

Public Employees' Retirement Association of Colorado

Actuarial Valuation and Review

As of December 31, 2022

State Division Trust Fund
School Division Trust Fund
Local Government Division Trust Fund
Judicial Division Trust Fund
Denver Public Schools Division Trust Fund

This report has been prepared at the request of the Board of Trustees to assist in administering the Funds. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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Segal





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June 6, 2023

The Board of Trustees
Public Employees' Retirement Association of Colorado
1301 Pennsylvania Street
Denver, CO 80203-2386

Dear Trustees:

We certify that the information contained in this report is accurate and fairly presents the actuarial position of the Division Trust Funds of the Public Employees' Retirement Association of Colorado (PERA) as of December 31, 2022.

All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion the results presented also comply with Colorado Statutes, and, where applicable, the Internal Revenue Code, and ERISA. The undersigned are independent actuaries. All are Fellows of the Society of Actuaries, Enrolled Actuaries, and Members of the American Academy of Actuaries, and are experienced in performing valuations for large public retirement systems. All meet the Qualification Standards of the American Academy of Actuaries.

PENSION FUNDING ACTUARIAL VALUATION – DIVISION TRUST FUNDS

The primary purposes of the valuation report are to determine the adequacy of the current employer contribution rates, to describe the current financial condition of PERA, and to analyze changes in PERA's financial condition. Valuations are prepared annually, as of December 31 of each year, the last day of PERA's plan and fiscal year.

PENSION FINANCING OBJECTIVES

PERA maintains five pre-funded, hybrid defined benefit pension plans (i.e., State Division Trust Fund, School Division Trust Fund, Local Government Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools (DPS) Division Trust Fund). Each defined benefit pension plan is funded through PERA-affiliated employer and member contributions including adjustments resulting from the Automatic Adjustment Provision (AAP), a \$225 million direct distribution from the State of Colorado, and the investment earnings resulting from those contributions. In addition, for employees of employers of the State and Local Government Divisions, hired on or after January 1, 2019, who chose to participate in the PERAChoice Defined Contribution (DC) Plan in lieu of participating

in PERA's Defined Benefit (DB) Plan, a DC Supplement is paid to the Defined Benefit Plan to help fund the unfunded actuarial accrued liability (UAAL). Determined separately for the State and Local Government Divisions and calculated as a rate of pay, the DC Supplement was first payable as of January 1, 2021, by all employers of the two divisions, updated annually with each funding actuarial valuation. The fixed contribution rate at which each division's employers and members contribute is determined by the Colorado General Assembly and defined within the statutes governing PERA.

The following legislation, enacted in 2022 and 2023 was reflected, to the extent possible, in this actuarial valuation:

- HB 22-1029, effective upon enactment in 2022, requires the State Treasurer to (in addition to the regularly scheduled \$225 million direct distribution) issue a warrant to PERA in the amount of \$380 million, upon enactment, with potential reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024, based upon the actual investment returns reported by PERA for 2021 and 2022, respectively. The payment scheduled for July 1, 2023, is to be reduced by \$190 million, from \$225 million to \$35 million, based on the total fund investment return in 2021 of 16.1%. No reduction is required for the payment scheduled to occur July 1, 2024, due to a negative investment return in 2022.
- HB 22-1057 and HB 22-1101, enacted and effective as of March 17, 2022, broadens the Critical Shortage programs that remove limitations regarding the number of days that service retirees can work without any reduction in their retirement benefits. These bills (respectively) are applicable to substitute teachers and members working for any rural school district, Board of Cooperative Services (BOCES), or charter school subject to critical shortage of certain positions.
- HB 22-1087, enacted and effective as of March 24, 2022, excludes district directors who begin service on or after July 1, 2022, from membership in PERA.
- SB 23-056, enacted and effective June 2, 2023, is intended to recompense PERA for the remaining portion of the \$225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of HB 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer is to issue a warrant to PERA consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus \$10 million from the General Fund, totaling approximately \$14.5 million.
- SB 23-163, enacted and effective June 6, 2023, states that beginning July 1, 2023, a wildlife officer and a parks and recreation officer (officer), employed by the division of parks and wildlife in the department of natural resources, is classified as a state trooper for the purpose of determining the officer's service retirement eligibility and benefit under PERA.

Note that all 2022 and 2023 PERA-related legislation listed above had minimal impact on the results of the funding actuarial valuation as of December 31, 2022, however, HB 22-1029 directly impacted the market and actuarial value of assets as of the December 31, 2022, valuation date for all divisions except the Local Government Division.

In addition, the December 31, 2022, actuarial valuation recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

PERA's defined benefit pension plan funding policy, as developed and maintained by the PERA Board of Trustees (Board), is used to gauge the adequacy of the statutory contributions. The purposes of this pension funding policy are to state the overall funding goals and annual actuarial metrics and to guide the Board when considering whether to pursue or support proposed contribution and benefit legislation related to the Division Trust Funds. The policy also includes a brief list of governance responsibilities regarding the commissioning, collection, and review of actuarial information, as described in the Board's Governance Manual.

PERA also maintains two pre-funded defined benefit retiree health care subsidy plans (i.e., Health Care Trust Fund and DPS Health Care Trust Fund), classified as other postemployment benefit (OPEB) plans. The Board maintains a separate defined benefit OPEB plan funding policy (OPEB funding policy) with regard to these plans. The results of the OPEB funding actuarial valuation are included in a separate report.

PERA's pension funding policy is provided in *Section 4, Exhibit III*.

PROGRESS TOWARD REALIZATION OF PENSION FINANCING OBJECTIVES

The Board’s funding policy, in accordance with Senate Bill 18-200, is targeted to fully fund the UAAL determined as of December 31, 2017, for each of the five pension Division Trust Funds over a closed 30-year period (25 years remaining as of December 31, 2022). Changes in UAAL arising subsequent to 2017 are amortized over separate closed periods, where the length of the amortization period depends on the nature of the source¹. Shown in the following table are the resulting effective amortization periods for each division as of December 31, 2022, recognizing all current sources of income from employer contributions, member contributions, and the direct distribution as applicable, and any future increases to the base employer contributions, member contributions, Amortization Equalization Disbursement (AED), Supplemental Amortization Equalization Disbursement (SAED), and Pension Certificates of Participation (PCOP). **Based upon the current effective amortization periods, all Trust Funds are on schedule to meet the funding policy goal:**

Trust Fund	Effective Amortization Period
State Division	20 years
School Division	24 years
Local Government Division	9 years
Judicial Division	6 years
Denver Public Schools (DPS) Division*	7 years

* Resulting amortization period assumes declining PCOP offset rate as described in statute. Prior years' reports sustained the PCOP offset at the current rate for purposes of this calculation.

Note that the amortization periods above are determined on a closed-group basis, considering only the census data as of the valuation date, which is appropriate for measuring funding progress using current contribution rates. In addition, projections are performed on an open-group basis, considering demographic and benefit tier membership changes over the projection period, which yield different amortization or funding period results. For example, PERA members who begin membership after December 31, 2019, are covered by a different benefit structure with a lower normal cost rate, so, as members who began membership prior to January 1, 2020, leave covered employment and are replaced by members in the lower cost benefit structure, the total normal cost rate is expected to decline. As a result, the portion of the total statutory contribution rate available to pay off the UAAL is expected to increase each year in the future until all active members in the valuation are covered by the provisions in the most recent benefit tier.

¹ Outlined in Section 4, Exhibit III, Item V.

Certain results from the open-group projections performed to assist the Board in evaluating the long-term funding of each division, are provided within the "Risk" discussion found in *Section 2* of this report.

The December 31, 2022, valuation results for the DPS Division are based upon the current statutory levels of funding, including the assumed decline in the PCOP offset applied each year until 2039, the target date of equalization. Colorado statutes call for a "true-up" calculation every five years, targeting equalization of the ratio of unfunded actuarial accrued liability over payroll between the DPS and School Divisions at the end of the 30-year period beginning January 1, 2010. As such, future levels of funding for the DPS Division may differ from those assumed. The next true-up is scheduled for 2025, based upon an evaluation performed as of December 31, 2023.

REPORTING CONSEQUENCES

Information required by PERA in connection with the Governmental Accounting Standards Board Statements No. 67 and 68 (GASB 67 and GASB 68) are included in a separate report. PERA is required to disclose certain actuarial information in its Annual Comprehensive Financial Report, including the Net Pension Liability (NPL), the sensitivity of the NPL to changes in the discount rate, a schedule of changes in NPL, and a comparison of actual contributions to the ADC. PERA's affiliated employers are required to comply with GASB 68, which also requires disclosure of certain actuarial information in their financial statements. This information is provided in a separate report.

BENEFIT PROVISIONS

Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. A summary of the plan provisions is provided in *Section 4, Exhibit II*.

ASSUMPTIONS AND METHODS

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation resulted from the 2020 Experience Analysis report, titled, *Public Employees' Retirement Association of Colorado Analysis of Actuarial Experience during the Period January 1, 2016 through December 31, 2019*. All recommended changes to the demographic and economic actuarial assumptions resulting from this study were reviewed and adopted by the Board at their November 20, 2020, meeting, and made effective for the December 31, 2020, actuarial valuation and following. As a result of the 2019 Asset Liability Study, concluded at the November 15, 2019, Board meeting, the Board reaffirmed the 7.25% assumed long-term rate of investment return effective as of January 1, 2020. This Board decision also was in alignment with the analysis provided in the 2020 Analysis of Actuarial

Experience report. In addition, effective November 16, 2018, the pension funding policy was revised to better align the 30-year period to achieve 100% funding as targeted through the enactment of SB 18-200. Therefore, the UAAL as of December 31, 2017, is the initial legacy liability and is amortized over 30 years from December 31, 2017 (i.e., 25 years remaining as of December 31, 2022). Pursuant to the Board's funding policy, any growth (or reduction) in unfunded liabilities resulting from the initial legacy UAAL, is amortized over the same closed period. Thus, the 2022 contribution deficiency/(surplus) is amortized over a 25-year period, but the 2022 actuarial experience gain or loss, recognized as a new layer of UAAL, is amortized over 30 years. A summary of the assumptions and methods applied in this valuation is provided in *Section 4, Exhibit I*.

The December 31, 2022, pension funding actuarial valuation report, reflects modifications to the valuation programming made in response to the actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

DATA

Member data for retired, active, and inactive participants was supplied as of December 31, 2022, by PERA. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data. Asset information was also supplied by PERA. That assistance is gratefully acknowledged.

Sincerely,
Segal



Matthew Strom, FSA, MAAA, EA
Senior Vice President and Actuary



Brad Ramirez, FSA, MAAA, EA
Vice President and Actuary



Tanya Dybal, FSA, MAAA, EA
Vice President and Actuary

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Section 1: Actuarial Valuation Summary

Purpose and Basis

This report was prepared by Segal to present a funding valuation of the Division Trust Funds of the Public Employees' Retirement Association of Colorado (PERA) as of December 31, 2022. The funding valuation was performed to determine whether the assets and contribution rates are sufficient to provide the prescribed benefits. The measurements shown in this actuarial valuation may not be applicable for other purposes. In particular, the measures herein are not necessarily appropriate for assessing the sufficiency of PERA's Division Trust Fund assets to cover the estimated cost of settling the coordinated benefit obligations of those trusts. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

Certain disclosure information required by GASB 67 and GASB 68 as of December 31, 2022, for PERA is provided in a separate report.

The contribution requirements presented in this report are based on:

- The benefit provisions set forth in the Colorado Revised Statutes, as administered by the PERA Board of Trustees ("Board"), including the recently enacted SB 20-057, as detailed in the Plan Provisions section of this report in *Section 4, Exhibit II*;
- The characteristics of covered active members, inactive members, and retirees and survivors as of December 31, 2022, provided by PERA;
- The assets of PERA's Division Trust Funds as of December 31, 2022, provided by PERA;
- Economic and other actuarial assumptions regarding future salary increases, investment earnings, employee terminations, retirement, death, etc., as updated and approved by the Board, at the November 20, 2020, Board meeting, first effective for the December 31, 2020, actuarial valuation; and
- The pension funding policy adopted by the PERA Board of Trustees, most recently updated effective November 16, 2018.

The DC Supplement presented in this report is based on PERAChoice census data as of December 31, 2022, determined separately for the State and Local Government Divisions as a rate of pay, and payment of such, will be applicable to the DB plan year ending December 31, 2024.

In addition, contribution requirements resulting from the December 31, 2022, funding actuarial valuation and applicable to the plan year ending December 31, 2024, will be used in the contribution adequacy test under the Automatic Adjustment Provision ("AAP") enacted under Senate Bill 2018-200 (SB 18-200). See *Section 2* of this report for additional detail.

Section 1: Actuarial Valuation Summary

Valuation Highlights – State Division Trust Fund

1. Segal strongly recommends an actuarial funding method that targets 100% funding of the actuarial accrued liability. Generally, this implies payments that are ultimately at least enough to cover normal cost, interest on the unfunded actuarial accrued liability and a portion of the principal balance. The pension funding policy adopted by PERA for evaluating the State Division Trust Fund meets this standard.
2. The employers' contributions to the State Division on account of benefits consist of the following amounts set by statute:
 - a) As of December 31, 2022, the basic amount is 10.38% of salary for Members other than State Troopers and 13.08% of salary for State Trooper Members (after reduction for the Health Care Trust Fund Contribution of 1.02% of salary).
 - b) For members of the PERA Benefit Structure hired on or after January 1, 2007, an allocation of the statutory rates of 1.00% of salary is made each year to pre-fund the Annual Increase Reserve (AIR), which provides post-retirement increases for these members in retirement.
 - c) An Amortization Equalization Disbursement (AED) contribution of 5.00%.
 - d) A Supplemental Amortization Equalization Disbursement (SAED) contribution of 5.00%.

In addition, an annual direct distribution is paid from the State Treasury and is allocated to the State Division until the Fund is 100% funded. The allocation for each year beginning July 1, 2024, and forward, is estimated at \$73.4 million. This additional amount is considered in the number of years to amortize the Unfunded Actuarial Accrued Liability (UAAL).

3. The employer statutory contribution rate for the plan year beginning January 1, 2024, is equal to 19.83% of salary. Based upon the results of the December 31, 2022 actuarial valuation, after recognizing the net employer normal cost rate of 1.76% of salary, the remaining basic contribution is 18.07% of salary. Contributions at this level will amortize the UAAL of \$9.3 billion over 20 years, assuming the aggregate payroll of the State Division increases by 3.00% per year. This meets the Board's funding policy, in accordance with Senate Bill 18-200, to fully fund the State Division Trust Fund over the closed 30-year period that began December 31, 2017 (25 years remaining as of December 31, 2022).
4. The AAP assessment, performed as of December 31, 2022, does not indicate the need to modify contribution rates or the AI cap, beginning July 1, 2024.
5. Beginning January 1, 2021, and each year thereafter, the employer contribution rate is adjusted to include the DC supplement, which is calculated separately for the State Division. The DC supplement is the employer contribution amount made to the State Division Trust Fund (the DB plan) on behalf of DC Plan members who commence employment on or after January 1, 2019. The DC Supplement calculation as of December 31, 2022, increases employer contribution rates effective January 1, 2024, by 0.21%.

Section 1: Actuarial Valuation Summary

6. The UAAL as of December 31, 2017, is the initial legacy liability and is amortized over 30 years from December 31, 2017 (i.e., 25 years remaining as of December 31, 2022). Pursuant to the Board's funding policy, any growth (or reduction) in unfunded liabilities resulting from the initial legacy UAAL is amortized over the same closed period. Thus, the 2022 contribution surplus is also amortized over a 25-year period, but the 2022 actuarial experience gain or loss, recognized as a new layer of UAAL, is amortized over 30 years.
7. Actual employer contributions and the State's direct distribution made during the plan year ending December 31, 2022, totaled \$880.6 million, which is 117.9% of the actuarially determined contribution. In the prior plan year, actual employer contributions were \$720.4 million, which is 110.7% of the prior year actuarially determined contribution.
8. The funded ratio based on the actuarial value of assets over the actuarial accrued liability as of December 31, 2022, is 66.5%, compared to 64.0% as of December 31, 2021. This ratio is a measure of funded status, and its history is a measure of funding progress. Based on the market value of assets, the funded ratio as of December 31, 2022, is 59.6%, compared to 72.6% as of December 31, 2021. These measurements are not necessarily appropriate for assessing the sufficiency of the Plan's assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.
9. For the year ended December 31, 2022, PERA's total fund annualized rate of return on a market value basis was reported to be -13.4%. For the same period, Segal has estimated specifically for the State Division Trust Fund, the asset return on a market value basis was -13.5%. After gradual recognition of investment gains and losses under the actuarial smoothing method, the actuarial rate of return was 9.4%. This represents an experience gain when compared to the assumed rate of 7.25%. As of December 31, 2022, the actuarial value of assets of \$18.4 billion represented 111.4% of the market value of \$16.5 billion.
10. The portion of deferred investment gains and losses recognized during the calculation of the December 31, 2022 actuarial value of assets contributed a gain of \$359.7 million. The demographic and liability experience, including administrative expenses, resulted in a net loss of \$41.7 million.

Section 1: Actuarial Valuation Summary

Valuation Highlights – School Division Trust Fund

1. Segal strongly recommends an actuarial funding method that targets 100% funding of the actuarial accrued liability. Generally, this implies payments that are ultimately at least enough to cover normal cost, interest on the UAAL and a portion of the principal balance. The pension funding policy adopted by PERA for evaluating the School Division Trust Fund meets this standard.
2. The employers' contributions to the School Division on account of benefits consist of the following amounts set by statute:
 - a) As of December 31, 2022, the basic amount is 10.38% of salary (after reduction for the Health Care Trust Fund Contribution of 1.02% of salary).
 - b) For members of the PERA Benefit Structure hired on or after January 1, 2007, an allocation of the statutory rates of 1.00% of salary is made each year to pre-fund the AIR, which provides post-retirement increases for these members in retirement.
 - c) An AED contribution of 4.50%.
 - d) A SAED contribution of 5.50%.

In addition, an annual direct distribution is paid from the State Treasury and allocated to the School Division until the Fund is 100% funded. The allocation for each year beginning July 1, 2024, and forward, is estimated at \$131.3 million. This additional amount is considered in the number of years to amortize the UAAL.

3. The employer statutory contribution rate for the plan year beginning January 1, 2024, is equal to 19.77% of salary. Based upon the results of the December 31, 2022 actuarial valuation, after recognizing the net employer normal cost rate of 3.43% of salary, the remaining basic contribution is 16.34% of salary. Contributions at this level will amortize the UAAL of \$15.9 billion over 24 years, assuming the aggregate payroll of the School Division increases by 3.00% per year. This meets the Board's funding policy, in accordance with Senate Bill 18-200, to fully fund the School Division Trust Fund over the closed 30-year period that began December 31, 2017 (25 years remaining as of December 31, 2022).
4. The AAP assessment, performed as of December 31, 2022, does not indicate the need to modify contribution rates or the AI cap, beginning July 1, 2024.
5. The UAAL as of December 31, 2017, is the initial legacy liability and is amortized over 30 years from December 31, 2017 (i.e., 25 years remaining as of December 31, 2022). Pursuant to the Board's funding policy, any growth (or reduction) in unfunded liabilities resulting from the initial legacy UAAL is amortized over the same closed period. Thus, the 2022 contribution surplus is also amortized over a 25-year period, but the 2022 actuarial experience gain or loss, recognized as a new layer of UAAL, is amortized over 30 years.
6. Actual employer contributions and the State's direct distribution made during the plan year ending December 31, 2022, totaled \$1.5 billion, which is 109.0% of the actuarially determined contribution. In the prior plan year, actual employer contributions were \$1.2 billion, which is 107.4% of the prior year actuarially determined contribution.

Section 1: Actuarial Valuation Summary

7. The funded ratio based on the actuarial value of assets over the actuarial accrued liability as of December 31, 2022, is 67.0%, compared to 65.3% as of December 31, 2021. This ratio is a measure of funding status, and its history is a measure of funded progress. Based on the market value of assets, the funded ratio as of December 31, 2022, is 60.2%, compared to 74.0% as of December 31, 2021. These measurements are not necessarily appropriate for assessing the sufficiency of the Plan's assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.
8. For the year ended December 31, 2022, PERA's total fund annualized rate of return on a market value basis was reported to be -13.4%. For the same period, Segal has estimated specifically for the School Division Trust Fund, the asset return on a market value basis was -13.4%. After gradual recognition of investment gains and losses under the actuarial smoothing method, the actuarial rate of return was 9.2%. This represents an experience gain when compared to the assumed rate of 7.25%. As of December 31, 2022, the actuarial value of assets of \$32.4 billion represented 111.4% of the market value of \$29.1 billion.
9. The portion of deferred investment gains and losses recognized during the calculation of the December 31, 2022, actuarial value of assets contributed a gain of \$590.0 million. The demographic and liability experience, including administrative expenses, resulted in a net loss of \$707.3 million.

Section 1: Actuarial Valuation Summary

Valuation Highlights – Local Government Division Trust Fund

1. Segal strongly recommends an actuarial funding method that targets 100% funding of the actuarial accrued liability. Generally, this implies payments that are ultimately at least enough to cover normal cost, interest on the UAAL and a portion of the principal balance. The pension funding policy adopted by PERA for evaluating the Local Government Division Trust Fund meets this standard.
2. The employers' contributions to the Local Government Division on account of benefits consist of the following amounts set by statute:
 - a) As of December 31, 2022, the basic amount is 9.98% of salary for Members other than State Troopers and 13.08% of salary for State Trooper Members (after reduction for the Health Care Trust Fund Contribution of 1.02% of salary).
 - b) For members of the PERA Benefit Structure hired on or after January 1, 2007, an allocation of the statutory rates of 1.00% of salary is made each year to pre-fund the AIR, which provides post-retirement increases for these members in retirement.
 - c) An AED contribution of 2.20%.
 - d) A SAED contribution of 1.50%.
3. The employer statutory contribution rate for the plan year beginning January 1, 2024, is equal to 12.97% of salary. Based upon the results of the December 31, 2022 actuarial valuation, after recognizing the net employer normal cost rate of 3.81% of salary, the remaining basic contribution is 9.16% of salary. Contributions at this level will amortize the UAAL of \$534 million over 9 years, assuming the aggregate payroll of the Local Government Division increases by 3.00% per year. This meets the Board's funding policy, in accordance with Senate Bill 18-200, to fully fund the Local Government Division Trust Fund over the closed 30-year period that began December 31, 2017 (25 years remaining as of December 31, 2022).
4. The AAP assessment, performed as of December 31, 2022, does not indicate the need to modify contribution rates or the AI cap, beginning July 1, 2024.
5. Beginning January 1, 2021, and each year thereafter, the employer contribution rate is adjusted to include the DC supplement, which is calculated separately for the Local Government Division. The DC supplement is the employer contribution amount made to the Local Government Division Trust Fund (the DB plan) on behalf of DC Plan members who commence employment on or after January 1, 2019. The DC Supplement calculation as of December 31, 2022, increases employer contribution rates effective January 1, 2024, by 0.08%.
6. The UAAL as of December 31, 2017, is the initial legacy liability and is amortized over 30 years from December 31, 2017 (i.e., 25 years remaining as of December 31, 2022). Pursuant to the Board's funding policy, any growth (or reduction) in unfunded liabilities resulting from the initial legacy UAAL is amortized over the same closed period. Thus, the 2022 contribution surplus is

Section 1: Actuarial Valuation Summary

also amortized over a 25-year period, but the 2022 actuarial experience gain or loss, recognized as a new layer of UAAL, is amortized over 30 years.

7. Actual employer contributions made during the plan year ending December 31, 2022, were \$103.0 million, which is 106.5% of the actuarially determined contribution. In the prior plan year, actual contributions were \$91.5 million, which is 116.7% of the prior year actuarially determined contribution.
8. The funded ratio based on the actuarial value of assets over the actuarial accrued liability as of December 31, 2022, is 91.0%, compared to 88.6% as of December 31, 2021. This ratio is a measure of funding status, and its history is a measure of funded progress. Based on the market value of assets, the funded ratio as of December 31, 2022, is 81.6%, compared to 100.5% as of December 31, 2021. These measurements are not necessarily appropriate for assessing the sufficiency of the Plan's assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.
9. For the year ended December 31, 2022, PERA's total fund annualized rate of return on a market value basis was reported to be -13.4%. For the same period, Segal has estimated specifically for the Local Government Division Trust Fund, the asset return on a market value basis was -13.6%. After gradual recognition of investment gains and losses under the actuarial smoothing method, the actuarial rate of return was 9.3%. This represents an experience gain when compared to the assumed rate of 7.25%. As of December 31, 2022, the actuarial value of assets of \$5.4 billion represented 111.5% of the market value of \$4.8 billion.
10. The portion of deferred investment gains and losses recognized during the calculation of the December 31, 2022, actuarial value of assets contributed a gain of \$101.6 million. The demographic and liability experience, including administrative expenses, resulted in a net loss of \$24.3 million.
11. As allowed by C.R.S. § 24-51-313, also reflected in the December 31, 2022, funding valuation results is the disaffiliation of Tri-County Health Department (TCHD) as a PERA-affiliated employer of the Local Government Division, effective December 31, 2022, due to the withdrawal of Douglas, Adams, and Arapahoe Counties from the Tri-County Health Department. As of the publication of this pension funding valuation report (June 6, 2023), no disaffiliation payment associated with Tri-County Health Department has been received by PERA, and therefore no disaffiliation dollars are reflected in the market or actuarial value of assets of the Local Government Division Trust Fund as of the December 31, 2022, valuation date. Pursuant to C.R.S. §§ 24-51-313-319, a final disaffiliation cost will be assessed and provided to the court-appointed Receiver for TCHD, following the release of PERA's 2022 Annual Comprehensive Financial Report.

Section 1: Actuarial Valuation Summary

Valuation Highlights – Judicial Division Trust Fund

1. Segal strongly recommends an actuarial funding method that targets 100% funding of the actuarial accrued liability. Generally, this implies payments that are ultimately at least enough to cover normal cost, interest on the UAAL and a portion of the principal balance. The pension funding policy adopted by PERA for evaluating the Judicial Division Trust Fund meets this standard.
2. The employers' contributions to the Judicial Division on account of benefits consist of the following amounts set by statute:
 - a) As of December 31, 2022, the basic amount is 13.89% of salary (after reduction for the Health Care Trust Fund Contribution of 1.02% of salary).
 - b) For members of the PERA Benefit Structure hired on or after January 1, 2007, an allocation of the statutory rates of 1.00% of salary is made each year to pre-fund the AIR, which provides post-retirement increases for these members in retirement.
 - c) Lastly, employers make AED and SAED contributions at the following rates:

Year	AED	SAED
2022	4.60%	4.60%
2023 and later	5.00%	5.00%

In addition, an annual direct distribution is paid from the State Treasury and allocated to the Judicial Division until the Fund is 100% funded. The allocation for each year beginning July 1, 2024, and forward, is estimated at \$1.3 million. This additional amount is considered in the number of years to amortize the UAAL.

3. The employer statutory contribution rate for the plan year beginning January 1, 2024, is equal to 23.26% of salary. Based upon the results of the December 31, 2022, actuarial valuation, after recognizing the net employer normal cost rate of 6.09% of salary, the remaining basic contribution amounts to 17.17% of salary. Contributions at this level will amortize the UAAL of \$58.7 million over 6 years, assuming the aggregate payroll of the Judicial Division increases by 3.00% per year. This meets the Board's funding policy, in accordance with Senate Bill 18-200, to fully fund the Judicial Division Trust Fund over the closed 30-year period that began December 31, 2017 (25 years remaining as of December 31, 2022).
4. The AAP assessment, performed as of December 31, 2022, does not indicate the need to modify contribution rates or the AI cap, beginning July 1, 2024.
5. The UAAL as of December 31, 2017, is the initial legacy liability and is amortized over 30 years from December 31, 2017 (i.e., 25 years remaining as of December 31, 2022). Pursuant to the Board's funding policy, any growth (or reduction) in unfunded liabilities resulting from the initial legacy UAAL is amortized over the same closed period. Thus, the 2022 contribution surplus is also amortized over a 25-year period, but the 2022 actuarial experience gain or loss, recognized as a new layer of UAAL, is amortized over 30 years.

Section 1: Actuarial Valuation Summary

6. Actual employer contributions and the State's direct distribution made during the plan year ending December 31, 2022, totaled \$15.5 million, which is 176.5% of the actuarially determined contribution. In the prior plan year, actual employer contributions were \$10.8 million, which is 137.5% of the prior year actuarially determined contribution.
7. The funded ratio based on the actuarial value of assets over the actuarial accrued liability as of December 31, 2022, is 88.5%, compared to 85.9% as of December 31, 2021. This ratio is a measure of funding status, and its history is a measure of funded progress. Based on the market value of assets, the funded ratio as of December 31, 2022, is 79.5%, compared to 97.0% as of December 31, 2021. These measurements are not necessarily appropriate for assessing the sufficiency of the Plan's assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.
8. For the year ended December 31, 2022, PERA's total fund annualized rate of return on a market value basis was reported to be -13.4%. For the same period, Segal has estimated specifically for the Judicial Division Trust Fund, the asset return on a market value basis was -13.4%. After gradual recognition of investment gains and losses under the actuarial smoothing method, the actuarial rate of return was 9.0%. This represents an experience gain when compared to the assumed rate of 7.25%. As of December 31, 2022, the actuarial value of assets of \$452.5 million represented 111.4% of the market value of \$406.4 million.
9. The portion of deferred investment gains and losses recognized during the calculation of the December 31, 2022, actuarial value of assets contributed a gain of \$7.3 million. The demographic and liability experience, including administrative expenses, resulted in a net loss of \$11.8 million.

Section 1: Actuarial Valuation Summary

Valuation Highlights – Denver Public Schools Division Trust Fund

1. Segal strongly recommends an actuarial funding method that targets 100% funding of the actuarial accrued liability. Generally, this implies payments that are ultimately at least enough to cover normal cost, interest on the UAAL and a portion of the principal balance. The pension funding policy adopted by PERA for evaluating the Denver Public Schools (DPS) Division Trust Fund meets this standard.
2. The employers' contributions to the DPS Division on account of benefits consist of the following amounts set by statute:
 - a) As of December 31, 2022, the basic amount is 10.38% of salary (after reduction for the Health Care Trust Fund Contribution of 1.02% of salary).
 - b) For members of the PERA Benefit Structure hired on or after January 1, 2010, an allocation of the statutory rates of 1.00% of salary is made each year to pre-fund the AIR, which provides post-retirement increases for these members in retirement.
 - c) An AED contribution of 4.50%.
 - d) A SAED contribution of 5.50%.

In addition, an annual direct distribution is paid from the State Treasury and allocated to the DPS Division until the Fund is 100% funded. The allocation for each year beginning July 1, 2024, and forward, is estimated at \$18.9 million. This additional amount is considered in the number of years to amortize the UAAL.

3. The employer statutory contribution rate for the plan year beginning January 1, 2024, is equal to a net of 8.88% of salary as shown below.

	Contribution
Employer Statutory (weighted and equal to the statutory base rate less the adjustment for the 1.02% Health Care Trust Fund Contribution)	10.38%
AIR contribution for post-2006 members	(0.73%)
AED and SAED	10.00%
PCOP Credit	<u>(10.77%)</u>
Net	8.88%

4. Based upon the results of the December 31, 2022 actuarial valuation, after recognizing the net employer normal cost rate of 2.42% of salary, the remaining basic contribution amounts to 6.46% of salary. Contributions at this level will amortize the UAAL of \$465.0 million over 7 years, assuming the aggregate payroll of the DPS Division increases by 3.00% per year. This meets the Board's funding policy, in accordance with Senate Bill 18-200, to fully fund the DPS Division Trust Fund over the closed 30-year period that began December 31, 2017 (25 years remaining as of December 31, 2022).

Section 1: Actuarial Valuation Summary

5. The 7-year effective amortization period of the DPS Division reflects the expected level (current and future) of the DPS Division's employer contribution offsets resulting from the cost of certain Pension Certificates of Participation (PCOP) continued into the future¹. Additionally, Colorado statutes call for a "true-up" calculation every five years, targeting equalization of the ratio of UAAL over payroll between the DPS Division and the School Division as of December 31, 2039. The most recent true-up indicated that the Employer Contribution Rate for the DPS Division could be reduced, but not less than allowable pursuant to C.R.S. §24-51-412(2) and §24-51-413.
6. The AAP assessment, performed as of December 31, 2022, does not indicate the need to modify contribution rates or the AI cap, beginning July 1, 2024.
7. The UAAL as of December 31, 2017, is the initial legacy liability and is amortized over 30 years from December 31, 2017 (i.e., 25 years remaining as of December 31, 2022). Pursuant to the Board's funding policy, any growth (or reduction) in unfunded liabilities resulting from the initial legacy UAAL is amortized over the same closed period. Thus, the 2022 contribution surplus is also amortized over a 25-year period, but the 2022 actuarial experience gain or loss, recognized as a new layer of UAAL, is amortized over 30 years.
8. Actual employer contributions and the State's direct distribution made during the plan year ending December 31, 2022, totaled \$120.8 million, which is 161.2% of the actuarially determined contribution. In the prior plan year, actual employer contributions were \$78.5 million, which is 115.9% of the prior year actuarially determined contribution.
9. The funded ratio based on the actuarial value of assets over the actuarial accrued liability as of December 31, 2022, is 90.3%, compared to 86.9% as of December 31, 2021. This ratio is a measure of funding status, and its history is a measure of funded progress. Based on the market value of assets, the funded ratio as of December 31, 2022, is 81.1%, compared to 98.5% as of December 31, 2021. These measurements are not necessarily appropriate for assessing the sufficiency of the Plan's assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.
10. For the year ended December 31, 2022, PERA's total fund annualized rate of return on a market value basis was reported to be -13.4%. For the same period, Segal has estimated specifically for the DPS Division Trust Fund, the asset return on a market value basis was -13.5%. After gradual recognition of investment gains and losses under the actuarial smoothing method, the actuarial rate of return was 9.3%. This represents an experience gain when compared to the assumed rate of 7.25%. As of December 31, 2022, the actuarial value of assets of \$4.3 billion represented 111.4% of the market value of \$3.9 billion.
11. The portion of deferred investment gains and losses recognized during the calculation of the December 31, 2022, actuarial value of assets contributed a gain of \$80.6 million. The demographic and liability experience, including administrative expenses, resulted in a net gain of \$2.3 million.

¹ In valuations prior to 2020, the current level of PCOP offsets as of the valuation date was held level in future year even though the PCOP offsets are expected to reduce over time. This revised approach to reflecting future decreases in PCOP offsets in the determination of the DPS Division effective amortization period results in a more accurate projection regarding the number of years to reach full funding.

Section 1: Actuarial Valuation Summary

Summary of Key Valuation Results for State Division

		2022	2021
Demographic data for plan year beginning December 31:	• Number of retirees and survivors	43,860	43,049
	• Number of terminated vested members	9,738	8,156
	• Number of inactive members	91,705	85,985
	• Number of active members		
	○ Other than State Troopers	48,820	51,885
	○ State Troopers	<u>2,072</u>	<u>1,592</u>
	○ Total	50,892	53,477
	• Total payroll supplied by PERA		
	○ Other than State Troopers	\$3,020,177,643	\$2,967,047,814
	○ State Troopers	<u>163,777,561</u>	<u>125,461,398</u>
	○ Total	\$3,183,955,204	\$3,092,509,212
• Average payroll supplied by PERA			
○ Other than State Troopers	\$61,864	\$57,185	
○ State Troopers	79,043	78,807	
○ Total	\$62,563	\$57,829	
Actuarial accrued liability as of December 31:	• Retirees and survivors	\$18,451,701,828	\$18,244,638,856
	• Terminated vested members	832,679,428	641,481,822
	• Inactive members	230,111,296	193,149,097
	• Active members	<u>8,132,877,669</u>	<u>8,080,576,283</u>
	• Total	\$27,647,370,221	\$27,159,846,058
Assets as of December 31:	• Market value of assets (MVA)	\$16,490,174,031	\$19,710,492,269
	• Actuarial value of assets (AVA)	18,371,696,860	17,379,516,391
	• AVA as a percentage of MVA	111.4%	88.2%
Funded status for plan year ending December 31:	• Unfunded/(overfunded) actuarial accrued liability on MVA	\$11,157,196,190	\$7,449,353,789
	• Funded percentage on MVA basis	59.6%	72.6%
	• Unfunded/(overfunded) actuarial accrued liability on AVA	\$9,275,673,361	\$9,780,329,667
	• Funded percentage on AVA basis	66.5%	64.0%
	• Effective amortization period	20 years	23 years

Section 1: Actuarial Valuation Summary

Summary of Key Valuation Results for State Division *continued*

		2022	2021
Gains/(losses):	• Asset experience	\$359,738,470	\$923,978,488
	• Liability and other experience	(41,676,046)	(22,202,958)
	• Plan changes	0	496,964,484
	• Assumption/method changes	<u>0</u>	<u>0</u>
	• Total gain/(loss)	\$318,062,424	\$1,398,740,014
Contribution for plan year ending December 31:		12/31/2024	12/31/2023
	• Total normal cost rate	12.86%	12.76%
	• Less member contribution rate	<u>(11.10%)</u>	<u>(11.08%)</u>
	• Employer normal cost rate	1.76%	1.68%
	• Unfunded actuarial accrued liability rate	<u>18.01%</u>	<u>19.03%</u>
	• Actuarially determined contribution rate	19.77%	20.71%
	• Equivalent single amortization period ¹	22 years	24 years
• DC Supplement rate	0.21%	0.17%	

¹ State Division reflects an adjustment for the impact of AED and SAED as well as DC Supplement (for members hired on or after January 1, 2019) contributions received from employers on the estimated pensionable payroll of employees electing to participate in the defined contribution plan.

