



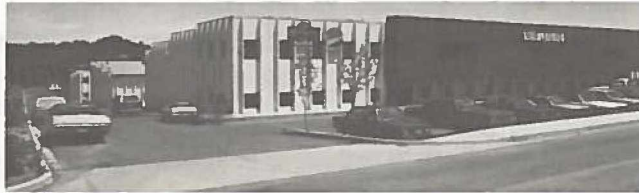
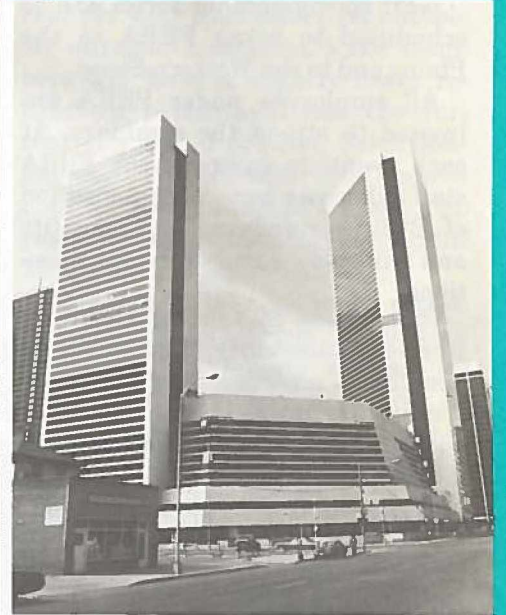
ANNUAL REPORT '81

PER

August

Public Employees' Retirement Association of Colorado

1981



INVESTING IN COLORADO

REGIONAL MEETS

PERA Regional Seminars for this fall will begin on September 30. This series of 11 meetings is designed to cover the Front Range area of Colorado.

Next spring another series will be scheduled to bring PERA to the Plains and to the Western Slope.

All employees under PERA are invited to attend the seminars. At each event, members of the PERA staff will give a general presentation of PERA procedures and benefits and will allow ample time for questions.

In addition to talking about retirement, disability, and survivor benefits — reports on legislative activities including Social Security will be given. PERA board members will be present at some meetings.

Those working in payroll and personnel offices are encouraged to attend the seminars as are all members of the association.

The seminars for fall are scheduled from 7:30-9:30 p.m. at the following sites:

Fort Collins — Wed. Sept. 30 — Conference Room, School District Administration Building, 2407 La Porte Ave.

Greeley — Thurs., Oct. 1 — Ed Beaty Theater, Room 510, Aims Community College, 5401 W. 20th St.

Boulder — Tues., Oct. 6 — Public Library Auditorium, 1000 Canyon Blvd.

Northglenn — Wed., Oct. 7 — School District Board Room, 11285 Highline Drive.

Arvada — Thurs., Oct. 8 — Conference Rooms #1 and #2, Arvada Center, 6901 Wadsworth.

Glendale — Tues., Oct. 13 — Glendale Community Center and Fire Station, 999 So. Clermont (at Tennessee).

Littleton — Wed., Oct. 14 — Isaac Newton Junior High School, 4001 E. Arapahoe Rd.

Castle Rock — Thurs., Oct. 15 — Cafeteria, Castle Rock Junior High, 2693 HS Rd., one mile north of town.

Colorado Springs — Tues., Oct. 20 — Four Seasons Motor Hotel, 2886 So. Circle Drive, Exit 138, I-25.

Trinidad — Wed., Oct. 21 — Auditorium, Park Street Elementary School, 612 Park Street.

Pueblo — Thurs., Oct. 22 — Board Room, School District Administration Building, 315 W. 11th.

In the spring, seminars will be scheduled in **Sterling, Limon, Lamar, Rocky Ford, Steamboat Springs, Grand Junction, Greenwood Springs, Buena Vista, Gunnison, Delta, Monte Vista and Durango.**

ANNUAL REPORT COVER

The cover of this year's Annual Report consists of pictures of some Colorado real estate which PERA either owns or is providing financing. In the center is the ChaseStone Center which the association owns in Colorado Springs. This complex includes the Antler's Hotel, Holly Sugar Company office building, and the May D&F store and other shopping facilities.

Other real estate pictured on the cover include top, left to right, Merritt Equipment Company, Woodstream Village and One Denver Place. Just below Woodstream Village is the Westwood Industrial Park. Bottom, left to right, The Residence (a specialty hotel for intended stays of one to six weeks) and the Randolph Center. All of the above are located in the metropolitan Denver area except the Randolph Center which is in Boulder.

Other real estate investments are located in Breckenridge, Grand Junction, Bond, Minturn and other areas of the state.

PERA, as of December 31, 1980, had \$280.3 million invested or committed for investment in Colorado real estate including \$118 million invested in residential mortgages.

The recent dynamic growth in the state has provided the association with many high quality investment opportunities. Most of the investments represent real estate mortgage financing, but increasing emphasis is being placed on direct ownership of income producing property.

A complete report on PERA investments is available in the PERA Statistical Supplement which will be available in September. Members may write for individual copies.



GOVERNOR RICHARD LAMM signs Three-Year Final Average Salary Bill (S.B. 181) into law. Left is Dr. Terry Lantry, chairman of the PERA Board. To the right, Joseph Natale, executive secretary of the association.

ASSEMBLY PASSES IMPORTANT BILLS

The Colorado General Assembly passed three important bills changing PERA benefits this year, including Senate Bill 181, which will change Final Average Salary to the highest three years. Governor Richard Lamm has signed the bills into law, to be effective January 1, 1982.

After passage of the Cost of Living Stabilization Fund in 1980 granting increases to the retired, the three-year Final Average Salary (FAS) became the Retirement Board's top legislative priority.

S.B. 181

Senate Bill 181, sponsored by Senator Al Meiklejohn and Representative Jim Reeves, provides that the three-year FAS will be used to calculate benefits which first become effective on or after January 1, 1982. The retiring employees must have at least one year of PERA membership (working and paying PERA contributions or be on a certified leave of absence), after December 31, 1980, and must not have previously begun to receive their annuity, for the three-year average to apply.

