PERA's Third Party Administrator. The maximum income replacement is 60 percent of the member's pre-disability Colorado PERA salary for up to 22 months.

- *Disability Retirement Benefits:* Disability applicants who are found to be totally and permanently mentally or physically incapacitated from regular and substantial gainful employment are eligible for disability retirement benefits. These benefits are paid by Colorado PERA for as long as the disability retiree remains disabled. The benefit is calculated as a percentage of the disabled member's HAS using accrued, and in some cases projected, service credit.

## Notes to the Financial Statements
*(In Thousands of Dollars)*

***Benefit Options***
Service retirees in the PERA benefit structure and all disability retirees regardless of whether the individual is disabled under the DPS benefit structure or the PERA benefit structure, elect to receive their retirement or disability benefits in the form of a single-life benefit payable for the retiree's lifetime only or one of two joint-life benefits payable for the lifetime of the retiree with a continuing benefit paid upon the retiree's death to the retiree's cobeneficiary. Such option designations may only be changed under limited conditions specified in State law. The options are:

- Option 1: A single-life benefit payable for the life of the retiree and, upon the death of the retiree, the benefit ends.
- Option 2: A joint-life benefit payable for the life of the retiree and, upon the death of the retiree, one-half of the benefit becomes payable to the cobeneficiary of the retiree for life. Upon the death of the cobeneficiary prior to the death of the retiree, an Option 1 benefit becomes payable to the retiree.
- Option 3: A joint-life benefit payable for the life of the retiree and, upon the death of the retiree, the same benefit becomes payable to the cobeneficiary of the retiree for life. Upon the death of the cobeneficiary prior to the death of the retiree, an Option 1 benefit becomes payable to the retiree.

Options 2 and 3 are the actuarial equivalent of Option 1.

Service retirees in the DPS benefit structure have the following options:

- Option A: A single-life benefit payable for the life of the retiree and, upon the death of the retiree, the benefit ends.
- Option B: A single-life benefit, reduced from an Option A benefit to provide benefits to designated beneficiaries for a fixed period of time after retirement. As part of the retirement calculation, a guaranteed payment period is determined and if the retiree dies before the guaranteed period ends, the benefit will continue to the Option B beneficiary(ies) for the remainder of the guaranteed period. If the death of the retiree occurs after the guaranteed period, the benefit ends.
- Option P2: A joint-life benefit payable for the life of the retiree and, upon the death of the retiree, one-half of the benefit becomes payable to the cobeneficiary of the retiree for life. Upon the death of the cobeneficiary prior to the death of the retiree, an Option A benefit becomes payable to the retiree.
- Option P3: A joint-life benefit payable for the life of the retiree and, upon the death of the retiree, the same benefit becomes payable to the cobeneficiary of the retiree for life. Upon the death of the cobeneficiary prior to the death of the retiree, an Option A benefit becomes payable to the retiree.

Options B, P2, and P3 are the actuarial equivalent of Option A.

***Survivor Benefits Program—PERA Benefit Structure***
Members who have at least one year of earned service credit are covered by the Colorado PERA survivor benefits program. This one-year requirement is waived if a member's death is job-incurred.

In the event of the covered member's death, monthly survivor benefits may be paid to the qualified survivors of the deceased. Qualified survivors generally include minor children, a surviving spouse, dependent parents, or a cobeneficiary (for deceased members who were eligible for retirement at the time of death).

Monthly benefits are specified in statute and vary based upon the deceased's HAS, years of service credit, the qualified survivor to whom benefits are to be paid, and the number of qualified survivors receiving benefits.

If a member dies with less than one year of earned service credit or with no qualified survivors, the deceased's named beneficiary or the estate receives a lump-sum payment of the deceased member's account plus a 100 percent match on eligible amounts.

***Survivor Benefits Program—DPS Benefit Structure***
Active members who had at least five years of continuous service under the DPS benefit structure prior to the date of death are covered by the Survivor Benefits Program applicable to the DPS benefit structure.

In the event of the covered member's death, the member's qualified survivors are eligible for survivor benefits as long as the named beneficiary(ies) waive their right to receive a refund of the member's contributions. Qualified survivors generally include minor children, a surviving spouse, or dependent parents.

Monthly benefits are specified in statute and vary based upon the deceased's HAS, years of service credit, the qualified survivor to whom benefits are to be paid, and the number of qualified survivors receiving benefits.

If the member dies and does not meet the eligibility requirements for the DPS benefit structure survivor benefits program that are specified in statute, the member's named beneficiary(ies) will receive a lump-sum payment.

***Annual Increases***

On an annual basis, eligible benefit recipients receive post-retirement cost of living adjustments called annual increases (AI). AI payment month, eligibility, and amounts are determined by the date the retiree or deceased member began membership in Colorado PERA.

In 2010, the annual increase amount was set as the lesser of 2 percent or the average of the monthly CPI-W amounts for calendar year 2009. The 2009 CPI-W was negative resulting in a 2010 annual increase of 0 percent.

For the year 2011 and beyond the AI provisions are explained below.

- For benefit recipients of the PERA benefit structure who began membership before January 1, 2007, and whose benefit is paid based on a retirement date prior to January 1, 2011, and benefit recipients of the DPS benefit structure whose benefit is based on a retirement date prior to January 1, 2011:
  - ***Payment Month:*** The AI is paid in July.
  - ***Eligibility:*** The benefit recipient has been receiving benefits for at least seven months as of the July in which AI is to be paid.
  - ***AI Amount:*** AI is 2 percent per year unless Colorado PERA has a negative investment year in which case, for the next three years, the AI becomes the lesser of 2 percent or the average of the monthly CPI-W amounts for the prior calendar year. For the first annual increase the amount will be prorated from the month of retirement to the first AI payment date.
- For benefit recipients of the Colorado PERA benefit structure who began membership before January 1, 2007, and whose benefit is paid based on a retirement date on or after January 1, 2011, and benefit recipients of the DPS benefit structure whose benefit is paid based on a retirement date on or after January 1, 2011, the following eligibility criteria is required:
  - ***Payment Month:*** The AI is paid in July.
  - ***Eligibility:*** For full service retirees, disability retirees, reduced service retirees who are eligible to receive a benefit on January 1, 2011, and survivor benefit recipients, the benefit recipient has received benefit payments for 12 months.

    For reduced service retirees who are not eligible to retire as of January 1, 2011: A reduced service retiree is eligible to receive the AI in July of the year in which both of the following conditions are met: (1) the retiree has received benefit payments for 12 months and (2) as of January 1 of the year the AI is paid, the retiree has either reached age 60 or the age and service Rule applicable to the retiree's Plan.
  - ***AI Amount:*** AI is 2 percent per year unless Colorado PERA has a negative investment year in which case, for the next three years, the AI becomes the lesser of 2 percent or the average of the monthly CPI-W amounts for the prior calendar year.
- For benefit recipients of the PERA benefit structure who began membership on and after January 1, 2007:
  - ***Payment Month:*** The AI is paid in July.
  - ***Eligibility:*** For full service retirees, disability retirees, and survivor benefit recipients: The benefit recipient becomes eligible in July of the calendar year following the calendar year in which the benefit recipient has received 12 months of benefit payments.

    For reduced service retirees: A reduced service retiree is eligible to receive the AI in July of the year in which both of the following conditions are met: (1) as of January 1 of the year the AI is to be paid, the retiree has received 12 months of benefit payments in the prior calendar year and (2) as of January 1 of the year the AI is paid, the retiree has either reached age 60 or the age and service Rule applicable to the retiree's Plan.
  - ***AI Amount:*** The AI is the lesser of 2 percent or the average of the monthly CPI-W amounts for the prior calendar year. In no case can the sum of AIs paid to a division's benefit recipients exceed 10 percent of the divisional AIR.

**Changes to the 2 Percent AI Cap:** If Colorado PERA's overall funded status is at or above 103 percent, the AI cap of 2 percent will increase by 0.25 percent per year. If after Colorado PERA's overall funded status reaches 103 percent and it subsequently drops below 90 percent, the 2 percent AI cap will decrease by 0.25 percent per year, but will never drop below 2 percent.

## Notes to the Financial Statements

*(In Thousands of Dollars)*

### Additional SB 10-001 Benefit Provision Changes

**Indexing of Benefits**

Under previous law, inactive members who were covered by the Plan as of December 31, 2006, who have 25 or more years of service credit but are not eligible for retirement benefits, have their benefit amount increased by the applicable annual increase granted by the Association from their date of termination of membership to their effective date of retirement. SB 10-001 removed this provision for all members not eligible to retire as of January 1, 2011.

**Suspending Benefits**

Under previous law, a retiree may elect to suspend retirement and return to membership. If the retiree earns at least one year of service credit during this period of membership, the benefit was recalculated to reflect the additional service credit and salary. If less than one year of service is earned, the contributions remitted during the return to membership period are refunded with interest and a match.

Under SB 10-001, this practice will end for retirement suspensions on or after January 1, 2011. As of that date, if a retiree suspends retirement, returns to membership and earns at least one year of service credit, a separate benefit will be earned. In this case, the retiree may also opt to refund the contributions remitted with interest and a match. The original benefit will not be recalculated.

If less than one year of service credit is earned during the return to membership, the retiree will be required to refund the contributions remitted with interest and a match before the original benefit will resume.

**Working After Retirement Without Suspending Benefits**

- *Retiree Contributions*—Under previous law, employers are required to remit employer contributions, AED, and SAED on salary earned by retirees who work for them but do not suspend retirement and return to membership. Under SB 10-001, as of January 1, 2011, in addition to these employer amounts, these retirees will be required to contribute the same percentage of pay that is required of a member to the Divisional Trust Fund of the employer for whom they are working. Such contributions are not deposited into a member account, are not refundable, and do not accrue any additional benefit.

- *Limits on Working After Retirement*—Under previous law, retirees may work up to 110 days/720 hours per calendar year for a Colorado PERA employer with no reduction in benefits. Under SB 10-001, as of January 1, 2011, each employer assigned to the School Division Trust Fund, DPS Division Trust Fund, and each Higher Education Institution assigned to the State Division Trust Fund may designate on a calendar year basis, up to 10 service retirees who may work up to 30 additional days for a total of 140 days in a calendar year. The employer contributions, AED, SAED, and retiree contributions are due on all salary earned.

### Benefit Provisions—Voluntary Investment Program and Deferred Contribution Retirement Plan

See Note 8.

### Membership—Deferred Compensation Plan

See Note 9.

### Benefit Provisions—Health Care Trust Funds

See Note 10.

### Pension Plan Disclosure Statements for Colorado PERA Employees

All employees of Colorado PERA, an affiliated employer, are members of the State Division Trust Fund and earn and accrue benefits, as would any other member as described above. Colorado PERA, as an affiliated employer, contributes to the State Division Trust Fund (see Note 4); Colorado PERA also contributes to the Health Care Trust Fund (see Note 10) and employees are entitled to participate in the 401(k) component of the Voluntary Investment Program (see Note 8).

Colorado PERA's employer contributions to the State Division Trust Fund for the years ending December 31, 2010, 2009, and 2008, were $2,316, $2,287, and $1,957, respectively, equal to its required statutory contributions for each year. Colorado PERA's member contributions to the State Division Trust Fund for the years ended December 31, 2010, 2009, and 2008, were $1,806, $1,517, and $1,403, respectively. Colorado PERA's contributions to the Health Care Trust Fund for the years ending December 31, 2010, 2009, and 2008, were $203, $196, and $181, respectively, equal to its required statutory contributions for each year. The 401(k) Plan member contributions from Colorado PERA for the years ended December 31, 2010, 2009, and 2008, were $1,404, $1,360, and $1,566, respectively. Colorado PERA also provides its employees with an employer partial match to their contributions to the 401(k) Plan, and the totals for the years ended December 31, 2010, 2009, and 2008, were $151, $74, and $295, respectively.

### Life Insurance Reserve

The Life Insurance Reserve (LIR) is an accumulation of dividends received from an insurance company as a return on the premiums paid by those members who have voluntarily enrolled in life insurance programs, adjusted for actual historical experience. The proceeds received from the LIR are used to pay the administrative costs of the plan.

*(In Thousands of Dollars)*

### Termination of Colorado PERA

If Colorado PERA is partially or fully terminated for any reason, State law (C.R.S. § 24-51-217) 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 financial statements of Colorado 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.

Colorado 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, Colorado PERA's 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 GASB Statements numbers 25, 28, 34, 37, and 43 as well as generally accepted accounting principles that apply to governmental accounting for fiduciary funds. Each of the funds discussed in Note 1 is considered a major fund under GASB No. 34.

In June 2007, the GASB issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." The Statement is effective for periods beginning after June 15, 2009. Colorado PERA adopted the provisions of this standard for the year ended December 31, 2010, and additional note disclosures can be found in Note 2. Adopting this Statement did not have a material impact on the accompanying financial statements.

In June 2008, the GASB issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." The Statement is effective for periods beginning after June 15, 2009. Colorado PERA adopted the provisions of this standard for the year ended December 31, 2010, and additional note disclosures can be found in Note 6.

### Basis of Accounting

The accompanying financial statements for the pension trust funds, the private purpose trust fund, and the other postemployment benefit plans are prepared using the economic resources measurement focus and the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Colorado PERA to use estimates and assumptions that affect the accompanying financial statements and disclosures. Actual results could differ from those estimates. Member and employer contributions are recognized as revenues in the period in which the compensation becomes payable to the member and the employer is statutorily committed to pay these contributions to the pension trust funds, the HCTF, and the DPS HCTF. Benefits and refunds are recognized when due and payable.

### Fund Accounting

The financial activities of the State Division Trust Fund, the School Division Trust Fund, the Local Government Division Trust Fund, the Judicial Division Trust Fund, the DPS Division Trust Fund, the HCTF, the DPS HCTF, the LIR, the Voluntary Investment Program, the Defined Contribution Retirement Plan, and the Deferred Compensation Plan are recorded in separate Funds. The State, School, Local Government, Judicial, and DPS Divisions maintain separate accounts, and all actuarial determinations are made using separate Division-based information.

The Division Trust Funds, the HCTF, the DPS HCTF, and the LIR 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, 2010, the ownership percentages of each Fund were as follows:

| | OWNERSHIP PERCENTAGE AS OF DECEMBER 31, 2010 |
|---|---|
| State | 32.20% |
| School | 51.31% |
| Local Government | 7.45% |
| Judicial | 0.58% |
| Denver Public Schools | 7.60% |
| HCTF | 0.77% |
| DPS HCTF | 0.05% |
| LIR | 0.04% |
| **Total** | **100.00%** |

## Notes to the Financial Statements

*(In Thousands of Dollars)*

The administrative activities and operating assets and liabilities 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 active and retired members in each Division to the total for all the Division Trust Funds. Expenses are allocated to the HCTF and DPS HCTF based on administrative fees charged to participants. Expenses are allocated to the LIR, the Voluntary Investment Program, the Defined Contribution Retirement Plan, and the Deferred Compensation Plan based on transactional volumes and resources devoted to these 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. Fixed income securities not traded on a national or international exchange are based on equivalent values of comparable securities with similar yield and risk. The fair value of directly-owned real estate investments and open-end commingled funds and timber are based on periodic independent appraisals. Closed-end commingled real estate equity and alternative investment funds are valued based on the capital account balances at the closest available reporting period, as communicated by the general partner, adjusted for subsequent contributions, distributions, management fees, and reserves, if applicable. The fair value could differ significantly if a ready market for these assets existed. Real estate debt is valued on the basis of future principal and interest payments and is discounted at prevailing interest rates for similar instruments. Short-term investments are carried at cost, which approximates fair value.

### Property, Equipment, and Intangible Assets

Property and equipment are carried at cost, less accumulated depreciation. All costs of property and equipment $3,000 (actual dollars) or greater are capitalized. The cost of computer software developed for internal operational use $500,000 (actual dollars) or greater is 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 40 years in the following major classes: vehicles, five years; computer and office equipment, three years to five years; office furniture and leasehold improvements, five to 10 years; building and building additions, 40 years; and internally developed computer software, 5 years.

### Health Care Trust Funds Specific Policies

See Note 10.

## Note 3—Interfund Transfers and Balances

Interfund transfers of assets take place on a regular recurring basis between the Trust Funds. The transfers occur upon the initiation of a benefit where the member earned or purchased service in another Trust Fund in addition to the Fund that is paying the benefit. The transfers for the year ended December 31, 2010, consisted of the following amounts:

| | STATE DIVISION TRUST FUND | SCHOOL DIVISION TRUST FUND | LOCAL GOVERNMENT DIVISION TRUST FUND | JUDICIAL DIVISION TRUST FUND | DENVER PUBLIC SCHOOLS DIVISION TRUST FUND | HEALTH CARE TRUST FUND |
|---|---|---|---|---|---|---|
| Transfers in from other Funds for retirements | $23,894 | $14,179 | $6,556 | $2,632 | $44 | $– |
| Transfers out to other Funds for retirements | (18,085) | (19,129) | (10,037) | (53) | (1) | – |
| Transfers in from other Funds for survivor benefits | 25 | 183 | – | – | – | – |
| Transfers out to other Funds for survivor benefits | (176) | (26) | (6) | – | – | – |
| Transfers out to Health Care Trust Fund | (4,764) | (4,595) | (1,745) | (88) | (97) | |
| Transfer in for purchased service credit | – | – | – | – | – | 11,289 |

*(In Thousands of Dollars)*

As of December 31, 2010, interfund balances existed between funds due to unreimbursed internal operating expenses. The interfund balance at December 31, 2010, consisted of the following amounts:

| INTERFUND BALANCES | |
|---|---|
| State Division Trust Fund | $814 |
| School Division Trust Fund | 1,296 |
| Local Government Division Trust Fund | 188 |
| Judicial Division Trust Fund | 15 |
| Denver Public Schools Division Trust Fund | 192 |
| Voluntary Investment Program | (2,314) |
| Defined Contribution Retirement Plan | (24) |
| Deferred Compensation Plan | (189) |
| HCTF | 2,313 |
| DPS HCTF | (2,292) |
| Life Insurance Reserve | 1 |

## Note 4—Contributions

### Division Trust Funds—Defined Benefit Pension Plans

Members and employers are required to contribute to Colorado PERA at a rate set by statute. The contribution requirements of plan members and affiliated employers are established under C.R.S. § 24-51-401 *et seq.* Colorado State law provisions may be amended from time to time by the Colorado General Assembly.

Members are required to contribute 8 percent of their Colorado PERA-includable salary, except for State Troopers and Colorado Bureau of Investigation officers, who contribute 10 percent. Colorado PERA records these contributions in individual member accounts. Member contributions were tax-deferred for federal and Colorado income tax purposes, effective July 1, 1984, and January 1, 1987, respectively. Prior to those dates, contributions are on an after-tax basis. Colorado PERA-affiliated employers also contribute a percentage of active member payrolls for the employer rate, ranging from 10.00 percent to 13.75 percent. SB 10-146 requires that member contributions increase and employer contributions decrease by 2.50 percent for the State and Judicial Divisions for the one-year period beginning July 1, 2010, through June 30, 2011. SB 11-076 extends the requirements of SB 10-146 through June 30, 2012.

Employers that rehire a Colorado PERA retiree as an employee or under any other work arrangement (working retiree) are required to report and pay employer contributions on the amounts paid to the working retiree. In addition, effective January 1, 2011, working retirees are required to make contributions at a percentage of salary equal to the member contribution rate. However, under C.R.S. §§ 24-51-101 (53), these contributions are not member contributions, are not deposited into a member account, and therefore, are non-refundable to the working retiree.

Beginning January 1, 2006, employers are required to pay the AED and, beginning January 1, 2008, employers are required to pay the SAED. The employers pay these amounts on the Colorado PERA-includable salary for all employees working for the employer who are members of the Association, or who are eligible to elect to become members of the Association on or after January 1, 2006, including any amounts paid in connection with the employment of a retiree by an employer. Colorado PERA uses these payments to help amortize the unfunded liability. The AED and SAED are set to increase in future years, as described in the table on the next page. SB 10-001 provides for adjustment of the AED and SAED based on the year-end funded status within a particular Division Trust Fund. If a particular Division Trust Fund reaches a funded status of 103 percent, a decrease in the AED and SAED is mandated and if it subsequently falls below a funded status of 90 percent, an increase in the AED and SAED is mandated. For the Local Government and Judicial Divisions, if the funded ratio reaches 90 percent and subsequently falls below 90 percent, an increase in the AED and SAED is mandated. Increases cannot exceed the limitations shown in the table below.

C.R.S. § 24-51-412 permits an offset to the DPS Division employer contribution rate. The PCOP offset, expressed as a percentage of payroll, is equal to the annual assumed payment obligations for PCOPs issued in 1997 and 2008 by the Denver Public Schools at a fixed effective annual interest rate of 8.50 percent. As of December 31, 2010, the funded ratio of the DPS Division was 88.9 percent and the funded ratio of the School Division was 64.8 percent. At a minimum, the DPS Division employer rate, after applying the PCOP offset, must be sufficient to fund the DPS HCTF and the AIR as it applies to the DPS Division. The staff of the Denver Public Schools provided the PCOP offset rate of 15.04 percent for 2010.

C.R.S §24-51-401(1.7) (e) recognizes the effort to equalize the funded status of the DPS Division and the School Division of Colorado PERA. Beginning January 1, 2015, and every fifth year thereafter, the bill requires a true-up calculation to confirm the equalization of the funded status of these two divisions. The true-up calculation is an actuarial projection to assure the funded status of these divisions will be equal in 30 years. In the event a true-up calculation does not project equalization between these divisions over a 30-year period, the Colorado PERA Board shall recommend an adjustment of the DPS Division employer contribution rate to the Colorado General Assembly. An adjustment to the DPS Division contribution rate may result in a significant increase in the total contributions paid by the DPS Division employers.

## Notes to the Financial Statements

*(In Thousands of Dollars)*

Colorado PERA-affiliated employers forward the contributions to Colorado PERA for deposit. Colorado PERA transfers a portion of these contributions (1.02 percent of the reported salary) into the HCTF or DPS HCTF for health care benefits, with the remainder of these contributions transferred into a Trust Fund established for each Division for the purpose of creating actuarial reserves for future benefits.

The contribution rates for the combined employer retirement benefits and health care benefits along with the member contribution rates from January 1, 2010, through December 31, 2010, are as follows below.

**January 1, 2010, through June 30, 2010**

| DIVISION | MEMBERSHIP | EMPLOYER CONTRIBUTION RATE | AMORTIZATION EQUALIZATION DISBURSEMENT | SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT | DENVER PUBLIC SCHOOLS OFFSET | TOTAL CONTRIBUTION RATE PAID BY EMPLOYER | MEMBER CONTRIBUTION RATE |
|---|---|---|---|---|---|---|---|
| State | All members (except State Troopers) | 10.15% | 2.20% | 1.50% | – | 13.85% | 8.00% |
| State | State Troopers | 12.85% | 2.20% | 1.50% | – | 16.55% | 10.00% |
| School | All members | 10.15% | 2.20% | 1.50% | – | 13.85% | 8.00% |
| Local Government | All members | 10.00% | 2.20% | 1.50% | – | 13.70% | 8.00% |
| Judicial | All members | 13.66% | 2.20% | 1.50% | – | 17.36% | 8.00% |
| Denver Public Schools | All members | 13.75% | 2.20% | 1.50% | (15.04%) | 2.41% | 8.00% |

**July 1, 2010, through December 31, 2010 (SB 10-146)**

| DIVISION | MEMBERSHIP | EMPLOYER CONTRIBUTION RATE | AMORTIZATION EQUALIZATION DISBURSEMENT | SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT | DENVER PUBLIC SCHOOLS OFFSET | TOTAL CONTRIBUTION RATE PAID BY EMPLOYER | MEMBER CONTRIBUTION RATE |
|---|---|---|---|---|---|---|---|
| State | All members (except State Troopers) | 7.65% | 2.20% | 1.50% | – | 11.35% | 10.50% |
| State | State Troopers | 10.35% | 2.20% | 1.50% | – | 14.05% | 12.50% |
| School | All members | 10.15% | 2.20% | 1.50% | – | 13.85% | 8.00% |
| Local Government | All members | 10.00% | 2.20% | 1.50% | – | 13.70% | 8.00% |
| Judicial | All members | 11.16% | 2.20% | 1.50% | – | 14.86% | 10.50% |
| Denver Public Schools | All members | 13.75% | 2.20% | 1.50% | (15.04%) | 2.41% | 8.00% |

Listed below are the scheduled changes in the AED and SAED under SB 10-001. If a particular Division Trust Fund reaches a funded ratio at or above 103 percent, the AED and SAED are each reduced by one-half of 1 percent. Subsequently, if the funded ratio falls below 90 percent, the AED and SAED are each increased by one-half of 1 percent. For the Local Government and Judicial Divisions, if the funded ratio reaches 90 percent and subsequently falls below 90 percent, the AED and SAED are each increased by one-half of 1 percent. Increases cannot exceed the maximum listed in the table.

| | STATE DIVISION TRUST FUND | | SCHOOL DIVISION TRUST FUND | | LOCAL GOVERNMENT DIVISION TRUST FUND | | JUDICIAL DIVISION TRUST FUND | | DENVER PUBLIC SCHOOLS DIVISION TRUST FUND[1] | |
|---|---|---|---|---|---|---|---|---|---|---|
| PERIOD | AED | SAED | AED | SAED | AED | SAED | AED | SAED | AED | SAED |
| 1/1/2011 – 12/31/2011 | 2.60% | 2.00% | 2.60% | 2.00% | 2.20% | 1.50% | 2.20% | 1.50% | 2.60% | 2.00% |
| 1/1/2012 – 12/31/2012 | 3.00% | 2.50% | 3.00% | 2.50% | 2.20% | 1.50% | 2.20% | 1.50% | 3.00% | 2.50% |
| 1/1/2013 – 12/31/2013 | 3.40% | 3.00% | 3.40% | 3.00% | 2.20% | 1.50% | 2.20% | 1.50% | 3.40% | 3.00% |
| 1/1/2014 – 12/31/2014 | 3.80% | 3.50% | 3.80% | 3.50% | 2.20% | 1.50% | 2.20% | 1.50% | 3.80% | 3.50% |
| 1/1/2015 – 12/31/2015 | 4.20% | 4.00% | 4.20% | 4.00% | 2.20% | 1.50% | 2.20% | 1.50% | 4.20% | 4.00% |
| 1/1/2016 – 12/31/2016 | 4.60% | 4.50% | 4.50% | 4.50% | 2.20% | 1.50% | 2.20% | 1.50% | 4.50% | 4.50% |
| 1/1/2017 – 12/31/2017 | 5.00% | 5.00% | 4.50% | 5.00% | 2.20% | 1.50% | 2.20% | 1.50% | 4.50% | 5.00% |
| 1/1/2018 – 12/31/2018 | 5.00% | 5.00% | 4.50% | 5.50% | 2.20% | 1.50% | 2.20% | 1.50% | 4.50% | 5.50% |
| Maximum allowable limitations | 5.00% | 5.00% | 4.50% | 5.50% | 5.00% | 5.00% | 5.00% | 5.00% | 4.50% | 5.50% |

[1] DPS Division employers are permitted to reduce the AED and SAED by the PCOP offset, as specified in CRS § 24-51-412 *et seq.*

### Replacement Benefit Arrangements

IRC § 415 limits the amount of the benefit payable to a retiree or survivor in a defined benefit plan. In some cases, the IRC limit is lower than the benefit calculated under the plan provisions. IRC § 415(m) allows a government plan to set up a "qualified governmental excess benefit arrangement" to pay the difference to those retirees. To accomplish this, Colorado PERA has entered into agreements with the employers who last employed the affected retirees. Under the agreement, the employer pays the benefit difference to the retiree from a portion of the current employer contributions. In 2010, employers under these agreements used current employer contributions to pay retirees $1,122 in the State Division; $500 in the School Division; $1,014 in the Local Government Division; $0 in the Judicial Division, and $0 in the Denver Public Schools Division.

*(In Thousands of Dollars)*

**Contributions—Voluntary Investment Program and Defined Contribution Retirement Plan**
See Note 8.

**Contributions—Deferred Compensation Plan**
See Note 9.

**Contributions—Health Care Trust Funds**
See Note 10.

## Note 5—Investments

### Investment Authority

Under C.R.S. § 24-51-206, the Board has responsibility for the investment of Colorado 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 stocks or bonds of any single corporation.

### Cash

Cash balances represent both operating cash accounts held by the banks and investment cash on deposit with the investment custodian. To maximize investment income, the float caused by outstanding checks is invested, thus causing a possible negative book balance. Negative book balances are reflected in the liabilities section of the Statement of Fiduciary Net Assets.

The carrying value of cash and short-term investments at December 31, 2010, on the Statement of Fiduciary Net Assets includes short-term fixed income securities of $312,817, and deposit and money market funds of $583,702 for a total of $896,519. Colorado PERA considers fixed income securities with a maturity of 12 months or less to be short-term investments.

The table below presents the Colorado PERA combined total deposits and money market funds as of December 31, 2010.

| | CARRYING VALUE | BANK BALANCE |
|---|---|---|
| Deposits with banks (fully insured by federal depository insurance) | $3,584 | $4,044 |
| Deposits held at bank (uncollateralized, held by Colorado PERA's agent in Colorado PERA's name) | 4,838 | 4,838 |
| Short-term investment funds held at bank (shares in commingled funds, held by Colorado PERA's agent in Colorado PERA's name) | 575,280 | 575,280 |
| **Total deposits and money market funds** | **$583,702** | **$584,162** |

### Securities Lending Transactions

C.R.S. § 24-51-206 and Board policies permit Colorado 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. Colorado PERA utilized two lending agents in 2010, its custodian, The Northern Trust Company (Northern Trust) and Deutsche Bank.

Northern Trust primarily lends international stocks and fixed income securities for cash collateral. U.S. securities are loaned versus collateral valued at 102 percent of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105 percent of the market value of the securities plus any accrued interest. Collateral is marked to market daily if price movements exceed certain minimal thresholds.

Northern Trust invests the cash collateral related to Colorado PERA's loaned securities in a separate account, the Colorado PERA Custom Fund, according to guidelines stipulated by Colorado PERA. As of December 31, 2010, and December 31, 2009, the total realized and unrealized loss relating to the short-term collateral investments managed by Northern Trust was $4,888 and $8,573, respectively. As of December 31, 2010, the total market value of securities on loan with Northern Trust cannot exceed $600,000. Northern Trust's Senior Credit Committee sets borrower credit limits.

Deutsche Bank is a Colorado PERA third-party lending agent. Deutsche Bank lends domestic and international stocks for cash collateral. U.S. securities are loaned versus collateral valued at a minimum of 102 percent of the market value of the securities. International securities are loaned versus collateral valued at a minimum of 105 percent of the market value of the securities. Collateral is marked to market daily. Borrower credit limits are assigned by Deutsche Bank's Global Credit Risk Department.

## Notes to the Financial Statements
*(In Thousands of Dollars)*

The table below represents the balances relating to the securities lending transactions at December 31, 2010.

| SECURITIES LENT FOR CASH COLLATERAL | FAIR VALUE OF UNDERLYING SECURITIES | CASH COLLATERAL INVESTMENT VALUE |
|---|---|---|
| Cash and cash equivalents | $– | $2,096,522 |
| Fixed income | 474,217 | 758,118 |
| Global stocks | 2,316,547 | – |
| **Total** | **$2,790,764** | **$2,854,640** |

As of December 31, 2010, Colorado PERA had no credit risk exposure to borrowers because the associated value of the collateral held exceeds the value of the securities amount borrowed. The contracts with Colorado PERA's lending agents provide that the lending agents will indemnify Colorado PERA if loaned securities are not returned and Colorado PERA suffers direct losses due to a borrower's default or the lending agent's noncompliance with the contract. Colorado 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, 2010. Colorado PERA has limited the total market value of securities outstanding to one borrower to 25 percent of the total market value of all securities outstanding in the program.

Colorado PERA or the borrower can terminate any security loan on demand. Though every loaned security can be sold and reclaimed at any time from the borrower, the weighted average loan life of overall loans at Northern Trust was approximately 57 days and at Deutsche Bank was approximately 83 days as of December 31, 2010. At Northern Trust and Deutsche Bank, all loans were done on an overnight (one day) basis as of December 31, 2010. The Colorado PERA Custom Fund had a weighted average maturity of 13 days as of December 31, 2010. Deutsche Bank invests Colorado PERA's cash collateral in a separate account. As of December 31, 2010, the weighted average maturity of the separate account was 14 days. The weighted average life of a security or instrument is, in the case of a fixed rate security or instrument, the date on which final payment is due or the principal amount can be recovered through demand (if applicable). In the case of a floating or variable rate security or instrument, weighted average life is the shorter of the period of time remaining until either the next readjustment of the interest rate or the principal amount can be recovered through demand (if applicable). Since the majority of securities loans are done on an overnight basis, there is usually a difference between the weighted average maturity of the investments made with the cash collateral provided by the borrower and the maturities of the securities loans.

The following table represents the balances relating to the securities lending transactions as of December 31, 2010, and December 31, 2009.

| | FAIR VALUE OF UNDERLYING SECURITIES DECEMBER 31, 2010 | FAIR VALUE OF UNDERLYING SECURITIES DECEMBER 31, 2009 |
|---|---|---|
| Fixed income | **$474,217** | $544,378 |
| Global stocks | **2,316,547** | 1,486,972 |
| **Total** | **$2,790,764** | **$2,031,350** |

As of December 31, 2010, the fair value of lent securities was $2,790,764 and the value of associated cash collateral was $2,854,640. Colorado PERA's income net of expenses from securities lending was $14,219 for the year ended December 31, 2010. Included in net securities lending income for the year ended December 31, 2010, is $225 from commingled funds. As of December 31, 2009, the fair value of lent securities was $2,031,350 and the value of associated cash collateral was $2,079,317. Colorado PERA's income net of expenses from securities lending was $29,219 for the year ended December 31, 2009. Included in net securities lending income for the year ended December 31, 2009, is $387 from commingled funds.

In accordance with GASB 40, Colorado PERA discloses investments that are subject to custodial credit risk, concentration of credit risk, credit risk, interest rate risk, and foreign currency risk.

### Custodial Credit Risk

Colorado PERA has no formal policy for custodial credit risk for investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, Colorado PERA would not be able to recover the value of investment or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in Colorado PERA's name and are held by either a counterparty or the counterparty's trust department or agent, but not in Colorado PERA's name. Northern Trust is the master custodian for the majority of Colorado PERA's securities. At December 31, 2010, there were no investment or collateral securities subject to custodial credit risk and $4,836 in foreign currency deposits held at Northern Trust which were uninsured and uncollateralized and therefore exposed to custodial credit risk.

*(In Thousands of Dollars)*

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of Colorado PERA's investment in a single issuer. C.R.S. § 24-51-206 (3) requires that no investment of the fund in common or preferred stock, or both, of any single corporation shall be of an amount which exceeds 5 percent of the then book value of the fund, nor shall the fund acquire more than 12 percent of the outstanding stock or bonds of any single corporation. The 12 percent requirement does not apply to governmental securities (U.S. Treasuries, sovereigns, etc.), GSE securities (agencies including FNMA, FHLMC, etc.), mortgage-backed securities (agency or non-agency), commercial mortgage-backed securities (CMBS), asset-backed securities, or municipal securities. There is no single issuer exposure that comprises 5 percent of the then book value of the fund and no holdings greater than 12 percent of the outstanding stock or bonds of any single corporation at December 31, 2010.

**Reconciliation of Credit and Interest Rate Risk Disclosures to Financial Statements**

| | AS OF DECEMBER 31, 2010 |
|---|---|
| Fixed income | $9,377,500 |
| Real estate debt | 278,940 |
| Fixed-income securities classified as short-term | 312,817 |
| Pending foreign exchange trades | 863 |
| **Total fixed income securities** | **$9,970,120** |

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Colorado PERA's credit risk policy is as follows: All fixed income managers are prohibited from buying securities rated CCC or below. Investment grade managers are allowed to purchase below investment grade securities, but in general are limited to no more than 5 percent exposure to below investment grade securities. For portfolio managers that manage below investment grade portfolios, if a security is downgraded to CCC or below, the manager is given discretion to hold the security with the additional limitation that in total securities downgraded to CCC or below not exceed more than 5 percent of the portfolio. The table on the next page provides Colorado PERA's Standard & Poor's (S&P) credit quality ratings at December 31, 2010.

## Notes to the Financial Statements
*(In Thousands of Dollars)*

### Credit Quality Rating Dispersion Schedule

| QUALITY RATING S & P | GRAND TOTAL | U.S. GOVT MORTGAGE-BACKED SECURITIES (MBS) | U.S. CORPORATE BONDS | IMPLICIT U.S. GOVT AGENCIES | NON-U.S. CORP BONDS | NON-U.S. GOVT/AGENCY BONDS | NON-AGENCY MBS | U.S. MUNICIPAL BONDS | REAL ESTATE DEBT |
|---|---|---|---|---|---|---|---|---|---|
| AAA | $615,843 | $– | $60,028 | $362,759 | $– | $53,365 | $138,093 | $1,598 | $– |
| AA+ | 52,437 | – | 39,046 | – | – | 8,889 | 4,002 | 500 | – |
| AA | 90,086 | – | 31,692 | – | 17,797 | 17,010 | 20,624 | 2,963 | – |
| AA- | 103,529 | – | 41,282 | – | 21,267 | 29,653 | 11,327 | – | – |
| A+ | 148,606 | – | 68,560 | – | 20,490 | 24,175 | 32,028 | 3,353 | – |
| A | 314,295 | – | 271,043 | – | 24,836 | – | 18,416 | – | – |
| A- | 295,678 | – | 224,082 | – | 55,855 | – | 12,901 | 2,840 | – |
| BBB+ | 282,178 | – | 208,687 | – | 49,569 | 13,616 | 10,306 | – | – |
| BBB | 353,428 | – | 172,135 | – | 80,529 | 91,116 | 9,648 | – | – |
| BBB- | 382,187 | – | 169,680 | – | 89,344 | 118,873 | 4,290 | – | – |
| BB+ | 62,180 | – | 46,031 | – | 9,660 | 6,489 | – | – | – |
| BB | 162,533 | – | 64,787 | – | 11,585 | 86,161 | – | – | – |
| BB- | 126,659 | – | 96,159 | – | 9,190 | 21,310 | – | – | – |
| B+ | 107,729 | – | 92,124 | – | 10,530 | 5,075 | – | – | – |
| B | 99,020 | – | 83,451 | – | 11,625 | 3,360 | 584 | – | – |
| B- | 42,272 | – | 38,624 | – | 2,288 | 1,360 | – | – | – |
| CCC+ | 1,510 | – | 1,505 | – | – | – | 5 | – | – |
| CCC | 3,138 | – | 3,138 | – | – | – | – | – | – |
| CCC - | 1,013 | – | 1,013 | – | – | – | – | – | – |
| CC | 974 | – | 974 | – | – | – | – | – | – |
| Not rated[1] | 1,947,966 | 1,450,920 | 54,559 | 39,880 | 26,172 | 30,462 | 31,430 | 35,603 | 278,940 |
| Subtotal | $5,193,261 | $1,450,920 | $1,768,600 | $402,639 | $440,737 | $510,914 | $293,654 | $46,857 | $278,940 |
| U.S. Govts | 2,459,756 | | | | | | | | |
| Explicit U.S. Govt – Agencies[2] | 312,403 | | | | | | | | |
| Barclays Capital Aggregate Index Pooled Investment[1,3] | 1,386,278 | | | | | | | | |
| Defined Contribution Fixed Income Funds[1] | 618,422 | | | | | | | | |
| **Total** | **$9,970,120** | | | | | | | | |

[1] Not rated by S&P.

[2] Bonds issued by the Government National Mortgage Association (GNMA).

[3] Commingled fund not rated by S&P. The quality ratings of the securities within this commingled account are as follows: AAA or equivalent 77.68 percent, AA 4.48 percent, A 9.75 percent, BBB 8.04 percent, Below BBB 0.03 percent, and not rated 0.02 percent.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Colorado PERA has no overall formal investment policy for interest rate risk. Colorado PERA utilizes effective duration as the primary measure of interest rate risk within its fixed income investments. Duration estimates the sensitivity of a bond's price to interest rate changes. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds, mortgage-backed securities, and variable-rate debt. Colorado PERA manages its exposure to fair value losses arising from changes in interest rates by requiring that the duration of individual portfolios stay within defined bands of the duration of each portfolio's benchmark. Additionally, for all active fixed income portfolios, Colorado PERA has placed duration risk constraints on each manager.

Effective duration for Colorado PERA fixed income holdings as of December 31, 2010, is disclosed in the table on the next page.

*(In Thousands of Dollars)*

**Interest Rate Risk—Effective Duration**

| | FAIR VALUE TOTAL | FAIR VALUE DURATION NOT AVAILABLE | FAIR VALUE DURATION AVAILABLE | EFFECTIVE WEIGHTED DURATION |
|---|---|---|---|---|
| U.S. government mortgage-backed securities | $1,763,323 | $– | $1,763,323 | 3.4 |
| U.S. governments | 2,459,756 | – | 2,459,756 | 4.9 |
| Barclays Capital aggregate index pooled investment | 1,386,278 | – | 1,386,278 | 4.5 |
| U.S. corporate bonds | 1,768,600 | 50,980 | 1,717,620 | 6.1 |
| U.S. government agencies | 402,639 | – | 402,639 | 3.7 |
| Non-U.S. corporate bonds | 440,737 | 1,573 | 439,164 | 6.3 |
| Non-U.S. government/agency bonds | 510,914 | 7,923 | 502,991 | 6.8 |
| Non-agency mortgage-backed securities | 293,654 | 6,216 | 287,438 | 3.7 |
| U.S. municipal bonds | 46,857 | 28,403 | 18,454 | 12.8 |
| Real estate debt | 278,940 | 278,940 | – | – |
| Total non-defined contribution investment assets[1] | 9,351,698 | 374,035 | 8,977,663 | 4.9 |
| Defined contribution plans fixed income[2] | 618,422 | 120,653 | 497,769 | 4.3 |
| **Total** | **$9,970,120** | **$494,688** | **$9,475,432** | |

[1] All of the investment assets other than those held in defined contribution plans are pooled and managed separately.

[2] Defined contribution plans fixed income is the total of fixed income assets for the Voluntary Investment Program, the Defined Contribution Retirement Plan, and the Deferred Compensation Plan.

## Mortgage-Backed Securities

Colorado PERA invests in mortgage-backed securities which are reported at fair value in the Statement of Fiduciary Net Assets under Investments at fair value, Fixed income. 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 weighted average life of the security. Alternatively, an increase in interest rates results in decreased prepayments, which may cause the weighted average life of a mortgage investment to be longer 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 and/or credit risk among the various bond classes in the CMO structure.

Colorado PERA invests in mortgage-backed securities for diversification and 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 increase when interest rates have declined, and extension risk, the risk that prepayments will decrease when interest rates have increased.

As of December 31, 2010, the fair value of mortgage-backed securities was $2,054,753. This does not include the fair value of mortgage-backed securities held in commingled funds.

## Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment or a deposit. Colorado PERA's currency risk exposures reside primarily within international equity portfolios. In addition, there is currency risk exposure in the opportunity fund asset class and in alternative and real estate investments that are non-U.S. dollar denominated. Colorado PERA has a formal policy regarding foreign currency risk. The impact of foreign currency risk is evaluated as part of the fund's periodic asset and liability study and is considered in setting the total fund asset allocation. At December 31, 2010, Colorado PERA did not have a currency hedging program at the total fund level. However, at the manager level hedging currency risk is allowed and certain managers actively manage currency exposure. Colorado PERA monitors currency risk at the total fund level, portfolio level and asset class level.

Colorado PERA's exposure to foreign currency risk in U.S. dollars as of December 31, 2010, is disclosed in the table on the next page.

## Notes to the Financial Statements
*(In Thousands of Dollars)*

### Foreign Currency Risk

| CURRENCY | TOTAL | GLOBAL STOCKS | ALTERNATIVE INVESTMENTS | REAL ESTATE EQUITY | INCOME RECEIVABLE | CASH AND SHORT-TERM INVESTMENTS | CORPORATE BONDS | PENDING TRADES | PENDING FOREIGN EXCHANGE TRADES |
|---|---|---|---|---|---|---|---|---|---|
| Euro | $774,956 | $516,650 | $243,410 | $13,578 | $1,065 | $528 | $– | ($601) | $326 |
| Japanese yen | 393,665 | 368,865 | – | 41,359 | 763 | 262 | – | – | (17,584) |
| British pound sterling | 355,713 | 302,170 | 45,341 | – | 1,342 | 133 | – | (1,401) | 8,128 |
| Swiss franc | 165,896 | 161,967 | – | – | 3,424 | 505 | – | 640 | (640) |
| Hong Kong dollar | 154,773 | 154,013 | – | – | 29 | 665 | – | 167 | (101) |
| Australian dollar | 137,873 | 137,872 | – | – | 1 | – | – | – | – |
| South Korean won | 107,648 | 107,555 | – | – | – | 51 | – | 42 | – |
| Indian rupee | 71,713 | 71,707 | – | – | – | 6 | – | – | – |
| Brazilian real | 68,012 | 67,396 | – | – | 118 | 496 | 2 | – | – |
| Canadian dollar | 62,961 | 61,326 | 1,427 | – | 191 | 17 | – | – | – |
| Singapore dollar | 60,682 | 60,447 | – | – | 224 | 11 | – | – | – |
| Mexican peso | 57,788 | 17,062 | – | 40,688 | – | 38 | – | – | – |
| Swedish krona | 52,501 | 52,498 | – | – | – | 3 | – | – | – |
| Thai baht | 43,068 | 43,019 | – | – | – | 49 | – | – | – |
| New Taiwan dollar | 40,074 | 38,724 | – | – | – | 1,350 | – | – | – |
| South African rand | 35,763 | 35,763 | – | – | – | – | – | (304) | 304 |
| Turkish lira | 31,787 | 31,784 | – | – | 3 | – | – | – | – |
| Indonesian rupiah | 20,203 | 20,177 | – | – | 12 | 14 | – | – | – |
| Danish krone | 14,612 | 14,591 | – | – | 21 | – | – | – | – |
| Polish zloty | 13,561 | 13,561 | – | – | – | – | – | – | – |
| Czech koruna | 11,306 | 11,220 | – | – | – | 86 | – | – | – |
| New Zealand dollar | 4,863 | 4,825 | – | – | – | 38 | – | – | – |
| Malaysian ringgit | 3,824 | 3,701 | – | – | 30 | 93 | – | – | – |
| Egyptian pound | 501 | 501 | – | – | – | – | – | – | – |
| New Israeli shekel | 486 | – | – | – | – | 486 | – | – | – |
| Norwegian krone | 34 | – | – | – | 34 | – | – | – | – |
| Hungarian forint | 5 | – | – | – | – | 5 | – | – | – |
| **Grand Total** | **$2,684,268** | **$2,297,394** | **$290,178** | **$95,625** | **$7,257** | **$4,836** | **$2** | **($1,457)** | **($9,567)** |

## Note 6—Derivative Instruments

Effective December 31, 2010, Colorado PERA implemented GASB 53, Accounting and Financial Reporting for Derivative Instruments, which addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The implementation had no significant impact on the financial statements for the year ended December 31, 2010.

Colorado PERA reports all derivative instruments at fair value. These derivative instruments involve, to varying degrees, elements of market risk to the extent of future market movements in excess of amounts recognized in the Statement of Fiduciary Net Assets. For accounting purposes, all derivative instruments are considered to be investments and not hedges.

The following table summarizes the derivative instruments outstanding as of December 31, 2010. These instruments are recorded in Cash and short-term and Investments at fair value in the Statement of Fiduciary Net Assets and the changes in fair value are included in Investment income in the Statement of Changes in Fiduciary Net Assets. Investments in limited partnerships and commingled funds may include derivative instruments that are not reported in the following disclosure.

### Fair Values and Notional Amounts of Derivative Instruments
*(As of December 31, 2010)*

| | CHANGES IN FAIR VALUE | | FAIR VALUE AT DECEMBER 31, 2010 | | |
|---|---|---|---|---|---|
| INVESTMENT DERIVATIVES | CLASSIFICATION | AMOUNT | CLASSIFICATION | AMOUNT | NOTIONAL |
| Foreign Currency Forwards | Investment income | ($1,915) | Cash and short-term | ($866) | $– |
| Rights/Warrants | Investment income | 989 | Global stocks | 17 | – |
| Commodity Index Swaps | Investment income | 49,160 | Opportunity fund | 3,171 | 293,020 |
| Variance Swaps | Investment income | (7,230) | Opportunity fund | 190 | 6,500 |
| **Total** | | **$41,004** | | **$2,512** | **$299,520** |

*(In Thousands of Dollars)*

### Foreign Currency Forward Contracts

A foreign 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 related to counterparty default occurred in 2010. 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 foreign currency 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, Colorado PERA records the unrealized currency translation gain or loss based on the applicable forward exchange rates which are determined by an external pricing service.

At December 31, 2010, Colorado PERA had outstanding foreign currency forward contracts to purchase foreign currencies with a fair value of $17,023 and outstanding contracts to sell foreign currencies with a fair value of ($17,889).

### Foreign Currency Forward Contracts Outstanding
*(As of December 31, 2010)*

| Type | Objective | Notional Amount | Effective Date | Maturity Date | Terms | Fair Value | Index Counterparty | Counterparty Credit Rating[1] |
|---|---|---|---|---|---|---|---|---|
| Foreign Currency Forward Contract | Hedge risk from exposure to rate fluctuations | 697,058 JPY | 8/20/2010 | 1/14/2011 | Exchange Japanese yen for British pounds | ($639) | JP Morgan Chase Bank NA | AA-/Aa1/AA- |
| Foreign Currency Forward Contract | Hedge risk from exposure to rate fluctuations | 727,946 JPY | 11/24/2010 | 5/13/2011 | Exchange Japanese yen for U.S. dollars | (227) | JP Morgan Chase Bank NA | AA-/Aa1/AA- |
| Foreign Currency Forward Contract | Facilitate trade settlement | 2,012 ZAR | 12/30/2010 | 1/5/2011 | Exchange U.S. dollars for South African rand | – | The Northern Trust Company | AA/Aa3/AA- |
| Total | | | | | | ($866) | | |

[1] Ratings are listed in order of S&P, Moody's, Fitch.

### Swaps

Swaps represent an agreement between counterparties to exchange cash flows by reference to specified indexes on a notional principal amount for a specified period. Swaps trade in the over-the-counter market. For index or total return swaps, the total return of a given index is exchanged for the return of another index. For Colorado PERA's commodity swaps, the total return from the Dow Jones-UBS Commodities Index is exchanged for the sum of the interest rate on a designated Treasury Bill plus an agreed upon number of basis points. If over a one month period the performance of the index exceeds the return of the reference Treasury Bill rate (adjusted by the mutually agreed upon basis points), Colorado PERA receives a payment for the net difference between these amounts. If the index's return is lower than the return of the reference Treasury Bill rate (adjusted by the mutually agreed upon basis points), then Colorado PERA pays the net difference between these amounts. Commodity swaps carry interest rate risk resulting from fluctuations in the underlying interest rates adversely affecting the fair value of the contracts. Variance swaps are a specialized version of total return swaps. These swaps are designed to exchange cash flows based on the variance in the price movements of a reference asset or index. Colorado PERA's variance swaps pay a return when the degree of price fluctuations in specified commodities fluctuate less than the degree of price fluctuations implied by the option prices in these markets. Colorado PERA invests in commodity and variance swaps to gain exposure to commodities without having to purchase and hold the actual commodities.

