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GUNNISON, COLORADO

August 1977

SCHOOLS GET EARLY RETIREMENT PLAN

School Division members can now retire under regular unreduced retirement between ages 55 and 60 with 30 years of service, through Senate Bill 200, signed into law recently by Governor Richard Lamm.

This improvement was a major goal of the PERA Legislative Committee and the Retirement Board.

Retirement qualifications for State, School, and Municipal Division members are now equal. Previously, 35 years' service were required for unreduced retirement between ages 55 and 60 in the School Division only. An actuarially reduced benefit continues to be available at age 55 with 20 years' service to all PERA members.

Senate Bill 200 makes no change in employee or employer contribution rates. The cost increase will be paid by extending the amortization period for unfunded accrued liability in the School Division, making it near equal to the State and Municipal Divisions.

See page 2 for a complete legislative report.

Catch-Up Bill Funded at 80%

The Colorado General Assembly has funded the Catch-Up Program at the 80 percent level for the fiscal year which began July 1. Ten thousand PERA retirees and survivors received an increase in their checks mailed the end of this July as a result.

Annuitants and survivors who began drawing benefits in 1973 or earlier receive increases to help offset the rise in the cost of living. The longer retired, the greater the increase, as a percentage of the original annuity amount.

Retirees who rendered over 20 years' service before July 1, 1969, are given credit for those years over 20 by the program.

Total cost for the program will be \$4.5 million this year, paid from the State General Fund.

22 Years of Service Jack Kennedy Leaves Association

Jack E. Kennedy, who served the Association as a staff member for 22 years, resigned effective July 1 to join the firm of Byerly and Company, employee benefit consultants.

Kennedy served as executive secretary to PERA from 1965 to 1977. He came to PERA in 1955 as assistant executive secretary and legal counsel. For three years prior to coming to PERA he was legal consultant to PERA in his capacity of assistant attorney general for the State of Colorado.

The new executive secretary is Joseph P. Natale who moved up from the assistant secretary's position.

Kennedy graduated cum laude from the University of Nebraska in 1948, with a BS degree in education. He taught high school English and drama in Nebraska before entering the University of Michigan law school where he received his LL.B in 1950.



Kennedy

He was presented a special Friend of Education Award during the 51st CEA Delegate Assembly in Grand Junction this spring. CEA recognized him for his leadership in improving retirement in Colorado over the past quarter of a century.

Kennedy has held offices in the National Council on Teacher Retirement and the National Conference on Public Employee Retirement Systems. He has been secretary of the National Council on Teacher Retirement for the past ten years and is recognized nationally as an expert in the retirement field.

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Legislative Session Reviewed

Several bills supported by the PERA Board were passed by the Colorado General Assembly this year. Chief accomplishments included improved early retirement in the School Division, and increased funding for the Catch-Up Program for retirees.

Some priorities established for this year's legislative program by the PERA Legislative Committee and the Retirement Board were not fulfilled. Bills to change the basis of Final Average Salary, increase the annual CPI escalator, and to allow PERA members to participate in a deferred compensation plan were defeated.

Unless otherwise indicated, Governor Richard Lamm has signed the following bills into law.

School Division Early Retirement.

Senate Bill 200 permits regular unreduced retirement for School Division members between the ages of 55 and 60 when they have 30 years' credited service. The requirement was previously 35 years.

The change equalizes retirement qualifications for the State, School, and Municipal Divisions.

Contribution rates will not change. The added cost will be paid by extending the amortization period for unfunded accrued liability in the School Division from 25 to 43 years. Other divisions of PERA have similar amortization periods, and the 43-year schedule is within the requirements of State Law.

Special thanks are due Sen. Dan Noble and Rep. Frank Traylor for their able sponsorship of this important legislation.

The Catch-Up Program.

This program, enacted by H.B. 1364 in 1975, will be funded at the 80 percent level for the year which began July 1, up from 50 percent last year.

PERA annuitants and survivors who began receiving benefits in 1973 or earlier receive a supplement based on year of retirement. The longer a member has been retired, the greater the supplement, as a percentage of his base annuity.

The second part of this program allows credit of one percent of Final Average Salary for each year of service over 20 served before July 1, 1969. This feature applies regardless of the member's actual retirement date. Service after July 1, 1969, in excess of 20 years, is already counted under the retirement calculation formula.

