



# Presentation for the Joint Finance Committee

**January 26, 2012**

## **Colorado PERA's Mission Statement**

To promote long-term financial security for our membership while maintaining the stability of the fund.



# What is Colorado PERA?

*As of November 30, 2011*

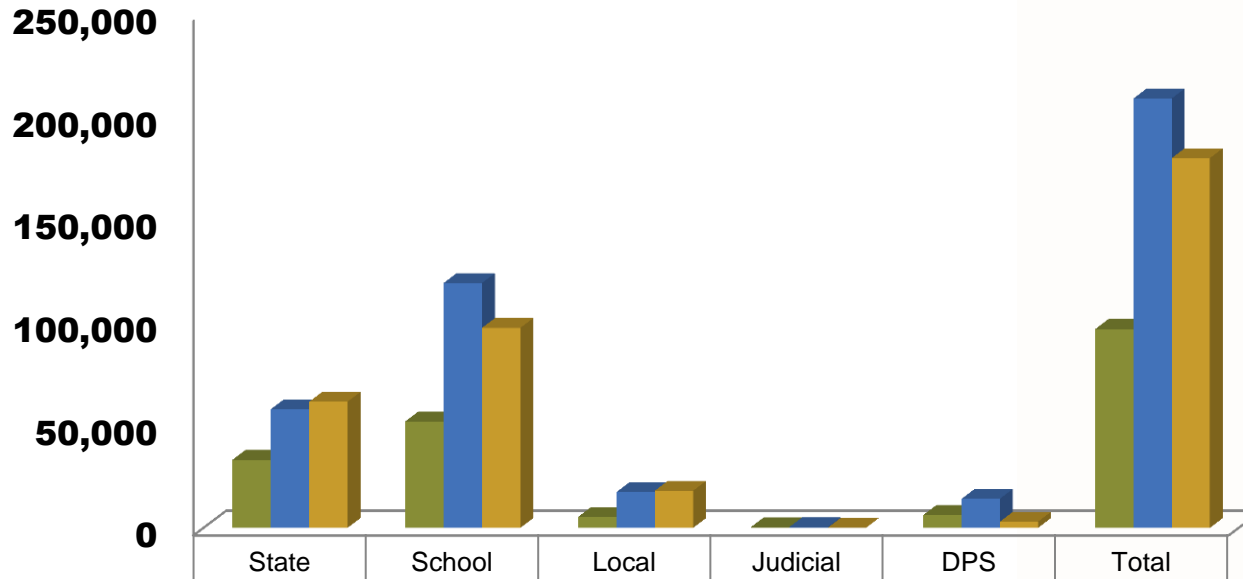
- Instrumentality of the State, founded on August 1, 1931
- Hybrid defined benefit retirement plan qualified under IRC 401(a)
- Substitute for Social Security in most cases
- Administers:
  - Defined benefit plan, including disability and survivor benefit programs
  - One of the country's largest public 401(k) Plans, 457 Plan, and DC Choice Plan (combined assets of \$2.4 billion)
  - Health care, dental, and vision plans for largest coverage group in the State (145,000 lives)
  - Life insurance plan
- Largest pension fund in Colorado, 23<sup>rd</sup> largest public plan in U.S.



# PERA Defined Benefit Plan Membership

*November 30, 2011*

**Total: 484,937**



Benefit Recipients	33,070	51,732	5,276	309	6,332	96,719
Active Members	57,680	119,057	17,376	325	14,133	208,571
Inactive Members	61,331	97,257	18,049	15	2,995	179,647



# PERA Financial Recap

(in thousands of dollars; does not include defined contribution plans)

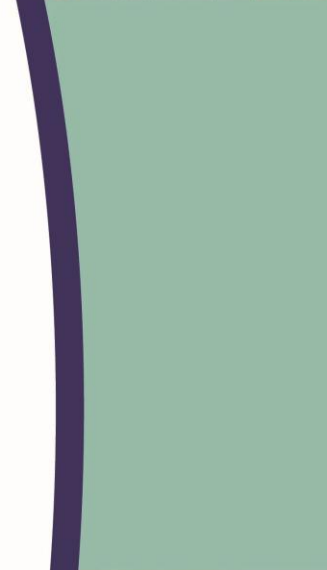
**\$38,721,195 net assets as of December 31, 2010**

November 2011

Contributions \$1,701,289		Investments \$396,963		Benefits Paid (\$3,444,246)	
Employer – Pension – Regular	\$552,636	Net Change in Fair Value	(\$345,795)	Pension Benefits	(\$3,039,524)
Employer – Pension – AED	\$170,299	Interest	\$318,013	Health Care Benefits	(\$195,130)
Employer – Pension – SAED	\$129,607	Dividends	\$350,732	Disability/Life Insurance	(\$4,945)
Employer – Health Care	\$71,571	Real Estate/Opportunities/ Alternative Investments	\$165,827	Refunds	(\$159,579)
Member	\$617,428	Securities Lending	\$22,690	Other	(\$7,891)
Purchased Service	\$29,567	Investment Expense	(\$114,504)	Admin Exp	(\$37,177)
Retiree Health Care Premiums	\$103,639				
Federal Health Care Subsidies	\$16,199				
Other Additions	\$10,343				