Section 1: Actuarial Valuation Summary

Summary of Key Valuation Results for School Division

		2022	2021
Demographic data for plan year beginning December 31:	• Number of retirees and survivors	75,094	72,852
	• Number of terminated vested members	23,817	19,882
	• Number of inactive members	151,524	147,435
	• Number of active members	128,057	125,007
	• Total payroll supplied by PERA	\$5,670,279,844	\$5,465,866,064
	• Average payroll supplied by PERA	44,279	43,724
Actuarial accrued liability as of December 31:	• Retirees and survivors	\$28,980,421,427	\$28,387,890,661
	• Terminated vested members	1,282,349,662	1,071,314,524
	• Inactive members	313,580,219	304,569,334
	• Active members	<u>17,750,395,887</u>	<u>16,573,013,131</u>
	• Total	\$48,326,747,195	\$46,336,787,650
Assets as of December 31:	• Market value of assets (MVA)	\$29,089,360,272	\$34,273,949,002
	• Actuarial value of assets (AVA)	32,393,722,195	30,253,175,655
	• AVA as a percentage of MVA	111.4%	88.3%
Funded status for plan year ending December 31:	• Unfunded/(overfunded) actuarial accrued liability on MVA	\$19,237,386,923	\$12,062,838,648
	• Funded percentage on MVA basis	60.2%	74.0%
	• Unfunded/(overfunded) actuarial accrued liability on AVA	\$15,933,025,000	\$16,083,611,995
	• Funded percentage on AVA basis	67.0%	65.3%
	• Effective amortization period	24 years	26 years
	Gains/(losses):		
• Asset experience	\$590,014,480	\$1,602,615,172	
• Liability and other experience	(707,343,109)	(407,003,074)	
• Plan changes	0	889,390,510	
• Assumption/method changes	<u>0</u>	<u>0</u>	
• Total gain/(loss)	(\$117,328,629)	\$2,085,002,608	
Contribution for plan year ending December 31:		12/31/2024	12/31/2023
	• Total normal cost rate	14.43%	14.57%
	• Less member contribution rate	<u>(11.00%)</u>	<u>(11.00%)</u>
	• Employer normal cost rate	3.43%	3.57%
	• Unfunded actuarial accrued liability rate	<u>17.16%</u>	<u>17.56%</u>
	• Actuarially determined contribution rate	20.58%	21.13%
	• Equivalent single amortization period	25 years	26 years

Section 1: Actuarial Valuation Summary

Summary of Key Valuation Results for Local Government Division

		2022	2021
Demographic data for plan year beginning December 31:	• Number of retirees and survivors	8,829	8,590
	• Number of terminated vested members	3,173	2,713
	• Number of inactive members	30,243	28,333
	• Number of active members		
	○ Other than State Troopers	12,071	12,716
	○ State Troopers	<u>32</u>	<u>29</u>
	○ Total	12,103	12,745
	• Total payroll supplied by PERA		
	○ Other than State Troopers	\$757,861,026	\$722,011,350
	○ State Troopers	<u>2,400,726</u>	<u>1,732,753</u>
	○ Total	\$760,261,752	\$723,744,103
	• Average payroll supplied by PERA		
○ Other than State Troopers	\$62,784	\$56,780	
○ State Troopers	75,023	59,750	
○ Total	\$62,816	\$56,787	
Actuarial accrued liability as of December 31:	• Retirees and survivors	\$3,737,552,284	\$3,674,177,022
	• Terminated vested members	307,004,626	244,656,559
	• Inactive members	67,774,571	59,314,577
	• Active members	<u>1,801,112,498</u>	<u>1,766,862,242</u>
	• Total	\$5,913,443,979	\$5,745,010,400
Assets as of December 31:	• Market value of assets (MVA)	\$4,825,366,606	\$5,771,079,516
	• Actuarial value of assets (AVA)	5,379,487,482	5,090,565,515
	• AVA as a percentage of MVA	111.5%	88.2%
Funded status for plan year ending December 31:	• Unfunded/(overfunded) actuarial accrued liability on MVA	\$1,088,077,373	(\$26,069,116)
	• Funded percentage on MVA basis	81.6%	100.5%
	• Unfunded/(overfunded) actuarial accrued liability on AVA	\$533,956,497	\$654,444,885
	• Funded percentage on AVA basis	91.0%	88.6%
	• Effective amortization period	9 years	12 years

Section 1: Actuarial Valuation Summary

Summary of Key Valuation Results for Local Government Division *continued*

		2022	2021
Gains/(losses):			
	• Asset experience	\$101,625,963	\$271,465,481
	• Liability and other experience	(24,334,648)	(42,330,782)
	• Plan changes	0	107,245,353
	• Assumption/method changes	<u>0</u>	<u>0</u>
	• Total gain/(loss)	\$77,291,315	\$336,380,052
Contribution for plan year ending December 31:		12/31/2024	12/31/2023
	• Total normal cost rate	12.82%	12.71%
	• Less member contribution rate	<u>(9.01%)</u>	<u>(9.01%)</u>
	• Employer normal cost rate	3.81%	3.70%
	• Unfunded actuarial accrued liability rate	<u>4.47%</u>	<u>5.50%</u>
	• Actuarially determined contribution rate	8.28%	9.20%
	• Equivalent single amortization period ¹	22 years	24 years
	• DC Supplement rate	0.08%	0.06%

¹ Local Government Division reflects an adjustment for the impact of AED and SAED as well as DC Supplement (for members hired on or after January 1, 2019) contributions received from employers on the estimated pensionable payroll of employees electing to participate in the defined contribution plan.

Section 1: Actuarial Valuation Summary

Summary of Key Valuation Results for Judicial Division

		2022	2021
Demographic data for plan year beginning December 31:	• Number of retirees and survivors	446	434
	• Number of terminated vested members	31	15
	• Number of inactive members	7	7
	• Number of active members	340	345
	• Total payroll supplied by PERA	\$56,565,330	\$55,779,834
	• Average payroll supplied by PERA	166,369	161,681
Actuarial accrued liability as of December 31:	• Retirees and survivors	\$345,694,001	\$327,163,155
	• Terminated vested members	14,989,891	4,320,592
	• Inactive members	238,025	231,112
	• Active members	<u>150,280,158</u>	<u>156,322,620</u>
	• Total	\$511,202,075	\$488,037,479
Assets as of December 31:	• Market value of assets (MVA)	\$406,382,010	\$473,629,308
	• Actuarial value of assets (AVA)	452,508,787	419,256,285
	• AVA as a percentage of MVA	111.4%	88.5%
Funded status for plan year ending December 31:	• Unfunded/(overfunded) actuarial accrued liability on MVA	\$104,820,065	\$14,408,171
	• Funded percentage on MVA basis	79.5%	97.0%
	• Unfunded/(overfunded) actuarial accrued liability on AVA	\$58,693,288	\$68,781,194
	• Funded percentage on AVA basis	88.5%	85.9%
	• Effective amortization period	6 years	7 years
	Gains/(losses):	• Asset experience	\$7,298,966
	• Liability and other experience	(11,834,971)	(6,146,723)
	• Plan changes	0	8,389,104
	• Assumption/method changes	<u>0</u>	<u>0</u>
	• Total gain/(loss)	(\$4,536,005)	\$24,038,784
Contribution for plan year ending December 31:		12/31/2024	12/31/2023
	• Total normal cost rate	17.09%	17.15%
	• Less member contribution rate	<u>(11.00%)</u>	<u>(11.00%)</u>
	• Employer normal cost rate	6.09%	6.15%
	• Unfunded actuarial accrued liability rate	<u>6.68%</u>	<u>7.68%</u>
	• Actuarially determined contribution rate	12.78%	13.83%
	• Equivalent single amortization period	23 years	25 years

Section 1: Actuarial Valuation Summary

Summary of Key Valuation Results for Denver Public Schools Division

		2022	2021
Demographic data for plan year beginning December 31:	• Number of retirees and survivors	7,256	7,186
	• Number of terminated vested members	3,165	2,249
	• Number of inactive members	16,377	15,426
	• Number of active members		
	○ DPS benefit structure	2,046	2,295
	○ PERA benefit structure	<u>13,208</u>	<u>13,400</u>
	○ Total	15,254	15,695
	• Total payroll supplied by PERA		
	○ DPS benefit structure	\$172,773,729	\$184,265,050
	○ PERA benefit structure	<u>637,628,914</u>	<u>639,130,427</u>
	○ Total	\$810,402,643	\$823,395,477
	• Average payroll supplied by PERA		
	○ DPS benefit structure	\$84,445	\$80,290
○ PERA benefit structure	48,276	47,696	
○ Total	\$53,127	\$52,462	
Actuarial accrued liability as of December 31:	• Retirees and survivors	\$2,773,404,692	\$2,748,562,733
	• Terminated vested members	158,842,522	121,167,812
	• Inactive members	59,467,603	51,838,488
	• Active members	<u>1,786,894,338</u>	<u>1,716,305,421</u>
	• Total	\$4,778,609,155	\$4,637,874,454
Assets as of December 31:	• Market value of assets (MVA)	\$3,873,515,312	\$4,567,640,228
	• Actuarial value of assets (AVA)	4,313,601,801	4,029,095,188
	• AVA as a percentage of MVA	111.4%	88.2%
Funded status for plan year ending December 31:	• Unfunded/(overfunded) actuarial accrued liability on MVA	\$905,093,843	\$70,234,226
	• Funded percentage on MVA basis	81.1%	98.5%
	• Unfunded/(overfunded) actuarial accrued liability on AVA	\$465,007,354	\$608,779,266
	• Funded percentage on AVA basis	90.3%	86.9%
	• Effective amortization period	7 years	9 years

Section 1: Actuarial Valuation Summary

Summary of Key Valuation Results for Denver Public Schools Division *continued*

		2022	2021
Gains/(losses):			
	• Asset experience	\$80,579,913	\$213,802,602
	• Liability and other experience	2,325,056	(49,640,864)
	• Plan changes	0	77,033,015
	• Assumption/method changes	<u>0</u>	<u>0</u>
	• Total gain/(loss)	\$82,904,969	\$241,194,753
Contribution for plan year ending December 31:		12/31/2024	12/31/2023
	• Total normal cost rate	13.42%	13.32%
	• Less member contribution rate	<u>(11.00%)</u>	<u>(11.00%)</u>
	• Employer normal cost rate	2.42%	2.32%
	• Unfunded actuarial accrued liability rate	<u>3.62%</u>	<u>4.45%</u>
	• Actuarially determined contribution rate	6.04%	6.77%
	• Equivalent single amortization period	23 years	25 years

Section 1: Actuarial Valuation Summary

Important Information About Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the Association. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the market value of assets as of the valuation date, as provided by the Association. The Association uses an “actuarial value of assets” that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.
Actuarial assumptions	In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan’s assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results that does not mean that the previous assumptions were unreasonable.
Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are prepared to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The actuarial valuation is prepared at the request of the Association. Segal is not responsible for the use or misuse of its report, particularly by any other party.

An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

Actuarial results in this report are not rounded, but that does not imply precision. In addition, in some cases the underlying calculations involve more precision than what is presented in this report and the rounded numbers shown herein may appear not to add as a result.

If the Association is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.

Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Association should look to their other advisors for expertise in these areas.

As Segal has no discretionary authority with respect to the management or assets of the Plan, it is not a fiduciary in its capacity as actuaries and consultants with respect to the Plan.

Section 2: Actuarial Valuation Results

Member Data

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, inactive members, retirees and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in *Section 3, Exhibits A, B, C, D and E.*

STATE DIVISION Member Population: 2013 – 2022

As of December 31	Active Members Other Than State Troopers	Active State Troopers Members	Active Total	Terminated Vested Members	Inactive Members	Retirees and Survivors	Total Membership	Ratio of Retirees and Survivors to Actives
2013	54,538	816	55,354	5,340	63,759	34,981	159,434	0.63
2014	54,471	829	55,300	5,678	66,330	35,937	163,245	0.65
2015	54,450	841	55,291	6,075	69,385	36,992	167,743	0.67
2016	54,889	836	55,725	6,426	72,398	38,140	172,689	0.68
2017	54,814	872	55,686	6,788	75,350	39,364	177,188	0.71
2018	54,623	888	55,511	7,074	78,576	40,446	181,607	0.73
2019	54,380	872	55,252	7,412	81,012	41,305	184,981	0.75
2020	52,152	1,491	53,643	7,802	83,941	41,988	187,374	0.78
2021	51,885	1,592	53,477	8,156	85,985	43,049	190,667	0.81
2022	48,820	2,072	50,892	9,738	91,705	43,860	196,195	0.86

Section 2: Actuarial Valuation Results

SCHOOL DIVISION Member Population: 2013 – 2022

As of December 31	Active Members	Terminated Vested Members	Inactive Members	Retirees and Survivors	Total Membership	Ratio of Retirees and Survivors to Actives
2013	117,727	12,854	96,832	55,986	283,399	0.48
2014	119,618	13,807	101,603	58,145	293,173	0.49
2015	120,239	14,904	108,184	60,109	303,436	0.50
2016	121,945	15,727	113,942	62,102	313,716	0.51
2017	122,990	16,439	120,037	64,327	323,793	0.52
2018	126,333	17,001	125,944	66,543	335,821	0.53
2019	128,938	17,693	132,833	68,523	347,987	0.53
2020	119,421	19,413	144,066	70,397	353,297	0.59
2021	125,007	19,882	147,435	72,852	365,176	0.58
2022	128,057	23,817	151,524	75,094	378,492	0.59

Section 2: Actuarial Valuation Results

LOCAL GOVERNMENT DIVISION Member Population: 2013 – 2022

As of December 31	Active Members Other Than State Troopers	Active State Trooper Members	Active Total	Terminated Vested Members	Inactive Members	Retirees and Survivors	Total Membership	Ratio of Retirees and Survivors to Actives
2013	11,954	0	11,954	2,868	20,286	6,167	41,275	0.52
2014	12,084	0	12,084	2,788	20,956	6,466	42,294	0.54
2015	12,176	0	12,176	2,791	21,915	6,777	43,659	0.56
2016	12,736	0	12,736	2,748	22,896	7,065	45,445	0.55
2017	12,770	0	12,770	2,741	23,937	7,369	46,817	0.58
2018	13,260	0	13,260	2,696	25,034	7,662	48,652	0.58
2019	13,086	0	13,086	2,677	26,274	7,951	49,988	0.61
2020	12,743	14	12,757	2,730	27,245	8,198	50,930	0.64
2021	12,716	29	12,745	2,713	28,333	8,590	52,381	0.67
2022	12,071	32	12,103	3,173	30,243	8,829	54,348	0.73

Section 2: Actuarial Valuation Results

JUDICIAL DIVISION Member Population: 2013 – 2022

As of December 31	Active Members	Terminated Vested Members	Inactive Members	Retirees and Survivors	Total Membership	Ratio of Retirees and Survivors to Actives
2013	332	6	5	323	666	0.97
2014	334	5	9	331	679	0.99
2015	334	7	8	345	694	1.03
2016	335	8	5	361	709	1.08
2017	332	9	5	376	722	1.13
2018	332	12	4	382	730	1.15
2019	339	14	6	401	760	1.18
2020	344	14	5	416	779	1.21
2021	345	15	7	434	801	1.26
2022	340	31	7	446	824	1.31

Section 2: Actuarial Valuation Results

DENVER PUBLIC SCHOOLS DIVISION Member Population: 2013 – 2022

As of December 31	Active Members	Terminated Vested Members	Inactive Members	Retirees and Survivors	Total Membership	Ratio of Retirees and Survivors to Actives
2013	14,816	759	5,501	6,564	27,640	0.44
2014	15,414	850	6,787	6,698	29,749	0.43
2015	15,929	1,109	8,118	6,812	31,968	0.43
2016	15,950	1,374	9,545	6,941	33,810	0.44
2017	15,991	1,596	10,919	7,044	35,550	0.44
2018	16,148	1,780	12,286	7,156	37,370	0.44
2019	15,679	1,988	13,522	7,148	38,337	0.46
2020	14,693	2,237	14,661	7,134	38,725	0.49
2021	15,695	2,249	15,426	7,186	40,556	0.46
2022	15,254	3,165	16,377	7,256	42,052	0.48

Section 2: Actuarial Valuation Results

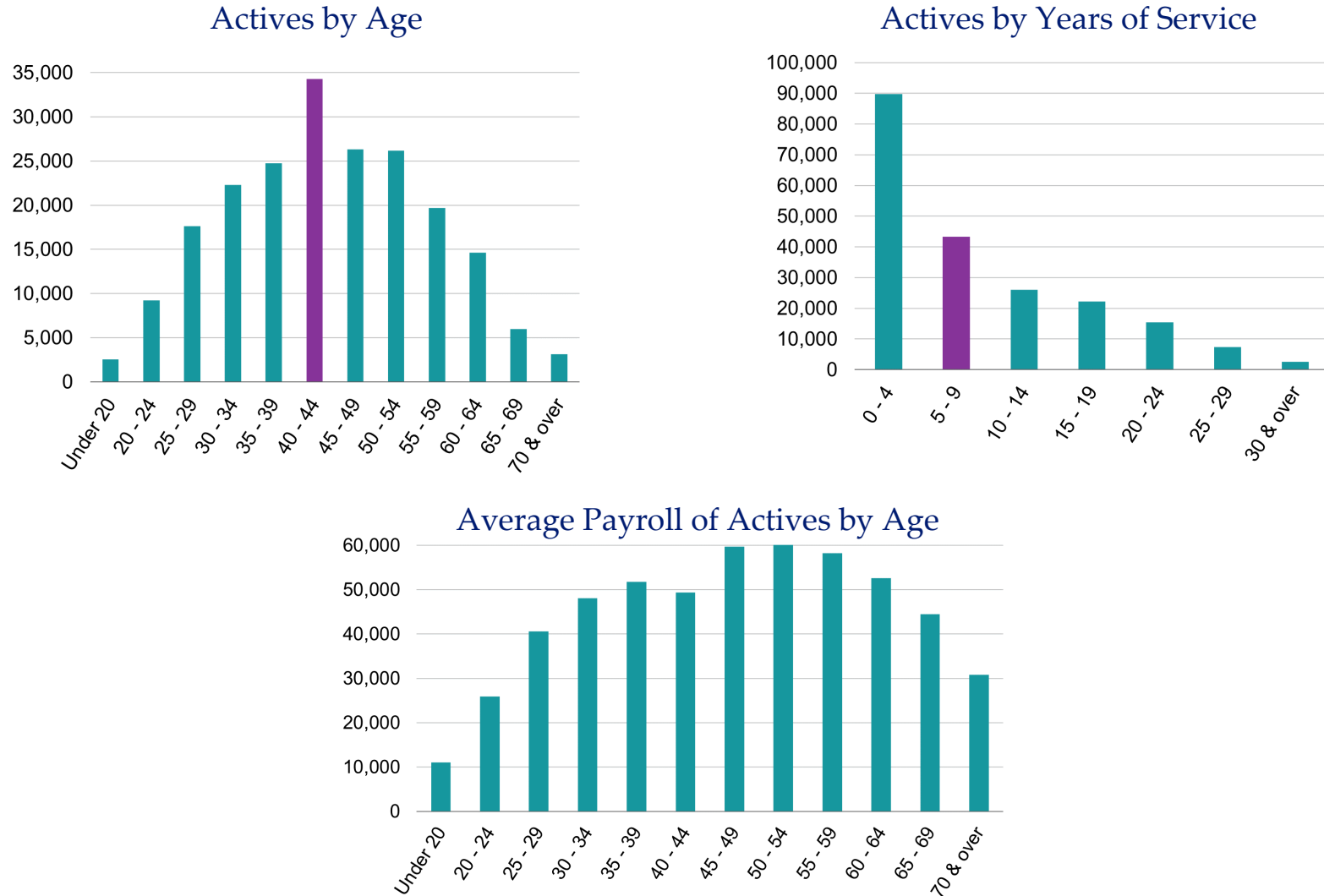
Active Members

Plan costs are affected by the age, years of service and compensation of active members. The following table shows the number of active members, average age, average years of service, and average payroll for the Division Trust Funds for the current and prior year valuations.

Item	State Division Other Than State Troopers	State Division State Troopers	School Division	Local Government Division Other Than State Troopers	Local Government Division State Troopers	Judicial Division	Denver Public Schools Division
December 31, 2022:							
Number	48,820	2,072	128,057	12,071	32	340	15,254
Average age	45.53	36.34	44.48	43.89	37.12	53.31	41.13
Average service	9.23	5.62	9.01	7.83	2.06	11.86	7.58
Average payroll	\$61,864	\$79,043	\$44,279	\$62,784	\$75,023	\$166,369	\$53,127
December 31, 2021:							
Number	51,885	1,592	125,007	12,716	29	345	15,695
Average age	45.42	38.01	44.68	44.97	37.00	54.12	40.94
Average service	9.01	7.29	8.78	7.77	1.31	12.24	7.22
Average payroll	\$57,185	\$78,807	\$43,724	\$56,780	\$59,750	\$161,681	\$52,462

Section 2: Actuarial Valuation Results

ALL DIVISION TRUST FUNDS ACTIVE MEMBER DATA



Note: The purple bar represents the average age and average service for active members.

Section 2: Actuarial Valuation Results

Retirees and Survivors

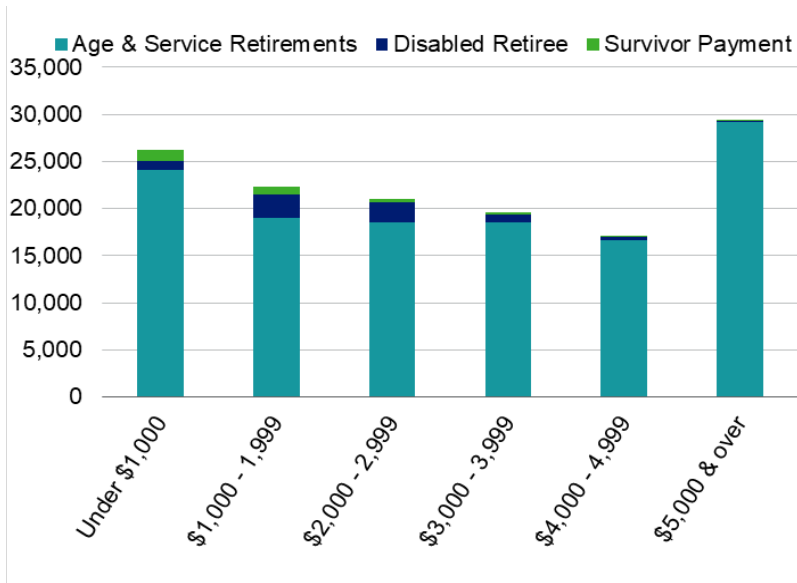
The following table shows the number of retirees and survivors, average age, and average annual benefit for the current and prior valuations.

Item	State Division	School Division	Local Government Division	Judicial Division	Denver Public Schools Division
December 31, 2022:					
Number of service retirees	39,875	70,886	8,033	420	6,798
Number of disability retirees	2,925	2,807	597	15	320
Number of survivors	1,060	1,401	199	11	138
Total number of all retirees and survivors	43,860	75,094	8,829	446	7,256
Average age of all retirees and survivors	72.6	72.4	70.9	75.2	74.9
Average annual benefit of all retirees and survivors	\$40,909	\$36,798	\$38,530	\$76,355	\$39,250
December 31, 2021:					
Number of retirees and survivors	43,049	72,852	8,590	434	7,186
Average age	72.3	72.2	70.5	75.1	74.8
Average annual benefit	\$40,561	\$36,559	\$38,172	\$73,691	\$39,092

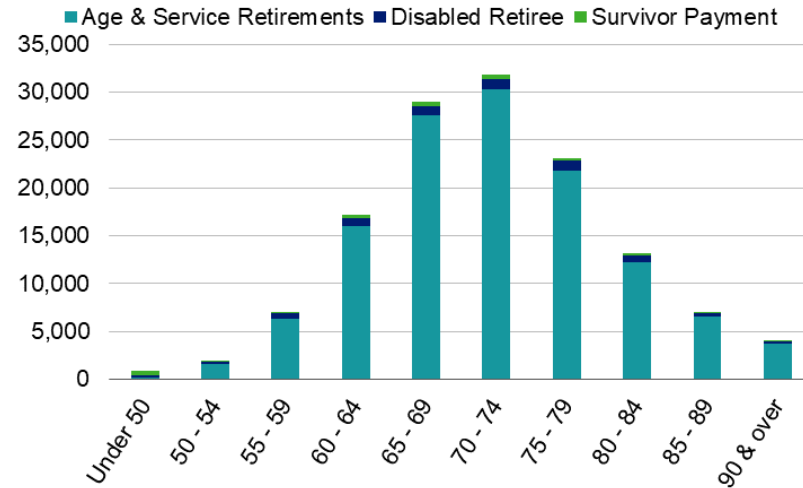
Section 2: Actuarial Valuation Results

ALL DIVISION TRUST FUNDS RETIREE AND SURVIVOR DATA

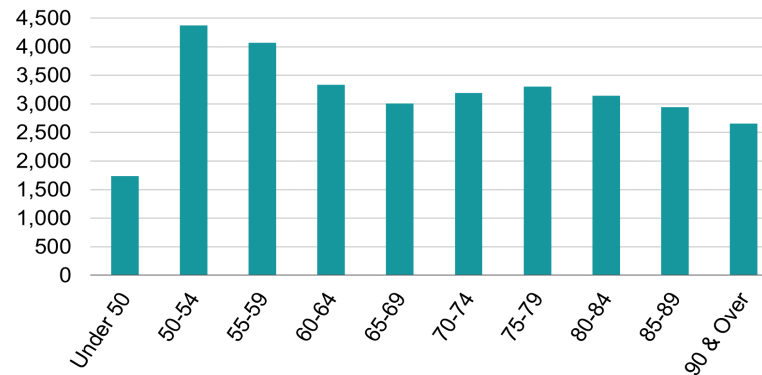
Retirees and Survivors by Type and Amount



Retirees and Survivors by Type and Age



Average Benefit Amounts of Retirees and Survivors by Age



Section 2: Actuarial Valuation Results

Historical Plan Population

The charts below demonstrate the progression of the active population over the last 10 years.

STATE DIVISION Active Member Data Statistics: 2013 – 2022

As of December 31	Active Members		Total Payroll Supplied by PERA, Annualized		Average Payroll		Average Age	Average Service
	Number	Percent Change	Amount in \$ Thousands	Percent Change	\$ Amount	Percent Change		
2013	55,354	--	\$2,474,965	--	\$44,712	--	46.10	9.00
2014	55,300	(0.10%)	2,564,670	3.62%	46,377	3.72%	46.01	9.02
2015	55,291	(0.02%)	2,641,867	3.01%	47,781	3.03%	45.87	8.97
2016	55,725	0.78%	2,710,651	2.60%	48,643	1.80%	45.66	8.84
2017	55,686	(0.07%)	2,774,207	2.34%	49,819	2.42%	45.50	8.78
2018	55,511	(0.31%)	2,898,827	4.49%	52,221	4.82%	45.36	8.75
2019	55,252	(0.47%)	2,995,453	3.33%	54,214	3.82%	45.33	8.80
2020	53,643	(2.91%)	3,089,161	3.13%	57,587	6.22%	45.37	9.06
2021	53,477	(0.31%)	3,092,509	0.11%	57,829	0.42%	45.20	8.96
2022	50,892	(4.83%)	3,183,955	2.96%	62,563	8.19%	45.16	9.09

Section 2: Actuarial Valuation Results

SCHOOL DIVISION Active Member Data Statistics: 2013 – 2022

As of December 31	Active Members		Total Payroll Supplied by PERA, Annualized		Average Payroll		Average Age	Average Service
	Number	Percent Change	Amount in \$ Thousands	Percent Change	\$ Amount	Percent Change		
2013	117,727	--	\$3,938,650	--	\$33,456	--	44.57	8.38
2014	119,618	1.61%	4,063,236	3.16%	33,968	1.53%	44.49	8.29
2015	120,239	0.52%	4,235,290	4.23%	35,224	3.70%	44.55	8.36
2016	121,945	1.42%	4,349,320	2.69%	35,666	1.25%	44.53	8.38
2017	122,990	0.86%	4,471,357	2.81%	36,355	1.93%	44.60	8.42
2018	126,333	2.72%	4,789,503	7.12%	37,912	4.28%	44.56	8.38
2019	128,938	2.06%	5,104,431	6.58%	39,588	4.42%	44.56	8.41
2020	119,421	(7.38%)	5,146,118	0.82%	43,092	8.85%	44.67	9.09
2021	125,007	4.68%	5,465,866	6.21%	43,724	1.47%	44.68	8.78
2022	128,057	2.44%	5,670,280	3.74%	44,279	1.27%	44.48	9.01

Section 2: Actuarial Valuation Results

LOCAL GOVERNMENT DIVISION Active Member Data Statistics: 2013 – 2022

As of December 31	Active Members		Total Payroll Supplied by PERA, Annualized		Average Payroll		Average Age	Average Service
	Number	Percent Change	Amount in \$ Thousands	Percent Change	\$ Amount	Percent Change		
2013	11,954	--	\$529,003	--	\$44,253	--	44.71	8.02
2014	12,084	1.09%	540,468	2.17%	44,726	1.07%	44.67	7.89
2015	12,176	0.76%	561,518	3.89%	46,117	3.11%	44.45	7.80
2016	12,736	4.60%	608,223	8.32%	47,756	3.55%	44.53	7.60
2017	12,770	0.27%	632,768	4.04%	49,551	3.76%	43.97	7.58
2018	13,260	3.84%	660,998	4.46%	49,849	0.60%	44.08	7.31
2019	13,086	(1.31%)	681,093	3.04%	52,047	4.41%	43.96	7.51
2020	12,757	(2.51%)	698,060	2.49%	54,720	5.14%	44.65	7.74
2021	12,745	(0.09%)	723,744	3.68%	56,787	3.78%	44.96	7.76
2022	12,103	(5.04%)	760,262	5.05%	62,816	10.62%	43.87	7.82

Section 2: Actuarial Valuation Results

JUDICIAL DIVISION Active Member Data Statistics: 2013 – 2022

As of December 31	Active Members		Total Payroll Supplied by PERA, Annualized		Average Payroll		Average Age	Average Service
	Number	Percent Change	Amount in \$ Thousands	Percent Change	\$ Amount	Percent Change		
2013	332	--	\$39,942	--	\$120,306	--	56.40	14.23
2014	334	0.60%	42,977	7.60%	128,674	6.96%	56.54	14.36
2015	334	0.00%	46,870	9.06%	140,329	9.06%	56.65	14.32
2016	335	0.30%	48,700	3.90%	145,372	3.59%	55.93	13.79
2017	332	(0.90%)	48,948	0.51%	147,433	1.42%	55.39	13.22
2018	332	0.00%	50,506	3.18%	152,126	3.18%	56.06	13.71
2019	339	2.11%	53,427	5.78%	157,603	3.60%	55.25	13.14
2020	344	1.47%	54,780	2.53%	159,244	1.04%	54.57	12.71
2021	345	0.29%	55,780	1.83%	161,681	1.53%	54.12	12.24
2022	340	(1.45%)	56,565	1.41%	166,369	2.90%	53.31	11.86

Section 2: Actuarial Valuation Results

DENVER PUBLIC SCHOOLS DIVISION Active Member Data Statistics: 2013 – 2022

As of December 31	Active Members		Total Payroll Supplied by PERA, Annualized		Average Payroll		Average Age	Average Service
	Number	Percent Change	Amount in \$ Thousands	Percent Change	\$ Amount	Percent Change		
2013	14,816	--	\$547,660	--	\$36,964	--	41.49	5.79
2014	15,414	4.04%	584,319	6.69%	37,908	2.55%	41.00	5.80
2015	15,929	3.34%	621,115	6.30%	38,993	2.86%	41.78	7.15
2016	15,950	0.13%	642,177	3.39%	40,262	3.25%	40.42	5.88
2017	15,991	0.26%	658,198	2.49%	41,161	2.23%	40.48	6.06
2018	16,148	0.98%	722,040	9.70%	44,714	8.63%	40.44	6.21
2019	15,679	(2.90%)	736,264	1.97%	46,959	5.02%	40.83	6.56
2020	14,693	(6.29%)	771,348	4.77%	52,498	11.80%	41.02	7.21
2021	15,695	6.82%	823,395	6.75%	52,462	(0.07%)	40.94	7.22
2022	15,254	(2.81%)	810,403	(1.58%)	53,127	1.27%	41.13	7.58

Section 2: Actuarial Valuation Results

The charts below show the growth among the service retiree population over the last 10 years. Disability retirees and survivors are not included in the charts.

STATE DIVISION Service Retiree Data Statistics: 2013 – 2022

As of December 31	Service Retirees		Average Annual Amount		Average Age
	Number	Percent Change	\$ Amount	Percent Change	
2013	30,515	--	\$39,888	--	71.0
2014	31,511	3.26%	40,271	0.96%	71.2
2015	32,594	3.44%	40,886	1.53%	71.4
2016	33,756	3.57%	41,857	2.37%	71.6
2017	34,974	3.61%	42,021	0.39%	71.8
2018	36,063	3.11%	41,958	(0.15%)	72.0
2019	36,999	2.60%	41,631	(0.78%)	72.2
2020	37,807	2.18%	41,951	0.77%	72.5
2021	38,844	2.74%	42,261	0.74%	72.7
2022	39,875	2.65%	42,416	0.37%	72.9

Section 2: Actuarial Valuation Results

SCHOOL DIVISION Service Retiree Data Statistics: 2013 – 2022

As of December 31	Service Retirees		Average Annual Amount		Average Age
	Number	Percent Change	\$ Amount	Percent Change	
2013	51,665	--	\$36,630	--	70.1
2014	53,778	4.09%	36,858	0.62%	70.4
2015	55,747	3.66%	37,255	1.08%	70.8
2016	57,748	3.59%	38,003	2.01%	71.1
2017	59,968	3.84%	37,938	(0.17%)	71.4
2018	62,154	3.65%	37,724	(0.56%)	71.7
2019	64,144	3.20%	37,273	(1.20%)	72.0
2020	66,096	3.04%	37,440	0.45%	72.3
2021	68,469	3.59%	37,567	0.34%	72.5
2022	70,886	3.53%	37,689	0.32%	72.7

Section 2: Actuarial Valuation Results

LOCAL GOVERNMENT DIVISION Service Retiree Data Statistics: 2013 – 2022

As of December 31	Service Retirees		Average Annual Amount		Average Age
	Number	Percent Change	\$ Amount	Percent Change	
2013	5,287	--	\$38,354	--	68.1
2014	5,595	5.83%	38,244	(0.29%)	68.5
2015	5,908	5.59%	38,709	1.22%	68.8
2016	6,197	4.89%	39,371	1.71%	69.1
2017	6,510	5.05%	39,403	0.08%	69.5
2018	6,813	4.65%	39,509	0.27%	69.8
2019	7,105	4.29%	39,077	(1.09%)	70.1
2020	7,375	3.80%	39,494	1.07%	70.5
2021	7,758	5.19%	39,568	0.19%	70.9
2022	8,033	3.54%	39,773	0.52%	71.2

Section 2: Actuarial Valuation Results

JUDICIAL DIVISION Service Retiree Data Statistics: 2013 – 2022

As of December 31	Service Retirees		Average Annual Amount		Average Age
	Number	Percent Change	\$ Amount	Percent Change	
2013	290	--	\$61,786	--	74.5
2014	299	3.10%	62,341	0.90%	74.7
2015	311	4.01%	65,048	4.34%	74.6
2016	327	5.14%	68,813	5.79%	74.3
2017	344	5.20%	71,084	3.30%	74.4
2018	349	1.45%	71,996	1.28%	75.1
2019	369	5.73%	72,855	1.19%	74.9
2020	387	4.88%	74,343	2.04%	75.1
2021	406	4.91%	75,701	1.83%	75.2
2022	420	3.45%	78,061	3.12%	75.3

Section 2: Actuarial Valuation Results

DENVER PUBLIC SCHOOLS DIVISION Service Retiree Data Statistics: 2013 – 2022

As of December 31	Service Retirees		Average Annual Amount		Average Age ¹
	Number	Percent Change	\$ Amount	Percent Change	
2013	6,060	--	\$38,374	--	73.8
2014	6,203	2.36%	38,683	0.81%	74.0
2015	6,317	1.84%	39,124	1.14%	74.2
2016	6,456	2.20%	40,008	2.26%	74.3
2017	6,551	1.47%	40,111	0.26%	74.5
2018	6,659	1.65%	40,167	0.14%	74.6
2019	6,664	0.08%	39,812	(0.88%)	74.8
2020	6,662	(0.03%)	40,141	0.83%	75.1
2021	6,709	0.71%	40,227	0.21%	75.2
2022	6,798	1.33%	40,282	0.14%	75.3

¹ Average age shown for years prior to 2014 represents only retirees with a DPS benefit structure.

