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OF COLORADO
RETIREMENT ASSOCIATION
PUBLIC EMPLOYEES'

FOR FISCAL YEAR ENDING JUNE 30, 1968

Annual Report

Thirty-Seventh

OFFICIAL NOTICE:
ANNUAL MEETING

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RETIREMENT BOARD

- RAY NIXON
Chairman
- CARL S. WILKERSON
Vice Chairman
- H. E. CARSON
- ARTHUR CROISSANT
- JOHN KLEMENTS
- WAYNE K. PATTERSON
- BERNARD E. TEETS
- BARCLAY WATSON
- ADRIAN WILLIAMSON
- BYRON ANDERSON
Secretary of State
- VIRGINIA BLUE
State Treasurer
- JOHN PROCTOR
State Auditor

- JACK E. KENNEDY
Executive Secretary
- JOSEPH P. NATALE
Assistant Secretary
- ALLAN L. JOHNSON
Director, Public Relations

*Official
Notice:*

THIRTY - SEVENTH ANNUAL MEETING PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO

To All Members:

The annual meeting of the Public Employees' Retirement Association, as provided in the By-Laws, will be held on Tuesday, August 27, 1968, at 7:30 p.m. in the House Chamber of the State Capitol Building, Denver, Colorado.

The purpose of the meeting is to elect one state employee member and two school employee members to the Public Employees' Retirement Board and for such other business as may regularly come before the meeting.

Reports by the actuarial, investment, and insurance consultants will be given to the membership.

Members of the Retirement Association may vote if attending in person, or by proxy.

It is anticipated that a large number of members will attend the meeting.

AUGUST 7, 1968

JACK E. KENNEDY
Executive Secretary

PERA Group Life Insurance

At the small cost of \$5.00 per month, PERA members can avail themselves of valuable life insurance protection under PERA Survivors' Insurance. For example, in one recent case, a member had been in the insurance program only one year (Total cost \$60) and was killed in an accident — his beneficiaries will receive over \$12,000 in insurance benefits *in addition* to the benefits provided in the retirement program.

The program affords *maximum* protection at a *minimum* cost because it is pure protection, with no sales costs, and infinitely small operating expenses. Every member pays \$5.00 per month and the coverage provided is according to age at death, ranging from as high as \$25,000 for those under age 25 to \$1,000 when the member is over age 70.

AGE (Nearest Birthday)	Amount of Group Life Insurance
Under age 25	\$25,000
25 but under age 30	20,000
30 but under age 35	16,000
35 but under age 40	12,000
40 but under age 45	9,000
45 but under age 50	7,000
50 but under age 55	5,000
55 but under age 60	3,030
60 but under age 70	2,049
Age 70 to Retirement	1,000

Another valuable feature is the "additional insurance" benefit. This provision of the contract specifies that a member who has completed 5 years of coverage (Total cost \$60 per year X 5 years = \$300) is qualified for \$300 insurance *in addition* to that provided in the basic coverage. Further, each year thereafter, the "additional" coverage increases by \$60 (the total premium for the year). *In other words, his total premium costs are converted to more protection.* The additional coverage continues, even though the member may change employment and no longer continue the base coverage.

The program is designed to supplement, rather than replace, any other insurance coverage. Under current inflationary economic conditions, most insurance programs (representing fixed dollar return) are proving to be inadequate and need to be supplemented.

Members can apply for insurance coverage at any time, if they are not now insured. However, if they apply within 90 days from the date they are first employed, no medical examination is required. Members who enroll at a later date will be required to show evidence of insurability. In many cases, this requirement is satisfied by completing a brief questionnaire relative to health status which is subject to review and approval by the insurance carrier.

Premiums are arranged by payroll deduction and it is easy and convenient to apply, if you are not already a member. Simply complete the enrollment card found on this page and return it to PERA. Only *active* employees, younger than age 71 are eligible.

FIELD SERVICES

PERA provides without charge speakers for group meetings in order to acquaint the membership with the advantages and benefits of their retirement plan and to answer questions about PERA.

If you and your associates would like to have a speaker come to a meeting of your group, please contact the retirement office public relations department.

The staff attempts to arrange series of meetings in the same general area for economy in travel and consequently appreciates being offered one or two alternate dates. It is also suggested that requests for 68-69 be made early while the schedule is open.

