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# ANNUAL REPORT 82

August

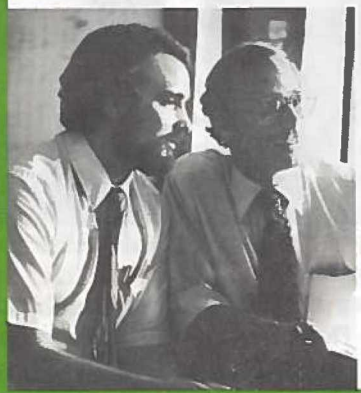
Public Employees' Retirement Association of Colorado

1982

PER



PERA Members At Work



# FALL REGIONAL SEMINARS

# ANNUAL REPORT COVER

**PERA Regional Seminars for this fall will begin on September 28. The 13 meetings have been designed to cover the Front Range and northeastern Colorado.**

Next spring another series of meetings will be scheduled to bring PERA to the western and southeastern areas.

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 benefits and procedures 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 fall seminars are scheduled from 7:30-9:30 p.m. at the following sites:

**Burlington**—Tues., Sept. 28—Ramada Inn, 450 S. Lincoln.

**Wray**—Wed., Sept. 29—Buchanan Junior High School, 620 W. 7th St.

**Ft. Morgan**—Thurs., Sept. 30—

Ramada Inn, Bijou Exit, I-76.

**Walsenburg**—Tues., Oct. 5—Walsenburg High School Cafeteria, 355 W. Pine St.

**Pueblo**—Wed., Oct. 6—School District Administration Building, Board Room, 315 W. 11th.

**Colorado Springs**—Thurs., Oct. 7—Four Seasons Motor Inn, 2886 S. Circle Drive, Exit 138, I-25.

**Greeley**—Tues., Oct. 12—School District Administration Building, Board Room, 811 15th St.

**Ft. Collins**—Wed., Oct. 13—Holiday Inn, 3836 E. Mulberry.

**N. Metro/Denver**—Thurs., Oct. 14—Arvada Center, 6901 Wadsworth.

**W. Metro/Denver**—Tues., Oct. 19—Ramada Inn, 11595 W. 6th Ave.

**Central Metro/Denver**—Wed., Oct. 20—Landmark Inn, 455 S. Colorado Blvd.

**S. Metro/Denver**—Thurs., Oct. 21—Holiday Inn, 9009 E. Arapahoe Rd., I-25 at Arapahoe Rd.

**Longmont**—Tues., Oct. 26—Administrative Service Center, Board Room, 395 S. Pratt Parkway.

In the spring, seminars will be scheduled in Granby, Craig, Rifle, Rangely, Grand Junction, Montrose, Alamosa, Salida, Leadville, Las Animas, Springfield and Cortez.

The cover of this year's Annual Report consists of pictures of some of the people who work for PERA affiliated employers.

The pictures indicate in some small degree the number of different types of jobs held by PERA's 98,718 active members.

Information about the number of PERA members, both active and retired, are found in this report.

Pictures were supplied by Terry Anderson from the Littleton Public Schools, Donna Shrader of the Colorado Association of Public Employees, Captain Tom Lindquist of the Colorado State Troopers, and Cathy Ten Barge of the PERA staff.

There are 326 affiliates of PERA, 81 affiliates in the State Division, 205 affiliates in the School Division, 40 affiliates in the Municipal Division, and 242 individual judges in the Judges' Division.

The total membership as of December 31, 1981 was 98,718 active members, 19,981 retired, totaling 118,699 members.

"PERA Members at Work" shows PERA people doing a good job serving the citizens of Colorado.

## Legislators Who Helped



Fowler



Hatcher



Knox



Reeves



Zakhem

The legislators shown above are responsible in large part for passage of Senate Bill 5, granting increases to 18,300 PERA annuitants. The efforts of prime sponsors Senator Les Fowler and Representative Jim Reeves, in committees and on the

floor were invaluable.

Co-sponsors of S.B. 5, Senators Hatcher and Zakhem, and Representative Knox, assisted with their support. The bill passed by an overwhelming majority in each house.

# ASSEMBLY PASSES IMPROVEMENT BILL

**Retirement benefits to 18,300 PERA retirees were increased in July as a result of Senate Bill 5, passed this year by the Colorado Legislature.**

The cost of living increases are being paid to retirees and survivors who began drawing PERA benefits in calendar year 1980 or earlier. Senate Bill 5 did not require an appropriation by the Legislature, or raise PERA employee or employer rates, since the adjustments come from an earmarked, prefunded source, the PERA Cost of Living Stabilization Fund.