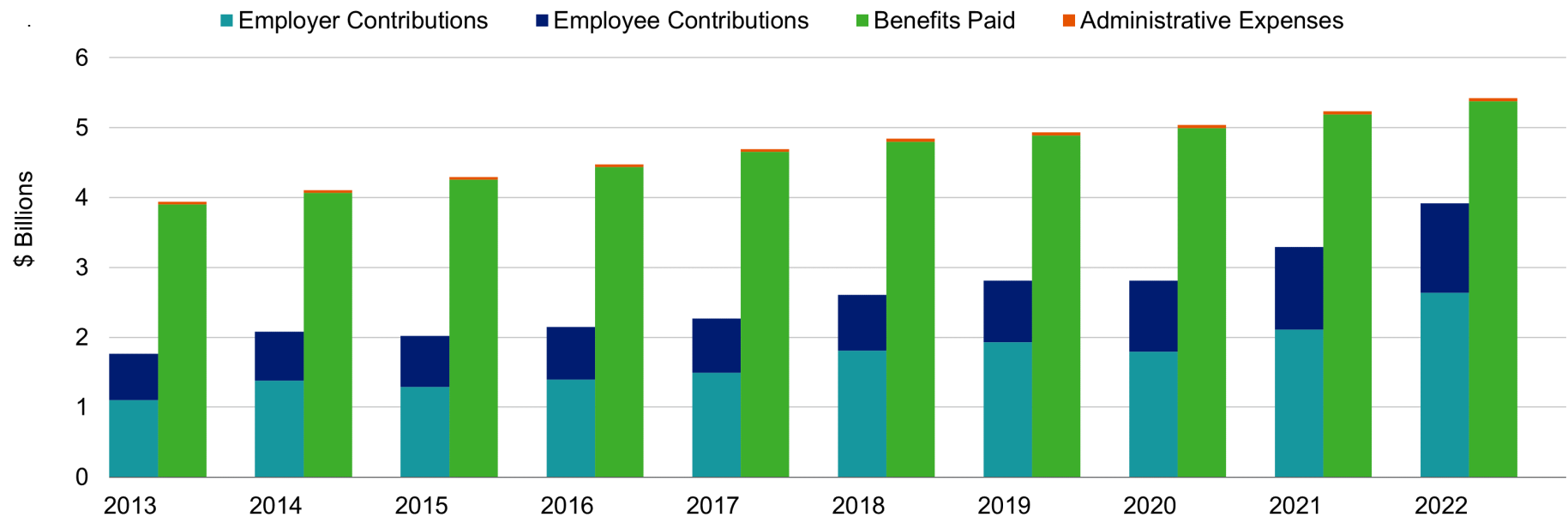
Section 2: Actuarial Valuation Results

Financial Information

Retirement plan funding anticipates that, over the long term, both contributions (less administrative expenses) and investment earnings (less investment fees) will be needed to cover benefit payments. Retirement plan assets change as a result of the net impact of these income and expense components.

Additional financial information, including a summary of these transactions for the valuation year, is presented in *Section 3, Exhibits F and G*.

Comparison of Contributions with Benefits Paid
for Years Ended December 31, 2013 – 2022
ALL DIVISION TRUST FUNDS



Section 2: Actuarial Valuation Results

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable. The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

STATE DIVISION

Determination of Actuarial Value of Assets for Year Ended December 31, 2022, and December 31, 2021

		2022		2021	
1	Market value of assets available for benefits		\$16,490,174,031		\$19,710,492,269
2	Calculation of unrecognized return ¹	Original Amount²	% Not Recognized	% Not Recognized	
(a)	Year ended December 31, 2022	(\$4,021,755,988)	75%	(\$3,016,316,991)	
(b)	Year ended December 31, 2021	1,516,570,331	50%	758,285,166	\$1,137,427,748
(c)	Year ended December 31, 2020	1,506,035,982	25%	376,508,996	753,017,991
(d)	Year ended December 31, 2019	1,762,120,556		0	440,530,139
(e)	Total unrecognized return			(\$1,881,522,829)	\$2,330,975,878
3	Actuarial value of assets: (1) – (2e)			\$18,371,696,860	\$17,379,516,391
4	Actuarial value as a percent of market value: (3) ÷ (1)			111.4%	88.2%

¹ Recognition at 25% per year over four years.

² Total return minus expected return on a market value basis.

Section 2: Actuarial Valuation Results

SCHOOL DIVISION

Determination of Actuarial Value of Assets for Year Ended December 31, 2022, and December 31, 2021

		2022		2021	
1	Market value of assets available for benefits		\$29,089,360,272		\$34,273,949,002
2	Calculation of unrecognized return ¹	Original Amount²	% Not Recognized	% Not Recognized	
(a)	Year ended December 31, 2022	(\$7,026,626,858)	75%	(\$5,269,970,144)	
(b)	Year ended December 31, 2021	2,629,183,512	50%	1,314,591,756	75%
(c)	Year ended December 31, 2020	2,604,065,858	25%	651,016,465	50%
(d)	Year ended December 31, 2019	2,987,411,135		<u>0</u>	25%
(e)	Total unrecognized return			(\$3,304,361,923)	\$4,020,773,347
3	Actuarial value of assets: (1) – (2e)			\$32,393,722,195	\$30,253,175,655
4	Actuarial value as a percent of market value: (3) ÷ (1)			111.4%	88.3%

¹ Recognition at 25% per year over four years.

² Total return minus expected return on a market value basis.

Section 2: Actuarial Valuation Results

LOCAL GOVERNMENT DIVISION

Determination of Actuarial Value of Assets for Year Ended December 31, 2022, and December 31, 2021

		2022		2021	
1	Market value of assets available for benefits		\$4,825,366,606		\$5,771,079,516
2	Calculation of unrecognized return ¹	Original Amount²	% Not Recognized	% Not Recognized	
(a)	Year ended December 31, 2022	(\$1,182,346,179)	75%	(\$886,759,634)	
(b)	Year ended December 31, 2021	444,927,209	50%	222,463,605	75%
(c)	Year ended December 31, 2020	440,700,610	25%	110,175,153	50%
(d)	Year ended December 31, 2019	505,873,156		<u>0</u>	25%
(e)	Total unrecognized return			(\$554,120,876)	\$680,514,001
3	Actuarial value of assets: (1) – (2e)			\$5,379,487,482	\$5,090,565,515
4	Actuarial value as a percent of market value: (3) ÷ (1)			111.5%	88.2%

¹ Recognition at 25% per year over four years.

² Total return minus expected return on a market value basis.

Section 2: Actuarial Valuation Results

JUDICIAL DIVISION

Determination of Actuarial Value of Assets for Year Ended December 31, 2022, and December 31, 2021

		2022		2021	
1	Market value of assets available for benefits		\$406,382,010		\$473,629,308
2	Calculation of unrecognized return ¹	Original Amount²	% Not Recognized	% Not Recognized	
(a)	Year ended December 31, 2022	(\$97,142,878)	75%	(\$72,857,159)	
(b)	Year ended December 31, 2021	35,778,414	50%	17,889,207	75%
(c)	Year ended December 31, 2020	35,364,699	25%	8,841,175	50%
(d)	Year ended December 31, 2019	39,427,447		<u>0</u>	25%
(e)	Total unrecognized return			(\$46,126,777)	\$54,373,023
3	Actuarial value of assets: (1) – (2e)			\$452,508,787	\$419,256,285
4	Actuarial value as a percent of market value: (3) ÷ (1)			111.4%	88.5%

¹ Recognition at 25% per year over four years.

² Total return minus expected return on a market value basis.

Section 2: Actuarial Valuation Results

DENVER PUBLIC SCHOOLS DIVISION

Determination of Actuarial Value of Assets for Year Ended December 31, 2022, and December 31, 2021

				2022	2021	
1	Market value of assets available for benefits			\$3,873,515,312	\$4,567,640,228	
2	Calculation of unrecognized return ¹	Original Amount²	% Not Recognized		% Not Recognized	
(a)	Year ended December 31, 2022	(\$937,096,132)	75%	(\$702,822,099)		
(b)	Year ended December 31, 2021	351,503,761	50%	175,751,881	75%	\$263,627,821
(c)	Year ended December 31, 2020	347,934,915	25%	86,983,729	50%	173,967,458
(d)	Year ended December 31, 2019	403,799,043		<u>0</u>	25%	<u>100,949,761</u>
(e)	Total unrecognized return			(\$440,086,489)		\$538,545,040
3	Actuarial value of assets: (1) – (2e)			\$4,313,601,801	\$4,029,095,188	
4	Actuarial value as a percent of market value: (3) ÷ (1)			111.4%	88.2%	

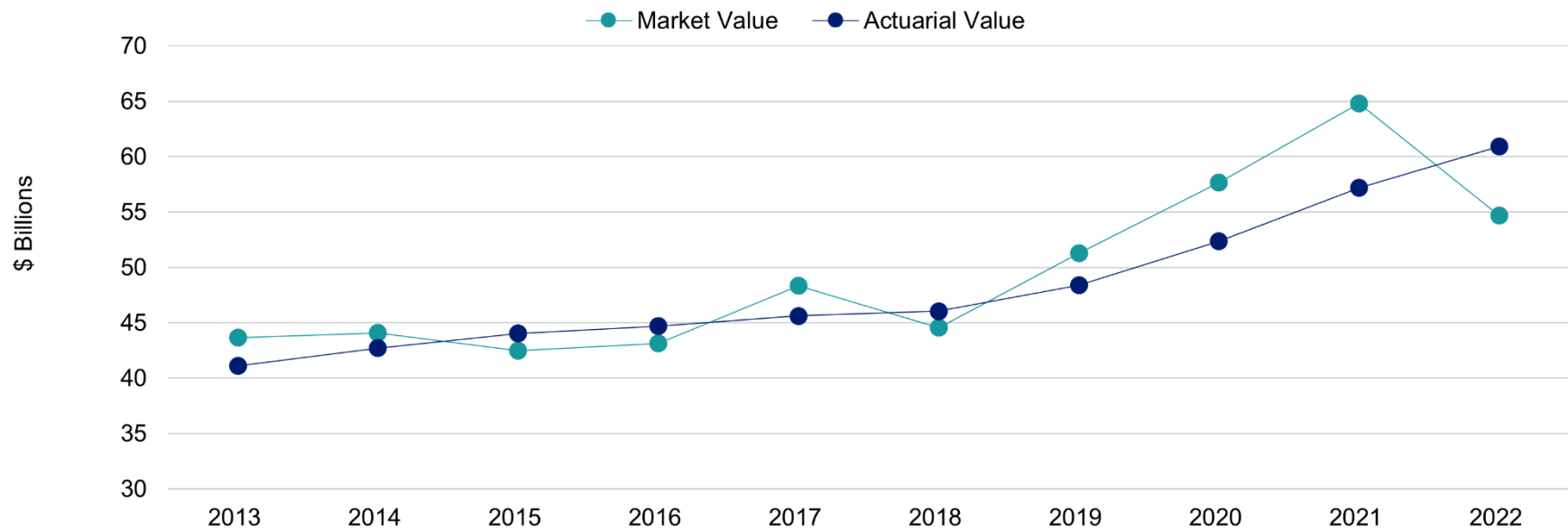
¹ Recognition at 25% per year over four years.

² Total return minus expected return on a market value basis.

Section 2: Actuarial Valuation Results

Both the actuarial value and market value of assets, when compared to actuarial accrued liabilities, are representations of PERA's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Plan's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the actuarially determined contributions.

Actuarial Value of Assets vs. Market Value of Assets as of December 31, 2013 – 2022
ALL DIVISION TRUST FUNDS



Section 2: Actuarial Valuation Results

Actuarial Experience

To calculate any actuarially determined contribution (ADC), assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the ADC will decrease relative to the previous year. On the other hand, the ADC will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single years' experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total gain is \$0.4 billion, which includes \$1.1 billion from investment gains and \$0.8 billion in net losses from all other sources. The net experience variation from individual sources other than investments was 0.90% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

Actuarial Experience for Year Ended December 31, 2022

Item	State Division	School Division	Local Government Division	Judicial Division	Denver Public Schools Division	Total
1 Net gain/(loss) from investments ¹	\$359,738,470	\$590,014,480	\$101,625,963	\$7,298,966	\$80,579,913	\$1,139,257,792
2 Net gain/(loss) from administrative expenses	(347,789)	(2,612,740)	(420,159)	21,011	382,229	(2,977,448)
3 Net gain/(loss) from liability and other experience	<u>(41,328,257)</u>	<u>(704,730,369)</u>	<u>(23,914,489)</u>	<u>(11,855,982)</u>	<u>1,942,827</u>	<u>(779,886,270)</u>
4 Net experience gain/(loss): 1 + 2 + 3	\$318,062,424	(\$117,328,629)	\$77,291,315	(\$4,536,005)	\$82,904,969	\$356,394,074

¹ Details on next page

Section 2: Actuarial Valuation Results

Investment Experience

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on PERA's investment policy. PERA's total fund annualized rate of return on a market value basis was -13.4% (-13.5% for the Division Trust Fund assets) for the year ended December 31, 2022.

For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.25%. The actual rate of return on an actuarial basis for the 2022 plan year was 9.3%. Since the actual return for the year was more than the assumed return, PERA experienced an actuarial gain during the year ended December 31, 2022, with regard to its investments.

Investment Experience – ALL DIVISION TRUST FUND

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Market Value	Actuarial Value	Market Value	Actuarial Value
1 Value assets at the beginning of year	\$64,796,790,323	\$57,171,609,034	\$57,638,769,330	\$52,341,915,057
2 Contributions during the plan year	3,931,654,378	3,931,654,378	3,301,849,841	3,301,849,841
3 Contributions receivable	0	0	0	0
4 Benefits and expense during the plan year	5,422,405,988	5,422,405,988	5,230,682,662	5,230,682,662
5 Value of assets at the end of year	54,684,798,231	60,911,017,125	64,796,790,323	57,171,609,034
6 Net investment income: 5 – 1 – 2 – 3 + 4	(\$8,621,240,482)	\$5,230,159,701	\$9,086,853,814	\$6,758,526,798
7 Average value of assets: 1 + [2 – 4] x ½	\$64,051,414,518	\$56,426,233,229	\$56,674,352,920	\$51,377,498,647
8 Rate of return: 6 ÷ 7	-13.46%	9.27%	16.03%	13.15%
9 Assumed rate of return	7.25%	7.25%	7.25%	7.25%
10 Expected investment income: 7 x 9	\$4,643,727,553	\$4,090,901,909	\$4,108,890,587	\$3,724,868,652
11 Actuarial gain/(loss): 6 – 10	<u>(\$13,264,968,035)</u>	<u>\$1,139,257,792</u>	<u>\$4,977,963,227</u>	<u>\$3,033,658,146</u>

Section 2: Actuarial Valuation Results

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the actual market value investment return for the last 30 years, including annualized returns over select time periods.

Investment Return – ALL DIVISION TRUST FUND Market Value vs. Actuarial Value: 1993 - 2022

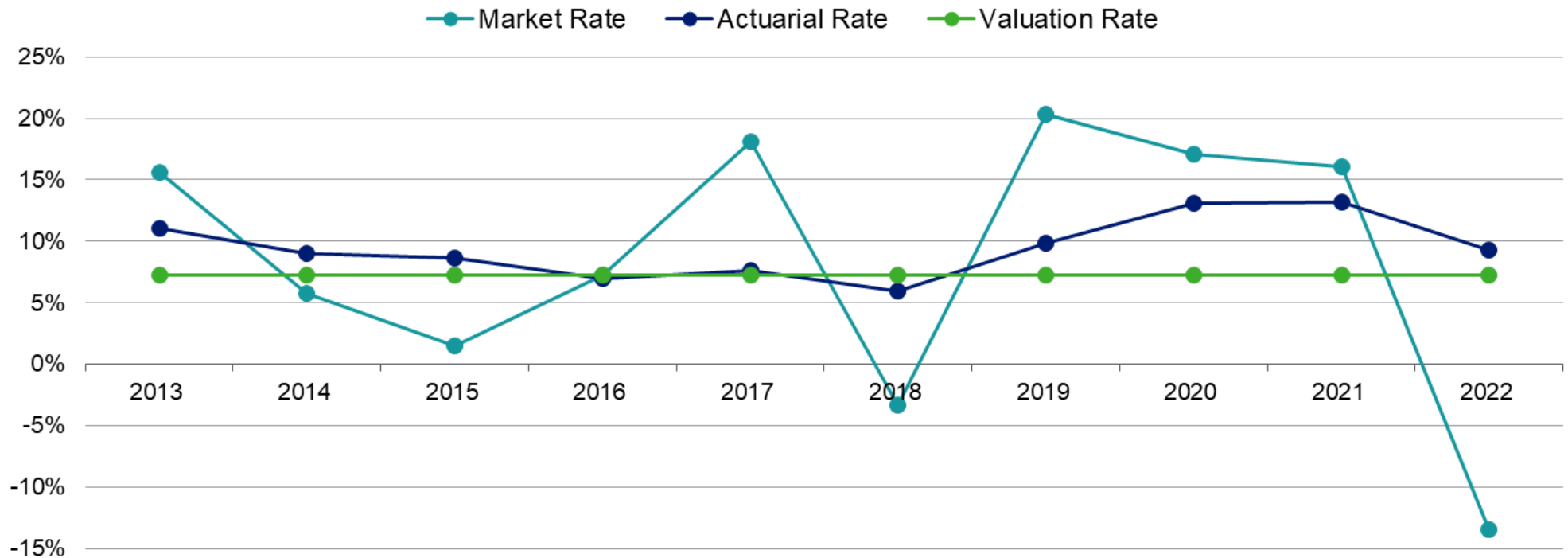
Year Ended December 31	Market Value	Actuarial Value	Year Ended December 31	Market Value	Actuarial Value	Year Ended December 31	Market Value	Actuarial Value
1993	14.9%	10.1%	2003	24.1%	0.3%	2013	15.6%	11.1%
1994	1.1%	8.0%	2004	14.1%	3.0%	2014	5.7%	9.0%
1995	24.6%	11.9%	2005	9.6%	8.8%	2015	1.5%	8.6%
1996	13.6%	13.2%	2006	15.6%	10.6%	2016	7.3%	6.9%
1997	20.1%	14.8%	2007	10.0%	11.3%	2017	18.1%	7.7%
1998	15.7%	17.5%	2008	(26.0%)	2.1%	2018	(3.5%)	5.9%
1999	19.0%	16.6%	2009	17.4%	0.9%	2019	20.3%	9.9%
2000	0.2%	12.5%	2010	14.0%	0.9%	2020	17.4%	13.1%
2001	(7.7%)	6.1%	2011	1.9%	(0.3%)	2021	16.1%	13.2%
2002	(11.8%)	(0.1%)	2012	12.9%	10.9%	2022	(13.4%)	9.3%
Most recent five-year annualized return							6.5%	10.2%
Most recent ten-year annualized return							8.0%	9.4%
Most recent 15-year annualized return							6.2%	7.2%
Most recent 20-year annualized return							8.2%	7.1%
Most recent 30-year annualized return							8.3%	8.3%

Note: For 1993-2022, investment returns on a market value basis were provided by PERA.

Section 2: Actuarial Valuation Results

As described earlier in this section, the actuarial asset valuation method gradually recognizes fluctuations in the market value rate of return. The goal of this is to stabilize the actuarial rate of return and to produce more level pension plan costs.

Market and Actuarial Rates of Return for Years Ended December 31, 2013 – 2022
ALL DIVISION TRUST FUNDS



Section 2: Actuarial Valuation Results

Non-Investment Experience

Administrative Expenses

- Administrative expenses for the year ended December 31, 2022, totaled \$45,669,842 as compared to the assumption of \$41,323,039. This resulted in a loss of \$2,977,448 the year, when adjusted for timing.

Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- retirement experience (earlier or later than projected),
- the number of disability retirements (more or fewer than projected),
- mortality (more or fewer deaths than projected),
- the extent of turnover among members,
- new members, and
- pay increases (greater or smaller than projected).

An experience study dated October 28, 2020, was completed based upon the experience covering the period January 1, 2016, through December 31, 2019. All changes to assumptions adopted by the Board of Trustees on November 20, 2020, were effective as of the December 31, 2020, measurement date.

The December 31, 2022, pension funding actuarial valuation report, reflects modifications to the valuation programming made in response to the actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

In addition, the December 31, 2022, actuarial valuation recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

Section 2: Actuarial Valuation Results

The net loss from the liability and other experience for the year ended December 31, 2022, amounted to \$0.8 billion, which is 0.90% of the actuarial accrued liability.

Experience Due to Changes in Demographics for Year Ended December 31, 2022

Item	State Division	School Division	Local Government Division	Judicial Division	Denver Public Schools Division	Total
Age and service retirements	(\$5,643,954)	(\$44,060,559)	(\$3,136,710)	(\$2,571,191)	(\$1,216,944)	(\$56,629,358)
Disability retirements	(3,302,793)	(1,969,823)	(22,915)	94,387	(375,858)	(5,577,002)
Deaths	115,265,203	123,724,370	21,342,198	(493,305)	(3,239,137)	256,599,329
Withdrawals	43,728,594	(49,287,069)	23,328,865	(809,067)	57,273,241	74,234,564
New members	(143,585,912)	(170,577,702)	(31,100,154)	(6,981,612)	(47,784,434)	(400,029,814)
Pay increases	(154,034,568)	(222,104,319)	(67,692,859)	51,355	(10,661,703)	(454,442,094)
Other	<u>106,245,173</u>	<u>(340,455,267)</u>	<u>33,367,086</u>	<u>(1,146,549)</u>	<u>7,947,662</u>	<u>(194,041,895)</u>
Total gain/(loss)	(\$41,328,257)	(\$704,730,369)	(\$23,914,489)	(\$11,855,982)	\$1,942,827	(\$779,886,270)

Section 2: Actuarial Valuation Results

Contributions

An additional source of gain or loss that is separately identified and amortized over a period equal to the remaining years of the legacy UAAL amortization is the gain or loss due to contribution surplus or deficiency.

Contribution Deficiency or Surplus for Year Ended December 31, 2022

Item	State Division	School Division	Local Government Division	Judicial Division	Denver Public Schools Division
1 Actuarially determined employer contribution rate for 2022:					
(a) Total normal cost rate	12.97%	14.70%	12.87%	17.36%	13.33%
(b) Less member contribution rate	(10.58%)	(10.50%)	(8.50%)	(12.85%)	(10.50%)
(c) Employer normal cost rate 1(a) + 1(b)	2.39%	4.20%	4.37%	4.51%	2.83%
(d) UAAL contribution rate	21.06%	20.34%	8.35%	11.05%	6.42%
(e) Actuarially Determined Contribution rate: 1(c) + 1(d)	23.45%	24.54%	12.72%	15.56%	9.25%
2 Covered payroll for 2022	\$3,183,955,204	\$5,670,279,844	\$760,261,752	\$56,565,330	\$810,402,643
3 Expected contribution for 2022:					
(a) Employer (based on the ADC)	746,637,495	1,391,486,674	96,705,295	8,801,565	74,962,244
(b) Member	<u>336,862,461</u>	<u>595,379,384</u>	<u>64,622,249</u>	<u>7,268,645</u>	<u>85,092,278</u>
(c) Total: 3(a) + 3(b)	\$1,083,499,956	\$1,986,866,058	\$161,327,544	\$16,070,210	\$160,054,522
4 Actual contribution for 2022:					
(a) Employer	682,356,188	1,166,151,442	103,008,899	11,960,843	68,038,701
(b) Member	396,166,277	699,598,546	80,755,686	8,814,384	96,120,010
(c) Direct distribution	198,247,210	350,392,714	0	3,575,801	52,784,275
(d) Purchased service/disaffiliation payments	<u>(35,643,774)</u>	<u>(57,396,597)</u>	<u>(9,416,870)</u>	<u>(970,183)</u>	<u>(3,955,554)</u>
(e) Total: 4(a) + 4(b) + 4(c) – 4(d)	\$1,241,125,901	\$2,158,746,105	\$174,347,715	\$23,380,845	\$212,987,432
5 Contribution deficiency/(surplus), adjusted for interest: (3(c) – 4(e)) * 1.03625	(\$163,339,886)	(\$178,110,699)	(\$13,492,152)	(\$7,575,646)	(\$54,851,728)

Section 2: Actuarial Valuation Results

Changes in the Actuarial Accrued Liability

The actuarial accrued liability for all Division Trust Funds combined as of December 31, 2022, is \$87,177,372,625, an increase of \$2,809,816,584, or 3.33%, from the actuarial accrued liability as of the prior valuation date. The change in liability is due to interest, accumulation and payment of benefits, and actuarial experience (as discussed in the previous subsection).

Actuarial Assumptions

There are no assumption or method changes reflected in this report, except for modifications to the valuation programming made in response to the actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

Details on actuarial assumptions and methods are in *Section 4, Exhibit I*.

Plan Provisions

The Automatic Adjustment Provision (AAP) assessment of SB 18-200, performed as of December 31, 2022, does not indicate the need to modify contribution rates or the AI Cap beginning July 1, 2024.

The following legislation, enacted in 2022 and 2023 was reflected, to the extent possible, in this actuarial valuation:

- HB 22-1029, effective upon enactment in 2022, requires the State Treasurer to (in addition to the regularly scheduled \$225 million direct distribution) issue a warrant to PERA in the amount of \$380 million, upon enactment, with potential reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024, based upon the actual investment returns reported by PERA for 2021 and 2022, respectively. The payment scheduled for July 1, 2023, is to be reduced by \$190 million, from \$225 million to \$35 million, based on the total fund investment return in 2021 of 16.1%. No reduction is required for the payment scheduled to occur July 1, 2024, due to a negative investment return in 2022.
- HB 22-1057 and HB 22-1101, enacted and effective as of March 17, 2022, broadens the Critical Shortage programs that remove limitations regarding the number of days that service retirees can work without any reduction in their retirement benefits. These bills (respectively) are applicable to substitute teachers and members working for any rural school district, Board of Cooperative Services (BOCES), or charter school subject to critical shortage of certain positions.
- HB 22-1087, enacted and effective as of March 24, 2022, excludes district directors who begin service on or after July 1, 2022, from membership in PERA.

Section 2: Actuarial Valuation Results

- SB 23-056, enacted June 2, 2023, and effective immediately, is intended to recompense PERA for the remaining portion of the \$225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of HB 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer is to issue a warrant to PERA in the amount of approximately \$14.5 million.
- SB 23-163, enacted June 6, 2023, and effective immediately, states that beginning July 1, 2023, a wildlife officer and a parks and recreation officer (officer), employed by the division of parks and wildlife in the department of natural resources, is classified as a state trooper for the purpose of determining the officer's service retirement eligibility and benefit under PERA.

Note that all 2022 and 2023 PERA-related legislation listed above had minimal impact on the results of the funding actuarial valuation as of December 31, 2022, however, HB 22-1029 directly impacted the market and actuarial value of assets as of the December 31, 2022, valuation date for all divisions except the Local Government Division.

A summary of plan provisions is in *Section 4, Exhibit II*.

Section 2: Actuarial Valuation Results

Cash Flow

Cash flow is the difference between contributions and benefit payments, refunds, and expenses. Negative cash flow indicates that the payments made from the Plan exceed contributions made to the Plan

STATE DIVISION History of Cash Flow: 2013 – 2022

As of December 31	Contributions and Other Additions ¹	Benefit Payments and Other Deductions	Administrative Expenses	Total Disbursements	Net Cash Flow for the Year ²	Market Value of Assets	Net Cash Flow as Percent of Market Value
2013	\$623,076,397	(\$1,370,336,426)	(\$9,779,692)	(\$1,380,116,118)	(\$757,039,721)	\$13,935,753,759	(5.4%)
2014	671,762,176	(1,418,924,953)	(10,066,516)	(1,428,991,469)	(757,229,293)	13,956,630,097	(5.4%)
2015	722,662,803	(1,486,924,073)	(10,778,521)	(1,497,702,594)	(775,039,791)	13,391,398,092	(5.8%)
2016	765,158,202	(1,549,111,043)	(11,270,928)	(1,560,381,971)	(795,223,769)	13,538,772,410	(5.9%)
2017	822,220,289	(1,618,673,714)	(11,744,733)	(1,630,418,447)	(808,198,158)	15,105,378,385	(5.4%)
2018	915,127,973	(1,678,897,880)	(11,901,923)	(1,690,799,803)	(775,671,830)	13,837,862,906	(5.6%)
2019	958,983,810	(1,703,671,352)	(11,294,106)	(1,714,965,458)	(755,981,648)	15,819,842,540	(4.8%)
2020	964,116,633	(1,736,962,744)	(11,385,187)	(1,748,347,931)	(784,231,298)	17,660,157,424	(4.4%)
2021	1,096,555,535	(1,804,984,108)	(12,050,944)	(1,817,035,052)	(720,479,517)	19,710,492,269	(3.7%)
2022	1,278,068,008	(1,870,375,085)	(13,312,165)	(1,883,687,250)	(605,619,242)	16,490,174,031	(3.7%)

¹ Includes member and employer contributions, the direct distribution allocation, as well as any purchased service credits during the year.

² Equal to Contributions and Other Additions + Total Disbursements.

Section 2: Actuarial Valuation Results

SCHOOL DIVISION History of Cash Flow: 2013 – 2022

As of December 31	Contributions and Other Additions ¹	Benefit Payments and Other Deductions	Administrative Expenses	Total Disbursements	Net Cash Flow for the Year ²	Market Value of Assets	Net Cash Flow as Percent of Market Value
2013	\$955,240,310	(\$2,020,523,076)	(\$18,522,707)	(\$2,039,045,783)	(\$1,083,805,473)	\$22,682,339,114	(4.8%)
2014	1,029,538,024	(2,117,766,894)	(19,289,856)	(2,137,056,750)	(1,107,518,726)	22,846,249,402	(4.8%)
2015	1,111,049,048	(2,217,629,742)	(20,865,372)	(2,238,495,114)	(1,127,446,066)	22,062,123,913	(5.1%)
2016	1,181,421,769	(2,318,086,171)	(21,990,705)	(2,340,076,876)	(1,158,655,107)	22,465,387,820	(5.2%)
2017	1,237,200,737	(2,434,471,331)	(23,018,690)	(2,457,490,021)	(1,220,289,284)	25,204,919,910	(4.8%)
2018	1,450,188,672	(2,495,428,206)	(23,560,475)	(2,518,988,681)	(1,068,800,009)	23,304,910,906	(4.6%)
2019	1,567,275,836	(2,553,523,246)	(22,618,898)	(2,576,142,144)	(1,008,866,308)	26,936,490,370	(3.7%)
2020	1,558,431,913	(2,617,017,587)	(22,778,633)	(2,639,796,220)	(1,081,364,307)	30,372,888,017	(3.6%)
2021	1,842,018,966	(2,717,029,650)	(22,607,563)	(2,739,637,213)	(897,618,247)	34,273,949,002	(2.6%)
2022	2,222,617,994	(2,817,392,180)	(25,561,809)	(2,842,953,989)	(620,335,995)	29,089,360,272	(2.1%)

¹ Includes member and employer contributions, the direct distribution allocation, as well as any purchased service credits during the year.

² Equal to Contributions and Other Additions + Total Disbursements.

Section 2: Actuarial Valuation Results

LOCAL GOVERNMENT DIVISION History of Cash Flow: 2013 – 2022

As of December 31	Contributions and Other Additions ¹	Benefit Payments and Other Deductions	Administrative Expenses	Total Disbursements	Net Cash Flow for the Year ²	Market Value of Assets	Net Cash Flow as Percent of Market Value
2013	\$115,319,671	(\$255,297,491)	(\$2,020,798)	(\$257,318,289)	(\$141,998,618)	\$3,493,354,525	(4.1%)
2014	301,832,863	(259,117,301)	(2,090,929)	(261,208,230)	40,624,633	3,733,495,817	1.1%
2015	119,961,560	(267,449,300)	(2,252,600)	(269,701,900)	(149,740,340)	3,639,914,028	(4.1%)
2016	124,622,164	(273,485,113)	(2,394,530)	(275,879,643)	(151,257,479)	3,748,369,298	(4.0%)
2017	132,855,191	(293,053,988)	(2,541,497)	(295,595,485)	(162,740,294)	4,249,852,277	(3.8%)
2018	136,453,253	(306,861,804)	(2,620,564)	(309,482,368)	(173,029,115)	3,935,921,050	(4.4%)
2019	144,228,970	(316,604,169)	(2,475,697)	(319,079,866)	(174,850,896)	4,545,959,241	(3.8%)
2020	152,398,997	(324,063,766)	(2,458,507)	(326,522,273)	(174,123,276)	5,135,806,651	(3.4%)
2021	168,891,180	(341,459,937)	(3,064,851)	(344,524,788)	(175,633,608)	5,771,079,516	(3.0%)
2022	184,139,951	(356,101,747)	(3,449,539)	(359,551,286)	(175,411,335)	4,825,366,606	(3.6%)

¹ Includes member and employer contributions and any purchased service credits during the year.

² Equal to Contributions and Other Additions + Total Disbursements.

Section 2: Actuarial Valuation Results

JUDICIAL DIVISION History of Cash Flow: 2013 – 2022

As of December 31	Contributions and Other Additions ¹	Benefit Payments and Other Deductions	Administrative Expenses	Total Disbursements	Net Cash Flow for the Year ²	Market Value of Assets	Net Cash Flow as Percent of Market Value
2013	\$11,407,028	(\$19,094,113)	(\$69,291)	(\$19,163,404)	(\$7,756,376)	\$272,159,709	(2.8%)
2014	11,504,588	(20,003,229)	(71,858)	(20,075,087)	(8,570,499)	278,860,041	(3.1%)
2015	15,003,372	(21,365,942)	(77,178)	(21,443,120)	(6,439,748)	276,563,143	(2.3%)
2016	14,694,746	(23,009,443)	(80,752)	(23,090,195)	(8,395,449)	287,888,462	(2.9%)
2017	15,132,874	(25,451,584)	(85,589)	(25,537,173)	(10,404,299)	328,458,690	(3.2%)
2018	14,399,835	(26,532,248)	(86,385)	(26,618,633)	(12,218,798)	305,303,696	(4.0%)
2019	23,616,936	(28,123,790)	(84,063)	(28,207,853)	(4,590,917)	362,108,323	(1.3%)
2020	20,372,261	(29,575,922)	(87,487)	(29,663,409)	(9,291,148)	414,097,923	(2.2%)
2021	25,677,189	(31,541,115)	(185,896)	(31,727,011)	(6,049,822)	473,629,308	(1.3%)
2022	28,909,012	(32,983,482)	(212,666)	(33,196,148)	(4,287,136)	406,382,010	(1.1%)

¹ Includes member and employer contributions, the direct distribution allocation, as well as any purchased service credits during the year

² Equal to Contributions and Other Additions + Total Disbursements

Section 2: Actuarial Valuation Results

DENVER PUBLIC SCHOOLS DIVISION History of Cash Flow: 2013 – 2022

As of December 31	Contributions and Other Additions ¹	Benefit Payments and Other Deductions	Administrative Expenses	Total Disbursements	Net Cash Flow for the Year ²	Market Value of Assets	Net Cash Flow as Percent of Market Value
2013	\$68,757,802	(\$245,141,932)	(\$2,239,708)	(\$247,381,640)	(\$178,623,838)	\$3,265,768,053	(5.5%)
2014	65,254,237	(256,978,880)	(2,377,366)	(259,356,246)	(194,102,009)	3,254,063,981	(6.0%)
2015	58,876,010	(265,098,162)	(2,599,429)	(267,697,591)	(208,821,581)	3,094,338,946	(6.7%)
2016	71,501,564	(272,199,954)	(2,754,331)	(274,954,285)	(203,452,721)	3,108,232,941	(6.5%)
2017	84,177,678	(281,932,605)	(2,857,244)	(284,789,849)	(200,612,171)	3,452,666,927	(5.8%)
2018	111,853,890	(293,092,149)	(2,919,143)	(296,011,292)	(184,157,402)	3,155,738,171	(5.8%)
2019	126,078,872	(289,038,929)	(2,713,279)	(291,752,208)	(165,673,336)	3,616,649,237	(4.6%)
2020	126,416,934	(288,740,535)	(2,667,382)	(291,407,917)	(164,990,983)	4,055,819,315	(4.1%)
2021	168,706,971	(294,929,899)	(2,828,699)	(297,758,598)	(129,051,627)	4,567,640,228	(2.8%)
2022	217,919,413	(299,883,652)	(3,133,663)	(303,017,315)	(85,097,902)	3,873,515,312	(2.2%)

¹ Includes member and employer contributions, the direct distribution allocation, as well as any purchased service credits during the year.

