

PERA ANNUAL REPORT

July 7, 1975

Members Sent Report Earlier

This year's **Annual Report** which you are now reading comes to you almost four weeks earlier than in previous years.

The Retirement Board at its June meeting instructed the staff to mail the report earlier than previous years in order that timely election information could be distributed. See Election Story in this issue.

Because this report had an earlier deadline than usual (June 17), it does not contain the traditional June 30 investment, financial, and membership information. However, financial, investment, and membership data will be available at the Annual Meeting. It will also be printed in the **Midyear Special Report** which will be mailed to each member's home about the first of the year.

A 48 page booklet titled **1974 Statistical Supplement** was prepared for the first time this year in February. It contains detailed financial and actuarial information including auditor's reports, investment portfolio data, investment performance measurements, and actuarial assumptions. Single copies are available to members upon written request directed to the Association office.

You'll be hearing from the Board and staff again after the first of the year. Watch for that report.

As this Annual Report goes to press, Governor Richard Lamm has now signed Senate Bill 124 into law. Two new Board positions— one for retired persons and one new School Division member — will definitely be voted upon at the Annual Meeting. Nominations will come from the floor.

The Legislature adjourned passing HB 1364, the "Catch-Up" Bill at a very reduced level of funding.

A legislative story appears on page 4.

Board Elections At Annual Meet

This year's Annual Meeting to take place at the Marriott Hotel in Denver at 7:30 p.m. Tuesday, August 26, will be highlighted by elections of Retirement Board members.

Two existing seats for State Division members on the Board will be filled at the meeting. It is anticipated that a new seat for retired persons and a new additional seat for School Division members will be voted upon. A Municipal seat that would have been filled is being phased out.

EXISTING SEATS

According to the PERA Bylaws, those seeking the two existing State Division seats submitted pictures and brief biographical sketches before the end of the last business day in March. This was done by Dave Baxter and Adrian Williamson, who are candidates for the one-year State Division term on the Board. Filing letters of intent for the State Division 4-year term were Robert Bronstein, Bill Maguire, and Mark Schwartz. These persons will be nominated at the Annual Meeting. No further nominations will be accepted. Biographies and pictures of these candidates accompany this article.

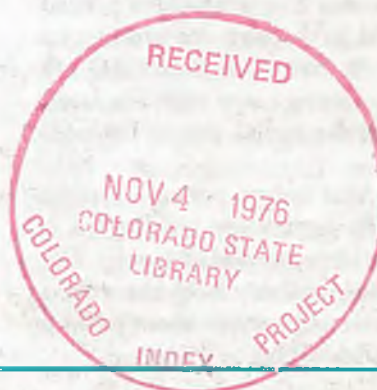
NEW POSITIONS

The Retirement Board at its June meeting discussed the implications of the passage of Senate Bill 124. This bill changed the Board composition by adding two new seats and deleting two seats. A board member representing retired personnel and an additional board member representing the School Division were added. Deleted were one Municipal Division seat and the position on the Board occupied by the Secretary of State.

(Next Page)

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Notice:

FORTY-FOURTH ANNUAL MEETING

PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION
OF COLORADO

To All Members:

The Annual Meeting of the Public Employees' Retirement Association, as provided in the Bylaws, will be held at 7:30 p.m. on Tuesday, **August 26, 1975, at the Marriott Hotel, Interstate 25 and Hampden Ave., Denver, (Exit 91, Interstate 25). NOTE CHANGE OF MEETING PLACE.**

The purpose of the meeting is to elect two state employee members, one school employee member, and one retired member to the Public Employees' Retirement Board and for such other business as may regularly come before the meeting. Members of the Retirement Association may vote if attending in person, or by proxy.

JULY 7, 1975
1390 Logan, 4th Floor
Denver, Colorado 80203

JACK E. KENNEDY
Executive Secretary

While the bill had been passed by both houses of the Legislature, it was not at that time signed into law by the Governor.