During the past fiscal year members of the staff have made presentations to 44 different groups in the field and have attended major meetings of the employee associations. In addition a number of contacts have been made with administrators and payroll and personnel officers in the field.

The meetings in 1967-68 have taken the staff to Aguilar, Boulder, Brush, Buena Vista, Burlington, Canon City, Colorado Springs, Cotopaxi, Delta, Dove Creek, Durango, Fairplay, Fort Collins, Glenwood Springs, Greeley, Gunnison, Hugo, Longmont, Manitou, Palisade, Peetz, Pueblo, Security, Sterling, Swink, Trinidad, Vail, and Yuma. In addition, the staff has made presentations at employee meetings in all parts of the metropolitan area of Denver.

YOUR NAME (Please Print or Type)			Date of Birth			Certificate No.	
Last	First	Middle Initial	Month	Day	Year		
			Date Employed			Male	Female
			Month	Day	Year	<input type="checkbox"/>	<input type="checkbox"/>
APPLICATION FOR PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION SURVIVORS' INSURANCE							
I hereby request the issuance of the insurance to which I am now entitled or to which I may become entitled under the terms of the Group Policy issued to The Public Employees' Retirement Board by the NEW YORK LIFE INSURANCE COMPANY. I authorize the deduction of \$5 monthly from my earnings as my contribution toward the cost of this insurance.							
			Division (State, School, Municipal, Judges)				
Date Signed _____			Your Signature _____				
			Address _____		Zip Code _____		

If you do not now participate and you wish to take advantage of PERA Survivors' Insurance please complete the enrollment card and return it to the PERA office.
**1390 Logan
 4th floor
 Denver, Colo. 80203**
Employees cannot enroll after retirement

Association Rules and Regulations Are Codified

At its December, 1967, meeting, the Retirement Board approved a codification of PERA Rules and Regulations involving some changes in basic policy for the Retirement Association and also bringing into the Rules and Regulations some practices and operating procedures previously approved by the Board but not included in the Rules and Regulations.

This action repeals the Rules and Regulations which have traditionally been printed in the back of the PERA Law Booklet.

The staff is currently processing the publication of the new Rules and Regulations and when this is completed the new booklet will be distributed to offices of PERA affiliates and will be available to members upon request.

Among the major changes in the Rules and Regulations is a change in Out Time Payment Policy which was effective January 1, 1968.

Out Time Payments

The term Out Time Payment refers to payments made by an individual for periods of time (Out Time) when he is not employed by a PERA-affiliate. The amount of the Out Time Payments is six percent of the regular full monthly salary the individual was earning upon termination spread over the time he is out of service. The purpose of Out Time Payments is to connect one period of active service to another when there has been a definite break in continuity of service with termination of service. The employer is not obligated to pay a matching share on Out Time Payments.

The change in Out Time Payment Policy as represented by the new rules and regulations provides that Out Time Payments are no longer required for absences if the member has not terminated his employment; that is, the member no longer has to make Out Time Payments for certified leaves of absence, and for part-time work. Under certain circumstances Out Time Payments are required for military leave as explained below.

Leaves and Part-Time

The new Out Time Payment Policy does not affect payroll office deduction procedures, but primarily affects the headquarters operation. The changes are of particular assistance to those who go on leave and those who work part-time as the following examples illustrate.

A. *Previously*, any member who was on an official leave of absence had the right to apply for waiver of payments up to twelve months during his career if said leave was certified by the employer.

Now, a member can be on official leave for over twelve months, any length of time the employer is willing to certify a leave and guarantee his job, and payments are not due. One requirement for said waiver of payments is that the employee *must* return to his former employer at the end of said certified leave.

B. *Previously*, if a member was a part-time employee, his service for each year was pro-rated; and if he received credit for 6-11 months per year, then the other months (1-6) required Out Time Payments for "Uncredited time."

Now, this type of Out Time Payment has been eliminated. The member receives credit on our pro-rata formula if a part-time employee, but Out Time Payments are no longer charged.

Short Leaves

While the rules and regulations do not require Out Time Payments for short leaves, (several days absences from the payroll), the Retirement Law states that the members shall deposit six percent of their *regular monthly salary*. Thus, if a \$400 per month employee misses time during the current month and earns only \$300, the employee's deduction must by law be six percent of the regular \$400 per month salary, or \$24.00. The employer matches six percent of the \$300 earned, or \$18.00 for that month.