Under the bill, the three highest years used in the FAS need not be consecutive, although they usually will be. Each of the three years will consist of twelve consecutive months of service credit, however.

Within the three highest years of salary used to calculate FAS, any annual salary increase in excess of 15 percent over the previous year used, will be limited to 15 percent for the calculation.

Most of the funding for this benefit improvement results from the actuarial review project completed by Buck Consultants, Inc. Buck's review of PERA's actuarial policies and financial condition stated that the retirement fund is in sound condition and that the amount of liability

for future refunds to members was overstated. Use of the amount of the overstatement afforded most of the funding of the three-year average salary.

Employee rates will increase slightly on January 1, 1982. The new rate will be 8.0 percent of salary from that date. (For State Troopers the rate will become 9.0 percent.) No employer rates will change due to any legislation in 1981.

S.B. 174

Senate Bill 174, also effective January 1, changes the early retirement reduction formula. This act applies a new reduction factor of seven percent per year to the first date the employee would have been eligible for unreduced retirement, had he continued working. An employee qualifies for unreduced retirement with at least 30 years of service at age 55-59, at age 60-64 with at least 20 years, and at age 65 or over with at least five years' service.

Senate Bill 174 will help members who retire just short of qualifying for unreduced retirement. For example, a person retiring at age 60 with 19 years of service will receive 44.2 percent of Final Average Salary under the new law, compared to 33.3 percent had he retired under the old law.

The qualifications for early retirement won't change.

Deferred annuity provisions are improved also. Under the new law, a deferred annuity which begins between ages 55 and 60 with over 20 years' PERA-covered service will be reduced by seven percent per year the employee lacks qualifying for unreduced retirement. A deferred annuitant, having previously served 30 years, can elect to receive an annuity beginning at age 55 at the full 60 percent of FAS (with no reduction).

Because the reduction factor is changing from six percent per year under age 60 or age 65, to seven percent per year from date first eligible for unreduced benefits, some members will have a slightly lower retirement percentage than the current law would provide. For example, S.B. 174 provides 32.5 percent FAS for retirement at 55 with 20 years service, instead of the current 35 percent of FAS.

To protect those close to retirement, members eligible for reduced retirement (by having at least 20 years' service and age 55 or over, or at least five years at age 60) as of January 1, 1982, are "grandfathered." This means they will have the reduction calculated under the current law, or under the new law, when they retire, whichever is most advantageous to them.

S.B. 162

The Legislature also passed a major bill raising to 50 percent of fund assets the amount PERA can invest in stocks. This change will allow more flexibility in the investment area, and should allow PERA to earn higher returns on the portfolio in the years ahead. The same bill, S.B. 162, makes several technical changes in the law, effective January 1.

Former members will be allowed to elect a refund of their contributions, or, if applicable, a deferred annuity, past the present deadline of two years after termination. Also, a surviving spouse will be allowed to elect a refund of deposits, in lieu of monthly benefits from PERA, where there are no other eligible survivors, and the spouse had been named a beneficiary of the deposit account.

The two retired seats on the PERA Board may not be held by persons who retired from the same active division. This new provision will be applicable to the next election for the retired seat in 1983.

The bill exempts students working for a PERA-affiliated employer from PERA membership, if that work is to support themselves while in school, or for curriculum-related work experience. Other restrictions apply as well.

Members retiring in 1982 and later, who name a cobeneficiary under Option 2 or 3, will have their checks made payable to the retiree, while current retirees whose annuity checks are payable to both the retiree and cobeneficiary under Option 2 or 3, can contact the Annuity Division after January 1 to make the change, if they wish. No change will be made on Option 4.

H.J.R. 1017

The Legislature also passed House Joint Resolution 1017, in which it urged Congress not to mandate So-

cial Security for public employees. This important message was passed unanimously, and sponsored by Representative Robert DeNier and Senator Dan Noble. (See other article in this *Annual Report* for latest information on the fight against mandatory Social Security.)

Special Thanks

In addition to the sponsors of PERA bills, pictured below, thanks go to Senator Ted Strickland, chairman of the State Affairs Committee in the Senate, and to Representative Frank DeFilippo, chairman of the House State Affairs Committee. Both legislators accorded prompt hearings and evenhanded treatment to PERA bills referred to their committees.

Other Bills

Action was also taken on several

bills affecting PERA on which the Retirement Board had no position. Bills defeated included S.B. 39, affiliation of authorities with PERA; S.B. 212, judges' retirement system; and S.B. 410, judicial department employees' prior service. H.B. 1479, study of CU faculty retirement conversion, did not pass.

Senate Bill 144, requiring representation by small school districts on the board, was defeated. House Bill 1204, elimination of survivor benefit remarriage provision, was supported by PERA but was defeated early in the session.

House Bill 1601 was passed to appropriate money to grant certain Racing Commission employees retirement credit for service which should have been covered when served.



Faatz



Fine



Fowler



Groff



Lillpop

Legislators Who Helped

The legislators pictured here were vital to the PERA legislative program this year as sponsors of the four bills supported by the board. Many other legislators contributed their time and energy as well, in committees and on the floor.

Senators Meiklejohn and Groff sponsored S.B. 181, for the three-year final average salary, in the Senate, and Representatives Jim Reeves, Betty Orten, and Leo Lucero sponsored this important bill in the House. Senator Les Fowler and Representative Jeanne Faatz sponsored S.B. 162, the housekeeping or technical bill which increased

PERA investments flexibility by increasing the percentage of assets which can be invested in stocks. Senator Dan Schaefer and Representative Jim Lillpop were prime sponsors of the bill changing the early retirement calculation, S.B. 174. All three bills become law January 1, 1982.

Representative Eunice Fine sponsored H.B. 1204, to eliminate the survivor benefit remarriage provision, which currently cuts off the surviving spouse's benefit upon remarriage. The bill was defeated early in the session. Representative Fine was also one of many other legislators sponsoring H.J.R. 1017, urging Congress not to pass legislation requiring Social Security coverage for state and local employees.