**\$37,375,201 net assets as of November 30, 2011**

(unaudited, for internal use only)



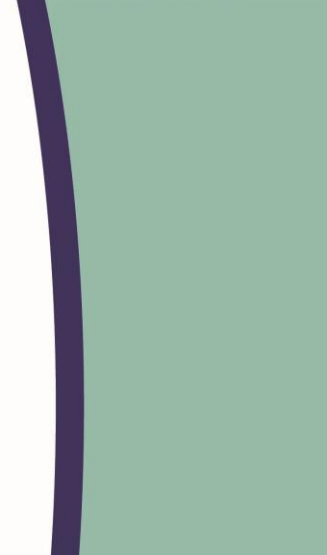
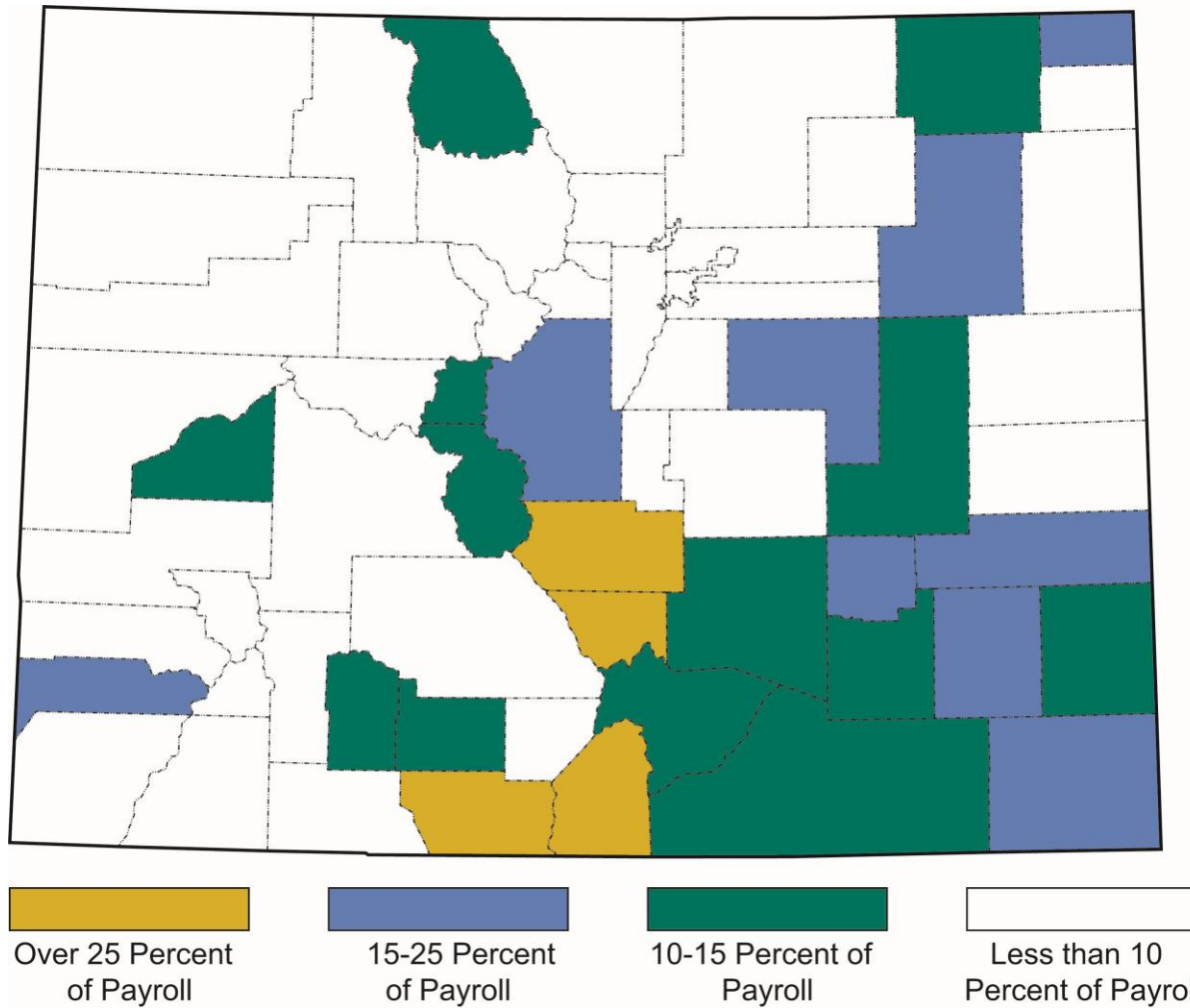
# Colorado PERA DB Plan

*In billions*

<b>Beginning Balance January 1, 1985</b>	<b>\$4.5</b>
Employer Contributions	12.7
Member and Other Contributions	12.5
Investment Income	40.6
Denver Public Schools' Plan Transfer	2.8
Benefit and Refund Payments	(34.2)
Administrative Expenses	(0.5)
<b>Ending Balance December 31, 2010</b>	<b>\$38.4</b>