In view of the short period of time between actual passage of the law and the Annual Meeting, the Board decided that the best and most equitable procedure for elections of these positions was to accept nominations from the floor at the Annual Meeting. As a result, pictures and biographical sketches of these nominees do not appear in this Annual Report. Those elected to the two new positions will serve for four-year terms.

WHO VOTES?

S.B. 124 requires that active contributing members of PERA Divisions vote for the seats designated for State, School, or Municipal Divisions. Retired members are the only ones who can vote for the retired seat. Retired members cannot vote for the Division seats.

Public elementary and secondary school employees belong to the School Division. Employees of the State of Colorado including those who work for the State Colleges and Universities belong to the State Division of PERA. City employees belong to the Municipal Division. Only State Division members can vote and serve for the State Division seats. The same principle applies to the School and Municipal Divisions.

PROXIES

Members may vote in person or by proxy. A proxy is found on page 8 of this report. An individual may change his proxy designation. For example, a retired person finds out he should have given his proxy to a retired person to vote for the retired candidate. He can void his previous proxy by issuing a new one. The latest date on a proxy prevails; the earlier proxy becomes invalid.

The Board has stated that only a person from the proper Division can vote in the election whether he is voting in person or voting a large number of proxies. For example, a School Division member could not vote a block of State Division proxies. Questions about proxies may be directed to the PERA office.

NOTE: The following material was written and submitted by each candidate, and edited only for clarification.

STATE CANDIDATES

One-year term

DAVE BAXTER. 1831 Bonforte Boulevard, Pueblo, Colorado, 81001. Telephone: 544-5969 (home) 549-2306 (office).

Personal: Married. Wife, Phyllis. Children, 5—3 boys, 2 girls.

Education: B.A. Western State College. Major—Education, Business Administration, Science and Math, Physical Education. Minor: Social Studies, English. M.A., Western State College, Education, Administration. Under-graduate and graduate courses also taken at Colorado State University, University of Northern Colorado, University of Denver, University of Colorado, University of Kansas, Adams State College, Southern Colorado State College.

Employment: Fowler High School, Science and Math Teacher, Coach, (1 year). School District No. 50, Delta County, Science and Math Teacher, Coach and Principal, Hotchkiss (5 years). Delta County Schools, Business Manager (13 years). Jefferson County Schools, Science and Math Teacher (1 year). Southern Colorado State College, Business Manager and Administrative Assistant to President (13 years).

ADRIAN WILLIAMSON. Born Austin, Colorado, December 14, 1914. Married, two grown children. Education—Delta High School. University of Colorado B.S. (Business Administration, 1939)

Professional Experience: Interrupted only by 3½ years of service as an Army Finance Officer, employment with the University of Colorado has been continuous for 34 years. In April, 1951, transferred from the Boulder campus of the University of Colorado to the University of Colorado Medical Center in Denver. Served in several positions including controller, business manager, and executive assistant to the vice president for medical affairs. In 1972 assumed present position in the John F. Kennedy Child Development Center at the Medical Center as Chief of Administration.



Bronstein



Maguire



Schwartz

PERA Activities: Member PERA Legislative Committee, 1960 and 1961. PERA Board member, 1962 to 1975. Currently vice chairman of the Board and Chairman of the PERA investment committee.

STATE CANDIDATES
Four-year term

ROBERT BRONSTEIN. M.A. University of Chicago, 1948. J.D., University of Chicago, 1951. Lt. Col. U.S.A.F. (ret.). Member, Illinois, Colorado and Federal Bar.

Experience Current: Management Consultant, Dept of Administration; Instructor, University of Denver, Instructor, University of Colorado.

Experience, Prior: Project Director, Boulder Growth Study. Coordinator of Environmental Problems, Office of Governor. Member and Secretary, Colorado Environmental Commission. Colorado Budget Director. Colorado Management Analysis Director. Director, Operations Research and Planning. Wing Legal Advisor. Korean War Service (Air Force Intelligence). World War II Service (Corps of Engineers).