² Equal to Contributions and Other Additions + Total Disbursements.

Section 2: Actuarial Valuation Results

Development of Unfunded/(Overfunded) Actuarial Accrued Liability

Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended December 31, 2022

Item	State Division	School Division	Local Government Division	Judicial Division	Denver Public Schools Division	Total
1 Unfunded/(overfunded) actuarial accrued liability at December 31, 2021	\$9,780,329,667	\$16,083,611,995	\$654,444,885	\$68,781,194	\$608,779,266	\$27,195,947,007
2 Normal cost at beginning of year	399,748,430	810,452,589	93,399,252	9,647,007	112,648,533	1,425,895,811
3 Total contributions	(1,278,068,008)	(2,222,617,994)	(184,139,951)	(28,909,012)	(217,919,413)	(3,931,654,378)
4 Interest on:						
(a) Unfunded actuarial accrued liability and normal cost	738,055,662	1,224,819,683	54,218,700	5,686,045	52,303,515	2,075,083,605
(b) Total contributions	(46,329,966)	(80,569,902)	(6,675,074)	(1,047,951)	(7,899,578)	(142,522,471)
(c) Total interest: 4(a) + 4(b)	691,725,696	1,144,249,781	47,543,626	4,638,094	44,403,937	1,932,561,134
5 Expected unfunded/(overfunded) actuarial accrued liability: 1 + 2 + 3 + 4(c)	\$9,593,735,785	\$15,815,696,371	\$611,247,812	\$54,157,283	\$547,912,323	\$26,622,749,574
6 Changes due to:						
(a) (Gain)/loss	(318,062,424)	117,328,629	(77,291,315)	4,536,005	(82,904,969)	(356,394,074)
(b) Assumptions	0	0	0	0	0	0
(c) Funding method	0	0	0	0	0	0
(d) Plan provisions	0	0	0	0	0	0
(e) Total changes: 6(a) + 6(b) + 6(c) + 6(d)	(318,062,424)	117,328,629	(77,291,315)	4,536,005	(82,904,969)	(356,394,074)
7 Unfunded/(overfunded) actuarial accrued liability at end of year: 5 + 6(e)	\$9,275,673,361	\$15,933,025,000	\$533,956,497	\$58,693,288	\$465,007,354	\$26,266,355,500

Section 2: Actuarial Valuation Results

DC Supplement

Beginning January 1, 2021, the employer contribution rates are adjusted to include the DC Supplement, which is calculated separately for the State and Local Government Divisions. The DC Supplement, to be paid to the State and Local Government Trust Funds by all State and Local Government employers, is designed to compensate for employer contribution amounts paid to the DC Plan participant accounts that otherwise would have gone to the State and Local Government Division Trust Funds as payment toward the UAAL, if the DC choice were not available. The DC Supplement is determined considering this DB Plan shortfall with regard to only the employer contributions of DC Plan members who commenced employment on or after January 1, 2019.

Determination of DC Supplement for Year Beginning January 1, 2024

	For the year beginning January 1, 2024	State Division	Local Government Division
1	UAAL shortfall ¹	8.07%	5.46%
2	Total DC payroll for 2024 ²	\$89,722,850	\$12,241,196
3	DC supplement, adjusted for interest	7,495,152	692,519
4	Projected DC payroll	189,670,385	12,241,196
5	Projected DB payroll	3,440,232,177	823,636,371
6	DC supplement rate: 3 ÷ (4 + 5)	0.21%	0.08%

¹ Based on Normal Costs determined as of the December 31, 2022 actuarial valuation.

² Represents salary earned in 2022 by DC Plan participants hired on or after January 1, 2019, projected to January 1, 2024.

Section 2: Actuarial Valuation Results

Statutory Employer Contributions

The statutory employer contribution rates for each division are shown in the following table:

Division Trust Fund	Employer Contribution Rate	
	In Effect on December 31, 2022	Effective July 1, 2023
State (Other than State Troopers)	11.40%	11.40%
State (State Troopers)	14.10%	14.10%
School	11.40%	11.40%
Local Government (Other than State Troopers)	11.00%	11.00%
Local Government (State Troopers)	14.10%	14.10%
Judicial	14.91%	14.91%
Denver Public Schools	11.40%	11.40%

The DC Supplement provisions increases employer contribution rates effective January 1, 2024, by 0.21% and 0.08%, for the State and Local Government Division Trust Funds, respectively.

For each division, 1.02% of the statutory rates shown above is allocated to the Health Care Trust Funds for each active member. In addition, 1.00% of the statutory rates shown above is allocated to the Annual Increase Reserve on behalf of the active members who began membership on or after January 1, 2007. In addition to the statutory rates shown above, AED contributions and SAED contributions are to be made by all employers. Those amounts are continued in each division until the Division's actuarial funded ratio exceeds 103%. At that time, the amount of the AED and SAED will each be reduced by 0.5% of payroll. The 2022 AED and SAED contribution rates by division are shown in the tables on the following page.

Section 2: Actuarial Valuation Results

Division Trust Fund	2023 AED Rate	2023 SAED Rate
State	5.00%	5.00%
School	4.50%	5.50%
Local Government	2.20%	1.50%
Judicial	5.00%	5.00%
Denver Public Schools	4.50%	5.50%

For the DPS Division Trust Fund, the statutory rates (including AED and SAED contributions) are being offset annually by an amount equivalent to that which Denver Public Schools pays to finance principal and interest payments on Pension Certificates of Participation (PCOPs) issued in 1997 and 2008 and refinanced during 2011, 2012, and 2013.

SB 18-200 initiated an annual Direct Distribution from the State Treasury of \$225 million, effective July 1, 2018, for the State, School, Judicial and DPS Division Trust Funds until each division receiving such distribution is 100% funded. Amounts to each division are allocated based on the reported payroll as of December 31, of the prior year. In addition to the employer and member statutory contribution rates, these amounts are considered in the number of years to amortize the UAAL.

SB 18-200 also initiated an Automatic Adjustment Provision (AAP), which is intended to keep PERA on track to achieve full funding in 30 years (i.e., by December 31, 2047). If PERA is ahead or behind the 30-year schedule to reach full funding, the following four components can adjust automatically:

- Member contribution rates
- Employer contribution rates
- AI cap used to determine amounts paid to benefit recipients
- Direct distribution from the State

Section 2: Actuarial Valuation Results

The following chart describes how the AAP operates, dependent on the resulting ratio of actual contribution dollars received versus expected dollars based on the actuarially determined contribution:

Automatic Adjustment Provision

Component	AAP Ratio < 98%	AAP Ratio > 120%
AI cap	Decrease by up to 0.25% in one year, not to fall below 0.5%	Increase by up to 0.25% in one year, not to exceed 2%
Employer contributions	Increase by up to 0.5% in one year, not to exceed an additional 2%	Decrease by up to 0.5% in one year, not to fall below 2018 levels ¹
Member contributions	Increase by up to 0.5% in one year, not to exceed an additional 2%	Decrease by up to 0.5% in one year, not to fall below 2018 levels ¹
Direct distribution from the State	Increase by up to \$20 million in one year, not to exceed \$225 million	Decrease by up to \$20 million in one year

¹ Cannot fall below the contribution rates in effect immediately prior to the passage of SB 18-200.

The AAP Ratio, which is outlined in *Section 2*, is the ratio of the Blended Total Contribution Rate to the Blended Total Required Contribution.

The AAP Ratio resulting from the AAP assessment performed as of December 31, 2021, was greater than 98% and less than 120%, and therefore no additional AAP adjustments to contribution rates or the AI cap are required to occur as of July 1, 2023. The AAP assessment performed as of December 31, 2022, is greater than 98% and less than 120%, and therefore no additional AAP adjustments to contribution rates or the AI cap are required to occur as of July 1, 2024.

Section 2: Actuarial Valuation Results

Actuarially Determined Contribution

For each Plan, the amount of the actuarially determined contribution is comprised of an employer normal cost payment and a payment on the unfunded/(overfunded) actuarial accrued liability. This total amount is divided by the projected payroll for active members to determine the actuarially determined contribution.

PERA's pension funding policy is included in *Section 4, Exhibit III*. The methodology used to calculate the actuarially determined contributions for the pension plans is based on closed (layered) amortization periods of 30 years. The length of the amortization periods are as follows:

- The legacy UAAL as of December 31, 2017, is being amortized over a closed 30-year period (25 years remaining as of December 31, 2022).
- Contribution deficiencies/surpluses are amortized over the remaining period of the legacy UAAL.
- Experience gains and losses are amortized over 30 years from the date of the valuation.
- Assumption changes are amortized over 30 years from the date of the valuation.
- Other changes in the UAAL are amortized over 30 years from the date of the valuation.
- Benefit changes are amortized over a period determined by the Board to represent the anticipated duration of the payments of the change, not to exceed 25 years.

The contribution requirements as of December 31, 2022, are based on the data previously described, the actuarial assumptions and Plan provisions described in *Section 4*, including all changes affecting future costs adopted at the time of the actuarial valuation, actuarial gains and losses, and changes in the actuarial assumptions.

Contribution rates for the year ending December 31, 2024, are derived from the results of this December 31, 2022, annual actuarial valuation.

Section 2: Actuarial Valuation Results

Schedule of Computed Employer Contribution Rates for the 2024 Plan Year Based upon the Results of the December 31, 2022, Actuarial Funding Valuation

Item	State Division	School Division	Local Government Division	Judicial Division	Denver Public Schools Division
Normal cost rates					
Service retirement benefits	8.20%	10.14%	8.34%	14.75%	8.81%
Disability retirement benefits	0.33%	0.21%	0.31%	0.39%	0.21%
Survivor benefits	0.25%	0.20%	0.28%	0.47%	0.19%
Termination withdrawals	2.84%	2.83%	2.66%	1.01%	3.40%
Refunds	0.84%	0.65%	0.83%	0.07%	0.41%
Administrative expense load	0.40%	0.40%	0.40%	0.40%	0.40%
Total normal cost	12.86%	14.43%	12.82%	17.09%	13.42%
Member contributions	(11.10%)	(11.00%)	(9.01%)	(11.00%)	(11.00%)
Employer normal cost	1.76%	3.43%	3.81%	6.09%	2.42%
Percentage available to amortize unfunded actuarial accrued liabilities	18.07%	16.34%	9.16%	17.17%	6.46%
Effective amortization period	20 years	24 years	9 years	6 years	7 years
Total employer contribution rate for actuarially funded benefits	11.54%	11.40%	11.01%	14.91%	11.40%
Amortization Equalization Disbursement	5.00%	4.50%	2.20%	5.00%	4.50%
Supplemental Amortization Equalization Disbursement	5.00%	5.50%	1.50%	5.00%	5.50%
Less Health Care Trust Fund	(1.02%)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
Less Annual Increase Reserve	(0.69%)	(0.61%)	(0.72%)	(0.63%)	(0.73%)
Less PCOP credit	N/A	N/A	N/A	N/A	(10.77%)
Employer contribution rate for DB plan	19.83%	19.77%	12.97%	23.26%	8.88%
DC Supplement	0.21%	N/A	0.08%	N/A	N/A

Section 2: Actuarial Valuation Results

Actuarially Determined Contribution by Division

STATE DIVISION Actuarially Determined Contribution

	12/31/2022 Valuation Date - Contribution for the 2024 Plan Year		12/31/2021 Valuation Date - Contribution for the 2023 Plan Year	
	Amount	% of Payroll ¹	Amount	% of Payroll ¹
1 Total normal cost	\$416,288,769	12.46%	\$401,009,438	12.36%
2 Administrative expenses	13,360,125	0.40%	12,976,336	0.40%
3 Expected employee contributions	<u>(370,743,468)</u>	<u>(11.10%)</u>	<u>(359,444,516)</u>	<u>(11.08%)</u>
4 Employer normal cost: 1 + 2 + 3	\$58,905,426	1.76%	\$54,541,258	1.68%
5 Actuarial accrued liability	\$27,647,370,221		\$27,159,846,058	
6 Actuarial value of assets	<u>18,371,696,860</u>		<u>17,379,516,391</u>	
7 Unfunded/(overfunded) actuarial accrued liability: 5 – 6	\$9,275,673,361		\$9,780,329,667	
8 Payment on unfunded/(overfunded) actuarial accrued liability	601,380,059	18.01%	617,399,266	19.03%
9 Actuarially determined contribution: 4 + 8	<u>\$660,285,485</u>	<u>19.77%</u>	<u>\$671,940,524</u>	<u>20.71%</u>
10 Projected payroll	\$3,340,031,240		\$3,244,084,077	

¹ The underlying calculations involve more precision than what is presented and the rounded numbers shown may not add as a result.

Section 2: Actuarial Valuation Results

STATE DIVISION Unfunded Actuarial Accrued Liability Amortization Schedule

Description	Original Balance	Outstanding Balance as of 12/31/2021	1/1/2022 Amortization Payment	Outstanding Balance as of 12/31/2022	1/1/2023 Amortization Payment	Amortization Period as of 12/31/2022 ¹
December 31, 2017 legacy UAAL (revised funding policy effective December 31, 2018)	\$10,525,675,196	\$11,074,730,855	\$674,640,777	\$11,154,096,609	\$694,880,000	25 years
December 31, 2018 contribution deficiency	117,830,228	122,101,934	7,438,099	122,976,963	7,661,242	25 years
December 31, 2018 UAAL base	401,011,824	417,010,708	24,873,534	420,567,119	25,619,740	26 years
December 31, 2019 contribution deficiency	21,085,848	21,543,325	1,312,357	21,697,713	1,351,728	25 years
December 31, 2019 plan change	(480,596,769)	(486,828,074)	(31,863,943)	(487,949,030)	(32,819,861)	22 years
December 31, 2019 UAAL base	(111,125,673)	(114,066,730)	(6,670,225)	(115,182,752)	(6,870,332)	27 years
December 31, 2020 contribution deficiency	93,468,886	94,266,021	5,742,415	94,941,567	5,914,688	25 years
December 31, 2020 assumption change	947,845,612	959,237,610	55,055,117	969,735,724	56,706,771	28 years
December 31, 2020 UAAL base	(902,590,243)	(913,438,324)	(52,426,483)	(923,435,199)	(53,999,277)	28 years
December 31, 2021 contribution surplus	(83,153,398)	(83,153,398)	(5,065,466)	(83,749,307)	(5,217,430)	25 years
December 31, 2021 plan change	(496,964,484)	(496,964,484)	(30,959,987)	(499,789,823)	(31,888,786)	24 years
December 31, 2021 UAAL Base	(814,109,776)	(814,109,776)	(45,909,846)	(823,894,425)	(47,287,141)	29 years
December 31, 2022 contribution surplus	(163,339,886)	N/A	N/A	(163,339,886)	(10,175,779)	25 years
December 31, 2022 UAAL Base	(411,001,912)	N/A	N/A	(411,001,912)	(23,177,506)	30 years
Total		\$9,780,329,667	\$596,166,349	\$9,275,673,361	\$580,698,057	
Total with interest to middle of the year			\$617,399,266		\$601,380,059	
Projected payroll			\$3,244,084,077		\$3,340,031,240	
Total as a percentage of projected payroll			19.03%		18.01%	
Equivalent single amortization period						22 years

¹ State Division reflects an adjustment for the impact of AED and SAED as well as DC Supplement (for members hired on or after January 1, 2019) contributions received from employers on the estimated pensionable payroll of employees electing to participate in the defined contribution plan.

Section 2: Actuarial Valuation Results

SCHOOL DIVISION Actuarially Determined Contribution

	12/31/2022 Valuation Date - Contribution for the 2024 Plan Year		12/31/2021 Valuation Date - Contribution for the 2023 Plan Year	
	Amount	% of Payroll ¹	Amount	% of Payroll ¹
1 Total normal cost	\$837,826,811	14.03%	\$816,278,549	14.17%
2 Administrative expenses	23,892,136	0.40%	23,038,924	0.40%
3 Expected employee contributions	<u>(657,033,747)</u>	<u>(11.00%)</u>	<u>(633,570,397)</u>	<u>(11.00%)</u>
4 Employer normal cost: 1 + 2 + 3	\$204,685,200	3.43%	\$205,747,076	3.57%
5 Actuarial accrued liability	\$48,326,747,195		\$46,336,787,650	
6 Actuarial value of assets	<u>32,393,722,195</u>		<u>30,253,175,655</u>	
7 Unfunded/(overfunded) actuarial accrued liability: 5 – 6	\$15,933,025,000		\$16,083,611,995	
8 Payment on unfunded/(overfunded) actuarial accrued liability	1,024,783,631	17.16%	1,011,266,207	17.56%
9 Actuarially determined contribution: 4 + 8	<u>\$1,229,468,831</u>	<u>20.58%</u>	<u>\$1,217,013,283</u>	<u>21.13%</u>
10 Projected payroll	\$5,973,034,063		\$5,759,730,879	

¹ The underlying calculations involve more precision than what is presented and the rounded numbers shown may not add as a result.

Section 2: Actuarial Valuation Results

SCHOOL DIVISION Unfunded Actuarial Accrued Liability Amortization Schedule

Description	Original Balance	Outstanding Balance as of 12/31/2021	1/1/2022 Amortization Payment	Outstanding Balance as of 12/31/2022	1/1/2023 Amortization Payment	Amortization Period as of 12/31/2022
December 31, 2017 legacy UAAL (revised funding policy effective December 31, 2018)	\$16,266,169,194	\$17,114,668,915	\$1,042,576,446	\$17,237,319,173	\$1,073,853,739	25 years
December 31, 2018 contribution deficiency	261,157,378	270,625,132	16,485,705	272,564,535	16,980,276	25 years
December 31, 2018 UAAL base	726,883,907	755,883,878	45,086,381	762,330,316	46,438,972	26 years
December 31, 2019 contribution deficiency	94,217,771	96,261,909	5,863,999	96,951,758	6,039,919	25 years
December 31, 2019 plan change	(829,604,881)	(840,361,342)	(55,003,455)	(842,296,334)	(56,653,559)	22 years
December 31, 2019 UAAL base	(5,724,283)	(5,875,781)	(343,595)	(5,933,269)	(353,903)	27 years
December 31, 2020 contribution deficiency	155,895,101	157,224,628	9,577,673	158,351,359	9,865,003	25 years
December 31, 2020 assumption change	1,839,281,320	1,861,387,334	106,833,695	1,881,758,778	110,038,705	28 years
December 31, 2020 UAAL base	(1,283,710,655)	(1,299,139,358)	(74,563,663)	(1,313,357,433)	(76,800,573)	28 years
December 31, 2021 contribution surplus	(101,997,388)	(101,997,388)	(6,213,388)	(102,728,340)	(6,399,789)	25 years
December 31, 2021 plan change	(889,390,510)	(889,390,510)	(55,407,417)	(894,446,867)	(57,069,639)	24 years
December 31, 2021 UAAL Base	(1,035,675,422)	(1,035,675,422)	(58,404,530)	(1,048,123,032)	(60,156,666)	29 years
December 31, 2022 contribution surplus	(178,110,699)	N/A	N/A	(178,110,699)	(11,095,974)	25 years
December 31, 2022 UAAL Base	(91,254,945)	N/A	N/A	(91,254,945)	(5,146,112)	30 years
Total		\$16,083,611,995	\$976,487,851	\$15,933,025,000	\$989,540,399	
Total with interest to middle of the year			\$1,011,266,207		\$1,024,783,631	
Projected payroll			\$5,759,730,879		\$5,973,034,063	
Total as a percentage of projected payroll			17.56%		17.16%	
Equivalent single amortization period						25 years

Section 2: Actuarial Valuation Results

LOCAL GOVERNMENT DIVISION Actuarially Determined Contribution

	12/31/2022 Valuation Date - Contribution for the 2024 Plan Year		12/31/2021 Valuation Date - Contribution for the 2023 Plan Year	
	Amount	% of Payroll ¹	Amount	% of Payroll ¹
1 Total normal cost	\$99,294,389	12.42%	\$93,681,907	12.31%
2 Administrative expenses	3,198,588	0.40%	3,043,830	0.40%
3 Expected employee contributions	<u>(72,048,191)</u>	<u>(9.01%)</u>	<u>(68,562,263)</u>	<u>(9.01%)</u>
4 Employer normal cost: 1 + 2 + 3	\$30,444,786	3.81%	\$28,163,474	3.70%
5 Actuarial accrued liability	\$5,913,443,979		\$5,745,010,400	
6 Actuarial value of assets	<u>5,379,487,482</u>		<u>5,090,565,515</u>	
7 Unfunded/(overfunded) actuarial accrued liability: 5 – 6	\$533,956,497		\$654,444,885	
8 Payment on unfunded/(overfunded) actuarial accrued liability	35,761,392	4.47%	41,863,671	5.50%
9 Actuarially determined contribution: 4 + 8	<u>\$66,206,178</u>	<u>8.28%</u>	<u>\$70,027,145</u>	<u>9.20%</u>
10 Projected payroll	\$799,646,962		\$760,957,413	

¹ The underlying calculations involve more precision than what is presented and the rounded numbers shown may not add as a result.

Section 2: Actuarial Valuation Results

LOCAL GOVERNMENT DIVISION Unfunded Actuarial Accrued Liability Amortization Schedule

Description	Original Balance	Outstanding Balance as of 12/31/2021	1/1/2022 Amortization Payment	Outstanding Balance as of 12/31/2022	1/1/2023 Amortization Payment	Amortization Period as of 12/31/2022 ¹
December 31, 2017 legacy UAAL (revised funding policy effective December 31, 2018)	\$1,036,519,103	\$1,090,587,528	\$66,435,458	\$1,098,403,095	\$68,428,522	25 years
December 31, 2018 contribution deficiency	17,830,660	18,477,075	1,125,570	18,609,489	1,159,337	25 years
December 31, 2018 plan change	(5,566,395)	(5,669,231)	(381,317)	(5,671,288)	(392,757)	21 years
December 31, 2018 UAAL base	105,508,259	109,717,647	6,544,354	110,653,357	6,740,685	26 years
December 31, 2019 contribution surplus	(6,326,553)	(6,463,814)	(393,757)	(6,510,136)	(405,570)	25 years
December 31, 2019 plan change	(100,004,591)	(101,301,226)	(6,630,383)	(101,534,479)	(6,829,294)	22 years
December 31, 2019 UAAL base	(52,586,784)	(53,978,549)	(3,156,478)	(54,506,671)	(3,251,172)	27 years
December 31, 2020 contribution deficiency	3,550,104	3,580,380	218,106	3,606,039	224,650	25 years
December 31, 2020 assumption change	202,330,334	204,762,109	11,752,252	207,003,072	12,104,819	28 years
December 31, 2020 UAAL base	(251,998,487)	(255,027,215)	(14,637,200)	(257,818,291)	(15,076,317)	28 years
December 31, 2021 contribution surplus	(15,108,893)	(15,108,893)	(920,390)	(15,217,169)	(948,002)	25 years
December 31, 2021 plan change	(107,245,353)	(107,245,353)	(6,681,191)	(107,855,064)	(6,881,627)	24 years
December 31, 2021 UAAL Base	(227,885,573)	(227,885,573)	(12,851,082)	(230,624,492)	(13,236,614)	29 years
December 31, 2022 contribution surplus	(13,492,152)	N/A	N/A	(13,492,152)	(840,537)	25 years
December 31, 2022 UAAL Base	(111,088,813)	N/A	N/A	(111,088,813)	(6,264,598)	30 years
Total		\$654,444,885	\$40,423,942	\$533,956,497	\$34,531,525	
Total with interest to middle of the year			\$41,863,671		\$35,761,391	
Projected payroll			\$760,957,413		\$799,646,962	
Total as a percentage of projected payroll			5.50%		4.47%	
Equivalent single amortization period						22 years

¹ Local Government Division reflects an adjustment for the impact of AED and SAED as well as DC Supplement (for members hired on or after January 1, 2019) contributions received from employers on the estimated pensionable payroll of employees electing to participate in the defined contribution plan.

Section 2: Actuarial Valuation Results

JUDICIAL DIVISION Actuarially Determined Contribution

	12/31/2022 Valuation Date - Contribution for the 2024 Plan Year		12/31/2021 Valuation Date - Contribution for the 2023 Plan Year	
	Amount	% of Payroll ¹	Amount	% of Payroll ¹
1 Total normal cost	\$9,860,998	16.69%	\$9,757,638	16.75%
2 Administrative expenses	236,269	0.40%	232,955	0.40%
3 Expected employee contributions	<u>(6,497,409)</u>	<u>(11.00%)</u>	<u>(6,406,255)</u>	<u>(11.00%)</u>
4 Employer normal cost: 1 + 2 + 3	\$3,599,858	6.09%	\$3,584,338	6.15%
5 Actuarial accrued liability	\$511,202,075		\$488,037,479	
6 Actuarial value of assets	<u>452,508,787</u>		<u>419,256,285</u>	
7 Unfunded/(overfunded) actuarial accrued liability: 5 – 6	\$58,693,288		\$68,781,194	
8 Payment on unfunded/(overfunded) actuarial accrued liability	3,948,606	6.68%	4,470,787	7.68%
9 Actuarially determined contribution: 4 + 8	<u>\$7,548,465</u>	<u>12.78%</u>	<u>\$8,055,125</u>	<u>13.83%</u>
10 Projected payroll	\$59,067,351		\$58,238,682	

¹ The underlying calculations involve more precision than what is presented and the rounded numbers shown may not add as a result.

Section 2: Actuarial Valuation Results

JUDICIAL DIVISION Unfunded Actuarial Accrued Liability Amortization Schedule

Description	Original Balance	Outstanding Balance as of 12/31/2021	1/1/2022 Amortization Payment	Outstanding Balance as of 12/31/2022	1/1/2023 Amortization Payment	Amortization Period as of 12/31/2022
December 31, 2017 legacy UAAL (revised funding policy effective December 31, 2018)	\$118,023,473	\$124,179,986	\$7,564,688	\$125,069,907	\$7,791,628	25 years
December 31, 2018 contribution deficiency	4,422,408	4,582,735	279,167	4,615,577	287,542	25 years
December 31, 2018 UAAL base	7,528,585	7,828,948	466,975	7,895,716	480,984	26 years
December 31, 2019 contribution surplus	(143,776)	(146,895)	(8,948)	(147,948)	(9,217)	25 years
December 31, 2019 plan change	(8,063,590)	(8,168,141)	(534,622)	(8,186,949)	(550,661)	22 years
December 31, 2019 UAAL base	(5,498,149)	(5,643,663)	(330,022)	(5,698,880)	(339,922)	27 years
December 31, 2020 contribution deficiency	342,678	345,600	21,053	348,077	21,685	25 years
December 31, 2020 assumption change	930,344	941,525	54,039	951,829	55,660	28 years
December 31, 2020 UAAL base	(21,069,218)	(21,322,445)	(1,223,794)	(21,555,803)	(1,260,508)	28 years
December 31, 2021 contribution surplus	(3,306,410)	(3,306,410)	(201,417)	(3,330,105)	(207,460)	25 years
December 31, 2021 plan change	(8,389,104)	(8,389,104)	(522,626)	(8,436,798)	(538,305)	24 years
December 31, 2021 UAAL Base	(22,120,942)	(22,120,942)	(1,247,460)	(22,386,809)	(1,284,883)	29 years
December 31, 2022 contribution surplus	(7,575,646)	N/A	N/A	(7,575,646)	(471,949)	25 years
December 31, 2022 UAAL Base	(2,868,880)	N/A	N/A	(2,868,880)	(161,784)	30 years
Total		\$68,781,194	\$4,317,033	\$58,693,288	\$3,812,810	
Total with interest to middle of the year			\$4,470,787		\$3,948,606	
Projected payroll			\$58,238,682		\$59,067,351	
Total as a percentage of projected payroll			7.68%		6.68%	
Equivalent single amortization period						23 years

Section 2: Actuarial Valuation Results

DENVER PUBLIC SCHOOLS DIVISION Actuarially Determined Contribution

	12/31/2022 Valuation Date - Contribution for the 2024 Plan Year		12/31/2021 Valuation Date - Contribution for the 2023 Plan Year	
	Amount	% of Payroll ¹	Amount	% of Payroll ¹
1 Total normal cost	\$112,140,740	13.02%	\$113,157,849	12.92%
2 Administrative expenses	3,445,170	0.40%	3,502,747	0.40%
3 Expected employee contributions	<u>(94,742,175)</u>	<u>(11.00%)</u>	<u>(96,325,530)</u>	<u>(11.00%)</u>
4 Employer normal cost: 1 + 2 + 3	\$20,843,735	2.42%	\$20,335,066	2.32%
5 Actuarial accrued liability	\$4,778,609,155		\$4,637,874,454	
6 Actuarial value of assets	<u>4,313,601,801</u>		<u>4,029,095,188</u>	
7 Unfunded/(overfunded) actuarial accrued liability: 5 – 6	\$465,007,354		\$608,779,266	
8 Payment on unfunded/(overfunded) actuarial accrued liability	31,164,769	3.62%	38,950,055	4.45%
9 Actuarially determined contribution: 4 + 8	<u>\$52,008,504</u>	<u>6.04%</u>	<u>\$59,285,121</u>	<u>6.77%</u>
10 Projected payroll	\$861,292,498		\$875,686,633	

¹ The underlying calculations involve more precision than what is presented and the rounded numbers shown may not add as a result.

Section 2: Actuarial Valuation Results

DENVER PUBLIC SCHOOLS DIVISION Unfunded Actuarial Accrued Liability Amortization Schedule

Description	Original Balance	Outstanding Balance as of 12/31/2021	1/1/2022 Amortization Payment	Outstanding Balance as of 12/31/2022	1/1/2023 Amortization Payment	Amortization Period as of 12/31/2022
December 31, 2017 legacy UAAL (revised funding policy effective December 31, 2018)	\$830,756,647	\$874,091,790	\$53,247,160	\$880,355,866	\$54,844,575	25 years
December 31, 2018 contribution deficiency	48,781,251	50,549,721	3,079,344	50,911,979	3,171,724	25 years
December 31, 2018 UAAL base	94,971,312	98,760,316	5,890,779	99,602,578	6,067,503	26 years
December 31, 2019 contribution deficiency	24,046,028	24,567,729	1,496,595	24,743,791	1,541,493	25 years
December 31, 2019 plan change	(76,021,953)	(77,007,635)	(5,040,315)	(77,184,951)	(5,191,525)	22 years
December 31, 2019 UAAL base	(96,339,884)	(98,889,620)	(5,782,721)	(99,857,149)	(5,956,202)	27 years
December 31, 2020 contribution deficiency	26,912,759	27,142,280	1,653,430	27,336,792	1,703,033	25 years
December 31, 2020 assumption change	117,503,086	118,915,336	6,825,105	120,216,773	7,029,859	28 years
December 31, 2020 UAAL base	(158,413,687)	(160,317,635)	(9,201,376)	(162,072,188)	(9,477,418)	28 years
December 31, 2021 contribution surplus	(13,021,037)	(13,021,037)	(793,204)	(13,114,351)	(817,000)	25 years
December 31, 2021 plan change	(77,033,015)	(77,033,015)	(4,799,017)	(77,470,963)	(4,942,988)	24 years
December 31, 2021 UAAL Base	(158,978,964)	(158,978,964)	(8,965,252)	(160,889,706)	(9,234,210)	29 years
December 31, 2022 contribution surplus	(54,851,728)	N/A	N/A	(54,851,728)	(3,417,163)	25 years
December 31, 2022 UAAL Base	(92,719,389)	N/A	N/A	(92,719,389)	(5,228,696)	30 years
Total		\$608,779,266	\$37,610,528	\$465,007,354	\$30,092,985	
Total with interest to middle of the year			\$38,950,055		\$31,164,769	
Projected payroll			\$875,686,633		\$861,292,498	
Total as a percentage of projected payroll			4.45%		3.62%	
Equivalent single amortization period						23 years

Section 2: Actuarial Valuation Results

Reconciliation of Actuarially Determined Contribution

The chart below details the changes in the actuarially determined contribution from the prior valuation to the current year's valuation.

Reconciliation of Actuarially Determined Contribution

	Item	State Division ¹	School Division ¹	Local Government Division ¹	Judicial Division ¹	Denver Public Schools Division ¹
1	Prior valuation	20.71%	21.13%	9.20%	13.83%	6.77%
2	Increases/(decreases) due to:					
	Net effect of change in payroll and normal cost	0.10%	(0.28%)	(0.02%)	0.05%	0.31%
	Effect of contributions (more)/less than actuarially determined contribution	(0.29%)	(0.17%)	(0.10%)	(0.75%)	(0.37%)
	Effect of gains and losses on accrued liability and administrative expenses	0.09%	0.70%	0.20%	1.18%	(0.01%)
	Effect of investment (gain)/loss	(0.63%)	(0.58%)	(0.74%)	(0.72%)	(0.55%)
	Effect of plan changes	(0.02%)	0.00%	0.00%	0.00%	0.00%
	Effect of change in actuarial assumptions and methods	0.00%	0.00%	0.00%	0.00%	0.00%
	Net effect of other changes	<u>(0.19%)</u>	<u>(0.22%)</u>	<u>(0.26%)</u>	<u>(0.81%)</u>	<u>(0.11%)</u>
	Total change	(0.94%)	(0.55%)	(0.92%)	(1.05%)	(0.73%)
3	Current valuation: 1 + 2	19.77%	20.58%	8.28%	12.78%	6.04%
4	Statutory employer contribution rate	19.83%	19.77%	12.97%	23.26%	8.88%
5	Margin available [contribution sufficiency/(deficiency)]: 4 – 3	<u>0.06%</u>	<u>(0.81%)</u>	<u>4.69%</u>	<u>10.48%</u>	<u>2.84%</u>

¹ The underlying calculations involve more precision than what is presented and the rounded numbers shown may not add as a result.

Section 2: Actuarial Valuation Results

Automatic Adjustment Provisions (AAP)

The automatic adjustment provision initiates automatic changes to member and employer contribution rates, the annual increase cap, and the direct distribution from the State under certain circumstances. Automatic changes are triggered when the ratio of the Blended Total Contribution Rate¹ to the Blended Total Required Contribution is less than 98% or greater than 120%. The table below calculates the Blended Total Contribution Rate and the Blended Total Required Contribution for the 2024 plan year.

Blended Total Contribution Rate¹ and Blended Total Required Contribution for the 2024 Plan Year

Item	State Division	School Division	Local Government Division	Judicial Division	Denver Public Schools Division	Total Weighted Average
1 Unfunded actuarial accrued liability as of December 31, 2022	\$9,275,673,361	\$15,933,025,000	\$533,956,497	\$58,693,288	\$465,007,354	\$26,266,355,500
2 Member contribution rate	11.10%	11.00%	9.01%	11.00%	11.00%	10.99%
3 Employer contribution rate ^{2,3}	20.04%	19.77%	13.05%	23.26%	8.88%	19.54%
4 Actuarially determined employer contribution rate	19.77%	20.58%	8.28%	12.78%	6.04%	19.77%
5 Direct distribution rate						1.98%
6 Blended total contribution rate: 2 + 3 + 5						32.51%
7 Blended total required contribution: 2 + 4						30.76%
8 Ratio of blended total contribution rate to blended total required contribution: 6 ÷ 7						105.69%

¹ "Blended Total Contribution Rate" is used synonymously with the term "Blended Total Contribution Amount", which is defined in C.R.S. 24-51-413(1)(a).

² Statutory base contribution rates plus AED and SAED contributions less 1.02% HCTF contributions, PCOP credit for DPS Division, and 1% AIR contributions for post-2006 members.

³ For State and Local Government Divisions, reflects the DC Supplement contribution rate.