# PERA Benefit Payments Relative to Payroll by County



# PERA's Economic Impact on Colorado

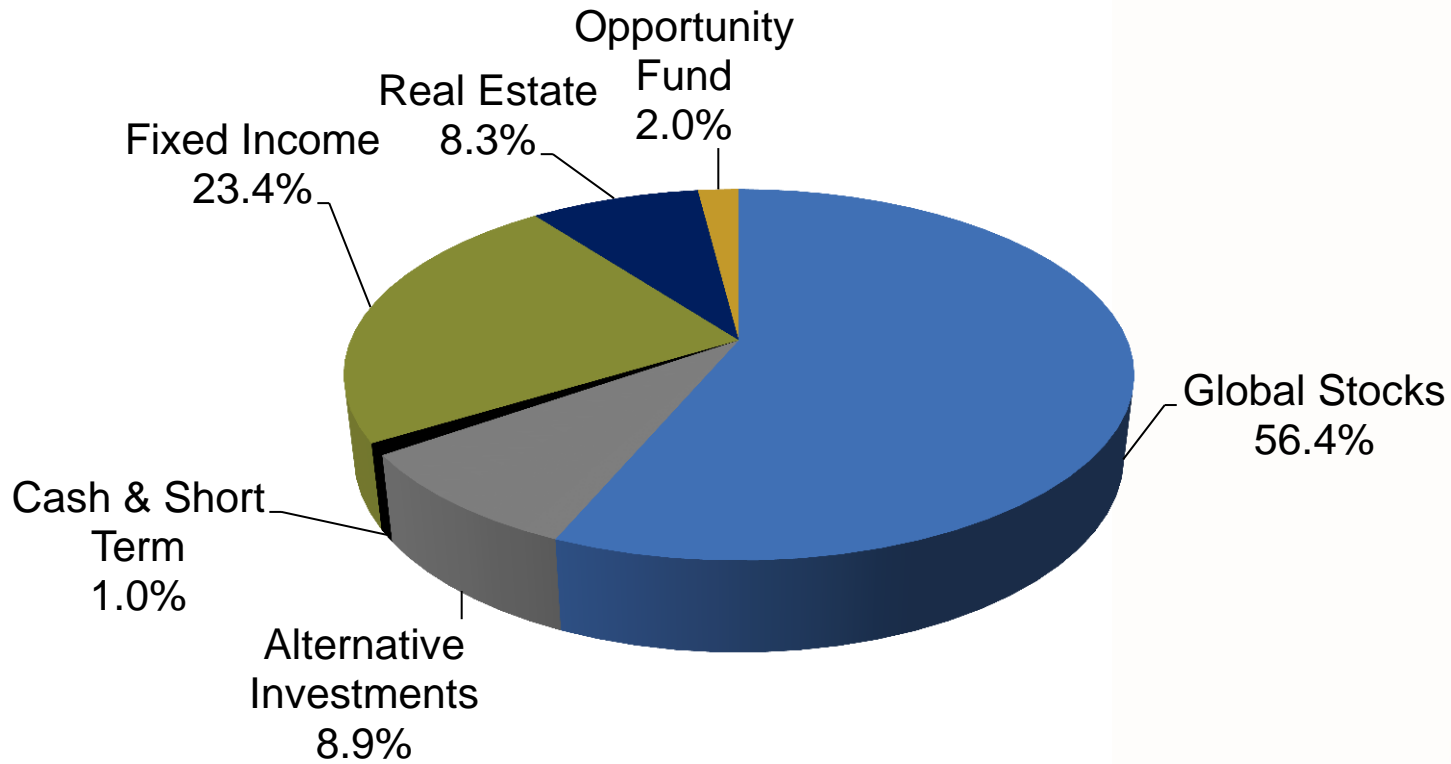
- More than \$3 billion paid to Colorado residents in 2011
- Represents 3.3 percent of total Colorado annual wage income
  - High of 14.3 percent in Pueblo/Southern Mountain region
  - Low of 2.6 percent in Metro Denver
- Generates \$230 million in tax revenue to local and State government
- Creates over 23,000 jobs in Colorado
- Stabilizes economy, especially in a downturn