Travel, Residence and Work in Foreign Countries: 1941, Mexico. 1944-5, New Caledonia, New Hebrides. 1945-6, Iwo Jima, Tinian, Saipan, Hawaii. 1951, Canada. 1952-4, Alaska. 1956-60, Germany, Sweden, Norway, Denmark, France, Luxembourg, Holland, Switzerland, Lichtenstein, Monaco, Austria, England, Italy, Israel, Greece, Trieste. 1971, Denmark, Soviet Union, Finland, Sweden. 1973, Mexico.

WILLIAM J. MAGUIRE, JR. Born June 20, 1925. Born and educated through high school in Philadelphia, PA. graduating in 1943. Spent 29 months in the Army

Air Forces during World War II. After service attended Regis College in Denver from 1946 to 1950 graduating with a B.S. degree.

Worked from 1950 to 1955 for the City of Philadelphia and the Philadelphia Board of Education in personnel work and attended Villanova University at night and on weekends for a Master's Degree.

Married Mary Nolan in 1951 and have three sons and one daughter.

From 1955 to 1965 served as Personnel Director for the Eastern Pennsylvania Psychiatric Institute and Research and Training Center run by the five medical schools in Philadelphia and funded by the State.

Joined the Personnel Office of the Colorado State Hospital in September, 1965, and has been active in pre-retirement counseling of employees.

Has served on the PERA Legislative Committee many years and on various CAPE Committees.

Currently Vice-President of the Mt. Carmel Credit Union in Pueblo. Also Vice-President of CAPE Chapter #1 Board of Directors. Serve on other committees serving the handicapped and youth of Pueblo.

MARK E. SCHWARTZ, B.S. in Business Administration from University of Connecticut. Past employment includes Bache and Co. on Wall Street in New York City. Employed by the State of Colorado, Department of Labor & Employment for over 14 years.

Formerly classified as Manager-Analyst — recently classified as an Administrative Assistant III.

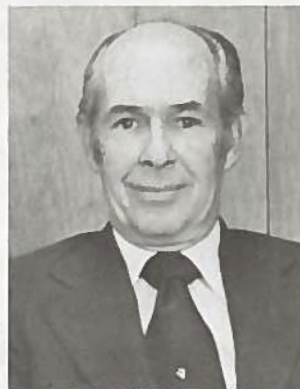
Has never missed a meeting of CAPE Standing Retirement Committee or PERA Legislative Committee. Proposed much legislation which has since become law, such as equal sex rights in receiving survivor benefits. Studied all 50 states' retirement systems, and specialize in retirement benefits, legislation, and law. Proposed part of the 1975 House Bill 1212 which will allow all PERA-covered employees to retire after 20 years of service on a Deferred Annuity payable at 60 years of age — giving everyone equal rights after 20 years of service.

Elected to the Retirement Board in 1973, and has never missed a meeting of the Retirement Board. The only member of the Retirement Board who voted for allowing veterans' service credit toward retirement.

Is married to the former Ida Del Vasto.



Baxter



Williamson

Legislature Approves Four Bills

The 1975 session of the Colorado Legislature passed all four bills sponsored by the PERA Board. One of the bills, HB 1212, has become law. It is anticipated that Governor Richard Lamm will sign the others into law as well. See page one for the latest news as of presstime on these bills — HB 1364 (Catch-up), SB 121 (State Patrol), and SB 124 (Board Composition.)

Priorities for this year's legislative program were to increase annuity payments to retirees without increasing member and employer contributions. These objectives were accomplished. All four bills submitted to the Legislature were first approved by a one-hundred-member PERA Legislative Committee and by the Retirement Board.

HB 1364. "Catch-up" Cost of Living and 1% for All Years Over 20.