In view of 25 percent inflation since the last adjustment, the Retirement Board requested Governor Richard Lamm to put the topic of increases on his call, which he did. Prime sponsors of Senate Bill 5 were Senator Les Fowler and Representative Jim Reeves. Both contributed generously of their time and leadership on behalf of the bill.

Co-sponsors included Senators Martin Hatcher and Sam Zakhem, and Representative Wayne Knox, who added their support.

**High rates of inflation have continued since the PERA Cost of Living Stabilization Fund was created two years ago to make periodic increases to retirees, when granted by bill of the Legislature.**

From mid-1979 to the middle of 1981, the cost of living rose a total of over 25 percent. The goal of Senate Bill 5 was to compensate for this loss of purchasing power. For those retired in 1978 or earlier, the increase is approximately 25 percent of the gross annuity just prior to the increase. The increase is less for those who retired in 1979 and 1980.

An amount equal to two percent of active employee payroll is earmarked each month from regular employer contribution rates for the

Stabilization Fund, specifically to provide future increases to PERA retirees. Because SB 5 granted specific increases to a specific group of retirees (those retired in 1980 or earlier), the Stabilization Fund is not committed to additional increases in the future, nor is the Legislature faced with hidden funding problems in years ahead.

It's anticipated that future increases will be payable from the Cost of Living Stabilization Fund, as permitted by the Legislature, from the accumulated monies in that earmarked fund at such time.

The Legislature also passed House Bill 1075 this year, which eliminates the exemption of PERA benefits from Colorado state income tax.

Under the new law, amounts received as pensions or annuities from all sources (including PERA) are totaled, and if the total exceeds \$20,000 for the year, the excess over \$20,000 becomes taxable income for Colorado. Amounts recovered as employee contributions are completely excluded. The new law is effective beginning with the 1982 tax year.

**In preparation for the 1983 legislative session, the Board is considering several proposals recommended by the PERA Legislative Committee which met this spring. The Board intends to introduce a bill to establish a health insurance plan for PERA retirees as its highest priority.**

The details of benefit design, delivery of service, funding, and administration will be developed pending an actuarial cost estimate. Funds for the plan would be separate from the PERA retirement funds. A preliminary cost estimate is 1.2 to 3 percent of payroll.

The proposal results from a study completed earlier this year showing many PERA retirees do not have ac-

cess to group health insurance and suggesting a PERA-sponsored plan might have some advantages in the areas of cost containment and actuarial funding.

Other items which may be proposed by the Board to the 1983 Legislature are:

- **Raise benefit formula to 1.25% of Final Average Salary for each year over 20, from the current 1.0%, for future retirements.**
- **Make the 3% escalator increase effective on the anniversary date of retirement, rather than May 1.**
- **Continue eligibility of widow or widower of a deceased PERA member for survivor benefits beyond remarriage of the widow or widower.**
- **Change the reduction factor on early retirements to five percent per year, from seven percent per year. The reduction factor is currently seven percent for each year the member is retiring before the date he would have become eligible for unreduced retirement, had he continued working.**

The PERA Board will also seek legislation giving it authority to transfer an amount up to \$5 each year from each active member account. A fund designed to protect PERA would be created from the money transferred. This defense fund would be established along the lines of a fund created years ago by the Denver Public School Employees' Pension and Benefit Association.

Its purpose would be to protect the PERA fund and member benefits from outside threats. Initially, the defense fund would be used in the fight against mandatory Social Security coverage, now being waged by OPPOSE. A legal and constitutional opinion on the proposal has been requested from the Attorney General.

## Senate Bill 5 Increases

Period during which retirement became effective	Percentage of increases in Monthly retirement allowance:
On or before December 31, 1951 .....	218%
January 1, 1952 - December 31, 1956 .....	200
Calendar year 1957 .....	189
1958 .....	180
1959 .....	177
1960 .....	173
1961 .....	170
1962 .....	166
1963 .....	162
1964 .....	158
1965 .....	154
1966 .....	145
1967 .....	138
1968 .....	127
1969 .....	113
1970 .....	102
1971 .....	95
1972 .....	91
1973 .....	82
1974 .....	64
1975 .....	52
1976 .....	45
1977 .....	38
1978 .....	31
1979 .....	19
1980 .....	8

## PERA GETS IRS QUALIFICATION

The Internal Revenue Service earlier this year approved PERA's application for formal IRS qualification of the retirement plan.

IRS qualification makes it clear that PERA members in all divisions may voluntarily set up their own Individual Retirement Accounts (IRA's), for the tax year beginning January 1, 1982.

The Association applied to the IRS last August for qualification. "Qualified plan" status removes any doubt on IRA availability, and guarantees that PERA investment earnings are not taxable, along with other rights which have been assumed for several years.