Total cost this year will be \$4.5 million, paid from appropriations made by the



Traylor



Noble



Hilsmeier

Long Bill and H.B. 1717 out of the State General Fund.

A retiree's total supplement from this program, including the recent improvement, appears in the portion of the PERA annuity check labeled "State Payment."

The regular three percent cost of living escalator, funded by employee and employer contributions, continues as before.

S.B. 174.

Members will be required to file application for disability retirement no later than 180 days after the last day on the payroll. Six months' credited service in the year preceding the last day on the payroll is also required. As before, to be approved for disability, applicants must be judged by the Retirement Board to have been disabled on date of termination.

S.B. 174 also clarifies requirements for reinstating covered service, amends slightly the period for option selection, and defines membership in PERA.

Representative William Hilsmeier was particularly helpful through his leadership in the House on S.B. 174, and on H.B. 1301, the benefit improvement bill which did not pass.

S.B. 337. Judges Retirement.

This bill, amended during passage, brings retired judges under the Catch-Up Program with the implementation percentage set at 50 percent.

H.J.R. 1046. Interim Studies.

The problems involved in application of PERA to part time and temporary employees is one of several items to be studied by Legislative Council committees this summer and fall. The state and local firemen's and policemen's pension funds will also be studied.

Also approved by the Legislature and signed by the Governor was H.B. 1007, eliminating the state inheritance tax on PERA benefits if monthly benefits continue to a co-beneficiary after the retired member's death.

A bill improving early retirement benefits for uniformed members of the State Patrol, S.B. 397, was defeated.

Five Members Join PERA Retirement Board

School Division members elected Ada C. Houck of Grand Junction and Roberta J. Altenbern of Adams County to the Retirement Board in the May elections while State Division members elected Edward W. Murrow of the University of Colorado as a member of this policy-making group.

Two members of the Retirement Board were appointed by the Board after the elections to serve until the next election. These vacancies did not occur until after the elections had started. Frank Taulli, a Pueblo District 60 elementary school principal, was appointed to replace Carl S. Wilkerson who resigned from the Board. Robert Hapgood, a fiscal accountant with the State Land Board, was named to replace Mark Schwartz, deceased. (See related stories in this report.)

Mrs. Houck is a primary teacher, Mesa Valley School District No. 51, Grand Junction. Roberta Altenbern is a media specialist in Adams County School District 14. Mr. Murrow is deputy treasurer of the University of Colorado.

This election is the second year in which mail ballots were used. The election was conducted under the supervision of Heider & Company, certified public accountants. Ballots were sent directly to this independent accounting firm which presented results to the Retirement Board.

Created by State Law, the 14-member PERA Board consists of four persons elected by State Division members, five persons elected by School Division members, two elected by Municipal Division members, and one elected by retired members. In addition, the state treasurer and state auditor serve on the Retirement Board. Elected Board members serve for four-year terms.

Chairperson of the Retirement Board is Margaret Whilden with Will Whitehead serving as vice chairperson.

Following is the present composition of the Board with the year in which the present term of office expires.

STATE DIVISION. Robert Hapgood, State Land Board, 1978 (In 1978 an election will be held for the one year remaining on Mark Schwartz's term). Thomas D. Lindquist, State Patrol, 1978. Terry L. Lantry, Colorado State University, 1980. Edward W. Murrow, University of Colorado, 1981.

SCHOOL DIVISION. Frank Taulli, Pueblo Public Schools, 1978. Roberta Altenbern, Adams County District 14 Schools, 1979. Eileen Burroughs, Jefferson County Public Schools, 1980. Margaret Whilden, Jefferson County Public Schools, 1980. Ada Houck, Grand Junction Public Schools, 1981.

MUNICIPAL DIVISION. Bernal Brooks, City of Colorado Springs, 1978. Wilborn S. Whitehead, City of Arvada, 1978.

RETIRED. Walter Chilton, 1979.

STATE TREASURER. Roy Romer.

STATE AUDITOR. Bob Scott.

EXECUTIVE OFFICERS. Joseph P. Natale, executive secretary. Kenneth E. Peterson and Carl S. Wilkerson, assistant executive secretaries.