Lucero



Meiklejohn



Orten



Reeves



Schaefer

ESTIMATE YOUR RETIREMENT

Percentage of Final Average Salary

These are benefits effective on January 1, 1982 and after. Benefits are given in *percentage* of Final Average Salary: The average of the highest three 12-month periods of earnings in your career, subject to a 15 percent limitation in increase of salary over the previous year used.

For Immediate Annuity

Match your age with your years of service. To project service credit move to the right and downward.

Those eligible for immediate early annuities before 1-1-82 may receive higher benefits than shown.

For Deferred Annuity

An individual who has five or more years of service and who terminates employment, may leave his deposits with PERA and qualify for annuities according to the chart.

All amounts are Option I and appropriate reductions are considered.

*Service over 30 years qualifies for additional benefits. Credit can be earned for service beyond age 65. See other PERA publications.

Years of Service	Age When Benefit Is Drawn										
	55	56	57	58	59	60	61	62	63	64	65 *
5						8.1	9	9.9	10.8	11.6	12.5
6						9.8	10.8	11.9	12.9	14	15
7						11.4	12.6	13.8	15.1	16.3	17.5
8						13	14.4	15.8	17.2	18.6	20
9						14.6	16.2	17.8	19.4	20.9	22.5
10	Benefits with less than 20 years' service not payable under 60.					16.3	18	19.8	21.5	23.3	25
11						17.9	19.8	21.7	23.7	25.6	27.5
12						19.5	21.6	23.7	25.8	27.9	30
13						21.1	23.4	25.7	28	30.2	32.5
14						22.8	25.2	27.7	30.1	32.6	35
15						24.4	27	29.6	32.3	34.9	37.5
16						28.8	28.8	31.6	34.4	37.2	40
17						33.6	33.6	33.6	36.6	39.5	42.5
18						38.7	38.7	38.7	38.7	41.9	45
19						44.2	44.2	44.2	44.2	44.2	47.5
20	32.5	36	39.5	43	46.5	50	50	50	50	50	50
21	33.2	36.7	40.3	43.9	47.4	51	51	51	51	51	51
22	33.8	37.4	41.1	44.7	48.4	52	52	52	52	52	52
23	34.5	38.2	41.9	45.6	49.3	53	53	53	53	53	53
24	35.1	38.9	42.7	46.4	50.2	54	54	54	54	54	54
25	35.8	39.6	43.5	47.3	51.2	55	55	55	55	55	55
26	40.3	40.3	44.2	48.2	52.1	56	56	56	56	56	56
27	45	45	45	49	53	57	57	57	57	57	57
28	49.9	49.9	49.9	49.9	53.9	58	58	58	58	58	58
29	54.9	54.9	54.9	54.9	54.9	59	59	59	59	59	59
30*	60	60	60	60	60	60	60	60	60	60	60

OPPOSE CONTINUES WORK

Action on Social Security legislation continues at a daily pace in Washington, D.C. At each step along the way, OPPOSE lobbyists are monitoring progress to prevent mandatory Social Security from being added to any bill.

As anticipated, Social Security reform is one of the major issues before this year's Congress. Congress appears intent on making long-term changes which will put Social Security costs and benefits more in line and make that system sound well into the next century. A major bill will probably pass by the end of 1981.

The OPPOSE lobbyists, headed by former Governor of Massachusetts "Chub" Peabody and former congressional staffer Bob Warden, have accomplished several goals since their hiring late last year. The biggest victory came in May when mandatory Social Security for state, school and local government employees was not one of the Reagan Administration's Social Security proposals.

However, OPPOSE's efforts to maintain the independence of public employee retirement systems is still in danger. An amendment to cover new federal employees will be offered in a subcommittee of the House of Representatives. If it passes, the full Ways and Means Committee could attach an amendment to cover state and local employees as well.

In late June the House added \$5 billion of budget cuts at the last moment. In the same kind of atmosphere, mandatory Social Security could be added to a Social Security bill. Without continued vigilance, PERA members could be forced into Social Security.

Compounding these concerns is the fact that the President's proposals on Social Security were very poorly received in Congress and by the public. Probably several changes

will be made in the Administration's program, and since the package has weakened, Congress could look to mandatory coverage as a "quick fix" over the short run future instead.

OPPOSE lobbyists and Congress' own Universal Coverage Study Group have proven mandatory coverage would cost *more* over the long run. But to lower the immediate federal deficit slightly, Congress could require Social Security coverage as legislation comes to a vote.

In addition, mandatory coverage has symbolic appeal to some voters, and by victimizing a minority of public employees, Congress could for a short period avoid the only two choices for reaching a lasting solution to Social Security's problems: gradually or abruptly cutting benefits and/or raising taxes.

Without a doubt, maintaining OPPOSE's strong informational and lobbying effort in Washington is of the utmost importance. To date, \$170,000 has been raised entirely from voluntary contributions while \$101,000 has been spent on lobbying. Because of the shortage of funds, OPPOSE has limited the lobbyists' activities. Whether you've contributed before or not, please send your contribution today to:

OPPOSE
DEPT. 430
DENVER, CO 80291

Checks should be made payable to OPPOSE. A handy envelope addressed to OPPOSE is enclosed with this report.

OPPOSE (Organization for the Preservation of the Public employee retirement industry and Opposition to Social Security Expansion to such industry) has a board of directors consisting of representatives from the Colorado Association of Public Employees, Colorado Association of School Executives, Colorado Clas-

sified School Employees' Association, Colorado Education Association, Colorado Retired School Employees' Association, Denver Public School Employees' Pension and Benefit Association, Fire and Police Pension Association, and PERA. **Joining OPPOSE in May was the Nevada Public Employees' Retirement System.**

OPPOSE is dedicated solely to preventing any legislation for mandatory Social Security coverage.