The IRS qualification of the PERA plan is subject to adoption by the State Legislature of a provision specifying that in the event of termination of PERA, priority for distribution of the fund would be payment of all accrued benefits under the plan. (If terminated, PERA would have sufficient money to satisfy such promises.) PERA will seek this law change in 1983.

IRS qualification is denied rarely. The IRS check is to insure that the plan is run solely for benefit of the members, and does not discriminate in favor of a particular group of employees. Without IRS qualification, contributions to the company pension plan by a private sector firm cannot be deducted as a cost of doing business.

A wide variety of financial institutions are offering IRA's. If a PERA member sets up an IRA, neither his PERA deduction nor his PERA annuity amount at retirement will be affected. The amount deducted from salary for PERA should not be taken as a credit or deduction on tax returns. An IRA account set up by an individual himself, would be with a credit union, bank, thrift, brokerage house or other institution, separate from his PERA account.

## ELECTRONIC TRANSFERS

**Annuitants are reminded that PERA offers direct deposit of PERA checks to the annuitant's account at the bank of his choice through Electronic Funds Transfer.**

Annuitants no longer need to worry about the postal service getting checks to them on time. With this service, checks are not lost or stolen. Annuitants don't have to stand in line to deposit checks.

"Annuity income is automatically deposited to the account on the first business day of each month," explained Paula Westerdahl, director, Annuities Division. "The retiree can sit back and relax—knowing that his or her hard-earned money is already at the bank available as it is

needed. You won't need to worry about postal strikes."

To take advantage of this new service, request the necessary forms from the PERA Annuity Division. Direct additional questions to this division.

PERA's address is 1300 Logan, Denver, CO 80203.

### 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.

# FIVE ELECTED TO RETIREMENT BOARD

Five members of the Retirement Board were elected in May.

**Bernal O. Brooks**, assistant controller, Department of Public Utilities, City of Colorado Springs; **Steven R. Brown**, supervisor of financial services, Saint Vrain Valley School District Re-1 J; **Thomas D. Lindquist**, captain, Colorado State Patrol; **Frank V. Taulli**, elementary school principal, Pueblo Public Schools #60; and **Wilborn S. Whitehead**, manager of buildings and grounds, Arvada; were named to the board.

Brooks, Lindquist, Taulli, and Whitehead are incumbents and were elected to four-year terms. Brown was elected to a two-year term for a vacant seat.

This election is the seventh 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.** Suzanne S. Schulze, University of Northern Colorado, 1983. Terry L. Lantry, Colorado State University, 1984. Edward W. Murrow, University of Colorado, 1985. Thomas D. Lindquist, State Patrol, 1986.

**School Division.** Roberta Altenbern, Adams County School District 14, 1983. Steven R. Brown, St. Vrain Valley School District Re-1 J, 1984. John Young, Jefferson County R-1, 1984. Ada Houck, Mesa County Valley School District 51, 1985. Frank Taulli, Pueblo School District 60, 1986.

**Municipal Division.** Bernal Brooks, City of Colorado Springs, 1986. Wilborn S. Whitehead, City of Arvada, 1986.

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

**State Treasurer.** Roy Romer.

**State Auditor.** Bob Scott.

**Executive Officers.** Joseph P. Natale, executive secretary. Norman Jaskol 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.

Title 24, Article 51, Colorado Revised Statutes in 24-51-103 spells out the composition and responsibilities of the board. The law states that the board shall appoint an executive secretary and subject to limitations of the law shall establish rules and regulations for the administration of the retirement fund.

## Newly Elected



**Board Members**

Group picture, left to right, standing, Bernal Brooks and Frank Taulli. Seated, Wilborn Whitehead and Tom Lindquist. Single picture, Steven Brown.



**Governor Richard Lamm, facing camera, addressed the PERA Board on April 19 on the subject of Colorado's needs for the future. Major topics included highways, waterways, and energy.**

## OBTAINING PRE-RETIREMENT FACTS

In addition to the many personal and career considerations, the decision to retire should be the result of having requested and received confirmation from PERA of your first eligible date for retirement, the dollar amount payable, and the date the annuity will begin.

This part of your pre-retirement plan may be obtained several years before retirement on a projected service credit and final average salary basis, or it may be obtained on a more accurate basis from six months to one year before you decide to retire.

### Here Is How

Write to the Retirement Services Division of PERA and ask for an estimate of the monthly annuity payable to you on your target date of

retirement. The address is 1300 Logan, Denver, Colo. 80203. Include your full name, current address, Social Security number, and birth date in the letter. If you are interested in reviewing the cobeneficiary option amounts, send the name, birth date and relationship of the person you are considering as your cobeneficiary at retirement.