# Investment Asset Allocation

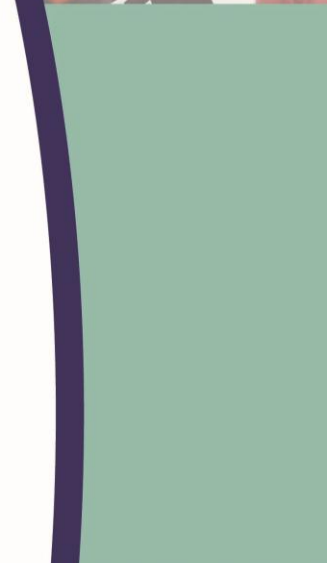
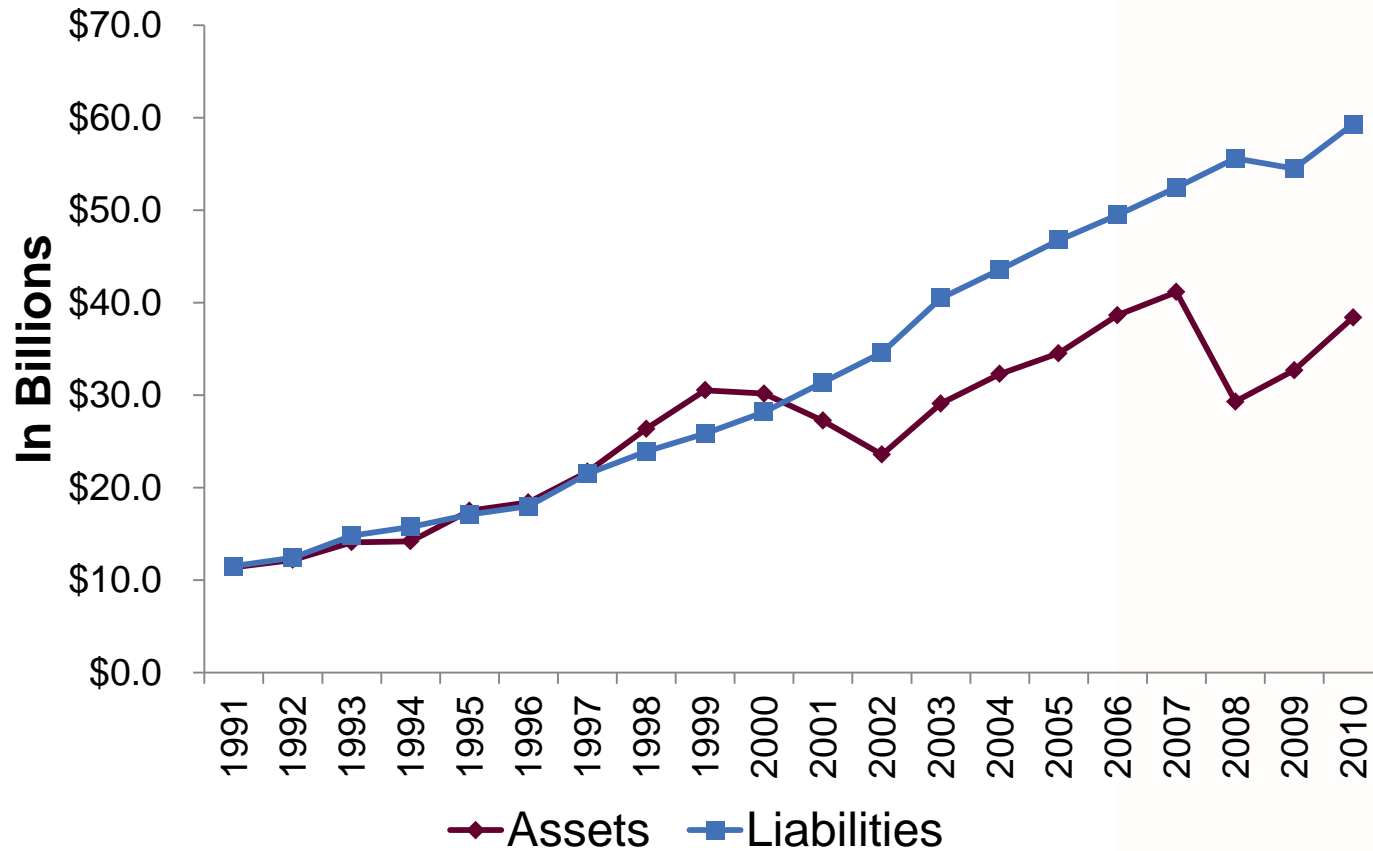
*January 17, 2012*