PERA opposes mandating Social Security because:

1. It would not solve Social Security's problems
2. It is almost certainly unconstitutional
3. Imposing Social Security would mean lower overall benefits and higher costs for public employees and taxpayers
4. PERA pre-dates Social Security and is financially sound
5. PERA members could elect Social Security as a group under current law, if such coverage were preferable.

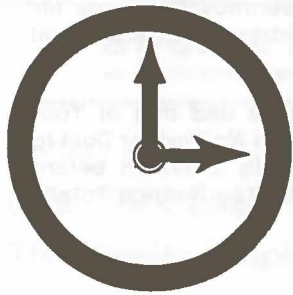
Peabody, Rivlin, Lambert and Meyers, the OPPOSE lobbyists, have prepared a legal brief showing mandatory Social Security to be unconstitutional, and have shown mandatory coverage would cost *more* over the long run. The firm has talked with each senator who sits on the Senate Finance Subcommittee on Social Security and congressmen on the House Ways and Means Subcommittee on Social Security, or their legislative aides.

The work and study by "Chub" Peabody, Bob Warden, and other members of the firm are probably a primary reason for the Reagan Administration's position against mandatory coverage for state, school, and local government employees.

NOTE

Articles in this Annual Report give only a general presentation of the benefit program. Coverage is governed and presented completely in Colorado State Law and the Rules and Regulations of the Retirement Board.

It's



**pen Enrollment
Time**

**For Our PERA
GROUP INSURANCE PLANS**

• New York Life

• Prudential

New York Life

Benefits Improved September 1, 1981

No Additional Cost To You

After 60 months participation in the New York Life Plan,

You get — \$1.20 Additional Insurance

For every \$1.00 of premium you have paid

OPEN ENROLLMENT AUGUST

THROUGH NOVEMBER

Additional Information Inside

Enrollment Cards Attached

PERA Plan Through Prudential

Total Cost — \$6.00 Per Month

- You Obtain This Protection at very Attractive Rates through the Mass Purchasing Power of a Large Organization of which PERA is a Member, the National Conference on Public Employee Retirement Systems.
- You Have Coverage 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 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.
- 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 Benefits

Member's Age at Time of Claim	Member's Coverage			Dependent's Coverage	
	Group Term Life Insurance	Group Accidental Death & Dismem- berment Insurance	Total Benefit For Accidental Death	Group Term Life Insurance	
				Spouse	Child(ren)
Less than 30	\$ 25,000	\$ 50,000	\$ 75,000	\$ 5,000	\$ 1,000
30 but less than 40	20,000	30,000	50,000	5,000	1,000
40 but less than 45	15,000	25,000	40,000	5,000	1,000
45 but less than 50	10,000	20,000	30,000	4,500	1,000
50 but less than 55	7,500	17,500	25,000	3,000	1,000
55 but less than 60	5,000	15,000	20,000	2,000	1,000
60 but less than 65	3,500	13,500	17,000	1,500	1,000
65 and over	2,000	2,000	4,000	1,000	1,000

The Schedule of Benefits for you and your dependents may be continued after retirement by a \$6 per month deduction from your PERA retirement annuity.

How To Enroll

No health statement is required if you enroll during the Open Enrollment Period ending November 30, 1981. You and your dependents will become insured on the first day of the month coinciding with or otherwise next following a payroll deduction of your first premium.

Complete the attached application and mail to PERA.

Your coverage and benefits will be detailed more fully in the individual certificate given to you when you become an insured member.

Not Available To Presently Retired Members Who Are Not Already Insured Under The Plan.

PERA Plan Through New York Life

Total Cost — \$10.00 Per Month

NEW — BENEFIT INCREASE EFFECTIVE SEPTEMBER 1, 1981

60 or more months coverage now provides you with \$1.20 Additional Insurance paid up to age 70 for each \$1.00 you have paid in premium. The amount of Additional Insurance will be increased 20% for all PERA members who have Additional Insurance. If your amount of Additional Insurance would have been \$1,000 on September 1, it will become \$1,200 on that date. Look for a substantial change in your next statement provided by PERA.

Schedule of Benefits

Age At Time Of Claim	Amount of Basic Group Life Insurance	Accidental Death And Dismemberment Insurance	Total Benefit For Accidental Death
under age 25	\$50,000	\$50,000	\$100,000
25 but under age 30	40,000	40,000	80,000
30 but under age 35	32,000	32,000	64,000
35 but under age 40	24,000	24,000	48,000
40 but under age 45	18,000	18,000	36,000
45 but under age 50	14,000	14,000	28,000
50 but under age 55	10,000	10,000	20,000
55 but under age 60	6,060	6,060	12,120
60 but under age 70	4,098	4,098	8,196
age 70 and over.....	2,000	2,000	4,000

Additional Member Life Insurance After 60 Months Coverage — No Additional Cost

Additional Group Life Insurance is provided immediately upon your completion of 60 months coverage under this Plan. The initial amount of Additional Insurance will be equal to 120% of the amount of your contribution during your first 60 months of participation. Each month thereafter your Additional Insurance is increased to \$1.20 for each \$1.00 you contribute while you are an active non-retired member under this Plan.

In the event of your termination for any reason except retirement, your accumulated Additional Life Insurance

will be continued to age 70 and 6 months without further premium payment. Your accumulated Additional Insurance will be continued during your entire lifetime without further premium payment if you retire on a PERA annuity.

In the event of your death from any cause, the full amount of your accumulated Additional Insurance will be payable plus the amount of your Basic Member Life Insurance.

Dependent Coverage

Age at Time of Death	Covered Spouse Amount of Group Life Insurance	Age at Time of Death	Covered Children Amount of Group Life Insurance
under age 55	\$5,000	Age 14 days but under 6 months.....	\$ 200
55 but under age 60	3,000	Age 6 months but under 21 years	\$2,000
60 but under age 70	2,000		

Other Features

The Schedule of Benefits for you and your dependents may be continued after retirement by a \$10.00 monthly deduction from your PERA retirement annuity.