### Ask Your Employer . . .

If you have worked part-time during your PERA covered career, ask your employer to send PERA a salary history for such periods of employment at the same time you write PERA for a pre-retirement estimate. The salary history should provide either: (1) The number of hours worked per day and the daily rate of

pay, or (2) The hourly rate of pay, or (3) The full-time equivalent monthly salary for periods worked at less than full days, full months, or full years for each such period. This is the information necessary for PERA to evaluate your service credit for retirement eligibility purposes.

### Within A Few Weeks . . .

You will receive the pre-retirement planning information you requested within a few weeks—the exact time depends upon the volume of retirement applications being processed when your request arrives at the PERA office.

At the same time, you will be sent the "Retirement Application Procedures for PERA Members" which outlines in four easy steps the cooperative effort between you and your employer and PERA to accomplish your retirement objective.

Members who prefer individual counseling are welcome to call the Retirement Services Office for an appointment.

Operational Divisions of PERA with directors are as follows: Accounting, Don Clippinger; Annuity, Paula Westerdahl; Building Services, Lee Moore; Data Processing, Dennis Blake; Information Services, Allan Johnson; Investment Operations, Daryl Roberts; Office Services, Karen Turner; Retirement Services, Jean Moretti.

If You  
**HAVE CHANGED YOUR ADDRESS**  
Complete This Form

**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION**  
1300 Logan  
Denver, Colorado 80203

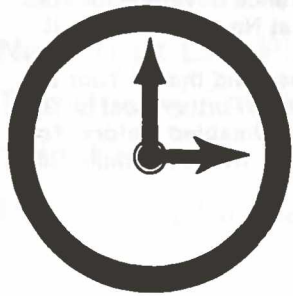
Please change my mail address to the following:

Name \_\_\_\_\_

Address \_\_\_\_\_

Social Security # \_\_\_\_\_ Date \_\_\_\_\_

Ask your colleagues if they received copies of this report. Perhaps they forgot to send in new addresses. The only means we have of mailing Retirement Board election ballots in May is to the latest current address on file.



**It's**

**pen Enrollment  
Time**

**For Our PERA  
GROUP INSURANCE PLANS**

• **New York Life**

**\$10 Monthly**

• **Prudential**

**\$6 Monthly**

**OPEN ENROLLMENT AUGUST  
THROUGH DECEMBER**

**For More Information—Read On . . .**

# 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 & Dismemberment 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 December 31, 1982. 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

## Schedule of Benefits

### Basic Member Group Life Insurance and Accidental Death & Dismemberment Insurance

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

### Dependent Group Life Insurance

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		

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.

### 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 re-

irement, 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 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.

## How to Enroll

No health statement is required if you enroll during the Open Enrollment Period ending December 31, 1982. 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