The Board meets monthly and has the responsibility of establishing policy for the administration of the Public Employees' Retirement Association. Members serve without pay but are reimbursed for necessary expenses in connection with their Board duties.

The state treasurer serves as treasurer of the Retirement Association. The legal advisor to the Board is the state attorney general.

Anyone wishing detailed information regarding candidacy for the Board should contact the PERA office.

NAMED TO BOARD

Pictured, left to right. Seated, Roberta J. Altenbern and Ada C. Houck. Standing, Edward W. Murrow, Robert Hapgood, Frank Taulli.



Staff Assignments Are Realigned

Three top PERA administrators began new assignments with the Association on July 1. The new appointments embody a new staff organizational pattern.

Joseph P. Natale, who had been assistant executive secretary, was appointed by the Retirement Board as executive secretary.

Kenneth E. Peterson, who had been director of the Division of Investments, became assistant executive secretary in charge of investments. Carl S. Wilkerson, a former principal of Centennial High School in Pueblo, became assistant executive secretary in charge of staff support services.

The new organizational chart calls for three Departments: Investments, Staff Support Services, and Member and Government Relations. Each is headed by an assistant executive secretary. The assistant executive secretary for member and government relations has not yet been named. PERA's operational divisions are assigned to appropriate departments.

JOSEPH P. NATALE

Joseph P. Natale, formerly director of Employee Services and executive secretary of the Denver Public School Employees' Pension and Benefit Association, came to PERA in 1964.

He served as a teacher in West High School, Denver, from 1950 to 1954 and became assistant director of the Denver retirement plan in 1954. Joe then served as director of the Denver system from 1960 to July 1964.

Prior to his work with the Denver schools Joe was employed by the City and County of Denver as an accountant, budget analyst, and administrative analyst.



Wilkerson, Peterson, Natale

He has two degrees from the University of Denver, a Bachelor of Arts Degree awarded in 1944 and a Master of Science Degree in Government Administration awarded in 1946 under a Sloan Fellowship. He also attended Doane College and did additional graduate work at the Harvard School of Business Administration. He is a native of Colorado and attended the Denver schools.

Joe is a member of numerous professional organizations including the National Council on Teacher Retirement and the National Conference on Public Employee Retirement Systems.

Natale said that he was proud to be PERA's third executive secretary. He expressed admiration of his predecessors—Raymond J. "Doc" Heath and Jack E. Kennedy.

Joe plans to continue his strong interest in retirement plan improvement particularly for those already on the annuitant rolls.

KENNETH E. PETERSON

After the 1969 legislation was passed, allowing greater investment flexibility, the Board authorized a new position of investment officer on the staff.

Kenneth E. Peterson, former investment officer of the Colorado National Bank in Denver, was named to this new PERA position in 1969. He is a Denver native and graduated from the University of Denver in 1962.

Ken is vice president of the Denver Society of Security Analysts. Among the professional organizations to which he belongs is the National Association of Business Economists.

During his eight years as investment officer the assets of the Association as well as the yield on those assets have increased. The portfolio composition has changed from a heavy concentration of government bonds to a balance of corporate bonds and stocks and mortgages in addition to the governmental securities.

Peterson said he was pleased with the staff realignment and that "the Department of Investments continuing objective is to consistently achieve maximum long-term rates of return without exposing the portfolio to undue risks."

CARL S. WILKERSON

Carl Wilkerson was born in Gowen, Oklahoma, and moved to Cripple Creek, Colorado, when he was seven. He graduated from high school in Cripple Creek, then went on to receive both Bachelor and Master's Degrees from the University of Northern Colorado in Greeley. He has done advanced graduate work at other universities including New York University.

He began teaching in Pueblo in 1951 as a mathematics teacher at Keating Junior High School. In 1954 he became assistant principal of Keating and then in 1958 became assistant principal of Central High School. From 1960 until 1974 he was principal of Heaton Middle School in Pueblo. He moved to Pueblo Centennial High School as top administrator in the fall of 1975.

Carl has held a number of positions of service through his long career. He was president of the Colorado Education Association in 1965. Since 1957 until he resigned in 1977, Carl was a member of the Retirement Board. He served as chairman of the Board for the past four years.