Colorado PERA is exposed to credit risk in the event of nonperformance by the counterparty to the financial instrument. Credit risk is reduced by evaluating the credit quality and operational capabilities of the counterparties. Minimum ratings requirements and exposure limits on approved counterparties and requirements to post collateral serve as additional measures to reduce counterparty risk.

Colorado PERA records collateral held as a liability and recognizes a receivable for collateral held by the counterparty. A realized gain or loss is reported on contract settlement. Open contracts are reported at fair value. At December 31, 2010, the fair value of the swap contracts was $3,361. Fair value is determined by an external pricing source when available. In the absence of an external pricing source, fair value is determined using a proprietary analytics model.

## Notes to the Financial Statements

*(In Thousands of Dollars)*

### Swap Contracts Outstanding
*(As of December 31, 2010)*

| CONTRACTS | MATURITY DATE | NOTIONAL AMOUNT | FAIR VALUE | INDEX COUNTERPARTY | COUNTERPARTY CREDIT RATING[1] |
|---|---|---|---|---|---|
| Commodity Index Swap | 1/27/2011 | $106,340 | $1,133 | Goldman Sachs Bank of NY USA | Not rated/Aa3/A+ |
| Commodity Index Swap | 1/27/2011 | 79,750 | 864 | Barclays Bank PLC | AA-/Aa3/AA- |
| Commodity Index Swap | 1/27/2011 | 43,920 | 475 | Citibank NA | A+/A1/Not rated |
| Commodity Index Swap | 1/27/2011 | 30,410 | 344 | JP Morgan Chase Bank NA | AA-/Aa1/AA- |
| Commodity Index Swap | 1/27/2011 | 16,620 | 182 | JP Morgan Chase Bank NA | AA-/Aa1/AA- |
| Commodity Index Swap | 1/27/2011 | 15,980 | 173 | Credit Suisse International | A+/Aa1/AA- |
| Variance Swap | 1/12/2011 | 2,300 | 79 | Société Générale | A+/Aa2/A+ |
| Variance Swap | 6/20/2011 | 1,100 | 37 | Société Générale | A+/Aa2/A+ |
| Variance Swap | 2/11/2011 | 1,100 | 34 | Deutsche Bank AG | A+/Aa3/AA- |
| Variance Swap | 5/17/2011 | 500 | 16 | Deutsche Bank AG | A+/Aa3/AA- |
| Variance Swap | 5/17/2011 | 500 | 14 | Deutsche Bank AG | A+/Aa3/AA- |
| Variance Swap | 1/26/2011 | 300 | 4 | Société Générale | A+/Aa2/A+ |
| Variance Swap | 2/18/2011 | 500 | 3 | Deutsche Bank AG | A+/Aa3/AA- |
| Variance Swap | 1/26/2011 | 200 | 3 | Société Générale | A+/Aa2/A+ |
| **Total** | | **$299,520** | **$3,361** | | |

[1] Ratings are listed in order of S&P, Moody's, Fitch.

### Note 7—Commitments and Contingencies

As of December 31, 2010, Colorado PERA had commitments for the future purchase of investments in alternative investments of $1,417,871, and real estate of $765,149.

#### Lawsuit Regarding Senate Bill 10-001

On February 26, 2010, a civil action was commenced in the Denver District Court, Justus, *et al.* v. State of Colorado *et al.,* Case No. 2010 CV 1589, wherein the plaintiffs, who claim to be acting on behalf of a class of individuals, allege that a portion of SB 10-001 is unconstitutional. SB 10-001 was passed by the General Assembly on February 17, 2010, and signed into law by former Governor Ritter on February 23, 2010. The provision that is the subject matter of the civil action is that portion of SB 10-001 that modifies the annual increase payable to existing Colorado PERA retirees and the annual increase that will be payable in the future to Colorado PERA members who were eligible to draw retirement benefits as of the effective date of the bill. Also named in the litigation are the State of Colorado, Governor Hickenlooper, Carole Wright, and Maryann Motza. The individuals are named exclusively in their official capacity. The maximum potential damages arising from this Civil Action consist of the payment of additional statutory benefits beyond those provided for by the provisions of SB 10-001. In the event the pertinent portion of SB 10-001 was held to be unconstitutional by an unappealable final court order, Colorado PERA would be required to pay the annual increase in effect prior to the passage of SB 10-001. The nature of the relief sought is a mandatory injunction requiring the payment of annual increases going forward based on the Colorado PERA statutes as they existed prior to passage and enactment of SB 10-001. The entry of such a mandatory injunction would have material actuarial impact on the funded status of the Plan which will negatively affect the long-term sustainability of the Plan. The assessment of management and counsel is that the likelihood of success on the merits of this lawsuit is unlikely.

### Note 8—Voluntary Investment Program and Defined Contribution Retirement Plan

Colorado PERA administers the Voluntary Investment Program and the Defined Contribution Retirement Plan (collectively, Plans); both are defined contribution plans. The Board has the authority to establish and amend the Plans pursuant to C.R.S. § 24-51-1401 and C.R.S. § 24-51-1501. The complete provisions of both Plans are incorporated into *Colorado PERA's 401(k) and Defined Contribution Plan and Trust Document.* The two Plans vary significantly in their purpose, contribution provisions, and participation.

#### Voluntary Investment Program

The Voluntary Investment Program (401(k) Plan) was established January 1, 1985, and is an Internal Revenue Code § 401(k) plan that allows for voluntary participation to provide additional benefits at retirement for Colorado PERA members. All Colorado PERA members and retirees working for a Colorado PERA-affiliated employer may contribute to the 401(k) Plan. In 2010, participants could contribute the lesser of $16,500 (actual dollars) or 100 percent of compensation less Colorado PERA contributions and employer contributions. Catch-up contributions up to $5,500 (actual dollars) in 2010 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC § 414(v). Employer matching and discretionary contributions are allowable with total participant and employer contributions limited to $49,000 (actual dollars) per participant in 2010.

In-service withdrawals are allowed by 401(k) participants while employed with a Colorado PERA-affiliated employer through loans, hardship withdrawals, or by a trustee-to-trustee transfer to Colorado PERA's defined benefit plans to purchase service. Outstanding loans as of December

31, 2010, of $58,998 are recorded as a benefit receivable on the Statement of Fiduciary Net Assets. As of December 31, 2010, there were 73,860 participants with balances and 33,740 actively contributing within the last three months of the year. There were 11,293 terminated participants with balances and 14,502 retirees with balances. During 2010, the 401(k) Plan had a total of 3,810 terminated participants take full distributions.

### Defined Contribution Retirement Plan

The Defined Contribution Retirement Plan (DC Plan) was established January 1, 2006, and is an Internal Revenue Code § 401(a) governmental profit-sharing plan. Its purpose is to offer a defined contribution alternative to Colorado PERA's defined benefit plan. Participation is available to eligible new State employees hired on or after January 1, 2006, and certain community college employees hired on or after January 1, 2008. The eligible employees have the option to choose Colorado PERA's defined benefit plan or the DC Plan.

During the second to fifth year of participation in the DC Plan, eligible participants may elect to terminate membership in the DC Plan and become a member of Colorado PERA's defined benefit plan. Similarly, an eligible employee of the Colorado PERA defined benefit plan may elect, during the second to fifth year of membership, to terminate membership in Colorado PERA's defined benefit plan and become a participant of the DC Plan. Either election is irrevocable.

Participants in the DC Plan are required to contribute 8.00 percent and employers are required to contribute 10.15 percent of includable salary (for State Troopers, the rates are 10.00 percent and 12.85 percent, respectively). Although, as of July 2010, SB 10-146 went into effect changing the participants' rate to 10.50 percent and the employer rate to 7.65 percent (for State Troopers, the rates are 12.50 percent and 10.35 percent, respectively). The contribution changes are temporary, with modifications ending on June 30, 2011. SB 11-076 extends the requirements of SB 10-146 through June 30, 2012. Employers also contribute the 2.20 percent AED and 1.50 percent SAED (see Note 4) to the Division Trust Fund where the employer is affiliated. DC Plan participants are immediately vested in 50 percent of their employer contributions, together with accumulated investment earnings on the vested portion. For each full year of participation, vesting increases by 10 percent. Contribution requirements are established under C.R.S. § 24-51-1505.

In-service withdrawals are prohibited from the DC Plan, although the election to purchase service is available to those who have made the one-time irrevocable election to transfer to Colorado PERA's defined benefit plan. As of December 31, 2010, the DC Plan had 3,479 participants with balances and 1,850 participants actively contributing within the last three months of the year. There were 1,001 terminated participants with balances and 22 retirees with balances. During the year, 363 participants took full distributions of their accounts.

### Both Plans

The following investment, distribution, and fee provisions are the same under both Plans.

- The Board has authorized an Investment Advisory Committee (IAC), comprised of Colorado PERA staff, to review, monitor, and recommend to the Board, after concurrence of the Chief Investment Officer and the Chief Operating Officer, the investments available to the Plans. Participants have the choice of contributing to 21 different investment funds. Participants may also make transfers among the investment funds at any time. The investment funds are: Northern Trust Institutional Government Select Fund, PIMCO Low Duration Fund, PIMCO Total Return Fund, Dodge & Cox Balanced Fund, Pax World Balanced Institutional Fund, Vanguard Institutional Index Fund, Dodge & Cox Stock Fund, Colorado PERA Growth & Income Stock Fund, Fidelity Contrafund, Rainier Large Cap Growth Equity Fund, American Funds EuroPacific Growth Fund, Vanguard Mid Cap Index Fund, T. Rowe Price Small Cap Value Fund, Vanguard Small Cap Index Fund, Tygh Capital Management (TCM) Small Cap Growth Fund, Fidelity Freedom Income Fund, Fidelity Freedom 2000 Fund, Fidelity Freedom 2010 Fund, Fidelity Freedom 2020 Fund, Fidelity Freedom 2030 Fund, and Fidelity Freedom 2040 Fund.
- The participant's entire account balance in either Plan becomes available for distribution upon termination from a Colorado PERA-affiliated employer. All distribution requirements are made in accordance with the Plan Document and Internal Revenue Code requirements.
- The recordkeeping for all participant transactions is administered by ING. The custodian is Northern Trust. The custodial agent of the investments carries no custodial credit risk as all deposits are insured and/or collateralized by the securities held by Northern Trust in the Plan's name. All investments are presented at fair value. Cash balances represent both operating cash accounts and investment cash on deposit held by the custodian. Plan administration expenses are paid through monthly administrative fees charged to participant accounts. In addition, each investment fund charges an investment management fee, which is paid directly from each investment's earnings.

## Note 9—Deferred Compensation Plan

The Colorado PERA Deferred Compensation Plan (457 Plan) was established July 1, 2009, as a continuation of the State Deferred Compensation Plan previously administered under Part 1 of Article 52 of Title 24, as said part existed prior to its repeal in 2009. All 457 Plan investments remain unchanged from the State of Colorado's Deferred Compensation Plan investments. The Colorado PERA Board has the authority to administer and amend the 457 Plan pursuant to C.R.S. § 24-51-1601. The complete provisions of the 457 Plan are incorporated into *The PERA Deferred Compensation Plan Document.*

## Notes to the Financial Statements

*(In Thousands of Dollars)*

The 457 Plan is an Internal Revenue Code § 457 plan that allows for voluntary participation to provide additional benefits at retirement for eligible employees of a Colorado PERA employer. All employees working for a Colorado PERA employer affiliated with the 457 Plan may contribute to the 457 Plan. All employers that were affiliated with the 457 Plan prior to July 1, 2009, including those that are not Colorado PERA-affiliated employers, remained affiliated with the 457 Plan and their employees remained eligible to contribute. In 2010, participants could defer the lesser of $16,500 (actual dollars) or 100 percent of compensation less Colorado PERA and employer contributions. Catch-up deferrals, up to the greater of $5,500 (actual dollars) for participants who had attained age 50 before the close of the plan year or the limits of the special section 457 Plan catch-up, were allowed in 2010 subject to the limitations of IRC § 414(v) and § 457(b).

In-service withdrawals are allowed by participants while employed with a 457 Plan-affiliated employer through loans, unforeseeable emergency withdrawals, de minimis distributions, or by a trustee-to-trustee transfer to Colorado PERA's defined benefit plan to purchase service. Outstanding loans as of December 31, 2010, of $5,469 are recorded as a benefit receivable on the Statement of Fiduciary Net Assets. As of December 31, 2010, there were 18,215 participants with balances, including 9,916 actively contributing and 2,705 terminated participants. During the year, the 457 Plan had a total of 958 terminated participants take full distributions.

The Board has authorized an IAC comprised of Colorado PERA staff to review, monitor, and recommend to the Board, with concurrence of the Chief Investment Officer and the Chief Operating Officer, the investments available to the 457 Plan. Participants have the choice of contributing to 15 different investment funds. Participants may also make transfers among the investment funds at any time. The investment funds are: Great-West Stable Value Fund, Vanguard Total Bond Market Index Fund, Vanguard Institutional Index Fund, Managers AMG Systematic Value Fund, American Funds Growth Fund of America, Dodge & Cox International Stock Fund, American Funds EuroPacific Growth Fund, Artisan Mid Cap Value Fund, Munder Mid Cap Core Growth Fund, Veracity Small Cap Value Fund, TCM Small Cap Growth Fund, Conservative Profile Portfolio, Moderate Profile Portfolio, Aggressive Profile Portfolio, and TD AMERITRADE Self-Directed Brokerage Account.

The participant's entire account balance becomes available for distribution upon severance of employment with all 457 Plan-affiliated employers. All distribution requirements are made in accordance with *The PERA Deferred Compensation Plan Document* and Internal Revenue Code requirements.

The recordkeeping for all participant transactions and the custody of assets are administered by Great-West Retirement Services®. GWFS Equities, Inc, a wholly owned subsidiary of Great-West Life & Annuity Insurance Company, as custodial agent of the investments, carries no custodial credit risk as all deposits are insured and/or collateralized by the securities held by Great-West Life & Annuity Insurance Company in the 457 Plan's name.

Brokerage services for the Self-Directed Brokerage Account are provided by TD AMERITRADE, Inc. TD AMERITRADE and GWFS Equities, Inc. are separate and unaffiliated. The Great-West Stable Value Fund is offered through a group fixed and variable deferred annuity contract issued by Great-West Life & Annuity Insurance Company and is reported at book value of $163,345. Market value as of December 31, 2010, is $176,290. All other investments are presented at fair value. Cash balances represent both operating cash accounts and investment cash on deposit held by the custodian. Plan administration expenses are paid through quarterly administrative fees charged to participant accounts. In addition, each investment fund charges an investment management fee, which is paid directly from each investment's earnings.

### Note 10—Health Care Trust Funds—Colorado PERA's Cost-Sharing Multiple-Employer Defined Benefit Healthcare Plans

#### Plan Description and Benefit Provisions

Colorado PERA offers two cost-sharing multiple-employer defined benefit other postemployment benefit health care plans to retirees and benefit recipients. The Health Care Trust Fund (HCTF) and the Denver Public Schools Health Care Trust Fund (DPS HCTF) offer common benefits under C.R.S. § 24-51-1201 (1) and (2), respectively. The HCTF and the DPS HCTF provide a health care premium subsidy to participating Colorado PERA benefit recipients who choose to enroll in one of Colorado PERA's health care plans. The HCTF and DPS HCTF provide a health care premium subsidy based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire and have service credit with employers in the DPS Division and one or more of the other four Divisions, the premium subsidy is allocated between the two funds. The amount of the premium subsidy funded by each fund is based on the percentage of the member contribution balance from each Division as it relates to the total member contribution account balance from which the benefit is paid.

C.R.S. § 24-51-1202 *et seq.* specifies the eligibility for enrollment in the health care plans offered by Colorado PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefit recipient's benefits are calculated. The maximum subsidy amount per month, $115 (actual dollars) or $230 (actual dollars), is based on 20 years or more of service credit. For those with less service credit, the subsidy is reduced by 5 percent for each year less than 20 years. The benefit recipient is responsible for paying the remaining portion of the premium if the subsidy does not cover the entire amount.

All benefit recipients who retire under the PERA benefit structure are eligible for a premium subsidy. The maximum monthly subsidy is $230 (actual dollars) per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare. The maximum subsidy is $115 (actual dollars) per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to

Medicare. For the benefit recipients who retire under the DPS benefit structure, only the retiree is eligible for a subsidy and upon the death of the retiree, no further subsidy is paid.

For retirees under the PERA benefit structure, an additional subsidy exists for benefit recipients who have not participated in Social Security and are not otherwise eligible for Medicare Part A for hospital-related services. C.R.S. § 24-51-1206(4) states that PERA cannot charge premiums to benefit recipients without Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual benefit recipient, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Parts A and B. Implicit in this process, an additional subsidy is paid by the HCTF and the DPS HCTF on behalf of benefit recipients under the PERA benefit structure who are not covered by Medicare Part A.

For retirees under the DPS benefit structure who are not eligible for Medicare Part A, the HCTF and the DPS HCTF pay a maximum monthly subsidy of $230 (actual dollars) per month per retiree. Retirees who do not have Medicare Part A pay the difference between the total premium for Medicare coverage described in the above paragraph and the maximum $230 (actual dollars) subsidy.

As of December 31, 2010, there were a total of 201,095 Colorado PERA members in active service who were earning a potential future subsidy benefit if they retire from Colorado PERA and enroll in the plan. This total represents 13,171 active members in the DPS Division, and 187,924 active members in the other four Divisions. There were 17,007 inactive members who had accumulated a potential subsidy benefit, but were not yet receiving benefits including 542 in the DPS Division and 16,465 in the other four Divisions.

As of December 31, 2010, there were a total of 52,284 retired members and survivors enrolled in the plan. This total represents 3,829 retirees in the DPS Division and 48,455 retirees in the other four Divisions. Of the 48,455 enrolled in the four Divisions referenced, 15,269 were under age 65 and 33,186 were age 65 and older. Of the 3,829 retirees in the DPS Division, 759 were under age 65 and 3,070 were age 65 or older.

Of the total eligible, 52,284 were enrolled in the plan and 43,699 had elected not to enroll in the plan. Under the HCTF, 15,386 retirees under age 65 and 22,488 retirees age 65 or older had elected not to enroll. Under the DPS HCTF, 1,224 retirees under age 65 and 4,601 retirees age 65 and older had elected not to enroll.

Colorado PERA offers two general types of health plans—fully insured plans that are offered through health care organizations and self-insured plans administered by third party vendors. The plan designs offered include HMO, PPO, Medicare Supplement, Medicare Advantage, and Medicare Cost plans. Colorado PERA also offers fully insured dental and vision plans.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries under Medicare Part D. One of the provisions of Medicare Part D provides sponsors of postemployment healthcare plans the opportunity to receive a payment, referred to as a retiree drug subsidy (RDS), if the sponsor's plan provides a prescription drug benefit that is actuarially equivalent to the Medicare Part D benefit. The RDS is equal to 28 percent of the amount of eligible prescription drug benefit costs of retirees who are eligible for, but not enrolled in, Medicare Part D, by virtue of continuing to be covered by the sponsor's plan. The provisions of Medicare Part D became effective on January 1, 2006. The funds receive the Medicare RDS payment for the self-insured plans administered by Anthem Blue Cross and Blue Shield (Anthem) and the insured plan offered by Rocky Mountain Health Plans. The funds use the anticipated RDS payments to reduce the required premiums collected from the enrollees. Each fund pays for the full premiums or claims during the year and recoups the additional cost when the fund receives the RDS payment from the federal government. For the year ended December 31, 2010, the HCTF received $14,169 in Medicare RDS income and the DPS HCTF received $537 in Medicare RDS income.

The Patient Protection and Affordable Care Act (PPACA) of 2010 established the Early Retiree Reinsurance Program (ERRP) for plans offering health care coverage to early retirees (those aged 55 through 64). This program provides sponsors of postemployment health care plans for early retirees the opportunity to receive a payment for amounts paid to treat certain chronic and high-cost conditions. The payment is equal to 80 percent of the paid claims between $15,000 and $90,000 per eligible covered individual per year. The funds receive the ERRP payment for the self-insured pre-Medicare plans administered by Anthem and the insured pre-Medicare plans offered by Kaiser Permanente. The funds must use the ERRP payments (1) to offset increases in health benefit premiums and health benefit costs and (2) to offset increases in the participants' premium contributions, copayments, deductible, coinsurance, or other out-of-pocket costs. All ERRP payments received must be used for these purposes. ERRP payments will remain in the funds and share in fund earnings and losses until they are used. Regulatory guidance is still pending concerning acceptable uses and timeframes. For the year ended December 31, 2010, the HCTF received $11,582 in ERRP income and the DPS HCTF received $715 in ERRP income.

In addition, fully insured pre-Medicare health plans offered through Anthem and Kaiser Permanente are available to any Colorado PERA-affiliated employer who voluntarily elects to provide health care coverage through the health care plan for its employees who are Colorado PERA members. The program acts as a purchaser of private insurance to obtain economies of scale for the employers that elect to join in the joint purchasing arrangement. The insurance companies, who provide coverage through the program, set the rates for each employer group. There is no transfer of risk to the funds, to Colorado PERA, or between the participating employers. The insurance companies providing the benefits bear the risk for the plan. The employers and/or participants pay the full premiums for the coverage and the funds provide no subsidy. Colorado PERA collects the premiums and deposits them into the funds and then pays these premiums to the insurance companies who provide the coverage. As of December 31, 2010, there were 16 employers in the program with 362 active members enrolled. As of December 31, 2010, none of the employers in the program are in the DPS Division.

Dental and vision plans are also available to benefit recipients and eligible employees of employers who have elected to provide health care coverage through Colorado PERA. These plans are all fully insured and the funds provide no subsidy; the risk is borne by the insurance companies contracted to provide the coverage. The participants and/or employers pay the full premiums for the coverage. Colorado PERA collects the premiums and deposits them into the funds and then pays these premiums to the insurance companies who provide the coverage. As of December 31, 2010, there were 38,842 participants enrolled in the dental plans and 30,531 participants enrolled in the vision plans in both the HCTF and the DPS HCTF.

The Colorado PERA Board has the authority to contract, self-insure, and to authorize disbursements necessary to carry out the purposes of the Program. Colorado PERA contracts with a major national insurance carrier to administer claims for the self-insured plans, with a national prescription benefit manager to administer a pharmacy benefit for the self-insured plans, and with health insurance companies to provide fully insured health plans providing services within Colorado.

### Membership

Enrollment in the health care program is voluntary and available to the following eligible individuals:

- Benefit recipients and their dependents.
- Guardians of children receiving Colorado PERA survivor benefits if the children are enrolled in the health care program.
- Surviving spouses of deceased retirees who are not receiving Colorado PERA benefits, but were enrolled in the Program when death occurred.
- Divorced spouses of retirees who are not receiving Colorado PERA benefits, but were enrolled in the Program when the divorce occurred.
- Members while receiving short-term disability program payments.
- Members whose employers have elected to provide coverage through the health care program and such members' dependents.

Only those enrollees who are PERA benefit structure benefit recipients or DPS benefit structure retirees receive a subsidy from the HCTFs.

### Summary of HCTF Specific Significant Accounting Policies

Following the applicable recognition requirements of Statement 33, the funds recognize an asset and contribution for the RDS payment. The funds apply the measurement requirements of Statement 43 to determine the actuarial accrued liabilities, the ARC of the employer, and the annual OPEB cost without reduction for RDS payments.

Premiums collected and payments made are handled in two ways, depending on whether or not the plan bears any level of risk with regard to the health coverage. Where the plan bears risk, all premiums collected are recorded as contributions and all claims or premiums paid are accounted for as benefit payments. Where there is no risk transfer to the plan, the premiums collected are held by the plan as a liability and the liability is relieved when the premiums are transferred to the health insurance company that provides the fully insured health plan. When there is no health coverage risk, the only benefit payment recorded is the subsidy benefit which is equal to the difference between the premiums collected from the enrollees and the full premium due to the insurance company.

The first health plan that involves risk to the funds is the self-insured plan administered by Anthem. Colorado PERA uses an outside consultant to determine the premiums required to cover anticipated health claims less the anticipated Medicare Part D retiree drug subsidy. The cost to the enrollee is further reduced by the amount of the enrollee's calculated subsidy, if applicable. Implicit in this process is the risk that actual claims experience and the Medicare RDS could be different from the estimates resulting in either a gain or a loss to the funds.

The second health plan that involves risk to the funds is Rocky Mountain Health Plans' (RMHP) Medicare plan where the funds directly receive the Medicare RDS payment from the federal government. Using an outside consultant, Colorado PERA estimates in advance the amount of the Medicare RDS payment that the funds will receive based on an estimate of the amount of claims that will be paid by RMHP. The anticipated savings is passed on to the enrollees through a premium reduction. The funds pay RMHP the full premium payment, which includes the amounts collected from enrollees, the funds' subsidies, as well as an additional amount for the anticipated Medicare RDS payment which reduced the enrollees' premiums. The inherent risk is that the actual Medicare RDS could be different from the estimate resulting in either a gain or a loss to the funds.

### Contributions

Contribution requirements are established by statute under C.R.S. § 24-51-208. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Affiliated employers must submit contributions for all Colorado PERA members equal to 1.02 percent of covered salaries.

*(In Thousands of Dollars)*

## Note 11—Funded Status and Actuarial Information

### Funded Status and Funding Progress

The funded status of each plan as of December 31, 2010, the most recent actuarial valuation date, is as follows:

| | STATE DIVISION | SCHOOL DIVISION | LOCAL GOVERNMENT DIVISION | JUDICIAL DIVISION | DENVER PUBLIC SCHOOLS DIVISION |
|---|---|---|---|---|---|
| Actuarial value of assets (a) | $12,791,946 | $20,321,736 | $2,926,045 | $227,814 | $2,961,720 |
| Actuarial accrued liability (b) | 20,356,176 | 31,339,754 | 4,005,566 | 303,839 | 3,332,814 |
| Total unfunded actuarial accrued liability (UAAL) (b-a) | 7,564,230 | 11,018,018 | 1,079,521 | 76,025 | 371,094 |
| Funded ratio (a/b) | 62.8% | 64.8% | 73.0% | 75.0% | 88.9% |
| Covered payroll | 2,392,080 | 3,900,662 | 705,265 | 37,412 | 470,774 |
| UAAL as a percentage of covered payroll | 316.2% | 282.5% | 153.1% | 203.2% | 78.8% |

| | HEALTH CARE TRUST FUND | DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND |
|---|---|---|
| Actuarial value of assets (a) | $288,193 | $14,086 |
| Actuarial accrued liability (b) | 1,642,993 | 78,513 |
| Total unfunded actuarial accrued liability (UAAL) (b-a) | 1,354,800 | 64,427 |
| Funded ratio (a/b) | 17.5% | 17.9% |
| Covered payroll | 7,035,419 | 470,774 |
| UAAL as a percentage of covered payroll | 19.3% | 13.7% |

### Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. A schedule of funding progress immediately follows the notes to the financial statements. It presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between each Fund and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Actuarial calculations reflect a long-term perspective. In addition, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

| | STATE DIVISION | SCHOOL DIVISION | LOCAL GOVERNMENT DIVISION | JUDICIAL DIVISION | DENVER PUBLIC SCHOOLS DIVISION |
|---|---|---|---|---|---|
| Valuation date | 12/31/2010 | 12/31/2010 | 12/31/2010 | 12/31/2010 | 12/31/2010 |
| Actuarial cost method | Entry age | Entry age | Entry age | Entry age | Entry age |
| Amortization method | Level percent Open | Level percent Open | Level percent Open | Level percent Open | Level percent Open |
| Remaining amortization period used in ARC calculation | 30 years | 30 years | 30 years | 30 years | 30 years |
| Asset valuation method | 4-year smoothed market | 4-year smoothed market | 4-year smoothed market | 4-year smoothed market | 4-year smoothed market |
| Actuarial assumptions: | | | | | |
| Investment rate of return and discount rate[1] | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |
| Projected salary increases[1] | 4.50%–10.17% | 4.50%–10.70% | 4.50%–11.47% | 5.00%–6.00% | 4.50%–10.70% |
| Post-retirement benefit increases: | | | | | |
| Members hired prior to 1/1/07 | 2.00% compounded annually | 2.00% compounded annually | 2.00% compounded annually | 2.00% compounded annually | 2.00% compounded annually |
| Members hired between 1/1/07 and 1/1/10 | None[2] | None[2] | None[2] | None[2] | 2.00% compounded annually |
| Members hired on or after 1/1/10 | None[2] | None[2] | None[2] | None[2] | None[2] |

[1] Includes inflation at 3.75 percent and productivity at 0.75 percent.

[2] Post-retirement benefit increases are provided by a separate reserve within the Fund, called the Annual Increase Reserve, subject to monies being available.

## Notes to the Financial Statements

*(In Thousands of Dollars)*

Beginning in 2007, the AIR was created within each Division Trust Fund for the purpose of funding future benefit increases for members in the PERA benefit structure hired on or after January 1, 2007. Funding for this reserve comes from the employer contributions and is calculated at 1 percent of the salary reported for members in the PERA benefit structure hired after January 1, 2007. Post-retirement benefit increases for these members are limited to a maximum of 2 percent compounded annually subject to the availability of assets in the Annual Increase Reserve for each Division. As of December 31, 2010, the value of the Annual Increase Reserve was $14,698 in the State Division, $18,852 in the School Division, $5,487 in the Local Government Division, $151 in the Judicial Division, and $835 in the DPS Division. Since these assets are earmarked for the specific purpose of providing future benefit increases for members hired after January 1, 2007, they are not included in the Actuarial Value of Assets used in the calculation of the ARC or the funded status and funding progress of the plans shown above.

| | HEALTH CARE TRUST FUND | DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND |
|---|---|---|
| Valuation date | 12/31/2010 | 12/31/2010 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level percent<br>Open | Level percent<br>Open |
| Remaining amortization period used in ARC calculation | 30 years | 30 years |
| Asset valuation method | 4-year<br>smoothed market | 4-year<br>smoothed market |
| Actuarial assumptions: | | |
| Investment rate of return and discount rate[1] | 8.00% | 8.00% |
| Projected salary increases[1] | 4.50% in aggregate | 4.50% in aggregate |
| Post-retirement benefit increases | None | None |
| Health Care Inflation Factor | 3.50%<br>applicable to Medicare Part A costs | 3.50%<br>applicable to Medicare Part A costs |

[1] Includes inflation at 3.75 percent and productivity at 0.75 percent.

### Note 12—Sensitivity of Actuarial Valuation to Changes in Assumed Investment Rate of Return and Discount Rate

The most important long-run driver of a pension plan is investment income, which can contribute as much as 80 percent or more of the total inflows into a pension plan over its life. The investment return assumption (discount rate), as required by GASB, should be based on an estimated long-term investment yield for the plan, with consideration given to the nature and mix of current and expected plan investments and the basis used to determine the actuarial value of assets.

Management and the Colorado PERA Board continually monitor the investment rate of return assumption and the Colorado PERA Board formally reviews the assumption on an annual basis and makes changes in this assumption as appropriate. The Colorado PERA Board last changed the assumption in September 2009, reducing the assumption from 8.5 percent to 8.0 percent. The Colorado PERA Board again reviewed the assumption in November 2010, but took no action at that time.

To illustrate the importance of the investment rate of return, which is used to discount the actuarial liabilities of Colorado PERA, the funding ratio, UAAL, and ARC (for contributions for fiscal year ended December 31, 2012) are shown on the next page at 6.5 percent (a one and one-half percent decrease), 7.5 percent (a one-half percent decrease), 8.0 percent (the current assumption), 8.5 percent (a one-half percent increase), and 9.5 percent (a one and one-half percent increase).

*(In Thousands of Dollars)*

| FUNDED RATIO | 1.5% DECREASE 6.5 PERCENT | .5% DECREASE 7.5 PERCENT | CURRENT ASSUMPTION 8.0 PERCENT | .5% INCREASE 8.5 PERCENT | 1.5% INCREASE 9.5 PERCENT |
|---|---|---|---|---|---|
| State Division Trust Fund | 52.6% | 59.3% | **62.8%** | 66.4% | 73.8% |
| School Division Trust Fund | 53.9% | 61.1% | **64.8%** | 68.7% | 76.6% |
| Local Government Division Trust Fund | 60.0% | 68.6% | **73.0%** | 77.6% | 87.2% |
| Judicial Division Trust Fund | 63.7% | 71.1% | **75.0%** | 79.0% | 87.2% |
| Denver Public Schools Division Trust Fund | 75.0% | 84.2% | **88.9%** | 93.7% | 103.6% |
| Health Care Trust Fund | 15.0% | 16.7% | **17.5%** | 18.4% | 20.3% |
| Denver Public Schools Health Care Trust Fund | 15.6% | 17.1% | **17.9%** | 18.7% | 20.4% |
| **UNFUNDED/(OVERFUNDED) ACCRUED ACTUARIAL LIABILITY** | | | | | |
| State Division Trust Fund | $11,425,623 | $8,738,253 | **$7,564,230** | $6,487,071 | $4,583,567 |
| School Division Trust Fund | 17,186,640 | 12,889,617 | **11,018,018** | 9,303,996 | 6,282,838 |
| Local Government Division Trust Fund | 1,929,127 | 1,336,303 | **1,079,521** | 845,238 | 434,518 |
| Judicial Division Trust Fund | 128,738 | 92,287 | **76,025** | 60,917 | 33,757 |
| Denver Public Schools Division Trust Fund | 978,160 | 555,767 | **371,094** | 199,468 | (104,257) |
| Health Care Trust Fund | 1,623,447 | 1,436,808 | **1,354,800** | 1,279,278 | 1,145,097 |
| Denver Public Schools Health Care Trust Fund | 75,506 | 67,838 | **64,427** | 61,261 | 55,575 |
| **ANNUAL REQUIRED CONTRIBUTION** | | | | | |
| State Division Trust Fund | 26.02% | 20.37% | **17.77%** | 15.27% | 10.52% |
| School Division Trust Fund | 26.85% | 20.49% | **17.60%** | 14.86% | 9.71% |
| Local Government Division Trust Fund | 17.68% | 12.26% | **9.79%** | 7.43% | 3.01% |
| Judicial Division Trust Fund | 29.75% | 22.79% | **19.53%** | 16.41% | 10.44% |
| Denver Public Schools Division Trust Fund | 19.12% | 12.60% | **9.60%** | 6.69% | 1.17% |
| Health Care Trust Fund | 1.26% | 1.20% | **1.18%** | 1.15% | 1.12% |
| Denver Public Schools Health Care Trust Fund | 0.99% | 0.93% | **0.92%** | 0.90% | 0.88% |

## Note 13—Subsequent Events

### Legislation Impacting Future Years

During the 2011 legislative session, several bills that impacted Colorado PERA were passed by the Legislature and were signed into law. Listed below are summaries of the bills that could potentially impact the financial statements to the greatest extent:

***Senate Bill 11-076: Continuation of Temporary Modification of PERA Contribution Rates***

Signed by Governor Hickenlooper on May 23, 2011, this bill will extend the reduction of the employer contribution rates in the State and Judicial Divisions of Colorado PERA by 2.50 percent of salary for one additional year, from July 1, 2011, through June 30, 2012, and increase contributions by all State Division and Judicial Division Colorado PERA members by the same 2.50 percent of salary, for that fiscal year. This means that during the year beginning July 1, 2011, all State and Judicial members of Colorado PERA will have 10.50 percent of salary deducted from their salary and paid into their member contribution accounts, except for State Troopers, whose Colorado PERA contribution rate will be 12.50 percent of salary. Retirees who return to work for a State Division or Judicial Division employer will also be required to contribute this additional 2.50 percent on top of the 8.00 percent contribution through June 30, 2012. Members of the Colorado PERA DC Plan are also affected by the rate swap.

***Lawsuit Regarding Short-Term Disability Program***

On March 7, 2011, a civil action was commenced in Denver District Court, Tracey Lawless v. Standard Insurance Company *et al.,* Case No. 2010CV9848, wherein the Plaintiff, who claims to be acting on behalf of a class of individuals alleges that PERA has adopted the wrong disability standard under the short-term disability program. The primary claim is that PERA Rule 7.45 E, which sets forth the medical standard for short-term disability, conflicts with the medical standard set forth in the PERA Statutes. The named defendants in the action are: The Standard Insurance Company, Colorado PERA, Colorado PERA's Board of Trustees, Carole Wright, Maryann Motza, and Rick Larson. The individuals were named in their official capacity only. The assessment of management and counsel is that the likelihood of success on the merits is remote. PERA is unable to estimate the possible loss or range of loss at this early stage in this matter. PERA Rule 7.45 E has been in effect in the same form since January 1, 1999, the effective date of PERA's current disability program. This rule has been uniformly applied since that time and thousands of disability applications have been processed in accordance with the disability standards provided in Rule 7.45 E. If the plaintiffs were successful, there would be an unanticipated liability to PERA related to additional benefits that would be paid beyond what has been paid to date.

## Required Supplementary Information (Unaudited)—Schedule of Funding Progress

*For the Years Ended December 31*
*(In Thousands of Dollars)*

| STATE DIVISION[1] | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|
| Actuarial valuation date | **12/31/2010** | 12/31/2009 | 12/31/2008 | 12/31/2007 | 12/31/2006 | 12/31/2005 |
| Actuarial value of assets (a) | **$12,791,946** | $13,382,736 | $13,914,371 | $14,220,681 | $13,327,290 | $12,536,916 |
| Actuarial accrued liability (b) | **20,356,176** | 19,977,217 | 20,498,668 | 19,390,296 | 18,246,010 | 17,541,744 |
| Total unfunded actuarial accrued liability (UAAL) (b-a) | **7,564,230** | 6,594,481 | 6,584,297 | 5,169,615 | 4,918,720 | 5,004,828 |
| Funded ratio (a/b) | **62.8%** | 67.0% | 67.9% | 73.3% | 73.0% | 71.5% |
| Covered payroll | **2,392,080** | 2,384,137 | 2,371,639 | 2,236,518 | 2,099,325 | 2,064,764 |
| UAAL as a percentage of covered payroll | **316.2%** | 276.6% | 277.6% | 231.1% | 234.3% | 242.4% |

[1] The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006. The December 31, 2005, valuation treated the funds as if they were separated.

| SCHOOL DIVISION[1] | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|
| Actuarial valuation date | **12/31/2010** | 12/31/2009 | 12/31/2008 | 12/31/2007 | 12/31/2006 | 12/31/2005 |
| Actuarial value of assets (a) | **$20,321,736** | $21,054,910 | $21,733,329 | $22,070,769 | $20,535,733 | $19,184,225 |
| Actuarial accrued liability (b) | **31,339,754** | 30,412,815 | 31,000,202 | 29,241,428 | 27,708,682 | 25,963,972 |
| Total unfunded actuarial accrued liability (UAAL) (b-a) | **11,018,018** | 9,357,905 | 9,266,873 | 7,170,659 | 7,172,949 | 6,779,747 |
| Funded ratio (a/b) | **64.8%** | 69.2% | 70.1% | 75.5% | 74.1% | 73.9% |
| Covered payroll | **3,900,662** | 3,922,175 | 3,804,927 | 3,618,258 | 3,371,186 | 3,241,214 |
| UAAL as a percentage of covered payroll | **282.5%** | 238.6% | 243.5% | 198.2% | 212.8% | 209.2% |

[1] The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006. The December 31, 2005, valuation treated the funds as if they were separated.

| LOCAL GOVERNMENT DIVISION[1] | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|
| Actuarial valuation date | **12/31/2010** | 12/31/2009 | 12/31/2008 | 12/31/2007 | 12/31/2006 | 12/31/2005 |
| Actuarial value of assets (a) | **$2,926,045** | $2,932,628 | $2,933,296 | $2,892,847 | $2,613,386 | $2,358,719 |
| Actuarial accrued liability (b) | **4,005,566** | 3,850,821 | 3,838,083 | 3,563,199 | 3,288,421 | 3,022,624 |
| Total unfunded actuarial accrued liability (UAAL) (b-a) | **1,079,521** | 918,193 | 904,787 | 670,352 | 675,035 | 663,905 |
| Funded ratio (a/b) | **73.0%** | 76.2% | 76.4% | 81.2% | 79.5% | 78.0% |
| Covered payroll | **705,265** | 705,097 | 718,902 | 680,442 | 636,300 | 607,217 |
| UAAL as a percentage of covered payroll | **153.1%** | 130.2% | 125.9% | 98.5% | 106.1% | 109.3% |

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

| JUDICIAL DIVISION | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|
| Actuarial valuation date | **12/31/2010** | 12/31/2009 | 12/31/2008 | 12/31/2007 | 12/31/2006 | 12/31/2005 |
| Actuarial value of assets (a) | **$227,814** | $228,714 | $230,967 | $231,228 | $210,633 | $193,305 |
| Actuarial accrued liability (b) | **303,839** | 295,696 | 288,058 | 264,210 | 247,491 | 223,955 |
| Total unfunded actuarial accrued liability (UAAL) (b-a) | **76,025** | 66,982 | 57,091 | 32,982 | 36,858 | 30,650 |
| Funded ratio (a/b) | **75.0%** | 77.3% | 80.2% | 87.5% | 85.1% | 86.3% |
| Covered payroll | **37,412** | 37,583 | 35,937 | 31,150 | 29,151 | 26,937 |
| UAAL as a percentage of covered payroll | **203.2%** | 178.2% | 158.9% | 105.9% | 126.4% | 113.8% |

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

## Required Supplementary Information (Unaudited)—Schedule of Funding Progress

*For the Years Ended December 31*
*(In Thousands of Dollars)*

| DENVER PUBLIC SCHOOLS DIVISION[1] | 2010 |
|---|---|
| Actuarial valuation date | **12/31/2010** |
| Actuarial value of assets (a) | **$2,961,720** |
| Actuarial accrued liability (b) | **3,332,814** |
| Total unfunded actuarial accrued liability (UAAL) (b-a) | **371,094** |
| Funded ratio (a/b) | **88.9%** |
| Covered payroll | **470,774** |
| UAAL as a percentage of covered payroll | **78.8%** |

[1] The DPSRS merged into the new DPS Division on January 1, 2010, as mandated by SB 09-282.

| HEALTH CARE TRUST FUND | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|
| Actuarial valuation date | **12/31/2010** | 12/31/2009 | 12/31/2008 | 12/31/2007 | 12/31/2006 | 12/31/2005 |
| Actuarial value of assets (a) | **$288,193** | $260,341 | $255,976 | $258,775 | $214,816 | $191,264 |
| Actuarial accrued liability (b) | **1,642,993** | 1,763,241 | 1,368,633 | 1,303,594 | 1,247,950 | 1,116,627 |
| Total unfunded actuarial accrued liability (UAAL) (b-a) | **1,354,800** | 1,502,900 | 1,112,657 | 1,044,819 | 1,033,134 | 925,363 |
| Funded ratio (a/b) | **17.5%** | 14.8% | 18.7% | 19.9% | 17.2% | 17.1% |
| Covered payroll | **7,035,419** | 7,048,992 | 6,931,405 | 6,566,368 | 6,135,962 | 5,940,132 |
| UAAL as a percentage of covered payroll | **19.3%** | 21.3% | 16.1% | 15.9% | 16.8% | 15.6% |

| DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND[1] | 2010 |
|---|---|
| Actuarial valuation date | **12/31/2010** |
| Actuarial value of assets (a) | **$14,086** |
| Actuarial accrued liability (b) | **78,513** |
| Total unfunded actuarial accrued liability (UAAL) (b-a) | **64,427** |
| Funded ratio (a/b) | **17.9%** |
| Covered payroll | **470,774** |
| UAAL as a percentage of covered payroll | **13.7%** |

[1] SB 09-282 creates a separate health care trust fund for DPS effective January 1, 2010.

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

## Required Supplementary Information (Unaudited)—Schedule of Employer Contributions

*For the Years Ended December 31*
*(In Thousands of Dollars)*

| STATE DIVISION[1] | 2010 | 2009[3] | 2008[3] | 2007[3] | 2006[3] | 2005[3] |
|---|---|---|---|---|---|---|
| Dollar amount of annual required contribution (ARC) | **$452,821** | $426,999 | $437,537 | $385,352 | $405,800 | $357,411 |
| ARC[2] | **18.93%**[4] | 17.91% | 18.45% | 17.23% | 19.33% | 17.31% |
| % ARC contributed | **62%** | 69% | 61% | 60% | 51% | 54% |

[1] The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006. The December 31, 2005, valuation treated the funds as if they were separated.

[2] As a percent of covered payroll. ARC based on prior year-end actuarial study.

[3] Information restated from prior year to reflect a 12-month delay from the actuarial valuation date to the beginning of the calendar year in which each annual required contribution rate became effective.

[4] The State Division 2010 ARC has been adjusted to reflect the contribution rate swap of 2.50 percent of payroll for the period July 1, 2010, through December 31, 2010, decreasing the employer contribution rate by that amount and increasing the employee rate by a like amount.

| SCHOOL DIVISION[1] | 2010 | 2009[3] | 2008[3] | 2007[3] | 2006[3] | 2005[3] |
|---|---|---|---|---|---|---|
| Dollar amount of annual required contribution (ARC) | **$731,374** | $649,512 | $653,686 | $581,092 | $651,650 | $561,054 |
| ARC[2] | **18.75%** | 16.56% | 17.18% | 16.06% | 19.33% | 17.31% |
| % ARC contributed | **70%** | 73% | 65% | 64% | 52% | 53% |

[1] The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006. The December 31, 2005, valuation treated the funds as if they were separated.

[2] As a percent of covered payroll. ARC based on prior year-end actuarial study.

[3] Information restated from prior year to reflect a 12-month delay from the actuarial valuation date to the beginning of the calendar year in which each annual required contribution rate became effective.

| LOCAL GOVERNMENT DIVISION[1] | 2010 | 2009[3] | 2008[3] | 2007[3] | 2006[3] | 2005[3] |
|---|---|---|---|---|---|---|
| Dollar amount of annual required contribution (ARC) | **$86,818** | $78,548 | $85,909 | $76,278 | $89,782 | $84,889 |
| ARC[2] | **12.31%** | 11.14% | 11.95% | 11.21% | 14.11% | 13.98% |
| % ARC contributed | **101%** | 106% | 91% | 89% | 68% | 64% |

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

[2] As a percent of covered payroll. ARC based on prior year-end actuarial study.

[3] Information restated from prior year to reflect a 12-month delay from the actuarial valuation date to the beginning of the calendar year in which each annual required contribution rate became effective.

| JUDICIAL DIVISION | 2010 | 2009[3] | 2008[3] | 2007[3] | 2006[3] | 2005[3] |
|---|---|---|---|---|---|---|
| Dollar amount of annual required contribution (ARC) | **$6,970** | $6,419 | $6,346 | $4,775 | $5,017 | $4,369 |
| ARC[1] | **18.63%**[2] | 17.08% | 17.66% | 15.33% | 17.21% | 16.22% |
| % ARC contributed | **80%** | 90% | 80% | 88% | 75% | 78% |

[1] As a percent of covered payroll. ARC based on prior year-end actuarial study.

[2] The Judicial Division 2010 ARC has been adjusted to reflect the contribution rate swap of 2.50 percent of payroll for the period July 1, 2010, through December 31, 2010, decreasing the employer contribution rate and increasing the employee rate by a like amount.

[3] Information restated from prior year to reflect a 12-month delay from the actuarial valuation date to the beginning of the calendar year in which each annual required contribution rate became effective.

| DENVER PUBLIC SCHOOLS DIVISION[1] | 2010 |
|---|---|
| Dollar amount of annual required contribution (ARC) | **$68,780** |
| ARC[2] | **14.61%** |
| % ARC contributed | **8%** |

[1] The DPSRS merged into the new DPS Division on January 1, 2010, as mandated by SB 09-282.

[2] As a percent of covered payroll. ARC based on prior year-end actuarial study.

## Required Supplementary Information—(Unaudited)
## Schedule of Contributions from Employers and Other Contributing Entities

*For the Years Ended December 31*
*(In Thousands of Dollars)*

| HEALTH CARE TRUST FUND | 2010 | 2009[2] | 2008[2] | 2007[2] | 2006[2] | 2005[2] |
|---|---|---|---|---|---|---|
| Dollar amount of annual required contribution (ARC) | **$78,797** | $78,949 | $76,939 | $78,140 | $73,018 | $67,793 |
| ARC[1] | **1.12%** | 1.12% | 1.11% | 1.19% | 1.19% | 1.13 |
| % ARC contributed by Employer | **94%** | 94% | 94% | 88% | 88% | 90% |
| % ARC contributed by Medicare | **18%** | 17% | 18% | 16% | 17% | – |

[1] As a percent of covered payroll. ARC based on prior year-end actuarial study.

[2] Information restated from prior year to reflect a 12-month delay from the actuarial valuation date to the beginning of the calendar year in which each annual required contribution rate became effective.

| DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND[1] | 2010 |
|---|---|
| Dollar amount of annual required contribution (ARC) | **$4,465** |
| ARC[2] | **0.92%** |
| % ARC contributed by Employer | **107%** |
| % ARC contributed by Medicare | **12%** |

[1] SB 09-282 mandated the new DPS HCTF, effective January 1, 2010.

[2] As a percent of covered payroll. ARC based on prior year-end actuarial study.