Section 2: Actuarial Valuation Results

Automatic adjustment provisions effective July 1, 2024 - Before automatic adjustment provision

Item	State Division Members Other than State Troopers	School Division	Local Government Division Members Other than State Troopers	State Trooper Members	Judicial Division	Denver Public Schools Division
1 Member contribution rate	11.00%	11.00%	9.00%	13.00%	11.00%	11.00%
2 Employer contribution rate ¹	11.40%	11.40%	11.00%	14.10%	14.91%	11.40%
3 Annual increase cap	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
4 Direct distribution amount	\$225,000,000 spread across all divisions except for Local Government Division					

¹ Statutory base contribution rates

Automatic adjustment provisions effective July 1, 2024 - After automatic adjustment provision – NO CHANGES

Item	State Division Members Other than State Troopers	School Division	Local Government Division Members Other than State Troopers	State Trooper Members	Judicial Division	Denver Public Schools Division
1 Member contribution rate	11.00%	11.00%	9.00%	13.00%	11.00%	11.00%
2 Employer contribution rate ¹	11.40%	11.40%	11.00%	14.10%	14.91%	11.40%
3 Annual increase cap	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
4 Direct distribution amount	\$225,000,000 spread across all divisions except for Local Government Division					

¹ Statutory base contribution rates

Section 2: Actuarial Valuation Results

History of Employer Contributions

Critical information to assess the funding progress is the historical comparison of the actuarially determined contribution (annual required contribution prior to 2014) to the actual contributions. A history of the most recent years of contributions is shown below.

STATE DIVISION History of Employer Contributions: 2013 – 2022

Plan Year Ended December 31	Actuarially Determined Employer Contribution (ADC)		Actual Employer Contribution		
	Amount	Percentage of Payroll	Amount ¹	Percentage of Payroll	Percent Contributed
2013	\$495,240,593	20.01%	\$393,217,865	15.89%	79.4%
2014	524,474,957	20.45%	434,388,378	16.94%	82.8%
2015	590,457,196	22.35%	472,605,238	17.89%	80.0%
2016	604,746,141	22.31%	508,966,375	18.78%	84.2%
2017	630,022,456	22.71%	549,621,778	19.81%	87.2%
2018	762,391,572	26.30%	645,732,724	22.28%	84.7%
2019	697,341,417	23.28%	671,706,942	22.42%	96.3%
2020	731,822,257	23.69%	626,943,850 ²	20.29%	85.7%
2021	650,973,189	21.05%	720,403,554	23.30%	110.7%
2022	746,637,495	23.45%	880,603,398 ³	27.66%	117.9%

¹ Beginning in 2018, the actual employer contribution amount includes a direct distribution from the State Treasury.

² \$225,000,000 Direct Distribution suspended for 2020.

³ \$605,000,000 Direct Distribution paid for 2022.

Section 2: Actuarial Valuation Results

SCHOOL DIVISION History of Employer Contributions: 2013 – 2022

Plan Year Ended December 31	Actuarially Determined Employer Contribution (ADC)		Actual Employer Contribution		
	Amount	Percentage of Payroll	Amount ¹	Percentage of Payroll	Percent Contributed
2013	\$779,458,799	19.79%	\$613,738,447	15.58%	78.7%
2014	798,425,826	19.65%	673,043,013	16.56%	84.3%
2015	929,222,688	21.94%	738,533,745	17.44%	79.5%
2016	972,507,903	22.36%	794,872,295	18.28%	81.7%
2017	1,007,843,833	22.54%	837,837,286	18.74%	83.1%
2018	1,283,586,925	26.80%	1,027,918,101	21.46%	80.1%
2019	1,204,135,246	23.59%	1,104,066,065	21.63%	91.7%
2020	1,202,647,756	23.37%	1,020,832,715 ²	19.84%	84.9%
2021	1,126,514,996	20.61%	1,210,247,841	22.14%	107.4%
2022	1,391,486,674	24.54%	1,516,544,156 ³	26.75%	109.0%

¹ Beginning in 2018, the actual employer contribution amount includes a direct distribution from the State Treasury.

² \$225,000,000 Direct Distribution suspended for 2020.

³ \$605,000,000 Direct Distribution paid for 2022.

Section 2: Actuarial Valuation Results

LOCAL GOVERNMENT DIVISION History of Employer Contributions: 2013 – 2022

Plan Year Ended December 31	Actuarially Determined Employer Contribution (ADC)		Actual Employer Contribution		
	Amount	Percentage of Payroll	Amount	Percentage of Payroll	Percent Contributed
2013	\$56,180,165	10.62%	\$65,329,207	12.35%	116.3%
2014	63,667,135	11.78%	252,545,073	46.73%	396.7%
2015	76,478,780	13.62%	67,893,740	12.09%	88.8%
2016	72,865,069	11.98%	72,162,542	11.86%	99.0%
2017	75,425,986	11.92%	75,963,608	12.00%	100.7%
2018	94,324,433	14.27%	77,578,359	11.74%	82.2%
2019	75,805,709	11.13%	81,395,567	11.95%	107.4%
2020	90,817,562	13.01%	85,169,653	12.20%	93.8%
2021	78,453,861	10.84%	91,517,127	12.64%	116.7%
2022	96,705,295	12.72%	103,008,899	13.55%	106.5%

Section 2: Actuarial Valuation Results

JUDICIAL DIVISION History of Employer Contributions: 2013 – 2022

Plan Year Ended December 31	Actuarially Determined Employer Contribution (ADC)		Actual Employer Contribution		
	Amount	Percentage of Payroll	Amount ¹	Percentage of Payroll	Percent Contributed
2013	\$8,599,454	21.53%	\$6,493,766	16.26%	75.5%
2014	8,625,480	20.07%	6,954,101	16.18%	80.6%
2015	10,053,557	21.45%	7,561,652	16.13%	75.2%
2016	10,747,986	22.07%	7,859,965	16.14%	73.1%
2017	11,032,791	22.54%	7,888,651	16.12%	71.5%
2018	13,767,896	27.26%	9,477,029	18.76%	68.8%
2019	11,700,590	21.90%	11,741,765	21.98%	100.4%
2020	12,079,009	22.05%	10,112,951 ²	18.46%	83.7%
2021	7,881,691	14.13%	10,833,658	19.42%	137.5%
2022	8,801,565	15.56%	15,536,644 ³	27.47%	176.5%

¹ Beginning in 2018, the actual employer contribution amount includes a direct distribution from the State Treasury.

² \$225,000,000 Direct Distribution suspended for 2020.

³ \$605,000,000 Direct Distribution paid for 2022.

Section 2: Actuarial Valuation Results

DENVER PUBLIC SCHOOLS DIVISION History of Employer Contributions: 2013 – 2022

Plan Year Ended December 31	Actuarially Determined Employer Contribution (ADC)		Actual Employer Contribution		
	Amount	Percentage of Payroll	Amount ¹	Percentage of Payroll	Percent Contributed
2013	\$63,145,188	11.53%	\$23,103,723	4.22%	36.6%
2014	56,503,673	9.67%	15,845,059	2.71%	28.0%
2015	68,695,272	11.06%	5,307,691	0.85%	7.7%
2016	67,171,731	10.46%	13,385,624	2.08%	19.9%
2017	67,662,786	10.28%	23,478,032	3.57%	34.7%
2018	97,475,410	13.50%	49,991,984	6.92%	51.3%
2019	82,019,787	11.14%	57,552,584	7.82%	70.2%
2020	80,374,420	10.42%	50,888,256 ²	6.60%	63.3%
2021	67,683,108	8.22%	78,462,942	9.53%	115.9%
2022	74,962,244	9.25%	120,822,976 ³	14.91%	161.2%

¹ Beginning in 2018, the actual employer contribution amount includes a direct distribution from the State Treasury.

² \$225,000,000 Direct Distribution suspended for 2020.

³ \$605,000,000 Direct Distribution paid for 2022.

Section 2: Actuarial Valuation Results

Additional Information

The other critical piece of information regarding PERA's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of each Division Trust Fund. Higher ratios may indicate a well-funded plan with a higher probability that assets will be sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors. The charts that follow show the funded ratio calculated using the actuarial value of assets.

STATE DIVISION Schedule of Funding Progress

As of December 31	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
2013	\$13,129,459,956	\$22,843,725,166	\$9,714,265,210	57.5%	\$2,474,965,482	392.5%
2014	13,523,487,577	23,408,321,153	9,884,833,576	57.8%	2,564,669,718	385.4%
2015	13,882,819,694	24,085,671,123	10,202,851,429	57.6%	2,641,866,650	386.2%
2016	14,026,331,996	25,669,915,820	11,643,583,824	54.6%	2,710,650,565	429.5%
2017	14,256,409,942	24,782,085,138	10,525,675,196	57.5%	2,774,207,203	379.4%
2018	14,303,725,826	25,509,851,980	11,206,126,154	56.1%	2,898,827,271	386.6%
2019	14,922,049,783	25,717,648,220	10,795,598,437	58.0%	2,995,452,821	360.4%
2020	16,039,286,529	27,116,805,311	11,077,518,782	59.1%	3,089,161,069	358.6%
2021	17,379,516,391	27,159,846,058	9,780,329,667	64.0%	3,092,509,212	316.3%
2022	18,371,696,860	27,647,370,221	9,275,673,361	66.5%	3,183,955,204	291.3%

Section 2: Actuarial Valuation Results

SCHOOL DIVISION Schedule of Funding Progress

As of December 31	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
2013	\$21,369,379,750	\$35,437,311,570	\$14,067,931,820	60.3%	\$3,938,649,818	357.2%
2014	22,143,356,419	36,386,532,173	14,243,175,754	60.9%	4,063,235,757	350.5%
2015	22,871,661,446	37,677,153,575	14,805,492,129	60.7%	4,235,290,282	349.6%
2016	23,263,343,921	41,352,968,451	18,089,624,530	56.3%	4,349,319,783	415.9%
2017	23,780,045,308	40,046,214,502	16,266,169,194	59.4%	4,471,356,847	363.8%
2018	24,094,441,728	41,598,399,420	17,503,957,692	57.9%	4,789,503,451	365.5%
2019	25,412,013,802	42,425,061,135	17,013,047,333	59.9%	5,104,430,888	333.3%
2020	27,581,088,477	45,532,074,935	17,950,986,458	60.6%	5,146,117,910	348.8%
2021	30,253,175,655	46,336,787,650	16,083,611,995	65.3%	5,465,866,064	294.3%
2022	32,393,722,195	48,326,747,195	15,933,025,000	67.0%	5,670,279,844	281.0%

Section 2: Actuarial Valuation Results

LOCAL GOVERNMENT DIVISION Schedule of Funding Progress

As of December 31	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
2013	\$3,291,297,571	\$4,502,281,918	\$1,210,984,347	73.1%	\$529,003,436	228.9%
2014	3,629,400,231	4,610,967,519	981,567,288	78.7%	540,468,037	181.6%
2015	3,777,160,876	4,780,697,981	1,003,537,105	79.0%	561,518,205	178.7%
2016	3,879,197,057	5,213,051,954	1,333,854,897	74.4%	608,222,609	219.3%
2017	4,009,412,912	5,045,932,015	1,036,519,103	79.5%	632,768,337	163.8%
2018	4,070,679,098	5,240,885,213	1,170,206,115	77.7%	660,998,127	177.0%
2019	4,288,325,330	5,316,433,330	1,028,108,000	80.7%	681,093,520	150.9%
2020	4,663,030,639	5,658,903,096	995,872,457	82.4%	698,059,659	142.7%
2021	5,090,565,515	5,745,010,400	654,444,885	88.6%	723,744,103	90.4%
2022	5,379,487,482	5,913,443,979	533,956,497	91.0%	760,261,752	70.2%

Section 2: Actuarial Valuation Results

JUDICIAL DIVISION Schedule of Funding Progress

As of December 31	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
2013	\$256,800,478	\$351,598,057	\$94,797,579	73.0%	\$39,941,730	237.3%
2014	270,866,145	371,253,240	100,387,095	73.0%	42,976,979	233.6%
2015	286,890,898	401,965,650	115,074,752	71.4%	46,869,730	245.5%
2016	297,888,464	447,117,414	149,228,950	66.6%	48,699,531	306.4%
2017	310,084,726	428,108,199	118,023,473	72.4%	48,947,607	241.1%
2018	315,970,361	447,756,933	131,786,572	70.6%	50,505,856	260.9%
2019	342,071,056	462,038,140	119,967,084	74.0%	53,427,351	224.5%
2020	376,437,305	478,204,823	101,767,518	78.7%	54,780,086	185.8%
2021	419,256,285	488,037,479	68,781,194	85.9%	55,779,834	123.3%
2022	452,508,787	511,202,075	58,693,288	88.5%	56,565,330	103.8%

Section 2: Actuarial Valuation Results

DENVER PUBLIC SCHOOLS DIVISION Schedule of Funding Progress

As of December 31	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
2013	\$3,075,894,894	\$3,785,871,992	\$709,977,098	81.2%	\$547,659,912	129.6%
2014	3,151,455,921	3,816,092,735	664,636,814	82.6%	584,319,269	113.7%
2015	3,207,326,956	3,905,240,456	697,913,500	82.1%	621,114,573	112.4%
2016	3,220,935,045	4,246,430,437	1,025,495,392	75.9%	642,177,158	159.7%
2017	3,257,769,807	4,088,526,454	830,756,647	79.7%	658,198,306	126.2%
2018	3,261,337,748	4,248,602,214	987,264,466	76.8%	722,040,073	136.7%
2019	3,410,264,090	4,263,384,355	853,120,265	80.0%	736,263,798	115.9%
2020	3,682,072,107	4,532,545,623	850,473,516	81.2%	771,347,604	110.3%
2021	4,029,095,188	4,637,874,454	608,779,266	86.9%	823,395,477	73.9%
2022	4,313,601,801	4,778,609,155	465,007,354	90.3%	810,402,643	57.4%

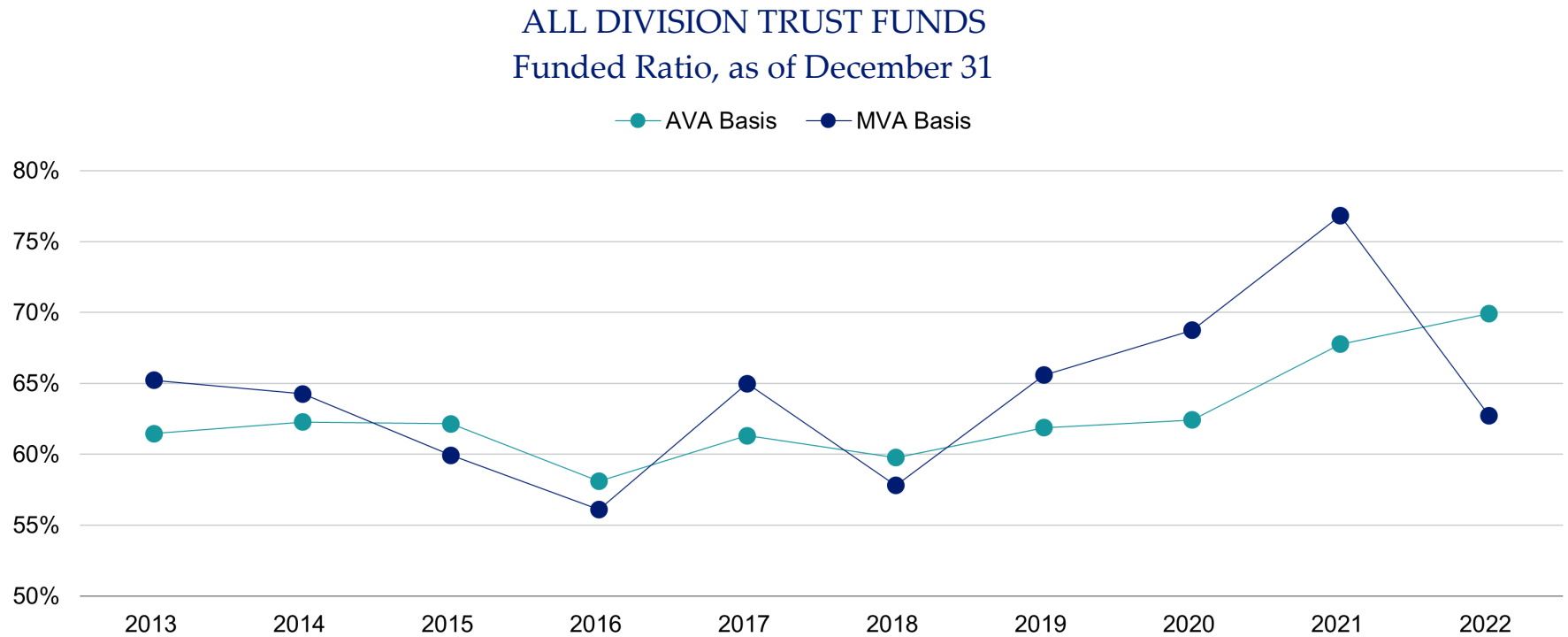
Section 2: Actuarial Valuation Results

ALL DIVISION TRUST FUNDS Schedule of Funding Progress

As of December 31	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
2013	\$41,122,832,649	\$66,920,788,703	\$25,797,956,054	61.5%	\$7,530,220,378	342.6%
2014	42,718,566,293	68,593,166,820	25,874,600,527	62.3%	7,795,669,760	331.9%
2015	44,025,859,870	70,850,728,785	26,824,868,915	62.1%	8,106,659,440	330.9%
2016	44,687,696,483	76,929,484,076	32,241,787,593	58.1%	8,359,069,646	385.7%
2017	45,613,722,695	74,390,866,308	28,777,143,613	61.3%	8,585,478,300	335.2%
2018	46,046,154,761	77,045,495,760	30,999,340,999	59.8%	9,121,874,778	339.8%
2019	48,374,724,061	78,184,565,180	29,809,841,119	61.9%	9,570,668,378	311.5%
2020	52,341,915,057	83,318,533,788	30,976,618,731	62.8%	9,759,466,328	317.4%
2021	57,171,609,034	84,367,556,041	27,195,947,007	67.8%	10,161,294,690	267.6%
2022	60,911,017,125	87,177,372,625	26,266,355,500	69.9%	10,481,464,773	250.6%

Section 2: Actuarial Valuation Results

The chart below shows the funded ratio for the total of all Division Trust Funds calculated using both the actuarial value of assets and the market value of assets.



Section 2: Actuarial Valuation Results

Schedule of Funded Liabilities by Type (formerly known as the Solvency Test)

The Actuarial Accrued Liability represents the present value of benefits earned, calculated using the Division Trust Funds' actuarial cost method. The Actuarial Value of Assets reflects the financial resources available to liquidate the liability. The portion of the liability covered by assets reflects the extent to which accumulated plan assets are sufficient to pay future benefits, and is shown for liabilities associated with member contributions, pensioner liabilities, and other liabilities. The Government Finance Officers Association (GFOA) recommends that the pension funding policy aim to achieve a funded ratio of 100 percent.

STATE DIVISION

Schedule of Funded Liabilities by Type as of December 31

As of December 31	Aggregate Accrued Liabilities			Actuarial Value of Plan Assets	Portion of Accrued Liabilities Covered by Plan Assets		
	(1) Active Member Contributions	(2) Retirees, Beneficiaries, and Inactive Members	(3) Employer-Financed Portion of Active Members		(1)	(2)	(3)
2013	\$2,675,468,549	\$15,296,367,708	\$4,871,888,909	\$13,129,459,956	100.0%	68.3%	0.0%
2014	2,688,513,975	15,846,199,642	4,873,607,536	13,523,487,577	100.0%	68.4%	0.0%
2015	2,685,014,226	16,470,370,315	4,930,286,582	13,882,819,694	100.0%	68.0%	0.0%
2016	2,678,311,640	17,933,226,454	5,058,377,726	14,026,331,996	100.0%	63.3%	0.0%
2017	2,668,406,361	17,395,422,937	4,718,255,840	14,256,409,942	100.0%	66.6%	0.0%
2018	2,682,956,087	18,095,951,346	4,730,944,547	14,303,725,826	100.0%	64.2%	0.0%
2019	2,737,022,568	18,157,928,730	4,822,696,922	14,922,049,783	100.0%	67.1%	0.0%
2020	2,820,780,289	18,876,015,731	5,420,009,291	16,039,286,529	100.0%	70.0%	0.0%
2021	2,881,533,413	19,079,269,775	5,199,042,870	17,379,516,391	100.0%	76.0%	0.0%
2022	2,909,653,738	19,514,492,552	5,223,223,931	18,371,696,860	100.0%	79.2%	0.0%

Section 2: Actuarial Valuation Results

SCHOOL DIVISION Schedule of Funded Liabilities by Type as of December 31

As of December 31	Aggregate Accrued Liabilities				Portion of Accrued Liabilities Covered by Plan Assets		
	(1) Active Member Contributions	(2) Retirees, Beneficiaries, and Inactive Members	(3) Employer-Financed Portion of Active Members	Actuarial Value of Plan Assets	(1)	(2)	(3)
2013	\$3,881,145,368	\$23,301,640,854	\$8,254,525,348	\$21,369,379,750	100.0%	75.1%	0.0%
2014	3,915,705,391	24,247,868,140	8,222,958,642	22,143,356,419	100.0%	75.2%	0.0%
2015	4,003,251,233	25,133,167,683	8,540,734,659	22,871,661,446	100.0%	75.1%	0.0%
2016	4,108,960,910	27,922,422,826	9,321,584,715	23,263,343,921	100.0%	68.6%	0.0%
2017	4,212,088,158	26,937,539,293	8,896,587,051	23,780,045,308	100.0%	72.6%	0.0%
2018	4,344,573,744	27,922,414,342	9,331,411,334	24,094,441,728	100.0%	70.7%	0.0%
2019	4,551,131,706	28,014,054,562	9,859,874,867	25,412,013,802	100.0%	74.5%	0.0%
2020	4,748,884,792	29,376,412,086	11,406,778,057	27,581,088,477	100.0%	77.7%	0.0%
2021	5,019,413,789	29,763,774,519	11,553,599,342	30,253,175,655	100.0%	84.8%	0.0%
2022	5,273,925,218	30,576,351,308	12,476,470,669	32,393,722,195	100.0%	88.7%	0.0%

Section 2: Actuarial Valuation Results

LOCAL GOVERNMENT DIVISION Schedule of Funded Liabilities by Type as of December 31

As of December 31	Aggregate Accrued Liabilities				Portion of Accrued Liabilities Covered by Plan Assets		
	(1) Active Member Contributions	(2) Retirees, Beneficiaries, and Inactive Members	(3) Employer-Financed Portion of Active Members	Actuarial Value of Plan Assets	(1)	(2)	(3)
2013	\$533,003,238	\$2,991,177,371	\$978,101,309	\$3,291,297,571	100.0%	92.2%	0.0%
2014	534,694,536	3,114,435,619	961,837,364	3,629,400,231	100.0%	99.4%	0.0%
2015	533,262,306	3,275,092,726	972,342,949	3,777,160,876	100.0%	99.0%	0.0%
2016	545,507,394	3,573,343,965	1,094,200,595	3,879,197,057	100.0%	93.3%	0.0%
2017	544,524,644	3,482,526,035	1,018,881,336	4,009,412,912	100.0%	99.5%	0.0%
2018	549,498,715	3,679,914,640	1,011,471,858	4,070,679,098	100.0%	95.7%	0.0%
2019	565,273,471	3,713,892,020	1,037,267,839	4,288,325,330	100.0%	100.0%	0.9%
2020	579,210,635	3,895,852,003	1,183,840,458	4,663,030,639	100.0%	100.0%	15.9%
2021	597,770,712	3,978,148,158	1,169,091,530	5,090,565,515	100.0%	100.0%	44.0%
2022	591,991,391	4,112,331,481	1,209,121,107	5,379,487,482	100.0%	100.0%	55.8%

Section 2: Actuarial Valuation Results

JUDICIAL DIVISION Schedule of Funded Liabilities by Type as of December 31

As of December 31	Aggregate Accrued Liabilities				Portion of Accrued Liabilities Covered by Plan Assets		
	(1) Active Member Contributions	(2) Retirees, Beneficiaries, and Inactive Members	(3) Employer-Financed Portion of Active Members	Actuarial Value of Plan Assets	(1)	(2)	(3)
2013	\$59,347,907	\$208,235,801	\$84,014,349	\$256,800,478	100.0%	94.8%	0.0%
2014	60,973,005	214,541,387	95,738,848	270,866,145	100.0%	97.8%	0.0%
2015	60,118,183	232,302,854	109,544,613	286,890,898	100.0%	97.6%	0.0%
2016	58,119,195	273,416,269	115,581,950	297,888,464	100.0%	87.7%	0.0%
2017	54,972,648	277,541,632	95,593,919	310,084,726	100.0%	91.9%	0.0%
2018	57,922,275	286,044,533	103,790,125	315,970,361	100.0%	90.2%	0.0%
2019	57,144,769	304,173,187	100,720,184	342,071,056	100.0%	93.7%	0.0%
2020	58,778,792	318,646,517	100,779,514	376,437,305	100.0%	99.7%	0.0%
2021	61,352,831	331,714,859	94,969,789	419,256,285	100.0%	100.0%	27.6%
2022	61,420,717	360,921,917	88,859,441	452,508,787	100.0%	100.0%	33.9%

Section 2: Actuarial Valuation Results

DENVER PUBLIC SCHOOLS DIVISION Schedule of Funded Liabilities by Type as of December 31

As of December 31	Aggregate Accrued Liabilities				Portion of Accrued Liabilities Covered by Plan Assets		
	(1) Active Member Contributions	(2) Retirees, Beneficiaries, and Inactive Members	(3) Employer-Financed Portion of Active Members	Actuarial Value of Plan Assets	(1)	(2)	(3)
2013	\$364,126,482	\$2,672,260,182	\$749,485,328	\$3,075,894,894	100.0%	100.0%	5.3%
2014	379,240,340	2,665,352,277	771,500,118	3,151,455,921	100.0%	100.0%	13.9%
2015	394,305,861	2,732,879,071	778,055,524	3,207,326,956	100.0%	100.0%	10.3%
2016	402,849,242	2,999,767,090	843,814,105	3,220,935,045	100.0%	93.9%	0.0%
2017	419,239,199	2,867,253,544	802,033,711	3,257,769,807	100.0%	99.0%	0.0%
2018	438,007,813	2,941,987,529	868,606,872	3,261,337,748	100.0%	96.0%	0.0%
2019	461,074,750	2,906,773,493	895,536,112	3,410,264,090	100.0%	100.0%	4.7%
2020	501,422,397	2,975,191,020	1,055,932,206	3,682,072,107	100.0%	100.0%	19.5%
2021	569,133,726	2,921,569,033	1,147,171,695	4,029,095,188	100.0%	100.0%	46.9%
2022	586,071,310	2,991,714,817	1,200,823,028	4,313,601,801	100.0%	100.0%	61.3%

Section 2: Actuarial Valuation Results

ALL DIVISION TRUST FUNDS Schedule of Funded Liabilities by Type as of December 31

As of December 31	Aggregate Accrued Liabilities			Actuarial Value of Plan Assets	Portion of Accrued Liabilities Covered by Plan Assets		
	(1) Active Member Contributions	(2) Retirees, Beneficiaries, and Inactive Members	(3) Employer-Financed Portion of Active Members		(1)	(2)	(3)
2013	\$7,513,091,544	\$44,469,681,916	\$14,938,015,243	\$41,122,832,649	100.0%	75.6%	0.0%
2014	7,579,127,247	46,088,397,065	14,925,642,508	42,718,566,293	100.0%	76.2%	0.0%
2015	7,675,951,809	47,843,812,649	15,330,964,327	44,025,859,870	100.0%	76.0%	0.0%
2016	7,793,748,381	52,702,176,604	16,433,559,091	44,687,696,483	100.0%	70.0%	0.0%
2017	7,899,231,010	50,960,283,441	15,531,351,857	45,613,722,695	100.0%	74.0%	0.0%
2018	8,072,958,634	52,926,312,390	16,046,224,736	46,046,154,761	100.0%	71.7%	0.0%
2019	8,371,647,264	53,096,821,992	16,716,095,924	48,374,724,061	100.0%	75.3%	0.0%
2020	8,709,076,905	55,442,117,357	19,167,339,526	52,341,915,057	100.0%	78.7%	0.0%
2021	9,129,204,471	56,074,476,344	19,163,875,226	57,171,609,034	100.0%	85.7%	0.0%
2022	9,423,062,374	57,555,812,075	20,198,498,176	60,911,017,125	100.0%	89.5%	0.0%

Section 2: Actuarial Valuation Results

Summary of Actuarial Valuation Results

Liabilities as of December 31, 2022

Determination of Unfunded Actuarial Accrued Liability	State Division	School Division	Local Government Division	Judicial Division	Denver Public Schools Division	Total
1 Present value of future benefits, active members						
a. Retirement benefits	\$9,603,547,097	\$21,437,793,304	\$2,167,488,862	\$221,126,655	\$2,202,242,493	\$35,632,198,411
b. Disability benefits	195,305,796	239,769,575	42,811,984	3,698,784	31,936,182	513,522,321
c. Death benefits	169,172,682	251,510,909	41,983,808	5,088,623	29,666,609	497,422,631
d. Withdrawal benefits	<u>1,257,933,312</u>	<u>2,393,840,654</u>	<u>275,706,490</u>	<u>7,097,621</u>	<u>446,295,639</u>	<u>4,380,873,716</u>
e. Total	\$11,225,958,887	\$24,322,914,442	\$2,527,991,144	\$237,011,683	\$2,710,140,923	\$41,024,017,079
2 Inactive vested members	832,679,428	1,282,349,662	307,004,626	14,989,891	158,842,522	2,595,866,129
3 Inactive non-vested members	230,111,296	313,580,219	67,774,571	238,025	59,467,603	671,171,714
4 Retirees and beneficiaries	<u>18,451,701,828</u>	<u>28,980,421,427</u>	<u>3,737,552,284</u>	<u>345,694,001</u>	<u>2,773,404,692</u>	<u>54,288,774,232</u>
5 Actuarial present value of projected benefits: 1e + 2 + 3 + 4	\$30,740,451,439	\$54,899,265,750	\$6,640,322,625	\$597,933,600	\$5,701,855,740	\$98,579,829,154
6 Actuarial present value of future normal costs, active members						
a. Retirement benefits	\$2,033,722,370	\$4,728,063,797	\$488,182,892	\$76,337,424	\$607,952,949	\$7,934,259,432
b. Disability benefits	87,541,031	102,254,655	18,913,336	2,131,110	14,598,023	225,438,155
c. Death benefits	61,548,715	93,308,141	16,087,470	2,358,034	12,761,617	186,063,977
d. Withdrawal benefits	<u>910,269,102</u>	<u>1,648,891,962</u>	<u>203,694,948</u>	<u>5,904,957</u>	<u>287,933,996</u>	<u>3,056,694,965</u>
e. Total	\$3,093,081,218	\$6,572,518,555	\$726,878,646	\$86,731,525	\$923,246,585	\$11,402,456,529
7 Actuarial accrued liability: 5 – 6e	\$27,647,370,221	\$48,326,747,195	\$5,913,443,979	\$511,202,075	\$4,778,609,155	\$87,177,372,625
8 Actuarial value of assets	<u>18,371,696,860</u>	<u>32,393,722,195</u>	<u>5,379,487,482</u>	<u>452,508,787</u>	<u>4,313,601,801</u>	<u>60,911,017,125</u>
9 Unfunded/(overfunded) actuarial accrued liability: 7 – 8	\$9,275,673,361	\$15,933,025,000	\$533,956,497	\$58,693,288	\$465,007,354	\$26,266,355,500

Section 2: Actuarial Valuation Results

Actuarial Balance Sheet

An overview of the Division Trust Funds is given by an Actuarial Balance Sheet. First, the amount and timing of all future payments that will be made by the Division Trust Funds for current participants is determined. Then these payments are discounted at the valuation interest rate to the date of the valuation, thereby determining the present value, referred to as the “liability” of the Division Trust Funds.

Second, this liability is compared to the assets. The “assets” for this purpose include the net amount of assets already accumulated by the Division Trust Funds, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments for the unfunded actuarial accrued liability.

Actuarial Balance Sheet

	State Division	School Division	Local Government Division	Judicial Division	Denver Public Schools Division	Total
Liabilities:						
• Present value of benefits for service retirees	\$17,527,136,397	\$28,191,467,957	\$3,542,719,957	\$334,553,030	\$2,675,669,398	\$52,271,546,739
• Present value of benefits for disabled retirees	711,309,219	589,639,824	153,776,672	7,928,823	75,406,643	1,538,061,181
• Present value of benefits for survivors	213,256,212	199,313,646	41,055,655	3,212,148	22,328,651	479,166,312
• Present value of benefits for inactive members	1,062,790,724	1,595,929,881	374,779,197	15,227,916	218,310,125	3,267,037,843
• Present value of benefits for active members	<u>11,225,958,887</u>	<u>24,322,914,442</u>	<u>2,527,991,144</u>	<u>237,011,683</u>	<u>2,710,140,923</u>	<u>41,024,017,079</u>
Total liabilities	\$30,740,451,439	\$54,899,265,750	\$6,640,322,625	\$597,933,600	\$5,701,855,740	\$98,579,829,154
Assets:						
• Total valuation value of assets	\$18,371,696,860	\$32,393,722,195	\$5,379,487,482	\$452,508,787	\$4,313,601,801	\$60,911,017,125
• Present value of future member contributions	2,966,581,138	5,603,431,988	574,465,772	60,421,549	845,431,905	10,050,332,352
Present value of future employer contributions for:						
• Entry age normal costs	126,500,080	969,086,567	152,412,874	26,309,976	77,814,680	1,352,124,177
• Unfunded actuarial accrued liability	<u>9,275,673,361</u>	<u>15,933,025,000</u>	<u>533,956,497</u>	<u>58,693,288</u>	<u>465,007,354</u>	<u>26,266,355,500</u>
Total of current and future assets	\$30,740,451,439	\$54,899,265,750	\$6,640,322,625	\$597,933,600	\$5,701,855,740	\$98,579,829,154

Section 2: Actuarial Valuation Results

Low-Default-Risk Obligation Measure

In December 2021, the Actuarial Standards Board issued a revision of Actuarial Standard of Practice No. 4 (ASOP 4) *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*. One of the recent revisions to ASOP 4 requires the disclosure of a Low-Default-Risk Obligation Measure (LDROM) when performing a funding valuation. The LDROM is calculated using the same methodology and assumptions used to determine the Actuarial Accrued Liability used for funding, except for the discount rate. The LDROM is required to be calculated using “a discount rate...derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of benefits expected to be paid in the future.”

The discount rate selected and used for this purpose is the Bond Buyer General Obligation 20-year Municipal Bond Index Rate, published at the end of each week. The last published rate in December of the measurement period, by The Bond Buyer (www.bondbuyer.com), is 3.72% for use effective December 31, 2022.

As of December 31, 2022, the LDROM for PERA is \$132,811,887,098.

Colorado PERA’s funded status and Actuarially Determined Contribution Rates are determined using the expected return on assets, currently 7.25% per annum, which reflects the actual investment portfolio as determined by the PERA Board of Trustees. Benefit security for members of PERA relies on a combination of the current assets in the plan, the investment returns generated on those assets, the anticipated future contributions from active plan members and PERA-affiliated employers, and the required annual direct distribution from the State of Colorado. Since the plan assets are not invested in an all-bond portfolio, the LDROM does not provide information on funded status, plan contributions, or the security of participant benefits.

Section 2: Actuarial Valuation Results

Risk

The actuarial valuation results depend on a single set of assumptions; however, there is a risk that emerging results may differ significantly as actual experience proves to be different than projected from the current assumptions.

We have not been engaged to perform a detailed analysis of the potential range of the impact of risks relative to PERA's future financial condition, but have included a brief discussion of some of the risks that may affect the Division Trust Funds. A more detailed assessment of the risks could provide a better understanding of the risks inherent in the Division Trust Funds. This assessment may include scenario testing, sensitivity testing, stress testing, and stochastic modeling. Annually, pursuant to Section 24-51-614, C.R.S. from the Office of the State Auditor and at PERA's request, the actuary prepares a document called the Signal Light report. The purpose of the Signal Light report is to help assess the Division Trust Funds' funding progress and to provide information to assess whether the funding mechanisms promote sustainability. PERA has expanded the Signal Light report to include stochastic modeling and other enhancements to provide a more detailed risk assessment.

It is important to note that this actuarial valuation is based on plan assets as of December 31, 2022. PERA's actuarial funded status does not reflect short term fluctuations of the market, but rather is based on the market values on the last day of each plan year. While it is impossible to determine how the market will perform over the next several months, and how that will affect the results of next year's valuation, Segal is available to prepare projections of potential outcomes upon request.

A detailed risk assessment, including stochastic modeling, would provide additional useful information. PERA has undergone significant benefit changes, including the Automatic Adjustment Provision that is expected to allow PERA to achieve full funding in 30 years. Stochastic modeling is critical in order to monitor the likelihood of achieving PERA's funding goals. A detailed risk assessment could model funded percentages, effective amortization periods and projected actuarially determined contributions based upon PERA's target asset allocation and capital market assumptions. The results would allow PERA to assess the likelihood of positive or negative occurrences.