However, when an individual applies for a benefit and if for some reason there are occasional days absence from the payroll for which no deposits were made, the individual will not be required at that point to make Out Time Payments as he formerly was obliged to do.

Effective Date

This new Out Time Payment rule was effective January 1, 1968, and provides that any lump sum payments or installment payment contracts entered into prior to said date shall not be affected by the amendments.

Members are reminded that it is not possible to withdraw deposits while on leave of absence.

Out Time Payments (6% of the member's salary when he left service) are still required for those electing a retained membership under Chapter 111-1-9, CRS 1963, and are required to provide service credit on military leaves in cases in which the member's military pay exceeds his last civilian pay. If the military base pay is less than his previous civilian salary, no payments are required.

Out Time Payments are also required when there has been a termination of service and the member wishes to connect his previous account with a new period of service.

Rules

The main rules relating to this change in policy are as follows:

RULE 20.111 MODIFICATIONS IN OUT TIME POLICY. Effective January 1, 1968, Rule 30 provides for modification of previous rules concerning out time payments. The following rules are affected by this modification and shall be applicable only to cases where applied prior to January 1, 1968, provided, however, that any lump sum payments accepted or installment payments entered into prior to said date shall not be affected by the amendments provided in Rule 30:

- a. Rule 20.1021 Leaves of Absence
- b. Rule 20.1022 Arrearage
- c. Rule 20.106 Account Deduction Adjustments.

RULE 30.1031 OUT TIME.

a. Out time shall refer to the period or periods when a member is off the payroll for absence due to his inability to appear or perform work which is available or his inability to obtain a full year's service credit.

b. Effective January 1, 1968, out time shall refer solely to:

(1) Periods out of service following termination of service and prior to subsequent re-employment by an affiliated employer.

(2) Periods of absence from covered service while on military leave of absence.

(3) Periods out of service following termination of service when a member exercises his right to continue direct payments pursuant to Rule 20.1023 (Retained Membership).

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Last	First	Middle Initial	Month	Day	Year	No.	
			Date Employed			Male	Female
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Division (State, School, Municipal, Judges)

Date Signed _____

Your Signature _____

Address _____

Zip Code _____

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Employees cannot enroll after retirement

IF YOU HAVE CHANGED YOUR ADDRESS

Complete and mail this form

PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION
1390 Logan Street, 4th Floor
Denver, Colorado 80203

Please change my mail address to the following:

(Employed by)

Name

Address

Zip Code

Ask your colleague if he received a copy of this report.

Perhaps he forgot to send his new address.

NEW PUBLICATIONS ISSUED

PERA has issued a number of new publications during the past fiscal year in addition to re-issuing several standard booklets. Among the new publications are the following:

SURVIVOR BENEFITS. This leaflet describes in brief form the benefits available to survivors in case of the death of an actively-employed member. It explains eligibility for benefits and the formula used in determining amount of payments and gives sample cases.

RETIREMENT APPLICATION, OPTION SELECTION. Outlining the steps involved in applying for a service retirement and the documents and forms needed to complete a retirement application, this leaflet explains various options available at retirement.

LEAVES OF ABSENCE. This leaflet explains the rights of the member when he is given a leave of absence. It deals with unpaid leaves, sabbatical leaves, and military leaves.

TERMINATIONS. A special purpose leaflet, this publication outlines the alternatives available to a member when he terminates service with a PERA-affiliated employer. It explains withdrawal of deposits, deferred annuity, retained membership, inactive accounts, and connecting service through out time payments.

NEW MEMBER LEAFLET. Designed to be mailed to each new member of PERA, this leaflet gives highlights of PERA benefits. Space for a record of deposits is provided.

PERA TOPICS. This is a shop talk periodical issued four or five times per year and mailed to payroll, personnel, and administrative officers. *Topics* treats problems and procedures involved in administering the PERA program at an employing agency level.

POCKET RETIREMENT CERTIFICATE. This new pocket card was developed for annuitants who would like to have evidence of retirement to carry with them in pocket or purse. It was distributed to all currently retired with the June checks, and will be distributed to all service retirees in the future.