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

## Notes to the Required Supplementary Information (Unaudited)

### Note 1—Description

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

### 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 DIVISION TRUST FUND | SCHOOL DIVISION TRUST FUND | LOCAL GOVERNMENT DIVISION TRUST FUND | JUDICIAL DIVISION TRUST FUND | DENVER PUBLIC SCHOOLS TRUST FUND |
|---|---|---|---|---|---|
| Valuation date | 12/31/2010 | 12/31/2010 | 12/31/2010 | 12/31/2010 | 12/31/2010 |
| Actuarial cost method | Entry age | Entry age | Entry age | Entry age | Entry age |
| Amortization method | Level percent Open | Level percent Open | Level percent Open | Level percent Open | Level percent Open |
| Remaining amortization period used in ARC calculation | 30 years | 30 years | 30 years | 30 years | 30 years |
| Remaining amortization period with current funding | 47 years[1] | 50 years[1] | 19 years[1] | 83 years[1] | Infinite[1] |
| Asset valuation method | 4-year smoothed market | 4-year smoothed market | 4-year smoothed market | 4-year smoothed market | 4-year smoothed market |
| Actuarial assumptions: | | | | | |
| Investment rate of return[2] and discount rate | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |
| Projected salary increases[2] | 4.50%–10.17% | 4.50%–10.70% | 4.50%–11.47% | 5.00%–6.00% | 4.50%–10.70% |
| Post-retirement benefit increases: | | | | | |
| Members hired prior to 1/1/07 | 2.00% compounded annually | 2.00% compounded annually | 2.00% compounded annually | 2.00% compounded annually | 2.00% compounded annually |
| Members hired between 1/1/07 and 1/1/10 | None[3] | None[3] | None[3] | None[3] | 2.00% compounded annually |
| Members hired on or after 1/1/10 | None[3] | None[3] | None[3] | None[3] | None[3] |

[1] See Management's Discussion and Analysis on actuarial statistics on pages 35-36.
[2] Includes inflation at 3.75 percent and productivity at 0.75 percent.
[3] Post-retirement benefit increases are provided by a separate reserve within the Fund, called the Annual Increase Reserve, subject to monies being available.

| | HEALTH CARE TRUST FUND | DPS HEALTH CARE TRUST FUND |
|---|---|---|
| Valuation date | 12/31/2010 | 12/31/2010 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level percent Open | Level percent Open |
| Remaining amortization period used in ARC calculation | 30 years | 30 years |
| Remaining amortization period with current funding | 42 years[1] | 24 years[1] |
| Asset valuation method | 4-year smoothed market | 4-year smoothed market |
| Actuarial assumptions: | | |
| Investment rate of return[2] and discount rate | 8.00% | 8.00% |
| Projected salary increases[2] | 4.50% in aggregate | 4.50% in aggregate |
| Post-retirement benefit increases | None | None |
| Health Care Inflation Factor | 3.50% applicable to Medicare Part A costs | 3.50% applicable to Medicare Part A costs |

[1] See Management's Discussion and Analysis on actuarial statistics on pages 35-36.
[2] Includes inflation at 3.75 percent and productivity at 0.75 percent.

## Note 3—Significant Factors Affecting Trends in Actuarial Information

**Pension Plans—State, School, Local Government[1], Judicial, and the Denver Public Schools Division Trust Funds**

***2010 Changes in Plan Provisions Since 2009:***

- The assets, liabilities, and obligations of DPSRS were merged into the new Denver Public Schools Division Trust Fund on January 1, 2010.
- No material changes to plan provisions.

***2009 Changes in Plan Provisions Since 2008:***

- The following changes have been made to the actuarial assumptions:
  - The investment rate of return has been decreased from 8.50 percent to 8.00 percent per annum.
  - The withdrawal rates, pre-retirement mortality rates, disability rates, and retirement rates for all divisions have been revised to more closely reflect the actual experience of Colorado PERA.
  - The post-retirement mortality tables used for service retirements and dependents of deceased pensioners has been changed to the 1994 Group Annuity Mortality Table set back three years for males and set back two years for females.
  - The deferral period for deferred vested members has been revised to more closely reflect the actual experience of Colorado PERA.
- The valuation takes into account the effect of amendments to Colorado PERA through the valuation date. The following changes were made to the main provisions as part of Senate Bill 10-001 since the previous valuation:
  - For the State Division, the AED will continue to increase by 0.4 percent per year to a total rate of 5.0 percent by 2017. In addition, the SAED will continue to increase by 0.5 percent per year to a total rate of 5.0 percent by 2017. However, if the funded ratio reaches 103 percent, the AED and SAED will be reduced by 0.5 percent of pay each.
  - For the School Division, the AED will continue to increase by 0.4 percent per year from 2013 through 2015 and by 0.3 percent in 2016 for a total rate of 4.5 percent. In addition, the SAED will continue to increase by 0.5 percent per year to a total rate of 5.5 percent by 2018. Also, the 0.4 percent increase in the statutory employer contribution rate in 2013 was eliminated. However, if the funded ratio reaches 103 percent, the AED and SAED will be reduced by 0.5 percent of pay each.
  - For the Local Government Division and the Judicial Division, the AED is frozen at the 2010 level of 2.20 percent. In addition, the SAED is frozen at the 2010 level of 1.50 percent. However, if the funded ratio reaches 103 percent, the AED and SAED will be reduced by 0.5 percent of pay each.
  - For Tier 1 and Tier 1A members (including retirees), the Post-Retirement Benefit Increases will be reduced to an amount equal to the CPI-W with a cap of 2 percent for the 2010 increase. In addition, the increase will be delayed 12 months after retirement for those members who retire on or after January 1, 2011. Members not eligible to retire as of January 1, 2011, who retire with a reduced service retirement allowance must reach age 60 or the age and service requirements for unreduced service retirement to be eligible for the Post-Retirement Benefit Increases.
  - Changes to the 2 Percent AI Cap: If Colorado PERA's overall funded status is at or above 103 percent, the AI cap of 2 percent will increase by 0.25 percent per year. If after Colorado PERA's overall funded status reaches 103 percent and it subsequently drops below 90 percent, the AI cap will decrease by 0.25 percent per year but will never drop below 2 percent.
  - Effective January 1, 2011, for all active members who are not eligible for retirement on January 1, 2011, the annual salary increase cap in determination of HAS was lowered from 15 percent to 8 percent.
  - Effective January 1, 2011, a new requirement is added that members must have five years of earned service credit in order to receive a 50 percent match on a refund. All matching amounts credited to member accounts before January 1, 2011, will remain credited.
  - Effective January 1, 2011, the reduction factors for a reduced service retirement benefit for members not eligible to retire as of January 1, 2011, were changed to an actuarial equivalent basis.
  - Effective January 1, 2011, implement a modified Rule of 85 for service retirement eligibility for members with less than 5 years of service credit as of January 1, 2011. This rule does not apply to State Troopers.
  - Effective January 1, 2011, implement a modified Rule of 88 with a minimum age of 58 for service retirement eligibility for members hired on or after January 1, 2011, but before January 1, 2017. This rule does not apply to State Troopers.
  - Effective January 1, 2011, implement a modified Rule of 90 with a minimum age of 60 for service retirement eligibility for members hired on or after January 1, 2017. This rule does not apply to State Troopers and those participants whose last 10 years of service were in the School and DPS Divisions.

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

***2008 Changes in Plan Provisions Since 2007:***

- The interest credit on employee contribution accounts was changed from 5 percent to 3 percent, effective January 1, 2009.

***2007 Changes in Plan Provisions Since 2006:***

- No material changes.

***2006 Changes in Plan Provisions Since 2005:***

- No material changes.

***2005 Changes in Plan Provisions Since 2004:***

- Senate Bill 04-257 provides that the State and School Divisions will be split beginning January 1, 2006, and the 2005 actuarial information has been shown separately.
- Fully recognized the transitional amount of unrealized gains from the 1992 actuarial change from cost value to smoothed market value.
- Changed the method of calculating the actuarial value of assets such that the expected rate of investment return going forward will be based on the beginning of year market value, with annual differences between the actual and expected market value of assets smoothed over a four-year period.
- Reset the actuarial value of assets to be equal to the market value of assets as of December 31, 2004.
- Mortality, withdrawal, retirement, disability, and salary increase assumptions were changed based on the actuarial experience study performed in 2005.

**Health Care Trust Fund and Denver Public Schools Health Care Trust Fund**

***2010 Changes in Plan Provisions Since 2009:***

- Denver Public Schools Health Care Trust Fund was created on January 1, 2010, to allow DPS retirees to participate in PERACare.
- Initial health care costs for PERACare enrollees who are age 65 and older, and do not have Medicare Part A have been updated to reflect the change in costs for the 2011 plan year.
- PERACare's funding rates are used to determine the health care costs for participants enrolled in the self-insured plans, who are age 65 and older, and do not have Medicare Part A.
- The starting per capita payments estimated to be made by the Centers for Medicare & Medicaid Services (CMS) under the RDS have been updated based upon the most recent attestation of actuarial equivalence.
- The assumed rates of inflation for health care costs for Medicare Part A premiums and RDS payments have been revised to reflect the current expectation of future increases.
- The percentage of PERACare enrollees who are projected to be age 65 and older, and estimated to not have Medicare Part A has been revised to reflect plan experience.
- The last year in which the prescription drug benefit provided to those members eligible for Medicare Part D is deemed to be Actuarially Equivalent has been increased to 2018.
- Liabilities for those members represented under both the PERA benefit structure and the DPS benefit structure have been allocated based upon member contribution account balances.

***2009 Changes in Plan Provisions Since 2008:***

- The following changes have been made to the actuarial assumptions:
  - The investment rate of return has been decreased from 8.50 percent to 8.00 percent per annum.
  - The withdrawal rates, pre-retirement mortality rates, disability rates, and retirement rates for all divisions have been revised to more closely reflect the actual experience of Colorado PERA.
  - The post-retirement mortality tables used for service retirements and dependents of deceased pensioners have been changed to the 1994 Group Annuity Mortality Table set back three years for males and set back two years for females.
  - The rates of participation in PERACare for current members, future members, deferred vested members, and spouses have been revised to more closely reflect the actual experience of Colorado PERA.
  - Initial health care costs for participants who are age 65 and older, and who do not have Medicare Part A, have been updated to reflect their change in costs for the 2010 plan year.

  - The starting per capita payments estimated to be made by CMS under the RDS Program have been updated based upon the most recent attestation of actuarial equivalence.
  - The assumed rates of inflation for health care costs have been revised to reflect the expectation of future increases.
  - The last year in which the prescription drug benefit provided to those members eligible for Medicare Part D is deemed to be actuarially equivalent has been reduced to 2017.

***2008 Changes in Plan Provisions Since 2007:***

- The following changes have been made to certain health care assumptions since the previous valuation:
  - Expected costs for retirees who are age 65 and older, who do not have Medicare Part A, and participate in the Kaiser Permanente, Rocky Mountain Health Plans, and Secure Horizons plans have been updated to reflect their change in costs for the 2009 plan year.
  - The starting per capita payments estimated to be made by CMS under the RDS have been updated based upon the most recent attestation of actuarial equivalence.
  - The assumed level of spousal participation was updated to better match plan experience.
  - The year in which the prescription drug benefit provided to those members eligible for Medicare Part D ceases to be actuarially equivalent, by failing the net test component of the Actuarial Equivalency Attestation, was extended to 2018 based upon the most recent attestation of actuarial equivalence.
  - The Medicare Part A coverage for CMS was updated to reflect the change in cost for 2009.

***2007 Changes in Plan Provisions Since 2006:***

- The following changes have been made to certain health care assumptions since the previous valuation:
  - Future plan election rates for retirees age 65 and older have been adjusted to reflect recent election patterns, incorporating the addition of the Secure Horizons (HMO) option.
  - Expected inpatient hospital claims cost for retirees age 65 and older, who do not have Medicare Part A, have been updated to better reflect anticipated changes in the various coverage categories, based on the most recent "no Medicare Part A" report presented to the Board of Trustees in March 2008.

***2006 Changes in Plan Provisions Since 2005:***

- The following changes have been made to certain health care assumptions since the previous valuation:
  - Based on the results of surveys conducted by Colorado PERA staff, the percentage of actives hired before April 1, 1986, and pre-Medicare retirees assumed to not have Part A Medicare coverage was changed to 20 percent.
  - Future plan election rates for retirees age 65 and older have been adjusted to reflect recent election patterns.
  - Expected inpatient hospital claims costs for retirees age 65 and older, who do not have Medicare Part A, have been updated and associated trend assumptions for future increases in medical costs were amended to better reflect anticipated changes in the various coverage categories.
- The following methodology change has been implemented since the previous valuation:
  - Members electing coverage in a qualified plan option produce a RDS which is payable to the HCTF under Part D of the Medicare Modernization Act of 2003. The HCTF has reduced the full cost of coverage by the estimated RDS. GASB Statement 43, GASB Technical Bulletin 2006-1, and GASB Statement 45 do not allow for future assumed RDS payments to be used as a direct offset for future liabilities. Therefore, the total HCTF actuarially accrued liability has been increased for future RDS premium offsets to members.

***2005 Changes in Plan Provisions Since 2004:***

- Changed the method of calculating the actuarial value of assets such that the expected rate of investment return going forward will be based on the beginning of year market value, with annual differences between the actual and expected market value of assets smoothed over a four-year period.
- Reset the actuarial value of assets to be equal to the market value of assets as of December 31, 2004.
- Mortality, withdrawal, retirement, disability, and expected rates of participation in the HCTF programs were changed based on the actuarial experience study performed in 2005.

## Supplementary Schedules—Schedule of Administrative Expenses

*For the Years Ended December 31*
*(In Thousands of Dollars)*

| PERSONNEL SERVICES | 2010 | 2009 |
|---|---|---|
| Salaries[1] | $22,112 | $19,044 |
| Employee benefits | 5,821 | 5,488 |
| **Total personnel services** | 27,933 | 24,532 |
| PROFESSIONAL CONTRACTS | | |
| Actuarial contracts | 393 | 613 |
| Audits | 306 | 227 |
| Investment services | 1,910 | 1,805 |
| Legal and legislative counsel | 3,949 | 1,397 |
| Computer services and consulting | 751 | 587 |
| Management consulting | 1,191 | 1,056 |
| Health care consulting | 122 | 236 |
| Other | 647 | 397 |
| **Total professional contracts** | 9,269 | 6,318 |
| MISCELLANEOUS | | |
| Equipment rental and services | 1,140 | 1,033 |
| Memberships | 247 | 196 |
| Publications and subscriptions | 103 | 67 |
| Travel and local expense | 546 | 497 |
| Auto expense | 20 | 16 |
| Telephone | 277 | 271 |
| Postage | 1,561 | 1,272 |
| Insurance | 358 | 297 |
| Printing | 608 | 538 |
| Office supplies | 935 | 554 |
| Building rent, supplies, and utilities | 989 | 1,011 |
| **Total miscellaneous** | 6,784 | 5,752 |
| **Total budgeted expense** | 43,986 | 36,602 |
| Depreciation expense | 842 | 1,152 |
| Life Insurance Reserve direct expenses | 426 | 425 |
| Health Care Trust Fund direct expenses | 9,712 | 7,878 |
| Denver Public Schools Health Care Trust Fund direct expenses | 460 | – |
| Voluntary Investment Program direct expenses | 4,867 | 4,398 |
| Defined Contribution Retirement Plan direct expenses | 95 | 143 |
| Deferred Compensation Plan direct expenses | 730 | 367 |
| **Total expense** | 61,118 | 50,965 |
| Interfund–tenant and other expense | 957 | 1,518 |
| Interfund–internal investment manager expense | (12,440) | (10,286) |
| **Total administrative expense** | $49,635 | $42,197 |

| ALLOCATION OF ADMINISTRATIVE EXPENSE | | |
|---|---|---|
| State Division Trust Fund | $8,942 | $8,729 |
| School Division Trust Fund | 17,104 | 13,226 |
| Local Government Division Trust Fund | 2,215 | 2,160 |
| Judicial Division Trust Fund | 61 | 22 |
| Denver Public Schools Division Trust Fund | 2,944 | – |
| Voluntary Investment Program | 5,178 | 4,664 |
| Defined Contribution Retirement Plan | 94 | 143 |
| Deferred Compensation Plan | 822 | 507 |
| Health Care Trust Fund | 11,131 | 12,170 |
| Denver Public Schools Health Care Trust Fund | 569 | – |
| Life Insurance Reserve | 575 | 576 |
| **Total administrative expense** | $49,635 | $42,197 |

[1] Salaries increased primarily due to the addition of DPSRS staff to Colorado PERA.

***See accompanying Independent Auditors' Report.***

## Supplementary Schedules—Schedule of Investment Expenses

*For the Years Ended December 31*
*(In Thousands of Dollars)*

| EXTERNAL MANAGER EXPENSES | 2010 | 2009 |
|---|---|---|
| Fixed income | **$2,341** | $3,043 |
| Global stocks | **19,732** | 16,196 |
| Alternative investments | **55,459** | 50,347 |
| Real estate investments[1] | **55,593** | 33,449 |
| Opportunity fund investments | **5,624** | 3,827 |
| **Total external manager expenses** | **138,749** | 106,862 |
| **Internal manager expenses** | **12,440** | 10,286 |
| **Other investment expenses and custody fees** | **2,735** | 1,584 |
| **Total investment expenses** | **$153,924** | **$118,732** |

[1] Real estate investment manager fees increased primarily due to the recognition of an incentive fee.

## Supplementary Schedules—Schedule of Payments to Consultants

*For the Years Ended December 31*
*(In Thousands of Dollars)*

| PROFESSIONAL CONTRACTS | 2010 | 2009 |
|---|---|---|
| Actuarial contracts | **$393** | $613 |
| Audits | **306** | 227 |
| Legal and legislative counsel | **3,949** | 1,397 |
| Computer services and consulting | **751** | 587 |
| Management consulting | **1,191** | 1,056 |
| Health care consulting | **122** | 236 |
| Other | **647** | 397 |
| **Total payments to consultants[1]** | **$7,359** | **$4,513** |

[1] Excludes investment advisors.

***See accompanying Independent Auditors' Report.***

## Supplementary Schedules—Schedule of Other Additions

*For the Years Ended December 31*
*(In Thousands of Dollars)*

| | STATE DIVISION TRUST FUND | SCHOOL DIVISION TRUST FUND | LOCAL GOVERNMENT TRUST FUND | JUDICIAL DIVISION TRUST FUND | DENVER PUBLIC SCHOOLS DIVISION TRUST FUND | VOLUNTARY INVESTMENT PROGRAM | DEFINED CONTRIBUTION RETIREMENT PLAN | DEFERRED COMPENSATION PLAN | HEALTH CARE TRUST FUND | DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND | LIFE INSURANCE RESERVE | TOTAL 2010 | TOTAL 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Administrative fee income | $– | $– | $– | $– | $– | $– | $– | ($4) | $1,419 | $109 | $– | **$1,524** | $1,300 |
| Alliance fees | – | – | – | – | – | 1,161 | 32 | 634 | – | – | – | **1,827** | 1,192 |
| Participant loan interest | – | – | – | – | – | 2,385 | – | 225 | – | – | – | **2,610** | 2,861 |
| Purchase service transfer to health care | – | – | – | – | – | – | – | – | 11,289 | – | – | **11,289** | 8,455 |
| Settlement income | – | – | – | – | – | 130 | 9 | 122 | 3,327 | – | – | **3,588** | 4,394 |
| Miscellaneous | 1 | 25 | 9 | – | 5 | 21 | (6) | (60) | – | – | – | **(5)** | 24 |
| **Total other additions** | **$1** | **$25** | **$9** | **$–** | **$5** | **$3,697** | **$35** | **$917** | **$16,035** | **$109** | **$–** | **$20,833** | **$18,226** |

## Supplementary Schedules—Schedule of Other Deductions/(Transfers)

*For the Years Ended December 31*
*(In Thousands of Dollars)*

| | STATE DIVISION TRUST FUND | SCHOOL DIVISION TRUST FUND | LOCAL GOVERNMENT TRUST FUND | JUDICIAL DIVISION TRUST FUND | DENVER PUBLIC SCHOOLS DIVISION TRUST FUND | VOLUNTARY INVESTMENT PROGRAM | DEFINED CONTRIBUTION RETIREMENT PLAN | DEFERRED COMPENSATION PLAN | HEALTH CARE TRUST FUND | DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND | LIFE INSURANCE RESERVE | TOTAL 2010 | TOTAL 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Interfund transfers at retirement | ($5,658) | $4,793 | $3,487 | ($2,579) | ($43) | $– | $– | $– | $– | $– | $– | **$–** | $– |
| Purchase service transfer to health care | 4,764 | 4,595 | 1,745 | 88 | 97 | – | – | – | – | – | – | **11,289** | 8,455 |
| Miscellaneous | 168 | 8 | 3 | – | – | – | – | 168 | – | – | – | **347** | 156 |
| **Total other deductions/ (transfers)** | **($726)** | **$9,396** | **$5,235** | **($2,491)** | **$54** | **$–** | **$–** | **$168** | **$–** | **$–** | **$–** | **$11,636** | **$8,611** |

***See accompanying Independent Auditors' Report.***

*"SB 1 is a reasonable way to achieve the goal of paying off the unfunded liabilities so that PERA is fully funded in 30 years."*

–Lynne Luna
Fifth Grade Teacher
Pueblo County School District 70

# INVESTMENT SECTION

## State Law

State law gives complete responsibility for the investment of Colorado PERA's funds to the Colorado PERA Board, 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.

### Colorado PERA Board's Statutory Fiduciary Responsibility

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

### Goal

The function of Colorado PERA is to provide present and future retirement or survivor benefits for its members. The investment function is managed in a manner to promote long-term financial security for our membership while maintaining the stability of the fund.

## Outline of Investment Policy

Colorado PERA's investment policy outlines the investment philosophy and guidelines within which the fund's investments will be managed.

The investment philosophy of Colorado PERA includes the following:

- Strategic asset allocation is the most significant factor influencing long-term investment performance and asset volatility.
- The fund's liabilities are long-term and the investment strategy will therefore be long-term in nature.
- The asset allocation policy will be periodically re-examined to ensure its appropriateness to the then-prevailing liability considerations.
- As a long-term investor, Colorado PERA will invest across a wide spectrum of investments in a prudent manner.
- Active management may be expected to add value over passive investment alternatives under appropriate conditions.

The Colorado PERA Board determines the strategic asset allocation policy for the fund. The Colorado PERA Board's policy specifies the desired target allocation for each asset class as well as the ranges within which each asset class may operate. The targeted asset allocation mix in effect during 2010 and the specified ranges for each asset class are as follows:

| ASSET CLASS | TARGET ALLOCATION | PERMISSIBLE RANGE |
|---|---|---|
| Global Equity | 58% | 52%–64% |
| Fixed Income | 25% | 22%–28% |
| Real Estate | 7% | 4%–10% |
| Alternative Investments | 7% | 4%–10% |
| Opportunity Fund | 3% | 0%–6% |
| Total | 100% | |

The asset allocation policy is determined by an intensive asset/liability analysis. Expected investment returns, risks, and correlations of returns are considered. The characteristics of the fund's liabilities are analyzed in conjunction with expected investment risks and returns. The targeted strategic asset allocation is designed to provide appropriate diversification and to balance the expected total rate of return with the volatility of expected returns. The asset allocation targets are adhered to through the implementation of a rebalancing policy.

In September 2010, the Colorado PERA Board approved new asset allocation targets and permissible ranges that will be effective January 1, 2011. The new allocation targets and the specified ranges are as follows:

| ASSET CLASS | TARGET ALLOCATION | PERMISSIBLE RANGE |
|---|---|---|
| Global Equity | 56% | 50%–62% |
| Fixed Income | 25% | 22%–28% |
| Real Estate | 7% | 4%–10% |
| Alternative Investments | 7% | 4%–10% |
| Opportunity Fund | 5% | 0%–8% |
| Total | 100% | |

Investments are managed and monitored in a manner which seeks to balance return and risk within the asset/liability framework. The Chief Investment Officer is authorized to execute investment transactions on behalf of the Colorado PERA Board. Assets are managed both internally and externally. In making investment decisions, the Colorado PERA Board and staff utilize external experts in various fields including risk and performance analysis, portfolio construction, rebalancing techniques, and other important investment functions and issues.

## Corporate Governance

### General Policy

Although Colorado PERA is not subject to the Employee Retirement Income Security Act of 1974 (ERISA), the Colorado 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. Colorado PERA regularly works with various member organizations and federal oversight and legislative committees to promote and support national standards of corporate governance that protect long-term investor interests.

## Colorado PERA Report on Investment Activity

*Does not include the Defined Contribution Plans*

**Colorado PERA Board's Shareholder Responsibility Committee**

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

**Proxy Voting Policy**

The Colorado PERA Proxy Voting Policy sets forth directives on a broad range of issues. The voting of proxy ballots for all domestic and internally managed non-U.S. stocks are accomplished by Colorado PERA's Legal Department. The voting of proxy ballots for all other non-U.S. stocks is delegated to Colorado PERA's external international equity managers consistent with certain requirements established by the Board. Colorado PERA regularly reviews and revises the Proxy Voting Policy to keep it up to date with established corporate governance standards. Colorado PERA's Proxy Voting Policy can be viewed on Colorado PERA's Web site at http://www.copera.org.

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

## Investment Brokers/Advisers

Abel/Noser Corp.
Alignment Capital Group, LLC
Banc of America Securities LLC
Barclays Capital Inc.
BNP Paribas Securities Services
Broadpoint Capital, Inc.
B-Trade Services LLC
Calyon Securities (USA) Inc.
Cantor, Fitzgerald & Co.
Citigroup Global
Credit Agricole Securities (USA) Inc.
Credit Suisse First Boston Corporation
D.A. Davidson & Co.
Deutsche Bank Securities Inc.
First Tennessee Capital Markets, Inc.
Fortis Clearing Americas LLC
Goldman, Sachs & Co.
Greenwich Capital Markets, Inc.
Heitman Capital Management Corp.
Hewitt EnnisKnupp, Inc.
HSBC Securities (USA) Inc.
ING Financial Markets LLC
INVESCO Realty Advisors
ITG—Investment Technology Group
J.P. Morgan Chase
Jefferies & Co., Inc.
Keefe, Bruyette & Woods, Inc.
Knight Libertas LLC
La Branche Financial Services, Inc.
LaSalle Investment Management
Liquidnet, Inc.
Macquarie Capital Group
Merrill Lynch Pierce Fenner & Smith, Inc.
MF Global Securities, Inc.
Mitsubishi UFJ Securities (USA), Inc.
Mizuho Securities USA, Inc.
Morgan Stanley & Co. Inc.
Morgan, Keegan & Company, Inc.
Nomura Securities International, Inc.
Oppenheimer & Co. Inc.
Pipeline Trading Systems, Inc.
Piper Jaffray & Co.
Putnam Lovell NBF Securities, Inc.
R.V. Kuhns & Associates, Inc.
RBC Capital Markets Corp.
Robert W. Baird & Co. Inc.
RREEF Real Estate Investment Managers
Sanford C. Bernstein & Co. LLC
Société Générale S.A.
Sterne Agee & Leach, Inc
Stifel Nicolaus & Company, Inc.
SunTrust Bank
Susquehanna Capital Group
TD Securities (USA) LLC
The Bank of New York Mellon
The Northern Trust Company
U.S. Bancorp Investments, Inc.
UBS Warburg Securities, LLC
Wall Street Access
Weeden & Co. L.P.
Wells Fargo Securities, LLC

*Certain broker agreements include provisions for commission recapture.*

## Schedule of Commissions

*For Year Ended December 31, 2010*
*(In Thousands of Dollars)*

| INVESTMENT MANAGER | 2010 VALUE |
|---|---|
| Fixed Income | $10,133 |
| Equities | 4,868 |
| Total commissions | 15,001 |
| Commission recapture income | (21) |
| **Net commissions** | **$14,980** |

*The Schedule of Commissions does not include commingled funds.*

## Investment Summary

*Does not include the Defined Contribution Plans*
*(In Thousands of Dollars)*

| | FAIR VALUE PER FINANCIAL STATEMENT DECEMBER 31, 2010 | REALLOCATION[1] | FAIR VALUE PER INVESTMENT PORTFOLIO DECEMBER 31, 2010 | TARGET[2] | PERCENT OF TOTAL FAIR VALUE 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|---|
| Global Equity | $22,178,502 | $143,186 | $22,321,688 | 58.0% | **57.7%** | 58.9% | 51.6% |
| Fixed Income | 8,759,078 | 81,712 | 8,840,790 | 25.0% | **22.9%** | 22.4% | 26.6% |
| Alternative Investments | 3,553,914 | 39,694 | 3,593,608 | 7.0% | **9.3%** | 9.6% | 8.9% |
| Real Estate Investments | 2,879,361 | (29,327) | 2,850,034 | 7.0% | **7.4%** | 6.0% | 8.9% |
| Opportunity Fund | 517,715 | 292,590 | 810,305 | 3.0% | **2.1%** | 1.9% | 1.5% |
| Cash and Short-Term Investments | | | | | | | |
| Operating Cash | 73 | (73) | – | | | | |
| Investment Cash and Short-Term | 747,380 | (508,385) | 238,995 | – | **0.6%** | 1.2% | 2.5% |
| Net Investment Receivables and Payables | 19,470 | (19,470) | – | | | | |
| **Total Investments** | **$38,655,493** | **($73)** | **$38,655,420** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

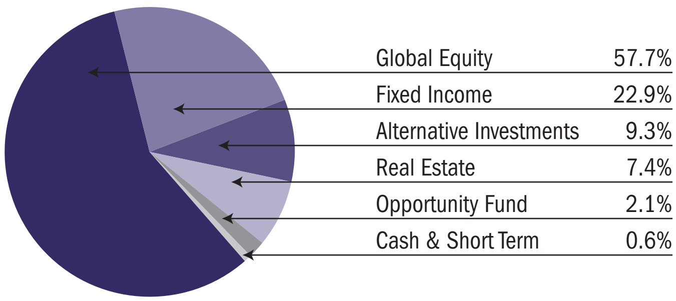
[1] Investment receivables, payables, accruals and cash and short-term have been reallocated back to the investment portfolios that hold them.

[2] An Asset/Liability Study was undertaken in 2005 with the objective of determining the optimal strategic asset allocation policy. On November 15, 2007, the Board added the Opportunity Fund asset class as of January 1, 2008, that includes Timber which had previously been its own asset class, and adjusted the targets and ranges from the 2005 study. On September 19, 2008, the Board approved combining the domestic equity and international equity asset classes into one global equity class, and set the range for the global equity class of 52 to 64 percent with a target of 58 percent effective January 1, 2010. An Asset/Liability Study was completed in 2010, after the enactment of SB 10-001. In September 2010, based on the study the Colorado PERA Board established a target of 56 percent for the global equity class, and set the range for the global equity class of 50 to 62 percent effective January 1, 2011. Additionally, the Colorado PERA Board established a target of 5 percent for the Opportunity Fund, and set the range for the Opportunity Fund of 0 to 8 percent effective January 1, 2011.

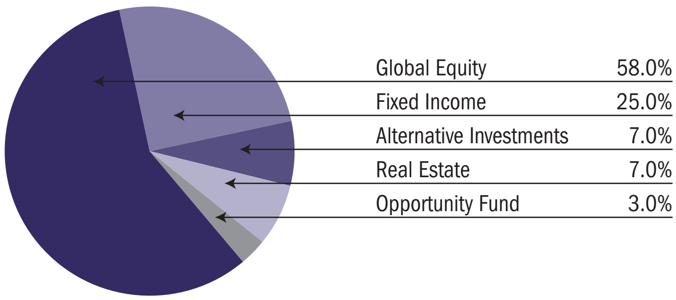
## Asset Allocation at Fair Value

*Does not include the Defined Contribution Plans*
*Year End December 31, 2010*

### Asset Allocation at Fair Value




### Target Allocations



### Evaluation

Hewitt EnnisKnupp, Inc. and The Northern Trust Company are retained by Colorado PERA to evaluate fund performance. Hewitt EnnisKnupp, Inc. is also used for the real estate portfolio performance evaluation and industry comparisons. In their analysis, Hewitt EnnisKnupp, Inc. and The Northern Trust Company include all investments within the portfolio, including cash and accrued income. They also compute the annual rates of return. In order to provide fund returns inclusive of all asset classes, performance calculations were prepared using time-weighted rates of return.

### Asset Allocation

Colorado PERA's long-term strategic asset allocation policy sets forth specific portfolio targets. Asset allocation targets effective during 2010, approved by the Colorado PERA Board in 2008, are as follows: global equity 58 percent, fixed income 25 percent, alternative investments 7 percent, real estate investments 7 percent, and opportunity fund 3 percent. The Colorado PERA Board has approved new asset allocation targets effective January 1, 2011, as follows: global equity 56 percent, fixed income 25 percent, alternative investments 7 percent, real estate investments 7 percent, and opportunity fund 5 percent.

### Total Portfolio Results

Colorado PERA adopted a policy benchmark, which is a passive representation of the asset allocation policy, as of April 1, 2004. For the year ended December 31, 2010, Colorado PERA's total fund returned 14.0 percent compared to the policy benchmark return of 14.4 percent. For the three- and five-year periods ending December 31, 2010, Colorado PERA's total fund returned negative 0.3 percent and 4.7 percent, respectively, compared to 0.0 percent and 4.5 percent, respectively, for the policy benchmark for these periods.

For the year ended December 31, 2010, the total fund returned 14.0 percent, compared to the BNY Mellon Median Public Fund return of 13.0 percent. The BNY Mellon Median Public Fund measure is comprised of 73 public pension funds with assets of approximately $0.7 trillion. For the three- and five-year periods ending December 31, 2010, the BNY Mellon Median Public Fund returned 0.3 percent and 4.5 percent on an annualized basis, respectively. PERA's 10-year annualized rate of return was 4.6 percent compared to the BNY Mellon Median Public Fund return of 4.9 percent.

### Global Stocks

2010 was a year marked by uncertainty and volatility. Global stocks, which bounced back in 2009 from a historic bear market bottom in March 2009, turned in a strong year in 2010 despite wide price swings throughout the year. Amid stumbles and starts, the S&P 500 Index reached levels not seen since the fall of Lehman Brothers in September 2008, as stocks clambered to a second straight year of gains.

As the year began, there was tentative confidence as markets worldwide were cautiously optimistic about a global economic recovery, but braced for a possible double dip in the developed world. Hopes were soon dashed, as fears of a Eurozone sovereign default weighed on stocks. As various countries within the Eurozone crafted austerity plans to stave off sovereign defaults, policymakers in the U.S. discussed further quantitative easing to spur domestic growth. Meanwhile, emerging market economies worked to contain inflation caused by strong domestic growth and the influx of foreign capital. By year-end, some countries within the Eurozone struggled to control their debt levels and the U.S. began a second round of quantitative easing. In contrast, a number of emerging markets countries tightened monetary policy and implemented capital controls.

A technical snafu in the afternoon of May 6, 2010, sent U.S. markets careening. At its afternoon low, the U.S. stock market had its biggest intraday point drop ever, before quickly reversing course. The "flash crash" rattled confidence and turned a harsh spotlight on the growing influence of algorithmic and high-frequency traders. In August, Federal Reserve (Fed) Chairman Ben Bernanke hinted in a speech at a Fed symposium that the Fed could launch a second round of the bond-buying program known as "quantitative easing" to bring down interest rates. The speech marked a turning point. Emboldened first by the Fed and later by improving economic data, investments entailing more risk soared. The U.S. stock market finished 2010 strongly, with the S&P 500 Index producing total returns of 6.7 percent for the month of December and 10.8 percent for the fourth quarter. The S&P 500 Index rose on 17 of 22 trading days in December, making it the best December since 1991. The strong finish helped to turn 2010 into a very good year for equity investors.

Emerging markets was the best performing equity segment during the year, returning 18.9 percent (the MSCI ACWI ex-U.S. Index, which is a combination of developed and emerging markets, returned 11.2 percent for the year), driven by stronger relative growth, large trade surpluses, loose developed market monetary policy, and healthier government balance sheets. In the U.S., markets responded positively to continued monetary easing and fading fears of a double-dip recession. The DJ U.S. Total Stock Market index rallied over 26 percent from its July lows, ending the year up 17.5 percent. Developed Europe did not fare as well, as continued sovereign fears, lower growth prospects, and potential further austerity measures concerned investors.

In 2010, Colorado PERA's global equity portfolio returned 15.4 percent, underperforming the benchmark's return of 15.9 percent. PERA's three-year annualized global equity portfolio total return was negative 2.7 percent, trailing the benchmark return of negative 2.5 percent. The five-year annualized total return for PERA's global equity portfolio was 3.5 percent, matching the benchmark return of 3.5 percent.

### Fixed Income

2010 was another year of strong, but volatile, returns for fixed income investments led by higher risk products. The year started on a positive note as the U.S. economy continued to show signs of recovery during the first quarter of 2010 and the market continued to recover from the credit crisis of 2008. The bond market reacted to the good news with measured enthusiasm. Corporate bond investors became more confident and accepted more credit risk in their portfolios leading to outperformance of higher risk sectors like emerging markets, high yield, and corporate bonds.

## Fund Performance Evaluation

*Does not include the Defined Contribution Plans*

However, investor confidence in the U.S. economic recovery was challenged during the second quarter. Concerns that fiscal imbalances in most developed countries would create a headwind to growth intensified as the market began to price in the possibility of a default or debt restructuring by Greece, Ireland, and other peripheral European countries. On top of sovereign credit concerns, more restrictive financial regulations, U.S. state budget concerns, the British Petroleum oil spill, and Securities and Exchange Commission (SEC) fraud charges against Goldman Sachs added uncertainty to the outlook. Despite all these concerns, the U.S. economy expanded at a 1.7 percent annualized rate during the second quarter led by solid manufacturing and moderate consumption. In contrast, employment growth faltered during the quarter, and the labor force participation rate declined. The increased uncertainty caused a reversal in the performance of higher credit risk fixed income products and led to a flight to quality into U.S. Treasury bonds, igniting a Treasury bond rally that would last until October.

Heading into the third quarter, oil spill and European sovereign concerns abated, but U.S. economic data entered a soft patch setting the stage for a continued decline in interest rates. In response to growing concerns about sub-par economic growth and the threat of inflation falling below levels the Federal Reserve believed were consistent with its price stability mandate, the Federal Open Market Committee (FOMC) renewed its commitment to provide additional monetary accommodation to support the economic recovery. The Fed's commitment to keep interest rates low, support growth, and fight disinflationary trends set the stage for a continuation of the fixed income rally, and provided the impetus for very strong returns on riskier assets such as equities, high yield credit, and emerging markets.

Fed policy and improving economic fundamentals were the primary drivers of market returns in the fourth quarter. As was widely expected, the FOMC announced $600 billion in a second round of quantitative easing (QE2). Gross domestic product (GDP) growth improved to 2.8 percent for the quarter led by consumer spending and manufacturing. Retail sales advanced 1.2 percent during the quarter driven by strong holiday sales in the higher-end segments. Retail sales were up 7.9 percent for 2010. Manufacturing data also expanded during the quarter led by production and new orders. On the flip side, housing data and employment remain weak. While both of these indicators appear to have bottomed, they have not expanded materially from their cyclical lows. In response to the FOMC policy announcement and the stronger economic data, interest rates rose dramatically during the quarter. Higher credit risk assets such as high yield corporate bonds did very well in the fourth quarter as equities rebounded.

Colorado PERA's fixed income portfolio returned 7.8 percent during 2010, which exceeded the benchmark's return of 7.1 percent. Colorado PERA's three-year and five-year returns for the fixed income portfolio were 6.9 percent and 6.4 percent, outperforming the benchmark's returns of 6.0 percent and 5.9 percent, respectively.

### Alternatives

After a challenging year for private equity in 2009, the private equity industry appeared to have stabilized in 2010. The public equity markets showed strong performance, high-yield bond issuance increased, and the debt markets showed signs of life, all of which served the industry well as a greater number of transactions were consummated and larger private equity deals were announced throughout the year. Global buyout volume rose to approximately $184 billion during 2010, up 74 percent from a year earlier. Liquidity also increased for limited partners as a result of expiring investment periods, secondary buyouts, an improving public equity market, and initial public offering environment, and investors' desire for exits prior to committing capital to new investment opportunities. Global exit volume was approximately $193 billion in 2010.

Fundraising continued to be difficult for private equity and venture firms. The fundraising levels in 2010 were in the range of last year's figures, but significantly off the peak levels of recent history. Buyout funds continue to generate more interest than the other sub-asset classes within the alternative investment landscape. What has been most difficult for those firms raising capital is the extended duration of the fundraising effort. Given the market dynamics, relatively large unrealized portfolios, and investors' reluctance to provide support early in the process, private equity and venture firms have found it difficult to raise new funds in a short timeframe.

There continues to be an overhang of both uncalled capital and private-equity backed companies. Industry data shows the capital overhang at the end of 2010 at approximately $485 billion. Across the industry there are close to 6,000 private equity owned companies, many of which have been held for more than 5 years. The overhang and extended holding periods are a result of the recent challenging economic and market environment. It is yet to be seen how these issues affect and influence both new deal and exit activity.

Performance was strong during the year as the markets provided support for both fundamental improvement at the portfolio company level as well as stronger comparable metrics for the valuations of those companies. Cash flow swung into positive territory after two years of negative cash flow for the portfolio. The portfolio paid $547 million in capital calls and received $931 million in distributions for the year. PERA's alternative investment portfolio returned 20.9 percent in 2010 compared with the alternatives custom benchmark return of 20.5 percent. PERA's alternative investment portfolio returned 1.1 percent and 8.9 percent for the three– and five–year annualized periods, respectively, compared with the annualized custom benchmark returns of 1.2 percent and 6.0 percent, respectively, for the same periods. The alternative investment program's net, since inception internal rate of return as of December 31, 2010, was 10.4 percent compared to the custom benchmark's since inception internal rate of return of 9.9 percent.

### Real Estate

The U.S. commercial real estate market continued to show signs of improvement during the latter part of 2010, despite the ongoing uncertainty about the strength of the economic recovery and the prospects for a much needed increase in employment growth. The outlook for property fundamentals remains sluggish over the short term, but both equity and debt capital is once again flowing into the sector.

The decline in property values has all but ended, particularly for high quality properties in large business center markets. Property value indexes as measured by certain advisory firms have risen in recent quarters, reflecting the strong demand for stable, core assets in the large business center markets.

Although vacancy rates are historically high, the trend continues to be more positive than expected. Net absorption of apartment vacancy continues to improve and hotel occupancy has gained traction. In other sectors with long-term leases, tenants are executing new leases in anticipation that market lease rates have bottomed. The overall central business district office vacancy rate has declined in the most recent reports with New York City and Washington, D.C. leading the way.

Debt is more available and less expensive than it has been since the start of the credit crisis, although lenders that are active are focusing on better properties in the better markets with stable income streams. Competition for such properties is growing, as evidenced by more favorable terms for borrowers. Property types or assets viewed as risky are difficult to finance. Commercial banks continue to struggle with problem loans.

European real estate values were up in almost every major market as both debt and equity capital returned to real estate. As in the U.S., core stable properties in the better markets did well as investors shifted from risk and sought yield. In Asia, all markets with the exception of Japan reflected increases in real estate values.

In 2010, the real estate portfolio had a total return of 16.7 percent, compared to its custom benchmark of 16.3 percent. The real estate portfolio returned negative 11.9 percent and 0.0 percent for the three- and five-year annualized periods, respectively, compared to the custom benchmark returns of negative 9.5 percent and negative 0.1 percent, respectively. As of December 31, 2010, real estate was principally comprised of U.S. private equity, U.S. private and public debt, and international private equity investments.

### Opportunity Fund

As of December 31, 2010, PERA's opportunity fund was comprised of allocations to timber and commodities.

In general, domestic timber markets remained weak during 2010 with the one pocket of strength being the Pacific Northwest where PERA's timber properties benefited from a strong export business. In many cases, timber managers elected to postpone harvesting until the market improves. PERA's international properties reported good performance during the year aided by both stable local economies and a growing export business primarily to China, Korea, and India.

Following weak performance during the first 6 months of 2010, commodity markets rallied strongly during the second half of the year as concerns about a double-dip recession in the U.S. and declining demand from China subsided. In addition, investors began to refocus on market fundamentals which were very apparent in the commodities agriculture sector as extreme weather around the globe contributed to a reduction in the supply of corn, wheat, sugar, and cotton. During the year, the top performing commodities sector was agriculture followed by metals and then energy.

PERA's timber portfolio produced one-, three-, and five-year annualized returns of 5.1 percent, 2.0 percent, and 7.3 percent, respectively compared with the NCREIF Timberland Index returns of negative 0.2 percent, 1.4 percent and 7.0 percent, respectively, for these periods. PERA's commodity portfolio produced a one-year return of 17.4 percent compared with the Dow Jones UBS Commodities Index return of 16.8 percent. PERA's opportunity fund portfolio returned 10.6 percent in 2010 compared to its custom benchmark return of 13.7 percent. The opportunity fund portfolio returned 5.0 percent for the three-year annualized period compared to its custom benchmark return of 0.5 percent.

## Schedule of Investment Results

*Does not include Defined Contribution Plans*
*As of December 31, 2010*

Hewitt EnnisKnupp, Inc., the Colorado PERA Board's Investment Performance consultant, provides the investment returns for the fund based on data made available by the fund's custodian, The Northern Trust Company. Listed below are the one-, three-, five-, and ten-year net-of-fee time-weighted rates of return for each asset class and their respective benchmarks.

| | 2010 | 3-YEAR | 5-YEAR | 10-YEAR |
|---|---|---|---|---|
| **Colorado PERA Total Portfolio** | **14.0%** | (0.3%) | 4.7% | 4.6% |
| Total Fund Policy Benchmark[1] | **14.4%** | 0.0% | 4.5% | – |
| Median Plan (BNY Mellon Performance and Risk Analytics' Median Public Fund Universe) | **13.0%** | 0.3% | 4.5% | 4.9% |
| **Global Stocks** | **15.4%** | (2.7%) | 3.5% | 3.6% |
| Global Equity Custom Benchmark[1] | **15.9%** | (2.5%) | 3.5% | – |
| **Fixed Income** | **7.8%** | 6.9% | 6.4% | 6.3% |
| Fixed Income Custom Benchmark[1] | **7.1%** | 6.0% | 5.9% | 6.0% |
| **Alternative Investments** | **20.9%** | 1.1% | 8.9% | 7.0% |
| Alternative Custom Benchmark[2] | **20.5%** | 1.2% | 6.0% | 5.3% |
| **Real Estate** | **16.7%** | (11.9%) | 0.0% | 7.6% |
| Real Estate Custom Benchmark[3] | **16.3%** | (9.5%) | (0.1%) | 6.0% |
| **Opportunity Fund** | **10.6%** | 5.0% | – | – |
| Public Markets Benchmark[4] | **13.7%** | 0.5% | – | – |

Note: Performance calculations were prepared using net-of-fee time-weighted rates of return.

[1] The Colorado PERA Board adopted benchmarks beginning April 1, 2004, for each of the various asset classes. The adopted benchmarks have changed over time and, accordingly, the benchmark returns presented represent a blend, as follows:

- The Total Fund Benchmark is a combination of 58 percent of the Global Equity Custom Benchmark; 25 percent of the Fixed Income Custom Benchmark; 7 percent of the Real Estate Custom Benchmark; 7 percent of the Alternative Custom Benchmark, and 3 percent of the Public Markets Benchmark. For 2008, the Total Fund Benchmark was a combination of 43 percent of the Dow Jones Wilshire 5000 Stock Index; 15 percent of the MSCI ACWI ex-U.S. Index; 25 percent of the Barclays Capital Universal Bond Index; 7 percent of the Real Estate Custom Benchmark; 7 percent of the Alternative Custom Benchmark, and 3 percent of the Public Markets Benchmark. Prior to January 1, 2008, the weight for the DJ Wilshire 5000 was 45 percent and the NCREIF Timber Index (which was replaced by the Public Markets Benchmark in 2008) was 1 percent. Prior to January 1, 2006, the weight for the MSCI ACWI ex-U.S. Index was 14 percent and the Alternative Custom Benchmark was 8 percent.
- Global Stocks—74.1 percent DJ U.S. Total Stock Market Index (replaced the DJ Wilshire 5000 in 2009) and 25.9 percent MSCI ACWI ex-U.S. Index. Prior to January 1, 2008, 75 percent DJ Wilshire 5000 and 25 percent MSCI ACWI ex-U.S. Index. Prior to January 1, 2006, 76.3 percent DJ Wilshire 5000 and 23.7 percent MSCI ACWI ex-U.S. Index.
- Fixed Income—98 percent of the Barclays Capital Universal Bond Index and 2 percent of the Barclays Capital Long Government/Credit Index. Prior to July 1, 2010, Barclays Capital Universal Bond Index. Prior to April 1, 2004, the Barclays Capital Aggregate Bond Index.

[2] DJ U.S. Total Stock Market Index (replaced the DJ Wilshire 5000 in 2009) plus 300 basis points annually.

[3] Beginning January 1, 2006: NFI (NCREIF Open-end Core Fund Index) plus 100 basis points annually; prior to January 1, 2006: 15 percent NAREIT, 45 percent NCREIF Property, 20 percent CITI Mortgage, and 20 percent Global Property Research.

[4] Beginning January 1, 2008: 51.8 percent DJ U.S. Total Stock Market Index (replaced the DJ Wilshire 5000 in 2009), 18.1 percent MSCI ACWI ex-U.S. Index, and 30.1 percent Fixed Income Custom Benchmark.

## Profile of Investments in Colorado

*Does not include the Defined Contribution Plans*
*As of December 31, 2010*
*(In Thousands of Dollars)*

| | FAIR VALUE |
|---|---|
| Common stock of companies headquartered in Colorado | $217,822 |
| Funds under management of Colorado companies[1] | 86,520 |
| Real Estate equity | 69,661 |
| Committed to future funding | 7,977 |
| Colorado PERA portion of general partnerships investing in Colorado companies[2] | 102,430 |
| Bonds and notes of companies headquartered in Colorado | 24,179 |
| Commercial mortgages | 16,956 |
| **Total** | **$525,545** |

[1] General Partners based outside of Colorado.

[2] Venture capital partnerships and private placements domiciled in Colorado.

## Largest Stock Holdings by Fair Value

*Does not include the Defined Contribution Plans*
*As of December 31, 2010*
*(In Thousands of Dollars)*

| | SHARES | FAIR VALUE |
|---|---|---|
| Exxon Mobil Corp. | 5,381,272 | $393,479 |
| Apple Inc. | 1,076,332 | 347,182 |
| Microsoft Corp. | 9,084,868 | 253,650 |
| International Business Machines Corp. | 1,691,070 | 248,181 |
| Chevron Corp. | 2,564,529 | 234,013 |
| JP Morgan Chase & Co. | 4,753,097 | 201,626 |
| General Electric Co. | 10,751,540 | 196,646 |
| AT&T Inc. | 6,520,353 | 191,568 |
| Procter & Gamble Co. | 2,931,069 | 188,556 |
| Johnson & Johnson | 2,979,843 | 184,303 |

*The top ten holdings do not include commingled funds.*
*A complete list of holdings is available upon request.*

## Largest Bond Holdings by Fair Value

*Does not include the Defined Contribution Plans*
*As of December 31, 2010*
*(In Thousands of Dollars)*

| | PAR VALUE | INCOME RATE | MATURITY DATE | FAIR VALUE |
|---|---|---|---|---|
| US Treasury Notes | $369,000 | 1.125% | 1/15/2012 | $371,955 |
| US Treasury Notes | 205,000 | 1.375% | 3/15/2013 | 207,995 |
| US Treasury Notes | 139,000 | 2.250% | 1/31/2015 | 142,692 |
| US Treasury Bonds | 113,400 | 6.250% | 8/15/2023 | 142,530 |
| US Treasury Notes | 124,000 | 3.000% | 9/30/2016 | 128,602 |
| US Treasury Notes | 110,000 | 2.375% | 9/30/2014 | 113,936 |
| US Treasury Notes | 100,000 | 1.875% | 6/30/2015 | 100,398 |
| US Treasury Notes | 95,000 | 3.125% | 1/31/2017 | 98,711 |
| US Treasury Notes | 101,000 | 2.625% | 8/15/2020 | 95,753 |
| US Treasury Notes | 88,000 | 2.375% | 8/31/2014 | 91,163 |

*The top ten holdings do not include commingled funds.*
*A complete list of holdings is available upon request.*

# Voluntary Investment Program and Defined Contribution Retirement Plan Report on Investment Activity

*(In Thousands of Dollars)*

## Overview

The Colorado PERA Voluntary Investment Program was established on January 1, 1985, under Section 401(k) of the Internal Revenue Code and the Colorado PERA Defined Contribution Retirement Plan (DC Plan) was established January 1, 2006, as an Internal Revenue Code § 401(a) governmental profit-sharing plan (collectively, Plans). This section includes information about the Plans. Colorado PERA publishes a separate Annual Report for Colorado PERA's 401(k) and DC Plans and mails it to all plan participants.