**YOU As An Active Member Of PERA
May Now Enroll In Not Just One**

BUT TWO!

PERA SURVIVOR BENEFIT PLANS

- **The PERA Plan Through New York Life**
- **The PERA-NCPERS Plan Through Prudential**

**New Benefits For Actives
Greater Protection For Retirees**

**DESIGNED TO COMPLEMENT
YOUR TOTAL EMPLOYEE BENEFIT
PROGRAM**

**OPEN ENROLLMENT AUGUST THROUGH
DECEMBER**

Additional Information Inside Enrollment Cards Attached

• HIGHLIGHTS •

PERA Plan Through New York Life

- Increased Protection for Your Family
- Complements Your Existing Benefit Program
- Dependents Covered at No Cost to You
- Paid Up Insurance at Retirement
- Basic Insurance May Be Continued after Retirement
- Coverage at No Cost While You Are Totally Disabled before Age 60
- Benefits Payable on Account of Death from Any Cause
- No Health Statement Required If You Enroll During Open Enrollment Period

MEMBERS AND DEPENDENTS LIFE INSURANCE

Age at Time of Death	Members Basic Coverage	Spouse	Children
Under age 25	\$50,000	\$5,000	\$2,000
25 but under age 30	40,000	5,000	2,000
30 but under age 35	32,000	5,000	2,000
35 but under age 40	24,000	5,000	2,000
40 but under age 45	18,000	5,000	2,000
45 but under age 50	14,000	5,000	2,000
50 but under age 55	10,000	5,000	2,000
55 but under age 60	6,060	3,000	2,000
60 but under age 70	4,098	2,000	2,000
70 and over	2,000	-0-	2,000

Your Basic & Dependents Insurance may be continued after retirement by \$10 monthly deduction from your PERA annuity if you retire after April 30, 1977.

Extra coverage in the amount of your total premium contribution for the first 60 months of participation becomes yours after completion of that period of participation. Thereafter, the amount is increased \$10 each month while you are an active member of the plan. Upon your retirement on a PERA annuity, the accumulated extra insurance will be continued during your lifetime without further cost to you.

\$10 per month contribution by payroll deduction provides these benefits for you and your dependents.

How You Enroll

If you enroll promptly, you and your dependents will become insured on the first day of the month following a payroll deduction of your first premium.

Complete the attached application and mail to PERA.

NOT AVAILABLE TO RETIRED MEMBERS.

• HIGHLIGHTS •

PERA/NCPERS Plan Through Prudential

- You Obtain This Protection at Very Attractive Rates through the Mass Purchasing Power of a Large National Organization of which PERA Is a Member, the National Conference on Public Employee Retirement Systems.
- Your Coverage Includes Benefits for Accidental Death and Dismemberment.
- You Get Group Term Life Insurance Coverage for Your Spouse and Eligible Children at No Additional Cost.
- You Have Coverage for 24 Hours a Day — On or Off the Job.
- Your Coverage May Be Continued into Retirement.
- Payment of Premiums Is Made Easy for You through Payroll Deductions.
- Your Group Term Life Insurance and That of Your Dependents May Be Continued at No Further Cost to You in Case You Become Totally Disabled before You Reach Age 60, As Long As You Remain Totally Disabled.

SCHEDULE OF INSURANCE

EFFECTIVE SEPTEMBER 1, 1977

Members Age At Time of Claim	Members			Dependents	
	Group Term Life Insurance	Group Acciden- tal Death and Dismemberment Insurance	Total Benefit For Accidental Death	Spouse Term Life	Child(ren) Term Life
Less than 30	\$20,000	\$50,000	\$70,000	\$5,000	\$1,000
30 but less than 40	20,000	30,000	50,000	5,000	1,000
40 but less than 45	13,000	23,000	36,000	5,000	1,000
45 but less than 50	9,000	19,000	28,000	4,500	1,000
50 but less than 55	6,000	16,000	22,000	3,000	1,000
55 but less than 60	4,000	14,000	18,000	2,000	1,000
60 but less than 65	3,000	13,000	16,000	1,500	1,000
65 and over	1,500	1,500	3,000	750	750

The benefits available to you and your dependents at your time of retirement may be continued by a \$6 per month deduction from your PERA retirement annuity.