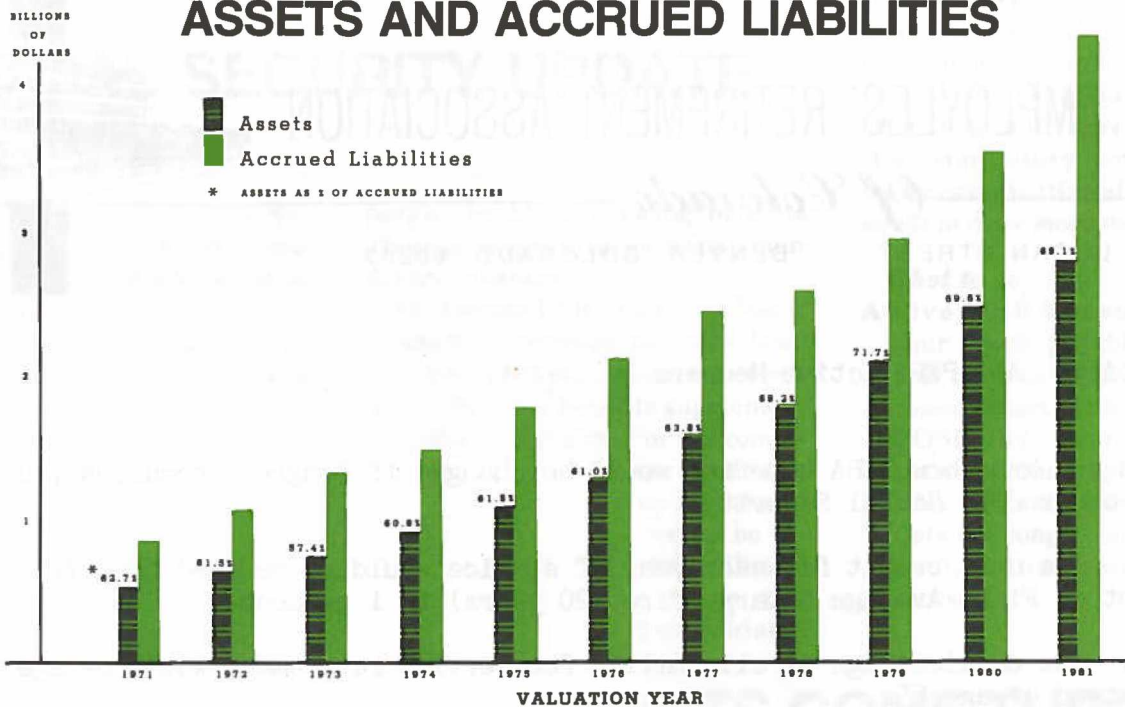
**Plus**

**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**

## ASSETS AND ACCRUED LIABILITIES



**PERA continues to be in sound condition because it has followed actuarial principles of level-cost financing, the latest actuarial valuation reports.**

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 as a percent of member payroll. In this way, members and taxpayers each year pay their fair share for retirement service accrued in that year.

Occasionally rates are increased, but only to add or improve benefit provisions.

**As the PERA group population has matured, the average annuity check has increased from \$178 per month for 7,499 annuitants in 1971, to \$556 per month for 20,763 annuitants in July of this year.**

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, 1981, indicates several points about the PERA fund, as can

be seen from the chart above. With total liabilities of over \$3.9 billion and assets of over \$2.7 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.

**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 over the past decade, indicates progress for PERA.**

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.

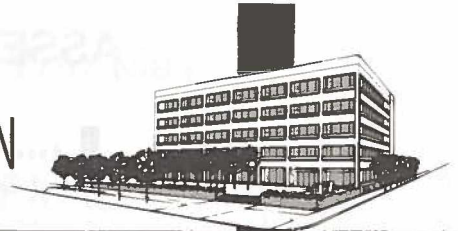
PERA's sound financial condition is typical of most public employee retirement systems, a major study shows. The study report, referred to as the HUD Study, is titled "The Future of State and Local Pensions," and was completed through The Urban Institute. The financial health of state and local retirement systems will grow even better in the year 2024 than it is today, the study shows.

The HUD Study focused on large (1,000 members or more) retirement systems, selecting a representative sample of such systems. (Large systems cover 95 percent of all state and local employees.) PERA was among the 100 state and local retirement systems in the sample.

**The actuarial forecasts showed that for PERA as well as the average governmental plan, the ratio of assets to total liabilities will increase significantly over the forecast period and the ratio of unfunded liability to active member payroll will decrease, under current plan provisions and contribution levels.**

# PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION

*Of Colorado*



1300 LOGAN STREET

DENVER, COLORADO 80203

Telephone 832-9550

Attention: All PERA Active Members

Do you know how PERA benefits would be changed if Congress requires you to be covered by Social Security?

1. The unit credit for each year of service would be reduced from 2.5 percent of Final Average Salary (first 20 years) to 1 percent.
2. The earliest age of eligibility for service retirement would be age 62 instead of age 55.
3. The post-retirement escalator of 3 percent per year would be eliminated.
4. All PERA survivor and disability protection would be dropped.

As PERA Board members elected by the 20,000 persons already retired, we challenge you to join with us in contributing to OPPOSE. This is the only way to save PERA from Mandatory Social Security, and it has to be done now.

OPPOSE records show most of the contributions this year have been from retirees -- yet there are five of you for every one of us! Our benefits have already been granted. We have at risk our future increases. You stand more to lose -- you are facing a lower total retirement benefit.

Please make out your check to OPPOSE and mail in the envelope today.

Sincerely yours,

A handwritten signature in cursive script that reads "Eileen C. Burroughs".

Eileen Burroughs  
PERA Retired Board Member

A handwritten signature in cursive script that reads "Barclay H. Watson".

Barclay Watson  
PERA Retired Board Member

# SOCIAL SECURITY UPDATE

Major changes in Social Security will be made right after the election in a "lame duck" session of Congress.

That prediction by national publications and lobbyists on the scene seems certain to happen now because the National Commission on Social Security Reform expects to report in November. At that point, mandatory coverage for state and local employees will be on the table for a decision by Congress.

The bipartisan commission was appointed earlier this year and includes the key Senators and Congressmen on the Social Security issue. It is not a fact-finding group or a study group. It will conduct no open hearings for outside testimony.

Its recommendations will be the basis for intense but short debate in Congress during a "lame duck" session after the election but before the new Congress convenes in January. OPPOSE is convinced that Mandatory Social Security will be one of its recommendations.