**\$38.0 Billion Market Value**

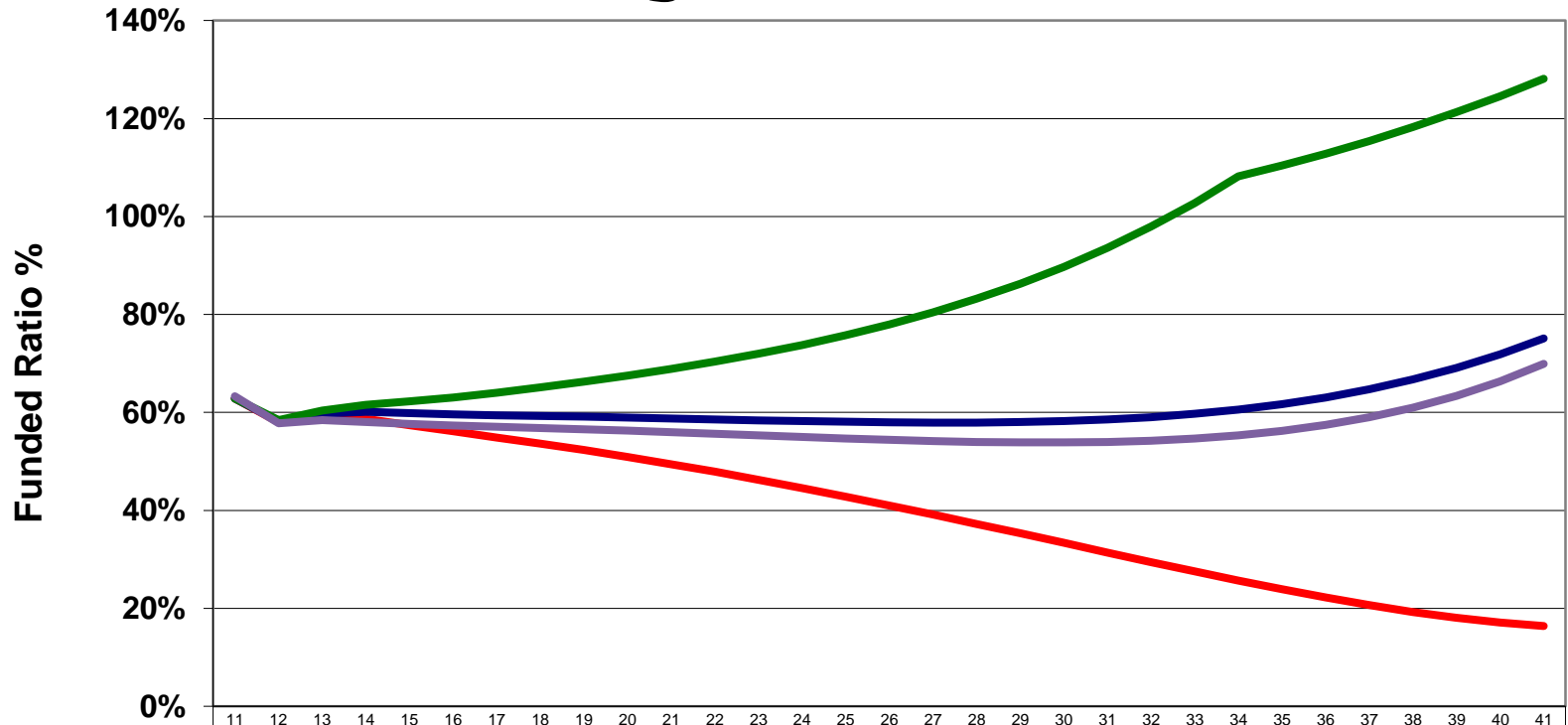


# PERA Defined Benefit Assets vs. Liabilities

*Market Value as of December 31 for each year  
2010 Funded Ratio at Market Value = 64.7 Percent*