Regular publications re-issued during the past fiscal year included *Know Your Colorado Retirement Plan*, a complete reference description of PERA; *The State Employees' Retirement Act and the Public Employees' Retirement Acts of Colorado*, the body of law governing the Association, and *Realistic Security*, a description of PERA's group life insurance plan.

All PERA publications are free to members upon written request to the PERA Headquarters.

INVESTMENT REPORT TO MEMBERS

The past fiscal year has been one of tragedy, trouble, and sudden and violent change. But it has also been a year of hope, a year of opportunity, and a year of reward as far as investment of PERA funds is concerned.

The economy of the United States has been in a dramatic upsurge—in fact, the pace of progress has been so rapid that most economists regard it as unsustainable. As a result of the recent income tax surcharge, it is expected that there will be a slowdown in the economy in the last half of 1968 and early part of 1969.

PERA has taken advantage of this upward surge to increase the income on its investment portfolio. In just one year the yield on the entire fund has increased from 4.41 percent to 4.61 percent. Considering the limitations of the law relative to investments, this increase is truly substantial. Provided the legislature permits more flexibility in areas of investments, the increase should be even more pronounced in the next few years. During the past year more than 39 million dollars was invested by the Retirement Board at the highest interest rates in the history of PERA. Investment income was nearly 12 million dollars.

As to the future, certainly the effort to stem inflation will have some effect on the bond market. It is anticipated that bond prices will trend higher resulting in lower yields to the investor. However, it is not expected that the yields will be dramatically lower barring unforeseen circumstances. The stock market will probably do better—particularly the utilities, which have already commenced rising in an otherwise drab market. There is simply too much money around to permit any serious “mini-recession” for any extended period of time.

PERA can look forward to continued excellent investment results, particularly if the Board is successful in obtaining more flexibility in the law.

YOU ARE BUILDING

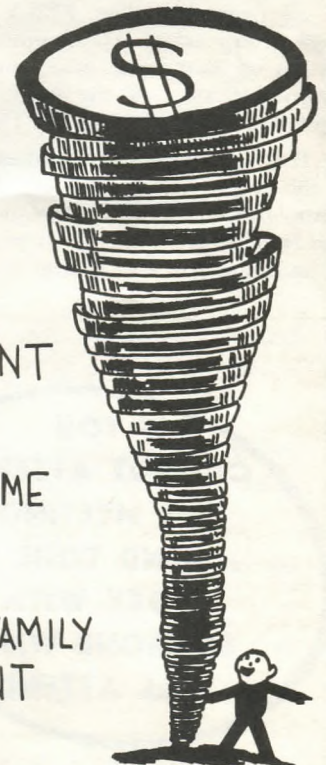
WITH

PERA

✓ FOR YOUR
RETIREMENT

✓ IF YOU BECOME
DISABLED

✓ FOR YOUR FAMILY
IN THE EVENT
OF DEATH



**SECRETARY'S 37th ANNUAL REPORT TO THE MEMBERS — JULY 1, 1967-JUNE 30, 1968
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO**

I. MEMBERSHIP STATISTICS:	TOTALS CONSOLIDATED	STATE EMPLOYEES' DIVISION	SCHOOL EMPLOYEES' DIVISION	MUNICIPAL EMPLOYEES' DIVISION
Number of members June 30, 1968	62,077	25,311	34,194	2,572
New Members Accepted and Reinstated July 1, 1967 to June 30, 1968	11,868	4,564	6,545	759
Less: Members Deceased	282	173	100	9
Left the Service	7,745	3,007	4,311	427
Total Withdrawn	8,027	3,180	4,411	436
Net Gain in Membership for Fiscal Year	3,841	1,384	2,134	323