No health statement is required if you enroll during the Open Enrollment Period ending November 30, 1981. You and your dependents will become insured on the first day of the month coinciding with or otherwise next following a payroll deduction of your first premium.

If you are now participating in the \$5 Plan, you may enroll in the \$10 Plan without evidence of insurability during this Open Enrollment Period.

Complete the attached application and mail to PERA.

Your coverage and benefits will be detailed more fully in the individual certificate given to you when you become an insured member.

Not Available To Presently Retired Members Who Are Not Already Insured Under This Plan.

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

* * *

**Combined They Represent
Significant Low Cost Protection**

* * *

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

MEMBERS

DEPENDENTS

Age At Time of Claim	Group Term Life Insurance	Group Acciden- tal Death and Dismemberment Insurance	Total Benefit For Accidental Death	Refer To Previous Schedules For Exact Amounts Of Coverage	
				Spouse	Child(ren)
Less than 25	\$75,000	\$100,000	\$175,000	\$10,000	\$3,000
25 but less than 30	65,000	90,000	155,000	10,000	3,000
30 but less than 35	52,000	62,000	114,000	10,000	3,000
35 but less than 40	44,000	54,000	98,000	10,000	3,000
40 but less than 45	33,000	43,000	76,000	10,000	3,000
45 but less than 50	24,000	34,000	58,000	9,500	3,000
50 but less than 55	17,500	27,500	45,000	8,000	3,000
55 but less than 60	11,060	21,060	32,120	5,000	3,000
60 but less than 65	7,598	17,598	25,196	3,500	3,000
65 but less than 70	6,098	6,098	12,196	3,000	3,000
70 and over	4,000	4,000	8,000	1,000	3,000

Plus

**After 60 Months of Participation in the New York Life Plan,
Your Additional Insurance Will be Equal to 120% of Your Contributions**

**All This Protection for
\$16 PER MONTH**

New York Life Plan \$10 and Prudential Plan \$6

THREE ELECTED TO RETIREMENT BOARD

Three members of the Retirement Board were elected in May.

Eileen Burroughs, retired from Jefferson County Public Schools; **Ada Houck**, an elementary teacher from Grand Junction; and **Edward Murrow**, deputy treasurer, University of Colorado; were named to the board.

Mrs. Burroughs won the position previously held by John Kreiling, a retired state employee. Houck and Murrow are incumbents.

This election is the sixth year in which mail ballots were used. The election was conducted under the supervision of Lehman, Butterwick & Co., certified public accountants. Ballots were returned directly to this independent firm. The firm presented the election results to the Retirement Board at the board's June meeting.

Created by State Law, the 15-member Retirement Board consists of four persons elected by State Division members, five persons elected by School Division members, two elected by the Municipal Division,

and two 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.

Chairman of the Retirement Board is Dr. Terry Lantry, with **Ada Houck serving as vice chairman**.

Colorado State Law establishes the basic provisions for retirements and other benefits under PERA and also establishes a Retirement Board to administer association affairs.

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

State Division. Thomas D. Lindquist, State Patrol, 1982. Suzanne S. Schulze, University of Northern Colorado, 1983. Terry L. Lantry, Colorado State University, 1984. Edward W. Murrow, University of Colorado, 1985.

School Division. Frank Taulli, Pueblo School District 60, 1982. Roberta Altenbern, Adams County School District 14, 1983. Margaret Whil-

den, Eagle County Re 50, 1984. John Young, Jefferson County R-1, 1984. Ada Houck, Mesa County Valley School District 51, 1985.

Municipal Division. Bernal Brooks, City of Colorado Springs, 1982. Wilborn S. Whitehead, City of Arvada, 1982.

Retired. Barclay Watson, 1983. Eileen Burroughs, 1985.

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 for establishing policy for the administration of the Public Employees' Retirement Association. Members serve without pay but are reimbursed for necessary expenses in connection with board duties.

On May 21, 1931, Governor "Billy" Adams approved the initial legislation which established what has since become the Public Employees' Retirement Association. In 1981 PERA completes its 50th year of operation.



PERA BOARD. Back row, left to right, Roberta Altenbern, Eileen Burroughs, Tom Lindquist, Wilborn Whitehead, Barclay Watson, Ed Murrow, Suzanne Schulze, Margaret Whilden, John Young, Bob Scott, and Executive Secretary Joe Natale. Seated, left to right, Ada Houck, vice chairman; Terry Lantry, chairman; Frank Taulli, and Bernal Brooks. Roy Romer was not present when this picture was taken.

SETTING TRAVEL PLANS?

THE ANTLERS OFFERS A SPECIAL PERA PACKAGE!

The Antlers Hotel, located in PERA's Chase Stone Center in Colorado Springs, has designed a special package exclusively for PERA members.

Basically, the plan offers the following:

- **one night's sleeping accommodations (children under 18 are free)**
- **dinner for two in the famous London Grill (no liquor)**
- **continental breakfast for two**
- **all tax and gratuities**

The price for the entire package is \$103 per couple. Additional nights are available for \$44 per night, double occupancy (plus tax).

Should a "no frills" plan be more attractive, special sleeping room rates have been established as follows:

Single Occupancy: \$40.00
Double Occupancy: \$44.00
(plus 7% tax)

These rates are effective through December 31, 1981.

As guests of The Antlers, one has reciprocal privileges at the world renowned Broadmoor, The Antlers' sister hotel. Shuttle service is available between the two properties during the months May-October.

To make reservations or for more information, simply contact The Antlers Reservations Department (303) 473-5600 or dial direct from Denver 892-9700. Be certain to identify yourself as a PERA member!