The following risks could significantly affect the Plans' future condition:

- **Investment Risk** (the risk that returns will be different than expected)

The assets total approximately \$55 billion. If the actual market value return for the Plan Year were 1% different from the assumed (either higher or lower), the projected unfunded actuarial liability would change by about \$550 million.

If the prior year's investment performance resulted in a market value of assets that is 10% different from the current value, it would result in a change of \$5.5 billion in the asset value. A 10% increase in assets would cause the unfunded liability (market value basis) to decrease from \$32.5 billion to \$27.0 billion. Likewise, a 10% decrease in the asset value, would cause the unfunded liability to increase from \$32.5 billion to \$38.0 billion.

Section 2: Actuarial Valuation Results

The market value rate of return over the last ten years has ranged from a low of (13.4%) to a high of 20.3%.

- As another measure of plan funding, open group projections were also performed. Unlike the closed-group methodology used for valuation measurements, these projections are another tool to evaluate plan funding levels. Using the open-group methodology, the projected year that the funded ratio reaches 100% for each Division Trust Fund is dependent upon investment returns, as well as future changes in demographics, growth in active membership, benefit structure, and projected contributions. The following table demonstrates the sensitivity of investment returns and these elements on the projected number of years to full funding. The projected number of years until the funded ratio reaches 100% is determined under two scenarios:
 - The December 31, 2021, actuarial valuation results
 - The December 31, 2022, actuarial valuation, reflecting greater than expected 2022 investment return and other plan experience.
- At the direction of PERA, these deterministic projections of all Division Trust Funds reflect the lower cost benefit structure for new members and use the following assumptions:
 - All actuarial assumptions, including achieving 7.25% investment returns are realized.
 - Active membership growth for State and Judicial is 0.25% each year.
 - Active membership growth for School, Local Government, and Denver Public Schools is 1.00% per year.
 - New entrants have the same demographic mix as new hires over the last five years.
 - Projected Payroll for new entrants is assumed to grow at 3.00% per year.

Projected Number of Years Until the Funded Ratio Reaches 100% (Open Group Basis)

	State Division	School Division	Local Government Division	Judicial Division	Denver Public Schools Division
December 31, 2021 actuarial valuation results ^{1,2}	16	16	2	3	2
December 31, 2022 actuarial valuation results ^{1,2,3}	32	34	23	12	13

¹ Includes impact of AAP adjustments effective July 1, 2022.

² Includes impact of legislative changes pursuant to HB 22-1029.

³ Includes impact of legislative changes pursuant to SB 23-056.

To provide an illustration of the potential risk of varied investment return outcomes, following is a table showing the number of years until the funded ratio reaches 100% for the School Division Trust Fund as of December 31, 2022, under the various return scenarios (used for both assumed investment return and to discount liabilities of the plan) that correspond to the confidence levels (probabilities of investment return) as indicated.

Section 2: Actuarial Valuation Results

School Division Projected Number of Years Until the Funded Ratio Reaches 100%¹ (Open Group Basis)

Probability of achieving at least the rate of return displayed (or better), per annum ²	Long-Term Expected Investment Return and Discount Rate				
	4.35%	6.18%	7.25%	8.63%	10.47%
95%	Infinite				
75%	92				
53%	34				
25%	14				
5%	4				

¹ Reflects the results and experience of the December 31, 2022 Actuarial Funding Valuation, including the impact of legislative changes pursuant to HB 22-1029 and SB 23-056.

² Results reflecting 50-year probability outlooks (Monte Carlo simulations), based on 30-year capital market assumptions, provided by the Board's investment consultants, at the time the Board last reviewed and confirmed the long-term expected rate of return/discount rate of 7.25%.

A sensitivity analysis of the assumptions used in evaluating if the five Division Trust Funds are on track to achieving full funding by 2048 is provided in a separate analysis, referred to as *Signal Light Reporting for the Hybrid Defined Benefit Plan*.

- **Longevity Risk** (the risk that mortality experience will be different than expected)

The actuarial valuation includes an expectation of future improvement in life expectancy. Emerging plan experience that does not match these expectations will result in either an increase or decrease in the actuarially determined contribution. A 10% reduction in the assumed mortality rates results in an increase in the liabilities of roughly 3% for most plans. For PERA, a 3% liability increase would result in an increase in the unfunded accrued liability from \$32.5 billion to \$35.1 billion.

- **Demographic Risk** (the risk that participant experience will be different than assumed)

Examples of this risk include:

- Actual retirements occurring earlier or later than assumed. The value of retirement plan benefits is sensitive to the rate of benefit accruals and any legacy early retirement subsidies that apply.
- More or less active participant turnover than assumed.
- Salary increases more or less than assumed.

Section 2: Actuarial Valuation Results

- **Maturity Measures**

The risk associated with a pension plan increases as it becomes more mature, meaning that as the retiree population increases, the active membership represents a smaller portion of the liabilities of the plan. When this happens, there is a greater risk that fluctuations in the experience of the non-active participants or of the assets of the plan can result in large swings in the contribution requirements.

- Currently the Plan has a total retirees and survivors to active participant ratio of 0.66. For the prior year, benefits paid were \$1.4 billion more than contributions received. As the Plans mature, more cash will be needed from the investment portfolio to meet benefit payments.
- As of December 31, 2022, the retired life actuarial accrued liability represents 62% of the total actuarial accrued liability. In addition, the actuarial accrued liability for inactive vested and non-vested participants represents 4% of the total. The higher the non-active actuarial accrued liability is as a percent of the total liability, the greater the danger of volatility in results.

Section 3: Supplemental Information

Exhibit A: Membership Data

Membership data was provided on electronic files sent by PERA staff. While not verifying the correctness of the data at the source, we performed various tests to ensure the internal consistency of the data and its overall reasonableness.

Division Trust Funds Number of Members

Item	State Division	School Division	Local Government Division	Judicial Division	Denver Public Schools Division	Total
1. Retirees and survivors (includes deferred survivors)	43,860	75,094	8,829	446	7,256	135,485
2. Terminated members entitled to future benefits	9,738	23,817	3,173	31	3,165	39,924
3. Inactive members	91,705	151,524	30,243	7	16,377	289,856
4. Active members						
• Vested						
Other than State Troopers	28,934	72,499	6,122	247	8,377	116,179
State Troopers	651	-	1	-	-	652
• Non-Vested						
Other than State Troopers	19,886	55,558	5,949	93	6,877	88,363
State Troopers	1,421	-	31	-	-	1,452
• Total actives	50,892	128,057	12,103	340	15,254	206,646
5. Grand total: 1 + 2 + 3 + 4	<u>196,195</u>	<u>378,492</u>	<u>54,348</u>	<u>824</u>	<u>42,052</u>	<u>671,911</u>

Section 3: Supplemental Information

Exhibit B: Membership Data by Benefit Tier

Division Trust Funds Number of Members

Item	State Division	School Division	Local Government Division	Judicial Division	Denver Public Schools Division
1. Active members					
• PERA benefit structure hired prior to 1/1/2007	12,598	33,453	2,584	124	711
• DPS benefit structure	92	674	4	1	2,046
• PERA benefit structure hired after 12/31/2006	38,202	93,930	9,515	215	12,497
2. Terminated vested members					
• PERA benefit structure hired prior to 1/1/2007	5,197	12,839	1,887	17	297
• DPS benefit structure	46	181	3	0	929
• PERA benefit structure hired after 12/31/2006	4,495	10,797	1,283	14	1,939
3. Inactive members					
• PERA benefit structure hired prior to 1/1/2007	31,778	44,716	9,109	1	253
• DPS benefit structure	11	43	3	0	700
• PERA benefit structure hired after 12/31/2006	59,916	106,765	21,131	6	15,424
4. Retirees and survivors (includes deferred survivors)					
• PERA benefit structure hired prior to 1/1/2007	41,383	71,500	8,191	414	220
• DPS benefit structure	42	183	1	1	6,567
• PERA benefit structure hired after 12/31/2006	2,435	3,411	637	31	469
5. Grand total: 1 + 2 + 3 + 4	<u>196,195</u>	<u>378,492</u>	<u>54,348</u>	<u>824</u>	<u>42,052</u>

Section 3: Supplemental Information

Exhibit C: Schedule of Active Member Data as of December 31, 2022

State Division

Age	Years of Service							Total	Valuation Payroll
	Under 5	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 +		
Under 20	239	0	0	0	0	0	0	239	\$5,760,388
20 - 24	1,812	20	12	0	0	0	0	1,844	69,496,057
25 - 29	3,427	369	502	6	0	0	0	4,304	208,982,372
30 - 34	3,185	545	1,813	310	11	0	0	5,864	331,206,770
35 - 39	2,414	471	1,985	1,096	345	12	0	6,323	392,212,576
40 - 44	1,894	370	1,639	1,180	1,003	328	16	6,430	427,249,069
45 - 49	2,042	347	1,485	1,053	1,047	832	315	7,121	485,999,948
50 - 54	1,328	306	1,288	1,023	1,047	931	823	6,746	478,171,646
55 - 59	993	187	999	874	863	745	680	5,341	369,379,008
60	150	32	194	157	164	133	147	977	65,302,485
61	128	38	152	136	173	117	122	866	57,741,115
62	124	37	151	133	149	113	114	821	54,152,589
63	110	25	136	119	141	102	108	741	47,558,697
64	103	24	133	123	136	81	104	704	45,841,029
65	74	17	105	91	104	72	66	529	34,495,547
66	73	15	88	78	64	48	64	430	26,236,530
67	48	12	54	60	63	41	49	327	19,622,411
68	55	6	54	44	44	27	34	264	14,700,672
69	44	3	44	35	39	37	26	228	11,864,379
70 & up	171	32	129	124	122	95	120	793	37,981,916
Total	18,414	2,856	10,963	6,642	5,515	3,714	2,788	50,892	\$3,183,955,204

Members other than State Troopers

Average Age:

Average Service:

Average Expected Remaining Service Life:

State Troopers

45.53

9.23

9.14

Average Age:

Average Service:

Average Expected Remaining Service Life:

36.34

5.62

15.13

Section 3: Supplemental Information

School Division

Age	Years of Service							Total	Valuation Payroll
	Under 5	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 +		
Under 20	1,523	1	0	0	0	0	0	1,524	\$14,265,344
20 - 24	5,584	183	111	0	0	0	0	5,878	129,756,532
25 - 29	7,187	1,263	2,024	47	0	0	0	10,521	380,857,037
30 - 34	5,429	1,092	5,004	1,234	53	0	0	12,812	538,036,019
35 - 39	5,364	932	3,904	3,342	1,168	55	0	14,765	659,301,737
40 - 44	5,270	982	3,836	2,728	3,458	1,157	31	17,462	848,160,655
45 - 49	9,095	964	3,596	2,391	2,663	2,889	816	22,414	1,025,476,263
50 - 54	3,157	646	2,884	2,292	2,580	2,456	2,419	16,434	907,057,041
55 - 59	2,195	461	2,050	1,700	2,258	1,901	1,519	12,084	617,398,134
60	403	75	359	299	398	299	250	2,083	97,361,363
61	413	79	307	244	339	302	233	1,917	84,616,444
62	354	70	301	246	309	289	223	1,792	78,979,998
63	308	70	268	201	298	249	188	1,582	66,399,770
64	288	55	223	175	240	213	157	1,351	55,490,961
65	252	50	195	129	172	151	106	1,055	41,064,981
66	217	51	163	106	110	84	81	812	28,896,076
67	216	24	120	96	78	73	68	675	22,225,322
68	183	32	103	49	50	52	51	520	15,906,040
69	141	21	94	57	44	37	36	430	13,061,473
70 & up	745	115	439	228	188	106	125	1,946	45,968,654
Total	48,324	7,166	25,981	15,564	14,406	10,313	6,303	128,057	\$5,670,279,844

Average Age: 44.48
 Average Service: 9.01
 Average Expected Remaining Service Life: 9.83

Section 3: Supplemental Information

Local Government Division

Age	Years of Service							Total	Valuation Payroll
	Under 5	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 +		
Under 20	623	0	0	0	0	0	0	623	\$5,660,079
20 - 24	566	13	11	0	0	0	0	590	16,788,045
25 - 29	720	78	144	1	0	0	0	943	47,641,976
30 - 34	680	128	376	78	8	0	0	1,270	78,657,924
35 - 39	592	121	395	172	90	12	0	1,382	93,131,890
40 - 44	454	80	390	201	177	63	9	1,374	101,981,413
45 - 49	560	68	336	197	237	131	76	1,605	115,808,307
50 - 54	357	62	285	176	281	172	131	1,464	115,301,404
55 - 59	300	51	220	172	210	140	131	1,224	90,578,964
60	45	12	33	51	56	35	22	254	17,596,383
61	49	11	33	21	46	26	11	197	13,382,351
62	42	7	41	32	28	27	31	208	14,181,354
63	37	12	41	25	28	18	23	184	11,658,001
64	39	8	34	19	29	19	16	164	11,098,068
65	33	4	18	21	24	14	13	127	8,057,482
66	20	6	20	16	7	3	10	82	4,711,283
67	28	3	16	8	15	5	6	81	3,273,259
68	20	2	12	7	7	1	5	54	2,589,744
69	21	1	13	9	7	1	2	54	1,972,980
70 & up	106	14	40	35	17	4	7	223	6,190,845
Total	5,292	681	2,458	1,241	1,267	671	493	12,103	\$760,261,752

Members other than State Troopers

Average Age:

Average Service:

Average Expected Remaining Service Life:

43.89

7.83

8.95

State Troopers

Average Age:

Average Service:

Average Expected Remaining Service Life:

37.12

2.06

15.83

Section 3: Supplemental Information

Judicial Division

Age	Years of Service							Total	Valuation Payroll
	Under 5	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 +		
Under 20	0	0	0	0	0	0	0	0	-
20 - 24	0	0	0	0	0	0	0	0	-
25 - 29	0	0	0	0	0	0	0	0	-
30 - 34	2	0	1	0	0	0	0	3	\$324,812
35 - 39	10	0	2	5	0	0	0	17	2,175,198
40 - 44	17	4	11	8	4	0	0	44	6,922,999
45 - 49	13	6	21	8	8	4	1	61	10,353,564
50 - 54	16	4	11	13	16	3	0	63	10,686,237
55 - 59	8	2	14	13	15	9	9	70	11,885,400
60	2	0	2	3	2	1	3	13	2,140,496
61	3	0	2	2	4	1	1	13	2,314,947
62	0	0	2	3	1	1	2	9	1,621,700
63	0	0	3	4	0	3	1	11	1,962,086
64	0	1	1	0	3	1	1	7	1,247,856
65	0	0	0	1	1	0	2	4	722,548
66	0	0	3	1	1	0	2	7	1,220,069
67	0	1	0	0	0	1	0	2	350,287
68	1	0	0	1	1	1	3	7	1,186,465
69	0	0	0	0	1	0	2	3	537,423
70 & up	0	0	0	1	0	2	3	6	913,243
Total	72	18	73	63	57	27	30	340	\$56,565,330

Average Age: 53.31
 Average Service: 11.86
 Average Expected Remaining Service Life: 11.62

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Denver Public Schools Division

Age	Years of Service							Total	Valuation Payroll
	Under 5	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 +		
Under 20	152	0	0	0	0	0	0	152	\$2,257,972
20 - 24	873	27	22	0	0	0	0	922	22,802,574
25 - 29	1,296	195	368	11	0	0	0	1,870	77,882,061
30 - 34	943	204	974	195	2	0	0	2,318	121,536,900
35 - 39	634	156	761	580	105	4	0	2,240	133,580,972
40 - 44	958	131	634	487	240	43	3	2,496	139,523,896
45 - 49	336	75	393	357	237	188	34	1,620	102,802,913
50 - 54	264	74	262	353	194	208	103	1,458	93,748,670
55 - 59	202	40	162	238	120	127	87	976	58,501,730
60	31	6	37	41	34	20	12	181	10,590,973
61	34	7	23	40	23	18	18	163	8,659,848
62	23	7	21	36	12	15	13	127	6,426,068
63	19	7	35	30	18	16	8	133	7,114,019
64	19	7	28	40	16	12	8	130	5,977,045
65	18	4	13	27	7	10	7	86	4,273,444
66	13	4	12	21	7	9	6	72	3,552,970
67	17	3	12	13	3	10	2	60	2,672,086
68	13	3	8	15	6	3	0	48	1,759,860
69	14	1	9	8	1	3	2	38	1,437,507
70 & up	52	11	27	49	9	5	11	164	5,301,135
Total	5,911	962	3,801	2,541	1,034	691	314	15,254	\$810,402,643

DPS Benefit Structure

Average Age: 51.31
 Average Service: 19.21
 Average Expected Remaining Service Life: 7.71

PERA Benefit Structure

Average Age: 39.56
 Average Service: 5.78
 Average Expected Remaining Service Life: 9.97

Section 3: Supplemental Information

Exhibit D: Schedule of Benefit Recipients by Annual Benefit as of December 31, 2022

Annual Benefit Range ¹	Number of Benefit Recipients ²					Total
	State Division	School Division	Local Government Division	Judicial Division	Denver Public Schools Division	
\$0 - \$4,999	2,509	7,295	585	6	314	10,709
\$5,000 - \$9,999	2,937	6,957	771	12	559	11,236
\$10,000 - \$24,999	9,073	15,525	2,066	29	1,461	28,154
\$25,000 - \$49,999	15,050	21,386	2,789	65	2,436	41,726
\$50,000 - \$99,999	12,723	22,901	2,291	209	2,406	40,530
\$100,000 - \$149,999	1,295	806	266	117	71	2,555
\$150,000 - \$199,999	121	58	31	6	-	216
\$200,000 - \$249,999	37	9	7	-	1	54
\$250,000 - \$299,999	4	2	1	-	-	7
\$300,000 +	5	-	1	-	-	6
Total Benefit Recipients:	<u>43,754</u>	<u>74,939</u>	<u>8,808</u>	<u>444</u>	<u>7,248</u>	<u>135,193</u>

¹ Includes amounts paid under replacement benefit arrangements

² Does not include 292 deferred survivors

Section 3: Supplemental Information

Exhibit E: Schedule of Retirees, Beneficiaries, and Survivors Added to and Removed from the Benefit Payroll

Divison	Added to Payroll		Removed from Payroll		Payroll - End of Year		Average Annual Benefits	Increase in Average Benefit
	Number	Annual Benefit	Number	Annual Benefit	Number	Annual Benefit		
State								
• 12/31/2021	2,049	\$74,357,738	980	\$16,651,788	42,937	\$1,744,509,780	\$40,630	0.8%
• 12/31/2022	2,098	\$73,553,004	1,281	\$28,133,745	43,754	\$1,789,929,039	\$40,909	0.7%
School								
• 12/31/2021	3,834	\$115,785,385	1,383	\$16,732,525	72,690	\$2,661,113,004	\$36,609	0.4%
• 12/31/2022	3,954	\$123,361,006	1,705	\$26,877,020	74,939	\$2,757,596,990	\$36,798	0.5%
Local Government								
• 12/31/2021	500	\$16,208,420	110	\$(64,326)	8,570	\$327,632,385	\$38,230	0.4%
• 12/31/2022	445	\$14,515,357	207	\$2,779,130	8,808	\$339,368,612	\$38,530	0.8%
Judicial								
• 12/31/2021	28	\$2,213,671	10	\$298,792	432	\$31,934,120	\$73,922	1.9%
• 12/31/2022	24	\$2,168,626	12	\$201,176	444	\$33,901,570	\$76,355	3.3%
Denver Public School								
• 12/31/2021	281	\$8,318,920	230	\$5,665,898	7,179	\$280,815,458	\$39,116	0.2%
• 12/31/2022	314	\$10,103,383	245	\$6,432,639	7,248	\$284,486,202	\$39,250	0.3%
Total Division Trust Funds								
• 12/31/2021	6,692	\$216,884,134	2,713	\$39,284,677	131,808	\$5,046,004,747	\$38,283	0.5%
• 12/31/2022	6,835	\$223,701,376	3,450	\$64,423,710	135,193	\$5,205,282,413	\$38,503	0.6%

Note: Does not include 292 deferred survivors

Section 3: Supplemental Information

Exhibit F: Summary Statement of Income and Expenses on a Market Value Basis

Year Ended December 31, 2022	State Division	School Division	Local Government Division	Judicial Division	Denver Public Schools Division	Total
Net assets at market value at the beginning of the year	\$19,710,492,269	\$34,273,949,002	\$5,771,079,516	\$473,629,308	\$4,567,640,228	\$64,796,790,323
• Employer contributions	682,356,188	1,166,151,442	103,008,899	11,960,843	68,038,701	2,031,516,073
• Nonemployer contributions	198,247,210	350,392,714	0	3,575,801	52,784,275	605,000,000
• Member contributions	360,522,503	642,201,949	71,338,816	7,844,201	92,164,456	1,174,071,925
• Purchased service	35,643,774	57,396,597	9,416,870	970,183	3,955,554	107,382,978
• Employer disaffiliation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total contributions	\$1,276,769,675	\$2,216,142,702	\$183,764,585	\$24,351,028	\$216,942,986	\$3,917,970,976
Net investment income / (loss)	(2,614,698,996)	(4,564,252,735)	(770,301,575)	(62,960,162)	(609,027,014)	(8,621,240,482)
• Other additions	<u>1,298,333</u>	<u>6,475,292</u>	<u>375,366</u>	<u>4,557,984</u>	<u>976,427</u>	<u>13,683,402</u>
Total additions	(\$1,336,630,988)	(\$2,341,634,741)	(\$586,161,624)	(\$34,051,150)	(\$391,107,601)	(\$4,689,586,104)
• Retirees/co-beneficiary benefits	1,763,225,084	2,707,593,586	333,811,811	32,449,648	280,944,321	5,118,024,450
• Survivor benefits	<u>14,841,700</u>	<u>16,073,087</u>	<u>2,910,161</u>	<u>265,173</u>	<u>1,613,423</u>	<u>35,703,544</u>
Total benefits	\$1,778,066,784	\$2,723,666,673	\$336,721,972	\$32,714,821	\$282,557,744	\$5,153,727,994
• Refunds of contributions	82,319,567	88,355,058	13,391,066	218,367	16,912,916	201,196,974
• Disability and life insurance premiums	849,357	1,435,016	194,592	17,788	190,491	2,687,244
• Administrative expenses	13,312,165	25,561,809	3,449,539	212,666	3,133,663	45,669,842
• Other deductions	<u>9,139,377</u>	<u>3,935,433</u>	<u>5,794,117</u>	<u>32,506</u>	<u>222,501</u>	<u>19,123,934</u>
Total deductions	\$1,883,687,250	\$2,842,953,989	\$359,551,286	\$33,196,148	\$303,017,315	\$5,422,405,988
Net increase (decrease) in assets	(\$3,220,318,238)	(\$5,184,588,730)	(\$945,712,910)	(\$67,247,298)	(\$694,124,916)	(\$10,111,992,092)
Net assets at end of year	\$16,490,174,031	\$29,089,360,272	\$4,825,366,606	\$406,382,010	\$3,873,515,312	\$54,684,798,231
Annual increase reserve	<u>254,109,786</u>	<u>356,270,381</u>	<u>67,228,983</u>	<u>3,287,707</u>	<u>61,912,633</u>	<u>742,809,490</u>
Total net assets	\$16,744,283,817	\$29,445,630,653	\$4,892,595,589	\$409,669,717	\$3,935,427,945	\$55,427,607,721

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Exhibit G: Development of the Fund through December 31, 2022

Year Ended December 31	Employer and Nonemployer Contributions	Member Contributions	Other Contributions	Net Investment Return	Admin. Expenses	Benefit Payments	Market Value of Assets at Year-End	Actuarial Value of Assets at Year-End	Actuarial Value as a Percent of Market Value
2013	\$1,101,883,008	\$665,393,643	\$5,074,751	\$5,545,015,463	(\$32,632,196)	(\$3,908,686,678)	\$43,649,375,160	\$41,122,832,649	94.2%
2014	1,382,775,624	693,520,807	328,298	2,446,720,072	(33,896,525)	(4,069,524,098)	44,069,299,338	42,718,566,293	96.9%
2015	1,291,902,066	726,938,223	8,712,504	662,526,310	(36,573,100)	(4,258,467,219)	42,464,338,122	44,025,859,870	103.7%
2016	1,397,246,801	745,253,243	14,898,401	3,001,297,334	(38,491,246)	(4,435,891,724)	43,148,650,931	44,687,696,483	103.6%
2017	1,493,726,236	773,899,920	23,960,613	7,594,869,464	(40,247,753)	(4,653,583,222)	48,341,276,189	45,613,722,695	94.4%
2018	1,810,698,197	799,632,169	17,693,257	(1,587,662,306)	(41,088,490)	(4,800,812,287)	44,539,736,729	46,046,154,761	103.4%
2019	1,926,462,923	883,594,876	10,126,625	8,851,276,087	(39,186,043)	(4,890,961,486)	51,281,049,711	48,374,724,061	94.3%
2020	1,793,947,425	1,013,635,201	14,154,112	8,571,720,632	(39,377,197)	(4,996,360,554)	57,638,769,330	52,341,915,057	90.8%
2021	2,111,465,122	1,176,503,104	13,881,615	9,086,853,814	(40,737,953)	(5,189,944,709)	64,796,790,323	57,171,609,034	88.2%
2022	2,636,516,073	1,281,454,903	13,683,402	(8,621,240,482)	(45,669,842)	(5,376,736,146)	54,684,798,231	60,911,017,125	111.4%

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Exhibit H: Definition of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Actuarial Accrued Liability for Actives:	The equivalent of the accumulated normal costs allocated to the years before the valuation date.
Actuarial Accrued Liability for Pensioners and Beneficiaries:	The single-sum value of lifetime benefits to existing pensioners and beneficiaries. This sum takes account of life expectancies appropriate to the ages of the annuitants and the interest that the sum is expected to earn before it is entirely paid out in benefits.
Actuarial Cost Method:	A procedure allocating the Actuarial Present Value of Future Benefits to various time periods; a method used to determine the Normal Cost and the Actuarial Accrued Liability that are used to determine the actuarially determined contribution.
Actuarial Gain or Loss:	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates. Through the actuarial assumptions, rates of decrements, rates of salary increases, and rates of fund earnings have been forecasted. To the extent that actual experience differs from that assumed, Actuarial Accrued Liabilities emerge which may be the same as forecasted, or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., assets earn more than projected, salary increases are less than assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results yield in actuarial liabilities that are larger than projected. Actuarial gains will shorten the time required for funding of the actuarial balance sheet deficiency while actuarial losses will lengthen the funding period.
Actuarially Equivalent:	Of equal actuarial present value, determined as of a given date and based on a given set of Actuarial Assumptions.
Actuarial Present Value (APV):	<p>The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. Each such amount or series of amounts is:</p> <ul style="list-style-type: none">• Adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.)• Multiplied by the probability of the occurrence of an event (such as survival, death, disability, withdrawal, etc.) on which the payment is conditioned, and• Discounted according to an assumed rate (or rates) of return to reflect the time value of money.

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Actuarial Present Value of Future Plan Benefits:	The Actuarial Present Value of benefit amounts expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age, anticipated future compensation, and future service credits. The Actuarial Present Value of Future Plan Benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
Actuarial Valuation:	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan.
Actuarial Value of Assets (AVA):	The value of the Fund's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly plans use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the ADC.
Actuarially Determined:	Values that have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the law.
Actuarially Determined Contribution (ADC):	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under the Plan's funding policy. The ADC consists of the Employer Normal Cost and the Amortization Payment.
Amortization Method:	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.
Amortization Payment:	The portion of the pension plan contribution, or ADC, that is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
Assumptions or Actuarial Assumptions:	The estimates upon which the cost of the Fund is calculated, including: <u>Investment return</u> - the rate of investment yield that the Fund will earn over the long-term future; <u>Mortality rates</u> - the death rates of employees and pensioners; life expectancy is based on these rates; <u>Retirement rates</u> - the rate or probability of retirement at a given age or service; <u>Disability rates</u> - the probability of disability retirement at a given age;

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Assumptions or Actuarial Assumptions (continued):	<p><u>Withdrawal rates</u> - the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement;</p> <p><u>Salary increase rates</u> - the rates of salary increase due to inflation and productivity growth.</p>
Closed Amortization Period:	A specific number of years that is counted down by one each year, and therefore declines to zero with the passage of time. For example, if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc. See Open Amortization Period.
Decrements:	Those causes/events due to which a member's status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or withdrawal.
Defined Benefit Plan:	A retirement plan in which benefits are defined by a formula applied to the member's compensation and/or years of service.
Defined Contribution Plan:	A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, the plan's earnings are allocated to each account, and each member's benefits are a direct function of the account balance.
Employer Normal Cost:	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
Experience Study:	A periodic review and analysis of the actual experience of the Fund that may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified as deemed appropriate by the Actuary.
Funded Ratio:	The ratio of the actuarial value of assets (AVA) to the actuarial accrued liability (AAL). Plans sometimes calculate a market funded ratio, using the market value of assets (MVA), rather than the AVA.
Funding Period or Amortization Period:	The term "Funding Period" is used in two ways. First, it is the period used in calculating the Amortization Payment as a component of the ADC. Second, it is a calculated item: the number of years in the future that will theoretically be required to amortize (i.e., pay off or eliminate) the Unfunded Actuarial Accrued Liability, based on the statutory employer contribution rate, and assuming no future actuarial gains or losses.
Investment Return:	The rate of earnings of the Fund from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.
Margin:	The difference, whether positive or negative, between the statutory employer contribution rate and the Actuarially Determined Contribution (ADC).

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Mark Value of Assets:	Plan assets at the fair market value of assets.
Normal Cost:	That portion of the Actuarial Present Value of pension plan benefits and expenses allocated to a valuation year by the Actuarial Cost Method. Any payment in respect of an Unfunded Actuarial Accrued Liability is not part of Normal Cost (see Amortization Payment). For pension plan benefits that are provided in part by employee contributions, Normal Cost refers to the total of employee contributions and employer Normal Cost unless otherwise specifically stated. Under the entry age normal cost method, the Normal Cost is intended to be the level cost (when expressed as a percentage of pay) needed to fund the benefits of a member from hire until ultimate termination, death, disability, or retirement.
Open Amortization Period:	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. If the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period with level percentage of payroll is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never decrease, but will become smaller each year, in relation to covered payroll, if the actuarial assumptions are realized.
Real Rate of Return:	Nominal rate of return on investments, adjusted for inflation.
Unfunded Actuarial Accrued Liability:	The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. This value may be negative, in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus.
Valuation Date or Actuarial Valuation Date:	The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Plan Benefits is determined. The expected benefits to be paid in the future are discounted to this date.

Section 4: Actuarial Valuation Basis

Exhibit I: Actuarial Assumptions and Actuarial Cost Method

Rationale for Assumptions	<p>The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation resulted from the <i>Public Employees' Retirement Association of Colorado Analysis of Actuarial Experience during the Period January 1, 2016 through December 31, 2019</i> dated October 28, 2020.</p> <p>The revised assumptions proposed in this report were adopted by the Board on November 20, 2020, first effective for the December 31, 2020, actuarial valuation and measurement date.</p> <p>As a result of the 2019 Asset Liability Study, concluded at the November 15, 2019, Board meeting, the Board reaffirmed the 7.25% assumed long-term rate of investment return effective as of January 1, 2020.</p>
Long-Term Rate of Return	7.25%, net of investment expenses
Price Inflation Assumption	2.30%
Real Wage Inflation Assumption	0.70%
Wage Inflation Assumption	3.00%
Interest Credit	3.00% per annum on member contribution account balances
Expected Administrative Expenses	0.40%
Actuarial Cost Method	Entry Age Actuarial Cost Method. Entry Age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each member.
Low-Default Risk Obligation Measure Discount Rate	3.72% (Municipal Bond Index rate published by The Bond Buyer (www.bondbuyer.com) effective December 31, 2022)
Asset Valuation Method	The actuarial value of assets is determined using the "four-year smoothed value" asset valuation method. Under this method, investment gains and losses are recognized in equal portions over a four-year period. Investment gains and losses are determined by comparing the actual return on market value for a given period to the anticipated earnings over the same period if the market value at the beginning of the period, contributions, benefit payments, and administrative expenses during the period earned the expected rate of return for the portion of the period that each was expected to be included in, or excluded from, plan assets. The expected rate of return for this purpose is equal to the investment rate of return assumption at the beginning of the period. The resulting actuarial value of assets is not constrained to fall within a corridor around the market value of assets.
Percent Married	100% of active members (80% for members of the DPS Division Benefit Structure) are assumed to be married, with the wife 2 years younger than the husband.

Section 4: Actuarial Valuation Basis

Post-Retirement Benefit Increases [Annual Increases (AI)]

1.00% per year for members of the DPS Benefit Structure and members of the PERA Benefit Structure with membership prior to January 1, 2007. Increases for members of the PERA Benefit Structure with membership after December 31, 2006, are financed by the AIR. In the determination of the Actuarially Determined Contribution rate, as a percentage of covered payroll, the AIR is excluded from both assets and liabilities; thus, the rate at which benefits are assumed to increase for this group is 0.00%. The current AI maximum, or "AI cap" is subject to the Automatic Adjustment Provision.

Withdrawal Assumption

For all but the Judicial Division, it is assumed that 35% of the vested members who terminate elect to withdraw their contributions and matching employer contributions while the remaining 65% elect to leave their contributions in the plan in order to be eligible for a benefit at their retirement date. For the Judicial Division, it is assumed that 100% of the vested members who terminate elect to leave their contributions in the plan in order to be eligible for a benefit at their retirement date. Current active members assumed to terminate service and leave their contributions in the plan in order to be eligible for a benefit at their retirement date are assumed to retire with a reduced benefit, if applicable, at an age based upon benefit structure, and/or service as shown in the following table:

Assumed Age of Initial Benefit Receipt	Benefit Structure, State Trooper members, and/or Service
50	PERA Benefit Structure Members (other than State Troopers) with 25 or More Years of Service
50	State Troopers with 20 or More Years of Service
55	PERA Benefit Structure Members (other than State Troopers) with 20–25 Years of Service
60	PERA Benefit Structure Members with Less than 20 Years of Service
65	DPS Benefit Structure Members

Inactive Members

It is assumed that 100% of inactive members who terminated employment with less than five years of service elect to withdraw their contributions. Current inactive members in the PERA Benefit Structure who are assumed to leave their contributions in the plan in order to be eligible for a benefit at their retirement date are assumed to retire at age 62 with an unreduced pension benefit. Current inactive members in the DPS Benefit Structure who are assumed to leave their contributions in the plan in order to be eligible for a benefit at their retirement date are assumed to retire at age 65 with an unreduced pension benefit.

Section 4: Actuarial Valuation Basis

Death Before Retirement

For State and Local Government Divisions (Members other than State Troopers), pre-retirement mortality rates are based upon the PubG-2010 Employee table with generational projection using scale MP-2019.

For State and Local Government Divisions (State Trooper Members), pre-retirement mortality rates are based upon the PubS-2010 Employee table with generational projection using scale MP-2019.

For School and DPS Divisions, pre-retirement mortality rates are based upon the PubT-2010 Employee table with generational projection using scale MP-2019.

For the Judicial Division, pre-retirement mortality rates are based upon the PubG-2010(A) Above-Median Employee table with generational projection using scale MP-2019.

All mortality tables described above are benefit-weighted.

Section 4: Actuarial Valuation Basis

Death After Retirement

For the State and Local Government Divisions (Members other than State Troopers), post-retirement non-disabled retiree mortality rates are based upon the PubG-2010 Healthy Retiree table with adjustments for credibility and gender. For males, the adjustments are 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019. For females, the adjustments are 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

For the State and Local Government Divisions (State Trooper Members), the post-retirement non-disabled retiree mortality table is the unadjusted PubS-2010 Healthy Retiree table, with generational projection using scale MP-2019.

For the School and DPS Divisions, the post-retirement non-disabled retiree mortality table is the PubT-2010 Healthy Retiree table with adjustments for credibility and gender. For males, the adjustments are 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019. For females, the adjustments are 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

For the Judicial Division, the post-retirement non-disabled retiree mortality table is the unadjusted PubG-2010(A) Above-Median Healthy Retiree table, with generational projection using scale MP-2019.

For all Divisions, the post-retirement non-disabled beneficiary mortality table is the Pub-2010 Contingent Survivor table with adjustments for credibility and gender. For males, the adjustments are 97% of the rates for all ages, with generational projection using scale MP-2019. For females, the adjustments are 105% of the female rates for all ages, with generational projection using scale MP-2019.