\$6 per month contribution by payroll deduction provides those benefits for you and your dependents.

How You Enroll

If you enroll promptly, you and your dependents will become insured on the first day of the month following a payroll deduction of your first premium.

Complete the attached application and mail to PERA.

NOT AVAILABLE TO RETIRED MEMBERS.

**As an Active Member of PERA You May
Participate in Either
or Both of These Excellent Plans**

* * *

**Combined They Represent
Significant Low Cost Protection
for Your Family**

**COMBINED PERA SCHEDULE
NEW YORK LIFE AND PRUDENTIAL**

Age At Time of Claim	Members			Dependents	
	Group Term Life Insurance	Group Acciden- tal Death and Dismemberment Insurance	Total Benefit For Accidental Death	Spouse Term Life	Child(ren) Term Life
Less than 25	\$70,000	\$50,000	\$120,000	\$10,000	\$3,000
25 but less than 30	60,000	50,000	110,000	10,000	3,000
30 but less than 35	52,000	30,000	82,000	10,000	3,000
35 but less than 40	44,000	30,000	74,000	10,000	3,000
40 but less than 45	31,000	23,000	54,000	10,000	3,000
45 but less than 50	23,000	19,000	42,000	9,500	3,000
50 but less than 55	16,000	16,000	32,000	8,000	3,000
55 but less than 60	10,060	14,000	24,060	5,000	3,000
60 but less than 65	7,098	13,000	20,098	3,500	3,000
65 but less than 70	5,598	1,500	7,098	2,750	2,750
70 and over	3,500	1,500	5,000	750	2,750

Plus New York Life

Members Extra Insurance

**After 60 Months of Participation Your Extra Coverage Will Be Equal to
Your Contributions to the New York Life Plan.**

**All This Protection for
PERA Plan \$10 & NCPERS Plan \$6**

\$16 PER MONTH

RULES AND REGULATIONS CHANGES

The revised PERA *Rules and Regulations* were published this past year. The *Rules* contain several changes, particularly in the areas of coverage and service credit.

The new rules were approved by the Colorado Attorney General's Office, then adopted by the Retirement Board, which has authority by Law to establish rules for administration of the Association, and for subjects not dealt with or clarified in the Law itself.

Some of the revisions were made necessary by law changes in earlier years. A number of changes suggested by the Colorado Attorney General's Office are also incorporated in the rules.

All full time employees (those expected to work at least 1,000 hours a year) must be covered under PERA from the first day of employment, under the new rules.

Coverage for part time and seasonal employees (those expected to work less than 1,000 hours a year) is required whenever any such employee works more than 500 hours within any six month period, beginning from the end of that six month period.

Membership continues as long as the employee receives some salary in each calendar month, and during certified unpaid leaves and normal absences. Members transferring to exempt positions (jobs which don't normally require coverage) must continue PERA coverage, and members working for more than one affiliated employer should be covered by each employer.

Temporary employees whose stay will not exceed one year may be exempted from coverage through specific agreement with PERA. The non-renewable agreement is made on forms provided by the office and is subject to PERA approval.

Any employee, regardless of the nature or extent of his employment, should be covered upon his request.

The service credit rule is more lenient than before in most cases. Service credit, together with age and Final Average Salary, are important factors in determining eligibility for a benefit and the amount of the benefit at retirement.

An employee earning 80 percent or more of his full time equivalent salary in a month now receives credit for the entire month. Monthly full time equivalent salary is the salary that would be received for working all the working days in a month, if paid on a monthly rate; or 150 hours, if paid by the day or the hour.

Short absences from the payroll are not penalized under this rule, where previously an employee lost some credit anytime his earnings fell short of the regular rate.

Part time employees working just a few hours a day will not receive a full year of service credit for a year's work. But they now qualify for a PERA annuity with 60 months on the payroll during continuous membership, if they wouldn't

otherwise attain the five year service requirement for a benefit.

These calculations can be very complex, and members should rely only on the PERA office for service credit determination. Members should contact the office for a retirement benefit estimate a year or so before they plan to retire if they have questions on their service credit total.

Other changes in the rules reflect legislative action in recent years. Rules regarding payment of survivor benefits to children past age 18, voting by annuitants for the retired seat on the Board, and penalties on employers for not properly covering employees all result from legislation enacted since the last *Rules* were published.