The Voluntary Investment Program includes voluntary contributions made by employees of Colorado PERA-affiliated employers in the State, School, Local Government, Judicial, and Denver Public Schools Division Trust Funds. These contributions are entirely separate from those that members make to the defined benefit plan each month.

On December 31, 2010, the Voluntary Investment Program had net assets of $1,902,325 and 73,860 accounts, representing an increase of 13.6 percent in net assets and a 2.6 percent decrease in the number of participants from December 31, 2009, respectively.

The Colorado PERA DC Plan offers a defined contribution alternative to Colorado PERA's defined benefit plan for new State employees hired on or after January 1, 2006, and certain community college employees hired on or after January 1, 2008.

On December 31, 2010, the Colorado PERA DC Plan had net assets of $53,384 and 3,479 accounts, representing increases of 42.5 percent in net assets and 14.5 percent in the number of participants from December 31, 2009, respectively.

### Voluntary Investment Program Year-End Statistics

| YEAR | NET ASSETS | NUMBER OF ACCOUNTS |
|---|---|---|
| 2001 | $674,618 | 64,632 |
| 2002 | 737,849 | 70,664 |
| 2003 | 914,015 | 72,185 |
| 2004 | 1,204,725 | 73,634 |
| 2005 | 1,296,998 | 72,867 |
| 2006 | 1,522,244 | 72,707 |
| 2007 | 1,730,930 | 72,832 |
| 2008 | 1,303,807 | 72,353 |
| 2009 | 1,674,861 | 75,819 |
| **2010** | **1,902,325** | **73,860** |

### Colorado PERA DC Plan Year-End Statistics

| YEAR | NET ASSETS | NUMBER OF ACCOUNTS |
|---|---|---|
| 2006 | $595 | 225 |
| 2007 | 2,547 | 489 |
| 2008 | 4,996 | 864 |
| 2009 | 37,475 | 3,039 |
| **2010** | **53,384** | **3,479** |

## Outline of Investment Policies

### Objectives

The Colorado PERA Board is responsible for approving an appropriate range of investments that address the risk/return spectrum available to the participants of the Plans. It is the objective of the Plans to:

- Provide sufficient variety among the investment categories so that participants may choose from a range of investment opportunities having different expected risks and different expected returns within a reasonably limited number of choices.
- Provide investment funds that have investment returns comparable to returns for funds having similar objectives and risk within the particular investment categories.
- Control management costs within reasonable and prudent levels.

### Responsibilities

The IAC, a committee of internal management staff, monitors and evaluates the Plans' investment asset mix and funds, and the performance of fund managers. R.V. Kuhns & Associates, Inc. serves as consultant to the IAC.

Recommendations of the IAC are presented to the Chief Investment Officer and the Chief Operating Officer of Colorado PERA. Upon concurrence of the Chief Investment Officer and the Chief Operating Officer, the recommendations are presented to the Benefits Committee of the Board for its consideration.

The Colorado PERA Board is responsible for:

- The oversight of the Plans and portfolio composition.
- Approving changes to the plan document.
- Approving the investment policy and amendments thereto.
- Accepting or rejecting the IAC's recommendations with regard to policy, objectives and specific investment categories and funds.

### Investment Options

The Plans' assets can be invested in one or more of the following investments:

- *Northern Trust Institutional Government Select Fund:* The fund seeks to maximize current income while preserving capital and maintaining liquidity. It invests substantially in securities issued or guaranteed as to principal and interest by the U.S. government, its agencies or instrumentalities. The fund is managed by The Northern Trust Company.
- *PIMCO Low Duration Fund:* Primarily invests in a diversified portfolio of both domestic and foreign fixed income securities of varying maturities with a portfolio duration ranging between one and three years. The fund is managed by PIMCO.
- *PIMCO Total Return Fund:* Primarily invests in intermediate term investment-grade debt securities actively managed to maximize return in a risk-controlled framework. The fund is managed by PIMCO.

- *Dodge & Cox Balanced Fund:* The fund is a combination of long-term growth common stocks and diversified fixed income securities (U.S. government, corporate and mortgage-related), with no more than 75 percent of the assets in stocks. The fund is managed by Dodge & Cox.
- *Pax World Balanced Institutional Fund:* The fund seeks to invest in forward-thinking companies with sustainable business models that meet positive environmental, social and governance standards. Management avoids investing in companies significantly involved in the manufacture of weapons or weapons-related products, manufacture of tobacco products, or engaged in unethical business practices. The primary objective is to seek income and conservation of principal by investing in both equity and debt securities. The fund is managed by Pax World.
- *Vanguard Institutional Index Fund:* The fund employs a passive management strategy designed to track the performance of the Standard & Poor's 500 Index, which is dominated by the stocks of large U.S. companies. The fund attempts to replicate the target index by investing all or substantially all of its assets in the stocks that make up the index. The fund is managed by Vanguard.
- *Dodge & Cox Stock Fund:* The fund seeks long-term growth of principal and income by primarily investing in what appear to be temporarily undervalued companies. A secondary objective is to achieve a reasonable current income. The fund is managed by Dodge & Cox.
- *Colorado PERA Growth & Income Stock Fund:* Primarily invests in a diversified portfolio of domestic common stocks with a broad range of capitalization. The fund offers the potential for both capital appreciation and current dividends. The fund is managed by Colorado PERA investment staff.
- *Fidelity Contrafund:* Primarily invests in both domestic and foreign issued common stocks whose value is believed to not be fully recognized by the public. Investments are either in growth or value stocks or both. The fund is managed by Fidelity Investments.
- *Rainier Large Cap Growth Equity Fund:* The fund invests primarily in the common stock of U.S. growth companies with the majority of the companies owned having a market capitalization of over $5 billion. Stock selection focuses on companies that are likely to demonstrate superior earnings, revenue or cash flow growth relative to their industry peers. The fund is managed by Rainier Investment Management.
- *American Funds EuroPacific Growth Fund:* Primarily invests in equity securities of issuers domiciled in Europe or the Pacific Basin. The fund seeks long-term growth in companies from small firms to large corporations. This fund may also invest in securities through American and European depository receipts, securities convertible into common stocks, bonds, and cash. The fund is managed by the American Funds Capital Research and Management Company.
- *Vanguard Mid Cap Index Fund:* The fund seeks to track the performance of the MSCI US Mid Cap 450 index, a broadly diversified index of medium-size U.S. companies. The fund employs a passive management approach by investing in substantially all of the stocks in the index in approximately the same proportion as their weighting in the index. The fund is managed by Vanguard.
- *T. Rowe Price Small Cap Value Fund:* Primarily invests in domestic companies with a market capitalization that is within or below the range of companies in the Russell 2000 index. The fund seeks companies whose stocks are believed to be undervalued and may also invest in other securities including bonds, foreign stocks, futures and options. The fund is managed by T. Rowe Price.
- *Vanguard Small Cap Index Fund:* The fund seeks to track the performance of a benchmark index that measures the investment return of small capitalization stocks. It holds all 1,750 stocks that make up the MSCI U.S. Small Cap 1,750 Index in proportion to their weighting in the index. The fund is managed by Vanguard.
- *TCM Small Cap Growth Fund:* Primarily invests in domestic stocks with a market capitalization consistent with the size of companies in the Russell 2000 index. The fund seeks to identify companies with superior earnings growth potential and sustainable valuations. The fund is managed by Tygh Capital Management.
- *Fidelity Freedom Funds:* Six funds with varying asset mixes and risk levels based on the retirement dates of participants. These funds are designed for those who do not wish to actively manage their portfolios. The funds are managed by Fidelity Investments.

### Loans

Participants in the Voluntary Investment Program may access their funds through loans as allowed under plan policy and the Internal Revenue Service. Loans are prohibited from Colorado PERA's DC Plan.

### Administrative Fees

An administrative fee pays for recordkeeping, communications, education, consulting, staff, and other overhead expenses. In 2010, the fees (in actual dollars) were as follows:

| ACCOUNT BALANCE | MONTHLY FEE | TOTAL FEE PER YEAR |
|---|---|---|
| $0–$25,000 | $2.00 | $24.00 |
| $25,000.01–$50,000 | $2.25 | $27.00 |
| $50,000.01–$75,000 | $2.50 | $30.00 |
| $75,000.01–$100,000 | $2.75 | $33.00 |
| $100,000.01–$125,000 | $3.00 | $36.00 |
| $125,000.01 or greater | $3.25 | $39.00 |

Expenses are offset by a partial return of investment fees by some funds.

## Voluntary Investment Program and Defined Contribution Retirement Plan Schedule of Investment Results

| FUND/BENCHMARK | 2010 | 3-YEAR | 5-YEAR |
|---|---|---|---|
| **Northern Trust Institutional Government Select Fund[1]** | **0.0%** | 0.7% | 2.4% |
| Bank of America Merrill Lynch 90 Day T-Bills | 0.1% | 0.8% | 2.4% |
| **PIMCO Low Duration Fund** | **5.0%** | 5.5% | 5.6% |
| Bank of America Merrill Lynch Treasury 1-3 year | 2.4% | 3.2% | 4.2% |
| **PIMCO Total Return Fund** | **8.8%** | 9.1% | 8.1% |
| Barclays Capital Aggregate | 6.5% | 5.9% | 5.8% |
| **Dodge & Cox Balanced Fund** | **12.2%** | (1.5%) | 2.1% |
| 60% S&P 500/40% Barclays Capital Aggregate | 12.1% | 1.1% | 4.1% |
| **Pax World Balanced Institutional Fund[2]** | **12.2%** | (1.8%) | – |
| 60% S&P 500/40% Barclays Capital Aggregate | 12.1% | 1.1% | – |
| **Vanguard Institutional Index Fund** | **15.1%** | (2.8%) | 2.3% |
| S&P 500 | 15.1% | (2.9%) | 2.3% |
| **Dodge & Cox Stock Fund** | **13.5%** | (5.5%) | 0.1% |
| Russell 1000 Value | 15.5% | (4.4%) | 1.3% |
| **Colorado PERA Growth & Income Fund** | **14.7%** | (1.4%) | 4.1% |
| S&P 500 | 15.1% | (2.9%) | 2.3% |
| **Fidelity Contrafund** | **16.9%** | (1.7%) | 4.9% |
| S&P 500 | 15.1% | (2.9%) | 2.3% |
| **Rainier Large Cap Growth Equity Fund[3]** | **17.0%** | – | – |
| Russell 1000 Growth | 16.7% | – | – |
| **American Funds EuroPacific Growth Fund** | **9.7%** | (3.0%) | 5.9% |
| MSCI ACW Ex USA (Net) | 11.2% | (5.0%) | 4.8% |
| **Vanguard Mid Cap Index Fund[5]** | **25.6%** | – | – |
| MSCI US Mid Cap 450 index | 25.7% | – | – |
| **T. Rowe Price Small Cap Value Fund[5]** | **25.3%** | – | – |
| Russell 2000 Value | 24.5% | – | – |
| **Vanguard Small Cap Index Fund[4]** | **28.0%** | 3.8% | 5.6% |
| MSCI Small Cap 1750 Index | 27.8% | 3.6% | 5.4% |
| **TCM Small Cap Growth Fund[5]** | **21.7%** | – | – |
| Russell 2000 Growth | 29.1% | – | – |
| **Fidelity Freedom Income Fund** | **7.6%** | 3.2% | 4.1% |
| FID Freedom Income Custom Index | 6.6% | 3.0% | 4.3% |
| **Fidelity Freedom 2000 Fund** | **7.9%** | 2.6% | 4.0% |
| FID Freedom 2000 Custom Index | 6.9% | 2.4% | 4.1% |
| **Fidelity Freedom 2010 Fund** | **11.7%** | 1.3% | 4.1% |
| FID Freedom 2010 Custom Index | 11.7% | 2.0% | 4.6% |
| **Fidelity Freedom 2020 Fund** | **12.9%** | (0.4%) | 3.7% |
| FID Freedom 2020 Custom Index | 13.4% | 0.7% | 4.4% |
| **Fidelity Freedom 2030 Fund** | **14.0%** | (2.1%) | 3.0% |
| FID Freedom 2030 Custom Index | 14.9% | (0.5%) | 3.9% |
| **Fidelity Freedom 2040 Fund** | **14.6%** | (2.6%) | 2.8% |
| FID Freedom 2040 Custom Index | 15.9% | (0.7%) | 3.9% |

Performance is net of management fees, except for Colorado PERA Growth & Income Fund, which is shown gross of fees. Performance is measured using time-weighted rates of return and is calculated by R.V. Kuhns & Associates, Inc. Performance for periods greater than one year is annualized.

[1] Northern Trust Institutional Government Select Fund replaced the Northern Trust Short Term Fund effective July 1, 2008. Performance for all periods is for the Northern Trust Institutional Government Select Fund.

[2] This fund joined effective January 1, 2008.

[3] This fund joined effective July 1, 2008

[4] This fund joined effective July 1, 2005.

[5] This fund joined effective July 1, 2009.

## Voluntary Investment Program Summary

*(In Thousands of Dollars)*

| | FAIR VALUE DECEMBER 31, 2010 | PERCENT OF TOTAL FAIR VALUE 2010 | 2009[6] | 2008[6] |
|---|---|---|---|---|
| Northern Trust Institutional Government Select Fund[1] | **$131,087** | **7.1%** | 8.9% | 13.4% |
| PIMCO Low Duration Fund | **73,317** | **4.0%** | 4.1% | 3.6% |
| PIMCO Total Return Fund | **219,323** | **11.9%** | 11.7% | 11.0% |
| Dodge & Cox Balanced Fund | **268,120** | **14.6%** | 14.2% | 13.5% |
| Pax World Balanced Institutional Fund[2] | **4,527** | **0.2%** | 0.2% | 0.1% |
| Vanguard Institutional Index Fund | **84,324** | **4.6%** | 4.3% | 4.0% |
| Dodge & Cox Stock Fund | **132,255** | **7.2%** | 7.3% | 6.8% |
| Colorado PERA Growth & Income Fund | **303,946** | **16.5%** | 17.1% | 18.4% |
| Fidelity Contrafund | **233,912** | **12.7%** | 12.5% | 12.6% |
| Rainier Large Cap Growth Equity Fund[3] | **79,634** | **4.3%** | 4.0% | 3.6% |
| American Funds EuroPacific Growth Fund | **152,299** | **8.3%** | 9.2% | 7.8% |
| Vanguard Mid Cap Index Fund[4] | **18,685** | **1.0%** | 0.4% | – |
| T. Rowe Price Small Cap Value Fund[5] | **9,207** | **0.5%** | 0.1% | – |
| Vanguard Small Cap Index Fund[4] | **40,491** | **2.2%** | 1.5% | 1.1% |
| TCM Small Cap Growth Fund[5] | **2,231** | **0.1%** | 0.0% | – |
| Fidelity Freedom Income Fund | **10,066** | **0.5%** | 0.5% | 0.4% |
| Fidelity Freedom 2000 Fund | **7,537** | **0.4%** | 0.4% | 0.5% |
| Fidelity Freedom 2010 Fund | **17,861** | **1.0%** | 1.0% | 1.0% |
| Fidelity Freedom 2020 Fund | **24,918** | **1.4%** | 1.3% | 1.1% |
| Fidelity Freedom 2030 Fund | **16,523** | **0.9%** | 0.8% | 0.7% |
| Fidelity Freedom 2040 Fund | **10,498** | **0.6%** | 0.5% | 0.4% |

[1] Northern Trust Institutional Government Select Fund replaced the Northern Trust Short Term Fund effective July 1, 2008. Performance for all periods is for the Northern Trust Institutional Government Select Fund.

[2] This fund joined effective January 1, 2008.

[3] This fund joined effective July 1, 2008.

[4] This fund joined effective July 1, 2005.

[5] This fund joined effective July 1, 2009.

[6] Percentages for 2008 and 2009 were restated as member loans are no longer shown as an investment.

## Colorado Defined Contribution Retirement Plan Investment Summary

*(In Thousands of Dollars)*

| | FAIR VALUE | PERCENT OF TOTAL FAIR VALUE | | |
|---|---|---|---|---|
| | DECEMBER 31, 2010 | 2010 | 2009 | 2008 |
| Northern Trust Institutional Government Select Fund[1] | **$1,425** | **2.8%** | 3.9% | 42.5% |
| PIMCO Low Duration Fund | **6,212** | **12.0%** | 14.7% | 0.5% |
| PIMCO Total Return Fund | **2,973** | **5.8%** | 5.4% | 3.9% |
| Dodge & Cox Balanced Fund | **10,933** | **21.1%** | 16.4% | 27.7% |
| Pax World Balanced Institutional Fund[2] | **55** | **0.1%** | 0.1% | 0.1% |
| Vanguard Institutional Index Fund | **3,697** | **7.2%** | 7.8% | 1.8% |
| Dodge & Cox Stock Fund | **2,108** | **4.1%** | 4.2% | 4.9% |
| Colorado PERA Growth & Income Fund | **831** | **1.6%** | 1.6% | 2.7% |
| Fidelity Contrafund | **850** | **1.6%** | 1.2% | 3.2% |
| Rainier Large Cap Growth Equity Fund[3] | **2,593** | **5.0%** | 5.5% | 0.4% |
| American Funds EuroPacific Growth Fund | **4,537** | **8.8%** | 9.9% | 5.1% |
| Vanguard Mid Cap Index Fund[4] | **3,237** | **6.3%** | 5.7% | – |
| T. Rowe Price Small Cap Value Fund[5] | **1,155** | **2.2%** | 1.8% | – |
| Vanguard Small Cap Index Fund[4] | **885** | **1.7%** | 1.0% | 1.8% |
| TCM Small Cap Growth Fund[5] | **1,749** | **3.4%** | 3.4% | – |
| Fidelity Freedom Income Fund | **151** | **0.3%** | 0.2% | 0.4% |
| Fidelity Freedom 2000 Fund | **106** | **0.2%** | 0.2% | 0.2% |
| Fidelity Freedom 2010 Fund | **632** | **1.2%** | 1.3% | 0.6% |
| Fidelity Freedom 2020 Fund | **3,776** | **7.3%** | 7.5% | 0.7% |
| Fidelity Freedom 2030 Fund | **1,956** | **3.8%** | 4.3% | 1.9.% |
| Fidelity Freedom 2040 Fund | **1,829** | **3.5%** | 3.9% | 1.6% |

[1] Northern Trust Institutional Government Select Fund replaced the Northern Trust Short Term Fund effective July 1, 2008. Performance for all periods is for the Northern Trust Institutional Government Select Fund.

[2] This fund joined effective January 1, 2008.

[3] This fund joined effective July 1, 2008.

[4] This fund joined effective July 1, 2005.

[5] This fund joined effective July 1, 2009.

## Colorado Deferred Compensation Plan Report on Investment Activity

*(In Thousands of Dollars)*

### Overview

The Colorado PERA Deferred Compensation Plan (457 Plan) was established on July 1, 2009, under Section 457 of the Internal Revenue Code. This overview includes information about the 457 Plan. Colorado PERA publishes a separate Annual Report for Colorado PERA's 457 Plan and mails it to all plan participants.

On December 31, 2010, the 457 Plan had net assets of $458,881 and 18,215 accounts, representing increases of 16.7 percent in net assets and 1.2 percent in the number of participants from December 31, 2009, respectively.

#### 457 Plan Statistics

| PERIOD END | NET ASSETS | NUMBER OF ACCOUNTS |
|---|---|---|
| December 31, 2009 | $393,352 | 18,007 |
| **December 31, 2010** | **458,881** | **18,215** |

### Outline of Investment Policies

#### Objectives and Responsibilities

The Colorado PERA Board is responsible for approving an appropriate range of investments that address the risk/return spectrum available to the 457 Plan's participants. It is the objective of the plan to:

- Provide sufficient variety among the investment categories so that participants may choose from a range of investment opportunities having different expected risks and different expected returns within a reasonably limited number of choices.
- Provide investment funds that have investment returns comparable to returns for funds having similar objectives and risk within the particular investment categories.
- Control management costs within reasonable and prudent levels.

#### Responsibilities

The IAC, a committee of internal management staff, monitors and evaluates the plan's investment asset mix and funds, and the performance of fund managers. R.V. Kuhns & Associates, Inc. serves as consultant to the IAC.

Recommendations of the IAC are presented to the Chief Investment Officer and the Chief Operating Officer of Colorado PERA. Upon concurrence of the Chief Investment Officer and the Chief Operating Officer, the recommendations are presented to the Benefits Committee of the Board for its consideration.

The Colorado PERA Board is responsible for:

- The oversight of the 457 Plan and portfolio composition.
- Approving changes to the plan document.
- Approving the investment policy and amendments thereto.
- Accepting or rejecting the IAC's recommendations with regard to policy, objectives and specific investment categories and funds.

#### Investment Options

The 457 Plan assets can be invested in one or more of the following investments:

- *Great-West Stable Value Fund:* The investment objective of this fund is to provide a competitive stable interest rate to participants of the fund while at the same time ensuring that the principal plus accrued interest is always available to participants for benefit payments and transfer needs. The fund invests in securities issued by the U.S. Government or one of its agencies, as well as high-grade corporate bonds. The fund is managed by Great-West Life & Annuity Insurance Company.
- *Vanguard Total Bond Market Index Fund:* The investment seeks to track the performance of a broad, market-weighted bond index. The fund invests by sampling the index with at least 80 percent of assets in domestic bonds held in the index. The fund maintains a dollar-weighted average maturity consistent with that of the index, ranging between 5 and 10 years. The fund is managed by Vanguard.
- *Vanguard Institutional Index Fund:* The investment seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up Standard & Poor's 500 Index. The fund is managed by Vanguard.
- *Managers AMG Systematic Value Fund:* The fund seeks long-term capital appreciation primarily by investing in a diversified portfolio of mid-capitalization U.S. companies. The fund is managed by Managers Investment Group.
- *American Funds Growth Fund of America:* The fund seeks to invest in companies that appear to offer superior opportunities for growth of capital. It may also hold cash or money market instruments. The fund may also invest in securities of issuers domiciled outside the United States. The fund is managed by the American Funds Capital Research and Management Company.
- *Dodge & Cox International Stock Fund:* The investment seeks long-term growth of principal and income. The fund invests primarily in a diversified portfolio of equity securities issued by non-U.S. companies from at least three different foreign countries, including emerging markets. The fund primarily invests in medium-to-large well established companies based on standards of the applicable market. The fund is managed by Dodge & Cox.
- *American Funds EuroPacific Growth Fund:* The fund normally invests at least 80 percent of net assets in securities of issuers in Europe and the Pacific Basin that the investment adviser believes have the potential for long-term capital growth. The fund may also invest a portion of its assets in common stocks and other securities of companies in countries with developing economies and/or markets. Managed by the American Funds Capital Research and Management Company.

- *Artisan Mid Cap Value Fund:* The investment seeks maximum long-term capital growth. The fund primarily invests in U.S. companies and, under normal market conditions, the fund invests no less than 80 percent of net assets in the common stocks of medium-sized companies with a market capitalization greater than the market capitalization of the smallest company in the Russell Mid-Cap Index and less than three times the weighted average market capitalization of companies in that index. The maximum investment in any single industry is 25 percent of net assets and no more than 5 percent may be invested in securities of a single issuer. The fund is managed by Artisan Funds, Limited Partnership.
- *Munder Mid Cap Core Growth Fund:* The investment seeks long-term capital appreciation. The fund normally invests at least 80 percent of assets in the equity securities of mid-capitalization companies. Mid-capitalization companies are those companies with market capitalizations within the range of companies included in the S&P Mid-Cap 400 index, or within the range of companies included in the Russell Mid-Cap index. The fund may use futures and/or exchange-traded funds (ETFs) to manage cash and can lend securities with a value of up to 33 1/3 percent of the total assets to qualified institutions. The fund is managed by Munder Capital Management.
- *Veracity Small Cap Value Fund:* The investment seeks long-term capital growth. The fund normally invests 80 percent of assets in the common stocks of U.S. domestic companies with market capitalizations of less than $2 billion at the time of investment. Its portfolio typically consists of 100 to 150 companies at any given point in time. The fund invests in companies that appear to be under-priced according to certain financial measurements of their intrinsic worth and/or business prospects. The fund is managed by Veracity Integrity Asset Management, LLC.
- *TCM Small Cap Growth Fund:* The investment seeks long-term capital appreciation. The fund invests at least 80 percent of assets in stocks of small-capitalization companies. The fund may also invest up to 20 percent in equity securities of a foreign issuer. The fund is managed by Tygh Capital Management.
- *Conservative Profile Portfolio:* The purpose of the Conservative Profile Portfolio is to provide a diversified, pre-packaged mix of investment options, based on a conservative investment style (relatively low levels of risk and potential return). This Portfolio seeks to achieve relatively high total return on investment through current income and capital appreciation. The Portfolio invests in a mix of investment options offered in the Colorado PERA 457 Plan, with an emphasis on stable value and bond investments.
- *Moderate Profile Portfolio:* The purpose of the Moderate Profile Portfolio is to provide a diversified, pre-packaged mix of investment options, based on a moderate investment style (relatively moderate levels of risk and potential return). This Portfolio seeks to achieve a high total return on investment through long-term capital appreciation. The Portfolio invests in a mix of investment options offered in the Colorado PERA 457 Plan, with an emphasis on equity and bond investments.
- *Aggressive Profile Portfolio:* The purpose of the Aggressive Profile Portfolio is to provide a diversified, pre-packaged mix of investment options, based on an aggressive investment style (relatively high levels of risk and potential return). This Portfolio seeks to achieve a high total return on investment through long-term capital appreciation. The Portfolio invests in a mix of investment options offered in the Colorado PERA 457 Plan, with an emphasis on equity investments.
- *TD AMERITRADE Self-Directed Brokerage Account:* This account allows selection from numerous mutual funds and/or other types of securities, such as stocks and bonds, for an additional fee or fees. Investment in the self-directed brokerage account must be made into the money market fund at TD AMERITRADE first. Then, through TD AMERITRADE participants can purchase other investments. Offered through TD AMERITRADE, a Division of TD AMERITRADE, Inc.

### Loans

Participants in the 457 Plan may access their funds through loans as allowed under plan policy and the Internal Revenue Service.

### Administrative Fees

An administrative fee pays for recordkeeping, communications, education, consulting, staff, and other overhead expenses. In 2010, there was an asset-based fee on participant balances in various mutual funds ranging from 0.10 percent to 0.20 percent. Expenses are offset by a partial return of investment fees by some funds.

## Colorado Deferred Compensation Plan Schedule of Investment Results

*As of December 31, 2010*

| FUND/BENCHMARK | 2010 | 3-YEAR | 5-YEAR |
|---|---|---|---|
| **Great-West Stable Value Fund** | **4.3%** | 4.6% | 4.6% |
| Hueler Stable Value Index | 3.1% | 3.6% | 4.1% |
| **Vanguard Total Bond Market Index Fund** | **6.6%** | 6.0% | 5.9% |
| Barclays Capital Aggregate | 6.6% | 5.9% | 5.8% |
| **Vanguard Institutional Index Fund** | **15.1%** | (2.8%) | 2.3% |
| S&P 500 | 15.1% | (2.9%) | 2.3% |
| **Managers AMG Systematic Value Fund** | **18.0%** | (5.1%) | 1.7% |
| Russell 1000 Value | 15.5% | (4.4%) | 1.3% |
| **American Funds Growth Fund of America** | **12.6%** | (2.4%) | 2.8% |
| Russell 1000 Growth | 16.7% | (0.5%) | 3.8% |
| **Dodge & Cox International Stock Fund** | **13.7%** | (3.7%) | 5.0% |
| MSCI ACW Ex-USA (Net) | 11.2% | (5.0%) | 4.8% |
| **American Funds EuroPacific Growth Fund** | **9.4%** | (3.3%) | 5.6% |
| MSCI ACW Ex-USA (Net) | 11.2% | (5.0%) | 4.8% |
| **Artisan Mid Cap Value Fund** | **14.4%** | 4.9% | 6.0% |
| Russell Mid Cap Value Index | 24.8% | 1.0% | 4.1% |
| **Munder Mid Cap Core Growth Fund** | **25.5%** | (2.0%) | 5.0% |
| Russell Mid Cap Growth Index | 26.4% | 1.0% | 4.9% |
| **Veracity Small Cap Value Fund** | **29.5%** | 5.9% | 5.4% |
| Russell 2000 Value | 24.5% | 2.2% | 3.5% |
| **TCM Small Cap Growth Fund** | **21.7%** | (4.3%) | 3.9% |
| Russell 2000 Growth | 29.1% | 2.2% | 5.3% |
| **Conservative Profile Portfolio** | **10.6%** | 3.0% | 4.7% |
| Conservative Profile Fund Custom Index[1] | 10.5% | 2.9% | 4.9% |
| **Moderate Profile Portfolio** | **13.5%** | 1.9.% | 4.4% |
| Moderate Profile Fund Custom Index[1] | 13.9% | 2.0% | 4.9% |
| **Aggressive Profile Portfolio** | **15.7%** | 0.3% | 4.1% |
| Aggressive Profile Fund Custom Index[1] | 16.6% | 0.6% | 4.7% |

Performance is net of fees and is measured using time-weighted rates of return and is calculated by R.V. Kuhns & Associates, Inc. Performance for periods greater than one year is annualized.

Note: The Colorado PERA Deferred Compensation Plan began on July 1, 2009, after receiving assets transferred from the State of Colorado 457 Plan. Performance shown above includes periods when assets were held by the State of Colorado 457 Plan.

[1] The Profile Portfolio Custom Indexes are calculated monthly using target investment weights applied to the corresponding primary benchmark.

## Colorado Deferred Compensation Plan Investment Summary

*(In Thousands of Dollars)*

| | FAIR VALUE AS OF DECEMBER 31, 2010 | PERCENT OF TOTAL FAIR VALUE AS OF DECEMBER 31, 2010 | PERCENT OF TOTAL FAIR VALUE AS OF DECEMBER 31, 2009[1] |
|---|---|---|---|
| Great-West Stable Value Fund | $163,345 | 36.2% | 38.8% |
| Vanguard Total Bond Market Index Fund | 31,844 | 7.0% | 7.2% |
| Vanguard Institutional Index Fund | 45,477 | 10.1% | 9.8% |
| Managers AMG Systematic Value Fund | 19,477 | 4.3% | 4.2% |
| American Funds Growth Fund of America | 17,485 | 3.9% | 4.0% |
| Dodge & Cox International Stock Fund | 18,041 | 4.0% | 3.8% |
| American Funds EuroPacific Growth Fund | 25,591 | 5.7% | 6.0% |
| Artisan Mid Cap Value Fund | 28,794 | 6.4% | 6.4% |
| Munder Mid Cap Core Growth Fund | 23,685 | 5.2% | 4.8% |
| Veracity Small Cap Value Fund | 10,249 | 2.3% | 1.7% |
| TCM Small Cap Growth Fund | 8,465 | 1.9% | 1.6% |
| Conservative Profile Portfolio | 7,842 | 1.7% | 1.4% |
| Moderate Profile Portfolio | 28,229 | 6.2% | 5.7% |
| Aggressive Profile Portfolio | 16,646 | 3.7% | 3.3% |
| TD AMERITRADE Money Market Account | 1,475 | 0.3% | 0.5% |
| TD AMERITRADE Self-Directed Brokerage Account | 5,093 | 1.1% | 0.8% |

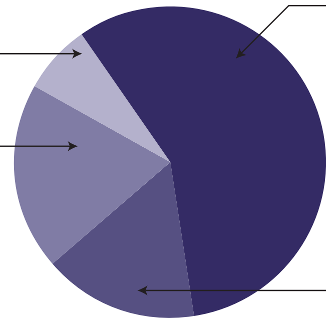
Note: The Colorado PERA Deferred Compensation Plan began on July 1, 2009, after receiving assets transferred from the State of Colorado 457 Plan.

[1] Percentages for 2009 were restated as member loans are no longer shown as an investment.

## Asset Allocation by Defined Contribution Plans

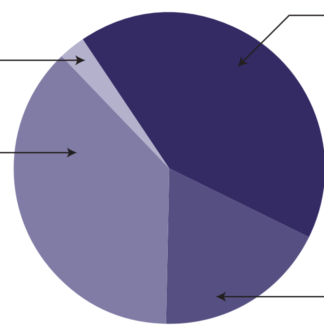
*As of December 31, 2010*

### Voluntary Investment Program (401(k) Plan)



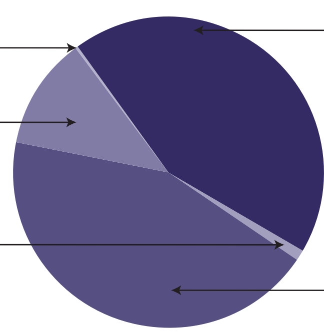
| | |
|---|---|
| **SHORT-TERM FUNDS** | **7.1%** |
| Northern Trust Institutional Government Select Fund | 7.1% |
| **BALANCED AND LIFESTYLE FUNDS** | **19.6%** |
| Dodge & Cox Balanced Fund | 14.6% |
| Pax World Balanced Institutional Fund | 0.2% |
| Fidelity Freedom Income Fund | 0.5% |
| Fidelity Freedom 2000 Fund | 0.4% |
| Fidelity Freedom 2010 Fund | 1.0% |
| Fidelity Freedom 2020 Fund | 1.4% |
| Fidelity Freedom 2030 Fund | 0.9% |
| Fidelity Freedom 2040 Fund | 0.6% |
| **STOCK FUNDS** | **57.4%** |
| Vanguard Institutional Index Fund | 4.6% |
| Dodge & Cox Stock Fund | 7.2% |
| Colorado PERA Growth & Income Fund | 16.5% |
| Fidelity Contrafund | 12.7% |
| Rainier Large Cap Growth Equity Fund | 4.3% |
| American Funds EuroPacific Growth Fund | 8.3% |
| Vanguard Mid Cap Index Fund | 1.0% |
| T. Rowe Price Small Cap Value Fund | 0.5% |
| Vanguard Small Cap Index Fund | 2.2% |
| TCM Small Cap Growth Fund | 0.1% |
| **BOND FUNDS** | **15.9%** |
| PIMCO Low Duration Fund | 4.0% |
| PIMCO Total Return Fund | 11.9% |

### Colorado PERA DC Plan



| | |
|---|---|
| **SHORT-TERM FUNDS** | **2.8%** |
| Northern Trust Institutional Government Select Fund | 2.8% |
| **BALANCED AND LIFESTYLE FUNDS** | **37.5%** |
| Dodge & Cox Balanced Fund | 21.1% |
| Pax World Balanced Institutional Fund | 0.1% |
| Fidelity Freedom Income Fund | 0.3% |
| Fidelity Freedom 2000 Fund | 0.2% |
| Fidelity Freedom 2010 Fund | 1.2% |
| Fidelity Freedom 2020 Fund | 7.3% |
| Fidelity Freedom 2030 Fund | 3.8% |
| Fidelity Freedom 2040 Fund | 3.5% |
| **STOCK FUNDS** | **41.9%** |
| Vanguard Institutional Index Fund | 7.2% |
| Dodge & Cox Stock Fund | 4.1% |
| Colorado PERA Growth & Income Fund | 1.6% |
| Fidelity Contrafund | 1.6% |
| Rainier Large Cap Growth Equity Fund | 5.0% |
| American Funds EuroPacific Growth Fund | 8.8% |
| Vanguard Mid Cap Index Fund | 6.3% |
| T. Rowe Price Small Cap Value Fund | 2.2% |
| Vanguard Small Cap Index Fund | 1.7% |
| TCM Small Cap Growth Fund | 3.4% |
| **BOND FUNDS** | **17.8%** |
| PIMCO Low Duration Fund | 12.0% |
| PIMCO Total Return Fund | 5.8% |

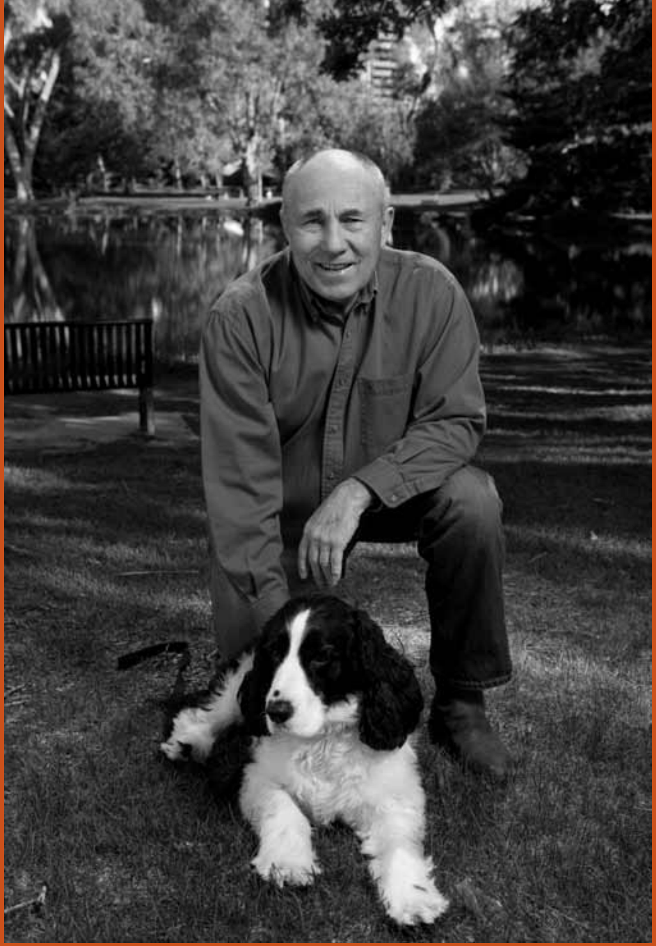
### Deferred Compensation Plan (457 Plan)



| | |
|---|---|
| **SHORT-TERM FUNDS** | **0.3%** |
| TD AMERITRADE Money Market Account | 0.3% |
| **PROFILE FUNDS** | **11.6%** |
| Conservative Profile Portfolio | 1.7% |
| Moderate Profile Portfolio | 6.2% |
| Aggressive Profile Portfolio | 3.7% |
| **SELF-DIRECTED BROKERAGE** | **1.1%** |
| TD AMERITRADE Self-Directed Brokerage Account | 1.1% |
| **STOCK FUNDS** | **43.8%** |
| Vanguard Institutional Index Fund | 10.1% |
| Managers AMG Systematic Value Fund | 4.3% |
| American Funds Growth Fund of America | 3.9% |
| Dodge & Cox International Stock Fund | 4.0% |
| American Funds EuroPacific Growth Fund | 5.7% |
| Artisan Mid Cap Value Fund | 6.4% |
| Munder Mid Cap Core Growth Fund | 5.2% |
| Veracity Small Cap Value Fund | 2.3% |
| TCM Small Cap Growth Fund | 1.9% |
| **BOND FUNDS** | **43.2%** |
| Great-West Stable Value Fund | 36.2% |
| Vanguard Total Bond Market Index Fund | 7.0% |

*"The shared sacrifice contained in SB 1 is forward-looking and allows the PERA membership to carry the solution on its own shoulders so that current and future retirees can count on receiving a monthly benefit that still has a degree of protection from inflation."*

–John MacPherson
Retired Principal
Denver Public School District No. 1



# ACTUARIAL SECTION

Cavanaugh Macdonald
CONSULTING, LLC
*The experience and dedication you deserve*

June 8, 2011

Board of Trustees
Public Employees' Retirement Association of Colorado
1301 Pennsylvania Street
Denver, CO 80203

**RE: ACTUARIAL CERTIFICATION OF DEFINED BENEFIT PLANS AND HEALTH CARE TRUST FUNDS**

Dear Members of the Board:

Colorado 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, 2010. In completing the valuation of these systems, Cavanaugh Macdonald Consulting, LLC (CMC) relied on membership and financial data provided by Colorado PERA. We have reviewed this data for reasonableness, and made some general edit checks to impute certain information that may not have been provided with the original employee data. We have not audited this data, but we have reconciled the data used in the prior year's valuation with this current valuation data.

There were some changes in the economic and demographic actuarial assumptions used in the health care valuations since the prior valuation. The changes include:

- Initial health care costs for PERACare enrollees who are age 65 and older, and do not have Medicare Part A have been updated to reflect the change in costs for the 2011 plan year.
- PERACare's funding rates are used to determine the health care costs for participants enrolled in the self-insured plans, who are age 65 and older, and do not have Medicare Part A.
- The starting per capita payments estimated to be made by the Centers for Medicare & Medicaid Services (CMS) under the Retiree Drug Subsidy Program (RDS) have been updated based upon the most recent attestation of actuarial equivalence.
- The assumed rates of inflation for health care costs for Medicare Part A premiums and RDS payments have been revised to reflect the current expectation of future increases.
- The percentage of PERACare enrollees who are projected to be age 65 and older, and estimated to not have Medicare Part A has been revised to reflect plan experience.
- The last year in which the prescription drug benefit provided to those members eligible for Medicare Part D is deemed to be Actuarially Equivalent has been increased to 2018.
- Liabilities for those members represented under both the PERA benefit structure and the DPS benefit structure have been allocated based upon member contribution account balances.

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Board of Trustees
Public Employees' Retirement Association of Colorado
June 8, 2011
Page 2

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 Statements No. 25 and No. 43.

CMC updated the following schedules for the December 31, 2010 CAFR:

**FINANCIAL SECTION**

- Actuarial Statistics
- Current Year Actuarial Gains / (Losses)
- Funding Ratios
- Defined Benefit Pension Trust Funds Changes in Overfunded/(Unfunded) Actuarial Accrued Liabilities
- Required Supplementary Information - Schedule of Funding Progress
- Required Supplementary Information - Schedule of Employer Contributions
- Notes to Required Supplementary Information
- Net Pension Obligation for all Funds
- Funding Ratio, Unfunded Actuarial Accrued Liability and Annual Required Contributions for all Funds using 6.5%, 7.5%, 8.0%, 8.5% and 9.5% investment assumptions

**ACTUARIAL SECTION**

- Schedule of Retirees and Beneficiaries Added to and Removed from Benefit Payroll
- Member – Retiree Comparison
- Schedule of Members in Valuation
- Total Actuarial Liabilities
- Unfunded / (Overfunded) Actuarial Accrued Liabilities
- Schedule of Gains and Losses in Accrued Liabilities
- Schedule of Computed Employer Contribution Rates for Fiscal Years Beginning in 2012
- Schedule of Contribution Rate History
- Schedule of Active Member Valuation Data

**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

## Report of the Independent Actuary

Board of Trustees
Public Employees' Retirement Association of Colorado
June 8, 2011
Page 3

Colorado PERA pension divisions have a funded ratio of 66% based on the Actuarial Value of Assets. The funded ratio on Market Value of Assets is slightly lower, at 65%. For the health care trust funds the funded ratios are 18% and 17% on an actuarial value and market value of assets, respectively. The employer contribution rate, together with Medicare Part D Retiree Drug Subsidy receipts, is sufficient to eventually finance the Health Care Trust Fund and the DPS Health Care Trust Fund benefits in accordance with GASB 43 and 45. The Local Government Division employer contribution rates are sufficient to finance the promised benefits under GASB 25 and 27. Considering the addition of the AED and SAED contributions as a percentage of payroll, the State and School Divisions' employer contribution rates are currently sufficient to finance the promised benefits and eventually meet the required contribution levels under GASB 25 and 27. Considering the addition of the AED and SAED contributions and the offsets of PCOP credits as a percentage of payroll, the Denver Public Schools Division employer contribution rate is currently sufficient to finance the promised benefits and eventually meet the required contribution levels under GASB 25 and 27. The total employer contributions, combined with projected reductions in liability due to benefit structure changes for newer hires, are expected to fund the Judicial Division.

It should be noted that the changes made to the PERA structure as a result of SB 10-01 had as a goal 100% funding of the accrued liability within 30 years for all divisions. The results of the December 31, 2010 valuations combined with financial projections of all divisions indicate that this goal, which is a much stronger position than required to meet current GASB standards, is still achievable.

We certify that this valuation was performed in accordance with standards of practice and by qualified actuaries as prescribed by the American Academy of Actuaries and the Actuarial Standards Board. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. All of the consultants listed below have experience in performing valuations for large statewide public retirement systems.

Sincerely,

Thomas J. Cavanaugh, FSA, FCA, EA, MAAA
Chief Executive Officer

Edward J. Koebel, EA, FCA, MAAA
Principal and Consulting Actuary

Eric H. Gary, FSA, FCA, MAAA
Senior Actuary

TJC/EJK/EHG:kc

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*Note: SB 09-282 was signed by former Governor Ritter on May 21, 2009. The legislation mandated a merger between Colorado PERA and DPSRS on January 1, 2010. All plan members of DPSRS became PERA members on January 1, 2010. These members are now under PERA and their benefits are described herein as the DPS benefit structure. Existing members of PERA prior to the merger and any new members hired after January 1, 2010, are members of the PERA benefit structure. Differences in plan provisions between the PERA benefit structure and the DPS benefit structure are described herein.*

*SB 10-001 was signed by former Governor Ritter on February 23, 2010. SB 10-001 is a major piece of legislation that will affect all PERA employers, employees, and benefit recipients (both current and future). Certain provisions of SB 10-001 are described herein.*

Colorado PERA 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, 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. Colorado PERA is governed by a Board of Trustees.

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

### Member Contributions

All members except State Troopers and Colorado Bureau of Investigation agents contribute 8 percent of their gross salary to a member contribution account. State Troopers and Colorado Bureau of Investigation agents contribute 10 percent of salary. Generally, salary is compensation for services rendered and is specifically defined in State law.

Under the PERA benefit structure, 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. Under the DPS benefit structure, member contributions have been tax-deferred for federal income tax purposes since January 1, 1986, 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.

SB 10-146 was signed by former Governor Ritter on March 31, 2010. SB 10-146 was proposed by the Governor and recommended by the Joint Budget Committee to reduce the State's expenditures.

SB 11-076 was signed by Governor Hickenlooper on May 23, 2011. SB 11-076 was proposed by the Joint Budget Committee to reduce the State's expenditures.

These two pieces of legislation mandate a temporary increase in the State and Judicial Divisions' member contribution rates by 2.50 percent of salary, and a corresponding decrease in the State and Judicial Divisions' employer contribution rates, effective July 1, 2010, through June 30, 2012. On July 1, 2012, the State and Judicial Divisions' member contribution rates will return to their previous statutory rates. SB 10-146 and SB 11-076 do not change the AED nor SAED contributions that are paid by employers from members' foregone wage increases.

SB 10-146 and SB 11-076 require that State Division and Judicial Division members contribute at the following payroll rates effective July 1, 2010, through June 30, 2012:

- *State and Judicial Division members:* 10.5 percent of salary.
- *State Division members enrolled in the PERA DC Plan:* 10.5 percent of salary.
- *State Trooper and Colorado Bureau of Investigation members:* 12.5 percent of salary.
- *State Trooper and Colorado Bureau of Investigation members enrolled in the PERA DC Plan:* 12.5 percent of salary.

### Working Retiree Contributions

SB 10-001 requires that retirees who return to work for a PERA employer, effective January 1, 2011, begin making member contributions at the same rate as all members working for that employer. Retirees' contributions would be non-refundable and would not accrue a benefit, nor would they be credited to members' accounts.

SB 10-146 and SB 11-076 require that retirees re-employed by a State Division or Judicial Division employer, effective January 1, 2011, through June 30, 2012, contribute an additional 2.5 percent working retiree contribution.

### Employer Contributions

Colorado PERA-affiliated employers contribute a percentage of their total payroll to the fund. Respective employer contribution rates are shown on the Schedule of Contribution Rate History on pages 175–180.

The Schedule of Computed Employer Contribution Rates on page 143 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. Colorado PERA is exempt from federal income taxes under the Internal Revenue Code.

SB 10-146 and SB 11-076 temporarily decrease State and Judicial Divisions' employer contribution rates, effective July 1, 2010, through June 30, 2012, by 2.5 percent of payroll. The following employer contribution rates are required during this period:

- *State Division employers:* 7.65 percent of salary.
- *State Division employers of PERA DC Plan members:* 7.65 percent of salary.
- *State Trooper and Colorado Bureau of Investigation employers:* 10.35 percent of salary.
- *State Trooper and Colorado Bureau of Investigation employers of PERA DC Plan members:* 10.35 percent of salary.
- *Judicial Division employers:* 11.16 percent of salary.

The employers' AED and SAED contributions are unaffected by passage of SB 10-146 and SB 11-076.

### Termination

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

A member of the PERA benefit structure who has not attained age 65 or is not eligible to retire and who wishes to refund his or her account will receive his or her Colorado PERA contributions plus interest, a matching amount equal to 50 percent of the member contributions and interest, and any payments made to purchase service. A member who withdraws his or her account upon or after reaching age 65 or retirement eligibility receives a 100 percent matching amount.

A member of the DPS benefit structure who is not eligible to retire and who wishes to refund his or her account will receive his or her Colorado PERA contributions, any payments made to purchase service, and interest earned on the account. A member who terminated employment on or after January 1, 2001, with at least five years of service credit and withdraws his or her account upon reaching retirement eligibility receives a 100 percent matching amount. Members of the DPS benefit structure are not eligible for a 50 percent match.

SB 10-001 maintains the 100 percent match of member accounts for members at retirement eligibility who are eligible to retire, but the legislation changes the eligibility for the 50 percent match for PERA benefit structure members who refund after January 1, 2011. Effective January 1, 2011:

- Members must have five years of earned service credit on the date of the refund in order to be eligible for the match.
- All matching amounts credited to member accounts before January 1, 2011, will remain credited.

State law authorizes the Colorado PERA Board to determine the interest to be credited to member accounts. The interest rate for 2010 is 3 percent compounded annually. In no event shall the Board specify a rate that exceeds 5 percent.

### Retirement Benefits—PERA Benefit Structure

#### Service Retirement Benefits

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

Members under the PERA benefit structure are eligible to receive monthly retirement benefits when they reach age and service retirement requirements as noted below:

**SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED BEFORE JULY 1, 2005**

| *Age Requirement (in years)* | *Service Credit Requirement (in years)* |
|---|---|
| 50 | 30 |
| 55 | Age and Service = 80 or more |
| 60 | 20 |
| 65 | 5 |
| 65 | Less than 5 but 60 payroll postings |

**SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED ON OR AFTER JULY 1, 2005, BUT BEFORE JANUARY 1, 2007**

| *Age Requirement (in years)* | *Service Credit Requirement (in years)* |
|---|---|
| Any Age | 35 |
| 55 | 30 |
| 55 | Age and Service = 80 or more |
| 60 | 20 |
| 65 | 5 |
| 65 | Less than 5 but 60 payroll postings |

**SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED ON OR AFTER JANUARY 1, 2007**

| *Age Requirement (in years)* | *Service Credit Requirement (in years)* |
|---|---|
| Any Age | 35 |
| 55 | 30 |
| 55 | Age and Service = 85 or more |
| 60 | 25 |
| 65 | 5 |
| 65 | Less than 5 but 60 payroll postings |

**SERVICE RETIREMENT ELIGIBILITY FOR STATE TROOPERS**

| *Age Requirement (in years)* | *Service Credit Requirement (in years)* |
|---|---|
| Any Age | 30 |
| 50 | 25 |
| 55 | 20 |
| 65 | 5 |
| 65 | Less than 5 but 60 payroll postings |

A service retirement benefit is the higher of either the defined service benefit formula 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.