Combining Balance Sheet

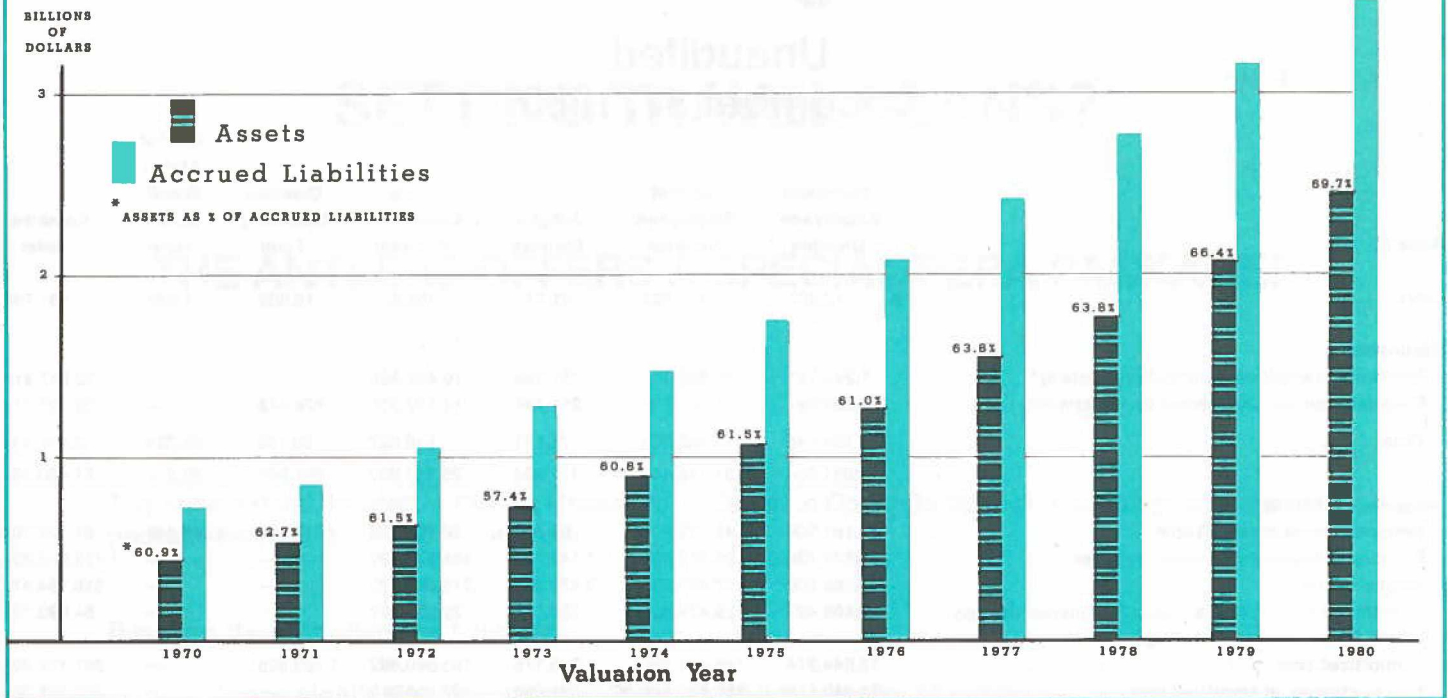
Unaudited
December 31, 1980

	Municipal Employees' Division	School Employees' Division	Judges' Division	State Employees' Division	Common Operating Fund	Cost of Living Stabil- ization Fund	Combined Total
ASSETS							
Cash	\$ 12,307	307,383	31,771	162,825	15,802	1,698	531,786
Receivables:							
Member and employer contributions (note 6)*	1,243,121	10,860,637	151,159	10,432,502	—	—	22,687,419
Dividends and accrued interest on investments	1,589,597	19,341,948	251,198	14,670,501	874,473	—	36,727,717
Other	124,846	955,860	75,567	849,027	20,192	20,324	2,045,816
	<u>2,957,564</u>	<u>31,158,445</u>	<u>477,924</u>	<u>25,952,030</u>	<u>894,665</u>	<u>20,324</u>	<u>61,460,952</u>
Investments (note 4)*							
Temporary investments, at cost	4,161,906	48,778,527	54,566	33,925,928	2,797,636	1,389,144	91,107,707
Corporate obligations, at amortized cost	51,838,735	599,312,699	7,143,326	466,573,639	—	—	1,124,868,399
Stocks, at cost	22,764,006	277,459,583	3,476,859	215,084,022	—	—	518,784,470
Guaranteed note, at cost and accrued interest thereon	2,406,497	29,424,888	328,159	22,533,557	—	—	54,693,101
United States Government obligations, at amortized cost	12,844,914	145,431,395	1,816,175	105,560,692	1,523,625	—	267,176,801
First mortgages, at amortized cost	11,640,159	158,890,540	1,871,950	107,855,712	—	—	280,258,361
Real estate, at cost	601,119	8,798,935	100,187	7,528,254	—	—	17,028,495
Total investments before unamortized yield adjustment	106,257,336	1,268,096,567	14,791,222	959,061,804	4,321,261	1,389,144	2,353,917,334
Unamortized yield adjustment	1,600,688	17,942,550	294,698	14,258,685	—	—	34,096,621
	<u>107,858,024</u>	<u>1,286,039,117</u>	<u>15,085,920</u>	<u>973,320,489</u>	<u>4,321,261</u>	<u>1,389,144</u>	<u>2,388,013,955</u>
Property and equipment, at cost:							
Land	—	—	—	—	180,000	—	180,000
Building	—	—	—	—	3,486,004	—	3,486,004
Equipment and fixtures	—	—	—	—	730,477	—	730,477
	—	—	—	—	4,396,481	—	4,396,481
Less accumulated depreciation	—	—	—	—	532,556	—	532,556
Net property and equipment	—	—	—	—	3,863,925	—	3,863,925
Total real assets	110,827,895	1,317,504,945	15,595,615	999,435,344	9,095,653	1,411,166	2,453,870,618
Estimated obligation of employers for prior service (accrued unfunded liability) (note 2)*	29,332,142	462,403,192	4,290,360	571,112,581	—	—	1,067,138,275
	<u>\$140,160,037</u>	<u>1,779,908,137</u>	<u>19,885,975</u>	<u>1,570,547,925</u>	<u>9,095,653</u>	<u>1,411,166</u>	<u>3,521,008,893</u>
LIABILITIES AND RESERVES							
Refunds and other liabilities payable	\$ 572,903	3,210,439	52,783	3,330,396	2,313,915	—	9,480,436
Amounts due to (from) Cost of Living Stabilization Fund (note 6)*	111,660	1,015,341	13,589	(2,293,887)	—	1,153,297	—
Reserve accounts:							
Contributions:							
Members' deposits	27,846,734	312,052,375	3,194,394	254,244,907	—	—	597,338,410
Employers':							
Accumulation	44,909,902	587,007,798	5,259,850	276,581,405	—	—	913,758,955
Actuarial requirements (accrued unfunded liability) (note 2)*	29,332,142	462,403,192	4,290,360	571,112,581	—	—	1,067,138,275
	<u>102,088,778</u>	<u>1,361,463,365</u>	<u>12,744,604</u>	<u>1,101,938,893</u>	<u>—</u>	<u>—</u>	<u>2,578,235,640</u>
Annuity:							
Annuitants' retirement	33,690,659	388,008,772	5,800,432	434,702,264	—	—	862,202,127
Survivors' benefit	2,857,241	14,374,217	989,967	19,570,731	—	—	37,792,156
Deferred annuitants'	762,282	11,192,383	225,989	12,666,887	—	—	24,847,541
Deferred survivors' benefit	76,514	643,620	58,611	632,641	—	—	1,411,386
	<u>37,386,696</u>	<u>414,218,992</u>	<u>7,074,999</u>	<u>467,572,523</u>	<u>—</u>	<u>—</u>	<u>926,253,210</u>
Insurance dividend reserve (note 5)*	—	—	—	—	6,781,738	—	6,781,738
Fund balance	—	—	—	—	—	257,869	257,869
Total reserve accounts and fund balance	<u>139,475,474</u>	<u>1,775,882,357</u>	<u>19,819,603</u>	<u>1,569,511,416</u>	<u>6,781,738</u>	<u>257,869</u>	<u>3,511,528,457</u>
	<u>\$140,160,037</u>	<u>1,779,908,137</u>	<u>19,885,975</u>	<u>1,570,547,925</u>	<u>9,095,653</u>	<u>1,411,166</u>	<u>3,521,008,893</u>