For all Divisions other than State Trooper Members, the disabled mortality rates are based upon the PubNS-2010 Disabled Retiree table using 99% of the rates for all ages with generational projection using scale MP-2019.

For State Trooper Members in the State and Local Government Divisions, the disabled mortality rates are based upon the unadjusted PubS-2010 Disabled Retiree table with generational projection using scale MP-2019.

For future benefit recipients, the mortality rates used to determine factors for money purchase benefits, reduced service benefits for members who were not eligible to retire as of January 1, 2011, and co-beneficiary payment options are based upon the collective experience of all PERA divisions. For members, the rates are based upon the gender-distinct PubG-2010 Juvenile, Employee, and Healthy Retiree mortality tables, projected to 2023 using the MP-2019 projection scale. For surviving spouses, the rates are based upon the gender-distinct PubG-2010 Juvenile, Employee, and Contingent Survivor mortality tables, projected to 2023 using scale MP-2019. Unisex factors are then developed using a male/female blend based upon factor type, benefit tier, and/or benefit structure.

All mortality tables described above are benefit-weighted.

Section 4: Actuarial Valuation Basis

Salary increases

Representative values of the assumed annual rates of future salary increases are shown in the following tables:

State Division Trust Fund (Members other than State Troopers)

Age	Merit & Seniority	Inflation & Productivity	Total Increase
20	7.90%	3.00%	10.90%
25	5.50	3.00	8.50
30	3.80	3.00	6.80
35	2.90	3.00	5.90
40	2.20	3.00	5.20
45	1.60	3.00	4.60
50	1.10	3.00	4.10
55	0.70	3.00	3.70
60	0.50	3.00	3.50
65	0.30	3.00	3.30
70	0.30	3.00	3.30

State and Local Government Division Trust Funds (State Trooper Members)

Age	Merit & Seniority	Inflation & Productivity	Total Increase
20	9.40%	3.00%	12.40%
25	5.90	3.00	8.90
30	3.80	3.00	6.80
35	2.90	3.00	5.90
40	2.20	3.00	5.20
45	1.70	3.00	4.70
50	1.30	3.00	4.30
55	0.90	3.00	3.90
60	0.60	3.00	3.60
65	0.30	3.00	3.30
70	0.20	3.00	3.20

Section 4: Actuarial Valuation Basis

Salary increases (continued)

Age	School Division Trust Fund		
	Merit & Seniority	Inflation & Productivity	Total Increase
20	8.00%	3.00%	11.00%
25	5.60	3.00	8.60
30	4.00	3.00	7.00
35	3.30	3.00	6.30
40	2.70	3.00	5.70
45	2.10	3.00	5.10
50	1.60	3.00	4.60
55	1.20	3.00	4.20
60	0.80	3.00	3.80
65	0.50	3.00	3.50
70	0.40	3.00	3.40

Local Government Division Trust Fund (Members other than State Troopers)

Age	Merit & Seniority	Inflation & Productivity	Total Increase
20	8.30%	3.00%	11.30%
25	5.70	3.00	8.70
30	3.80	3.00	6.80
35	2.80	3.00	5.80
40	2.20	3.00	5.20
45	1.80	3.00	4.80
50	1.50	3.00	4.50
55	1.20	3.00	4.20
60	0.90	3.00	3.90
65	0.40	3.00	3.40
70	0.20	3.00	3.20

Section 4: Actuarial Valuation Basis

Salary increases (continued)

Judicial Division Trust Fund			
Service	Merit & Seniority	Inflation & Productivity	Total Increase
0	2.30%	3.00%	5.30%
5	2.00	3.00	5.00
10	1.50	3.00	4.50
15	1.20	3.00	4.20
20	0.90	3.00	3.90
25	0.70	3.00	3.70
30	0.40	3.00	3.40
35	0.20	3.00	3.20
40	0.00	2.80	2.80

DPS Division Trust Fund			
Age	Merit & Seniority	Inflation & Productivity	Total Increase
20	8.50%	3.00%	11.50%
25	6.40	3.00	9.40
30	4.80	3.00	7.80
35	3.90	3.00	6.90
40	3.20	3.00	6.20
45	2.50	3.00	5.50
50	2.00	3.00	5.00
55	1.60	3.00	4.60
60	1.30	3.00	4.30
65	0.90	3.00	3.90
70	0.80	3.00	3.80

Section 4: Actuarial Valuation Basis

Separations From Active Service

Representative values of the assumed annual rates of termination, death, and disability are shown in the following tables:

State Division Trust Fund (Members other than State Troopers)						
Age	Ultimate Termination		Death ⁽¹⁾		Disability	
	Males	Females	Males	Females	Males	Females
20	30.00%	16.45%	0.039%	0.015%	0.008%	0.008%
25	13.60	12.30	0.034	0.011	0.008	0.008
30	7.10	9.50	0.051	0.021	0.008	0.008
35	5.90	7.30	0.070	0.032	0.024	0.024
40	4.75	5.75	0.086	0.043	0.039	0.039
45	3.95	4.95	0.102	0.056	0.076	0.076
50	3.66	4.60	0.139	0.079	0.156	0.156
55	3.54	4.50	0.212	0.128	0.203	0.203
60	3.50	4.50	0.330	0.198	0.236	0.236
65	3.50	4.50	0.471	0.286	0.236	0.236
70	3.50	4.50	0.654	0.438	0.236	0.236

⁽¹⁾ 2022 mortality rates of the PubG-2010 Employee table (benefit-weighted). The mortality rates are projected forward from 2010 with generational mortality improvement using scale MP-2019.

The select termination assumptions for members with less than five years of service are shown in the following table:

State Division Trust Fund (Members other than State Troopers)		
Service	Males	Females
0	34.00%	34.00%
1	21.00	21.00
2	16.00	16.00
3	12.00	12.00
4	10.00	10.00

Section 4: Actuarial Valuation Basis

Separations From Active Service (continued)

Age	State and Local Government Division Trust Funds (State Trooper Members)					
	Termination ⁽¹⁾		Death ⁽²⁾		Disability	
	Males	Females	Males	Females	Males	Females
20	7.30%	7.30%	0.044%	0.018%	0.01%	0.01%
25	5.15	5.15	0.045	0.025	0.02	0.02
30	3.65	3.65	0.058	0.037	0.04	0.04
35	2.98	2.98	0.070	0.050	0.06	0.06
40	2.62	2.62	0.077	0.058	0.10	0.10
45	2.50	2.50	0.085	0.067	0.25	0.25
50	2.50	2.50	0.112	0.087	0.30	0.30
55	2.50	2.50	0.169	0.128	0.30	0.30
60	2.50	2.50	0.273	0.179	0.30	0.30
65	2.50	2.50	0.413	0.220	0.30	0.30
70	2.50	2.50	0.713	0.407	0.30	0.30

⁽¹⁾ There are no select termination assumptions for State Trooper Members.

⁽²⁾ 2022 mortality rates of the PubS-2010 Employee table (benefit-weighted). The mortality rates are projected forward from 2010 with generational mortality improvement using scale MP-2019.

Section 4: Actuarial Valuation Basis

Separations From Active Service (continued)

Age	School Division Trust Fund (PERA Benefit Structure)					
	Ultimate Termination		Death ⁽¹⁾		Disability	
	Males	Females	Males	Females	Males	Females
20	20.00%	17.00%	0.036%	0.015%	0.008%	0.008%
25	11.26	11.56	0.019	0.011	0.008	0.008
30	6.54	7.34	0.031	0.019	0.008	0.008
35	4.60	5.51	0.045	0.028	0.016	0.016
40	3.64	4.34	0.055	0.037	0.033	0.033
45	3.34	4.00	0.070	0.048	0.050	0.050
50	3.24	4.00	0.104	0.070	0.078	0.078
55	3.20	4.00	0.166	0.111	0.126	0.126
60	3.20	4.00	0.273	0.171	0.180	0.180
65	3.20	4.00	0.438	0.261	0.180	0.180
70	3.20	4.00	0.660	0.435	0.180	0.180

⁽¹⁾ 2022 mortality rates of the PubT-2010 Employee table (benefit-weighted). The mortality rates are projected forward from 2010 with generational mortality improvement using scale MP-2019.

The select termination assumptions for members with less than five years of service are shown in the following table:

Service	School Division Trust Fund (PERA Benefit Structure)	
	Males	Females
0	30.00%	30.00%
1	18.00	18.00
2	14.00	14.00
3	11.00	11.00
4	10.00	10.00

Section 4: Actuarial Valuation Basis

Separations From Active Service (continued)

Age	DPS Division Trust Fund (PERA Benefit Structure)					
	Ultimate Termination		Death ⁽¹⁾		Disability	
	Males	Females	Males	Females	Males	Females
20	19.20%	12.80%	0.036%	0.015%	0.008%	0.008%
25	11.20	10.80	0.019	0.011	0.008	0.008
30	7.70	9.40	0.031	0.019	0.008	0.008
35	6.60	7.80	0.045	0.028	0.016	0.016
40	6.00	6.40	0.055	0.037	0.033	0.033
45	6.00	6.00	0.070	0.048	0.050	0.050
50	6.00	5.40	0.104	0.070	0.078	0.078
55	6.00	5.00	0.166	0.111	0.126	0.126
60	6.00	5.00	0.273	0.171	0.180	0.180
65	6.00	5.00	0.438	0.261	0.180	0.180
70	6.00	5.00	0.660	0.435	0.180	0.180

⁽¹⁾ 2022 mortality rates of the PubT-2010 Employee table (benefit-weighted). The mortality rates are projected forward from 2010 with generational mortality improvement using scale MP-2019.

The select termination assumptions for members with less than five years of service are shown in the following table:

Service	DPS Division Trust Fund (PERA Benefit Structure)	
	Males	Females
0	26.00%	26.00%
1	19.00	19.00
2	14.00	14.00
3	12.00	12.00
4	10.00	10.00

Section 4: Actuarial Valuation Basis

Separations From Active Service (continued)

Age	Local Government Division Trust Fund (Members other than State Troopers)					
	Ultimate Termination		Death ⁽¹⁾		Disability	
	Males	Females	Males	Females	Males	Females
20	30.00%	16.45%	0.039%	0.015%	0.008%	0.008%
25	13.60	12.30	0.034	0.011	0.008	0.008
30	7.10	9.50	0.051	0.021	0.008	0.008
35	5.90	7.30	0.070	0.032	0.024	0.024
40	4.75	5.75	0.086	0.043	0.039	0.039
45	3.95	4.95	0.102	0.056	0.076	0.076
50	3.66	4.60	0.139	0.079	0.156	0.156
55	3.54	4.50	0.212	0.128	0.203	0.203
60	3.50	4.50	0.330	0.198	0.236	0.236
65	3.50	4.50	0.471	0.286	0.236	0.236
70	3.50	4.50	0.654	0.438	0.236	0.236

⁽¹⁾ 2022 mortality rates of the PubG-2010 Employee table (benefit-weighted). The mortality rates are projected forward from 2010 with generational mortality improvement using scale MP-2019.

The select termination assumptions for members with less than five years of service are shown in the following table:

Service	Local Government Division Trust Fund (Members other than State Troopers)	
	Males	Females
0	34.00%	34.00%
1	21.00	21.00
2	16.00	16.00
3	12.00	12.00
4	10.00	10.00

Section 4: Actuarial Valuation Basis

Separations From Active Service (continued)

Age	Judicial Division Trust Fund					
	Termination ⁽¹⁾		Death ⁽²⁾		Disability	
	Males	Females	Males	Females	Males	Females
30	1.50%	1.50%	0.044%	0.018%	0.008%	0.008%
35	1.50	1.50	0.061	0.029	0.016	0.016
40	1.50	1.50	0.074	0.039	0.033	0.033
45	1.50	1.50	0.089	0.051	0.050	0.050
50	1.50	1.50	0.121	0.073	0.078	0.078
55	1.50	1.50	0.184	0.116	0.126	0.126
60	1.50	1.50	0.285	0.180	0.180	0.180
65	1.50	1.50	0.408	0.261	0.180	0.180
70	1.50	1.50	0.567	0.399	0.180	0.180

⁽¹⁾ There are no select termination assumptions for members in the Judicial Division Trust Fund.

⁽²⁾ 2022 mortality rates of the PubG-2010(A) Above-Median Employee table (benefit-weighted). The mortality rates are projected forward from 2010 with generational mortality improvement using scale MP-2019.

Section 4: Actuarial Valuation Basis

Separations From Active Service (continued)

Age	All Division Trust Funds (DPS Benefit Structure)					
	Termination ⁽¹⁾		Death ⁽²⁾		Disability	
	Males	Females	Males	Females	Males	Females
20	8.00%	10.00%	0.036%	0.015%	0.008%	0.008%
25	7.40	8.80	0.019	0.011	0.008	0.008
30	6.85	7.70	0.031	0.019	0.008	0.008
35	6.60	7.20	0.045	0.028	0.016	0.016
40	5.45	5.95	0.055	0.037	0.033	0.033
45	4.69	4.41	0.070	0.048	0.050	0.050
50	4.50	3.85	0.104	0.070	0.078	0.078
55	4.31	3.85	0.166	0.111	0.126	0.126
60	4.25	3.85	0.273	0.171	0.180	0.180
65	4.25	3.85	0.438	0.261	0.180	0.180
70	4.25	3.85	0.660	0.435	0.180	0.180

⁽¹⁾ There are no select termination assumptions for members in the DPS Benefit Structure.

⁽²⁾ 2022 mortality rates of the PubT-2010 Employee table (benefit-weighted). The mortality rates are projected forward from 2010 with generational mortality improvement using scale MP-2019.

Section 4: Actuarial Valuation Basis

Retirement

Representative values of the assumed annual rates of service retirement are shown in the following tables:

Age	State Division Trust Fund (Members other than State Troopers)			
	Eligible for Reduced Benefits		Eligible for Unreduced Benefits ⁽¹⁾	
	Males	Females	Males	Females
50	9.5%	9.0%	56.0%	48.0%
51	11.0	8.0	43.0	35.0
52	11.0	8.0	38.0	34.0
53	12.0	9.0	34.0	28.0
54	12.0	12.0	33.0	30.0
55	12.0	15.0	26.0	25.0
56	9.5	11.0	19.0	20.0
57	15.0	12.0	18.0	19.0
58	15.0	15.0	17.0	18.0
59	35.0	35.0	20.0	18.0
60	7.5	8.0	20.0	21.0
61	7.5	8.0	19.0	18.0
62	7.5	9.0	23.0	20.0
63	7.5	9.0	20.0	18.0
64	7.5	9.0	22.0	21.0
65	0.0	0.0	27.0	27.0
66	0.0	0.0	29.0	27.0
67	0.0	0.0	28.0	25.0
68	0.0	0.0	24.0	24.0
69	0.0	0.0	24.0	24.0
70	0.0	0.0	24.0	24.0
71	0.0	0.0	24.0	24.0
72	0.0	0.0	24.0	24.0
73	0.0	0.0	24.0	24.0
74	0.0	0.0	24.0	24.0
75 & over	0.0	0.0	100.0	100.0

⁽¹⁾ Additional increase in rates during the first 5 years of unreduced retirement at ages 55-64 (in order from year 0 through year 4): Males – 30%, 13%, 13%, 13%, 13%; Females – 20%, 9%, 9%, 9%, 9%.

Section 4: Actuarial Valuation Basis

Retirement (continued)

Age	State and Local Government Division Trust Funds (State Trooper Members)			
	Eligible for Reduced Benefits		Eligible for Unreduced Benefits ⁽¹⁾	
	Males	Females	Males	Females
50	10.0%	10.0%	40.0%	40.0%
51	10.0	10.0	28.0	28.0
52	10.0	10.0	28.0	28.0
53	10.0	10.0	28.0	28.0
54	10.0	10.0	28.0	28.0
55	5.0	5.0	28.0	28.0
56	5.0	5.0	28.0	28.0
57	5.0	5.0	28.0	28.0
58	5.0	5.0	28.0	28.0
59	5.0	5.0	28.0	28.0
60	10.0	10.0	28.0	28.0
61	10.0	10.0	28.0	28.0
62	10.0	10.0	28.0	28.0
63	10.0	10.0	28.0	28.0
64	10.0	10.0	28.0	28.0
65 & over	0.0	0.0	100.0	100.0

⁽¹⁾ Additional increase in rates during the first year of unreduced retirement at ages 55-64: 20%.

Section 4: Actuarial Valuation Basis

Retirement (continued)

Age	School and DPS Division Trust Funds (PERA Benefit Structure)			
	Eligible for Reduced Benefits		Eligible for Unreduced Benefits ⁽¹⁾	
	Males	Females	Males	Females
50	8.0%	7.0%	52.0%	55.0%
51	8.0	7.0	43.0	45.0
52	9.0	8.0	41.0	41.0
53	9.0	10.0	39.0	37.0
54	12.0	14.0	37.0	34.0
55	9.0	12.0	27.0	28.0
56	9.0	12.0	22.0	24.0
57	9.0	12.0	21.0	23.0
58	12.0	16.0	19.0	22.0
59	24.0	34.0	21.0	22.0
60	8.0	9.0	25.0	24.0
61	9.0	9.0	24.0	23.0
62	10.0	10.0	22.0	26.0
63	10.0	10.0	22.0	24.0
64	10.0	10.0	26.0	24.0
65	0.0	0.0	28.0	31.0
66	0.0	0.0	31.0	29.0
67	0.0	0.0	25.0	26.0
68	0.0	0.0	26.0	25.0
69	0.0	0.0	26.0	25.0
70	0.0	0.0	24.0	28.0
71	0.0	0.0	24.0	23.0
72	0.0	0.0	24.0	23.0
73	0.0	0.0	24.0	23.0
74	0.0	0.0	24.0	23.0
75 & over	0.0	0.0	100.0	100.0

⁽¹⁾ Additional increase in rates during the first 5 years of unreduced retirement at ages 55-64 (in order from year 0 through year 4):
Males – 28%, 4%, 4%, 4%, 4%; Females – 28%, 10%, 10%, 10%, 10%.

Section 4: Actuarial Valuation Basis

Retirement (continued)

Age	Local Government Division Trust Fund (Members other than State Troopers)			
	Eligible for Reduced Benefits		Eligible for Unreduced Benefits ⁽¹⁾	
	Males	Females	Males	Females
50	9.5%	9.0%	56.0%	48.0%
51	11.0	8.0	43.0	35.0
52	11.0	8.0	38.0	34.0
53	12.0	9.0	34.0	28.0
54	12.0	12.0	33.0	30.0
55	12.0	15.0	26.0	25.0
56	9.5	11.0	19.0	20.0
57	15.0	12.0	18.0	19.0
58	15.0	15.0	17.0	18.0
59	35.0	35.0	20.0	18.0
60	7.5	8.0	20.0	21.0
61	7.5	8.0	19.0	18.0
62	7.5	9.0	23.0	20.0
63	7.5	9.0	20.0	18.0
64	7.5	9.0	22.0	21.0
65	0.0	0.0	27.0	27.0
66	0.0	0.0	29.0	27.0
67	0.0	0.0	28.0	25.0
68	0.0	0.0	24.0	24.0
69	0.0	0.0	24.0	24.0
70	0.0	0.0	24.0	24.0
71	0.0	0.0	24.0	24.0
72	0.0	0.0	24.0	24.0
73	0.0	0.0	24.0	24.0
74	0.0	0.0	24.0	24.0
75 & over	0.0	0.0	100.0	100.0

⁽¹⁾ Additional increase in rates during the first 5 years of unreduced retirement at ages 55-64 (in order from year 0 through year 4):
Males – 30%, 13%, 13%, 13%, 13%; Females – 20%, 9%, 9%, 9%, 9%.

Section 4: Actuarial Valuation Basis

Retirement (continued)

Age	Judicial Division Trust Fund			
	Eligible for Reduced Benefits		Eligible for Unreduced Benefits	
	Males	Females	Males	Females
50	6.0%	6.0%	6.0%	6.0%
51	6.0	6.0	6.0	6.0
52	6.0	6.0	6.0	6.0
53	6.0	6.0	6.0	6.0
54	10.0	10.0	10.0	10.0
55	10.0	10.0	10.0	10.0
56	10.0	10.0	10.0	10.0
57	10.0	10.0	10.0	10.0
58	8.0	8.0	8.0	8.0
59	8.0	8.0	8.0	8.0
60	10.0	10.0	10.0	10.0
61	10.0	10.0	10.0	10.0
62	10.0	10.0	10.0	10.0
63	10.0	10.0	10.0	10.0
64	8.0	8.0	8.0	8.0
65	0.0	0.0	20.0	20.0
66	0.0	0.0	20.0	20.0
67	0.0	0.0	20.0	20.0
68	0.0	0.0	20.0	20.0
69	0.0	0.0	20.0	20.0
70	0.0	0.0	40.0	40.0
71	0.0	0.0	40.0	40.0
72	0.0	0.0	40.0	40.0
73	0.0	0.0	40.0	40.0
74	0.0	0.0	40.0	40.0
75 & over	0.0	0.0	100.0	100.0

Section 4: Actuarial Valuation Basis

Retirement (continued)

Age	All Division Trust Funds (DPS Benefit Structure)			
	Eligible for Reduced Benefits		Eligible for Unreduced Benefits	
	Males	Females	Males	Females
50	8.0%	5.0%	35.0%	40.0%
51	8.0	7.0	35.0	40.0
52	8.0	10.0	30.0	30.0
53	10.0	10.0	30.0	30.0
54	10.0	10.0	25.0	30.0
55	10.0	10.0	30.0	34.0
56	10.0	10.0	20.0	24.0
57	10.0	10.0	26.0	25.0
58	10.0	10.0	22.0	20.0
59	15.0	14.0	26.0	28.0
60	15.0	17.0	26.0	25.0
61	16.0	17.0	18.0	28.0
62	16.0	17.0	27.0	30.0
63	16.0	17.0	40.0	31.0
64	16.0	17.0	24.0	42.0
65	0.0	0.0	38.0	38.0
66	0.0	0.0	30.0	35.0
67	0.0	0.0	30.0	32.0
68	0.0	0.0	30.0	27.0
69	0.0	0.0	30.0	29.0
70	0.0	0.0	30.0	28.0
71	0.0	0.0	30.0	30.0
72	0.0	0.0	30.0	30.0
73	0.0	0.0	30.0	30.0
74	0.0	0.0	30.0	30.0
75 & over	0.0	0.0	100.0	100.0

Section 4: Actuarial Valuation Basis

Single Life Retirement Values and Rates of Post-Retirement Mortality

Healthy Benefit Recipients (State and Local Government Division Members other than State Troopers)								
Age	Rates of Post-Retirement Mortality		Present Value of \$1.00 Monthly for Life		Present Value of \$1.00 Monthly Increasing 1.00% Annually		Future Life Expectancy (Years)	
	Males	Females	Males	Females	Males	Females	Males	Females
50	0.262%	0.184%	\$151.80	\$155.62	\$169.50	\$174.37	36.59	38.88
55	0.391%	0.258%	145.31	150.09	160.99	166.89	31.66	33.86
60	0.597%	0.355%	137.08	142.73	150.53	157.30	26.90	28.93
65	0.864%	0.516%	126.81	132.97	137.88	145.07	22.35	24.12
70	1.334%	0.829%	114.01	120.27	122.63	129.74	18.03	19.46
75	2.258%	1.471%	98.77	104.27	105.04	111.11	14.03	15.05
80	3.887%	3.333%	81.95	84.95	86.16	89.43	10.51	10.99
85	7.114%	6.283%	64.57	66.54	67.16	69.24	7.55	7.80

Healthy Benefit Recipients (School and DPS Division Members)								
Age	Rates of Post-Retirement Mortality		Present Value of \$1.00 Monthly for Life		Present Value of \$1.00 Monthly Increasing 1.00% Annually		Future Life Expectancy (Years)	
	Males	Females	Males	Females	Males	Females	Males	Females
55	0.241%	0.166%	\$148.23	\$152.93	\$164.54	\$170.48	32.91	35.46
60	0.413%	0.253%	140.00	146.08	154.02	161.42	27.95	30.42
65	0.668%	0.358%	129.61	136.91	141.17	149.77	23.20	25.49
70	1.115%	0.573%	116.69	124.59	125.72	134.76	18.71	20.66
75	2.045%	1.089%	101.42	108.65	108.03	116.08	14.59	16.03
80	3.271%	2.769%	85.15	89.12	89.64	94.03	11.02	11.75
85	6.258%	5.403%	66.61	70.29	69.31	73.27	7.81	8.36

Section 4: Actuarial Valuation Basis

Single Life Retirement Values and Rates of Post-Retirement Mortality (continued)

Age	Healthy Benefit Recipients (Judicial Division Members)							
	Rates of Post-Retirement Mortality		Present Value of \$1.00 Monthly for Life		Present Value of \$1.00 Monthly Increasing 1.00% Annually		Future Life Expectancy (Years)	
	Males	Females	Males	Females	Males	Females	Males	Females
50	0.250%	0.203%	\$152.07	\$155.19	\$169.80	\$173.89	36.55	38.97
55	0.374	0.286	145.59	149.63	161.29	166.41	31.61	33.97
60	0.570	0.394	137.34	142.30	150.79	156.89	26.83	29.07
65	0.826	0.575	126.97	132.70	138.00	144.87	22.25	24.31
70	1.285	0.925	113.95	120.40	122.50	130.02	17.89	19.73
75	2.191	1.641	98.33	105.27	104.48	112.36	13.85	15.43
80	3.973	3.022	80.80	87.85	84.86	92.65	10.25	11.56
85	7.328	5.696	63.13	69.49	65.58	72.44	7.29	8.27

Age	Healthy Benefit Recipients (State and Local Government Division State Trooper Members)							
	Rates of Post-Retirement Mortality		Present Value of \$1.00 Monthly for Life		Present Value of \$1.00 Monthly Increasing 1.00% Annually		Future Life Expectancy (Years)	
	Males	Females	Males	Females	Males	Females	Males	Females
45	0.127%	0.087%	\$157.28	\$158.98	\$176.65	\$179.01	40.96	43.04
50	0.180	0.142	151.94	154.01	169.43	172.24	35.80	37.81
55	0.296	0.268	144.74	147.43	160.05	163.60	30.73	32.69
60	0.525	0.474	135.47	139.17	148.40	153.06	25.83	27.77
65	0.887	0.745	124.08	128.97	134.52	140.46	21.21	23.11
70	1.459	1.192	110.33	116.36	118.29	125.37	16.90	18.70
75	2.541	2.061	94.21	101.24	99.84	107.85	12.96	14.61
80	4.617	3.673	76.56	84.41	80.21	88.90	9.51	10.98
85	8.405	6.475	59.18	67.28	61.34	70.09	6.71	7.96

Section 4: Actuarial Valuation Basis

Single Life Retirement Values and Rates of Post-Retirement Mortality (continued)

Disability Benefit Recipients (All Divisions other than State and Local Government Division State Trooper Members)								
Age	Rates of Post-Retirement Mortality		Present Value of \$1.00 Monthly for Life		Present Value of \$1.00 Monthly Increasing 1.00% Annually		Future Life Expectancy (Years)	
	Males	Females	Males	Females	Males	Females	Males	Females
40	0.830%	0.743%	\$141.23	\$144.30	\$157.10	\$161.17	34.27	37.01
45	1.039	0.972	135.13	138.95	149.44	154.37	30.19	32.88
50	1.486	1.402	128.14	133.15	140.81	147.09	26.35	29.05
55	2.023	1.790	120.93	127.57	132.02	140.05	22.89	25.60
60	2.560	2.058	113.62	121.84	123.15	132.80	19.78	22.40
65	3.034	2.160	105.67	114.42	113.63	123.66	16.87	19.17
70	3.593	2.540	96.15	103.90	102.48	111.23	14.05	15.82
75	4.622	3.559	84.36	90.57	89.07	95.99	11.28	12.53
80	6.581	5.514	70.89	75.86	74.13	79.60	8.69	9.59
85	9.851	8.742	57.23	61.70	59.30	64.14	6.48	7.19

Disability Benefit Recipients (State and Local Government Division State Trooper Members)								
Age	Rates of Post-Retirement Mortality		Present Value of \$1.00 Monthly for Life		Present Value of \$1.00 Monthly Increasing 1.00% Annually		Future Life Expectancy (Years)	
	Males	Females	Males	Females	Males	Females	Males	Females
40	0.226%	0.196%	\$158.22	\$159.55	\$178.41	\$180.32	56.73	60.31
45	0.252	0.222	154.23	155.85	172.84	175.14	49.02	52.36
50	0.330	0.290	148.70	150.73	165.46	168.27	41.74	44.85
55	0.464	0.479	141.33	144.10	155.97	159.67	34.93	37.88
60	0.759	0.746	131.97	136.22	144.32	149.67	28.67	31.57
65	1.194	1.026	120.90	126.84	130.89	138.06	23.08	25.87
70	1.774	1.443	107.76	115.22	115.41	124.12	18.09	20.66
75	2.914	2.194	92.23	101.01	97.68	107.60	13.67	15.93
80	5.064	3.673	75.65	84.41	79.24	88.90	9.98	11.78
85	8.476	6.475	59.14	67.28	61.29	70.09	7.02	8.39

Section 4: Actuarial Valuation Basis

Single Life Retirement Values and Rates of Post-Retirement Mortality (continued)

Age	Beneficiaries (All Divisions)							
	Rates of Post-Retirement Mortality		Present Value of \$1.00 Monthly for Life		Present Value of \$1.00 Monthly Increasing 1.00% Annually		Future Life Expectancy (Years)	
	Males	Females	Males	Females	Males	Females	Males	Females
40	0.692%	0.328%	\$152.72	\$158.91	\$171.83	\$179.65	42.16	46.52
45	0.555	0.274	150.03	155.91	167.89	175.31	37.97	41.73
50	0.636	0.321	145.23	151.25	161.46	168.98	33.51	36.83
55	0.772	0.486	138.87	145.11	153.23	160.92	29.09	32.02
60	1.014	0.694	130.72	137.65	143.02	151.36	24.77	27.43
65	1.352	0.913	120.69	128.41	130.79	139.86	20.65	23.02
70	1.921	1.274	108.48	116.60	116.36	125.66	16.74	18.76
75	2.950	2.028	94.25	101.94	100.01	108.62	13.13	14.71
80	4.704	3.478	78.51	85.03	82.41	89.55	9.92	11.04
85	7.803	6.276	62.31	67.22	64.72	69.99	7.19	7.92

Section 4: Actuarial Valuation Basis

Future Normal Costs:

Projected Normal Cost is based on an open group forecast with the current assumption for population growth (1.00% for School, Local Government, and DPS Divisions and 0.25% for State and Judicial Divisions). The new entrants are assumed to enter the plan with the following demographic mixes, based on previous plan experience, with new entrant salaries assumed to increase by 2.30% per annum. The average ages are assumed to remain constant throughout the projection period.

State Division Trust Fund (Members other than State Troopers) ⁽¹⁾				
Age	Male		Female	
	Salary	Proportion	Salary	Proportion
22	\$31,866	5.3%	\$30,539	6.6%
27	46,247	15.0	45,039	20.2
37	50,916	9.7	48,327	12.7
47	50,064	10.2	47,643	8.5
57	49,562	4.5	44,909	4.7
67	25,565	1.5	28,535	1.2

⁽¹⁾ All new entrants are assumed to have 0.50 years of service upon entry for valuation purposes.

Local Government Division Trust Fund (Members other than State Troopers) ⁽²⁾				
Age	Male		Female	
	Salary	Proportion	Salary	Proportion
22	\$26,225	7.2%	\$22,041	7.0%
27	50,696	14.2	43,486	15.2
37	64,906	9.0	48,442	9.3
47	41,133	13.2	32,642	11.6
57	49,708	4.6	36,186	4.6
67	14,510	2.6	15,867	1.5

⁽²⁾ All new entrants are assumed to have 0.50 years of service upon entry for valuation purposes.

Section 4: Actuarial Valuation Basis

Future Normal Costs (continued):

Age	State and Local Government Division Trust Funds (State Trooper Members) ⁽³⁾			
	Male		Female	
	Salary	Proportion	Salary	Proportion
22	\$59,307	9.7%	\$55,199	6.6%
27	63,133	33.7	58,687	14.1
37	65,729	21.0	64,665	4.6
47	62,561	4.9	56,251	3.4
57	76,855	1.5	49,019	0.4
67	40,298	0.1	-	-

⁽³⁾ All new entrants are assumed to have 0.50 years of service upon entry for valuation purposes.

Age	School Division Trust Fund ⁽⁴⁾			
	Male		Female	
	Salary	Proportion	Salary	Proportion
22	\$24,658	3.5%	\$25,845	11.0%
27	34,524	6.8	34,635	20.1
37	34,985	4.3	27,043	16.8
47	26,386	14.8	26,026	11.4
57	31,275	2.6	25,013	5.5
67	19,176	1.6	14,834	1.7

⁽⁴⁾ All new entrants are assumed to have 0.50 years of service upon entry for valuation purposes.

Section 4: Actuarial Valuation Basis

Future Normal Costs (continued):

Age	Judicial Division Trust Fund ⁽⁵⁾			
	Male		Female	
	Salary	Proportion	Salary	Proportion
27	-	-	\$105,672	1.8%
37	\$158,734	12.3%	165,436	17.5
47	161,842	24.6	180,634	24.6
57	185,245	5.3	115,254	10.5
67	116,135	3.5	-	-

⁽⁵⁾ All new entrants are assumed to have 0.62 years of service upon entry for valuation purposes.

Age	DPS Division Trust Fund (PERA Benefit Structure) ⁽⁶⁾			
	Male		Female	
	Salary	Proportion	Salary	Proportion
22	\$30,380	4.2%	\$29,044	13.7%
27	43,900	10.0	43,516	29.3
37	43,491	14.5	42,898	12.5
47	47,931	2.5	35,623	6.7
57	40,641	1.7	32,482	3.3
67	19,808	0.7	19,878	1.1

⁽⁶⁾ All new entrants are assumed to have 0.50 years of service upon entry for valuation purposes.

Section 4: Actuarial Valuation Basis

Exhibit II: Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Effective Date:	Established in 1931, most recently amended during 2015 to "true up" the employer contribution rate of the DPS Division. The Denver Public Schools Retirement System (DPSRS) was merged into PERA effective January 1, 2010. As of that date, all liabilities and assets of DPSRS were transferred to, and became liabilities and assets of, the DPS Division of PERA, including the maintenance of a separate benefit structure for existing members. Therefore, if a DPS Division member terminates employment (without refund) and later is reemployed with an affiliated employer in the State Division, he or she may be building on a DPS Benefit Structure within that division. The benefit provisions of existing members of PERA on the merger date and all new hires, post-merger, are building a benefit under the PERA Benefit Structure.
DEFINITIONS	
Affiliated Employers:	State agencies and institutions of higher education, political subdivisions of the state, all school districts, courts, cities and municipalities and any other public entities that affiliate with PERA.
Annual Increase Reserve (AIR):	Applicable for PERA Benefit Structure members hired on or after January 1, 2007 and prior non-DPSRS members who became PERA members as of January 1, 2010. A portion of the employer contribution, currently equal to 1% of the salaries of affected members, is accumulated in the Annual Increase Reserve to be paid out in annual increases each July 1, to the extent affordable. A separate annual actuarial valuation determines the affordability and the percentage of annual increases to the eligible members within the groups previously defined. The maximum annual increase awarded, if any, by the PERA Board is the least of: a) 1.00% of current benefits, b) The average of the annual CPI-W increase determined each month published for the preceding calendar year, and c) An increase that will exhaust 10% of the year-end market value of the Annual Increase Reserve. Annual increases outlined in this section are subject to change as a result of the Automatic Adjustment Provision.
Covered Members:	Employees of Affiliated Employers who work in a position subject to membership and for whom contributions are made.
Division:	One of five separate divisions, which include: State, School, Local Government, Judicial and Denver Public Schools (DPS). Only local government entities can voluntarily affiliate with PERA and these entities are assigned to the Local Government Division. The financial activities of each division are accounted for in separate trust funds.