SB 10-001 made the following changes to service retirement requirements effective January 1, 2011:

- For all members, other than State Troopers, with less than five years of service credit on January 1, 2011, eligibility will include a modified Rule of 85 (age and service must add to 85 with a minimum age of 55).
- For all new members, other than State Troopers, first hired on or after January 1, 2011, but before January 1, 2017, eligibility will include a modified Rule of 88 (age and service must add to 88 with a minimum age of 58).
- For all new members, other than State Troopers, first hired on or after January 1, 2017, eligibility will include a modified Rule of 90 (age and service must add to 90 with a minimum age of 60). If the member's most recent 10 years of service credit are earned in the School Division or DPS Division, retirement eligibility is under the modified Rule of 88.

### Retirement Benefits—DPS Benefit Structure

#### Service Retirement Benefits

Any DPS benefit structure member who leaves a member account with Colorado PERA until reaching age and service requirements may apply for lifetime monthly benefits instead of withdrawing their account.

Members under the DPS benefit structure are eligible to receive monthly retirement benefits when they reach age and service retirement requirements as noted below:

SERVICE RETIREMENT ELIGIBILITY FOR DPS BENEFIT STRUCTURE MEMBERS

| *Age Requirement (in years)* | *Service Credit Requirement (in years)* |
|---|---|
| 50 | 30 |
| 55 | 25[1] |
| 65 | 5 |

[1] 15 years must be earned service credit

A service retirement benefit is the higher of either the defined service benefit formula or the minimum benefit calculation.

SB 10-001 made the following changes to service retirement requirements effective January 1, 2011:

- For all members, with less than five years of service credit on January 1, 2011, eligibility will include a modified Rule of 85 (age and service must add to 85 with a minimum age of 55).

### Defined Retirement Benefits

Defined service retirement benefits are based on the member's years of service, age, and HAS.

*For all PERA benefit structure members, except judges, who became members before January 1, 2007, and who retire before January 1, 2009:*

- HAS is one-twelfth of the average of highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit. The three 12-month periods do not have to be consecutive nor do they have to be the last three years of employment.
- 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.

*For all PERA benefit structure members, except judges, who were hired before January 1, 2007, and who retire on or after January 1, 2009:*

- HAS is one-twelfth of the average of the highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit.
- In calculating the HAS, Colorado PERA determines the highest annual salaries associated with four periods of 12 consecutive months. The four 12-month periods selected do not have to be consecutive nor do they have to include the last three years of employment. The lowest of the four periods becomes a base year used as a starting point for a 15 percent annual limit on salary increases. The annual limit will apply regardless of when the annual salaries used in the HAS occurred.

*For all PERA benefit structure members, except judges, who were hired on or after January 1, 2007:*

- HAS is one-twelfth of the average of the highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit.
- In calculating the HAS, Colorado PERA determines the highest annual salaries associated with four periods of 12 consecutive months. The four 12-month periods selected do not have to be consecutive nor do they have to include the last three years of employment. The lowest of the four periods becomes a base year used as a starting point for an 8 percent annual limit on salary increases. The annual limit will apply regardless of when the annual salaries used in the HAS occurred.

*For Judicial Division members (judges):*

- HAS is the highest salary associated with one period of 12 consecutive months of service credit.
- Defined retirement benefits equal 2.5 percent of HAS for each year of service credit up to a maximum of 100 percent of HAS. In all cases, a service retirement benefit is limited to 100 percent of HAS and also cannot exceed the maximum benefit amount allowed by federal law.

*For all DPS benefit structure members:*

- HAS is the average monthly salary of the 36 months of earned service having the highest salaries.

Under the provisions of SB 10-001:

- The existing HAS definitions, described above, will remain in effect for PERA benefit structure members hired on or after

January 1, 2007, and for PERA benefit structure members eligible to retire as of January 1, 2011.

- The existing HAS definitions, described above, will remain in effect for DPS benefit structure members eligible to retire as of January 1, 2011.
- The annual salary cap will be lowered to 8.0 percent for all PERA benefit structure members, except judges, who are not eligible to retire on January 1, 2011.
- The HAS definition for DPS benefit structure members who are not eligible to retire as of January 1, 2011, was modified to match the HAS definition of PERA benefit structure members who are not eligible to retire as of January 1, 2011.
- The one year HAS for judges, described above, will remain in effect.

**Reduced Service Retirement Benefits—PERA Benefit Structure**
The age and service requirements to be eligible for a reduced service retirement benefit are listed below:

| *Age Requirement (in years)* | | *Service Credit Requirement (in years)* |
|---|---|---|
| 50 | | 25 |
| 50 | – (State Troopers only) – | 20 |
| 55 | | 20 |
| 60 | | 5 |

Reduced service retirement benefits are based on the member's years of service, age, and HAS.

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 these members are reduced 6 percent for each year that members retire before they would have become eligible for service retirement benefits.

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

SB 10-001 did not change age and service requirements for reduced service retirement, nor did it change reduced service retirement benefit reduction factors for members eligible to retire on January 1, 2011.

However, this legislation did change the reduction factors used to calculate reduced service retirement benefits for members not eligible to retire as of January 1, 2011. Reduced defined service retirement benefits for these members will be reduced by an actuarially determined amount to ensure that the benefit is the actuarial equivalent of the service retirement benefit.

**Reduced Service Retirement Benefits—DPS Benefit Structure**
The age and service requirements to be eligible for a reduced service retirement benefit are listed below for members with five or more years of service credit:

| *Age Requirement (in years)* | *Service Credit Requirement (in years)* |
|---|---|
| Less than 50 | 30 |
| Less than 55 | 25 |
| 55 | 15 |

The age and service requirements to be eligible for a reduced service retirement benefit are listed below for members with five years or less of service credit:

| *Age Requirement (in years)* | *Service Credit Requirement (in years)* |
|---|---|
| 50 | 25 |
| 55 | 20 |
| 60 | 5 |

Reduced service retirement benefits are based on the member's years of service, age, and HAS.

Reduced defined service retirement benefits available to DPS benefit structure members who began membership prior to July 1, 2005, are reduced 4 percent per year (0.333 percent per month) before the eligible date for service retirement. For members who began membership on or after July 1, 2005, the reduction factor equals 6 percent per year (0.50 percent per month).

SB 10-001 did not change age and service requirements for reduced service retirement, nor did it change reduced service retirement benefit reduction factors for members eligible to retire on January 1, 2011.

However, this legislation did change the reduction factors used to calculate reduced service retirement benefits for members not eligible to retire as of January 1, 2011. Reduced defined service retirement benefits for these members will be reduced by an actuarially determined amount to ensure that the benefit is the actuarial equivalent of the service retirement benefit.

**Money Purchase Retirement Benefit—PERA Benefit Structure**
A money purchase retirement benefit is also calculated and paid to the retiree if it is higher than the defined service retirement benefit. This benefit is determined by the member's life expectancy and the value of the member's contribution account and interest, plus a matching amount equal to 100 percent of the member's contributions and interest. Money purchase benefits are increased annually according to defined benefit service retirements' annual benefit increase provisions.

**Minimum Benefit Calculation—DPS Benefit Structure**
Retiring members are entitled to a minimum benefit of $15 per month for each of the first 10 years of service and $20 per month for each additional year of service plus the money purchase benefit calculation determined by the member's life expectancy and the value of the member's contribution account and interest, plus a matching

amount equal to 100 percent of the member's contributions and interest.

### Survivor Benefits—PERA Benefit Structure

The benefit amount that qualified survivors receive is specified in State statute and varies based upon the deceased member's HAS, years of service, the qualified survivors to whom benefits are to be paid, and the number of qualified survivors receiving benefits.

If a member dies with less than one year of Colorado PERA service credit, or with no survivors qualified to receive a monthly benefit, the named beneficiary or the estate will receive a lump-sum payment of the member's contribution account plus a matching amount equal to 100 percent of the member's contributions and earned 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 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.

### Survivor Benefits—DPS Benefit Structure

The benefit amount that qualified survivors receive is specified in State statute and varies based upon the deceased member's HAS, years of service, the qualified survivors to whom benefits are to be paid, and the number of qualified survivors receiving benefits.

To qualify for survivor benefits under the DPS benefit structure, the member must be an active member at time of death having completed at least five years of continuous service under the DPS benefit structure or have qualified for disability retirement after July 1, 1962, and have yet to meet the age requirements for recalculation of the disability benefit.

If the named beneficiary(ies) waive their right to receive a refund, survivors are paid in the following order of eligibility:

- Dependent and/or Disabled Adult Children
- Spouse
- Dependent Parents
- Named Beneficiary

### Disability Benefits

Colorado PERA provides a two-tiered disability program. 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 and permanently incapacitated from regular and substantial gainful employment. Colorado PERA 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.

### Annual Benefit Increases

Colorado PERA benefits are increased annually. Eligibility for the increase, and the amount and timing of the AI is determined by the Colorado PERA membership date of the retiree or deceased Colorado PERA member.

SB 10-001 made the following major changes in annual benefit increases, effective February 23, 2010, that affect all current and future Colorado PERA retirees and benefit recipients. The legislation implements a new 2.0 percent AI cap for all retirees and benefit recipients, regardless of the member's date of hire.

- The 2.0 percent AI cap can be adjusted based on Colorado PERA's overall year-end funded status, with increase mandated when Colorado PERA's funding is over 103 percent and decreases mandated when Colorado PERA's funding subsequently falls below 90 percent.
- However, the AI cap cannot be decreased below 2.0 percent.

SB 10-001 includes the following additional provisions:

*For PERA benefit structure service and disability retirees who were hired on or before December 31, 2006, and for PERA benefit structure survivor benefit recipients of deceased members who were hired on or before December 31, 2006, and for all benefit recipients under the DPS benefit structure:*

- The AI in 2010 was the lesser of 2.0 percent or the average of the CPI-W for each of the months during the prior calendar year. Since the average CPI-W during the 2009 year was negative, no AI was paid in March 2010.
- The AI in 2011 and in years thereafter, will be the applicable AI cap which is currently 2.0 percent unless Colorado PERA experiences a negative investment return. If Colorado PERA's investment return is negative in the prior calendar year, the AI in the next three years will be the lesser of the average of the CPI-W for each of the months in the prior calendar year, or the applicable AI cap which is currently 2.0 percent.
- The AI will be paid in July. All members with a retirement effective date of January 1, 2011, or later, must receive benefits for a 12–month period to be eligible for the AI.
- Members not eligible to retire on January 1, 2011, who subsequently retire with a reduced service retirement, must reach on January 1 of the year the increase is to be paid, age 60 or meet the full service retirement requirements to be eligible for an AI.

## The Plan Summary for Calendar Year 2010

- No minimum age or service credit requirement shall apply to disability retirees or survivor benefit recipients.

*For PERA benefit structure service and disability retirees who were hired on or after January 1, 2007, and for PERA benefit structure survivor benefit recipients of deceased members who were hired on or after January 1, 2007:*

- The AI in 2010 is the lower of 2.0 percent or the average of the CPI-W for each of the months during the prior calendar year. Since the average Consumer Price Index during the 2009 year was negative, no AI was paid in July 2010.
- The AI in 2011 and in years thereafter, is the lower of 2.0 percent or the average of the CPI-W for each of the months during the prior calendar year. AIs to all benefit recipients in this group are limited to 10 percent of the total funds available in the Annual Increase Reserve in the division from which they retired or were a member before death.
- Members must receive benefits for a full calendar year to be eligible for the AI (as under prior law).
- The AI for service retirees who retire with a reduced service retirement does not begin until the retiree has been receiving benefits for a full calendar year and has on January 1 of the year the increase is paid, either reached age 60, or years of service plus age equal 85, 88, or 90, whichever is applicable.
- No minimum age or service credit requirement shall apply for disability retirees or survivor benefit recipients.

## Actuarial Methods

The cost that a retirement plan such as Colorado PERA incurs equals benefits paid plus administration and financing expenses. These costs are paid through contributions to the plan and investment earnings on the plan's assets.

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

### Entry Age Actuarial Cost Method

Under the Entry Age Actuarial Cost Method, early and service retirement, termination (including the possibility of refunds), disability, and death benefits are projected for all active members. Cost factors, which are developed to produce level annual costs in each year from the age at hire (entry age) to the assumed retirement age, are applied to the projected benefits to determine the "normal cost." The normal cost is the portion of the total cost of the plan allocated to the current year. Normal cost only is determined for active members currently accruing benefits; those in receipt, terminated or beyond assumed retirement age have no allocated normal cost.

The total "actuarial accrued liability" for the plan includes the actuarial accrued liability for active members, which is the portion of the total cost of the plan allocated to prior years' service and the present value of the benefits expected to the paid to members currently receiving benefits, active members beyond the assumed retirement age, and inactive members entitled to future benefits.

The excess of the total actuarial accrued liability over the value of the actuarial value of 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 actuarial accrued liability.

The actuarial assumptions are used to determine the normal cost and the accrued and projected liabilities of the plan. 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 actuarial accrued liability.

### Asset Valuation Method

In 1992, the Colorado PERA Board adopted a method for valuing assets that recognizes a "smoothed" market value of those assets. The smoothed value of assets recognizes the differences between actual and expected asset performance for each year in equal amounts over a four–year period. Regarding assets transferred due to the Merger of DPSRS into Colorado PERA, the actuarial value of assets for DPSRS, prior to merger, was determined by applying a smoothing method similar to the method used for all other PERA Divisions, and thus, such pattern is continued for the DPS Division (for pension purposes) for the 2010 actuarial valuation. The actuarial value of asset for the DPS Retiree Health Benefit Trust, prior to merger, was set equal to the market value of assets as of each valuation date; therefore, the actuarial value of assets for the DPS Health Care Trust Fund was set equal to the market value as of the beginning of the valuation year and the same actuarial smoothing method, as is used for all PERA pension and health care trust assets, is adopted for the 2010 actuarial valuation of the DPS Health Care Trust and will continue on a prospective basis until a rolling four-year smoothing period is achieved.

## Actuarial Assumptions

Colorado PERA's actuarial assumptions are used to project the plan's future experience. At least every five years, the actuarial assumptions are studied and an actuarial audit 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.

### 2009 Actuarial Studies

Investment income is the most significant driver in a defined benefit plan, which can contribute up to 80 percent of the total inflows over the life of a plan. The market value's major decline in 2008 prompted the Colorado PERA Board to pursue additional actuarial studies one year earlier than the normal five-year interval. During 2009, the Colorado PERA Board initiated an actuarial experience study, an actuarial audit, and an asset/liability study to assist in determining the best course of action for the various funds. These studies encompassed a detailed review of all significant actuarial assumptions and methods used in preparing the annual actuarial valuation, including the investment rate of return and discount rate assumption.

Buck Consultants conducted an actuarial audit of Colorado PERA's actuarial valuation and processes; the actuarial audit completed the following:

- Conducted a valuation of liabilities for the pension trust funds and the Health Care Trust Fund based on the same year-end 2008 data, funding method, and assumptions used by the retained actuary.
- Examined and commented on the 2005–2008 experience study conducted by the retained actuary.
- Provided an opinion on specific issues, including the Colorado PERA trust funds' current and projected funded status, and what steps are needed to maintain actuarial soundness over the long term.

## Summary of Actuarial Methods and Assumptions

Based upon Buck's review of the December 31, 2008, actuarial valuation, they believed that the results as presented in the valuation report were reasonable and performed by fully qualified actuaries in accordance with generally accepted actuarial principles and practices.

In November 2008, the Colorado PERA Board voted to change the interest credited on member accounts to 3.0 percent from 5.0 percent, effective January 1, 2009, to reduce future liabilities and to more closely align the rate to current interest rate levels.

**Economic Assumptions**

In September 2009, based on the retained actuary and other independent reviewing actuaries' recommendations that Colorado PERA lower its investment assumption, the Colorado PERA Board reduced its investment assumption rate from 8.5 percent to 8.0 percent per year, compounded annually, net of administrative expenses, effective with the December 31, 2009, valuation. The 8.0 percent assumption rate reflects the median investment assumption used by most public pension funds and represents a realistic future long-term rate of investment return. In November 2010, the Colorado PERA Board voted to maintain the 8.0 percent investment assumption rate.

The inflation assumption is 3.75 percent per year. The overall member payroll was assumed to increase 4.5 percent annually in 2009. Pay increase assumptions for individual members in 2010 are shown for sample ages in Exhibits A, B, C, and E. Judicial Division pay increases (Exhibit D) are determined by the State Legislature. Benefits are assumed to increase at a rate of 2.0 percent after payments begin.

**Non-Economic Assumptions**

The withdrawal rates, pre-retirement mortality rates, disability rates, and retirement rates for all divisions, as well as the deferral period for deferred vested members, were revised in 2009 to more closely reflect Colorado PERA's actual experience.

In 2009, the mortality table was changed to the 1994 Group Annuity Mortality Table set back three years for males and set back two years for females. This mortality assumption reflects Colorado PERA's recent and anticipated plan experience and is used to estimate the value of benefits expected to be paid in the future. Sample values are shown in Exhibit G.

The probabilities of age and service retirement are shown in Exhibits H and I. 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 35 percent of the vested members who terminate will elect to withdraw their accounts while the remaining 65 percent will elect to leave their accounts in the plan to be eligible for a benefit at their retirement date. The only exceptions to this are the Judicial Division, for which it is assumed that 100 percent of vested members who terminate elect to leave their contributions in the plan in order to be eligible for a benefit at their retirement date; and, the DPS Division, for which it is assumed that 25 percent of vested members who terminate prior to age 45 and 75 percent of vested members who terminate at or after age 45, will elect to leave their contributions in the plan in order to be eligible for a benefit at their retirement date.

## Separations from Employment Before Retirement and Individual Pay Increase Assumptions

### Exhibit A—State Division

| | PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR | | | | | | PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER | | |
|---|---|---|---|---|---|---|---|---|---|
| | ULTIMATE WITHDRAWAL[1] | | DEATH[2] | | DISABILITY | | MERIT AND SENIORITY | INFLATION AND PRODUCTIVITY | TOTAL INCREASE (NEXT YEAR) |
| SAMPLE AGES | *MALE* | *FEMALE* | *MALE* | *FEMALE* | *MALE* | *FEMALE* | | | |
| *State Members (Other Than State Troopers)* | | | | | | | | | |
| 20 | 21.00% | 18.00% | 0.022% | 0.014% | 0.01% | 0.01% | 5.67% | 4.50% | 10.17% |
| 25 | 10.00% | 10.00% | 0.028% | 0.015% | 0.02% | 0.02% | 3.75% | 4.50% | 8.25% |
| 30 | 6.50% | 9.00% | 0.036% | 0.016% | 0.03% | 0.03% | 2.80% | 4.50% | 7.30% |
| 35 | 6.00% | 8.00% | 0.042% | 0.021% | 0.05% | 0.05% | 2.05% | 4.50% | 6.55% |
| 40 | 5.00% | 6.00% | 0.045% | 0.030% | 0.09% | 0.09% | 1.50% | 4.50% | 6.00% |
| 45 | 4.20% | 5.00% | 0.063% | 0.044% | 0.14% | 0.14% | 0.85% | 4.50% | 5.35% |
| 50 | 4.20% | 5.00% | 0.095% | 0.060% | 0.20% | 0.20% | 0.50% | 4.50% | 5.00% |
| 55 | 4.20% | 5.00% | 0.161% | 0.095% | 0.28% | 0.28% | 0.10% | 4.50% | 4.60% |
| 60 | 4.20% | 5.00% | 0.279% | 0.168% | 0.40% | 0.40% | 0.00% | 4.50% | 4.50% |
| 65 | 4.20% | 5.00% | 0.507% | 0.334% | 0.60% | 0.60% | 0.00% | 4.50% | 4.50% |
| *State Troopers* | | | | | | | | | |
| 20 | 10.00% | 10.00% | 0.022% | 0.014% | 0.02% | 0.02% | 5.50% | 4.50% | 10.00% |
| 25 | 10.00% | 10.00% | 0.028% | 0.015% | 0.04% | 0.04% | 3.75% | 4.50% | 8.25% |
| 30 | 5.00% | 5.00% | 0.036% | 0.016% | 0.06% | 0.06% | 2.80% | 4.50% | 7.30% |
| 35 | 4.00% | 4.00% | 0.042% | 0.021% | 0.10% | 0.10% | 2.05% | 4.50% | 6.55% |
| 40 | 3.50% | 3.50% | 0.045% | 0.030% | 0.18% | 0.18% | 1.50% | 4.50% | 6.00% |
| 45 | 3.50% | 3.50% | 0.063% | 0.044% | 0.28% | 0.28% | 1.20% | 4.50% | 5.70% |
| 50 | 3.50% | 3.50% | 0.095% | 0.060% | 0.40% | 0.40% | 0.80% | 4.50% | 5.30% |
| 55 | 3.50% | 3.50% | 0.161% | 0.095% | 0.56% | 0.56% | 0.40% | 4.50% | 4.90% |
| 60 | 3.50% | 3.50% | 0.279% | 0.168% | 0.80% | 0.80% | 0.00% | 4.50% | 4.50% |
| 65 | 3.50% | 3.50% | 0.507% | 0.334% | 1.20% | 1.20% | 0.00% | 4.50% | 4.50% |

[1] There are no select withdrawal assumptions for State Troopers.

[2] Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.

### Exhibit B—School Division and Denver Public Schools Division (PERA Benefit Structure)[1]

| | PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR | | | | | | PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER | | |
|---|---|---|---|---|---|---|---|---|---|
| | ULTIMATE WITHDRAWAL | | DEATH[2] | | DISABILITY | | MERIT AND SENIORITY | INFLATION AND PRODUCTIVITY | TOTAL INCREASE (NEXT YEAR) |
| SAMPLE AGES | *MALE* | *FEMALE* | *MALE* | *FEMALE* | *MALE* | *FEMALE* | | | |
| 20 | 12.00% | 14.50% | 0.022% | 0.014% | 0.01% | 0.01% | 6.20% | 4.50% | 10.70% |
| 25 | 10.00% | 12.00% | 0.028% | 0.015% | 0.01% | 0.01% | 4.10% | 4.50% | 8.60% |
| 30 | 5.50% | 8.00% | 0.036% | 0.016% | 0.01% | 0.01% | 2.95% | 4.50% | 7.45% |
| 35 | 4.00% | 6.50% | 0.042% | 0.021% | 0.02% | 0.02% | 2.50% | 4.50% | 7.00% |
| 40 | 4.00% | 5.00% | 0.045% | 0.030% | 0.04% | 0.04% | 1.95% | 4.50% | 6.45% |
| 45 | 4.00% | 4.50% | 0.063% | 0.044% | 0.08% | 0.08% | 1.35% | 4.50% | 5.85% |
| 50 | 4.00% | 4.50% | 0.095% | 0.060% | 0.14% | 0.14% | 0.80% | 4.50% | 5.30% |
| 55 | 4.00% | 4.50% | 0.161% | 0.095% | 0.21% | 0.21% | 0.35% | 4.50% | 4.85% |
| 60 | 4.00% | 4.50% | 0.279% | 0.168% | 0.30% | 0.30% | 0.00% | 4.50% | 4.50% |
| 65 | 4.00% | 4.50% | 0.507% | 0.334% | 0.41% | 0.41% | 0.00% | 4.50% | 4.50% |

[1] Rates shown for DPS Division are for PERA benefit structure members. Members under the DPS benefit structure will have the rates shown on page 126.

[2] Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.

## Separations from Employment Before Retirement and Individual Pay Increase Assumptions

### Exhibit C—Local Government Division

| | PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR | | | | | | PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER | | |
|---|---|---|---|---|---|---|---|---|---|
| | ULTIMATE WITHDRAWAL[1] | | DEATH[1] | | DISABILITY | | MERIT AND | INFLATION AND | TOTAL INCREASE |
| SAMPLE AGES | *MALE* | *FEMALE* | *MALE* | *FEMALE* | *MALE* | *FEMALE* | SENIORITY | PRODUCTIVITY | (NEXT YEAR) |
| 20 | 12.00% | 15.00% | 0.022% | 0.014% | 0.01% | 0.01% | 6.97% | 4.50% | 11.47% |
| 25 | 11.00% | 12.00% | 0.028% | 0.015% | 0.01% | 0.01% | 4.31% | 4.50% | 8.81% |
| 30 | 7.00% | 11.00% | 0.036% | 0.016% | 0.01% | 0.01% | 2.65% | 4.50% | 7.15% |
| 35 | 6.00% | 8.00% | 0.042% | 0.021% | 0.02% | 0.02% | 1.72% | 4.50% | 6.22% |
| 40 | 5.00% | 6.00% | 0.045% | 0.030% | 0.04% | 0.04% | 1.23% | 4.50% | 5.73% |
| 45 | 4.00% | 5.00% | 0.063% | 0.044% | 0.08% | 0.08% | 0.99% | 4.50% | 5.49% |
| 50 | 4.00% | 5.50% | 0.095% | 0.060% | 0.14% | 0.14% | 0.79% | 4.50% | 5.29% |
| 55 | 4.00% | 5.50% | 0.161% | 0.095% | 0.21% | 0.21% | 0.60% | 4.50% | 5.10% |
| 60 | 4.00% | 5.50% | 0.279% | 0.168% | 0.30% | 0.30% | 0.25% | 4.50% | 4.75% |
| 65 | 4.00% | 5.50% | 0.507% | 0.334% | 0.41% | 0.41% | 0.00% | 4.50% | 4.50% |

[1] Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.

### Exhibit D—Judicial Division

| | PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR | | | | | | PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER | | |
|---|---|---|---|---|---|---|---|---|---|
| | ULTIMATE WITHDRAWAL[1] | | DEATH[2] | | DISABILITY | | MERIT AND | INFLATION AND | TOTAL INCREASE |
| SAMPLE AGES | *MALE* | *FEMALE* | *MALE* | *FEMALE* | *MALE* | *FEMALE* | SENIORITY[3] | PRODUCTIVITY | (NEXT YEAR) |
| 30 | 2.00% | 2.00% | 0.036% | 0.016% | 0.01% | 0.01% | 1.50% | 4.50% | 6.00% |
| 35 | 2.00% | 2.00% | 0.042% | 0.021% | 0.04% | 0.04% | 1.50% | 4.50% | 6.00% |
| 40 | 2.00% | 2.00% | 0.045% | 0.030% | 0.08% | 0.08% | 0.67% | 4.50% | 5.17% |
| 45 | 2.00% | 2.00% | 0.063% | 0.044% | 0.14% | 0.14% | 0.50% | 4.50% | 5.00% |
| 50 | 2.00% | 2.00% | 0.095% | 0.060% | 0.22% | 0.22% | 0.50% | 4.50% | 5.00% |
| 55 | 2.00% | 2.00% | 0.161% | 0.095% | 0.32% | 0.32% | 0.50% | 4.50% | 5.00% |
| 60 | 2.00% | 2.00% | 0.279% | 0.168% | 0.44% | 0.44% | 0.50% | 4.50% | 5.00% |
| 65 | 2.00% | 2.00% | 0.507% | 0.334% | 0.60% | 0.60% | 0.50% | 4.50% | 5.00% |

[1] There are no select withdrawal assumptions for the Judicial Division.
[2] Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.
[3] Pay raises are subject to legislative approval. Percentages shown are based on prior experience.

### Exhibit E—Denver Public Schools Division (DPS Benefit Structure)[1]

| | PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR | | | | | | PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER | | |
|---|---|---|---|---|---|---|---|---|---|
| | ULTIMATE WITHDRAWAL | | DEATH[2] | | DISABILITY | | MERIT AND | INFLATION AND | TOTAL INCREASE |
| SAMPLE AGES | *MALE* | *FEMALE* | *MALE* | *FEMALE* | *MALE* | *FEMALE* | SENIORITY | PRODUCTIVITY | (NEXT YEAR) |
| 20 | 8.05% | 9.89% | 0.022% | 0.014% | 0.00% | 0.00% | 3.50% | 4.50% | 8.00% |
| 25 | 7.36% | 9.89% | 0.028% | 0.015% | 0.06% | 0.05% | 3.50% | 4.50% | 8.00% |
| 30 | 6.09% | 8.85% | 0.036% | 0.016% | 0.06% | 0.05% | 3.20% | 4.50% | 7.70% |
| 35 | 5.12% | 7.36% | 0.042% | 0.021% | 0.07% | 0.06% | 2.76% | 4.50% | 7.26% |
| 40 | 4.43% | 5.82% | 0.045% | 0.030% | 0.10% | 0.09% | 2.12% | 4.50% | 6.62% |
| 45 | 3.91% | 3.93% | 0.063% | 0.044% | 0.17% | 0.15% | 1.34% | 4.50% | 5.84% |
| 50 | 3.39% | 2.76% | 0.095% | 0.060% | 0.31% | 0.28% | 0.80% | 4.50% | 5.30% |
| 55 | 3.11% | 2.53% | 0.161% | 0.095% | 0.56% | 0.50% | 0.42% | 4.50% | 4.92% |
| 60 | 2.88% | 2.53% | 0.279% | 0.168% | 1.19% | 1.07% | 0.20% | 4.50% | 4.70% |
| 65 | 2.30% | 2.53% | 0.507% | 0.334% | 0.00% | 0.00% | 0.00% | 4.50% | 4.50% |

[1] Rates shown are for DPS benefit structure members. Members under the PERA benefit structure will have the same rates as the School Division shown on page 125.
[2] Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.

## Separations from Employment Before Retirement and Individual Pay Increase Assumptions

### Exhibit F

| COMPLETED YEARS OF SERVICE | PERCENT OF MEMBERS WITH LESS THAN FIVE YEARS OF SERVICE WITHDRAWING FROM EMPLOYMENT NEXT YEAR[1] STATE DIVISION MALE | STATE DIVISION FEMALE | SCHOOL DIVISION[2] MALE | SCHOOL DIVISION[2] FEMALE | LOCAL GOVERNMENT DIVISION MALE | LOCAL GOVERNMENT DIVISION FEMALE | DENVER PUBLIC SCHOOLS DIVISION[3] MALE | DENVER PUBLIC SCHOOLS DIVISION[3] FEMALE |
|---|---|---|---|---|---|---|---|---|
| 0 | 43.0% | 43.0% | 39.0% | 36.0% | 39.0% | 37.0% | 23.0% | 23.0% |
| 1 | 20.0% | 22.0% | 20.0% | 19.0% | 19.0% | 21.0% | 20.0% | 20.0% |
| 2 | 15.0% | 16.0% | 15.0% | 14.0% | 13.0% | 16.0% | 16.0% | 16.0% |
| 3 | 12.0% | 13.0% | 11.0% | 11.0% | 11.0% | 13.0% | 14.0% | 14.0% |
| 4 | 10.0% | 11.0% | 10.0% | 10.0% | 10.0% | 11.0% | 12.0% | 12.0% |

[1] There are no select withdrawal assumptions for State Troopers or Judicial Division members.

[2] Includes PERA benefit structure members in the Denver Public Schools Division.

[3] Includes DPS benefit structure members in the Denver Public Schools Division.

## Single Life Retirement Value Assumptions

### Exhibit G—State, School, Local Government, Judicial, and Denver Public Schools Divisions

*(In Actual Dollars)*

| SAMPLE ATTAINED AGES | PRESENT VALUE OF $1 MONTHLY FOR LIFE MALE | PRESENT VALUE OF $1 MONTHLY FOR LIFE FEMALE | PRESENT VALUE OF $1 MONTHLY INCREASING 2.0% ANNUALLY MALE | PRESENT VALUE OF $1 MONTHLY INCREASING 2.0% ANNUALLY FEMALE | FUTURE LIFE EXPECTANCY IN YEARS MALE | FUTURE LIFE EXPECTANCY IN YEARS FEMALE |
|---|---|---|---|---|---|---|
| 40 | $147.11 | $149.29 | $187.13 | $191.40 | 43.02 | 46.45 |
| 45 | 143.59 | 146.54 | 180.46 | 185.84 | 38.23 | 41.61 |
| 50 | 138.77 | 142.73 | 172.01 | 178.71 | 33.49 | 36.80 |
| 55 | 132.36 | 137.48 | 161.52 | 169.64 | 28.85 | 32.05 |
| 60 | 124.13 | 130.44 | 148.88 | 158.33 | 24.39 | 27.39 |
| 65 | 114.05 | 121.60 | 134.30 | 144.96 | 20.18 | 22.96 |
| 70 | 102.60 | 111.26 | 118.51 | 130.07 | 16.37 | 18.86 |
| 75 | 90.03 | 98.86 | 101.95 | 113.20 | 12.98 | 15.04 |
| 80 | 76.17 | 84.51 | 84.56 | 94.74 | 9.96 | 11.57 |
| 85 | 62.26 | 69.31 | 67.81 | 76.09 | 7.44 | 8.58 |

## Percent of Members Eligible for Reduced Retirement Benefits Retiring Next Year

### Exhibit H

| RETIREMENT AGES | STATE DIVISION MALE | STATE DIVISION FEMALE | STATE TROOPERS | SCHOOL DIVISION[1] MALE | SCHOOL DIVISION[1] FEMALE | LOCAL GOVERNMENT DIVISION MALE | LOCAL GOVERNMENT DIVISION FEMALE | JUDICIAL DIVISION | DENVER PUBLIC SCHOOLS DIVISION[2] MALE | DENVER PUBLIC SCHOOLS DIVISION[2] FEMALE |
|---|---|---|---|---|---|---|---|---|---|---|
| 50 | 20% | 18% | 10% | 12% | 12% | 12% | 15% | 10% | 10% | 5% |
| 51 | 15% | 14% | 10% | 12% | 12% | 12% | 17% | 10% | 10% | 5% |
| 52 | 13% | 13% | 10% | 12% | 12% | 12% | 20% | 10% | 10% | 6% |
| 53 | 13% | 10% | 10% | 10% | 12% | 12% | 10% | 10% | 10% | 7% |
| 54 | 18% | 18% | 10% | 16% | 18% | 20% | 20% | 10% | 10% | 8% |
| 55 | 12% | 18% | 10% | 18% | 18% | 10% | 20% | 10% | 10% | 8% |
| 56 | 12% | 13% | 10% | 10% | 12% | 12% | 10% | 10% | 10% | 9% |
| 57 | 12% | 11% | 10% | 10% | 15% | 13% | 15% | 10% | 10% | 10% |
| 58 | 14% | 11% | 10% | 10% | 18% | 13% | 17% | 10% | 11% | 10% |
| 59 | 12% | 20% | 10% | 18% | 18% | 15% | 20% | 13% | 12% | 10% |
| 60 | 12% | 14% | 10% | 12% | 13% | 15% | 10% | 13% | 13% | 11% |
| 61 | 10% | 10% | 10% | 10% | 13% | 15% | 12% | 13% | 14% | 12% |
| 62 | 12% | 12% | 10% | 14% | 15% | 18% | 12% | 13% | 15% | 13% |
| 63 | 15% | 12% | 10% | 14% | 15% | 13% | 12% | 13% | 15% | 14% |
| 64 | 15% | 12% | 10% | 14% | 15% | 10% | 12% | 10% | 15% | 15% |
| 65 and Over | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

[1] Includes PERA benefit structure members in the Denver Public Schools Division.

[2] Includes DPS benefit structure members in the Denver Public Schools Division.

## Percent of Members Eligible for Unreduced Benefits Retiring Next Year

### Exhibit I

| RETIREMENT AGES | STATE DIVISION MALE | STATE DIVISION FEMALE | STATE TROOPERS | SCHOOL DIVISION[1] MALE | SCHOOL DIVISION[1] FEMALE | LOCAL GOVERNMENT DIVISION MALE | LOCAL GOVERNMENT DIVISION FEMALE | JUDICIAL DIVISION | DENVER PUBLIC SCHOOLS DIVISION[2] MALE | DENVER PUBLIC SCHOOLS DIVISION[2] FEMALE |
|---|---|---|---|---|---|---|---|---|---|---|
| 50 | 45% | 45% | 35% | 45% | 45% | 45% | 45% | 10% | 30% | 30% |
| 51 | 35% | 32% | 30% | 38% | 34% | 25% | 35% | 10% | 30% | 30% |
| 52 | 35% | 32% | 30% | 38% | 35% | 22% | 35% | 10% | 30% | 30% |
| 53 | 30% | 27% | 30% | 35% | 35% | 22% | 35% | 10% | 30% | 30% |
| 54 | 30% | 27% | 30% | 32% | 35% | 22% | 35% | 10% | 35% | 35% |
| 55 | 25% | 30% | 30% | 28% | 30% | 22% | 23% | 10% | 35% | 35% |
| 56 | 25% | 20% | 30% | 25% | 25% | 22% | 23% | 10% | 35% | 25% |
| 57 | 22% | 22% | 30% | 25% | 25% | 22% | 25% | 10% | 35% | 25% |
| 58 | 22% | 22% | 30% | 25% | 25% | 22% | 25% | 10% | 30% | 25% |
| 59 | 20% | 22% | 30% | 25% | 25% | 22% | 25% | 13% | 30% | 25% |
| 60 | 22% | 22% | 30% | 25% | 25% | 25% | 20% | 13% | 30% | 20% |
| 61 | 20% | 22% | 30% | 25% | 25% | 20% | 17% | 13% | 35% | 20% |
| 62 | 22% | 25% | 30% | 28% | 25% | 20% | 25% | 13% | 40% | 30% |
| 63 | 22% | 22% | 30% | 25% | 25% | 20% | 30% | 13% | 35% | 20% |
| 64 | 22% | 18% | 30% | 22% | 25% | 25% | 14% | 10% | 35% | 30% |
| 65 | 27% | 28% | 100% | 30% | 28% | 30% | 35% | 10% | 35% | 35% |
| 66 | 25% | 28% | 100% | 20% | 22% | 27% | 20% | 10% | 30% | 30% |
| 67 | 25% | 23% | 100% | 20% | 22% | 27% | 20% | 10% | 25% | 25% |
| 68 | 20% | 22% | 100% | 20% | 22% | 27% | 25% | 25% | 25% | 25% |
| 69 | 20% | 22% | 100% | 16% | 22% | 27% | 20% | 40% | 25% | 25% |
| 70 and Over | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

[1] Includes PERA benefit structure members in the Denver Public Schools Division.

[2] Include DPS benefit structure members in the Denver Public Schools Division.

## Schedule of Retirees and Beneficiaries Added to and Removed from Benefit Payroll—By Division

*(In Actual Dollars)*

### State Division[1]

| YEAR ENDED | ADDED TO PAYROLL NO. | ADDED TO PAYROLL ANNUAL BENEFITS | REMOVED FROM PAYROLL NO. | REMOVED FROM PAYROLL ANNUAL BENEFITS | PAYROLL—END OF YEAR NO.[2] | PAYROLL—END OF YEAR ANNUAL BENEFITS | AVERAGE ANNUAL BENEFITS | INCREASE IN AVERAGE BENEFITS |
|---|---|---|---|---|---|---|---|---|
| 12/31/06 | | | | | 28,672 | $872,636,112 | $30,435 | – |
| 12/31/07 | 1,632 | $57,669,468 | 656 | $12,017,172 | 29,648 | 947,151,132 | 31,947 | 5.0% |
| 12/31/08 | 1,579 | 56,570,160 | 713 | 13,388,088 | 30,514 | 1,020,023,424 | 33,428 | 4.6% |
| 12/31/09 | 1,550 | 58,001,148 | 734 | 16,212,468 | 31,330 | 1,095,394,056 | 34,963 | 4.6% |
| **12/31/10** | **1,705** | **63,012,492** | **668** | **15,870,416** | **32,367** | **1,142,735,232** | **35,306** | **1.0%** |

Previous actuary compiled information prior to 2006; information by division is not available.

[1] Numbers derived on an accrual basis.

[2] The number does not include deferred survivors.

### School Division[1]

| YEAR ENDED | ADDED TO PAYROLL NO. | ADDED TO PAYROLL ANNUAL BENEFITS | REMOVED FROM PAYROLL NO. | REMOVED FROM PAYROLL ANNUAL BENEFITS | PAYROLL—END OF YEAR NO.[2] | PAYROLL—END OF YEAR ANNUAL BENEFITS | AVERAGE ANNUAL BENEFITS | INCREASE IN AVERAGE BENEFITS |
|---|---|---|---|---|---|---|---|---|
| 12/31/06 | | | | | 41,948 | $1,255,020,564 | $29,918 | – |
| 12/31/07 | 2,713 | $87,156,144 | 775 | $13,230,432 | 43,886 | 1,371,661,740 | 31,255 | 4.5% |
| 12/31/08 | 2,663 | 84,572,232 | 795 | 14,103,468 | 45,754 | 1,487,330,100 | 32,507 | 4.0% |
| 12/31/09 | 2,432 | 75,857,232 | 727 | 14,333,928 | 47,459 | 1,599,048,372 | 33,693 | 3.6% |
| **12/31/10** | **3,002** | **94,587,504** | **717** | **15,977,299** | **49,744** | **1,677,950,928** | **33,732** | **0.1%** |

Previous actuary compiled information prior to 2006; information by division is not available.

[1] Numbers derived on an accrual basis.

[2] The number does not include deferred survivors.

### Local Government Division[1]

| YEAR ENDED | ADDED TO PAYROLL NO. | ADDED TO PAYROLL ANNUAL BENEFITS | REMOVED FROM PAYROLL NO. | REMOVED FROM PAYROLL ANNUAL BENEFITS | PAYROLL—END OF YEAR NO.[2] | PAYROLL—END OF YEAR ANNUAL BENEFITS | AVERAGE ANNUAL BENEFITS | INCREASE IN AVERAGE BENEFITS |
|---|---|---|---|---|---|---|---|---|
| 12/31/06 | | | | | 3,821 | $107,505,516 | $28,135 | – |
| 12/31/07 | 345 | $12,147,432 | 78 | $892,944 | 4,088 | 122,322,048 | 29,922 | 6.4% |
| 12/31/08 | 367 | 14,246,328 | 82 | 1,380,000 | 4,373 | 139,012,452 | 31,789 | 6.2% |
| 12/31/09 | 373 | 12,911,052 | 75 | 1,444,056 | 4,671 | 154,915,224 | 33,165 | 4.3% |
| **12/31/10** | **463** | **18,211,380** | **82** | **1,560,317** | **5,052** | **171,596,184** | **33,966** | **2.4%** |

Previous actuary compiled information prior to 2006; information by division is not available.

[1] Numbers derived on an accrual basis.

[2] The number does not include deferred survivors.

## Schedule of Retirees and Beneficiaries Added to and Removed from Benefit Payroll—By Division

*(In Actual Dollars)*

### Judicial Division[1]

| YEAR ENDED | ADDED TO PAYROLL NO. | ADDED TO PAYROLL ANNUAL BENEFITS | REMOVED FROM PAYROLL NO. | REMOVED FROM PAYROLL ANNUAL BENEFITS | PAYROLL—END OF YEAR NO.[2] | PAYROLL—END OF YEAR ANNUAL BENEFITS | AVERAGE ANNUAL BENEFITS | INCREASE IN AVERAGE BENEFITS |
|---|---|---|---|---|---|---|---|---|
| 12/31/06 | | | | | 257 | $11,072,184 | $43,082 | – |
| 12/31/07 | 25 | $1,438,848 | 5 | $99,228 | 277 | 12,786,492 | 46,161 | 7.1% |
| 12/31/08 | 7 | 543,828 | 3 | 105,720 | 281 | 13,659,096 | 48,609 | 5.3% |
| 12/31/09 | 19 | 1,376,436 | 9 | 189,624 | 291 | 15,290,100 | 52,543 | 8.1% |
| **12/31/10** | **10** | **876,804** | **8** | **234,040** | **293** | **15,935,640** | **54,388** | **3.5%** |

Previous actuary compiled information prior to 2006; information by division is not available.

[1] Numbers derived on an accrual basis.

[2] The number does not include deferred survivors.

### Denver Public Schools Division[1,2]

| YEAR ENDED | ADDED TO PAYROLL NO. | ADDED TO PAYROLL ANNUAL BENEFITS | REMOVED FROM PAYROLL NO. | REMOVED FROM PAYROLL ANNUAL BENEFITS | PAYROLL—END OF YEAR NO.[3] | PAYROLL—END OF YEAR ANNUAL BENEFITS | AVERAGE ANNUAL BENEFITS | INCREASE IN AVERAGE BENEFITS |
|---|---|---|---|---|---|---|---|---|
| **12/31/10** | **6,199** | **$216,886,500** | **–** | **$–** | **6,199** | **$216,886,500** | **$34,987** | **–** |

[1] Numbers derived on an accrual basis.

[2] The DPSRS merged into the new DPS Division on January 1, 2010, as mandated by SB 09-282.

[3] The number does not include deferred survivors.

## Schedule of Retirees and Beneficiaries Added to and Removed from Benefit Payroll[1]—All Division Trust Funds

*(In Actual Dollars)*

| YEAR ENDED | ADDED TO PAYROLL NO. | ADDED TO PAYROLL ANNUAL BENEFITS | REMOVED FROM PAYROLL NO. | REMOVED FROM PAYROLL ANNUAL BENEFITS | PAYROLL—END OF YEAR NO.[2] | PAYROLL—END OF YEAR ANNUAL BENEFITS | AVERAGE ANNUAL BENEFITS | INCREASE IN AVERAGE BENEFITS |
|---|---|---|---|---|---|---|---|---|
| 12/31/01 | 4,016 | $118,919,172 | 1,247 | $16,325,628 | 57,860 | $1,281,834,264 | $22,154 | 6.9% |
| 12/31/02 | 4,064 | 123,812,748 | 1,376 | 19,675,356 | 60,548 | 1,427,278,692 | 23,573 | 6.4% |
| 12/31/03 | 5,145 | 172,028,340 | 1,508 | 23,550,024 | 63,988 | 1,620,754,488 | 25,329 | 7.4% |
| 12/31/04 | 5,522 | 191,924,148 | 1,610 | 28,105,056 | 67,900 | 1,839,310,356 | 27,089 | 6.9% |
| 12/31/05 | 5,320 | 175,538,520 | 1,819 | 25,819,464 | 71,401 | 2,045,457,000 | 28,647 | 5.8% |
| 12/31/06 | 5,251 | 169,081,084 | 1,954 | 27,505,200 | 74,698 | 2,246,234,376 | 30,071 | 5.0% |
| 12/31/07 | 4,715 | 158,411,892 | 1,514 | 26,239,776 | 77,899 | 2,453,921,412 | 31,501 | 4.8% |
| 12/31/08 | 4,616 | 155,932,548 | 1,593 | 28,977,276 | 80,922 | 2,660,025,072 | 32,871 | 4.3% |
| 12/31/09 | 4,374 | 148,145,868 | 1,545 | 32,180,076 | 83,751 | 2,864,647,752 | 34,204 | 4.1% |
| **12/31/10** | **11,379**[3] | **394,098,804** | **1,475** | **33,642,072** | **93,655**[3] | **3,225,104,484** | **34,436** | **0.7%** |

[1] Numbers derived on an accrual basis.

[2] The number does not include deferred survivors.

[3] Includes the addition of 6,215 beneficiaries due to the DPSRS merger.