*Explanation of Notes and the complete audited Financial Statements are contained in the PERA Statistical Supplement available upon request to the PERA office in September.

ASSETS AND ACCRUED LIABILITIES

1970-1980



The PERA funding objective is to be able to pay long-term benefits, which have been promised to employees over the years, through contribution rates that remain approximately level from year to year as a percent of member payroll. In this way, members and taxpayers in each year pay their fair share for retirement service accrued in that year.

Occasionally rates are increased (such as on January 1, 1982, when employee rates will increase slightly to help pay for the three-year Final Average Salary), but only to add or improve benefit provisions.

Population Matured

As the PERA group population has matured, the average annuity check has increased from \$169 per month for 6,350 retirees in 1970, to \$443 per month for 18,089 retirees in 1980. This rapid increase in annuity load is being met without difficulty due to level-cost financing principles for actuarially funded benefits, and because of the Cost of Living Stabilization Fund established in 1980.

The actuarial valuation as of December 31, 1980, indicates several points about the PERA fund, as can be seen from the chart above. With

total liabilities of slightly over \$3.5 billion and assets of almost \$2.5 billion, PERA continues to have an unfunded accrued liability. Unfunded liabilities are the difference between actuarially calculated liabilities for service already rendered and the assets of the fund.

That unfunded liabilities exist for PERA and other retirement plans is not bad, but is very natural. The period for amortization of PERA unfunded liabilities is well under the 60-year limit specified in state law for all divisions.

In the last decade, the dollar amount of unfunded liabilities has increased from almost \$300 million to slightly over \$1 billion. This can be misleading, however, since this has occurred in an inflationary environment where the value of dollars is decreasing.

Assets Grown

While no one or two measures can fully describe the financial condition of a retirement plan, the chart shows that assets have grown faster than liabilities over the last 10 years. The funding ratio of almost 70 percent, as well as the trend, indicates progress for PERA.

In addition, other figures show the unfunded liability as a percentage of

active member payroll has declined from the level of just five years ago, in spite of the fact that the actuarial assumptions were strengthened in 1978, and the inflation rate has been unusually high during that period. Since active member payroll is a rough measure of the ability to amortize the unfunded liability, a declining ratio of unfunded liability to active payroll is a positive sign.

Statistical Supplement

The complete financial report for PERA, the *Statistical Supplement*, is published annually, and will be available in September upon request from the Division of Information Services.

A national actuarial firm, Buck Consultants, Inc., was hired by the Retirement Board in 1980 to make its own independent review of PERA's financial condition. The firm's report stated that all four divisions are projected to maintain an adequate funding status under the current funding policy, even recognizing the change to the three-year Final Average Salary.

The report also said "the current actuarial cost methods used for the four divisions are fully acceptable..." Buck concluded that "the current actuarial assumptions are also considered adequate."