# State Division Actuarial Projection

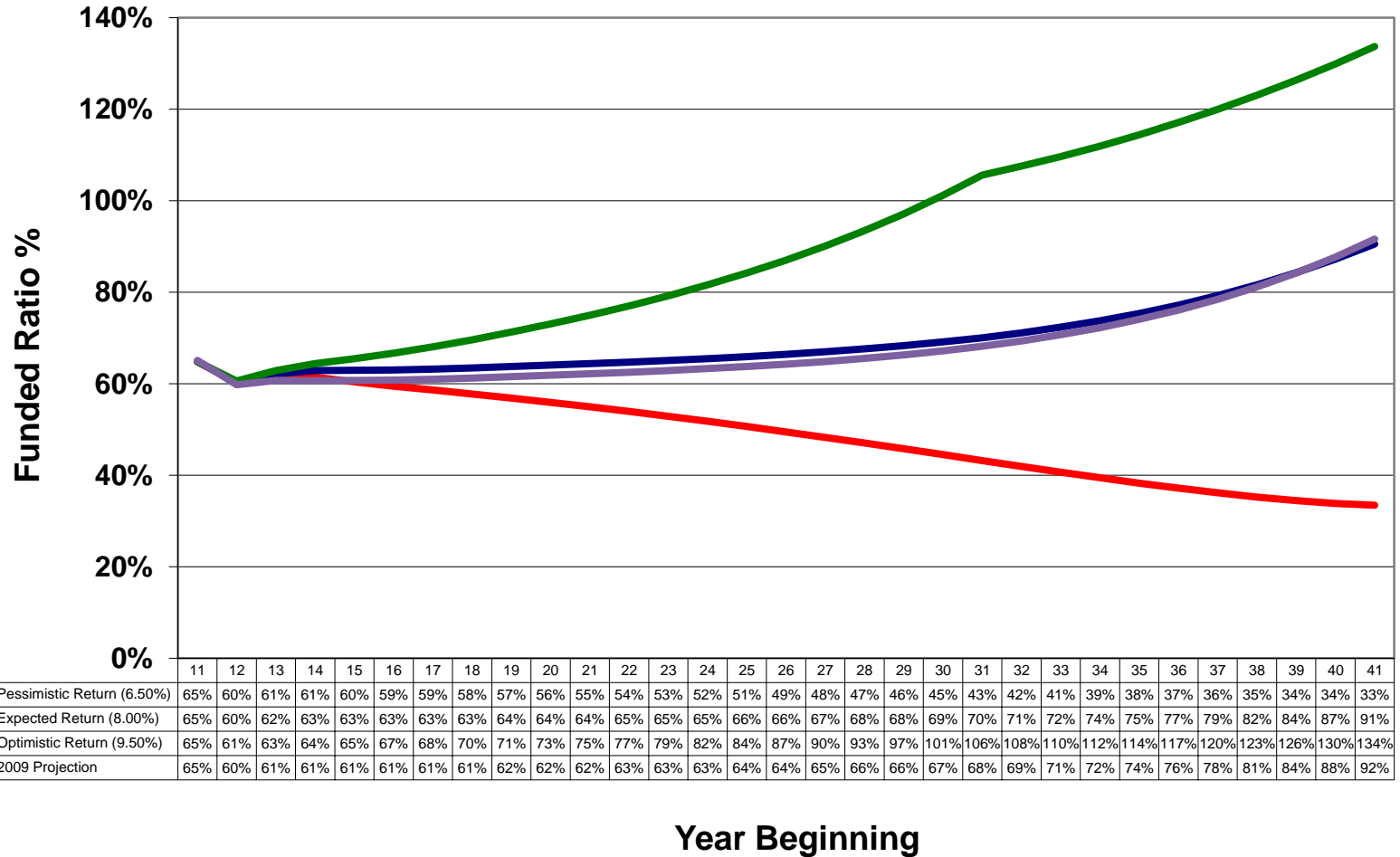


<span style="color: red;">—</span> Pessimistic Return (6.50%)	63%	58%	59%	59%	57%	56%	55%	54%	52%	51%	49%	48%	46%	45%	43%	41%	39%	37%	35%	33%	31%	29%	28%	26%	24%	22%	21%	19%	18%	17%	16%
<span style="color: blue;">—</span> Expected Return (8.00%)	63%	58%	60%	60%	60%	60%	59%	59%	59%	59%	59%	59%	58%	58%	58%	58%	58%	58%	58%	58%	59%	59%	60%	61%	62%	63%	65%	67%	69%	72%	75%
<span style="color: green;">—</span> Optimistic Return (9.50%)	63%	58%	60%	62%	62%	63%	64%	65%	66%	68%	69%	70%	72%	74%	76%	78%	80%	83%	86%	90%	94%	98%	103%	108%	110%	113%	115%	118%	121%	125%	128%
<span style="color: purple;">—</span> 2009 Projection	63%	58%	58%	58%	58%	57%	57%	57%	57%	56%	56%	56%	55%	55%	55%	54%	54%	54%	54%	54%	54%	54%	55%	55%	56%	57%	59%	61%	63%	66%	70%

Year Beginning

— Pessimistic Return (6.50%)    — Expected Return (8.00%)    — Optimistic Return (9.50%)    — 2009 Projection