## Member-Retiree Comparison[1]

*(In Actual Dollars)*

The number of persons receiving monthly retirement benefits has grown steadily in relation to membership. This trend will likely continue for many years into the future. 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 | 28.6% | 350,398,094 |
| 1995 | 41,909 | 203,102 | 20.6% | 639,501,796 |
| 2000 | 53,015 | 248,104 | 21.4% | 1,093,779,068 |
| 2001 | 55,733 | 263,712 | 21.1% | 1,228,730,063 |
| 2002 | 58,357 | 271,989 | 21.5% | 1,372,219,187 |
| 2003 | 62,029 | 278,841 | 22.2% | 1,545,267,772 |
| 2004 | 65,943 | 292,861 | 22.5% | 1,764,716,331 |
| 2005 | 69,416 | 306,139 | 22.7% | 1,973,240,491 |
| 2006 | 72,737 | 319,137 | 22.8% | 2,178,014,767 |
| 2007 | 75,915 | 335,086 | 22.7% | 2,385,309,488 |
| 2008 | 78,955 | 349,371 | 22.6% | 2,595,236,759 |
| 2009 | 81,717 | 357,604 | 22.9% | 2,800,086,839 |
| **2010** | **91,412** | **378,264** | **24.2%** | **3,161,773,781** |

[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, 2010*
*(In Actual Dollars)*

### State Division

Members included in the State Division valuation totaled 54,977 and involved annual salaries totaling $2,392,080,128. The average age for these members (excluding State Troopers) was 45.9 years, and the average service was 8.9 years. The average age for State Troopers was 40.4 years, and the average service was 11.1 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 |
| Up to 20 | 179 | – | – | – | – | – | – | 179 | $1,130,034 |
| 20–24 | 1,457 | 15 | – | – | – | – | – | 1,472 | 26,430,832 |
| 25–29 | 3,502 | 441 | 17 | – | – | – | – | 3,960 | 120,515,736 |
| 30–34 | 3,424 | 1,532 | 308 | 6 | – | – | – | 5,270 | 195,732,552 |
| 35–39 | 2,751 | 1,612 | 1,114 | 196 | 8 | – | – | 5,681 | 242,681,325 |
| 40–44 | 2,674 | 1,604 | 1,341 | 863 | 280 | 23 | – | 6,785 | 316,101,897 |
| 45–49 | 4,321 | 1,610 | 1,293 | 936 | 767 | 470 | 48 | 9,445 | 419,566,932 |
| 50–54 | 2,278 | 1,614 | 1,223 | 977 | 908 | 829 | 330 | 8,159 | 404,585,620 |
| 55–59 | 1,913 | 1,381 | 1,098 | 966 | 876 | 605 | 383 | 7,222 | 355,756,676 |
| 60 | 328 | 241 | 188 | 173 | 144 | 81 | 71 | 1,226 | 58,044,391 |
| 61 | 269 | 224 | 163 | 133 | 134 | 89 | 69 | 1,081 | 51,353,715 |
| 62 | 246 | 181 | 157 | 106 | 94 | 86 | 57 | 927 | 45,754,306 |
| 63 | 205 | 149 | 118 | 112 | 77 | 64 | 54 | 779 | 36,735,532 |
| 64 | 190 | 160 | 116 | 81 | 89 | 65 | 43 | 744 | 35,364,876 |
| 65 | 111 | 113 | 78 | 62 | 29 | 30 | 51 | 474 | 22,302,634 |
| 66 | 98 | 74 | 56 | 48 | 40 | 26 | 24 | 366 | 16,555,538 |
| 67 | 76 | 46 | 37 | 38 | 23 | 19 | 29 | 268 | 12,275,634 |
| 68 | 65 | 60 | 28 | 23 | 23 | 12 | 23 | 234 | 9,301,813 |
| 69 | 51 | 25 | 15 | 18 | 18 | 9 | 12 | 148 | 6,398,178 |
| 70+ | 244 | 93 | 82 | 50 | 32 | 20 | 36 | 557 | 15,491,907 |
| **Totals** | **24,382** | **11,175** | **7,432** | **4,788** | **3,542** | **2,428** | **1,230** | **54,977** | **$2,392,080,128** |

### School Division

Members included in the School Division valuation totaled 116,486 and involved annual salaries totaling $3,900,661,576. The average age for these members was 44.5 years, and the average service was 8.3 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 |
| Up to 20 | 761 | – | – | – | – | – | – | 761 | $4,101,697 |
| 20–24 | 3,745 | 91 | – | – | – | – | – | 3,836 | 57,716,548 |
| 25–29 | 8,897 | 1,362 | 30 | – | – | – | – | 10,289 | 280,032,985 |
| 30–34 | 6,662 | 4,973 | 749 | 19 | – | – | – | 12,403 | 418,927,192 |
| 35–39 | 6,004 | 3,838 | 2,937 | 388 | 9 | – | – | 13,176 | 467,754,917 |
| 40–44 | 7,560 | 3,876 | 2,825 | 2,052 | 342 | 6 | – | 16,661 | 571,060,829 |
| 45–49 | 5,845 | 4,137 | 2,712 | 1,882 | 1,572 | 534 | 38 | 16,720 | 592,702,834 |
| 50–54 | 4,688 | 3,898 | 3,099 | 2,084 | 1,526 | 1,669 | 434 | 17,398 | 645,284,172 |
| 55–59 | 3,284 | 2,619 | 2,166 | 1,992 | 1,482 | 1,141 | 694 | 13,378 | 502,157,626 |
| 60 | 557 | 383 | 303 | 310 | 232 | 175 | 95 | 2,055 | 76,052,628 |
| 61 | 459 | 381 | 265 | 253 | 194 | 141 | 91 | 1,784 | 65,458,995 |
| 62 | 433 | 306 | 223 | 195 | 161 | 124 | 76 | 1,518 | 54,403,906 |
| 63 | 400 | 263 | 202 | 151 | 127 | 112 | 65 | 1,320 | 44,765,443 |
| 64 | 431 | 233 | 206 | 137 | 125 | 73 | 56 | 1,261 | 38,952,283 |
| 65 | 271 | 160 | 98 | 89 | 64 | 42 | 32 | 756 | 22,193,720 |
| 66 | 247 | 121 | 70 | 61 | 39 | 28 | 24 | 590 | 14,685,038 |
| 67 | 204 | 107 | 57 | 37 | 28 | 25 | 11 | 469 | 11,022,066 |
| 68 | 216 | 99 | 39 | 38 | 21 | 10 | 15 | 438 | 8,510,578 |
| 69 | 153 | 70 | 36 | 25 | 4 | 22 | 4 | 314 | 5,763,789 |
| 70+ | 705 | 313 | 153 | 80 | 37 | 34 | 37 | 1,359 | 19,114,330 |
| **Totals** | **51,522** | **27,230** | **16,170** | **9,793** | **5,963** | **4,136** | **1,672** | **116,486** | **$3,900,661,576** |

## Schedule of Members in Valuation

*By Attained Age and Years of Service As of December 31, 2010*
*(In Actual Dollars)*

### Local Government Division

Members included in the Local Government Division valuation totaled 16,144 and involved annual salaries totaling $705,265,331. The average age for these members was 44.0 years, and the average service was 7.6 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 |
| Up to 20 | 412 | – | – | – | – | – | – | 412 | $1,792,555 |
| 20–24 | 797 | 21 | – | – | – | – | – | 818 | 12,171,072 |
| 25–29 | 1,095 | 207 | 13 | – | – | – | – | 1,315 | 41,297,370 |
| 30–34 | 1,024 | 417 | 100 | 7 | – | – | – | 1,548 | 60,083,075 |
| 35–39 | 965 | 526 | 230 | 48 | 1 | – | – | 1,770 | 79,147,807 |
| 40–44 | 964 | 608 | 298 | 160 | 58 | 8 | – | 2,096 | 99,294,718 |
| 45–49 | 814 | 584 | 343 | 230 | 161 | 126 | 22 | 2,280 | 120,074,556 |
| 50 –54 | 696 | 531 | 356 | 261 | 204 | 185 | 82 | 2,315 | 124,096,786 |
| 55–59 | 536 | 429 | 249 | 223 | 187 | 111 | 80 | 1,815 | 96,317,624 |
| 60 | 85 | 65 | 37 | 34 | 19 | 22 | 17 | 279 | 13,674,234 |
| 61 | 102 | 72 | 42 | 25 | 15 | 16 | 11 | 283 | 13,897,184 |
| 62 | 63 | 50 | 34 | 21 | 19 | 14 | 7 | 208 | 10,669,804 |
| 63 | 48 | 50 | 23 | 20 | 16 | 6 | 5 | 168 | 7,947,404 |
| 64 | 61 | 54 | 22 | 15 | 16 | 11 | 7 | 186 | 7,623,846 |
| 65 | 36 | 27 | 16 | 12 | 6 | 4 | 4 | 105 | 4,439,944 |
| 66 | 31 | 26 | 8 | 9 | 6 | 4 | 3 | 87 | 3,059,370 |
| 67 | 36 | 21 | 7 | 5 | 4 | 1 | 4 | 78 | 2,748,406 |
| 68 | 28 | 20 | 6 | 6 | 1 | 3 | 2 | 66 | 1,989,196 |
| 69 | 37 | 15 | 4 | 3 | 2 | 2 | – | 63 | 1,606,781 |
| 70+ | 170 | 42 | 19 | 11 | 8 | – | 2 | 252 | 3,333,599 |
| **Totals** | **8,000** | **3,765** | **1,807** | **1,090** | **723** | **513** | **246** | **16,144** | **$705,265,331** |

### Judicial Division

Members included in the Judicial Division valuation totaled 317 and involved annual salaries totaling $37,412,139. The average age for Judicial Division members was 56.0 years, and the average service was 14.1 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 |
| 35–39 | 2 | 1 | – | – | – | – | – | 3 | $182,451 |
| 40–44 | 9 | 10 | 1 | 3 | 1 | – | – | 24 | 2,774,631 |
| 45–49 | 20 | 9 | 7 | 4 | 5 | – | – | 45 | 5,350,865 |
| 50–54 | 16 | 12 | 10 | 9 | 6 | 5 | 1 | 59 | 7,079,272 |
| 55–59 | 11 | 13 | 13 | 8 | 10 | 4 | 4 | 63 | 7,573,920 |
| 60 | 3 | 4 | 3 | 2 | 3 | 2 | 2 | 19 | 2,348,239 |
| 61 | 3 | 3 | 2 | 3 | 3 | 3 | 2 | 19 | 2,020,540 |
| 62 | 1 | 5 | 2 | 4 | 3 | 3 | 4 | 22 | 2,414,023 |
| 63 | – | 1 | 3 | 3 | 3 | 2 | 1 | 13 | 1,620,582 |
| 64 | 2 | 3 | 1 | – | 2 | 3 | 1 | 12 | 1,427,222 |
| 65 | – | – | 4 | – | 2 | – | 2 | 8 | 1,007,656 |
| 66 | – | – | 3 | 1 | 2 | 2 | – | 8 | 1,006,721 |
| 67 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 7 | 737,663 |
| 68 | – | – | – | – | 1 | – | 1 | 2 | 266,964 |
| 69 | 1 | 2 | – | 1 | 1 | – | – | 5 | 542,378 |
| 70+ | – | – | – | 1 | 2 | 2 | 3 | 8 | 1,059,012 |
| **Totals** | **69** | **64** | **50** | **40** | **45** | **27** | **22** | **317** | **$37,412,139** |

## Schedule of Members in Valuation

*By Attained Age and Years of Service As of December 31, 2010*
*(In Actual Dollars)*

**Denver Public Schools Division**

Members included in the Denver Public Schools Division valuation totaled 13,171 and involved annual salaries totaling $470,773,746. The average age for these members was 43.5 years, and the average service was 5.7 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 |
| Up to 20 | 55 | – | – | – | – | – | – | 55 | $501,021 |
| 20–24 | 688 | 1 | – | – | – | – | – | 689 | 12,883,207 |
| 25–29 | 1,457 | 46 | 2 | – | – | – | – | 1,505 | 42,211,589 |
| 30–34 | 1,198 | 281 | 28 | 1 | – | – | – | 1,508 | 51,166,435 |
| 35–39 | 921 | 309 | 201 | 14 | 1 | – | – | 1,446 | 54,909,533 |
| 40–44 | 1,587 | 284 | 212 | 71 | 12 | – | – | 2,166 | 66,963,614 |
| 45–49 | 683 | 225 | 198 | 130 | 100 | 19 | – | 1,355 | 57,333,202 |
| 50–54 | 645 | 202 | 191 | 132 | 165 | 79 | 16 | 1,430 | 58,646,551 |
| 55–59 | 564 | 181 | 191 | 168 | 159 | 65 | 47 | 1,375 | 60,179,687 |
| 60 | 98 | 34 | 40 | 31 | 28 | 7 | 5 | 243 | 10,684,800 |
| 61 | 107 | 23 | 40 | 32 | 19 | 11 | 7 | 239 | 10,369,375 |
| 62 | 93 | 23 | 28 | 19 | 29 | 10 | 4 | 206 | 9,466,191 |
| 63 | 71 | 23 | 30 | 17 | 18 | 7 | 3 | 169 | 7,461,885 |
| 64 | 65 | 21 | 27 | 15 | 20 | 7 | 11 | 166 | 7,480,652 |
| 65 | 45 | 18 | 19 | 17 | 15 | 7 | 5 | 126 | 5,829,642 |
| 66 | 53 | 11 | 10 | 8 | 9 | 3 | 3 | 97 | 3,787,007 |
| 67 | 46 | 8 | 12 | 7 | 5 | 2 | 4 | 84 | 3,080,464 |
| 68 | 29 | 5 | 6 | 7 | 5 | 2 | – | 54 | 1,947,682 |
| 69 | 32 | 7 | 4 | 2 | 3 | – | 1 | 49 | 1,532,537 |
| 70+ | 160 | 12 | 9 | 9 | 10 | 3 | 6 | 209 | 4,338,672 |
| **Totals** | **8,597** | **1,714** | **1,248** | **680** | **598** | **222** | **112** | **13,171** | **$470,773,746** |

The Colorado PERA funding objective, to paraphrase the Colorado PERA Board's Statement of Funding Policy, 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 Colorado PERA members.

Over the years, Colorado PERA's contribution rates were occasionally increased to fund benefit improvements, or temporarily decreased at the State Legislature's direction. (See Schedule of Contribution Rate History on pages 175–180.)

Since 2000, Colorado PERA's funding ratio has declined from a high of 105.2 percent to 66.1 percent at the end of 2010. Legislation enacted in 2005 and 2006 that will strengthen Colorado PERA's future funded status included the following provisions:

- Payment of employer contributions on salary paid to Colorado PERA retirees who work for Colorado PERA-affiliated employers, effective July 1, 2005.
- Phase-in of increased funding called the AED from Colorado PERA employers beginning January 2006 and increasing through 2012.
- A gradual increase of 0.5 percent of salary per year in contributions called the SAED over six years to be paid by employers from foregone employee wage increases, effective January 1, 2008.
- Implementation of new hire provisions for members hired on or after January 1, 2007, which includes changing the Rule of 80 to a Rule of 85 with a minimum retirement age of 55 and implementing a new Annual Increase Reserve fund dedicated for new hire retirement AIs.
- In an action that did not require legislation, the Board increased the cost to purchase prior non-covered service to the full actuarial cost effective November 1, 2005. In 2006, legislation was passed to make all future purchase of service credit at the actuarially determined rate.

The recent global financial crisis necessitated enactment of a major pension reform bill signed into law on February 23, 2010, that will return Colorado PERA to a 100 percent funded ratio within the next 30 years based on 2009 actuarial assumptions. Some of the legislation's provisions that will reduce Colorado PERA's actuarial liabilities and enable the Colorado PERA trust funds to reach its full funding objective, are described below:

- Reduces the annual benefit increase to an amount equal to the lesser of the AI cap which is currently 2.0 percent or the average of the CPI-W for each of the months during the prior calendar year for all members and benefit recipients. Requires members of the PERA benefit structure hired on or before December 31, 2006, with a retirement effective date of January 1, 2011, or later and all members of the DPS benefit structure with a retirement effective date of January 1, 2011, or later to receive benefits for 12 months prior to being eligible to receive an AI. Requires members of the PERA benefit structure hired on or before December 31, 2006, not eligible to retire on January 1, 2011, and all members of the DPS benefit structure not eligible to retire on January 1, 2011, who subsequently retire with a reduced service retirement, reach age 60 or meet the applicable age and service requirement for a full service retirement to be eligible for an AI.
- Since the average CPI-W during the 2009 year was negative, no AI was paid in July 2010.
- The AI in 2011 and in years thereafter, will be the applicable AI cap, which is currently 2.0 percent, unless Colorado PERA experiences a negative investment return. If Colorado PERA's investment return is negative in the prior calendar year, the AI in the next three years will be the lesser of the average of the CPI-W for each of the months in the prior calendar year, or the applicable AI cap, which is currently 2.0 percent.
- Continues to increase the AED until a total of 5 percent rate is reached in 2017 for the State Division, and until a total of 4.5 percent is reached in 2016 for the School and DPS Divisions. Adjust the AED and SAED for these divisions based on the year-ended funded status for each of the Divisions with decreases mandated for the Division when the Division's year-end funded status reaches 103 percent and increases mandated when the Division's funded status subsequently falls below 90 percent. Continues to increase the SAED until a total of 5 percent is reached in 2017 for the State Division, and 5.5 percent is reached in 2018 for the School and DPS Divisions.
- Maintains the AED and SAED at 2010 levels for the Local Government and Judicial Divisions. Adjust the AED and SAED for these divisions based on the year-ended funded status for each of the Divisions with decreases mandated for the Division when the Division's year-end funded status reaches 103 percent and increases mandated when the Division's funded status reaches 90 percent and subsequently falls below 90 percent.
- Establishes a three-year HAS with a base year and an 8.0 percent spike cap for members not eligible to retire on January 1, 2011.
- Changes the reduced service retirement benefit reduction factors for members not eligible to retire on January 1, 2011, to an actuarially determined amount to ensure that the benefit is the actuarial equivalent of the service retirement benefit.
- Includes a modified Rule of 85 for existing members with less than five years of service on January 1, 2011. Includes a modified Rule of 88 for full service retirement for new hires on or after January 1, 2011, but before January 1, 2017. For all new members, other than State Troopers, first hired on or after January 1, 2017, eligibility will include a modified Rule of 90 (age and service must add to 90 with a minimum age of 60). If the member's most recent 10 years of service credit are earned in the

## Summary of Solvency Test

School Division or DPS Division, retirement eligibility is under the modified Rule of 88.

- Effective January 1, 2011, requires that refunding members earn five years of service credit in order to receive a 50 percent match on contributions. All matching amounts credited to member accounts before January 1, 2011, will remain credited.
- Requires that retirees who return to work for a Colorado PERA employer, effective January 1, 2011, make contributions at the same rate as all members working for that employer. Retirees' contributions would be non-refundable and would not be credited to members' accounts.

SB 10-146 was signed by Governor Ritter on March 31, 2010. SB 10-146 was proposed by the Governor and recommended by the Joint Budget Committee to reduce the State's expenditures.

SB 11-076 was signed by Governor Hickenlooper on May 23, 2011. SB 11-076 was proposed by the Joint Budget Committee to reduce the State's expenditures.

These two legislative bills mandate a temporary increase in the State and Judicial Divisions' member contribution rates by 2.50 percent of salary, and a corresponding decrease in the State and Judicial Divisions' employer contribution rates, effective July 1, 2010, through June 30, 2012. On July 1, 2012, the State and Judicial Divisions' member contribution rates will return to their previous statutory rates. SB 10-146 and SB 11-076 do not change the AED nor SAED contributions that are paid by employers from members' foregone wage increases.

SB 10-146 and SB 11-076 require that State Division and Judicial Division members and employers contribute at the following payroll rates effective July 1, 2010, through June 30, 2012:

- *State and Judicial Division members:* 10.5 percent of salary
- *State Division members enrolled in the PERA DC Plan:* 10.5 percent of salary
- *State Troopers and Colorado Bureau of Investigation members:* 12.5 percent of salary
- *State Troopers and Colorado Bureau of Investigation members enrolled in the PERA DC Plan:* 12.5 percent of salary
- *State Division employers:* 7.65 percent of salary
- *State Division employers of PERA DC Plan participants:* 7.65 percent of salary
- *State Trooper and Colorado Bureau of Investigation employers:* 10.35 percent of salary
- *State Trooper and Colorado Bureau of Investigation employers of PERA DC Plan participants:* 10.35 percent of salary
- *Judicial Division employers:* 11.16 percent of salary

SB 10-146 and SB 11-076 also require that retirees re-employed by a State Division or Judicial Division employer, effective January 1, 2011, through June 30, 2012, contribute an additional 2.5 percent working retiree contribution.

These two legislative bills were recommended by the Joint Budget Committee based upon the Governor's budget request to reduce the State's expenditures by approximately $37 million in the fiscal year ending June 30, 2011, and balance the budget. By shifting the State's contributions to member contributions, Colorado PERA's actuarial liabilities in the State Division and Judicial Division are estimated to increase by $10.4 million and $0.1 million, respectively.

The following solvency test is one means of checking Colorado PERA's funding progress. In this test, the retirement plan's valuation assets are compared with: (A) member contributions (with interest) on deposit, (B) the liabilities for future benefits to persons who have retired or terminated service with the right to a future benefit, and (C) 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 A) and the liabilities for future benefits to present retirees (liability B) will be fully covered by present assets, except in rare circumstances. The actuarial valuation of December 31, 2010, shows that liability A is fully covered by Colorado PERA assets.

In addition, the remainder of present assets covers a large portion of the liabilities for future benefits to persons who have retired or terminated service with the right to a future benefit (liability B). Generally, if the system has been using level contribution rate financing, the funded portion of liability B and C will increase over time.

## Solvency Test by Division

*(In Actual Dollars)*

### State Division—Total Actuarial Liabilities

| VALUATION DATE | MEMBER CONTRIBUTIONS (A)[1] | RETIREES, BENEFICIARIES, AND INACTIVE MEMBERS (B) | EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C) | REPORTED ASSETS | PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS LIABILITY (A) | LIABILITY (B) | LIABILITY (C) |
|---|---|---|---|---|---|---|---|
| 12/31/06 | $2,509,680,634 | $11,230,859,584 | $4,505,470,291 | $13,327,290,139 | 100.0% | 96.3% | 0.0% |
| 12/31/07 | 2,527,090,836 | 12,118,948,258 | 4,744,256,709 | 14,220,680,819 | 100.0% | 96.5% | 0.0% |
| 12/31/08 | 2,566,619,719 | 12,999,235,625 | 4,932,812,351 | 13,914,370,734 | 100.0% | 87.3% | 0.0% |
| 12/31/09 | 2,568,286,884 | 12,660,958,307 | 4,747,971,978 | 13,382,736,472 | 100.0% | 85.4% | 0.0% |
| **12/31/10** | **2,569,046,085** | **13,149,658,232** | **4,637,471,747** | **12,791,946,348** | **100.0%** | **77.7%** | **0.0%** |

Previous actuary compiled information prior to 2006; information by division is not available.
[1] Includes accrued interest on member contributions.

### School Division—Total Actuarial Liabilities

| VALUATION DATE | MEMBER CONTRIBUTIONS (A)[1] | RETIREES, BENEFICIARIES, AND INACTIVE MEMBERS (B) | EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C) | REPORTED ASSETS | PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS LIABILITY (A) | LIABILITY (B) | LIABILITY (C) |
|---|---|---|---|---|---|---|---|
| 12/31/06 | $3,536,250,621 | $16,803,609,348 | $7,368,821,217 | $20,535,732,606 | 100.0% | 100.0% | 2.7% |
| 12/31/07 | 3,596,453,446 | 18,039,390,005 | 7,605,584,217 | 22,070,769,075 | 100.0% | 100.0% | 5.7% |
| 12/31/08 | 3,695,995,206 | 19,416,005,775 | 7,888,200,829 | 21,733,328,531 | 100.0% | 92.9% | 0.0% |
| 12/31/09 | 3,769,099,659 | 18,830,712,228 | 7,813,003,514 | 21,054,909,740 | 100.0% | 91.8% | 0.0% |
| **12/31/10** | **3,779,759,908** | **19,658,748,616** | **7,901,245,967** | **20,321,736,466** | **100.0%** | **84.1%** | **0.0%** |

Previous actuary compiled information prior to 2006; information by division is not available.
[1] Includes accrued interest on member contributions.

### Local Government Division—Total Actuarial Liabilities

| VALUATION DATE | MEMBER CONTRIBUTIONS (A)[1] | RETIREES, BENEFICIARIES, AND INACTIVE MEMBERS (B) | EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C) | REPORTED ASSETS | PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS LIABILITY (A) | LIABILITY (B) | LIABILITY (C) |
|---|---|---|---|---|---|---|---|
| 12/31/06 | $645,209,427 | $1,509,232,476 | $1,133,979,565 | $2,613,386,001 | 100.0% | 100.0% | 40.5% |
| 12/31/07 | 661,271,632 | 1,707,349,175 | 1,194,578,196 | 2,892,846,938 | 100.0% | 100.0% | 43.9% |
| 12/31/08 | 675,173,652 | 1,949,108,011 | 1,213,801,584 | 2,933,295,754 | 100.0% | 100.0% | 25.5% |
| 12/31/09 | 678,518,930 | 1,963,924,503 | 1,208,377,203 | 2,932,628,241 | 100.0% | 100.0% | 24.0% |
| **12/31/10** | **657,846,613** | **2,180,451,070** | **1,167,268,443** | **2,926,045,102** | **100.0%** | **100.0%** | **7.5%** |

Previous actuary compiled information prior to 2006; information by division is not available.
[1] Includes accrued interest on member contributions.

### Judicial Division—Total Actuarial Liabilities

| VALUATION DATE | MEMBER CONTRIBUTIONS (A)[1] | RETIREES, BENEFICIARIES, AND INACTIVE MEMBERS (B) | EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C) | REPORTED ASSETS | PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS LIABILITY (A) | LIABILITY (B) | LIABILITY (C) |
|---|---|---|---|---|---|---|---|
| 12/31/06 | $51,296,536 | $130,980,513 | $65,213,659 | $210,632,896 | 100.0% | 100.0% | 43.5% |
| 12/31/07 | 49,444,895 | 152,072,819 | 62,692,783 | 231,228,304 | 100.0% | 100.0% | 47.4% |
| 12/31/08 | 54,593,439 | 160,475,062 | 72,989,931 | 230,967,047 | 100.0% | 100.0% | 21.8% |
| 12/31/09 | 52,754,332 | 165,904,221 | 77,037,132 | 228,713,654 | 100.0% | 100.0% | 13.1% |
| **12/31/10** | **53,742,058** | **171,903,999** | **78,193,140** | **227,813,622** | **100.0%** | **100.0%** | **2.8%** |

Previous actuary compiled information prior to 2006; information by division is not available.
[1] Includes accrued interest on member contributions.

## Solvency Test by Division

*(In Actual Dollars)*

### Denver Public Schools Division—Total Actuarial Liabilities

| VALUATION DATE | MEMBER CONTRIBUTIONS (A)[1] | RETIREES, BENEFICIARIES, AND INACTIVE MEMBERS (B) | EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C) | REPORTED ASSETS | PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS | | |
|---|---|---|---|---|---|---|---|
| | | | | | LIABILITY (A) | LIABILITY (B) | LIABILITY (C) |
| **12/31/10** | **$317,442,198** | **$2,370,216,811** | **$645,155,436** | **$2,961,719,943** | **100.0%** | **100.0%** | **42.5%** |

[1] The DPSRS merged into the new DPS Division on January 1, 2010, as mandated by SB 09-282.

## Total Actuarial Liabilities

*(In Actual Dollars)*

| VALUATION DATE | MEMBER CONTRIBUTIONS (A)[1] | RETIREES, BENEFICIARIES, AND INACTIVE MEMBERS (B) | EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C) | VALUATION ASSETS | PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS | | |
|---|---|---|---|---|---|---|---|
| | | | | | LIABILITY (A) | LIABILITY (B) | LIABILITY (C) |
| 12/31/01 | $5,562,390,361 | $16,301,486,412 | $9,503,435,639 | $30,935,478,756 | 100.0% | 100.0% | 95.5% |
| 12/31/02 | 6,118,094,036 | 18,208,961,462 | 10,268,677,964 | 30,554,140,114 | 100.0% | 100.0% | 60.6% |
| 12/31/03 | 6,316,579,440 | 20,884,057,920 | 13,291,470,411 | 30,596,661,957 | 100.0% | 100.0% | 25.6% |
| 12/31/04 | 6,365,516,299 | 23,833,957,690 | 13,370,998,194 | 30,755,462,303 | 100.0% | 100.0% | 4.2% |
| 12/31/05 | 5,755,118,042 | 26,382,911,449 | 14,614,266,949 | 34,273,165,233 | 100.0% | 100.0% | 14.6% |
| 12/31/06 | 6,742,437,218 | 29,674,681,921 | 13,073,484,732 | 36,687,041,642 | 100.0% | 100.0% | 2.1% |
| 12/31/07 | 6,834,260,809 | 32,017,760,257 | 13,607,111,905 | 39,415,525,136 | 100.0% | 100.0% | 4.1% |
| 12/31/08 | 6,992,382,016 | 34,524,824,473 | 14,107,804,695 | 38,811,962,066 | 100.0% | 92.2% | 0.0% |
| 12/31/09 | 7,068,659,805 | 33,621,499,259 | 13,846,389,827 | 37,598,988,107 | 100.0% | 90.8% | 0.0% |
| **12/31/10** | **7,377,836,862** | **37,530,978,728** | **14,429,334,733** | **39,229,261,481** | **100.0%** | **84.9%** | **0.0%** |

[1] Includes accrued interest on member contributions.

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

The ratio of Colorado PERA's valuation assets to accrued liabilities exceeded 100 percent for the first time on December 31, 1999, and again exceeded 100 percent in 2000. The ratio fell to 71 percent in 2004 and increased to 75 percent in 2007. However, in 2010 the ratio fell to 66.1 percent.

The decrease (or losses) in the 2010 funded status over 2009 can be attributed mainly to the following factors:

- Recognition of investment losses experienced from 2008.
- Current retirees are living longer than expected.
- Fewer members terminated Colorado PERA-covered employment and withdrew their accounts than had been assumed during 2010, increasing future liabilities.
- A greater number of members retired at younger ages than expected.
- A greater number of in-service death claims were experienced than expected.
- New Colorado PERA members had some service resulting in accrued liabilities.

The following factors resulted in lower liabilities (or gains) to Colorado PERA during 2010:

- Recognition of investment gains experienced from 2006, 2007, and 2009.
- Member pay increases were lower than expected.
- Fewer members retired with a disability retirement than assumed.
- AIs were not payable on benefits due to the negative average CPI-W during the 2009 calendar year.

Effective November 1, 2005, the cost to purchase non-covered service was increased to the actuarial cost, further limiting the plan's liabilities going forward. Legislation passed and signed into law in 2003 limited the number of years for non-covered service purchases to a total of 10 years. Legislation supported by the Board in 2004, 2005, and 2006 contained moderate and balanced provisions that improve Colorado PERA's financial soundness.

A brief description of this legislation follows:

Senate Bill 04-132 (SB 04-132): "Modify Existing PERA Benefit Plans" as amended was signed by former Governor Owens. The bill contained the following provisions that went into effect during 2005:

- Reduced the annual post-retirement increase to the lower of 3 percent or the actual increase in the Consumer Price Index for new employees hired on or after July 1, 2005.
- Eliminated the unreduced service retirement eligibility requirement at age 50 with 30 or more years of service, for new employees hired on or after July 1, 2005.

Senate Bill 04-257 (SB 04-257): "Modify Public Employee Retirement Plans" as amended was signed by former Governor Owens and included provisions that will phase-in increased funding from Colorado PERA employers with an AED beginning in January 2006 through 2012. The bill also required employer contributions on salary paid to Colorado PERA retirees who return to work for Colorado PERA-affiliated employers.

Senate Bill 05-73 (SB 05-73): "PERA Employment After Service Retirement" was signed by former Governor Owens and ensured that the AED will be paid by employers on the salary they pay to Colorado PERA retirees. SB 05-73 also provides for employer contributions to be paid on compensation paid to Colorado PERA retirees who are working as independent contractors or in certain other arrangements, and who are performing services for Colorado PERA employers.

Senate Bill 06-235 (SB 06-235): "Public Employee Pension Plans") was signed by former Governor Owens on May 25, 2006. This legislation provided the following:

- Added an SAED payment that is slated to come from salary increases that would have otherwise been awarded to employees over a six–year period. The collection of 0.5 percent of salaries began on January 1, 2008.
- Modified retirement provisions for new employees hired on or after January 1, 2007.
- Specified a 30–year amortization period in statute.
- Required that an actuarial study be commissioned by the General Assembly before any benefit enhancements can be made.
- Modified the structure of the Colorado PERA Board.
- Expanded defined contribution and defined benefit choice to new employees of institutions of higher education who did not previously have access to both types of plans.

SB 10-001 was signed by former Governor Ritter on February 23, 2010. This complex and far-reaching piece of legislation will affect all Colorado PERA employers, employees, and benefit recipients (both current and future). A number of the bill's major changes are described below:

- Reduces the AI to equal the lesser of 2.0 percent or the average of the CPI-W for each of the months during the prior calendar year, effective February 23, 2010.
  - The amount of the AI applied to benefits in 2010 was the lesser of 2.0 percent or the average of the CPI-W for the months in the 2009 calendar year. Since the CPI-W for this period was negative, no AI was paid in 2010.
  - Require all members of the PERA benefit structure hired before January 1, 2007, with a retirement effective date of January 1, 2011, or later, and all members of the DPS benefit structure with

a retirement effective date of January 1, 2011, or later, to receive benefits for 12 months before being eligible to receive an AI.

- The AI for all members of the PERA benefit structure hired before January 1, 2007, and all members of the DPS benefit structure beginning in 2011, will be the applicable AI cap which is currently 2.0 percent, unless Colorado PERA has a negative investment year, in which case the AI for the subsequent three years will be the lesser of the applicable AI cap which is currently 2.0 percent or the average of the CPI-W for each of the months during the prior calendar year.
- Requires that members not eligible to retire on January 1, 2011, who subsequently retire with a reduced service retirement, reach, on January 1 of the year the increase is to be paid, either age 60 or the applicable age and service requirement for a full service retirement, to be eligible for an AI.

- Continues to increase the AED until a total 5 percent rate is reached in 2017 for the State Division, and until a total of 4.5 percent is reached in 2016 for the School and DPS Divisions. Adjust the AED and SAED for these divisions based on the year-ended funded status for each of the Divisions with decreases mandated for the Division when the Division's year-end funded status reaches 103 percent and increases mandated when the Division's funded status subsequently falls below 90 percent. Continues to increase the SAED until a total of 5 percent is reached in 2017 for the State Division, and 5.5 percent is reached in 2018 for the School and DPS Divisions.
- Maintains the AED and SAED at 2010 levels for the Local Government and Judicial Divisions. Adjust the AED and SAED for these divisions based on the year-ended funded status for each of the Divisions with decreases mandated for the Division when the Division's year-end funded status reaches 103 percent and increases mandated when the Division's funded status reaches 90 percent and subsequently falls below 90 percent.
- Establishes a three-year HAS with a base year and an 8.0 percent spike cap for members not eligible to retire on January 1, 2011.
- Changes the reduced service retirement benefit reduction factors for members not eligible to retire on January 1, 2011, to an actuarially determined amount.
- Implements a modified Rule of 85 for full service retirement for existing members with less than five years of service on January 1, 2011. Includes a modified Rule of 88 for full service retirement for new hires on or after January 1, 2011, but before January 1, 2017. For all new members first hired on or after January 1, 2017, other than State Troopers, eligibility will include a modified Rule of 90 (age and service must add to 90 with a minimum age of 60). If the member's most recent 10 years of service credit are earned in the School Division or the DPS Division, retirement eligibility is under the modified Rule of 88.
- Effective January 1, 2011, requires that refunding members earn five years of service credit on the date of refund in order to receive a 50 percent match on contributions. All matching amounts credited to member accounts before January 1, 2011, will remain credited.
- Requires retirees who return to work to contribute at the same rate as active members working for that employer, effective January 1, 2011. Retirees' contributions would be non-refundable and would not accrue a benefit, nor would they be credited to members' accounts.

SB 10-146 was signed by former Governor Ritter on March 31, 2010. SB 10-146 was proposed by the Governor and recommended by the Joint Budget Committee to reduce the State's expenditures.

SB 11-076 was signed by Governor Hickenlooper on May 23, 2011. SB 11-076 was proposed by the Joint Budget Committee to reduce the State's expenditures.

These two legislative bills mandate a temporary increase in the State and Judicial Divisions' member contribution rates by 2.50 percent of salary, and a corresponding decrease in the State and Judicial Divisions' employer contribution rates, effective July 1, 2010, through June 30, 2012. On July 1, 2012, the State and Judicial Divisions' member contribution rates will return to their previous statutory rates. SB 10-146 and SB 11-076 do not change the AED nor SAED contributions that are paid by employers from members' foregone wage increases.

- State and Judicial Division members: 10.5 percent of salary
- State Division members enrolled in the PERA DC Plan: 10.5 percent of salary
- State Troopers and Colorado Bureau of Investigation members: 12.5 percent of salary
- State Troopers and Colorado Bureau of Investigation participants enrolled in the PERA DC Plan: 12.5 percent of salary
- State Division employers: 7.65 percent of salary
- State Division employers of PERA DC Plan participants: 7.65 percent of salary
- State Trooper and Colorado Bureau of Investigation employers: 10.35 percent of salary
- State Trooper and Colorado Bureau of Investigation employers of PERA DC Plan participants: 10.35 percent of salary
- Judicial Division employers: 11.16 percent of salary

SB 10-146 and SB 11-076 also require that retirees re-employed by a State Division or Judicial Division employer, effective January 1, 2011, through June 30, 2012, contribute an additional 2.5 percent of salary working retiree contribution.

The Joint Budget Committee sponsored these bills, based upon the Governor's budget balancing request. By shifting the State's contributions to member contributions, the estimated increases in Colorado PERA's actuarial liabilities in the State Division and Judicial Division are $10.4 million and $0.01 million, respectively, for the fiscal year ending June 30, 2011, and $6.6 million and $0.04 million, respectively, for the fiscal year ending June 30, 2012.

## Summary of Unfunded Actuarial Accrued Liabilities

Benefits to retirees are funded at 84.9 percent, that is, assets reserved for benefits currently being paid are less than the 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.

Since inflation decreases the dollar's value, it is important to examine more than only the dollar amounts of assets, benefits paid, member salaries, and unfunded actuarial accrued liabilities when assessing the plan's financial status. The ratio of unfunded actuarial accrued liability dollars divided by member salary dollars can 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 decreased at times over the last decade, but increased sharply in years 2002 through 2004. This increase reflects the poor investment environment of 2001 and 2002, as well as increased liabilities. The UAAL as a percent of member salaries was reduced in 2007, which is evidence of a moderation in Colorado PERA's liabilities and recognition of investment gains in the past few years. However, in 2008, the ratio increased to levels significantly above those experienced in 2002 through 2004, due to the significant asset losses experienced during 2008.

### Unfunded Actuarial Accrued Liabilities (UAAL)

*(In Actual Dollars)*

| VALUATION DATE | TOTAL ACTUARIAL ACCRUED LIABILITIES | VALUATION ASSETS | ASSETS AS A % OF ACCRUED LIABILITIES | UNFUNDED ACTUARIAL ACCRUED LIABILITIES | MEMBER SALARIES | UAAL AS A % OF MEMBER SALARIES |
|---|---|---|---|---|---|---|
| 12/31/01 | $31,367,312,412 | $30,935,478,756 | 98.6% | $431,833,656 | $5,415,327,493 | 8.0% |
| 12/31/02 | 34,595,733,462 | 30,554,140,114 | 88.3% | 4,041,593,348 | 5,779,703,602 | 69.9% |
| 12/31/03 | 40,492,107,771 | 30,596,661,957 | 75.6% | 9,895,445,814 | 5,645,468,380 | 175.3% |
| 12/31/04 | 43,570,472,183 | 30,755,462,303 | 70.6% | 12,815,009,880 | 5,879,355,179 | 218.0% |
| 12/31/05 | 46,752,296,440 | 34,273,165,233 | 73.3% | 12,479,131,207 | 5,940,132,036 | 210.1% |
| 12/31/06 | 49,490,603,871 | 36,687,041,642 | 74.1% | 12,803,562,229 | 6,135,961,050 | 208.7% |
| 12/31/07 | 52,459,132,971 | 39,415,525,136 | 75.1% | 13,043,607,835 | 6,566,368,545 | 198.6% |
| 12/31/08 | 55,625,011,184 | 38,811,962,066 | 69.8% | 16,813,049,118 | 6,931,404,440 | 242.6% |
| 12/31/09 | 54,536,548,891 | 37,598,988,107 | 68.9% | 16,937,560,784 | 7,048,991,768 | 240.3% |
| **12/31/10** | **59,338,150,323** | **39,229,261,481** | **66.1%** | **20,108,888,842** | **7,506,192,916** | **267.9%** |

## Schedule of Gains and Losses in Accrued Liabilities—All Division Trust Funds

*(In Millions of Dollars)*

| TYPE OF ACTIVITY | $ GAIN (OR LOSS) FOR YEARS ENDED DECEMBER 31 | | | | | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Age and service retirements[1] | **($4.2)** | ($18.7) | ($47.1) | ($56.9) | ($60.7) | ($32.4) |
| Disability retirements[2] | **9.1** | 31.2 | 29.1 | 26.6 | 24.3 | (5.8) |
| Deaths[3] | **(59.7)** | (91.2) | (79.1) | 9.4 | 0.3 | 130.7 |
| Withdrawal from employment[4] | **(16.3)** | (139.7) | (113.0) | (107.7) | (88.9) | 104.1 |
| New members[5] | **(139.7)** | (105.5) | (100.6) | (113.5) | (136.2) | (129.1) |
| Pay increases[6] | **727.1** | 407.1 | (147.9) | (221.3) | 59.6 | (332.1) |
| Investment income[7] | **(2,806.5)** | (2,908.6) | (2,632.8) | 833.3 | 682.7 | 89.4 |
| Service purchases | **–** | – | – | – | – | (73.2) |
| Other | **230.2** | (368.6) | (97.1) | 157.6 | 46.3 | 70.3 |
| Gain (or loss) during year | **(2,060.0)** | (3,194.0) | (3,188.5) | 527.5 | 527.4 | (178.1) |
| Non-recurring items (assumption change)[8] | **–** | 4,045.7 | 131.4 | – | – | (126.3) |
| Non-recurring items (asset method change)[8] | **–** | – | – | – | – | 1,660.7 |
| **Composite gain (or loss) during year** | **($2,060.0)** | **$851.7** | **($3,057.1)** | **$527.5** | **$527.4** | **$1,356.3** |

[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 is 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 is experienced, there is a loss. If retirees die sooner than assumed, there is a gain. If retirees live longer than assumed, there is a loss.

[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 members:* If the number of new members entering the plan is lower than assumed, or if they have prior service, there is a loss.

[6] *Pay increases:* If there are smaller salary increases than assumed, there is a gain. If greater salary increases occur than assumed, 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 in actuarial assumptions or methods and changes to plan benefits.

## Analysis of Financial Experience—Division Trust Funds

*(In Millions of Dollars)*

| | STATE | SCHOOL | LOCAL GOVERNMENT | JUDICIAL | DENVER PUBLIC SCHOOLS |
|---|---|---|---|---|---|
| From differences between assumed and actual experience on liabilities | | | | | |
| Age and service retirements[1] | $0.4 | ($3.7) | ($6.9) | $– | $6.0 |
| Disability retirements[2] | 3.9 | 4.2 | 0.8 | 0.2 | – |
| Deaths[3] | (6.7) | (47.4) | (1.5) | (0.8) | (3.3) |
| Withdrawals[4] | (2.5) | (4.6) | (6.1) | (0.3) | (2.8) |
| New members[5] | (54.4) | (67.4) | (10.7) | (0.8) | (6.4) |
| Pay increases[6] | 287.7 | 303.1 | 64.2 | 6.4 | 65.7 |
| Other[7] | 20.1 | 15.8 | (7.2) | 4.6 | 196.9[10] |
| Subtotal | 248.5 | 200.0 | 32.6 | 9.3 | 256.1 |
| From differences between assumed and actual experience on assets | (951.3) | (1,472.5) | (190.7) | (15.1) | (176.9) |
| From change in plan assumptions[8] | – | – | – | – | – |
| From change in plan provisions[9] | – | – | – | – | – |
| **Total actuarial gains/(losses) on 2010 activities** | **($702.8)** | **($1,272.5)** | **($158.1)** | **($5.8)** | **$79.2** |
| **Total actuarial gains/(losses) on 2009 activities** | **$388.8** | **$445.9** | **$23.6** | **($6.6)** | **$–** |

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

[2] *Disability retirements:* If disability claims are lower than assumed, there is a gain.

[3] *Deaths:* If survivor claims are higher than assumed or if retirees die later than assumed, there is a loss.

[4] *Withdrawals:* If fewer actuarial liabilities are released by terminations than assumed, there is a loss.

[5] *New members:* If the number of new members entering the plan is lower than assumed, or if they have prior service, there is a loss.

[6] *Pay increases:* If there are fewer salary increases than assumed, there is a gain.

[7] *Other:* Miscellaneous gains and losses resulting from changes in actuary's valuation software, data adjustments, timing of financial transactions, etc.

[8] *Change in plan assumptions:* The plan assumptions were updated in 2009 and 2010 as described in the Notes to the Required Supplemental Information on pages 85-87.

[9] *Change in plan provisions:* The plan provisions changed in 2009 related to changes from SB 10-001 which are described in the Notes to the Required Supplemental Information on page 85.

[10] The primary difference was due to a change in the method used to smooth investment gains and losses that had been used by DPSRS to make values comparable to other Division Trust Funds.

## Schedule of Computed Employer Contribution Rates for Fiscal Years Beginning in 2012

| | EXPRESSED AS A PERCENTAGE OF MEMBER PAYROLL | | | | |
|---|---|---|---|---|---|
| | STATE DIVISION | SCHOOL DIVISION | LOCAL GOVERNMENT DIVISION | JUDICIAL DIVISION | DENVER PUBLIC SCHOOLS DIVISION |
| **Contributions:** | | | | | |
| Service retirement benefits | 7.34% | 8.77% | 7.53% | 14.32% | 9.59% |
| Disability retirement benefits | 0.29% | 0.20% | 0.19% | 0.77% | 1.38% |
| Survivor benefits | 0.14% | 0.13% | 0.15% | 0.44% | 0.61% |
| Termination withdrawals | 1.74% | 1.88% | 1.79% | 1.38% | 0.15% |
| Refunds | 0.43% | 0.44% | 0.44% | 0.42% | 1.91% |
| **Total normal cost** | 9.94% | 11.42% | 10.10% | 17.33% | 13.64% |
| Less member contributions | (8.05%)[1] | (8.00%) | (8.00%) | (8.00%)[2] | (8.00%) |
| Employer normal cost | **1.89%** | **3.42%** | **2.10%** | **9.33%** | **5.64%** |
| Percentage available to amortize unfunded actuarial accrued liabilities | 12.57% | 11.02% | 10.30% | 6.86% | 0.00% |
| Amortization period | 47 years | 50 years | 19 years | 83 years | Infinite |
| **Total employer contribution rate for actuarially funded benefits** | 10.22%[1] | 10.15% | 10.00% | 13.66% | 13.75% |
| Amortization Equalization Disbursement | 3.00% | 3.00% | 2.20% | 2.20% | 3.00% |
| Supplemental Amortization Equalization Disbursement | 2.50% | 2.50% | 1.50% | 1.50% | 2.50% |
| Less Health Care Trust Fund | (1.02%) | (1.02%) | (1.02%) | (1.02%) | (1.02%) |
| Less Annual Increase Reserve | (0.24%) | (0.19%) | (0.28%) | (0.15%) | (0.42%) |
| Less PCOP Credit | – | – | – | – | (14.66%) |
| **Employer contribution rate for defined benefit plan** | **14.46%** | **14.44%** | **12.40%** | **16.19%** | **3.15%** |

[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 Active Member Valuation Data

*(In Actual Dollars)*

| YEAR | NUMBER OF EMPLOYERS | NUMBER OF MEMBERS | ANNUAL PAYROLL | AVERAGE ANNUAL SALARY | % INCREASE (DECREASE) IN AVERAGE PAY |
|---|---|---|---|---|---|
| 2001 | 385 | 169,833 | $5,415,327,493 | $31,886 | 3.74% |
| 2002 | 393 | 172,761 | 5,779,703,602 | 33,455 | 4.92% |
| 2003 | 399 | 170,991 | 5,645,468,380 | 33,016 | (1.31%) |
| 2004 | 401 | 176,840 | 5,879,355,179 | 33,247 | 0.70% |
| 2005 | 405 | 180,630 | 5,940,132,036 | 32,886 | (1.09%) |
| 2006 | 405 | 182,404 | 6,135,961,050 | 33,639 | 2.29% |
| 2007 | 409 | 186,842 | 6,566,368,545 | 35,144 | 4.47% |
| 2008 | 413 | 190,684 | 6,931,404,440 | 36,350 | 3.43% |
| 2009 | 411 | 190,206 | 7,048,991,768 | 37,060 | 1.95% |
| **2010** | **517**[1] | **201,095** | **7,506,192,916** | **37,327** | **0.72%** |

[1] Includes charter schools operating within the School and DPS Divisions and under the Colorado Charter School Institute, but are not included in years prior to 2010.

## The Other Postemployment Benefit Plans Summary for Calendar Year 2010

The purpose of the Other Postemployment Benefit Plans' (OPEB) is to provide retiree health care premium subsidy benefits to members and their dependents at retirement or in the event of death or disability who enroll in the Colorado PERA program (PERACare). 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. Colorado PERA is governed by a Board of Trustees.

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

### Employer Contributions

Colorado PERA-affiliated employers in the State, School, Local Government, and Judicial Divisions contribute a percentage of their total payroll to the HCTF, Colorado PERA-affiliated employers in the DPS Division contribute a percentage of their total payroll to the DPS HCTF. Respective employer contribution rates are shown on the Schedule of Contribution Rate History on pages 175-180.

The Schedule of Computed Employer Contribution Rates on page 143 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. Colorado PERA is exempt from federal income taxes under the Internal Revenue Code.

Each employer contributes 1.02 percent of payroll toward retiree health care benefits.

### Member Contributions

There are no member contributions contributed to the HCTF or the DPS HCTF unless a member purchases noncovered employment service credit. Upon retirement, 1.02 percent of the highest average salary used in determining the purchase cost will be transferred into the applicable health care trust fund.

### Termination

A member who terminates Colorado PERA-covered employment may request a member contribution account refund or leave the account with Colorado PERA. A refund cancels a former Colorado PERA member's rights to future Colorado PERA benefits including health care subsidies and eligibility for enrollment in PERACare.

### Other Postemployment Benefits—Retiree Health Care Benefits

#### Eligibility

The HCTF includes assets for the purpose of paying premium subsidies on behalf of PERA benefit structure benefit recipients and DPS benefit structure retirees who worked for an employer in the State, School, Local Government, and Judicial Divisions within PERA who enroll in PERACare.

The DPS HCTF includes assets for the purpose of paying premium subsidies on behalf of PERA benefit structure benefit recipients and DPS Benefit Structure retirees who worked for an employer in the DPS Division within PERA who enroll in PERACare. For members who retire and have service credit with employers in the DPS Division and one or more of the other four Divisions, the premium subsidy is allocated between the two funds. The amount of the premium subsidy funded by each fund is based on the percentage of the member contribution balance from each Division as it relates to the total member contribution account balance from which the benefit is paid.

The following individuals are eligible to enroll in PERACare:

- Anyone receiving a monthly PERA benefit (benefit recipient). If the benefit recipient is enrolled in PERACare, the following dependents may be enrolled: spouses, domestic partners, unmarried, dependent children under age 25, certain mentally or physically incapacitated adult children, and dependent parents.
- PERA members receiving short-term disability payments.
- Guardians of children receiving PERA survivor benefits, if children are receiving health care benefits.
- PERA retirees temporarily not receiving PERA benefits.
- Surviving spouses of deceased retirees who are not receiving PERA benefits but were enrolled in PERACare at the time when death occurred.
- Divorced spouses of retirees who are not receiving PERA benefits, but were receiving health care benefits, when the divorce occurred.

Enrollment is voluntary, with annual open enrollment for coverage effective each January 1. If a surviving spouse or divorced spouse discontinues coverage, re-enrollment is not allowed.

#### Retiree Health Care Benefits—Premium Subsidy

A monthly subsidy is allocated to each benefit recipient under the PERA benefit structure and each retiree under the DPS benefit structure electing health care coverage. Survivors of retirees under the PERA benefit structure are eligible to receive the subsidy.

The following monthly amounts are allocated per year of credited service, up to a maximum of 20 years of service:

*DPS Benefit Structure Retirees Who Retired Prior to July 1, 1994, or DPS Disability Retirees Who Retired Prior to January 1, 2010:*

- $230 per month for retirees without Medicare Part A.
- $115 per month for retirees with Medicare Part A.

*DPS Benefit Structure Retirees Who Retire On or After July 1, 1994:*

- $ 5.75 if age 65 and older and eligible for Medicare Parts A and B.
- $11.50 if not yet age 65, or if age 65 and older and not eligible for premium-free Medicare Part A.

*PERA Benefit Structure Benefit Recipients:*

- $ 5.75 if age 65 and older or eligible for Medicare Part B.
- $11.50 if not yet age 65 or not eligible for Medicare Part B.

This subsidy is used to determine member premiums, which are the projected full cost of coverage less the premium subsidy. The full costs for claims, administration, premiums, etc. are allocated and paid by the HCTF and the DPS HCTF.

Historically, this has resulted in net costs to the HCTF and the DPS HCTF being very close to the premium subsidy, with all costs of coverage above this subsidy paid by the member. For those benefit recipients who are age 65 or older, the full cost of coverage is considered to be based on the full cost of coverage assuming Medicare Part A eligibility. This is independent of actual Medicare Part A eligibility.

Members not receiving a PERA monthly benefit do not qualify for this subsidy and bear the full cost of coverage.

This premium subsidy is only available to those enrolled in PERACare and meeting the requirements defined by the benefit structure under which they retire.