Why does Congress have to act to reform Social Security? If it doesn't, the system will run out of money soon. Social Security Commissioner John Svahn said earlier this year that without legislation, the Old Age Fund, largest of the trust funds, will run out of money in early 1983. To ensure that the monthly checks will be mailed, legislation *will* be passed.

OPPOSE discovered that mandatory Social Security for state and local employees was mentioned as one method of raising revenue, during discussions last May between the White House and Congress on how to cut the budget deficit. That idea was deferred at the time, pending the commission's report.

When the hard choices are made, some people will be hurt. OPPOSE is against mandatory coverage because it's nonsensical. More people would be contributing to Social Security, but in the long run, those same

people would be drawing benefits. There is no actuarial gain from mandatory coverage.

What would PERA members lose if mandatory coverage becomes law? The new PERA plan would be a weak plan with small benefits supplemental to Social Security. For the combination to equal benefits under the current PERA plan, an additional five percent of payroll would be required. (Approximately \$90 million.)

**IF OPPOSE can raise the money, it will contact candidates**

for Congress and the Senate nation-wide this fall, to get their commitment to *independent* public employee retirement systems. OPPOSE will spread the proof that mandatory coverage would be unconstitutional. *But OPPOSE needs to raise more money to do this.*

## What to do

**Active PERA members**—Make your check payable to OPPOSE and mail using the envelope enclosed. Start contributing to OPPOSE by payroll deduction through your employer.

**PERA retired members**—Complete the coupon on this page, clip it out, and mail using the envelope enclosed.

## ANNUITANTS COME THROUGH

**A total of 3,191 PERA annuitants responded to the May appeal for OPPOSE contributions. The deduction contributions amounted to \$3,215.36 monthly. In addition, about \$5,000 in one-time contributions were received.**

Executive Secretary Joseph Natale expressed his gratitude to those retirees who contributed by designating a dollar deduction amount per month, a one-tenth of one percent of monthly annuity deduction amount, or an individual donation check. He said annuitants still have an opportunity to contribute to this effort by deduction by using the coupon and envelope in this Annual Report.

OPPOSE (Organization for the Preservation of the Public employee retirement industry and Opposition to Social Security Expansion to such industry) continues to need support.

If Social Security is mandated for active PERA members, future increases from the Cost of Living Stabilization Fund, similar to the one passed in 1980 and the increase this July, would be in jeopardy.

Retirees can designate a dollar amount to be deducted each month, or one-tenth of one percent of their gross monthly retirement check (Example: 10¢ for each \$100 of gross monthly annuity). Use the form below. An envelope is enclosed with this Annual Report.

### ANNUITANTS' DEDUCTION FORM

(Checks may be mailed in without coupon)

I hereby authorize and direct PERA to deduct the amount indicated below on a monthly basis.

(Check One)

\_\_\_\_\_ .001 of Monthly Gross Annuity,

OR

\_\_\_\_\_ \$ \_\_\_\_\_ per month.

\_\_\_\_\_  
(Print Name of Annuitant)

\_\_\_\_\_  
(Annuitant's Social Sec. No.)

\_\_\_\_\_  
(Your Signature)

\_\_\_\_\_  
(PERA Annuitant No.)

\_\_\_\_\_  
(Date)

## MEMBERSHIP STATISTICS

	CONSOLIDATED TOTALS	STATE DIVISION	SCHOOL DIVISION	MUNICIPAL DIVISION	JUDGES DIVISION
<b>TOTAL MEMBERSHIP DECEMBER 31, 1981</b> .....	<b>118,699</b>	<b>46,647</b>	<b>64,799</b>	<b>6,908</b>	<b>345</b>
Active Members .....	98,718	37,073	55,392	6,011	242
Annuitants and Survivor Benefit Members .....	19,981	9,574	9,407	897	103
New Members Accepted					
January 1, 1981 to December 31, 1981 .....	16,048	6,298	8,393	1,343	14
Active Members Deceased .....	61	33	23	5	0
Active Members Accounts Withdrawn .....	13,914	5,670	7,180	1,056	8

## RETIREMENT STATISTICS

Retirement annuities have been approved by the Retirement Board payable to retired members during the period from 1/1/81 through 12/31/81 as follows:

	STATE	SCHOOL	MUNICIPAL	JUDGES
30 or more years service—any age (Patrol, Wildlife) .....	2			
35 or more years service—any age .....	1			
30 or more years service at age 55 .....	46	17	1	
20 or more years service at age 60 .....	137	184	13	3
5 or more years service at age 65 .....	118	119	15	6
10 years service—40% (Judges) .....				2
General disability after 5 years of service .....	118	67	16	1
Termination of service: Retained member .....	2	9		
Survivor Benefits: Automatic .....	1	2		
Deferred (Age 60 or 65) .....	48	63	2	1
20 or more years service at age 55 (reduced) .....	29	63		1
5 or more years service at age 60 (reduced) .....	128	117	13	
Member with more than 10 years service (S.B. 302) .....	7	6	4	
Disabled annuitant dies within one year (S.B. 302) .....	4	1	1	
<b>TOTAL RETIRED DURING YEAR</b> .....	<b>641</b>	<b>648</b>	<b>65</b>	<b>14</b>
Total number receiving retirement annuities 12/31/80 .....	8,630	8,606	778	75
Total number receiving retirement annuities during year .....	9,271	9,254	843	89
Co-beneficiaries continued upon the death of annuitant .....	80	40	13	2
Returned to rolls from suspension .....	11	12	2	
Less: Retired members deceased during year .....	282	243	35	2
Annuities temporarily suspended .....	14	12	5	
<b>TOTAL NUMBER RECEIVING RETIREMENT ANNUITIES 12/31/81</b> .....	<b>9,066</b>	<b>9,051</b>	<b>818</b>	<b>89</b>
Average monthly rate 12/31/81 .....	\$ 480	\$ 437	\$ 390	\$ 769
Total paid in annuities 1/1/81 to 12/31/81 .....	\$50,884,873	\$45,702,952	\$3,721,372	\$799,282
Average monthly rate for annuitants retired during year .....	\$ 587	\$ 499	\$ 478	\$ 809
Survivor Benefits added to rolls during year .....	45	38	8	
Total Survivor Benefits 12/31/81 .....	508	356	79	14
Total paid in Survivor Benefits 1/1/81 to 12/31/81 .....	\$ 2,208,815	\$ 1,478,333	\$ 318,997	\$127,873
Retirement annuities Deferred (Future at age 60 or 65) .....	423	722	32	2
Total future benefits (annually) .....	\$ 1,718,673	\$ 2,233,836	\$ 103,362	\$ 2,729
Survivor Benefits (Future) .....	21	19	2	1
Total future benefits (annually) .....	\$ 54,468	\$ 44,804	\$ 4,709	\$ 7,110