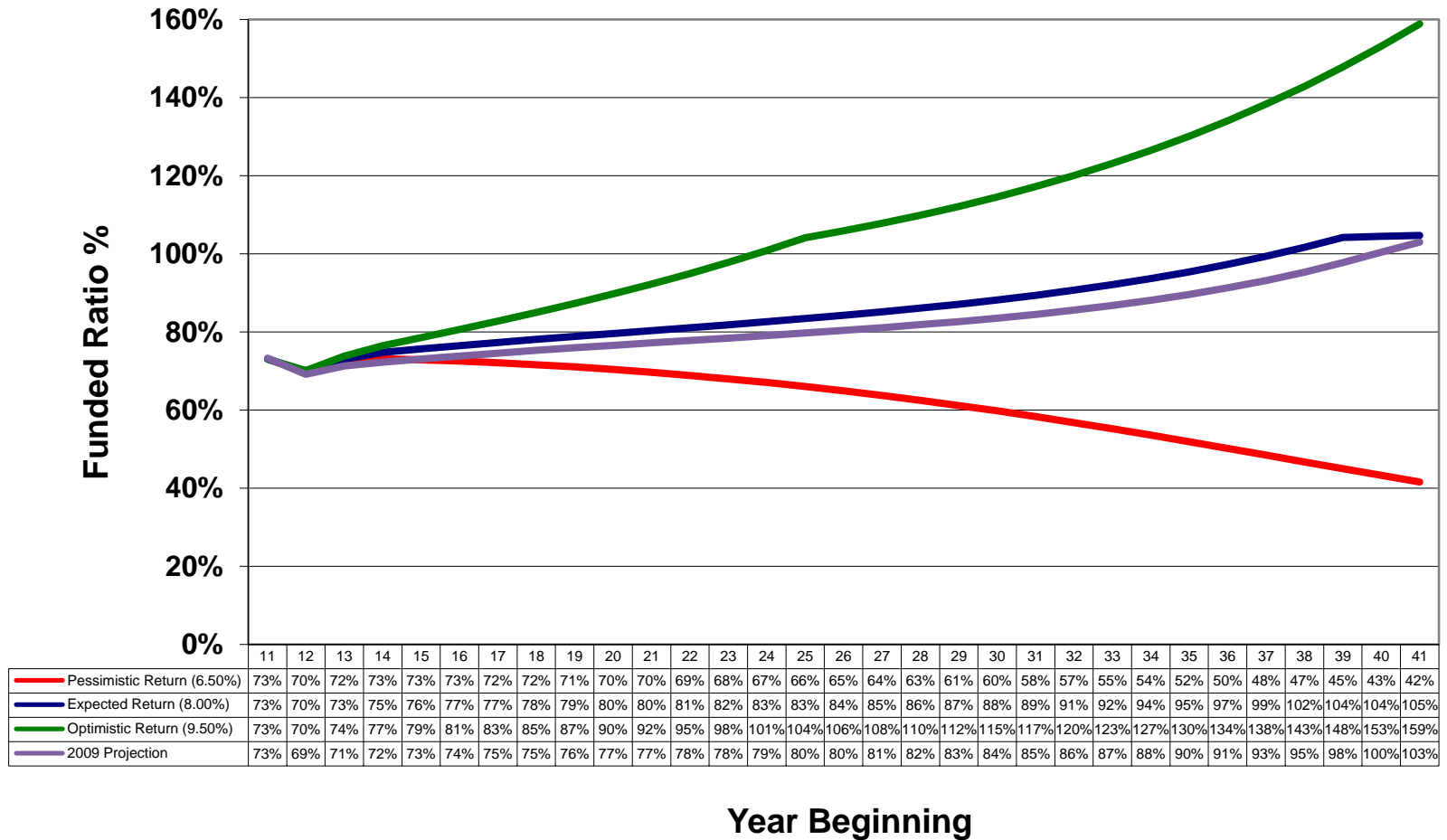
# School Division Actuarial Projection



— Pessimistic Return (6.50%)   
 — Expected Return (8.00%)   
 — Optimistic Return (9.50%)   
 — 2009 Projection