Extra copies of the *Rules and Regulations* are available from the PERA office upon request.

Open House For Building in June

Over 200 persons attended the Open House for the new PERA headquarters building which took place on Sunday, June 12.

Members were toured through the building by members of the staff. The new \$3.5 million facility at 1300 Logan was begun in May of 1975 and occupied on January 14, 1977.

Formerly, the Association rented space at the State Employees' Credit Union Building at 1390 Logan. Growth of Association services was a major reason the Retirement Board decided to build PERA's own building. It was also deemed to be a good investment and more economical than renting in the long run.

The building has 39,821 square feet of space on five levels. Parking spaces for 96 cars on four underground levels are provided.

The building is financed from balances in the Common Operating Fund which is the basic fund used to meet PERA administrative and operating expense. Rent is charged, as a part of operating expense, based upon prevailing rental rates in the area.

No tax funds or member retirement funds are involved in financing the building. PERA's voluntary life insurance program has accumulated a dividend reserve over twenty years of operation. Such reserve must be maintained to support some existing guaranteed benefits of the life insurance program. Some of this reserve is invested in the building, and building investment earnings will help to increase the reserve.

Architects for the building were Johnson-Hopson & Partners, Denver. General Contractor was the F.R. Orr Construction Co., Inc., Denver.

Second floor and other rental space should adequately meet PERA's office needs for 20 or more years.

The building was designed to convey strength and dignity without becoming monumental, the architects explained. Exposed aggregate precast concrete panels are the main building material. Brick was used for paving around the building and as a floor material on the first level.

FINANCIAL STATEMENT — JUNE 30, 1977

ASSETS	TOTALS	STATE	SCHOOL	MUNICIPAL
INVESTMENTS:	CONSOLIDATED	DIVISION	DIVISION	DIVISION
U.S. Securities	\$ 85,600,000	\$ 37,200,000	\$ 45,500,000	\$ 2,900,000
Mortgages	188,400,010	76,805,947	104,390,182	7,203,881
Federal Agencies and U.S. Guar. Bonds	81,506,144	31,853,814	46,024,382	3,627,948
Corporate Bonds	749,391,913	316,663,198	397,332,962	35,395,753
Total Fixed Income Securities (At Par)	\$1,104,898,067	\$462,522,959	\$593,247,526	\$49,127,582
ADD: Unamortized Premiums	200,965	84,106	113,609	3,250
Unamortized Losses on Bonds Sold	15,917,673	6,174,117	8,496,104	1,247,452
DEDUCT: Unamortized Discounts	(34,394,297)	(14,124,622)	(18,016,411)	(2,253,264)
Adjusted Book Value Fixed Income				
Securities	\$1,086,622,408	\$454,656,560	\$583,840,828	\$48,125,020
Corporate Stocks (At Cost)	213,475,894	89,363,056	115,250,781	8,862,057
Real Estate	20,000	-0-	20,000	-0-
Other (Short Term Investment)	65,325,224	25,567,204	38,561,606	1,196,414
TOTAL INVESTMENTS				
(ADJUSTED BOOK VALUE)	\$1,365,443,526	\$569,586,820	\$737,673,215	\$58,183,491
OTHER:				
Accrued Interest Income Receivable	19,669,082	8,308,517	10,442,052	918,513
Cash	1,647,555	692,274	755,431	199,850
Other Receivables	231,877	138,276	86,725	6,876
Due from Employer Agencies	15,139,966	7,022,796	7,385,140	732,030
Prepaid Administrative Expenses	109,597	46,287	59,138	4,172
TOTAL ASSETS	\$1,402,241,603	\$585,794,970	\$756,401,701	\$60,044,932
LIABILITIES & RESERVES				
Advance Life Insurance Premium	\$ 268,286	\$ 140,634	\$ 113,123	\$ 14,529
Investment Escrow	12,734	583	12,151	-0-
Members Deposits	399,799,252	174,170,525	207,872,072	17,756,655
Members Retirement Reserve	461,562,398	140,270,326	299,572,780	21,719,292
Annuitants Retirement Reserve	508,120,489	254,061,086	235,440,455	18,618,948
Survivors Benefit Reserve	20,468,584	11,899,450	7,044,131	1,525,003
Deferred Annuitants Reserve	10,454,760	4,337,416	5,863,578	253,766
Deferred Survivor Benefit Reserve	1,541,760	906,907	479,422	155,431
Reserve for Cancelled Checks	13,340	8,043	3,989	1,308
TOTAL LIABILITIES & RESERVES	\$1,402,241,603	\$585,794,970	\$756,401,701	\$60,044,932