The first provision of this bill increases all benefits to annuitants and survivors which became effective in calendar year 1973 or earlier. The new schedule of increases will replace the old schedule which affected only those who began drawing in 1968 or before.

As HB 1364 passed both houses of the Legislature, enough money was appropriated for approximately thirty percent implementation of the bill's provisions. This means that during the year which starts July 1, 1975, each of the 11,000 persons affected will receive about thirty percent of the proposed schedule which was listed in the Special Report mailed in January. The adjustments will probably be made beginning with the July checks if the Governor signs the bill.

Please note this does not mean a 30% increase in benefits. In some instances, the increase in benefits will not be very large because of the severe cutback in the originally proposed schedule.

The second provision of HB 1364 was written to give credit to all active and retired members of one percent of Final Average Salary for all years over 20 years, up to 40 years, served before July 1, 1969. Years over 20 since that date are presently included in retirement calculations. The Legislature appropriated enough money this year to fund approximately 30 percent of this feature of HB 1364 effective July 1, 1975.

HB 1212. Deferred at 60 With 20 Years, and Disability Percentage Limitation.

This bill, which became law on May 31, allows persons who select a deferred annuity after having served 20 or more years to begin drawing their allowances at age 60 with no reduction. Persons already drawing annuities when this bill became law are not affected by this new law. The previous law provided reductions in all deferred annuities taken before age 65.

Disability retirement is also changed by HB 1212. All disability retirements which become effective after May 31, 1975, will be limited to a maximum of 50 percent of the member's Final Average Salary (FAS), unless he has over 20 years' service at time of disability, in which case he receives an additional one percent of FAS for each year over 20.

Disability retirement will continue to be based on the service the member would have received, had he been able to work until age 65, subject to the new limitation.

Three other provisions are affected by the new law.

A severely disabled child will now receive benefits when a member dies, regardless of the age of the child. Men will qualify for benefits under the automatic option three section of the law if their wives were eligible for an unreduced retirement at time of death. Previously, men had to prove dependency to qualify for this provision. The new legislation also defines more precisely service credit when death occurs.

SB 121. State Patrol.

Uniformed members of the State Patrol will be allowed optional reduced retirement at age 50 with at least 20 years of service. The full retirement percentage will be reduced by six percent for each year the member retires before age 55. This change will be at no cost to the fund.

SB 124. Board Composition.

The composition of the Retirement Board is brought closer into line with the composition of PERA membership by this bill. The School Division gains one seat, while the Municipal Division loses one seat. The total retired membership will elect one Board member from its ranks, and the Office of Secretary of State is removed from the Board. See other stories in this issue for more details on this year's elections.

Several other bills were introduced in the Legislature concerning PERA. Of those bills, only HB 1254 was passed. HB 1254 increases the minimum retirement to career state employees. A \$200 minimum payment will be established for persons retiring from the State Division before July 1, 1975 who retire under full unreduced retirement or under disability retirement. This amount can be met from the PERA payments, from HB 1364, or from HB 1254.

HB 1192, which provided for Final Average Salaries to be figured on the highest three consecutive years of salary during the member's career, instead of the present five years, did not pass. While the Retirement Board supported this concept, the Board did not select it as a priority for this year.

Legislators Who Helped

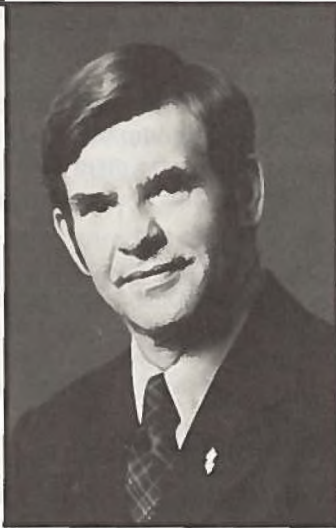
Many legislators helped in the passage of recent PERA legislation. Pictured here are legislators who were particularly helpful: Senators Kingston Minister, Dan Noble, and Richard Plock; Representatives Forrest Burns, Bob Kirscht, Wayne Knox, Leo Lucero, and Arie Taylor.