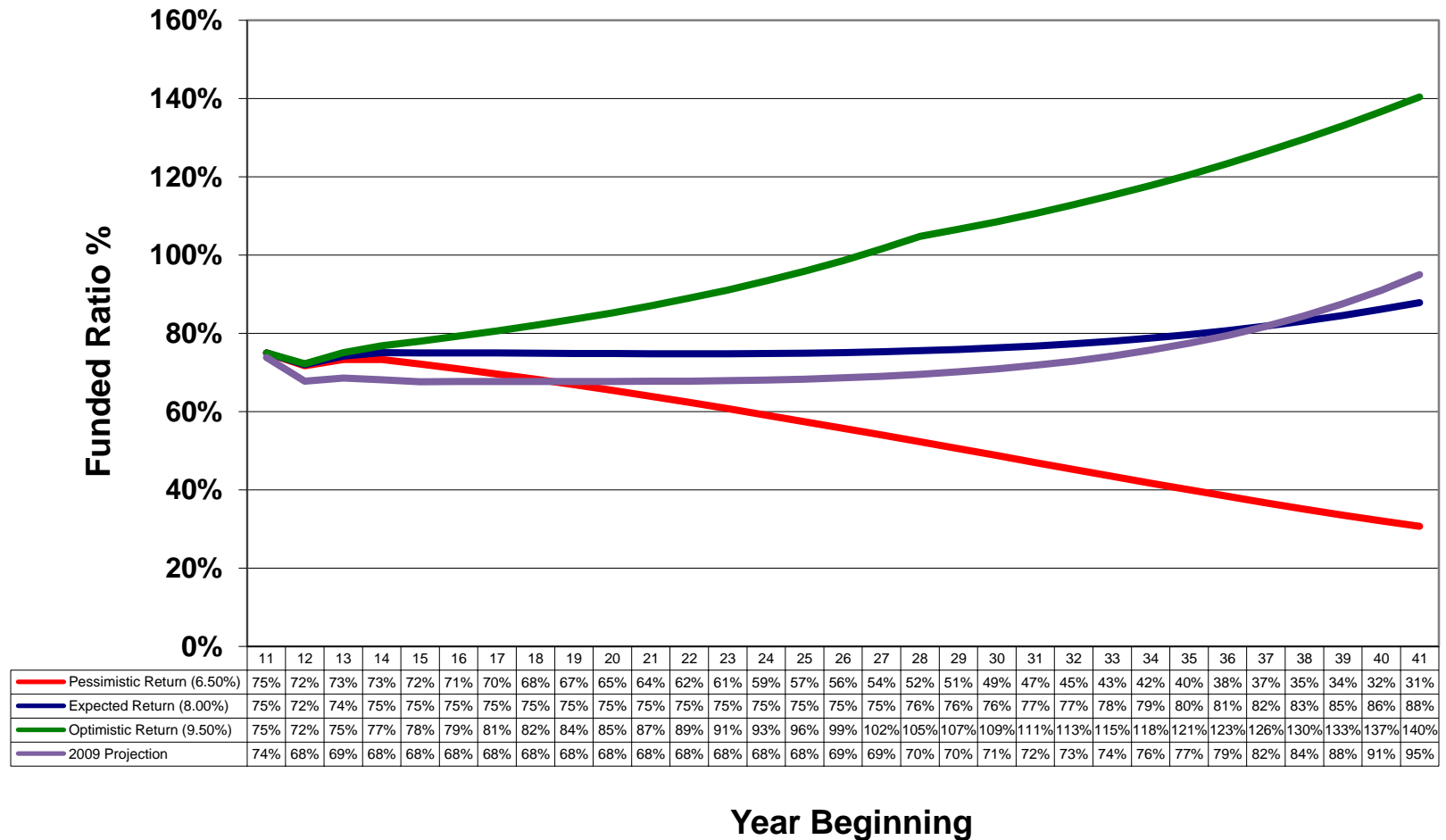


# Local Government Division Actuarial Projection



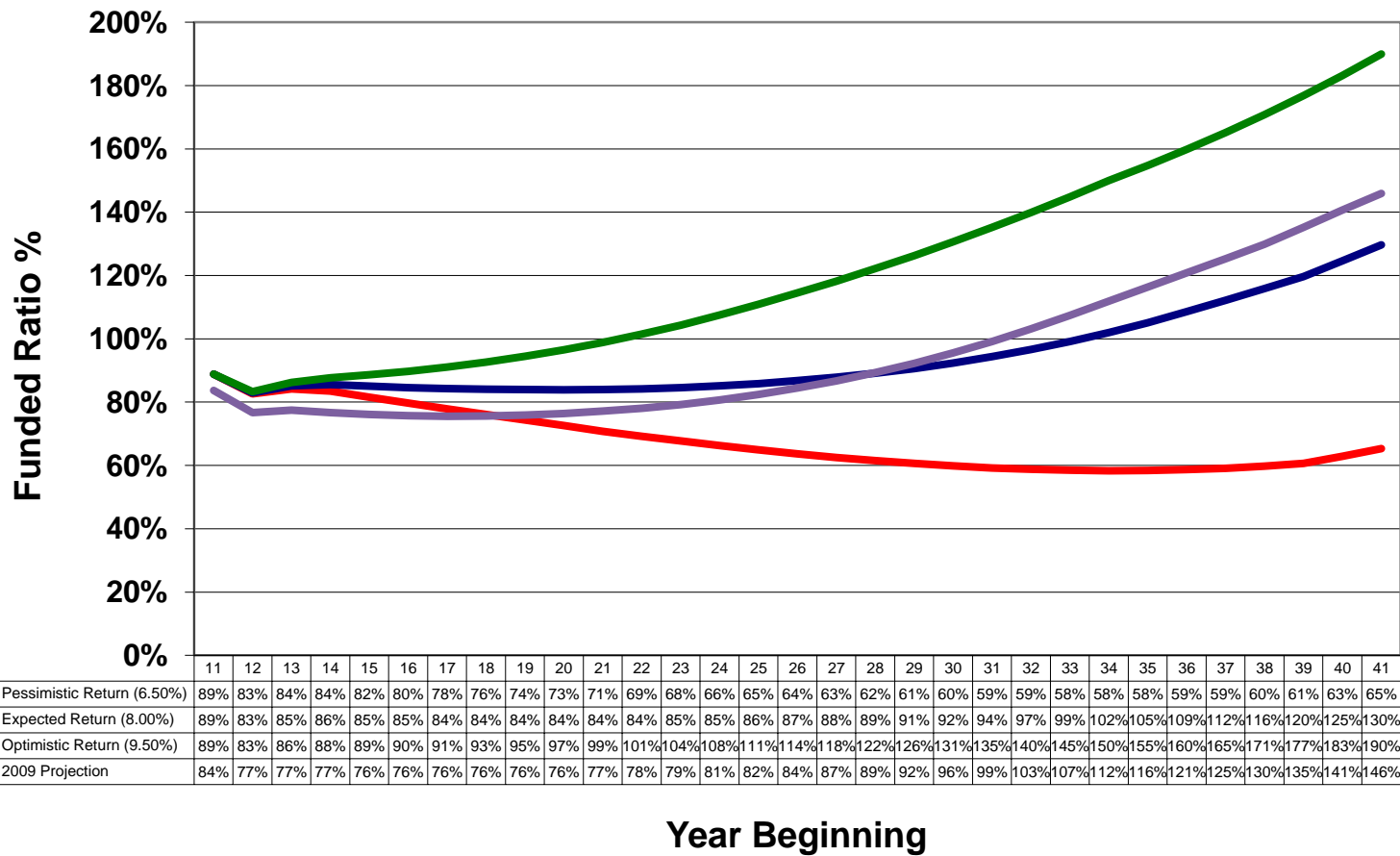
— Pessimistic Return (6.50%)   
 — Expected Return (8.00%)   
 — Optimistic Return (9.50%)   
 — 2009 Projection

# Judicial Division Actuarial Projection



— Pessimistic Return (6.50%)    
 — Expected Return (8.00%)    
 — Optimistic Return (9.50%)    
 — 2009 Projection

# Denver Public Schools Division Actuarial Projection



— Pessimistic Return (6.50%)   
 — Expected Return (8.00%)   
 — Optimistic Return (9.50%)   
 — 2009 Projection

# PERA's DC Plans

Plan	Who's Eligible	Participants (As of November 30, 2011)	Assets (As of November 30, 2011)
401(k)	All PERA members and retirees	71,765	\$1.88 billion
457	State employees and employees in some school districts	17,834	\$481 million
DC	State employees hired in 2006 or later  Community College employees hired in 2008 or later	4,020	\$61.2 million



# Contact Us

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