II. FINANCIAL STATEMENT — JUNE 30, 1968

ASSETS				
Cash Balance	\$ 310,875.65	\$ 192,730.41	\$ 38,187.65	\$ 79,957.59
U. S. Securities (at cost)	75,306,984.48	31,164,456.63	37,131,267.55	7,011,260.30
FHA Mortgages — Capehart	66,402,380.54	25,932,771.02	40,469,609.52	
FHA Mortgages — Wherry	39,886,322.24	16,673,774.23	23,212,548.01	
Anticipation Warrants-Employment Building	1,170,000.00	1,170,000.00		
Corporate Bonds	83,228,404.70	33,529,359.88	46,431,530.97	3,267,513.85
Corporate Stocks (Preferred)	500,000.00		500,000.00	
Corporate Stocks (Common)	10,780,644.78	5,038,221.28	5,235,386.87	507,036.63
Federally Insured Bonds	20,858,187.50	7,946,812.50	12,307,625.00	603,750.00
Federal Agency Bonds	748,125.00	349,125.00	349,125.00	49,875.00
Furniture and Equipment (Book Value)	24,184.94	24,184.94		
TOTAL ASSETS	\$299,216,109.83	\$122,021,435.89	\$165,675,280.57	\$11,519,393.37
LIABILITIES				
Members' Deposits	\$107,733,005.05	\$ 46,932,296.82	\$ 57,031,182.45	\$ 3,769,525.78
Annuitants' Retirement Reserve	97,348,607.65	56,850,880.36	37,095,501.90	3,402,225.39
Survivors' Benefit Reserve	6,244,097.45	3,873,044.28	1,762,798.85	608,254.32
Deferred Annuitants' Reserve	4,581,507.02	1,539,673.33	2,913,103.57	128,730.12
Deferred Survivors' Benefit Reserve	831,071.35	510,184.94	213,894.24	106,992.17
Members' Retirement Reserve	79,190,846.17	9,955,277.64	65,807,577.94	3,427,990.59
Insurance Dividend Reserve	1,420,008.99	1,420,008.99		
Reserve for Bond Premiums Paid	1,207,897.20	484,873.68	647,371.38	75,652.14
Reserve for Cancelled Warrants and Checks	745.45	310.67	411.92	22.86
Daily Deposits Reserve	657,128.50	454,585.18	202,543.32	
Advance Premiums-Members' Group Insurance	1,195.00	300.00	895.00	
TOTAL LIABILITIES	\$299,216,109.83	\$122,021,435.89	\$165,675,280.57	\$11,519,393.37

III. RETIREMENT STATISTICS:

Retirement annuities have been approved by the retirement board payable to retired members during the fiscal year as follows:	STATE	SCHOOL	MUNICIPAL
(A) 35 or more years service at any age	4		
(A1) 30 or more years service at age 55	16		
(A2) State Patrol: 20 years or more service at age 55	1		
(Ba) 20 or more years service at age 60	105	84	7
(B2a) 5 or more years service at age 65 (fractional)	150	206	26
(C) Service incurred disability after 5 years service	6	1	
(D) General disability after 15 years service	17	11	3
(E) Termination of service: Retention of membership (Sec. 9-Frac.)	13	11	
(Fa) Survivor's Benefits: Automatic	4	2	1
(G) Deferred (Age 65)	19	71	
TOTAL RETIRED DURING FISCAL YEAR	335	386	37
Returned to rolls from suspension		10	
Total number receiving Retirement Annuities 6/30/1967	2597	1742	175
Total number receiving Retirement Annuities during fiscal year	2932	2138	212
Co-beneficiaries continued upon death of annuitant	24	4	
Less: Retired members deceased during fiscal year	142	45	4
Annuities temporarily suspended this year	1	3	
TOTAL NUMBER RECEIVING RETIREMENT ANNUITIES 6/30/1968	2813	2094	208
Average monthly rate 6/30/1968	\$ 163.89	\$ 140.32	\$ 132.02
Total paid in annuities 7/1/1967 to 6/30/1968 (12 Months)	\$5,273,568.76	\$3,360,296.98	\$ 285,844.19
Average monthly rate for annuitants retired during year	\$ 202.78	\$ 184.87	\$ 172.96
Survivor benefits added to rolls during fiscal year (S.B. 194)	34	21	4
Total Survivor Benefits 6/30/1968	184	102	38
Total paid in Survivor Benefits 7/1/1967 to 6/30/1968 (12 Months)	\$ 296,216.60	\$ 171,544.24	\$ 57,325.51
Retirement Annuities Deferred (future at age 65)	209	438	17
Total future liability (annually)	\$ 339,380.56	\$ 550,923.44	\$ 20,775.96
Survivor Benefits (S.B. 194 future)	49	20	9
Total future liability (annually)	\$ 60,080.16	\$ 21,685.80	\$ 12,142.80