Minister



Noble



Plock



Burns



Kirscht



Knox



Lucero



Taylor

Sen. Minister and Plock and Rep. Kirscht were main sponsors of HB 1364. Rep. Lucero and Sen. Noble sponsored SB 121. Rep. Burns and Sen. Minister sponsored HB 1212. Rep. Knox and Sen.

Minister sponsored SB 124. Sen. Noble and Rep. Taylor chaired the important State Affairs Committee in each House where PERA legislation was considered.

Two Insurance Plans Offered

PERA offers two optional group term insurance plans to provide members maximum protection at low cost. The plans offer budget costs because they provide pure protection, incur small operating expenses, utilize mass purchasing power through our large group, and premium payments are made by payroll deductions.

Under both plans, premiums are not charged while the member is totally disabled (provided the disability begins prior to age 60.) In either plan, the member may convert his group insurance to an individual policy if he terminates service with a PERA affiliate. One plan is underwritten by the New York Life Insurance Company. The other is sponsored by the National Conference on Public Employee Retirement Systems and is underwritten by the Prudential Insurance Company.

Both plans also have some coverage for an eligible spouse and eligible dependent children of the member.

Premium payments for the plans are by payroll deduction, and the amount of insurance is dependent upon the age of the individual at time of claim.

The member of PERA can choose which plan he desires to take, or he can choose both.

NEW YORK PLAN

Premiums for this plan are \$5 monthly by payroll deduction and provide the following benefits:

Age at Time of Claim	Amount of Group Life Insurance
Under 25	\$25,000
25 under 30	20,000
30 under 35	16,000
35 under 40	12,000
40 under 45	9,000
45 under 50	7,000
50 under 55	5,000
55 under 60	3,030
60 under 70	2,049
70 and above	1,000

**TO: INSURANCE DEPARTMENT
PUBLIC EMPLOYEES' RETIREMENT
ASSOCIATION**

**1390 Logan Street, 4th Floor
Denver, Colorado 80203**

Please send me more information about the PERA insurance plans.

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Employed by

Another valuable feature is the "additional" insurance benefit. This provision of the contract specifies that a member who has completed five years of coverage (Total cost \$60 per year x five years = \$300) is qualified for \$300 insurance in addition to that provided in the "basic" coverage. Further, each month thereafter, the "additional" coverage increases by \$5, the premium for that month.

This feature is particularly desirable at retirement under PERA because the member will have insurance that equals the amount of premium paid. He will not have to make further payments for this additional insurance.

All active non-retired members are eligible to enroll in the program. The premium of \$5 per month and the "basic" insurance stop at retirement or termination. The "additional" insurance, however, continues without further premium payment.

The "additional" insurance is continued to age 70 for terminating members who do not receive a PERA annuity and for the lifetime of those who receive a PERA annuity.

PRUDENTIAL PLAN

Premiums for this plan are \$6 monthly by payroll deduction and provide group term insurance benefits including accidental death and dismemberment insurance according to the following schedule:

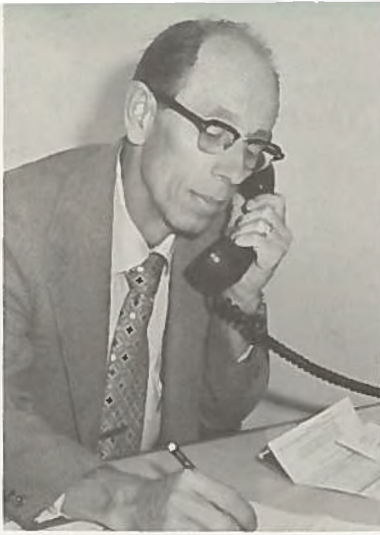
Age at Time of Claim	Life Insurance	Accidental Death and Dismemberment Insurance	Total Benefit for Accidental Death
Under 30	\$20,000	\$50,000	\$70,000
30 under 40	20,000	30,000	50,000
40 under 45	12,500	22,500	35,000
45 under 50	8,500	18,500	27,000
50 under 55	5,500	15,500	21,000
55 under 60	3,500	13,500	17,000
60 under 65	2,500	12,500	15,000
65 and over	1,000	1,000	2,000