# Combining Balance Sheet

Unaudited  
December 31, 1981

ASSETS	State Employees' Division	School Employees' Division	Municipal Employees' Division	Judges' Division	Cost of Living Stabili- zation Fund	Common Operating Fund	Combined total December 31, 1981
Cash .....	\$ 5,562,728	431,962	70,478	26,040	5,386	27,797	6,124,391
Receivables:							
Member and employer contributions .....	6,235,063	12,230,452	1,424,817	152,994	—	—	20,043,326
Dividends and accrued interest on investments .....	17,067,828	22,699,768	2,018,196	310,261	209,184	956,752	43,261,989
Other .....	77,197	118,541	10,712	69,886	—	24,379	300,715
	<u>23,380,088</u>	<u>35,048,761</u>	<u>3,453,725</u>	<u>533,141</u>	<u>209,184</u>	<u>981,131</u>	<u>63,606,030</u>
Investments:							
Temporary investments, at cost .....	9,604,656	14,037,547	1,657,346	1,137,822	3,472,894	582,384	30,492,649
Corporate obligations, at amortized cost .....	437,690,884	551,591,474	47,373,978	6,707,923	—	—	1,043,364,259
Stocks, at cost .....	331,905,262	434,023,320	37,838,190	4,475,003	—	—	808,241,775
Guaranteed note, at cost and accrued interest thereon .....	25,755,856	33,632,647	2,740,625	375,085	—	—	62,504,213
United States Government obligations, at amortized cost .....	118,321,219	169,065,243	15,129,709	1,957,515	5,966,476	2,827,766	313,267,928
First mortgages, at amortized cost .....	153,520,189	219,621,881	15,642,789	2,595,720	—	399,780	391,780,359
Real estate, at cost .....	14,558,254	17,504,136	1,281,119	195,187	—	—	33,538,696
Total investments before unamortized yield adjustment ...	1,091,356,320	1,439,476,248	121,663,756	17,444,255	9,439,370	3,809,930	2,683,189,879
Unamortized yield adjustment .....	—	—	—	—	—	—	—
	<u>1,091,356,320</u>	<u>1,439,476,248</u>	<u>121,663,756</u>	<u>17,444,255</u>	<u>9,439,370</u>	<u>3,809,930</u>	<u>2,683,189,879</u>
Property and equipment, at cost:							
Land .....	—	—	—	—	—	180,000	180,000
Building .....	—	—	—	—	—	3,486,004	3,486,004
Equipment and fixtures .....	—	—	—	—	—	847,956	847,956
	—	—	—	—	—	4,513,960	4,513,960
Less accumulated depreciation .....	—	—	—	—	—	(703,242)	(703,242)
Net property and equipment .....	—	—	—	—	—	3,810,718	3,810,718
Total real assets .....	1,120,299,136	1,474,956,971	125,187,959	18,003,436	9,653,940	8,629,576	2,756,731,018
Estimated obligation of employers for prior service (contra) .....	651,132,258	524,370,668	38,886,919	4,843,810	—	—	1,219,233,655
	<u>\$1,771,431,394</u>	<u>1,999,327,639</u>	<u>164,074,878</u>	<u>22,847,246</u>	<u>9,653,940</u>	<u>8,629,576</u>	<u>3,975,964,673</u>
<b>LIABILITIES AND RESERVES</b>							
Refunds and other liabilities payable .....	\$ 4,871,225	2,657,040	454,271	950,738	—	812,345	9,745,619
Amounts due to (from) Cost of Living							
Stabilization Fund .....	1,216,152	1,403,614	157,112	13,760	(2,790,638)	—	—
Reserve accounts:							
Contributions:							
Members' deposits .....	283,093,443	352,758,833	32,374,227	3,450,677	—	—	671,677,180
Employers':							
Accumulation .....	306,956,284	654,144,926	49,764,903	4,835,582	—	—	1,015,701,695
Actuarial requirements (contra) .....	651,132,258	524,370,668	38,886,919	4,843,810	—	—	1,219,233,655
	<u>1,241,181,985</u>	<u>1,531,274,427</u>	<u>121,026,049</u>	<u>13,130,069</u>	<u>—</u>	<u>—</u>	<u>2,906,612,530</u>
Annuity:							
Annuitants' retirement .....	486,959,936	432,584,305	38,175,030	7,210,414	—	—	964,929,685
Survivors' benefit .....	23,038,099	15,780,741	3,371,325	1,118,380	—	—	43,308,545
Deferred annuitants .....	13,490,234	14,942,057	809,604	331,448	—	—	29,573,343
Deferred survivors' benefit .....	673,763	685,455	81,487	92,437	—	—	1,533,142
	<u>524,162,032</u>	<u>463,992,558</u>	<u>42,437,446</u>	<u>8,752,679</u>	<u>—</u>	<u>—</u>	<u>1,039,344,715</u>
Insurance dividend reserve .....	—	—	—	—	—	7,346,351	7,346,351
Fund balance .....	—	—	—	—	12,444,578	470,880	12,915,458
Total reserve accounts and fund balance .....	1,765,344,017	1,995,266,985	163,463,495	21,882,748	12,444,578	7,817,231	3,966,219,054
Commitments .....							
	<u>\$1,771,431,394</u>	<u>1,999,327,639</u>	<u>164,074,878</u>	<u>22,847,246</u>	<u>9,653,940</u>	<u>8,629,576</u>	<u>3,975,964,673</u>

Note 1: Copies of the Association's complete audited financial statements will be contained in the PERA Statistical Supplement available upon request to the PERA office this fall.

# NEW ASSISTANT SECRETARY FOR INVESTMENTS NAMED

Norman Jaskol, seated, left, is the new assistant executive secretary for investments.

Standing is one of Norman's key staff members, Daryl Roberts, new director of the Division of Investment Operations.

Norman is responsible for investing the PERA funds which are approaching three billion dollars. He directs the activities of six professional analysts as well as being responsible for the Division of Investment Operations. He reports to the executive secretary.

He assumed his new position on June 1. "It is a challenging opportunity to guide the pension investments for the public employees of Colorado," he said.

Norman has 25 years of experience in the investment field. He served as a PERA equity analyst for four years before assuming the new job.

Norman received a Bachelor's Degree in Economics from Cornell University. He is a native of New York and worked for a number of New York Stock Exchange member firms



before moving to Denver.

Mr. and Mrs. Jaskol have one daughter, a student at Denver's South High School.

Norman is a Chartered Financial Analyst and a member of the Denver Society of Security Analysts. His favorite leisure activities are photog-

raphy, gardening and fishing.

Executive Secretary Joseph Natale stated, "I am delighted to have a man as talented as Norman Jaskol as our chief investment officer and expect to rely heavily upon his advice."

Daryl Roberts comes to PERA from E.F. Hutton in Denver. He has 14 years of experience in the investment field most of which was in the investment operations area. At PERA, he will supervise six investment technicians who keep track of the many investment transactions made each day.

Daryl, a Colorado native, grew up in Karval. He has attended Metro State College, is married and has two sons.

## Field Services

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 parts of the state to explain the program to members.

There is no charge for this service. Advance requests are appreciated so that meetings in a specific area can be combined to provide for economy of travel.

Make your request to the Division of Information Services.

# PERA

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