MEMBERSHIP STATISTICS

	CONSOLIDATED	STATE	SCHOOL	MUNICIPAL
	TOTALS	DIVISION	DIVISION	DIVISION
TOTAL MEMBERSHIP MAY 31, 1977	104,656	42,658	56,505	5,493
Active Members	89,997	35,455	49,687	4,855
Annuitants and Survivor Benefit Members	14,659	7,203	6,818	638
New Members Accepted				
June 1, 1976 to May 31, 1977	16,080	6,755	8,359	966
Less: Members Deceased	(72)	(35)	(37)	(0)
Members Accounts Withdrawn	(11,628)	(4,944)	(5,964)	(720)
Total Withdrawals	(11,700)	(4,979)	(6,001)	(720)
NET GAIN IN MEMBERSHIP	4,380	1,776	2,358	246

RETIREMENT STATISTICS:

Retirement annuities have been approved by the Retirement Board payable to retired members during the fiscal year as follows:

	STATE	SCHOOL	MUNICIPAL
20 or more years service at age 55 (Patrol, Wildlife).....	3		
30 years any age (Patrol, Wildlife).....	1		
30 or more years service at age 55	16		1
20 or more years service at age 60.....	150	203	20
5 or more years service at age 65 (Fractional)	197	169	21
General disability after 5 years of service.....	174	92	12
Termination of service: Retained membership (Sec. 9)	21	16	
Survivor Benefits: Automatic.....	4		
Deferred (Age 60 or Age 65)	10	18	
20 or more years service at age 55 (reduced).....	34	32	9
5 or more years service at age 60 (reduced).....	117	132	
TOTAL RETIRED DURING FISCAL YEAR	727	662	63
Total number receiving retirement annuities 6/30/1976	6236	6036	516
Total number receiving retirement annuities during fiscal year	6963	6698	579
Co-beneficiaries continued upon the death of annuitant.....	63	29	2
Less: Retired members deceased during fiscal year	228	177	12
TOTAL NUMBER RECEIVING RETIREMENT ANNUITIES			
6/30/1977	6798	6550	569
Average monthly rate 6/30/1977	\$ 255	\$ 244	\$ 225
Total paid in annuities 7/1/1976 to 6/30/1977 (12 months)	\$21,601,634	\$20,460,230	\$1,569,350
Average monthly rate for annuitants retired during year	\$ 364	\$ 339	\$ 309
Survivor Benefits added to rolls during fiscal year	49	31	6
Total Survivor Benefits 6/30/1977	405	263	70
Total paid in Survivor Benefits 7/1/1976 to 6/30/1977			
(12 months).....	\$ 1,062,322	\$ 714,356	\$ 165,769
Retirement annuities Deferred (Future at age 60 or 65)	503	808	39
Total future liability (annually).....	\$ 1,308,803	\$ 1,581,316	\$ 79,431
Survivor Benefits (Future).....	35	22	4
Total future liability (annually)	\$ 54,611	\$ 29,211	\$ 6,880

Mark Schwartz Dies

Mark E. Schwartz, a member of the Retirement Board since 1973, passed away in May of 1977 while undergoing heart surgery.

Mark became ill late in 1976 but was thought to be recovering in January when he made a special effort to attend the January Board meeting in the new PERA Headquarters Building. This was the last Board meeting he attended.

A serious and dedicated Board member, Mark was first elected to the Board to finish an unexpired term and then in 1975 he was re-elected. He worked for the Colorado Department of Labor and Employment for over 15 years. His education included a B.S. in Business Administration from the University of Connecticut.

He worked on the Colorado Association of Public Employees (CAPE) Standing Committee on Retirement for a number of years and had particular interest in retirement improvement legislation including the bill which allowed an unreduced deferred annuity at age 60 when the member had 20 or more years of service.