*Special Note on Members Not Qualifying for Medicare Part A:*
The HCTF and the DPS HCTF pay an implicit subsidy for members not eligible for premium-free Medicare Part A benefits. For members in the fully insured HMOs, this amount is the difference in premiums charged for those without Medicare Part A and for those enrolled in Medicare Part A. For the self-funded plans, this amount is the assumed difference in claims costs for services covered under Medicare Part A between members without Medicare Part A coverage and those enrolled in Medicare Part A.

*Special Note on Members Eligible for Medicare Part D:*
For members electing coverage in a plan option that produces a RDS, which is payable to PERA, under Part D of the Medicare Modernization Act of 2003 (MMA), PERA has reduced the full cost of coverage by estimated RDS receipts. GASB Statements 43 and 45 do not allow for future assumed RDS payments to be used as a direct offset for future liabilities. Therefore, a liability for these payments has been included in the total HCTF and DPS HCTF liabilities. Plan options producing an RDS for PERA in 2011 are the self-funded Medicare Supplement plans and the Rocky Mountain Health Plan Medicare HMO.

*Special Note on Premium Subsidy Funding for Members in Both the HCTF and the DPS HCTF:*
For members covered under both the HCTF and the DPS HCTF, the allocation of the subsidy amounts is done via an allocation method set forth in C.R.S. § 24-51-1206.5

**Survivor Retiree Health Care Benefits—Premium Subsidy**
Survivors under the PERA benefit structure are eligible for subsidy benefits while survivors under the DPS benefit structure are not.

**Disability Retiree Health Care Benefits—Premium Subsidy**
Colorado PERA recipients of both short-term and retirement disability benefits are eligible to enroll in PERACare and receive subsidy benefits if eligible.

## Schedule of Total Active Member Valuation Data—Health Care Trust Funds

*(In Thousands of Dollars)*

### Health Care Trust Fund

| VALUATION DATE | NUMBER OF MEMBERS | ANNUAL PAYROLL | ANNUAL AVERAGE SALARY (IN ACTUAL DOLLARS) | % INCREASE (DECREASE) IN AVERAGE PAY |
|---|---|---|---|---|
| 12/31/05 | 180,630 | $5,940,132 | $32,886 | (1.09%) |
| 12/31/06 | 182,404 | 6,135,961 | 33,639 | 2.29% |
| 12/31/07 | 186,842 | 6,566,369 | 35,144 | 4.47% |
| 12/31/08 | 190,684 | 6,931,404 | 36,350 | 3.43% |
| 12/31/09 | 190,206 | 7,048,992 | 37,060 | 1.95% |
| **12/31/10** | **187,924** | **7,035,419** | **37,438** | **1.02%** |

### DPS Health Care Trust Fund

| VALUATION DATE | NUMBER OF MEMBERS | ANNUAL PAYROLL | ANNUAL AVERAGE SALARY (IN ACTUAL DOLLARS) | % INCREASE (DECREASE) IN AVERAGE PAY |
|---|---|---|---|---|
| **12/31/10** | **13,171** | **$470,774** | **$35,743** | **–** |

## Schedule of Solvency—Health Care Trust Funds

*(In Thousands of Dollars)*

### Health Care Trust Fund

| | | | | | PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS | | |
|---|---|---|---|---|---|---|---|
| VALUATION DATE | ACTIVE MEMBER CONTRIBUTIONS (A) | RETIREES, SURVIVORS, AND INACTIVE MEMBERS (B) | EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C) | REPORTED ASSETS | LIABILITY (A) | LIABILITY (B) | LIABILITY (C) |
| 12/31/05 | $– | $666,509 | $450,118 | $191,264 | – | 28.7% | 0.0% |
| 12/31/06 | – | 878,997 | 368,953 | 214,816 | – | 24.4% | 0.0% |
| 12/31/07 | – | 926,180 | 377,414 | 258,775 | – | 27.9% | 0.0% |
| 12/31/08 | – | 969,288 | 399,345 | 255,976 | – | 26.4% | 0.0% |
| 12/31/09 | – | 1,241,349 | 521,892 | 260,341 | – | 21.0% | 0.0% |
| **12/31/10** | **–** | **1,179,809** | **463,184** | **288,193** | **–** | **24.4%** | **0.0%** |

### DPS Health Care Trust Fund

| | | | | | PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS | | |
|---|---|---|---|---|---|---|---|
| VALUATION DATE | ACTIVE MEMBER CONTRIBUTIONS (A) | RETIREES, SURVIVORS, AND INACTIVE MEMBERS (B) | EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C) | REPORTED ASSETS | LIABILITY (A) | LIABILITY (B) | LIABILITY (C) |
| **12/31/10** | **$–** | **$58,432** | **$20,081** | **$14,086** | **–** | **24.1%** | **0.0%** |

## Analysis of Financial Experience—Health Care Trust Fund

*(In Millions of Dollars)*

| | HCTF |
|---|---|
| From differences between assumed and actual experience on liabilities | |
| Age and service retirements[1] | ($0.3) |
| Disability retirements[2] | 0.3 |
| Deaths[3] | (1.7) |
| Withdrawals[4] | (0.4) |
| New members[5] | (4.0) |
| Pay increases[6] | – |
| Other[7] | 103.3 |
| Subtotal | 97.2 |
| From differences between assumed and actual experience on assets | (16.7) |
| From change in plan assumptions[8] | 112.4 |
| From change in plan provisions[9] | – |
| **Total actuarial gains/(losses) on 2010 activities** | **$192.9** |
| **Total actuarial gains/(losses) on 2009 activities** | **($366.4)** |

Note: No experience analysis available for DPS HCTF in initial year of creation.

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

[2] *Disability retirements:* If disability claims are lower than assumed, there is a gain.

[3] *Deaths:* If survivor claims are higher than assumed or if retirees die later than assumed, there is a loss.

[4] *Withdrawals:* If fewer actuarial liabilities are released by terminations than assumed, there is a loss.

[5] *New members:* If the number of new members entering the plan is lower than assumed, or if they have prior service, there is a loss.

[6] *Pay increases:* If there are fewer salary increases than assumed, there is a gain.

[7] *Other:* Miscellaneous gains and losses resulting from changes in actuary's valuation software, data adjustments, timing of financial transactions, etc.

[8] *Change in plan assumptions:* The plan assumptions were updated in 2009 and 2010 as described in the Notes to the Required Supplemental Information on pages 85-87.

[9] *Change in plan provisions:* The plan provisions changed in 2009 related to changes from SB 10-001 which are described in the Notes to the Required Supplemental Information on page 85.

*"SB 1 serves as*

*a model for other*

*pension systems*

*across the country."*

–Gaylene Wilson
Payroll Officer
Colorado Housing and
Finance Authority

# STATISTICAL SECTION

## Statistical Section Overview

The Statistical Section presents detailed information that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of Colorado PERA.

### Contents

**Financial Trends—**These schedules show trend information about the changes and growth in Colorado PERA's net assets over the past 10 years.

- *Changes in Fiduciary Net Assets*
- *Benefits and Refund Deductions from Net Assets by Type*

**Operating Information—**These schedules contain information related to the services that Colorado PERA provides and the activities it performs.

- *Member and Benefit Recipient Statistics*[1]
- *Schedule of Average Retirement Benefits Payable*[1]
- *Schedule of Retirees and Survivors by Type of Benefit*
- *Current Average Monthly Benefit by Year of Retirement*[1]
- *Schedule of Average Benefit Payments by Division*[1]
- *Schedule of Average Benefit Payments*[1]*—Combined State, School, Local Government, Judicial, and Denver Public Schools Divisions' Trust Funds*
- *Schedule of Contribution Rate History*
- *Principal Participating Employers*
- *Schedule of Affiliated Employers*

Schedules and information are derived from Colorado PERA internal sources unless otherwise noted.
[1]Schedules and data are provided by the consulting actuary, Cavanaugh Macdonald Consulting, LLC.

## Changes in Fiduciary Net Assets

*For the Years Ended December 31*
*(In Thousands of Dollars)*

### State and School Division Trust Fund[1]

| ADDITIONS | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|
| Employer contributions[2] | $314,649 | $315,825 | $387,920 | $452,997 | $491,031 |
| Member contributions[2] | 368,968 | 397,315 | 405,715 | 411,376 | 425,657 |
| Purchased service | 119,719 | 329,572 | 695,516 | 192,033 | 212,971 |
| Investment income (loss) | (2,287,062) | (3,099,924) | 5,203,073 | 3,663,632 | 2,827,871 |
| Other | – | 5 | 3 | 30 | (9) |
| **Total additions** | (1,483,726) | (2,057,207) | 6,692,227 | 4,720,068 | 3,957,521 |
| **DEDUCTIONS** | | | | | |
| Benefit payments | 1,171,996 | 1,307,652 | 1,469,343 | 1,677,417 | 1,872,565 |
| Refunds | 90,898 | 88,793 | 99,039 | 108,136 | 114,968 |
| Disability insurance premiums | 3,228 | 4,070 | 3,592 | 4,186 | 4,038 |
| Administrative expenses | 16,363 | 17,752 | 19,750 | 20,949 | 18,811 |
| Other | 1,409 | 1,649 | 448 | 13,320 | 10,373 |
| **Total deductions** | 1,283,894 | 1,419,916 | 1,592,172 | 1,824,008 | 2,020,755 |
| **Changes in net assets available for benefits** | (2,767,620) | (3,477,123) | 5,100,055 | 2,896,060 | 1,936,766 |
| **Net assets held at beginning of year** | 28,268,524 | 25,500,904 | 22,023,781 | 27,123,836 | 30,019,896 |
| **Net assets held at end of year** | **$25,500,904** | **$22,023,781** | **$27,123,836** | **$30,019,896** | **$31,956,662** |

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

[2] Employer and Member contribution rate history is shown on pages 175–180.

### State Division Trust Fund[1]

| ADDITIONS | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Employer contributions[2] | $208,795 | $232,997 | $270,353 | $297,240 | **$287,624** |
| Member contributions[2] | 169,965 | 179,971 | 191,481 | 194,168 | **223,240** |
| Purchased service | 39,480 | 8,259 | 13,315 | 8,830 | **12,496** |
| Investment income (loss) | 1,921,863 | 1,388,265 | (3,745,843) | 1,742,571 | **1,553,142** |
| Other | 1 | 4 | 7 | 3 | **1** |
| **Total additions** | 2,340,104 | 1,809,496 | (3,270,687) | 2,242,812 | **2,076,503** |
| **DEDUCTIONS** | | | | | |
| Benefit payments | 849,229 | 925,761 | 999,279 | 1,071,725 | **1,122,435** |
| Refunds | 65,911 | 56,578 | 56,716 | 58,416 | **68,844** |
| Disability insurance premiums | 1,772 | 1,833 | 1,794 | 2,004 | **1,661** |
| Administrative expenses | 7,889 | 6,963 | 8,639 | 8,729 | **8,942** |
| Other | 3,103 | 7,592 | 6,613 | (1,519) | **(726)** |
| **Total deductions** | 927,904 | 998,727 | 1,073,041 | 1,139,355 | **1,201,156** |
| **Changes in net assets available for benefits** | 1,412,200 | 810,769 | (4,343,728) | 1,103,457 | **875,347** |
| **Net assets held at beginning of year** | 12,629,060 | 14,041,260 | 14,852,029 | 10,508,301 | **11,611,758** |
| **Net assets held at end of year** | **$14,041,260** | **$14,852,029** | **$10,508,301** | **$11,611,758** | **$12,487,105** |

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

[2] Employer and Member contribution rate history is shown on pages 175–180.

## Changes in Fiduciary Net Assets

*For the Years Ended December 31*
*(In Thousands of Dollars)*

### School Division Trust Fund[1]

| ADDITIONS | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Employer contributions[2] | $336,703 | $375,480 | $430,215 | $480,239 | **$519,044** |
| Member contributions[2] | 272,589 | 289,231 | 304,686 | 314,571 | **316,446** |
| Purchased service | 50,806 | 14,331 | 15,020 | 10,152 | **13,096** |
| Investment income (loss) | 2,954,863 | 2,145,958 | (5,842,787) | 2,741,797 | **2,469,517** |
| Other | 23 | 15 | 19 | 12 | **25** |
| **Total additions** | 3,614,984 | 2,825,015 | (5,092,847) | 3,546,771 | **3,318,128** |
| **DEDUCTIONS** | | | | | |
| Benefit payments | 1,213,875 | 1,329,803 | 1,449,907 | 1,563,315 | **1,642,350** |
| Refunds | 68,493 | 67,710 | 65,659 | 70,910 | **79,012** |
| Disability insurance premiums | 2,829 | 2,983 | 2,886 | 3,186 | **2,802** |
| Administrative expenses | 11,523 | 11,942 | 12,815 | 13,226 | **17,104** |
| Other | 9,909 | 5,348 | 3,272 | 9,121 | **9,396** |
| **Total deductions** | 1,306,629 | 1,417,786 | 1,534,539 | 1,659,758 | **1,750,664** |
| **Changes in net assets available for benefits** | 2,308,355 | 1,407,229 | (6,627,386) | 1,887,013 | **1,567,464** |
| **Net assets held at beginning of year** | 19,327,602 | 21,635,957 | 23,043,186 | 16,415,800 | **18,302,813** |
| **Net assets held at end of year** | **$21,635,957** | **$23,043,186** | **$16,415,800** | **$18,302,813** | **$19,870,277** |

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

[2] Employer and Member contribution rate history is shown on pages 175–180.

## Changes in Fiduciary Net Assets

*For the Years Ended December 31*
*(In Thousands of Dollars)*

### Local Government Division Trust Fund[1]

| ADDITIONS | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|
| Employer contributions[2] | $25,435 | $21,972 | $31,033 | $47,104 | $54,357 |
| Member contributions[2] | 32,451 | 35,202 | 37,584 | 43,496 | 48,404 |
| Purchased service | 6,916 | 30,609 | 68,056 | 18,566 | 92,018 |
| Investment income (loss) | (141,466) | (196,652) | 341,545 | 255,505 | 206,017 |
| Other | – | – | – | – | 2 |
| **Total additions** | (76,664) | (108,869) | 478,218 | 364,671 | 400,798 |
| **DEDUCTIONS** | | | | | |
| Benefit payments | 50,294 | 57,835 | 67,458 | 78,494 | 90,808 |
| Refunds | 10,645 | 10,426 | 10,453 | 13,500 | 15,052 |
| Disability insurance premiums | 283 | 360 | 326 | 432 | 444 |
| Administrative expenses | 1,437 | 1,539 | 1,724 | 1,943 | 1,848 |
| Other | (721) | (125) | 1,965 | 1,832 | 2,885 |
| **Total deductions** | 61,938 | 70,035 | 81,926 | 96,201 | 111,037 |
| **Changes in net assets available for benefits** | (138,602) | (178,904) | 396,292 | 268,470 | 289,761 |
| **Net assets held at beginning of year** | 1,740,454 | 1,601,852 | 1,422,948 | 1,819,240 | 2,087,710 |
| **Net assets held at end of year** | **$1,601,852** | **$1,422,948** | **$1,819,240** | **$2,087,710** | **$2,377,471** |

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.
[2] Employer and Member contribution rate history is shown on pages 175–180.

### Local Government Division Trust Fund[1]

| ADDITIONS | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Employer contributions[2] | $60,664 | $68,711 | $79,457 | $84,456 | **$89,515** |
| Member contributions[2] | 51,047 | 54,880 | 58,508 | 57,598 | **56,728** |
| Purchased service | 14,461 | 2,447 | 3,820 | 4,460 | **3,671** |
| Investment income (loss) | 369,181 | 274,991 | (778,885) | 381,350 | **355,964** |
| Other | 4 | 12 | (2) | 2 | **9** |
| **Total additions** | 495,357 | 401,041 | (637,102) | 527,866 | **505,887** |
| **DEDUCTIONS** | | | | | |
| Benefit payments | 104,156 | 117,350 | 132,696 | 150,036 | **165,770** |
| Refunds | 16,328 | 16,683 | 18,219 | 19,648 | **22,942** |
| Disability insurance premiums | 529 | 561 | 560 | 591 | **496** |
| Administrative expenses | 1,800 | 1,918 | 2,102 | 2,160 | **2,215** |
| Other | (1,056) | 1,326 | 2,014 | 2,737 | **5,235** |
| **Total deductions** | 121,757 | 137,838 | 155,591 | 175,172 | **196,658** |
| **Changes in net assets available for benefits** | 373,600 | 263,203 | (792,693) | 352,694 | **309,229** |
| **Net assets held at beginning of year** | 2,377,471 | 2,751,071 | 3,014,274 | 2,221,581 | **2,574,275** |
| **Net assets held at end of year** | **$2,751,071** | **$3,014,274** | **$2,221,581** | **$2,574,275** | **$2,883,504** |

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.
[2] Employer and Member contribution rate history is shown on pages 175–180.

## Changes in Fiduciary Net Assets

*For the Years Ended December 31*
*(In Thousands of Dollars)*

### Judicial Division Trust Fund

| ADDITIONS | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|
| Employer contributions[1] | $637 | $383 | $1,011 | $2,677 | $3,408 |
| Member contributions[1] | 1,806 | 1,982 | 2,034 | 2,071 | 2,154 |
| Purchased service | 748 | 1,928 | 8,388 | 2,203 | 2,993 |
| Investment income (loss) | (13,089) | (17,521) | 29,825 | 21,789 | 16,953 |
| **Total additions** | (9,898) | (13,228) | 41,258 | 28,740 | 25,508 |
| **DEDUCTIONS** | | | | | |
| Benefit payments | 6,440 | 6,731 | 8,467 | 8,806 | 9,868 |
| Refunds | 282 | 83 | 596 | 98 | 181 |
| Disability insurance premiums | 16 | 20 | 18 | 21 | 20 |
| Administrative expenses | 19 | 20 | 22 | 23 | 20 |
| Other | 281 | (460) | (849) | (103) | (742) |
| **Total deductions** | 7,038 | 6,394 | 8,254 | 8,845 | 9,347 |
| **Changes in net assets available for benefits** | (16,936) | (19,622) | 33,004 | 19,895 | 16,161 |
| **Net assets held at beginning of year** | 162,163 | 145,227 | 125,605 | 158,609 | 178,504 |
| **Net assets held at end of year** | **$145,227** | **$125,605** | **$158,609** | **$178,504** | **$194,665** |

[1] Employer and Member contribution rate history is shown on pages 175–180.

### Judicial Division Trust Fund

| ADDITIONS | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Employer contributions[1] | $3,767 | $4,222 | $5,105 | $5,793 | **$5,654** |
| Member contributions[1] | 2,292 | 2,479 | 2,806 | 3,001 | **3,465** |
| Purchased service | 1,814 | 80 | 392 | (3) | **109** |
| Investment income (loss) | 29,920 | 21,965 | (61,192) | 29,977 | **27,400** |
| **Total additions** | 37,793 | 28,746 | (52,889) | 38,768 | **36,628** |
| **DEDUCTIONS** | | | | | |
| Benefit payments | 10,755 | 12,396 | 13,356 | 15,011 | **15,394** |
| Refunds | – | 4 | – | 30 | **104** |
| Disability insurance premiums | 24 | 25 | 26 | 31 | **26** |
| Administrative expenses | 19 | 19 | 21 | 22 | **61** |
| Other | (3) | (2,908) | (322) | (1,778) | **(2,491)** |
| **Total deductions** | 10,795 | 9,536 | 13,081 | 13,316 | **13,094** |
| **Changes in net assets available for benefits** | 26,998 | 19,210 | (65,970) | 25,452 | **23,534** |
| **Net assets held at beginning of year** | 194,665 | 221,663 | 240,873 | 174,903 | **200,355** |
| **Net assets held at end of year** | **$221,663** | **$240,873** | **$174,903** | **$200,355** | **$223,889** |

[1] Employer and Member contribution rate history is shown on pages 175–180.

## Changes in Fiduciary Net Assets
*For the Years Ended December 31*
*(In Thousands of Dollars)*

### Denver Public Schools Division Trust Fund[1]

| ADDITIONS | 2010 |
|---|---|
| Employer contributions[2] | $6,493 |
| Member contributions[2] | 36,824 |
| Plan transfer | 2,750,566 |
| Purchased service | 2,056 |
| Investment income | 367,145 |
| Other | 5 |
| **Total additions** | 3,163,089 |
| **DEDUCTIONS** | |
| Benefit payments | 215,825 |
| Refunds | 3,029 |
| Disability insurance premiums | 311 |
| Administrative expenses | 2,944 |
| Other | 54 |
| **Total deductions** | 222,163 |
| **Changes in net assets available for benefits** | 2,940,926 |
| **Net assets held at beginning of year** | – |
| **Net assets held at end of year** | $2,940,926 |

[1] The Denver Public Schools Division Trust Fund was established on January 1, 2010, and received the net assets from the Denver Public Schools Retirement System, as required by SB 09-282.
[2] Employer and Member contribution rate history is shown on pages 175–180.

## Changes in Fiduciary Net Assets

*For the Years Ended December 31*
*(In Thousands of Dollars)*

### Voluntary Investment Program

| ADDITIONS | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|
| Employer contributions | $58,037 | $68,209 | $50,144 | $13,494 | $2,484 |
| Member contributions | 165,001 | 179,155 | 189,054 | 179,909 | 182,257 |
| Plan transfer | – | – | – | 79,329 | – |
| Investment income (loss) | (52,070) | (83,012) | 157,589 | 110,598 | 96,423 |
| Other | – | 2,001 | 1,918 | 2,388 | 2,964 |
| **Total additions** | 170,968 | 166,353 | 398,705 | 385,718 | 284,128 |
| **DEDUCTIONS** | | | | | |
| Refunds | 52,909 | 99,838 | 219,157 | 90,618 | 187,557 |
| Administrative expenses | 2,946 | 3,289 | 3,382 | 4,390 | 4,298 |
| Other | (1,835) | (5) | – | – | – |
| **Total deductions** | 54,020 | 103,122 | 222,539 | 95,008 | 191,855 |
| **Changes in net assets available for benefits** | 116,948 | 63,231 | 176,166 | 290,710 | 92,273 |
| **Net assets held at beginning of year** | 557,670 | 674,618 | 737,849 | 914,015 | 1,204,725 |
| **Net assets held at end of year** | **$674,618** | **$737,849** | **$914,015** | **$1,204,725** | **$1,296,998** |

### Voluntary Investment Program

| ADDITIONS | 2006[1] | 2007[1] | 2008[1] | 2009 | 2010 |
|---|---|---|---|---|---|
| Employer contributions | $2,724 | $3,252 | $3,866 | $3,383 | **$3,827** |
| Member contributions | 165,641 | 171,630 | 157,937 | 134,645 | **132,674** |
| Plan transfer | – | – | – | 18,358 | **–** |
| Investment income (loss) | 166,668 | 125,576 | (500,862) | 291,029 | **194,500** |
| Other | 3,396 | 6,317 | 4,472 | 3,654 | **3,697** |
| **Total additions** | 338,429 | 306,775 | (334,587) | 451,069 | **334,698** |
| **DEDUCTIONS** | | | | | |
| Refunds | 108,477 | 92,607 | 87,571 | 75,351 | **102,056** |
| Administrative expenses | 4,706 | 5,482 | 4,965 | 4,664 | **5,178** |
| **Total deductions** | 113,183 | 98,089 | 92,536 | 80,015 | **107,234** |
| **Changes in net assets available for benefits** | 225,246 | 208,686 | (427,123) | 371,054 | **227,464** |
| **Net assets held at beginning of year** | 1,296,998 | 1,522,244 | 1,730,930 | 1,303,807 | **1,674,861** |
| **Net assets held at end of year** | **$1,522,244** | **$1,730,930** | **$1,303,807** | **$1,674,861** | **$1,902,325** |

[1] To improve trend analysis, the year has been restated to remove the Defined Contribution Retirement Plan which was reported as a component of the Voluntary Investment Program. For the years 2006–2008, the Defined Contribution Plan was a component Plan in the Voluntary Investment Program Trust. In 2009, the Defined Contribution Retirement Plan became a separate trust.

## Changes in Fiduciary Net Assets

*For the Years Ended December 31*
*(In Thousands of Dollars)*

### Defined Contribution Retirement Plan

| ADDITIONS | 2006[1] | 2007[1] | 2008[1] | 2009 | 2010 |
|---|---|---|---|---|---|
| Employer contributions | $329 | $1,104 | $1,946 | $5,899 | **$6,428** |
| Member contributions | 260 | 880 | 1,564 | 4,652 | **6,896** |
| Plan transfer | – | – | – | 18,374 | **11** |
| Investment income (loss) | 14 | 69 | (841) | 5,060 | **5,519** |
| Other | – | 49 | 3 | 14 | **35** |
| **Total additions** | 603 | 2,102 | 2,672 | 33,999 | **18,889** |
| **DEDUCTIONS** | | | | | |
| Refunds | 8 | 148 | 215 | 1,377 | **2,886** |
| Administrative expenses | – | 2 | 8 | 143 | **94** |
| **Total deductions** | 8 | 150 | 223 | 1,520 | **2,980** |
| **Changes in net assets available for benefits** | 595 | 1,952 | 2,449 | 32,479 | **15,909** |
| **Net assets held at beginning of year** | – | 595 | 2,547 | 4,996 | **37,475** |
| **Net assets held at end of year** | **$595** | **$2,547** | **$4,996** | **$37,475** | **$53,384** |

[1] To improve trend analysis, the year has been restated to report changes in fiduciary net assets which were included in the Voluntary Investment Program. For the years 2006–2008, the Defined Contributon Retirement Plan was a component Plan in the Voluntary Investment Program Trust. In 2009, the Defined Contribution Retirement Plan became a separate trust.

### Deferred Compensation Plan[1]

| ADDITIONS | 2009 | 2010 |
|---|---|---|
| Employer contributions | $12 | **$12** |
| Member contributions | 23,875 | **44,203** |
| Plan transfer | 336,504 | **24** |
| Investment income | 40,443 | **42,232** |
| Other | 1,820 | **917** |
| **Total additions** | 402,654 | **87,388** |
| **DEDUCTIONS** | | |
| Refunds | 8,745 | **20,869** |
| Administrative expenses | 507 | **822** |
| Other | 50 | **168** |
| **Total deductions** | 9,302 | **21,859** |
| **Changes in net assets available for benefits** | 393,352 | **65,529** |
| **Net assets held at beginning of year** | – | **393,352** |
| **Net assets held at end of year** | **$393,352** | **$458,881** |

[1] On July 1, 2009, the State's 457 Plan assets transferred to Colorado PERA, which became the administrator of that plan under the provisions of SB 09-66.

## Changes in Fiduciary Net Assets

*For the Years Ended December 31*
*(In Thousands of Dollars)*

### Health Care Trust Fund

| ADDITIONS | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|
| Employer contributions[1] | $74,324 | $92,562 | $64,443 | $60,465 | $61,193 |
| Retiree health care premiums | 43,960 | 48,825 | 55,668 | 59,453 | 62,872 |
| Investment income (loss) | (10,818) | (17,742) | 33,445 | 23,117 | 17,665 |
| Other | – | 1,055 | 2,118 | 16,116 | 13,609 |
| **Total additions** | 107,466 | 124,700 | 155,674 | 159,151 | 155,339 |
| **DEDUCTIONS** | | | | | |
| Benefit payments | 103,472 | 113,898 | 120,814 | 130,917 | 135,550 |
| Administrative expenses | 679 | 5,409 | 6,157 | 6,634 | 8,216 |
| Other | (368) | – | – | – | – |
| **Total deductions** | 103,783 | 119,307 | 126,971 | 137,551 | 143,766 |
| **Changes in net assets available for benefits** | 3,683 | 5,393 | 28,703 | 21,600 | 11,573 |
| **Net assets held at beginning of year** | 122,180 | 125,863 | 131,256 | 159,959 | 181,559 |
| **Net assets held at end of year** | **$125,863** | **$131,256** | **$159,959** | **$181,559** | **$193,132** |

[1] Employer and Member contribution rate history is shown on pages 175–180.

### Health Care Trust Fund

| ADDITIONS | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Employer contributions[1] | $64,547 | $68,508 | $72,599 | $74,073 | **$74,047** |
| Retiree health care premiums | 85,673 | 96,345 | 102,644 | 106,903 | **110,158** |
| Federal health care subsidies | 12,481 | 12,397 | 13,743 | 13,633 | **25,751** |
| Investment income (loss) | 30,920 | 23,868 | (72,423) | 35,483 | **34,676** |
| Other | 12,997 | 12,454 | 12,803 | 12,721 | **16,035** |
| **Total additions** | 206,618 | 213,572 | 129,366 | 242,813 | **260,667** |
| **DEDUCTIONS** | | | | | |
| Benefit payments | 164,755 | 159,939 | 196,769 | 192,656 | **192,044** |
| Administrative expenses | 8,145 | 11,051 | 11,838 | 12,170 | **11,131** |
| **Total deductions** | 172,900 | 170,990 | 208,607 | 204,826 | **203,175** |
| **Changes in net assets available for benefits** | 33,718 | 42,582 | (79,241) | 37,987 | **57,492** |
| **Net assets held at beginning of year** | 193,132 | 226,850 | 269,432 | 190,191 | **228,178** |
| **Net assets held at end of year** | **$226,850** | **$269,432** | **$190,191** | **$228,178** | **$285,670** |

[1] Employer and Member contribution rate history is shown on pages 175–180.

## Changes in Fiduciary Net Assets

*For the Years Ended December 31*
*(In Thousands of Dollars)*

### Denver Public Schools Health Care Trust Fund[1]

| ADDITIONS | 2010 |
|---|---|
| Employer contributions[2] | $4,762 |
| Plan transfer | 13,510 |
| Retiree health care premium | 4,747 |
| Federal health care subsidies | 1,252 |
| Investment income | 1,992 |
| Other | 109 |
| **Total additions** | **26,372** |
| **DEDUCTIONS** | |
| Benefit payments | 11,012 |
| Administrative expenses | 569 |
| **Total deductions** | **11,581** |
| **Changes in net assets available for benefits** | **14,791** |
| **Net assets held at beginning of year** | **–** |
| **Net assets held at end of year** | **$14,791** |

[1] The Denver Public Schools Division Health Care Trust Fund was established on January 1, 2010, and received the balance of the Denver Public Schools Retiree Health Benefit Trust, as required by SB 09-282.

[2] Employer contribution rate history is shown on page 179.

## Changes in Fiduciary Net Assets

*For the Years Ended December 31*
*(In Thousands of Dollars)*

### Life Insurance Reserve

| ADDITIONS | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|
| Life insurance premiums | $– | $– | $– | $– | $7,351 |
| Investment income (loss) | (1,659) | (1,676) | 2,991 | 1,932 | 1,652 |
| **Total additions** | (1,659) | (1,676) | 2,991 | 1,932 | 9,003 |
| DEDUCTIONS | | | | | |
| Life insurance premiums and claims | 793 | 2,726 | 1,899 | 1,610 | 5,571 |
| Administrative expenses | 726 | 590 | 271 | (456) | 2,486 |
| **Total deductions** | 1,519 | 3,316 | 2,170 | 1,154 | 8,057 |
| **Changes in net assets available for benefits** | (3,178) | (4,992) | 821 | 778 | 946 |
| **Net assets held at beginning of year** | 20,325 | 17,147 | 12,155 | 12,976 | 13,754 |
| **Net assets held at end of year** | **$17,147** | **$12,155** | **$12,976** | **$13,754** | **$14,700** |

### Life Insurance Reserve

| ADDITIONS | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Life insurance premiums | $8,950 | $9,075 | $1,772 | $– | **$–** |
| Investment income (loss) | 2,625 | 2,851 | (4,693) | 2,496 | **2,280** |
| **Total additions** | 11,575 | 11,926 | (2,921) | 2,496 | **2,280** |
| DEDUCTIONS | | | | | |
| Life insurance premiums and claims | 8,653 | 7,961 | 2,820 | 575 | **545** |
| Administrative expenses | 1,100 | 1,732 | 486 | 576 | **575** |
| **Total deductions** | 9,753 | 9,693 | 3,306 | 1,151 | **1,120** |
| **Changes in net assets available for benefits** | 1,822 | 2,233 | (6,227) | 1,345 | **1,160** |
| **Net assets held at beginning of year** | 14,700 | 16,522 | 18,755 | 12,528 | **13,873** |
| **Net assets held at end of year** | **$16,522** | **$18,755** | **$12,528** | **$13,873** | **$15,033** |

## Benefits and Refund Deductions from Net Assets by Type

*For the Years Ended December 31*
*(In Thousands of Dollars)*

### State and School Division Trust Fund[1]

| TYPE OF BENEFIT | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|
| Age and service benefits: | | | | | |
| Retirees | $1,043,863 | $1,175,082 | $1,331,960 | $1,535,496 | $1,726,569 |
| Disability | 109,197 | 112,701 | 116,770 | 120,252 | 123,808 |
| Survivors | 18,936 | 19,869 | 20,613 | 21,669 | 22,188 |
| **Total benefits** | **$1,171,996** | **$1,307,652** | **$1,469,343** | **$1,677,417** | **$1,872,565** |
| TYPE OF REFUND | | | | | |
| Separation | $84,842 | $83,457 | $91,232 | $100,608 | $109,588 |
| Death | 6,056 | 5,336 | 7,807 | 7,528 | 5,380 |
| **Total refunds** | **$90,898** | **$88,793** | **$99,039** | **$108,136** | **$114,968** |

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

### State Division Trust Fund[1]

| TYPE OF BENEFIT | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Age and service benefits: | | | | | |
| Retirees | $764,672 | $838,033 | $910,475 | $979,419 | **$1,031,628** |
| Disability | 72,548 | 75,212 | 76,056 | 78,799 | **77,830** |
| Survivors | 12,009 | 12,516 | 12,748 | 13,507 | **12,977** |
| **Total benefits** | **$849,229** | **$925,761** | **$999,279** | **$1,071,725** | **$1,122,435** |
| TYPE OF REFUND | | | | | |
| Separation | $61,073 | $53,220 | $51,047 | $53,668 | **59,330** |
| Death | 3,966 | 2,825 | 5,014 | 3,760 | **9,047** |
| Purchased service | 872 | 533 | 655 | 988 | **467** |
| **Total refunds** | **$65,911** | **$56,578** | **$56,716** | **$58,416** | **$68,844** |

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

### School Division Trust Fund[1]

| TYPE OF BENEFIT | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Age and service benefits: | | | | | |
| Retirees | $1,147,787 | $1,261,407 | $1,378,531 | $1,490,293 | **$1,568,637** |
| Disability | 54,971 | 57,054 | 59,019 | 60,532 | **60,920** |
| Survivors | 11,117 | 11,342 | 12,357 | 12,490 | **12,793** |
| **Total benefits** | **$1,213,875** | **$1,329,803** | **$1,449,907** | **$1,563,315** | **$1,642,350** |
| TYPE OF REFUND | | | | | |
| Separation | $64,239 | $62,784 | $61,259 | $67,330 | **$74,423** |
| Death | 3,198 | 4,455 | 3,530 | 2,725 | **4,206** |
| Purchased service | 1,056 | 471 | 870 | 855 | **383** |
| **Total refunds** | **$68,493** | **$67,710** | **$65,659** | **$70,910** | **$79,012** |

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

## Benefits and Refund Deductions from Net Assets by Type

*For the Years Ended December 31*
*(In Thousands of Dollars)*

### Local Government Division Trust Fund[1]

| TYPE OF BENEFIT | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|
| Age and service benefits: | | | | | |
| Retirees | $38,097 | $44,916 | $54,380 | $65,063 | $76,586 |
| Disability | 10,739 | 11,254 | 11,616 | 11,957 | 12,692 |
| Survivors | 1,458 | 1,665 | 1,462 | 1,474 | 1,530 |
| **Total benefits** | **$50,294** | **$57,835** | **$67,458** | **$78,494** | **$90,808** |
| **TYPE OF REFUND** | | | | | |
| Separation | $10,379 | $10,145 | $10,171 | $12,610 | $14,137 |
| Death | 266 | 281 | 282 | 890 | 915 |
| **Total refunds** | **$10,645** | **$10,426** | **$10,453** | **$13,500** | **$15,052** |

### Local Government Division Trust Fund[1]

| TYPE OF BENEFIT | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Age and service benefits: | | | | | |
| Retirees | $89,226 | $102,239 | $116,951 | $133,732 | **$149,260** |
| Disability | 13,107 | 13,376 | 13,900 | 14,407 | **14,572** |
| Survivors | 1,823 | 1,735 | 1,845 | 1,897 | **1,938** |
| **Total benefits** | **$104,156** | **$117,350** | **$132,696** | **$150,036** | **$165,770** |
| **TYPE OF REFUND** | | | | | |
| Separation | $15,405 | $15,835 | $16,742 | $18,703 | **$21,999** |
| Death | 677 | 647 | 1,399 | 574 | **750** |
| Purchased service | 246 | 201 | 78 | 371 | **193** |
| **Total refunds** | **$16,328** | **$16,683** | **$18,219** | **$19,648** | **$22,942** |

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

## Benefits and Refund Deductions from Net Assets by Type

*For the Years Ended December 31*
*(In Thousands of Dollars)*

### Judicial Division Trust Fund

| TYPE OF BENEFIT | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|
| Age and service benefits: | | | | | |
| Retirees | $5,350 | $5,725 | $7,500 | $7,795 | $8,832 |
| Disability | 776 | 681 | 651 | 682 | 695 |
| Survivors | 314 | 325 | 316 | 329 | 341 |
| Total benefits | **$6,440** | **$6,731** | **$8,467** | **$8,806** | **$9,868** |
| **TYPE OF REFUND** | | | | | |
| Separation | $282 | $83 | $596 | $98 | $181 |
| **Total refunds** | **$282** | **$83** | **$596** | **$98** | **$181** |

### Judicial Division Trust Fund

| TYPE OF BENEFIT | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Age and service benefits: | | | | | |
| Retirees | $9,708 | $11,292 | $12,113 | $13,734 | **$14,126** |
| Disability | 696 | 746 | 850 | 913 | **917** |
| Survivors | 351 | 358 | 393 | 364 | **351** |
| **Total benefits** | **$10,755** | **$12,396** | **$13,356** | **$15,011** | **$15,394** |
| **TYPE OF REFUND** | | | | | |
| Separation | $– | $– | $– | $30 | **$104** |
| Purchased service | – | 4 | – | – | **–** |
| **Total refunds** | **$–** | **$4** | **$–** | **$30** | **$104** |

### Denver Public Schools Trust Fund[1]

| TYPE OF BENEFIT | 2010 |
|---|---|
| Age and service benefits: | |
| Retirees | **$207,398** |
| Disability | **6,886** |
| Survivors | **1,541** |
| **Total benefits** | **$215,825** |
| **TYPE OF REFUND** | |
| Separation | **$2,947** |
| Death | **82** |
| **Total refunds** | **$3,029** |

[1] The Denver Public Schools Division Trust Fund was established on January 1, 2010, and received the net assets from the Denver Public Schools Retirement System, as required by SB 09-282.

## Member and Benefit Recipient Statistics[1]

*(In Actual Dollars)*

| ACTIVE MEMBERS | STATE DIVISION | SCHOOL DIVISION | LOCAL GOVERNMENT DIVISION | JUDICIAL DIVISION | DENVER PUBLIC SCHOOLS DIVISION | TOTAL |
|---|---|---|---|---|---|---|
| Active members as of December 31, 2010 | **54,977** | **116,486** | **16,144** | **317** | **13,171** | **201,095** |
| **RETIREMENTS DURING 2010** | | | | | | |
| Disability retirements | 68 | 74 | 15 | – | 1 | 158 |
| Service retirements | 1,593 | 2,851 | 440 | 10 | 172 | 5,066 |
| **Total** | **1,661** | **2,925** | **455** | **10** | **173** | **5,224** |
| **RETIREMENT BENEFITS** | | | | | | |
| Total receiving disability and service retirement benefits on December 31, 2009 | 30,457 | 46,464 | 4,517 | 279 | 6,218 | 87,935 |
| Total retiring during 2010 | 1,661 | 2,925 | 455 | 10 | 173 | 5,224 |
| Cobeneficiaries continuing after retiree's death | 207 | 193 | 26 | – | 58 | 484 |
| Returning to retirement rolls from suspension | 26 | 46 | – | – | – | 72 |
| Total | **32,351** | **49,628** | **4,998** | **289** | **6,449** | **93,715** |
| Retirees and cobeneficiaries deceased during year | 869 | 891 | 102 | 8 | 391 | 2,261 |
| Retirees suspending benefits to return to work | 12 | 30 | – | – | – | 42 |
| **Total receiving retirement benefits** | **31,470** | **48,707** | **4,896** | **281** | **6,058** | **91,412** |
| Annual retirement benefits for retirees as of December 31, 2010 | $1,125,263,556 | $1,662,565,992 | $168,773,328 | $15,567,216 | $214,221,156 | $3,186,391,248 |
| Average monthly benefit on December 31, 2010 | $2,980 | $2,845 | $2,873 | $4,617 | $2,947 | $2,905 |
| Average monthly benefit for all members who retired during 2010 | $3,119 | $2,668 | $3,313 | $7,307 | $2,849 | $2,882 |
| **SURVIVOR BENEFITS** | | | | | | |
| Survivor benefit accounts | | | | | | |
| Total survivor being paid on December 31, 2010 | 897 | 1,037 | 156 | 12 | 141 | 2,243 |
| Annual benefits payable for survivors as of December 31, 2010 | $17,471,676 | $15,384,936 | $2,822,856 | $368,424 | $2,665,344 | $38,713,236 |
| **FUTURE BENEFITS** | | | | | | |
| Future retirements to age 60 or 65 | 4,587 | 10,523 | 1,348 | 7 | 542 | 17,007 |
| Total annual future benefits | $44,192,574 | $68,719,926 | $15,218,358 | $156,441 | $5,194,921 | $133,482,220 |
| Future survivor beneficiaries of inactive members | 133 | 189 | 23 | 1 | 16 | 362 |
| Total annual future benefits | $1,691,016 | $1,930,020 | $333,540 | $25,488 | $161,088 | $4,141,152 |

[1] In addition, as of December 31, 2010, there was a total of 160,162 non-vested terminated members as follows: State Division–55,911; School Division–85,528; Local Government Division–16,865; Judicial Division–5; and Denver Public Schools Division–1,853.

## Schedule of Average Retirement Benefits Payable[1]

*(In Actual Dollars)*

| YEAR ENDED | AVERAGE MONTHLY BENEFIT | AVERAGE AGE AT RETIREMENT | AVERAGE CURRENT AGE OF RETIREES | AVERAGE YEARS OF SERVICE AT RETIREMENT |
|---|---|---|---|---|
| 12/31/01 | $1,876 | 58.6 | 69.1 | 21.2 |
| 12/31/02 | 1,997 | 58.5 | 68.0 | 21.6 |
| 12/31/03 | 2,140 | 58.2 | 68.4 | 22.0 |
| 12/31/04 | 2,288 | 57.9 | 68.7 | 22.4 |
| 12/31/05 | 2,447 | 58.0 | 68.7 | 23.0 |
| 12/31/06 | 2,538 | 58.1 | 68.8 | 22.9 |
| 12/31/07 | 2,658 | 58.0 | 68.9 | 23.1 |
| 12/31/08 | 2,772 | 58.0 | 69.0 | 23.2 |
| 12/31/09 | 2,885 | 58.0 | 69.3 | 23.3 |
| **12/31/10** | **2,905** | **58.1** | **69.7** | **23.6** |

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

## Schedule of Retirees and Survivors by Type of Benefit

*As of December 31, 2010*

**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 Division

TYPE OF BENEFIT

| AMOUNT OF BENEFIT (IN ACTUAL DOLLARS) | TOTAL (COLUMNS 1–5) | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|---|
| $1–$1,000 | 4,565 | 3,763 | 402 | 26 | 298 | 76 | 3,422 |
| $1,001–$2,000 | 7,245 | 5,046 | 1,824 | 37 | 290 | 48 | 875 |
| $2,001–$3,000 | 7,088 | 5,895 | 1,055 | 22 | 112 | 4 | 198 |
| $3,001–$4,000 | 5,343 | 5,081 | 191 | 24 | 43 | 4 | 60 |
| $4,001–$5,000 | 3,727 | 3,659 | 41 | 17 | 10 | 0 | 19 |
| $5,001+ | 4,532 | 4,499 | 14 | 15 | 3 | 1 | 13 |
| **Totals** | **32,500** | **27,943** | **3,527** | **141** | **756** | **133** | **4,587** |

OPTION SELECTED

| AMOUNT OF BENEFIT (IN ACTUAL DOLLARS) | 1 | 2 | 3 | 4 | SURVIVING COBENEFICIARY | SURVIVING RETIREE |
|---|---|---|---|---|---|---|
| $1-$1,000 | 2,500 | 266 | 549 | 11 | 740 | 99 |
| $1,001-$2,000 | 3,781 | 745 | 1,180 | 16 | 979 | 169 |
| $2,001-$3,000 | 3,632 | 1,089 | 1,451 | 22 | 636 | 120 |
| $3,001-$4,000 | 2,572 | 1,055 | 1,281 | 10 | 293 | 61 |
| $4,001-$5,000 | 1,731 | 774 | 981 | 11 | 169 | 34 |
| $5,001+ | 2,002 | 1,070 | 1,281 | 7 | 127 | 26 |
| **Totals** | **16,218** | **4,999** | **6,723** | **77** | **2,944** | **509** |

## Schedule of Retirees and Survivors by Type of Benefit

*As of December 31, 2010*

**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.

### School Division

| | | TYPE OF BENEFIT | | | | | |
|---|---|---|---|---|---|---|---|
| AMOUNT OF BENEFIT (IN ACTUAL DOLLARS) | TOTAL (COLUMNS 1–5) | 1 | 2 | 3 | 4 | 5 | 6 |
| $1–$1,000 | 10,498 | 8,898 | 907 | 45 | 514 | 134 | 9,276 |
| $1,001–$2,000 | 8,751 | 7,275 | 1,161 | 21 | 255 | 39 | 1,023 |
| $2,001–$3,000 | 8,629 | 7,872 | 623 | 19 | 105 | 10 | 170 |
| $3,001–$4,000 | 8,108 | 7,800 | 253 | 17 | 32 | 6 | 38 |
| $4,001–$5,000 | 7,712 | 7,614 | 78 | 11 | 9 | – | 8 |
| $5,001+ | 6,235 | 6,213 | 13 | 6 | 3 | – | 8 |
| Totals | **49,933** | **45,672** | **3,035** | **119** | **918** | **189** | **10,523** |

| | | | OPTION SELECTED | | | |
|---|---|---|---|---|---|---|
| AMOUNT OF BENEFIT (IN ACTUAL DOLLARS) | 1 | 2 | 3 | 4 | SURVIVING COBENEFICIARY | SURVIVING RETIREE |
| $1–$1,000 | 6,716 | 692 | 1,293 | 13 | 940 | 151 |
| $1,001–$2,000 | 5,105 | 1,137 | 1,278 | 27 | 725 | 164 |
| $2,001–$3,000 | 5,050 | 1,507 | 1,348 | 16 | 465 | 109 |
| $3,001–$4,000 | 4,655 | 1,690 | 1,409 | 17 | 228 | 54 |
| $4,001–$5,000 | 4,437 | 1,755 | 1,331 | 14 | 128 | 27 |
| $5,001+ | 3,979 | 1,344 | 816 | 10 | 72 | 5 |
| Totals | **29,942** | **8,125** | **7,475** | **97** | **2,558** | **510** |

## Schedule of Retirees and Survivors by Type of Benefit

*As of December 31, 2010*

**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.

### Local Government Division

TYPE OF BENEFIT

| AMOUNT OF BENEFIT (IN ACTUAL DOLLARS) | TOTAL (COLUMNS 1–5) | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|---|
| $1–$1,000 | 865 | 717 | 80 | 3 | 54 | 11 | 942 |
| $1,001–$2,000 | 1,262 | 815 | 379 | 7 | 52 | 9 | 272 |
| $2,001–$3,000 | 996 | 777 | 189 | 10 | 18 | 2 | 89 |
| $3,001–$4,000 | 735 | 698 | 31 | 4 | 2 | – | 33 |
| $4,001–$5,000 | 522 | 514 | 5 | 2 | – | 1 | 7 |
| $5,001+ | 695 | 689 | 2 | 3 | 1 | – | 5 |
| Totals | 5,075 | 4,210 | 686 | 29 | 127 | 23 | 1,348 |

OPTION SELECTED

| AMOUNT OF BENEFIT (IN ACTUAL DOLLARS) | 1 | 2 | 3 | 4 | SURVIVING COBENEFICIARY | SURVIVING RETIREE |
|---|---|---|---|---|---|---|
| $1–$1,000 | 469 | 59 | 117 | 1 | 136 | 15 |
| $1,001–$2,000 | 605 | 161 | 264 | 6 | 150 | 8 |
| $2,001–$3,000 | 500 | 158 | 210 | 3 | 76 | 19 |
| $3,001–$4,000 | 334 | 166 | 199 | – | 25 | 5 |
| $4,001–$5,000 | 238 | 117 | 148 | – | 16 | – |
| $5,001+ | 276 | 169 | 232 | – | 13 | 1 |
| Totals | 2,422 | 830 | 1,170 | 10 | 416 | 48 |

## Schedule of Retirees and Survivors by Type of Benefit

*As of December 31, 2010*

**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

| | | TYPE OF BENEFIT | | | | | |
|---|---|---|---|---|---|---|---|
| AMOUNT OF BENEFIT (IN ACTUAL DOLLARS) | TOTAL (COLUMNS 1–5) | 1 | 2 | 3 | 4 | 5 | 6 |
| $1–$1,000 | 16 | 15 | 1 | – | – | – | 2 |
| $1,001–$2,000 | 34 | 27 | 3 | – | 4 | – | 3 |
| $2,001–$3,000 | 31 | 24 | 2 | – | 4 | 1 | – |
| $3,001–$4,000 | 40 | 34 | 4 | – | 2 | – | 2 |
| $4,001–$5,000 | 49 | 40 | 7 | 1 | 1 | – | – |
| $5,001+ | 124 | 121 | 3 | – | – | – | – |
| **Totals** | **294** | **261** | **20** | **1** | **11** | **1** | **7** |

| | OPTION SELECTED | | | | | |
|---|---|---|---|---|---|---|
| AMOUNT OF BENEFIT (IN ACTUAL DOLLARS) | 1 | 2 | 3 | 4 | SURVIVING COBENEFICIARY | SURVIVING RETIREE |
| $1–$1,000 | 5 | 1 | 1 | – | 9 | – |
| $1,001–$2,000 | 9 | 4 | 6 | – | 11 | – |
| $2,001–$3,000 | 5 | 3 | 10 | – | 8 | – |
| $3,001–$4,000 | 10 | 4 | 11 | 1 | 11 | 1 |
| $4,001–$5,000 | 6 | 10 | 21 | 2 | 8 | – |
| $5,001+ | 42 | 29 | 46 | – | 7 | – |
| **Totals** | **77** | **51** | **95** | **3** | **54** | **1** |

## Schedule of Retirees and Survivors by Type of Benefit

*As of December 31, 2010*

**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.

### Denver Public Schools Division

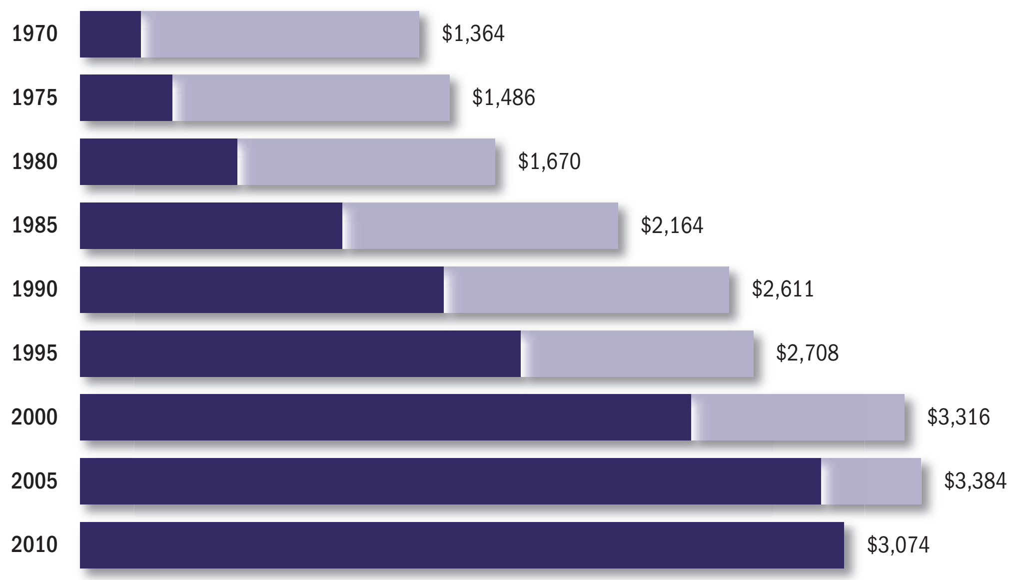
| | | TYPE OF BENEFIT | | | | | |
|---|---|---|---|---|---|---|---|
| AMOUNT OF BENEFIT (IN ACTUAL DOLLARS) | TOTAL (COLUMNS 1–5) | 1 | 2 | 3 | 4 | 5 | 6 |
| $1–$1,000 | 735 | 546 | 120 | – | 56 | 13 | 409 |
| $1,001–$2,000 | 1,212 | 1,036 | 127 | 8 | 38 | 3 | 120 |
| $2,001–$3,000 | 1,288 | 1,196 | 68 | 13 | 11 | – | 11 |
| $3,001–$4,000 | 1,451 | 1,411 | 29 | 7 | 4 | – | 2 |
| $4,001–$5,000 | 1,074 | 1,067 | 4 | 1 | 2 | – | – |
| $5,001+ | 455 | 451 | 3 | 1 | – | – | – |
| **Totals** | **6,215** | **5,707** | **351** | **30** | **111** | **16** | **542** |

| | OPTION SELECTED[1] | | | | | | |
|---|---|---|---|---|---|---|---|
| AMOUNT OF BENEFIT (IN ACTUAL DOLLARS) | 1 | 2 | 3 | 4 | SURVIVING COBENEFICIARY | SURVIVING RETIREE | COBENEFICIARIES BOTH DECEASED |
| $1–$1,000 | 379 | 33 | 147 | – | 87 | 20 | – |
| $1,001–$2,000 | 613 | 86 | 278 | – | 140 | 41 | 5 |
| $2,001–$3,000 | 601 | 104 | 391 | – | 116 | 51 | 1 |
| $3,001–$4,000 | 637 | 105 | 512 | – | 123 | 61 | 2 |
| $4,001–$5,000 | 454 | 96 | 422 | – | 53 | 43 | 3 |
| $5,001+ | 194 | 40 | 182 | – | 27 | 11 | – |
| **Totals** | **2,878** | **464** | **1,932** | **–** | **546** | **227** | **11** |

[1] Below are the equivalent DPS benefit structure options:
PERA Option 1 = Options A, B, and D (D is discontinued)
PERA Option 2 = Options P2 and E (E is discontinued)
PERA Option 3 = Options P3 and C (C is discontinued)

## Current Average Monthly Benefit by Year of Retirement

*Service Retiree Accounts as of December 31, 2010*
*(In Actual Dollars)*




| | 1970 | 1975 | 1980 | 1985 | 1990 | 1995 | 2000 | 2005 | 2010 |
|---|---|---|---|---|---|---|---|---|---|
| **ORIGINAL BENEFIT AT RETIREMENT** | $244 | $371 | $633 | $1,055 | $1,463 | $1,773 | $2,457 | $2,980 | **$3,074** |
| **BENEFIT INCREASES** | $1,120 | $1,115 | $1,037 | $1,109 | $1,148 | $935 | $859 | $404 | $– |

## Schedule of Average Benefit Payments by Division

*(In Actual Dollars)*

### State Division[1]

| YEAR RETIRED | 0–10 | 10–15 | 15–20 | 20–25 | 25–30 | 30+ |
|---|---|---|---|---|---|---|
| | | | YEARS OF SERVICE CREDIT | | | |
| **Period 1/1/10 to 12/31/10** | | | | | | |
| Average monthly benefit | **$559** | **$1,089** | **$2,200** | **$2,816** | **$4,011** | **$5,156** |
| Average highest average salary | **$3,105** | **$3,504** | **$4,923** | **$5,102** | **$5,983** | **$6,394** |
| Number of service retirees | **205** | **127** | **164** | **305** | **430** | **362** |
| **Period 1/1/09 to 12/31/09** | | | | | | |
| Average monthly benefit | $474 | $1,160 | $1,952 | $2,848 | $3,974 | $5,087 |
| Average highest average salary | $2,794 | $3,750 | $4,397 | $5,159 | $5,790 | $6,426 |
| Number of service retirees | 156 | 129 | 143 | 241 | 406 | 361 |
| **Period 1/1/08 to 12/31/08** | | | | | | |
| Average monthly benefit | $461 | $1,049 | $1,774 | $2,437 | $3,499 | $4,672 |
| Average highest average salary | $2,691 | $3,608 | $4,319 | $4,716 | $5,428 | $6,031 |
| Number of service retirees | 137 | 122 | 106 | 276 | 294 | 530 |
| **Period 1/1/07 to 12/31/07** | | | | | | |
| Average monthly benefit | $482 | $978 | $1,576 | $2,415 | $3,267 | $4,469 |
| Average highest average salary | $2,924 | $3,477 | $3,848 | $4,631 | $5,088 | $5,748 |
| Number of service retirees | 147 | 105 | 100 | 272 | 321 | 583 |
| **Period 1/1/06 to 12/31/06** | | | | | | |
| Average monthly benefit | $442 | $889 | $1,568 | $2,235 | $3,224 | $4,391 |
| Average highest average salary | $2,748 | $3,097 | $3,927 | $4,319 | $5,150 | $5,694 |
| Number of service retirees | 147 | 82 | 86 | 266 | 327 | 658 |

[1] Information not available for years prior to 2006.