At retirement the individual can continue this insurance by continuing the \$6 monthly premium.

All **active non-retired employees** are eligible to enroll in this program.

Enrollment in either plan can usually be accomplished without a physical examination provided health condition statements are satisfactory.

This brief description of the plans gives only an outline. For further detailed information complete and mail form to the left.



Don Clippinger

Accounting Division

A primary goal of the PERA staff is to maintain accurate retirement records on each present and retired member. A key part in the record-keeping system is the Accounting Division of PERA, directed by Don Clippinger. The work of this division affects each member from the day he enters PERA to the day he retires or refunds his account.

"A major function of our division is to record the payroll information sent in by each employer," explained Don. "It is important that this information be recorded accurately each month. Mistakes must be caught now, not twenty years from now when a person's benefit is figured."

Each month payrolls are mailed to PERA's lock box at Colorado National Bank. In addition to payrolls, checks are sent by each PERA-affiliated employer for the employee and employer contributions and other fees. This money is deposited in PERA's account with the state treasurer, who is custodian of the retirement funds under Colorado law.

This procedure allows the money from payrolls to be invested as soon as possible by PERA.

All payrolls and all moneys are collected and recorded into the State, School, Municipal, or Judges' division, depending on the source of the payroll. The employer contributions paid into a particular division fund help pay benefits only to persons from that division fund. Each employee's own deposits are maintained in a separate account.

At the PERA office, the totals on each employer's payroll are checked against the totals on the receipt and recorded if they match. The contribution totals are also looked at to see that the correct percentage deductions have been taken from salaries.

Further checks are made if totals don't match. In any case, PERA staff makes sure the individual items on each payroll add up to the totals listed. Errors on individual members' information are found and corrected, then each member's account is updated using the computer. The totals are then recorded for each employer, as corrected, by the Accounting Division. This cycle is repeated each month.

Of course, PERA not only collects money, but also makes regular payments to retirees and pays refunds to resigning members. Vouchers are made

up by the Accounting Division for the purpose of making these payments.

Each voucher transfers money to the appropriate division account (State, School, Municipal, or Judges') for annuity payments or for refund payments. Checks are then issued against these accounts. The need for funds is anticipated so that the obligations can be met, while all funds not needed for payment each month remain invested.

Another function of the Accounting Division is to prepare monthly financial statements.

Each year an independent auditing firm examines PERA's books thoroughly. The audit and control features regularly used by PERA are also evaluated. This year the firm is Peat, Marwick, Mitchell, & Co. PERA's books have always been certified by outside auditors, but are also subject to review by the state auditor as well.

Don Clippinger, a certified public accountant, directs the Accounting Division staff of five. He received his degree in accounting from the University of Denver in 1950, and worked for the City of Denver and was a partner in a local CPA firm before joining PERA in 1971.

His assistant is Eileen Bransteitter, who came to PERA recently from the state auditor's office. Jan Allen, Irene Kimminau, and Alice Rand maintain the books of the various PERA divisions. Alice is a veteran of 10 years service with PERA.

Wanda Hagg, a 17-year veteran at PERA, reconciles the checks sent out by PERA with the bank, along with other accounting duties.



Members of the accounting staff, from left to right, top row are Irene Kimminau, Wanda Hagg, Jan Allen; bottom row, Eileen Bransteitter and Alice Rand.