MEMBERSHIP STATISTICS

	CONSOLIDATED TOTALS	STATE DIVISION	SCHOOL DIVISION	MUNICIPAL DIVISION	JUDGES DIVISION
TOTAL MEMBERSHIP DECEMBER 31, 1980	118,118	46,851	64,293	6,642	332
<i>Active Members</i>	99,134	37,755	55,349	5,786	244
<i>Annuitants and Survivor Benefit Members</i>	18,984	9,096	8,944	856	88
New Members Accepted					
June 1, 1980 to December 31, 1980	12,658	4,934	6,926	793	5
Active Members Deceased	31	10	18	3	0
Active Members Accounts Withdrawn	9,015	3,566	4,751	697	1

RETIREMENT STATISTICS:

Retirement annuities have been approved by the Retirement Board payable to retired members during the period from 7/1/80 through 12/31/80 as follows:

	STATE	SCHOOL	MUNICIPAL	JUDGES
30 or more years service — any age (Patrol, Wildlife)	1			
35 or more years service — any age	1			
20 or more years service at age 55 (Patrol, Wildlife)	1			
30 or more years service at age 55	17	24	2	
20 or more years service at age 60	90	157	5	
5 or more years service at age 65 (Fractional)	65	83	6	
10 years service — 40% (Judges)				1
General disability after 5 years of service	82	51	8	
Termination of Service: Retained member	5	10		
Survivor Benefits: Automatic	1	1		
Deferred (Age 60 or 65)	7	17		
20 or more years service at age 55 (reduced)	15	57	10	
5 or more years service at age 60 (reduced)	82	111	2	
Member with more than 10 years service (S.B. 302)	6	2		1
Disabled annuitant dies within one year (S.B. 302)		3		
TOTAL RETIRED DURING SIX MONTH PERIOD	373	516	33	2
Total number receiving retirement annuities 6/30/80	8,370	8,181	750	75
Total number receiving retirement annuities during six month period	8,743	8,697	783	77
Co-beneficiaries continued upon the death of annuitant	28	20	5	1
Returned to rolls from suspension			2	
Less: Retired members deceased during six month period	138	102	12	3
Annuities temporarily suspended	3	9		
TOTAL NUMBER RECEIVING RETIREMENT ANNUITIES 12/31/80	8,630	8,606	778	75
Average monthly rate 12/31/80	\$ 464	\$ 425	\$ 375	\$ 752
Total paid in annuities 7/1/80 to 12/31/80 (6 months)	\$23,641,468	\$21,481,550	\$1,722,005	\$339,057
Average monthly rate for annuitants retired during year	\$ 557	\$ 517	\$ 385	\$ 843
Survivor Benefits added to rolls during six month period	17	12	3	
Total Survivor Benefits 12/31/80	466	338	78	13
Total paid in Survivor Benefits 7/1/80 to 12/31/80 (6 months)	\$ 1,019,980	\$ 713,254	\$ 154,250	\$ 58,749
Retirement annuities Deferred (Future at age 60 or 65)	443	727	35	5
Total Future benefits (annually)	\$ 1,564,044	\$ 2,067,589	\$ 98,819	\$ 31,731
Survivor Benefits (Future)	20	21	3	1
Total future benefits (annually)	\$ 47,098	\$ 45,479	\$ 3,337	\$ 9,065

NOTICE TO INTERESTED PARTIES

1. Notice to: all eligible employees of Public Employees' Retirement Association.

An application is to be made to the Internal Revenue Service for an advance determination on the qualification of the following employee pension benefit plan:

2. Plan Name: Public Employees' Retirement Association — State, School, Municipal, and Judges Divisions
3. Plan Number: 001, 002, 003, and 004
4. Name and Address of Applicant:
Public Employees' Retirement Association
1300 Logan Street
Denver, Colorado 80203
5. Applicant Employer Identification Number: 6000472
6. Name and Address of Plan Administrator: N/A
7. The application will be filed on August 19, 1981 with the Key District Director, Internal Revenue Service at 1050 Seventeenth Street, Denver, Colorado 80202, for an advance determination as to whether the plan meets the qualification requirements of Section 401, 403(a), or 405(a) of the Internal Revenue Code of 1954, with respect to the plan's qualification.
8. The employees eligible to participate under the plan are: all eligible employees of the State, School, Municipal and Judges Division.
9. The Internal Revenue Service has not previously issued a determination letter with respect to the qualification of this plan.

RIGHTS OF INTERESTED PARTIES

10. You have the right to submit to the Key District Director, at the above address, either individually or jointly with other interested parties, your comments as to whether this plan meets the qualification requirements of the Internal Revenue Code.

You may instead, individually or jointly with other interested parties, request the Department of Labor to submit, on your behalf, comments to the Key District Director regarding qualification of this plan. If the Department declines to comment on all or some of the matters you raise, you may, individually, or jointly if your request was made to the Department jointly, submit your comments on these matters directly to the Key District Director.

REQUESTS FOR COMMENTS BY THE DEPARTMENT OF LABOR

11. The Department of Labor may not comment on behalf of interested parties unless requested to do so by the lesser of 10 employees or 10 percent of the employees who qualify as interested parties. The number of persons needed for the Department to comment with respect to this plan is 10. If you request the Department to comment, your comment must be in writing and must specify the matters upon which comments are requested, and must also include:

- (1) the information contained in Items 2 through 4 of this Notice; and
- (2) the number of persons needed for the Department to comment.

A request to the Department to comment should be addressed as follows:

Administrator of Pension and
Welfare Benefit Programs
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20216
Attention: 3001 Comment Request

COMMENTS TO THE INTERNAL REVENUE SERVICE

12. Comments submitted by you to the Key District Director must be in writing and received by him by October 5, 1981. However, if there are matters that you request the Department of Labor to comment upon on your behalf, and the Department declines, you may submit comments on these matters to the Key District Director to be received by him within 15 days from the time the Department notifies you that it will not comment on a particular matter, or by October 5, 1981, whichever is later. A request to the Department to comment on your behalf must be received by it by September 14, 1981 if you wish to preserve your right to comment on a matter upon which the Department declines to comment, or by September 28, 1981, if you wish to waive that right.

ADDITIONAL INFORMATION

13. Detailed instructions regarding the requirements for notification of interested parties may be found in Sections 6, 7 and 8 of Revenue Procedures 80-30. Additional information concerning this application (including, where applicable, an updated copy of the plan and related trust; the application for determination; any additional documents dealing with the application that have (been) submitted to the Internal Revenue Service; and copies of Section 6 of Revenue Procedure 80-30) is available at Public Employees' Retirement Association of Colorado, 1300 Logan Street, Denver, Colorado 80203, during the hours of 8:00 a.m. through 5:00 p.m. for inspection and copying. (There is a nominal charge for copying and/or mailing).

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