### School Division[1]

| YEAR RETIRED | 0–10 | 10–15 | 15–20 | 20–25 | 25–30 | 30+ |
|---|---|---|---|---|---|---|
| | | | YEARS OF SERVICE CREDIT | | | |
| **Period 1/1/10 to 12/31/10** | | | | | | |
| Average monthly benefit | **$424** | **$780** | **$1,543** | **$2,393** | **$3,603** | **$4,602** |
| Average highest average salary | **$2,512** | **$2,500** | **$3,336** | **$4,243** | **$5,207** | **$5,722** |
| Number of service retirees | **353** | **252** | **305** | **585** | **755** | **601** |
| **Period 1/1/09 to 12/31/09** | | | | | | |
| Average monthly benefit | $410 | $825 | $1,671 | $2,384 | $3,508 | $4,515 |
| Average highest average salary | $2,269 | $2,663 | $3,512 | $4,246 | $5,047 | $5,632 |
| Number of service retirees | 301 | 191 | 232 | 459 | 618 | 495 |
| **Period 1/1/08 to 12/31/08** | | | | | | |
| Average monthly benefit | $382 | $706 | $1,238 | $2,183 | $2,994 | $4,313 |
| Average highest average salary | $2,427 | $2,534 | $2,948 | $4,125 | $4,567 | $5,554 |
| Number of service retirees | 240 | 197 | 156 | 523 | 553 | 847 |
| **Period 1/1/07 to 12/31/07** | | | | | | |
| Average monthly benefit | $339 | $729 | $1,143 | $2,046 | $2,980 | $4,198 |
| Average highest average salary | $2,190 | $2,593 | $2,789 | $3,871 | $4,553 | $5,409 |
| Number of service retirees | 240 | 170 | 156 | 499 | 567 | 961 |
| **Period 1/1/06 to 12/31/06** | | | | | | |
| Average monthly benefit | $353 | $561 | $1,131 | $1,892 | $2,924 | $4,120 |
| Average highest average salary | $2,169 | $1,948 | $2,765 | $2,561 | $4,488 | $5,382 |
| Number of service retirees | 207 | 167 | 151 | 510 | 531 | 1,024 |

[1] Information not available for years prior to 2006.

## Schedule of Average Benefit Payments by Division

*(In Actual Dollars)*

### Local Government Division[1]

| YEAR RETIRED | YEARS OF SERVICE CREDIT 0–10 | 10–15 | 15–20 | 20–25 | 25–30 | 30+ |
|---|---|---|---|---|---|---|
| **Period 1/1/10 to 12/31/10** | | | | | | |
| Average monthly benefit | **$677** | **$1,053** | **$1,955** | **$2,776** | **$4,540** | **$5,024** |
| Average highest average salary | **$4,102** | **$3,516** | **$4,482** | **$5,184** | **$6,476** | **$6,414** |
| Number of service retirees | **54** | **32** | **41** | **73** | **116** | **124** |
| **Period 1/1/09 to 12/31/09** | | | | | | |
| Average monthly benefit | $535 | $1,496 | $1,991 | $2,869 | $3,712 | $4,755 |
| Average highest average salary | $3,070 | $4,420 | $4,380 | $5,249 | $5,634 | $5,970 |
| Number of service retirees | 52 | 37 | 35 | 49 | 83 | 90 |
| **Period 1/1/08 to 12/31/08** | | | | | | |
| Average monthly benefit | $584 | $1,072 | $1,625 | $2,867 | $3,453 | $5,245 |
| Average highest average salary | $3,897 | $3,832 | $4,043 | $5,522 | $5,503 | $7,011 |
| Number of service retirees | 51 | 25 | 27 | 45 | 59 | 135 |
| **Period 1/1/07 to 12/31/07** | | | | | | |
| Average monthly benefit | $484 | $1,205 | $2,061 | $2,388 | $3,437 | $4,627 |
| Average highest average salary | $3,104 | $4,358 | $5,220 | $4,593 | $5,463 | $6,010 |
| Number of service retirees | 42 | 26 | 21 | 58 | 55 | 118 |
| **Period 1/1/06 to 12/31/06** | | | | | | |
| Average monthly benefit | $312 | $1,135 | $1,451 | $2,042 | $3,053 | $4,470 |
| Average highest average salary | $2,203 | $3,913 | $3,505 | $3,930 | $4,708 | $5,727 |
| Number of service retirees | 17 | 16 | 14 | 41 | 61 | 118 |

[1] Information not available for years prior to 2006.

### Judicial Division[1]

| YEAR RETIRED | YEARS OF SERVICE CREDIT 0–10 | 10–15 | 15–20 | 20–25 | 25–30 | 30+ |
|---|---|---|---|---|---|---|
| **Period 1/1/10 to 12/31/10** | | | | | | |
| Average monthly benefit | **$–** | **$2,246** | **$–** | **$5,734** | **$7,313** | **$8,959** |
| Average highest average salary | **$–** | **$7,685** | **$–** | **$10,717** | **$10,602** | **$10,999** |
| Number of service retirees | **–** | **1** | **–** | **1** | **4** | **4** |
| **Period 1/1/09 to 12/31/09** | | | | | | |
| Average monthly benefit | $1,006 | $2,549 | $4,238 | $5,555 | $7,012 | $8,330 |
| Average highest average salary | $3,171 | $7,858 | $10,304 | $10,302 | $10,449 | $10,297 |
| Number of service retirees | 1 | 2 | 1 | 5 | 3 | 6 |
| **Period 1/1/08 to 12/31/08** | | | | | | |
| Average monthly benefit | $– | $– | $– | $5,148 | $8,780 | $7,031 |
| Average highest average salary | $– | $– | $– | $9,636 | $11,871 | $9,982 |
| Number of service retirees | – | – | – | 3 | 1 | 3 |
| **Period 1/1/07 to 12/31/07** | | | | | | |
| Average monthly benefit | $714 | $1,853 | $– | $3,764 | $6,020 | $6,631 |
| Average highest average salary | $3,898 | $9,312 | $– | $7,676 | $9,227 | $8,678 |
| Number of service retirees | 3 | 1 | – | 4 | 6 | 8 |
| **Period 1/1/06 to 12/31/06** | | | | | | |
| Average monthly benefit | $– | $– | $– | $4,648 | $5,977 | $5,679 |
| Average highest average salary | $– | $– | $– | $9,104 | $9,667 | $7,425 |
| Number of service retirees | – | – | – | 5 | 3 | 4 |

[1] Information not available for years prior to 2006.

## Schedule of Average Benefit Payments by Division

*(In Actual Dollars)*

### Denver Public Schools Division[1]

| | YEARS OF SERVICE CREDIT | | | | | |
|---|---|---|---|---|---|---|
| YEAR RETIRED | 0–10 | 10–15 | 15–20 | 20–25 | 25–30 | 30+ |
| **Period 1/1/10 to 12/31/10** | | | | | | |
| Average monthly benefit | $943 | $1,386 | $1,943 | $2,870 | $3,971 | $4,710 |
| Average highest average salary | $4,372 | $4,335 | $5,151 | $5,312 | $5,893 | $5,944 |
| Number of service retirees | 22 | 20 | 25 | 42 | 33 | 30 |

[1] The Denver Public Schools Division was established on January 1, 2010, as mandated by SB 09-282.

## Schedule of Average Benefit Payments
## Combined State, School, Local Government, Judicial, and Denver Public Schools Divisions' Trust Funds

*(In Actual Dollars)*

| | YEARS OF SERVICE CREDIT | | | | | |
|---|---|---|---|---|---|---|
| YEAR RETIRED | 0–10 | 10–15 | 15–20 | 20–25 | 25–30 | 30+ |
| **Period 1/1/10 to 12/31/10[1]** | | | | | | |
| Average monthly benefit | **$507** | **$922** | **$1,795** | **$2,572** | **$3,836** | **$4,846** |
| Average highest average salary | **$2,752** | **$2,767** | **$3,754** | **$4,401** | **$5,454** | **$5,881** |
| Number of service retirees | **634** | **432** | **535** | **1,006** | **1,338** | **1,121** |
| **Period 1/1/09 to 12/31/09[2]** | | | | | | |
| Average monthly benefit | $444 | $1,024 | $1,802 | $2,585 | $3,703 | $4,779 |
| Average highest average salary | $2,513 | $3,263 | $3,911 | $4,643 | $5,377 | $5,995 |
| Number of service retirees | 510 | 359 | 411 | 754 | 1,110 | 952 |
| **Period 1/1/08 to 12/31/08[2]** | | | | | | |
| Average monthly benefit | $431 | $854 | $1,471 | $2,313 | $3,194 | $4,527 |
| Average highest average salary | $2,687 | $3,009 | $3,553 | $4,411 | $4,915 | $5,859 |
| Number of service retirees | 428 | 344 | 289 | 847 | 907 | 1,515 |
| **Period 1/1/07 to 12/31/07[2]** | | | | | | |
| Average monthly benefit | $404 | $860 | $1,369 | $2,199 | $3,123 | $4,335 |
| Average highest average salary | $2,540 | $3,075 | $3,356 | $4,188 | $4,816 | $5,585 |
| Number of service retirees | 432 | 302 | 277 | 833 | 949 | 1,670 |
| **Period 1/1/06 to 12/31/06[2]** | | | | | | |
| Average monthly benefit | $390 | $669 | $1,290 | $2,024 | $3,045 | $4,086 |
| Average highest average salary | $2,409 | $2,326 | $3,187 | $3,200 | $4,756 | $5,410 |
| Number of service retirees | 354 | 249 | 237 | 782 | 862 | 1,951 |
| **Period 1/1/05 to 12/31/05[2]** | | | | | | |
| Average monthly benefit | $376 | $661 | $1,101 | $1,954 | $2,684 | $4,063 |
| Average highest average salary | $2,456 | $2,467 | $2,945 | $3,893 | $4,337 | $5,318 |
| Number of service retirees | 296 | 173 | 244 | 720 | 859 | 2,331 |
| **Period 1/1/04 to 12/31/04[2]** | | | | | | |
| Average monthly benefit | $421 | $629 | $919 | $1,729 | $2,443 | $3,944 |
| Average highest average salary | $2,178 | $2,543 | $2,679 | $3,572 | $4,110 | $5,168 |
| Number of service retirees | 265 | 140 | 188 | 649 | 823 | 2,987 |
| **Period 1/1/03 to 12/31/03[2]** | | | | | | |
| Average monthly benefit | $337 | $538 | $901 | $1,725 | $2,357 | $3,851 |
| Average highest average salary | $1,956 | $2,100 | $2,609 | $3,576 | $3,992 | $5,072 |
| Number of service retirees | 231 | 164 | 200 | 627 | 755 | 2,725 |
| **Period 1/1/02 to 12/31/02[2]** | | | | | | |
| Average monthly benefit | $322 | $653 | $1,175 | $1,834 | $2,649 | $3,769 |
| Average highest average salary | $1,961 | $2,303 | $2,909 | $3,565 | $4,150 | $5,015 |
| Number of service retirees | 187 | 219 | 178 | 747 | 639 | 1,712 |
| **Period 1/1/01 to 12/31/01[2]** | | | | | | |
| Average monthly benefit | $361 | $738 | $1,121 | $1,796 | $2,660 | $3,646 |
| Average highest average salary | $2,181 | $2,591 | $2,777 | $3,504 | $4,193 | $4,872 |
| Number of service retirees | 158 | 193 | 137 | 824 | 708 | 1,559 |

[1] The DPSRS merged into the new DPS Division on January 1, 2010.

[2] Does not include the DPS Division.

### State Division (Members Other Than State Troopers)[1]

| YEARS | | | PERCENT OF PAYROLL MEMBER CONTRIBUTION RATE | EMPLOYER CONTRIBUTION RATE[2] | AMORTIZATION EQUALIZATION DISBURSEMENT | SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT |
|---|---|---|---|---|---|---|
| 8/1/1931 | to | 6/30/1938 | 3.50% | – | – | – |
| 7/1/1938 | to | 6/30/1949 | 3.50% | 3.50% | – | – |
| 7/1/1949 | to | 6/30/1958 | 5.00% | 5.00% | – | – |
| 7/1/1958 | to | 6/30/1969 | 6.00% | 6.00% | – | – |
| 7/1/1969 | to | 6/30/1970 | 7.00% | 7.00% | – | – |
| 7/1/1970 | to | 6/30/1971 | 7.00% | 8.00% | – | – |
| 7/1/1971 | to | 6/30/1973 | 7.00% | 8.50% | – | – |
| 7/1/1973 | to | 6/30/1974 | 7.75% | 9.50% | – | – |
| 7/1/1974 | to | 6/30/1975 | 7.75% | 10.50% | – | – |
| 7/1/1975 | to | 8/31/1980 | 7.75% | 10.64% | – | – |
| 9/1/1980 | to | 12/31/1981 | 7.75% | 12.20% | – | – |
| 1/1/1982 | to | 6/30/1987 | 8.00% | 12.20% | – | – |
| 7/1/1987 | to | 6/30/1988 | 8.00% | 10.20% | – | – |
| 7/1/1988 | to | 6/30/1991 | 8.00% | 12.20% | – | – |
| 7/1/1991 | to | 4/30/1992 | 8.00% | 11.60% | – | – |
| 5/1/1992 | to | 6/30/1992 | 8.00% | 5.60%[3] | – | – |
| 7/1/1992 | to | 6/30/1993 | 8.00% | 10.60% | – | – |
| 7/1/1993 | to | 6/30/1997 | 8.00% | 11.60% | – | – |
| 1/1/2006 | to | 12/31/2006 | 8.00% | 10.15% | 0.50% | – |
| 1/1/2007 | to | 12/31/2007 | 8.00% | 10.15% | 1.00% | – |
| 1/1/2008 | to | 12/31/2008 | 8.00% | 10.15% | 1.40% | 0.50% |
| 1/1/2009 | to | 12/31/2009 | 8.00% | 10.15% | 1.80% | 1.00% |
| **1/1/2010** | **to** | **6/30/2010** | **8.00%** | **10.15%** | **2.20%** | **1.50%** |
| **7/1/2010** | **to** | **12/31/2010** | **10.50%** | **7.65%** | **2.20%** | **1.50%** |

[1] State and School Divisions were merged July 1, 1997, and separated on January 1, 2006.

[2] All employer contribution rates shown for the Divisions between July 1, 1985, to December 31, 2010, include the Health Care Trust Fund allocation.

[3] 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.

## Schedule of Contribution Rate History

### State Troopers[1]

| YEARS | | | PERCENT OF PAYROLL MEMBER CONTRIBUTION RATE | EMPLOYER CONTRIBUTION RATE[2] | AMORTIZATION EQUALIZATION DISBURSEMENT | SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT |
|---|---|---|---|---|---|---|
| 7/1/1945 | to | 6/30/1969 | 7.00% | 7.00% | – | – |
| 7/1/1969 | to | 6/30/1970 | 8.00% | 8.00% | – | – |
| 7/1/1970 | to | 6/30/1971 | 8.00% | 9.00% | – | – |
| 7/1/1971 | to | 6/30/1973 | 8.00% | 9.50% | – | – |
| 7/1/1973 | to | 6/30/1974 | 8.75% | 10.50% | – | – |
| 7/1/1974 | to | 6/30/1975 | 8.75% | 11.50% | – | – |
| 7/1/1975 | to | 8/31/1980 | 8.75% | 11.64% | – | – |
| 9/1/1980 | to | 12/31/1981 | 8.75% | 13.20% | – | – |
| 1/1/1982 | to | 6/30/1987 | 9.00% | 13.20% | – | – |
| 7/1/1987 | to | 6/30/1988 | 9.00% | 11.20% | – | – |
| 7/1/1988 | to | 6/30/1989 | 9.00% | 13.20% | – | – |
| 7/1/1989 | to | 4/30/1992 | 12.30% | 13.20% | – | – |
| 5/1/1992 | to | 6/30/1992 | 12.30% | 7.20%[3] | – | – |
| 7/1/1992 | to | 6/30/1993 | 11.50% | 12.20% | – | – |
| 7/1/1993 | to | 6/30/1997 | 11.50% | 13.20% | – | – |
| 7/1/1997 | to | 6/30/1999 | 11.50% | 13.10% | – | – |
| 7/1/1999 | to | 6/30/2001 | 10.00% | 13.10% | – | – |
| 7/1/2001 | to | 6/30/2002 | 10.00% | 12.60% | – | – |
| 7/1/2002 | to | 6/30/2003 | 10.00% | 12.74% | – | – |
| 7/1/2003 | to | 12/31/2005 | 10.00% | 12.85% | – | – |
| 1/1/2006 | to | 12/31/2006 | 10.00% | 12.85% | 0.50% | – |
| 1/1/2007 | to | 12/31/2007 | 10.00% | 12.85% | 1.00% | – |
| 1/1/2008 | to | 12/31/2008 | 10.00% | 12.85% | 1.40% | 0.50% |
| 1/1/2009 | to | 12/31/2009 | 10.00% | 12.85% | 1.80% | 1.00% |
| **1/1/2010** | **to** | **6/30/2010** | **10.00%** | **12.85%** | **2.20%** | **1.50%** |
| **7/1/2010** | **to** | **12/31/2010** | **12.50%** | **10.35%** | **2.20%** | **1.50%** |

[1] State and School Divisions were merged July 1, 1997, and separated on January 1, 2006.

[2] All employer contribution rates shown for the Divisions between July 1, 1985, to December 31, 2010, include the Health Care Trust Fund allocation.

[3] 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.

## School Division[1]

| YEARS | | | PERCENT OF PAYROLL MEMBER CONTRIBUTION RATE | EMPLOYER CONTRIBUTION RATE[2] | AMORTIZATION EQUALIZATION DISBURSEMENT | SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT |
|---|---|---|---|---|---|---|
| 1/1/1944 | to | 12/31/1949 | 3.50% | 3.50% | – | – |
| 1/1/1950 | to | 6/30/1958 | 5.00% | 5.00% | – | – |
| 7/1/1958 | to | 6/30/1969 | 6.00% | 6.00% | – | – |
| 7/1/1969 | to | 12/31/1969 | 7.00% | 6.00% | – | – |
| 1/1/1970 | to | 12/31/1970 | 7.00% | 7.50% | – | – |
| 1/1/1971 | to | 12/31/1971 | 7.00% | 8.50% | – | – |
| 1/1/1972 | to | 6/30/1973 | 7.00% | 9.25% | – | – |
| 7/1/1973 | to | 12/31/1973 | 7.75% | 9.25% | – | – |
| 1/1/1974 | to | 12/31/1974 | 7.75% | 10.25% | – | – |
| 1/1/1975 | to | 12/31/1975 | 7.75% | 11.25% | – | – |
| 1/1/1976 | to | 12/31/1980 | 7.75% | 12.10% | – | – |
| 1/1/1981 | to | 12/31/1981 | 7.75% | 12.50% | – | – |
| 1/1/1982 | to | 6/30/1987 | 8.00% | 12.50% | – | – |
| 7/1/1987 | to | 6/30/1988 | 8.00% | 11.50% | – | – |
| 7/1/1988 | to | 6/30/1991 | 8.00% | 12.50% | – | – |
| 7/1/1991 | to | 6/30/1992 | 8.00% | 12.20% | – | – |
| 7/1/1992 | to | 6/30/1997 | 8.00% | 11.60% | – | – |
| 1/1/2006 | to | 12/31/2006 | 8.00% | 10.15% | 0.50% | – |
| 1/1/2007 | to | 12/31/2007 | 8.00% | 10.15% | 1.00% | – |
| 1/1/2008 | to | 12/31/2008 | 8.00% | 10.15% | 1.40% | 0.50% |
| 1/1/2009 | to | 12/31/2009 | 8.00% | 10.15% | 1.80% | 1.00% |
| **1/1/2010** | **to** | **12/31/2010** | **8.00%** | **10.15%** | **2.20%** | **1.50%** |

[1] State and School Divisions were merged July 1, 1997, and separated on January 1, 2006.
[2] All employer contribution rates shown for the Divisions between July 1, 1985, to December 31, 2010, include the Health Care Trust Fund allocation.

## State and School Division[1]

| YEARS | | | PERCENT OF PAYROLL MEMBER CONTRIBUTION RATE | EMPLOYER CONTRIBUTION RATE[2] |
|---|---|---|---|---|
| 7/1/1997 | to | 6/30/1998 | 8.00% | 11.50% |
| 7/1/1998 | to | 6/30/2000 | 8.00% | 11.40% |
| 7/1/2000 | to | 6/30/2001 | 8.00% | 10.40% |
| 7/1/2001 | to | 6/30/2002 | 8.00% | 9.90% |
| 7/1/2002 | to | 6/30/2003 | 8.00% | 10.04% |
| 7/1/2003 | to | 12/31/2005 | 8.00% | 10.15% |

[1] State and School Divisions were merged July 1, 1997, and separated on January 1, 2006.
[2] All employer contribution rates shown for the Divisions between July 1, 1997, to December 31, 2005, include the Health Care Trust Fund allocation.

## Schedule of Contribution Rate History

### Local Government Division[1]

| YEARS | | | PERCENT OF PAYROLL: MEMBER CONTRIBUTION RATE | EMPLOYER CONTRIBUTION RATE[2] | AMORTIZATION EQUALIZATION DISBURSEMENT | SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT |
|---|---|---|---|---|---|---|
| 1/1/1944 | to | 12/31/1949 | 3.50% | 3.50% | – | – |
| 1/1/1950 | to | 6/30/1958 | 5.00% | 5.00% | – | – |
| 7/1/1958 | to | 6/30/1969 | 6.00% | 6.00% | – | – |
| 7/1/1969 | to | 12/31/1969 | 7.00% | 6.00% | – | – |
| 1/1/1970 | to | 12/31/1970 | 7.00% | 7.00% | – | – |
| 1/1/1971 | to | 6/30/1973 | 7.00% | 7.50% | – | – |
| 7/1/1973 | to | 12/31/1973 | 7.75% | 7.50% | – | – |
| 1/1/1974 | to | 12/31/1974 | 7.75% | 8.50% | – | – |
| 1/1/1975 | to | 12/31/1975 | 7.75% | 9.50% | – | – |
| 1/1/1976 | to | 12/31/1980 | 7.75% | 9.86% | – | – |
| 1/1/1981 | to | 12/31/1981 | 7.75% | 10.20% | – | – |
| 1/1/1982 | to | 6/30/1991 | 8.00% | 10.20% | – | – |
| 7/1/1991 | to | 12/31/2000 | 8.00% | 10.00% | – | – |
| 1/1/2001 | to | 12/31/2001 | 8.00% | 9.43% | – | – |
| 1/1/2002 | to | 12/31/2002 | 8.00% | 9.19% | – | – |
| 1/1/2003 | to | 12/31/2003 | 8.00% | 9.60% | – | – |
| 1/1/2004 | to | 12/31/2005 | 8.00% | 10.00% | – | – |
| 1/1/2006 | to | 12/31/2006 | 8.00% | 10.00% | 0.50% | – |
| 1/1/2007 | to | 12/31/2007 | 8.00% | 10.00% | 1.00% | – |
| 1/1/2008 | to | 12/31/2008 | 8.00% | 10.00% | 1.40% | 0.50% |
| 1/1/2009 | to | 12/31/2009 | 8.00% | 10.00% | 1.80% | 1.00% |
| **1/1/2010** | **to** | **12/31/2010** | **8.00%** | **10.00%** | **2.20%** | **1.50%** |

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

[2] Employer contribution rates shown between July 1, 1985, to December 31, 2010, include the Health Care Trust Fund allocation.

## Judicial Division

| YEARS | MEMBER CONTRIBUTION RATE | EMPLOYER CONTRIBUTION RATE[1] | AMORTIZATION EQUALIZATION DISBURSEMENT | SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT |
|---|---|---|---|---|
| | PERCENT OF PAYROLL | | | |
| 7/1/1949 to 6/30/1957 | 5.00% | 5.00% | – | – |
| 7/1/1957 to 6/30/1973 | 6.00% | 12.00% | – | – |
| 7/1/1973 to 6/30/1980 | 7.00% | 12.00% | – | – |
| 7/1/1980 to 8/30/1980 | 7.00% | 13.00% | – | – |
| 9/1/1980 to 12/31/1981 | 7.00% | 15.00% | – | – |
| 1/1/1982 to 6/30/1987 | 8.00% | 15.00% | – | – |
| 7/1/1987 to 6/30/1988 | 8.00% | 13.00% | – | – |
| 7/1/1988 to 6/30/2000 | 8.00% | 15.00% | – | – |
| 7/1/2000 to 6/30/2001 | 8.00% | 14.00% | – | – |
| 7/1/2001 to 6/30/2003 | 8.00% | 11.82% | – | – |
| 7/1/2003 to 6/30/2004 | 8.00% | 12.66% | – | – |
| 7/1/2004 to 12/31/2004 | 8.00% | 13.66% | – | – |
| 1/1/2005 to 12/31/2005 | 8.00% | 13.66% | – | – |
| 1/1/2006 to 12/31/2006 | 8.00% | 13.66% | 0.50% | – |
| 1/1/2007 to 12/31/2007 | 8.00% | 13.66% | 1.00% | – |
| 1/1/2008 to 12/31/2008 | 8.00% | 13.66% | 1.40% | 0.50% |
| 1/1/2009 to 12/31/2009 | 8.00% | 13.66% | 1.80% | 1.00% |
| **1/1/2010 to 6/30/2010** | **8.00%** | **13.66%** | **2.20%** | **1.50%** |
| **7/1/2010 to 12/31/2010** | **10.50%** | **11.16%** | **2.20%** | **1.50%** |

[1] Employer contribution rates shown between July 1, 1985, to December 31, 2010, include the Health Care Trust Fund allocation.

## Denver Public Schools Division[1]

| YEARS | MEMBER CONTRIBUTION RATE | EMPLOYER CONTRIBUTION RATE | AMORTIZATION EQUALIZATION DISBURSEMENT | SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT | EMPLOYER CONTRIBUTION PCOP OFFSET[2] |
|---|---|---|---|---|---|
| | PERCENT OF PAYROLL | | | | |
| **1/1/2010 to 12/31/2010** | **8.00%** | **13.75%** | **2.20%** | **1.50%** | **(15.04%)** |

[1] The Denver Public Schools Division Trust Fund was established on January 1, 2010, and received the net assets from the Denver Public Schools Retirement System, as required by SB 09-282.

[2] An offset to the DPS Division rate is provided for in SB 09-282. See Note 4 on pages 63-64.

## Schedule of Contribution Rate History

### Employer Contributions to Health Care Trust Funds

| DIVISION/YEARS | PERCENT OF PAYROLL ALLOCATED FROM EMPLOYER CONTRIBUTION TO HEALTH CARE TRUST FUNDS |
|---|---|
| **STATE AND SCHOOL DIVISION[1]** | |
| 7/1/1985 to 6/30/1999 | 0.80% |
| 7/1/1999 to 12/31/2000 | 1.10% |
| 1/1/2001 to 12/31/2001 | 1.42% |
| 1/1/2002 to 12/31/2002 | 1.64% |
| 1/1/2003 to 6/30/2004 | 1.10% |
| 7/1/2004 to 12/31/2005 | 1.02% |
| **STATE DIVISION[1]** | |
| 1/1/2006 to **12/31/2010** | **1.02%** |
| **SCHOOL DIVISION[1]** | |
| 1/1/2006 to **12/31/2010** | **1.02%** |
| **LOCAL GOVERNMENT DIVISION[2]** | |
| 7/1/1985 to 6/30/1999 | 0.80% |
| 7/1/1999 to 12/31/2000 | 1.10% |
| 1/1/2001 to 12/31/2001 | 1.96% |
| 1/1/2002 to 12/31/2002 | 2.31% |
| 1/1/2003 to 12/31/2003 | 1.69% |
| 1/1/2004 to 6/30/2004 | 1.10% |
| 7/1/2004 to **12/31/2010** | **1.02%** |
| **JUDICIAL DIVISION** | |
| 7/1/1985 to 6/30/1999 | 0.80% |
| 7/1/1999 to 12/31/2000 | 1.10% |
| 1/1/2001 to 12/31/2002 | 4.37% |
| 1/1/2003 to 12/31/2003 | 3.11% |
| 1/1/2004 to 6/30/2004 | 1.10% |
| 7/1/2004 to **12/31/2010** | **1.02%** |
| **DENVER PUBLIC SCHOOLS DIVISION[3]** | |
| **1/1/2010 to 12/31/2010** | **1.02%** |

[1] State and School Divisions merged July 1, 1997, and separated on January 1, 2006.

[2] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

[3] The Denver Public Schools Health Care Trust Fund was established on January 1, 2010, and received the balance of the Denver Public Schools Health Benefit Trust, as required by SB 09-282.

### Employer Contributions to MatchMaker[1]

| DIVISION/YEARS | PERCENT OF PAYROLL AVAILABLE FROM EMPLOYER CONTRIBUTION FOR MATCHMAKER (MAXIMUM MATCH) |
|---|---|
| **STATE AND SCHOOL DIVISION[2]** | |
| 1/1/2001 to 12/31/2002 | 3.00% |
| 1/1/2003 to 12/31/2003 | 2.00% |
| 1/1/2004 to 5/31/2004 | 1.00% |
| **LOCAL GOVERNMENT DIVISION[3]** | |
| 1/1/2001 to 12/31/2001 | 2.00% |
| 1/1/2002 to 12/31/2002 | 3.00% |
| 1/1/2003 to 12/31/2003 | 2.00% |
| 1/1/2004 to 5/31/2004 | 1.00% |
| **JUDICIAL DIVISION** | |
| 1/1/2001 to 12/31/2002 | 7.00% |
| 1/1/2003 to 12/31/2003 | 6.00% |
| 1/1/2004 to 5/31/2004 | 5.00% |

[1] Legislation enacted in 2004 ended MatchMaker contributions by June 1, 2004.

[2] State and School Divisions merged July 1, 1997, and separated on January 1, 2006.

[3] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

## Principal Participating Employers

*Current Year and Four Years Prior*

### State Division Trust Fund[1]

| | 2010 | | | 2006 | | |
|---|---|---|---|---|---|---|
| EMPLOYER | COVERED ACTIVE MEMBERS DECEMBER 31 | RANK | PERCENTAGE OF TOTAL SYSTEM | COVERED ACTIVE MEMBERS DECEMBER 31 | RANK | PERCENTAGE OF TOTAL SYSTEM |
| University of Colorado | **6,540** | **1** | **11.90%** | 5,432 | 2 | 10.28% |
| Department of Corrections | **6,333** | **2** | **11.52%** | 5,644 | 1 | 10.68% |
| Colorado State University | **3,274** | **3** | **5.96%** | 3,065 | 4 | 5.80% |
| District Courts | **2,986** | **4** | **5.43%** | 2,936 | 5 | 5.55% |
| Department of Transportation | **2,981** | **5** | **5.42%** | 3,102 | 3 | 5.87% |
| Front Range Community College | **1,658** | **6** | **3.02%** | 1,256 | 8 | 2.38% |
| Department of Natural Resources | **1,562** | **7** | **2.84%** | 1,567 | 6 | 2.96% |
| Metropolitan State College | **1,473** | **8** | **2.68%** | 1,222 | 9 | 2.31% |
| Department of Human Services | **1,287** | **9** | **2.34%** | 1,367 | 7 | 2.59% |
| Pikes Peak Community College | **1,208** | **10** | **2.20%** | – | – | – |
| Department of Revenue | – | – | – | 1,171 | 10 | 2.22% |

[1] Data for the number of members by employer for years prior to 2006 is not available.

### School Division Trust Fund[1]

| | 2010 | | | 2006 | | |
|---|---|---|---|---|---|---|
| EMPLOYER | COVERED ACTIVE MEMBERS DECEMBER 31 | RANK | PERCENTAGE OF TOTAL SYSTEM | COVERED ACTIVE MEMBERS DECEMBER 31 | RANK | PERCENTAGE OF TOTAL SYSTEM |
| Jefferson County School District | **12,881** | **1** | **11.06%** | 12,168 | 1 | 10.74% |
| Cherry Creek School District | **7,591** | **2** | **6.52%** | 6,869 | 2 | 6.06% |
| Douglas County Schools | **7,176** | **3** | **6.16%** | 6,663 | 3 | 5.88% |
| Adams 12 Five Star Schools | **5,133** | **4** | **4.41%** | 4,684 | 4 | 4.13% |
| Aurora Public Schools | **4,973** | **5** | **4.27%** | 4,348 | 7 | 3.84% |
| Boulder Valley School District | **4,905** | **6** | **4.21%** | 4,573 | 5 | 4.04% |
| Colorado Springs Public Schools | **4,896** | **7** | **4.20%** | 4,462 | 6 | 3.94% |
| St. Vrain School District | **3,950** | **8** | **3.39%** | 3,207 | 9 | 2.83% |
| Poudre School District RE-1 | **3,937** | **9** | **3.38%** | 3,774 | 8 | 3.33% |
| Mesa Valley School District | **3,342** | **10** | **2.87%** | 3,042 | 10 | 2.69% |

[1] Data for the number of members by employer for years prior to 2006 is not available.

### Local Government Division Trust Fund[1]

| | 2010 | | | 2006 | | |
|---|---|---|---|---|---|---|
| EMPLOYER | COVERED ACTIVE MEMBERS DECEMBER 31 | RANK | PERCENTAGE OF TOTAL SYSTEM | COVERED ACTIVE MEMBERS DECEMBER 31 | RANK | PERCENTAGE OF TOTAL SYSTEM |
| Memorial Health System | **4,105** | **1** | **25.43%** | 3,779 | 1 | 23.68% |
| Boulder County Government | **1,998** | **2** | **12.38%** | 1,847 | 4 | 11.57% |
| Colorado Springs Public Utilities | **1,817** | **3** | **11.25%** | 1,917 | 3 | 12.01% |
| City of Colorado Springs | **1,524** | **4** | **9.44%** | 1,958 | 2 | 12.27% |

[1] Data for the number of members by employer for years prior to 2006 is not available.

## Principal Participating Employers

*Current Year and Four Years Prior*

### Judicial Division Trust Fund[1]

| | 2010 | | | 2006 | | |
|---|---|---|---|---|---|---|
| EMPLOYER | COVERED ACTIVE MEMBERS DECEMBER 31 | RANK | PERCENTAGE OF TOTAL SYSTEM | COVERED ACTIVE MEMBERS DECEMBER 31 | RANK | PERCENTAGE OF TOTAL SYSTEM |
| Judicial Department[2] | **298** | **1** | **94.01%** | 266 | 1 | 91.41% |

[1] Data for the number of members by employer for years prior to 2006 is not available.

[2] With the exception of the Denver County Court, all of the Judicial members for all other courts are reported to Colorado PERA on a single contribution report by the State's central payroll office. Member counts for each separate court are not available.

### Denver Public Schools Division Trust Fund[1]

| | 2010 | | |
|---|---|---|---|
| EMPLOYER | COVERED ACTIVE MEMBERS DECEMBER 31 | RANK | PERCENTAGE OF TOTAL SYSTEM |
| Denver Public Schools | **12,248** | **–** | **92.99%** |

[1] The Denver Public Schools Division Trust Fund was established on January 1, 2010, and received the net assets from the Denver Public Schools Retirement System, as required by SB 09-282.

### Health Care Trust Fund[1]

| | 2010 | | | 2006 | | |
|---|---|---|---|---|---|---|
| EMPLOYER | COVERED ACTIVE MEMBERS DECEMBER 31 | RANK | PERCENTAGE OF TOTAL SYSTEM | COVERED ACTIVE MEMBERS DECEMBER 31 | RANK | PERCENTAGE OF TOTAL SYSTEM |
| Jefferson County School District | **12,881** | **1** | **6.85%** | 12,168 | 1 | 6.58% |
| Cherry Creek School District | **7,591** | **2** | **4.04%** | 6,869 | 2 | 3.72% |
| Douglas County Schools | **7,176** | **3** | **3.82%** | 6,663 | 3 | 3.60% |
| University of Colorado | **6,540** | **4** | **3.48%** | 5,432 | 5 | 2.94% |
| Department of Corrections | **6,333** | **5** | **3.37%** | 5,644 | 4 | 3.05% |
| Adams 12 Five Star Schools | **5,133** | **6** | **2.73%** | 4,684 | 6 | 2.53% |
| Aurora Public Schools | **4,973** | **7** | **2.65%** | 4,348 | 9 | 2.35% |
| Boulder Valley School District | **4,905** | **8** | **2.61%** | 4,573 | 7 | 2.47% |
| Colorado Springs Public Schools | **4,896** | **9** | **2.61%** | 4,462 | 8 | 2.41% |
| Memorial Health System | **4,105** | **10** | **2.18%** | 3,779 | 10 | 2.04% |

[1] Data for the number of members by employer for years prior to 2006 is not available.

### Denver Public Schools Health Care Trust Fund[1]

| | 2010 | | |
|---|---|---|---|
| EMPLOYER | COVERED ACTIVE MEMBERS DECEMBER 31 | RANK | PERCENTAGE OF TOTAL SYSTEM |
| Denver Public Schools | **12,248** | **–** | **92.99%** |

[1] The Denver Public Schools Health Care Trust Fund was established on January 1, 2010, and received the balance of the Denver Public Schools Retiree Health Benefit Trust, as required by SB 09-282.

## State Division

### Agencies and Instrumentalities

CollegeInvest
College Assist
Colorado Association of School Boards
Colorado Association of School Executives
Colorado Council on the Arts
Colorado High School Activities Association
Colorado Public Employees' Retirement Association
Colorado Water Resources & Power Development Authority
Colorado Community College System
CoverColorado
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 and Veterans Affairs
Department of Natural Resources
Department of Personnel and Administration
Department of Public Health and Environment
Department of Public Safety
Department of Regulatory Agencies
Department of Revenue
Department of State
Department of the Treasury
Department of Transportation
Fire and Police Pension Association
General Assembly
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 the State Auditor
Pinnacol Assurance
School for the Deaf and the Blind
Special District Association of Colorado
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
Colorado State University at Pueblo
Commission on Higher Education
Denver Community College
Fort Lewis College
Front Range Community College
Lamar Community College
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
State Board for Community Colleges and Occupational Education
Trinidad State Junior College
University of Colorado
University of Northern Colorado
Western State College

## School Division[1]

### Adams County

Adams 12 Five Star Schools
Adams County School District 14
Bennett School District 29J
Brighton School District 27J
Mapleton School District 1
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
Vilas School District RE-5
Walsh School District RE-1

[1] The list of employers in the School Division does not include charter schools operating within the respective public school districts and under the Colorado Charter School Institute.

## Schedule of Affiliated Employers

### School Division[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 16
Garfield School District Re-2
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

[1] The list of employers in the School Division does not include charter schools operating within the respective public school districts and under the Colorado Charter School Institute.

## School Division[1]

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

**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 Rural 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

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## Schedule of Affiliated Employers

### School Division[1]

**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
Gilcrest School District Re-1
Greeley School District 6
Johnstown-Milliken 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
Weld School District Re-8
Windsor School District Re-4

**Yuma County**
Idalia School District RJ-3
Liberty School District J-4
Wray School District RD-2
Yuma School District 1

**Boards of Cooperative Educational Services (BOCES)**
Centennial BOCES
East Central BOCES
Expeditionary Learning School BOCES
Grand Valley BOCES
Mountain BOCES
Northeast BOCES
Northwest Colorado BOCES
Pikes Peak BOCES
Rio Blanco BOCES
San Juan BOCES
San Luis Valley BOCES
Santa Fe Trail BOCES
South Central BOCES
Southeastern BOCES
Ute Pass BOCES

**Boards of Cooperative Services (BOCS)**
Southwest BOCS
Uncompahgre BOCS

**Vocational Schools**
Delta-Montrose Area Vocational School

**Other**
Colorado Consortium for Earth and Space Science Education

[1] The list of employers in the School Division does not include charter schools operating within the respective public school districts and under the Colorado Charter School Institute.

### Local Government Division

Adams and Jefferson County Hazardous Response Authority
Alamosa Housing Authority
Arapahoe Park and Recreation District
Aurora Housing Authority
Baca Grande Water & Sanitation District
Beulah Water Works District
Black Hawk-Central City Sanitation District
Blanca-Fort Garland Metropolitan District
Boulder County
Boulder County Public Trustee's Office
Boxelder Sanitation District
Brush Housing Authority
Carbon Valley Park & Recreation District
Castle Pines Metropolitan District
Castle Pines North Metropolitan District
Center Housing Authority
Central Colorado Water Conservancy District
City of Alamosa
City of Boulder
City of Colorado Springs
City of Fort Morgan
City of Las Animas
City of Lone Tree
City of Manitou Springs
City of Pueblo
City of Wray
City of Yuma
Collbran Conservancy District
Colorado District Attorneys' Council
Colorado First Conservation District
Colorado Health Facilities Authority
Colorado Housing and Finance Authority
Colorado Library Consortium
Colorado School District Self Insurance Pool
Colorado Springs Utilities
Columbine Knolls-Grove Metropolitan Recreation District
Costilla Housing Authority
County Technical Services
Crown Mountain Park & Recreation District
Cucharas Sanitation & Water District
Cunningham Fire Protection District
Douglas County Housing Partnership
Douglas Public Library District
Durango Fire and Rescue Authority
East Cheyenne Groundwater Management District
East Larimer County Water District
Eastern Rio Blanco Metropolitan Recreation & Park District
Eaton Housing Authority
Elbert County Library District
Elizabeth Park and Recreation District
El Paso-Teller County Emergency Telephone Service Authority
Estes Valley Fire Protection District

**Local Government Division**

Estes Valley Public Library District
Forest Lakes Metropolitan District
Fremont Conservation District
Fremont Sanitation District
Garfield County Housing Authority
Grand Junction Regional Airport Authority
Grand Valley Fire Protection District
Green Mountain Water and Sanitation District
GVR Metropolitan District
Housing Authority of Arriba
Housing Authority of the City of Boulder
Housing Authority of the County of Adams
Housing Authority of the Town of Limon
Lamar Housing Authority
Lamar Utilities Board
Left Hand Water District
Longmont Housing Authority
Longs Peak Water District
Louisville Fire Protection District
Meeker Cemetery District
Meeker Regional Library District
Meeker Sanitation District
Memorial Health System
Montrose Fire Protection District
Montrose Recreation District
Monument Sanitation District
Morgan Conservation District
Morgan County Quality Water District
Mountain View Fire Protection District
Mountain Water and Sanitation District
Niwot Sanitation District
North Carter Lake Water District
North Chaffee County Regional Library
Northeast Colorado Health Department
Northeastern Colorado Association of Local Governments
Park Center Water District
Pine Drive Water District
Plains Ground Water Management District
Prowers Conservation District
Pueblo City-County Health Department
Pueblo Library District
Pueblo Transit Authority
Rampart Regional Library District
Rangely Regional Library District
Red Feather Mountain Library District
Red, White & Blue Fire Protection District
Republican River Water Conservation District
Rifle Fire Protection District
Rio Blanco Fire Protection District
Rio Blanco Water Conservancy District
Routt County Conservation District
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
Steamboat II Water and Sanitation District
St. Vrain Sanitation District
Tabernash Meadows Water and Sanitation District
Town of Alma
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 Lochbuie
Town of Mountain Village
Town of Platteville
Town of Rico
Town of Rye
Town of Seibert
Town of Silver Plume
Town of Timnath
Tri-County Health Department
Tri-Lakes Wastewater Treatment Facility
Upper Colorado Environmental Plant Center
Urban Renewal Authority of Pueblo
Washington-Yuma Counties Combined Communications Center
Weld County Department of Public Health and Environment
West Greeley Conservation District
Western Rio Blanco Metropolitan Recreation and Park District
White River Conservation District
Windsor-Severance Library District
Wray Housing Authority
Yuma Housing Authority
Y-W Well Testing Association

## Schedule of Affiliated Employers

### Judicial Division

1st-22nd District Court
Adams County Court
Alamosa County Court
Arapahoe County Court
Archuleta County Court
Baca County Court
Bent County Court
Boulder County Court
Broomfield 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
Denver Juvenile Court
Denver Probate Court
Dolores County Court
Douglas County Court
Eagle County Court
Elbert County Court
El Paso 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
Lake County Court
La Plata 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

### Denver Public Schools Division[1]

Denver Public School District No. 1

[1] The list of employers in the Denver Public Schools Division does not include charter schools operating within the Denver Public Schools school district.

Colorado Public Employees' Retirement Association

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