Unusual Investment Climate In 74-75

During this fiscal year we have witnessed a world-wide recession, extremely high rates of inflation, interest rates that exceeded the highs of 1970, increasing unemployment, negative real growth in the U.S. economy, and the resultant weak and depressed common stock prices.

At the present time interest rates have declined broadly from their high levels and common stock prices have increased approximately 45% from their recorded lows in October-December 1974, as measured by major common stock indices. The PERA investment portfolio has responded extremely well relative to the economic and investment environment existing since our last report.

In November, 1974, Marcel Fischer joined our staff as a specialist in the area of common stocks. Mr. Fischer has several years of investment experience, most recently as a member of the investment staff of Colorado National Bank, and we welcome his added expertise to our staff.

Because of earlier than usual printing deadlines, this year's annual investment report is necessarily abbreviated. It was necessary to eliminate the usual financial statement since the data will not be available at printing time. A more detailed investment report, including financial statements will be distributed as a special report later in the year. In addition, an in depth statistical supplement will also be available upon request.

Proxy for 1975 Annual Meeting

I, the undersigned, hereby appoint:

.....
to represent me BY PROXY at a meeting of the Public Employees' Retirement Association of Colorado to be held at Denver, Colorado, Tuesday, August 26, 1975, as provided by Section 5, Article III, of the Bylaws of the Association.

Dated, 1975

.....
(Signature of Member)

.....
(State Dept., Institution, School Dist., or Municipality)

.....
(Witness to Signature)

IF YOU CANNOT ATTEND THE MEETING SEND YOUR PROXY WITH SOMEONE WHO WILL ATTEND

Retirement Board

The Retirement Board is created by State law. It meets monthly and has the responsibility of establishing policy for administering PERA. Members are elected to four-year terms and serve without pay but are reimbursed for necessary expenses in connection with their Board duties.

Carl Wilkerson is chairman of the Retirement Board. Adrian Williamson is vice chairman.

Following is the present composition of the Board with the year in which elected members' terms expire.

STATE DIVISION. Mark E. Schwartz, Department of Labor and Employment, 1975; Adrian Williamson, Vice Chairman, University of Colorado Medical Center, 1975, (Unexpired term of Dr. Wykstra which expires in 1976.); John E. Moreland, University of Colorado, 1977; Thomas D. Lindquist, State Patrol, 1978.

SCHOOL DIVISION. Barclay Watson, Colorado Springs Public Schools, 1976; Margaret Whilden, Jefferson County Schools, 1976; Ada Houck, Grand Junction Public Schools, 1977; Carl Wilkerson, Chairman, Pueblo Public Schools, 1978.

MUNICIPAL DIVISION. Arthur Croissant, City of Pueblo, 1975; Bernal Brooks, City of Colorado Springs, 1978; Wilborn S. Whitehead, City of Arvada, 1978.

SECRETARY OF STATE, Mary E. Buchanan. **STATE TREASURER,** Sam Brown. **STATE AUDITOR,** John Proctor.

EXECUTIVE OFFICERS: Jack E. Kennedy, Executive Secretary and Joseph P. Natale, Assistant Executive Secretary.

PERA Building Project Begun

Groundbreaking for the new PERA Headquarters Building at 1300 Logan St. in Denver took place on Monday, April 14, with Retirement Board members and representatives of the architect in attendance at a brief ceremony.

The new building will cost approximately \$3 million and will be completed by May 1, 1976. The F.R. Orr Construction Co. is the general contractor. Architects are Johnson-Hopson Associates.

The building will provide 35,000 square feet of office and conference space on five floors and will provide two levels of underground parking.

Some of the office space in the new building will be leased until it is needed by the Association, Jack Kennedy, executive secretary, explained. He also pointed out that the new facility will not only relieve cramped space in the present offices but will give the Board and staff an opportunity to serve the membership better.

Currently, PERA rents office space in the Colorado State Employees' Credit Union Building at 1390 Logan.