Mark devoted himself unselfishly to serving the member-

ship of PERA and often took positions which were helpful but not always popular. He devoted a great deal of time to assist individual members with retirement problems.

He is survived by his widow, Ida, who was very supportive of Mark's service to PERA.

Field Staff Available For Group Meetings

PERA provides speakers on PERA benefits for group meetings of employees anywhere in the state. Members of the Division of Information Services travel to all corners of the state to explain the program to members.

There is no charge for this service. Make your request to the Division of Information Services. It is helpful if several alternate dates are suggested so that several meetings in one area can be arranged for one trip.

The Division also has available sets of overhead transparencies and 35 mm slides which explain PERA benefits. A cassette tape to go with the visuals is also provided. These materials are useful when utilizing a speaker is not practical. Order from the Division of Information Services.

INVESTMENT REPORT

In our last Annual Report we indicated that it was generally believed that the economic recovery would continue at a more moderate rate than that experienced in the early stages of the recovery. The anticipation of economic growth without excessive strengths or weaknesses on balance has been realized during this recent fiscal year, even with the shocks of a very harsh winter and the resultant energy shortage.

As we begin a new fiscal year, it is expected that the economy will continue to advance moderately, thus extending the recovery from the severe economic distortions of 1974 and 1975. The outlook for moderate stable economic growth is not without concerns. Consumer and business confidence is not strong and raises the question of a possible economic slowdown; the inflation rate has increased at a higher rate than expected in the first half of this calendar year, but the rate of increase is expected to decline during the remainder of this year; questions remain unanswered as to the economic and financial health of other major industrial countries and particularly as to the financial well being of lesser developed countries; and energy problems have been addressed but not resolved.

In summary, it is believed that the excess of the 1960's and early 1970's will be gradually absorbed as emphasis is placed on conservation and investment rather than on consumption. Within an economic environment of moderate and stable growth and resolution or mollification of the concerns outlined above, confidence will be restored providing a more viable and positive investment environment over the remainder of this decade.

During the fiscal year the Board completed its review and study of the PERA Investment Policy and adopted a revised comprehensive policy.

As of June 30, 1977, PERA held investments in Colorado enterprises and mortgages in excess of \$125,000,000. It is the policy of PERA to place investments in Colorado, subject to the Investment Policy criteria, whenever possible.

Because of early printing deadlines, it is not possible to include key investment statistics such as portfolio yields. This information will be included in a special report to be issued later this year. In addition, an in depth statistical investment report and the revised Investment Policy Statement will be included in the annual Statistical Supplement which will be available later this year.

PERA's Investments June 30, 1977 (At Cost)

Corporate Bonds	53.5%
Corporate Stocks	15.8
Mortgages	13.6
U.S. Government	6.3
U.S. Guaranteed and Agencies	6.0
Other Holdings	4.8
	<hr/>
	100.0%

Association Growth 100% In Five Year Period

The Association is continuing its growth of recent years. Almost every measurement shows a considerable rise over even a few years ago.

Figures in this Report indicate a total active and retired membership of over 104,000 as of May 31, 1977, compared with 81,000 in 1972. The rise in total assets and annuity payout is even more dramatic. Retirement fund assets have risen from \$588 million to \$1.4 billion in the same five year period, and the annual payments to retirees have increased to almost \$44 million this past year from a little over \$17 million in 1972.

A significant occurrence has been the increase in number of retirees. In 1955, when Jack Kennedy came to work for PERA, there were 28 active members for each retiree. Now there are six actives for each retiree. Fortunately, PERA's level-cost financing principle assures that contribution rates will not have to be raised to meet the benefit load.

The PERA staff of 73 hopes to meet the challenges of increased growth with the best service possible through continuing effort, improved facilities, and cooperation with employer agencies.

Seven PERA Divisions

Under the Department of Staff Support Services are the Accounting Division directed by Don Clippinger, the Building Management Division under Ralph Doronzo, the Data Processing Division headed by Mike Schonberg, and the Office Services Division with Kent Carsten as director.

Components of the new Department of Member and Government Relations are the following divisions: Annuities, Paula Westerdahl, director; Information Services, Allan Johnson, director; and Retirement Services, Jean Moretti, director.