Section 4: Actuarial Valuation Basis

Highest Average Salary (HAS):	<p>For PERA Benefit Structure members not in the Judicial Division who are eligible for retirement as of January 1, 2011, one-twelfth of the average of the highest annual salaries upon which contributions were made during three periods of twelve consecutive months of Service Credit; or for a member with less than three years of Service Credit, one-twelfth of the average of the annual salaries upon which contributions were made. Annual salary increases recognized in the determination of HAS are limited to 15% a year for members who began membership prior to January 1, 2007. For members who began membership on or after January 1, 2007, the annual salary increases recognized in the determination of HAS are limited to 8% a year.</p> <p>For Judicial Division members one-twelfth of the highest annual salary upon which contributions were made during one period of twelve consecutive months of Service Credit.</p> <p>For DPS Benefit Structure members, who are eligible for retirement as of January 1, 2011, the greater of the average of the 36 months of highest annual salaries or the career average salary.</p> <p>For all members who are not eligible for retirement as of January 1, 2011, one-twelfth of the average of the highest annual salaries upon which contributions were made during three periods of twelve consecutive months of Service Credit; or for a member with less than three years of Service Credit, one-twelfth of the average of the annual salaries upon which contributions were made. Annual salary increases recognized in the determination of HAS are limited to 8% a year.</p> <p>Effective January 1, 2020, for members in the State, School, Local Government and DPS Divisions, all members who do not have five years of service credit on December 31, 2019, and new members hired on or after January 1, 2020, the number of years used in the highest average salary calculation will be increased from three years to five years.</p> <p>Effective January 1, 2020, for members in the Judicial Division, all members who do not have five years of service credit on December 31, 2019, and new members hired on or after January 1, 2020, the number of years used in the highest average salary calculation will be increased from one year to three years.</p>
Interest Crediting Rate:	3% per annum on member contribution account balances.
Service Credit:	The total of all earned, purchased, (disability) projected, and military service credit, which is used to determine benefit eligibility and amounts.
Vested Members:	DPS Benefit Structure: Members who accrue five or more years of Service Credit are vested for benefits. PERA Benefit Structure: Members who accrue five or more years of Service Credit or attain age sixty-five are vested for benefits.
Salary:	PERA-includable salary redefined under SB 18-200 for all members to include payouts of unused sick leave. For new members hired on or after July 1, 2019, PERA-includable salary was redefined to include contributions to IRC Section 125 and 132 plans.
Member Contributions:	Member contributions, together with any purchased service credit payments and interest, are credited to individual Member Contribution Accounts.

Section 4: Actuarial Valuation Basis

Member Contributions (continued):

Effective Date	Member Contribution Rates as a Percent of Salary ¹			
	Members Other Than State Troopers			State Trooper Members
	State, School, & DPS Divisions	Local Government Division ²	Judicial Division ³	
Prior to July 1, 2019	8.00%	8.00%	8.00%	10.00%
July 1, 2019	8.75%	8.00%	8.75%	10.75%
July 1, 2020 ⁴	10.00%	8.50%	15.00%	12.00%
July 1, 2021	10.50%	8.50%	15.50%	12.50%
On and after July 1, 2022 ⁵	11.00%	9.00%	11.00%	13.00%

¹ Member contribution increases pursuant to SB 18-200.

² Pursuant to HB 19-1217, enacted May 20, 2019.

³ Pursuant to HB 20-1394, enacted June 2020. Rates shown are unweighted, applicable to the majority of the Judicial Division membership.

⁴ Based on the results of the 2018 AAP Assessment, member contribution rates increase by an additional 0.50% effective July 1, 2020.

⁵ Based on the results of the 2020 AAP Assessment, member contribution rates increase by an additional 0.50% effective July 1, 2022.

Effective July 1, 2020, HB 20-1394 requires five percent of the Judicial Division base employer contribution rate to be paid by the members of the Judicial Division for the State's 2020-21 and 2021-22 fiscal years. This contribution rate modification does not apply to judges employed by the Denver County Court within the Judicial Division.

Effective January 1, 2011, retirees working for a PERA-affiliated employer and not working as state legislators, as judges participating in the Senior Judge Program, or in a position covered by an Optional Retirement Plan are required to make member contributions at the same rate as an active member. The contributions are not credited to the member's account, do not accrue a benefit, and are non-refundable.

Member contributions as outlined in this section are subject to change as a result of the Automatic Adjustment Provision.

Employer Contributions:

State Division (Members other than State Troopers): 10.40% of salary on and after July 1, 2019

School Division: 10.40% of salary on and after July 1, 2019

State Trooper Members: 13.10% of salary on and after July 1, 2019

Local Government Division (Members other than State Troopers): 10.00% of salary on and after January 1, 2004

Judicial Division: 13.91% of salary on and after July 1, 2019

Section 4: Actuarial Valuation Basis

Employer Contributions (continued):

DPS Division: 10.40% of salary on and after July 1, 2019. Actual employer contributions are reduced by an amount equal to the principal payments plus interest at 8.5% necessary each year to finance the Pension Certificates of Participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter. The amount of the credit for 2019 was 14.00% of salary. The net DPS Division employer contribution rate for 2019 was 4.63% when including the AED and SAED as described below.

Effective July 1, 2020, all employer contribution rates increased 0.50%, pursuant to the results of the 2018 Automatic Adjustment Provision.

Effective July 1, 2022, all employer contribution rates increase 0.50%, pursuant to the results of the 2020 Automatic Adjustment Provision.

Effective July 1, 2020, HB 20-1394 requires five percent of the Judicial Division base employer contribution rate to be paid by the members of the Judicial Division for the State's 2020-21 and 2021-22 fiscal years. This contribution rate modification does not apply to judges employed by the Denver County Court within the Judicial Division.

Pursuant to C.R.S. § 24-51-415, employer contribution rates for the State and Local Government Divisions are the following in reference to the DC Supplement:

Effective January 1,	State Division	Local Government Division
2021	0.05%	0.02%
2022	0.10%	0.03%
2023	0.17%	0.06%
2024	0.21%	0.08%

The employer contribution rates of the State, School, Local Government, and Judicial Divisions include the contribution of 1.02% allocated to the Health Care Trust Fund.

The employer contribution rate of the DPS Division includes the contribution of 1.02% allocated to the DPS Health Care Trust Fund.

For PERA Benefit Structure members, hired on or after January 1, 2007, these contribution rates also include the 1.00% of payroll contribution earmarked for the Annual Increase Reserve.

Due to legislation in 2004 through 2006, employers are required to pay the statutory contribution, including AED and SAED amounts, on the payroll of working retirees.

Effective July 1, 2018, and on July 1st of each year thereafter until all divisions are 100% funded, PERA will receive an annual Direct Distribution from the State in the amount of \$225 million. PERA shall allocate the distributions in a manner that is proportionate to the annual payroll of each division, except there shall be no allocation to the Local Government Division.

Effective July 1, 2020, the enactment of HB 20-1379 suspended the Direct Distribution, which was payable on July 1, 2020, for the State's 2020-21 fiscal year.

Section 4: Actuarial Valuation Basis

Employer Contributions (continued):

Pursuant to HB 22-1029, enacted in 2022, PERA received a payment of \$380 million in June 2022 with reduced future Direct Distribution payments of \$35 million scheduled to occur July 1, 2023. Pursuant to SB 23-056, enacted and effective June 2, 2023, the State Treasurer is to issue a warrant to PERA consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus \$10 million from the General Fund, totaling approximately \$14.5 million.

Employer contributions are credited to the employer reserve of each division.

Contributions as outlined in this section are subject to change as a result of the Automatic Adjustment Provision.

Amortization Equalization Disbursement (AED):

Beginning January 1, 2006 (January 1, 2010, for the DPS Division), each employer shall pay to PERA a disbursement equal to a percentage of total payroll in accordance with the following schedule:

Year	Percentage of Total Payroll			
	State Division	Schools & DPS Divisions	Local Government Division	Judicial Division
2006	0.50%	0.50%	0.50%	0.50%
2007	1.00%	1.00%	1.00%	1.00%
2008	1.40%	1.40%	1.40%	1.40%
2009	1.80%	1.80%	1.80%	1.80%
2010	2.20%	2.20%	2.20%	2.20%
2011	2.60%	2.60%	2.20%	2.20%
2012	3.00%	3.00%	2.20%	2.20%
2013	3.40%	3.40%	2.20%	2.20%
2014	3.80%	3.80%	2.20%	2.20%
2015	4.20%	4.20%	2.20%	2.20%
2016	4.60%	4.50%	2.20%	2.20%
2017	5.00%	4.50%	2.20%	2.20%
2018	5.00%	4.50%	2.20%	2.20%
2019	5.00%	4.50%	2.20%	3.40%
2020	5.00%	4.50%	2.20%	3.80%
2021	5.00%	4.50%	2.20%	4.20%
2022	5.00%	4.50%	2.20%	4.60%
2023 & after	5.00%	4.50%	2.20%	5.00%

If, at any time, the actuarial funded ratio for a division is 103% or more, the amount of the disbursement shall be reduced by 0.5% of pay.

Section 4: Actuarial Valuation Basis

Supplemental Amortization Equalization Disbursement (SAED):

Beginning January 1, 2008 (January 1, 2010, for the DPS Division), each employer shall pay to PERA a supplemental disbursement equal to a percentage of total payroll in accordance with the following schedule:

Year	Percentage of Total Payroll			
	State Division	Schools & DPS Divisions	Local Government Division	Judicial Division
2008	0.50%	0.50%	0.50%	0.50%
2009	1.00%	1.00%	1.00%	1.00%
2010	1.50%	1.50%	1.50%	1.50%
2011	2.00%	2.00%	1.50%	1.50%
2012	2.50%	2.50%	1.50%	1.50%
2013	3.00%	3.00%	1.50%	1.50%
2014	3.50%	3.50%	1.50%	1.50%
2015	4.00%	4.00%	1.50%	1.50%
2016	4.50%	4.50%	1.50%	1.50%
2017	5.00%	5.00%	1.50%	1.50%
2018	5.00%	5.50%	1.50%	1.50%
2019	5.00%	5.50%	1.50%	3.40%
2020	5.00%	5.50%	1.50%	3.80%
2021	5.00%	5.50%	1.50%	4.20%
2022	5.00%	5.50%	1.50%	4.60%
2023 & after	5.00%	5.50%	1.50%	5.00%

If, at any time, the actuarial funded ratio for a division is 103% or more, the amount of the disbursement shall be reduced by 0.5% of pay.

Matching Contributions:

A match applied to individual Member Contribution Accounts when a refund is made or when a money purchase benefit is calculated. The match is applied to the account balance less:

1. Any amount paid for the purchase of service credit,
2. Any payments in lieu of member contributions, and
3. Any interest accrued on 1 and 2.

Section 4: Actuarial Valuation Basis

Matching Contributions (continued):

For members who receive a refund and meet the requirements for a service or reduced service retirement at the time the match is applied, or for payments made to survivors or beneficiaries of members who die before retirement, the match is 100% of eligible amounts.

For PERA Benefit Structure members who receive a refund prior to meeting the requirements for a service or reduced service retirement, the match is 50% of eligible amounts. Effective January 1, 2011, members must have five years of earned service credit in order to receive the 50% match on a refund. Contributions received prior to January 1, 2011, are matched regardless if the member has five years of service credit on the refund date.

For DPS Benefit Structure members who receive a refund prior to meeting the requirements for a service or reduced service retirement, no match is provided.

DC Supplement:

Beginning January 1, 2021, the employer contribution rates are adjusted to include the DC Supplement which is calculated separately for the State and Local Government Divisions. The DC Supplement, to be paid to the State and Local Government Trust Funds by all State and Local Government employers, is designed to compensate for the employer contribution amounts paid to DC Plan participant accounts that otherwise would have gone to the State and Local Government Division Trust Funds as payment toward the UAAL, if DC Choice was not available. The DC Supplement is determined considering this DB Plan shortfall with regard to only the employer contributions of DC Plan members who commenced employment on or after January 1, 2019.

The implementation of the DC Supplement provisions as of January 1, 2019, increased employer contribution rates effective January 1, 2024, by 0.21% and 0.08%, for the State and Local Government Division Trust Funds, respectively.

Blended Total Contribution Amount (or Rate):

The weighted average (based upon the proportion of UAAL attributable to each division as of the most recent valuation date) of the total amounts paid by the employer and the member to PERA for each of the five Division Trust Funds, including the DC Supplement and the Direct Distribution, but not including the portions of employer contributions remitted to the Health Care Trust Fund and the Annual Increase Reserve.

Blended Total Required Contribution:

The weighted average (based upon the proportion of UAAL attributable to each division as of the most recent valuation date) of the total of the actuarially determined contribution rates and member contribution rates of the five Division Trust Funds.

Section 4: Actuarial Valuation Basis

Automatic Adjustment Provision:

The AAP adjustment is determined using the Blended Total Contribution Amount divided by the Blended Total Required Contribution. If the resulting ratio falls within an acceptable corridor (98% to 119%), no adjustments are made. If the resulting ratio does not achieve a minimum benchmark of 98% or meets or exceeds a maximum benchmark of 120%, adjustments are applied in an equitable manner of impact.

An automatic adjustment will occur under the following conditions:

If the resulting ratio is less than 98%, there will be adjustments of equitable impact, increasing the Employer Contribution Rate, increasing the Member Contribution Rate, decreasing the AI cap, and increasing the Direct Distribution (if permitted). If the resulting ratio is greater than or equal to 120%, there will be adjustments of equitable impact, decreasing the Employer Contribution Rate, decreasing the Member Contribution Rate, increasing the AI cap, and decreasing the Direct Distribution.

The AAP defines the limited amounts of total adjustment available in each category, and also the increments of adjustments that can occur in any one year. Multiple steps over multiple years are allowed for a required adjustment as is necessary, but cannot exceed the ultimate limits as set forth in statute, as detailed below:

- First adjustment cannot occur prior to July 1, 2020
- Adjustment (increase or decrease) to each of the Employer Contribution Rates and the Member Contribution Rates cannot exceed 0.50% in any one year, and
 - Cannot exceed 2.00% above the contribution rates reflecting SB 18-200 statutory reforms
 - Cannot fall below the 2017 contribution rates
- Adjustment (increase or decrease) to the AI rate cannot exceed 0.25% in any one year, and
 - Cannot exceed a 2.00% AI cap maximum
 - Cannot fall below a 0.50% AI cap minimum
- Adjustment to the Direct Distribution cannot exceed \$20 million in any one year, and
 - Cannot exceed the initial \$225 million amount
 - Can be reduced, with no floor
- Adjustments that are required because funding is below the 98% threshold will be made to an extent that will bring the revised ratio to 103% following the corrective efforts but in no event can the adjustments in one year be greater than the limit described above.
- Adjustments that are required because funding has reached the 120% threshold must not cause the ratio to fall below 103%.
The adjustments will be calculated with the annual actuarial valuation and will take effect July 1 of the following calendar year.

PERA BENEFIT STRUCTURE

Refund of Member Contributions:

In the event a member leaves service for a reason other than death or retirement, member contribution accounts including interest plus matching employer contributions on eligible amounts with interest are refunded upon request.

Section 4: Actuarial Valuation Basis

Service Retirement Eligibility:

The Age and Service Credit requirements to be eligible for a full Service Retirement are listed below:
Members, other than State Troopers, hired before July 1, 2005, who have 5 or more years of service credit as of January 1, 2011

Age	Service Credit (Years)
50	30
55	Age + Service = 80 or more
60	20
65	5
65	60 payroll postings

Members, other than State Troopers, hired on or after July 1, 2005, but before January 1, 2007, and who have 5 or more years of service credit as of January 1, 2011

Age	Service Credit (Years)
Any	35
55	Age + Service = 80 or more
60	20
65	5
65	60 payroll postings

Section 4: Actuarial Valuation Basis

Service Retirement Eligibility (continued):

Members, other than State Troopers, hired on or after July 1, 2007, but before January 1, 2011, regardless of service credit as of January 1, 2011, and those hired before January 1, 2011, who have less than 5 years of service credit

Age	Service Credit (Years)
Any	35
55	30
55	Age + Service = 85 or more
60	25
65	5
65	60 payroll postings

Members, other than State Troopers, hired on or after January 1, 2011, but before January 1, 2017, and Members, other than State Troopers, hired on or after January 1, 2017, but before January 1, 2020, whose last 10 years of service credit are in either the School or DPS Division

Age	Service Credit (Years)
Any	35
58	Age + Service = 88 or more
65	5
65	60 payroll postings

Section 4: Actuarial Valuation Basis

Service Retirement Eligibility (continued):

Members, other than State Troopers, hired on or after January 1, 2017, but before January 1, 2020, whose last 10 years of service credit are not in either the School or DPS Divisions

Age	Service Credit (Years)
Any	35
60	Age + Service = 90 or more
65	5
65	60 payroll postings

Members, other than State Troopers, hired on or after January 1, 2020

Age	Service Credit (Years)
Any	35
64	Age + Service = 94 or more
65	5
65	60 payroll postings

State Troopers hired before January 1, 2020

Age	Service Credit (Years)
Any	30
50	25
55	20
60	Age + Service = 80 or more
65	5
65	60 payroll postings

State Troopers hired on or after January 1, 2020

Age	Service Credit (Years)
Any	35
55	25
55	Age + Service = 80 or more
65	5
65	60 payroll postings

Section 4: Actuarial Valuation Basis

Reduced Service Retirement Eligibility:

The Age and Service Credit requirements to be eligible for a Reduced Service Retirement are listed below:

Members, other than State Troopers, hired before January 1, 2020

Age	Service Credit (Years)
50	25
55	20
60	5

Members, other than State Troopers, hired on or after January 1, 2020

Age	Service Credit (Years)
55	25
60	5

State Troopers hired before January 1, 2020

Age	Service Credit (Years)
50	20
60	5

State Troopers hired on or after January 1, 2020

Age	Service Credit (Years)
55	20
60	5

Disability Retirement Eligibility:

Active members with five or more years of earned service credit and at least 6 months of this disability time earned in the most recent period of membership are eligible to apply for disability retirement. To be eligible, the member must be found to be totally and permanently disabled (mentally or physically) from regular and gainful employment. The service credit requirement is waived for State Trooper Members injured in the line of duty and for judges found to be disabled by the Colorado Supreme Court.

Survivor Benefits Eligibility:

The qualified survivors of members who die before retirement with at least one year of service credit are eligible for monthly survivor benefits. The service credit requirement is waived if the death was job-related.

Section 4: Actuarial Valuation Basis

Service Retirement Benefit:

State and Local Government Members other than State Troopers, State Trooper Members, School, and DPS Divisions and Members of the Judicial Division who were on the bench on and after July 1, 1973:

The greater of a) or b):

- a) 2.5% of HAS times years of Service Credit up to 40
- b) The money purchase benefit, which is actuarially determined based on the value of the member contribution account and matching employer contributions on the effective date of retirement.

Members aged 65 with less than 5 years and less than 60 payroll postings are eligible for the money purchase benefit only.

In all cases, the benefit is limited to 100% of HAS.

Reduced Service Retirement Benefit:

For all members, other than State Troopers, the service retirement benefit calculated above reduced 4% for each year after age 60, 3% for each year from age 55 to age 60, 6% for each year prior to 55, and proportionately for fractions of a year, from the effective date of reduced service retirement to the date the member would have been eligible for a service retirement benefit.

For State Troopers, the service retirement benefit calculated above reduced 4% for each year after age 60, 3% for each year from age 50 to age 60, and proportionately for fractions of a year, from the effective date of reduced service retirement to the date the member would have been eligible for a service retirement benefit.

Effective January 1, 2011, for all members that are not retirement eligible on January 1, 2011, the service retirement benefit calculated above shall be reduced using actuarial equivalent factors from the effective date of reduced service retirement to the date the member would have been eligible for a service retirement benefit.

Disability Retirement Benefit:

If years of Service Credit at disability are greater than 20, the disability retirement benefit is calculated based on actual Service Credit at disability; otherwise, the disability retirement benefit is calculated based on actual Service Credit at disability plus Service Credit projected to age 65, but not to exceed a total of 20 years of Service Credit.

Benefits for disability retirees with an effective disability retirement date on or after July 1, 1988, and before January 1, 1999, who work after retirement will be reduced by one-third of the amount, if any, by which the initial annual PERA benefit plus earned income exceeds the annualized HAS.

Disability benefits are payable for as long as the disability retiree is disabled. Benefits cease upon recovery.

Section 4: Actuarial Valuation Basis

Deferred Member Survivor Benefits	If a deferred member dies before the effective date of their deferred retirement allowance, the amount of the accumulated contribution balance at the time of death shall be paid to the designated beneficiary of record or to the member's estate. If a deceased member is an eligible surviving spouse, then the benefit is paid in the form of a survivor annuity, as mentioned in the "Survivor Benefits" section below.
Survivor Benefits:	<p>If the deceased was not eligible for Reduced or Service Retirement at the time of death:</p> <p>Benefits are payable in the following order:</p> <ol style="list-style-type: none">a) Qualified Children Under Age 23: 40% of HAS for one child, an equal share of 50% of HAS if there are two or more children.b) Spouse: If no qualified children in (a) exist:<ol style="list-style-type: none">i. less than 10 years of Service Credit, 25% of HAS, benefits begin at age 60; orii. 10 or more years of Service Credit, the greater of 25% of HAS or the benefit which would have been payable as a 100% joint and survivor option if the deceased member had been eligible for service retirement and retired on the date of death, benefits begin immediately.c) Qualified Children Aged 23 or Over: If no persons in (a) or (b) exist, 40% of HAS for one child, an equal share of 50% of HAS if there are two or more children.d) Dependent Parents: If no persons in (a) to (c) exist, 25% of HAS for one dependent parent or 40% of HAS for two dependent parents (minimum of \$100 per month for each dependent parent). Benefits begin immediately and continue until the death of the parent(s).e) Named Beneficiary: If no persons in (a) to (d) exist, single payment equal to the member contribution account plus the appropriate matching contribution, plus interest.f) Estate of Deceased Member: If no persons in (a) to (e) exist, single payment equal to the member contribution account plus the appropriate matching contribution, plus interest. <p>If the deceased was eligible for Reduced or Service Retirement at the time of death:</p> <p>The co-beneficiary is eligible for the amount that would have been payable had the member retired on the date of death and elected the 100% joint and survivor option. The order of payment is:</p> <ol style="list-style-type: none">a) Co-beneficiary - If the deceased member designated a co-beneficiary prior to death, that individual takes precedence in payment of benefits.b) Surviving Spousec) Qualified Childrend) Dependent Parentse) Named beneficiaryf) Estate
Benefit Options:	Retirement and disability benefits are payable for the life of the retired member. Optional reduced benefits may be elected at the time of retirement to provide for continuation of 50% or 100% of a reduced benefit amount to a designated co-beneficiary. If the member retires any time after the date on which service retirement eligibility is first met, the reduction for 50% or 100% continuation option will be actuarially determined as of the date the member first became eligible for service retirement.

Section 4: Actuarial Valuation Basis

Post-Retirement Benefit Increases: Effective for 2022 and thereafter, the AI cap that may be awarded by the Board is 1.00%, subject to the Automatic Adjustment Provision as outlined above.

For PERA Benefit Structure members who began membership prior to January 1, 2007, eligibility for increase:

- For those retired prior to January 1, 2011 - Benefit recipients are eligible to receive an increase if the benefit recipient has been receiving benefits for at least seven months immediately preceding the July in which the AI is to be paid.
- For those retired on or after January 1, 2011 -
 - Full service retirees, disability retirees, reduced service retirees (eligible to retire as of January 1, 2011), and survivor benefit recipients are eligible to receive an increase if prior to the July in which the AI is to be paid, the benefit recipient has received benefit payments for 12 months, which is increased to a 36-month requirement for benefit recipients who had not yet received the first AI on or before May 1, 2018.
 - Reduced service retirees (not eligible to retire as of January 1, 2011) are eligible to receive an increase in July of the year in which the following conditions are met: (1) the retiree has received benefit payments for 12 months immediately preceding the July in which the AI is to be paid, and (2) as of January 1 of the year the AI is paid, the retiree has either reached age 60 or the applicable age and service Rule for unreduced service retirement. Reduced service retirees who had not yet received the first AI on or before May 1, 2018, are required to meet an additional condition (3) the retiree has received benefit payments for 36 months total.

Amount of Increase: The AI cap is awarded effective July 1 of each year depending on eligibility.

For PERA Benefit Structure members who began membership on or after January 1, 2007, eligibility for increase:

- Full service retirees, disability retirees, and survivor benefit recipients are eligible for an increase in July of the calendar year following the calendar year in which the benefit recipient has received benefit payments for 12 months, which is increased to a 36-month requirement for benefit recipients who had not yet received the first AI on or before May 1, 2018.

Section 4: Actuarial Valuation Basis

Post-Retirement Benefit Increases (continued):

- Reduced service retirees are eligible to receive an increase in July of the year in which the following conditions are met: (1) as of January 1 of the year the increase is to be paid, the retiree has received 12 months of benefit payments in the prior calendar year, and (2) as of January 1 of the year the increase is paid, the retiree has either reached age 60 or the applicable age and service Rule for unreduced service retirement. For reduced service retirees who had not yet received the first AI on or before May 1, 2018, condition (1) is increased to a 36-month total payment requirement as of January 1 of the year the increase is to be paid, with a continued requirement that the retiree has received 12 months of benefit payments in the prior calendar year.

Amount of Increase: The increase is the lower of the AI cap or the average of the CPI-W for each of the months during the prior calendar year. The present value of the increases granted to all benefit recipients in this group are limited to 10% of the total funds available in the Annual Increase Reserve in the division from which they retired or were a member before death. The increase is awarded effective July 1 of each year depending on eligibility.

DPS BENEFIT STRUCTURE

Refund of Member Contributions:

In the event a member leaves service for a reason other than death or retirement, member contribution accounts including interest plus matching employer contributions on eligible amounts with interest are refunded upon request.

Service Retirement Eligibility:

The Age and Service Credit requirements to be eligible for a full Service Retirement are listed below: Members who have 5 or more years of service credit as of January 1, 2011

Age	Service Credit (Years)
50	30
55	25 (must include 15 years of earned service)
65	5

Section 4: Actuarial Valuation Basis

Service Retirement Eligibility (continued):

Members who have less than 5 years of service credit as of January 1, 2011

Age	Service Credit (Years)
Any	35
55	30 (must include 20 years of earned service)
55	Age + Service = 85 or more
60	25
65	5
65	60 payroll postings

Reduced Service Retirement Eligibility:

The Age and Service Credit requirements to be eligible for a Reduced Service Retirement are listed below:
Members who have 5 or more years of service credit as of January 1, 2011

Age	Service Credit (Years)
55	15
Any	25

Members who have less than 5 years of service credit as of January 1, 2011

Age	Service Credit (Years)
50	25
55	20
60	5

Disability Retirement Eligibility:

Active members with five or more years of earned service credit and at least 6 months of this time earned in the most recent period of membership are eligible to apply for disability retirement. To be eligible, the member must be found to be totally and permanently disabled (mentally or physically) from regular and gainful employment.

Survivor Benefits Eligibility:

The qualified survivors of members who die before retirement with at least five years of service credit and are active at time of death are eligible for monthly survivor benefits.

Service Retirement Benefit:

The greater of a) or b):

- a) 2.5% of HAS times years of Service Credit
- b) \$15 times first 10 years of service credit plus \$20 times service credit over 10 years plus an amount equal to annuitized member balance*

* May include matching dollars if eligible.

Section 4: Actuarial Valuation Basis

Reduced Service Retirement Benefit:

For those hired before July 1, 2005, the reduction factors are listed below:

Age	Service Credit (Years)	Reduction Amount
Under 50	30 years	4% for each year prior to age 50
Under 50	25 – 30 years	Greater of: <ul style="list-style-type: none"> • 4% for each year of service below 30 years • 4% for each year below age 50
50 – 55	25 – 30 years	Lesser of: <ul style="list-style-type: none"> • 4% for each year of service below 30 years • 4% for each year below age 55
Over 55	15 years	Lesser of: <ul style="list-style-type: none"> • 4% for each year of service below 25 years • 4% for each year below age 65

For those hired on or after July 1, 2005, but before January 1, 2010, the reductions factors are listed below:

Age	Service Credit (Years)	Reduction Amount
Under 50	30 years	6% for each year prior to age 50
Under 50	25 – 30 years	Greater of: <ul style="list-style-type: none"> • 6% for each year of service below 30 years • 6% for each year below age 50
50 – 55	25 – 30 years	Lesser of: <ul style="list-style-type: none"> • 6% for each year of service below 30 years • 6% for each year below age 55
Over 55	15 years	Lesser of: <ul style="list-style-type: none"> • 6% for each year of service below 25 years • 6% for each year below age 65

Effective January 1, 2011, for all members that are not retirement eligible on January 1, 2011, the service retirement benefit calculated above shall be reduced using actuarial equivalent factors, from the effective date of reduced service retirement to the date the member would have been eligible for a service retirement benefit.

Disability Retirement Benefit:

If years of Service Credit at disability are greater than 20, the disability retirement benefit is calculated based on actual Service Credit at disability; otherwise, the disability retirement benefit is calculated based on actual Service Credit at disability plus Service Credit projected to age 65, but not to exceed a total of 20 years of Service Credit.

Disability benefits are payable for as long as the disability retiree is disabled. Benefits cease upon recovery.

Section 4: Actuarial Valuation Basis

Survivor Benefits:

- a) Child: The greater of 10% of HAS for each child up to a limit of 30%, and \$160 (pro-rated) for each child up to a limit of \$480
- b) Spouse with eligible children: The greater of the difference between the child benefit above and 30% (40% if 15 years of service plus 2% for each year of service beyond 25 years) of HAS, and \$480
- c) Dependent Parents: The greater of 10% of HAS for each parent, and \$240 per parent
- d) Spouse (less than 15 years of service): The lesser of 30% of HAS, and \$480; payable at later of age 60 or when the last eligible child loses eligibility

Spouse (15 years of service or more): The greater of 30% of HAS, plus an additional 1% for each year of service over 15 years, and \$480; payable at later of age 50 or when last eligible child loses eligibility

Benefit Options:

Option A: Single life annuity (SLA) with residual refund of member contributions

Option B: SLA with guarantee period determined based on accumulated member contribution balance at retirement

Option C: 100% joint and survivor annuity (J&S) with 10 years certain (not available to members retiring after January 1, 2010)

Option D: Cash refund on annuity portion and SLA on pension portion (not available to members retiring after January 1, 2010)

Option E: 50% J&S with 10 years certain (not available to members retiring post January 1, 2010)

Option P2: 50% J&S with pop-up and residual refund of member contributions

Option P3: 100% J&S with pop-up and residual refund of member contributions

Section 4: Actuarial Valuation Basis

Post-Retirement Benefit Increases: Effective for 2022 and thereafter, the AI cap that may be awarded by the Board is 1.00%, subject to the Automatic Adjustment Provision as outlined above.

For DPS Benefit Structure members, eligibility for increase:

- For those retired prior to January 1, 2011 - Benefit recipients are eligible to receive an increase if the benefit recipient has been receiving benefits for at least seven months immediately preceding the July in which the AI is to be paid.
- For those retired on or after January 1, 2011 -
 - Full service retirees, disability retirees, reduced service retirees (eligible to retire as of January 1, 2011), and survivor benefit recipients are eligible to receive an increase if prior to the July in which the AI is to be paid, the benefit recipient has received benefit payments for 12 months, which is increased to a 36-month requirement for benefit recipients who had not yet received the first AI on or before May 1, 2018.
 - Reduced service retirees (not eligible to retire as of January 1, 2011) are eligible to receive an increase in July of the year in which the following conditions are met: (1) the retiree has received benefit payments for 12 months immediately preceding the July in which the AI is to be paid, and (2) as of January 1 of the year the AI is paid, the retiree has either reached age 60 or the applicable age and service Rule for unreduced service retirement. Reduced service retirees who had not yet received the first AI on or before May 1, 2018, are required to meet an additional condition (3) the retiree has received benefit payments for 36 months total.

Amount of Increase: The AI cap is awarded effective July 1 of each year depending on eligibility.

Section 4: Actuarial Valuation Basis

Exhibit III: Colorado PERA Defined Benefit Pension Plan Funding Policy

I. Introduction

The Colorado Public Employees' Retirement Association (PERA) maintains five pre-funded, hybrid defined benefit pension plans [i.e., State Division Trust Fund, School Division Trust Fund, Local Government Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools (DPS) Division Trust Fund]. Each defined benefit pension plan is funded through PERA-affiliated employer contributions, member contributions, and the investment earnings resulting from those contributions. The fixed contribution rate at which each division's employers and members contribute is determined by the Colorado General Assembly and defined within the statutes governing PERA.

The purposes of this funding policy are to state the overall funding goals and annual actuarial metrics and to guide the PERA Board of Trustees (Board) when considering whether to pursue or support proposed contribution and benefit legislation. The policy also includes a brief list of governance responsibilities regarding the commissioning, collection, and review of actuarial information, as described in the Board's Governance Manual.

PERA also maintains two pre-funded defined benefit retiree health care subsidy plans (i.e., Health Care Trust Fund and DPS Health Care Trust Fund), classified as other postemployment benefit (OPEB) plans. On January 19, 2018, the Board approved a separate OPEB funding policy with regard to these plans recognizing the adoption and implementation of the Governmental Accounting Standards Board (GASB) Statement No. 74, applicable to OPEB.

It is the intention of the Board that this funding policy be considered a working document, reviewed periodically and, as necessary, altered in the future through formal action of the Board. The final page of this document contains the review and revision/adoption history pertaining to the funding policy of the PERA defined benefit pension plans.

II. Background

In response to the unfavorable investment market of 2008, and in addition to the funding policy adopted in November 2007, the Board set the following guiding principles in 2009 in the development of a comprehensive package to maintain long-term sustainability of the pension plans:

- Shared responsibility among members, retirees, and employers;
- Intergenerational equity;
- Preservation of the defined benefit plan;
- Preservation of portability through the maintenance of existing benefit structures for the different divisions; and
- Development of recommendations that would have little-to-no short-term impact on member behavior.

In 2009 and 2010, these guiding principles benefited the Board and all the stakeholders associated with the pension plan as solutions to the immediate funding situation were explored. The Board constructed a series of plan provision changes, enlisting the philosophy of the guiding principles – under the umbrella of shared responsibility – and communicated their recommendations to the General Assembly. Senate Bill 10-001 was the culmination of all the provisional and contribution changes that were to set PERA's course toward sustainability. Senate Bill

Section 4: Actuarial Valuation Basis

10-001 also contained the following funding and annual increase requirements, which now are embedded in Colorado Statute and will be implemented regardless of the Board's pension funding policy:

- Per C.R.S. § 24-51-411(8), and § 24-51-411(9), the AED and the SAED are adjusted based on the year-end actuarial funded ratio within a particular division;
 - If a division trust fund's actuarial funded ratio:
 - Reaches 103%, a decrease in the AED and SAED is mandated, and,
 - Subsequently falls below 90%, an increase is mandated.
 - For the Local Government and Judicial Divisions, if the actuarial funded ratio reaches 90% and subsequently falls below 90%, an increase in the AED and SAED is mandated.
 - Increases in AED and SAED cannot exceed the statutory maximum allowable limitation.
- Per C.R.S. § 24-51-1009.5, if the combined pension divisions' trust fund actuarial funded ratio:
 - Reaches 103%, the upper limit of the annual increase shall be increased by one-quarter of one percent; and,
 - Subsequently falls below 90%, the upper limit of the annual increase shall be decreased by one-quarter of one percent.

These statutory elements, in addition to the current schedule of employer contribution rates, assist in the ongoing balance of shared responsibility. It is not the intention of this Board, through the development of this funding policy, to undermine or circumvent the work accomplished by Senate Bill 10-001, but rather to ensure continued fiduciary commitment through sound governance practices and recognition of these statutory funding policies.

The combined funding policy regarding PERA's pension and OPEB plans, adopted by the Board in November 2007, was in force with regard to the pension plans through December 30, 2014. On March 20, 2015, the Board approved a separate pension funding policy with regard to these plans, which reflects the guiding principles listed above. This pension funding policy is effective with the December 31, 2014, actuarial valuation, recognizes the adoption and implementation of the GASB Statement No. 67, applicable to pensions, and has been adopted and updated as indicated on the last page of the document.

This document is revised as of November 16, 2018, to reflect the Board's funding plan coming out of the September 2017 planning meeting with the intent to 1) propose pension reforms that would fully fund each of the five division trust funds within a 30-year period from first recognition, and 2) reset the 30-year closed amortization period for purposes of determining the Actuarially Determined Contribution (ADC) to mirror the funding period of the proposed changes, contingent on the passage of pension reform legislation. Given the June 4, 2018, enactment of Senate Bill 18-200, the Board was unable to affect the reinitialization of the 30-year period prior to finalization of the December 31, 2017, funding actuarial valuation results. Thus, as of the December 31, 2018, funding actuarial valuation, the 30-year closed amortization period is effective for amortizing the total unfunded actuarial accrued liability (UAAL) for each division trust fund as of December 31, 2017, in alignment with the initial recognition of the Senate Bill 18-200 pension forms. This action allows for a more accurate analysis of the "statutory contribution rate versus ADC rate" necessary to determine if the auto-adjust mechanism, also enacted through Senate Bill 18-200, is triggered for the following period.

III. Funding Goals

- Preservation of the **defined benefit plan structure** of providing lifetime retirement benefits to the employees of PERA-affiliated employers, reflecting the fact that PERA members are not covered under Social Security.

Section 4: Actuarial Valuation Basis

- Demonstration of **transparency and accountability** through the continued maintenance of a defined benefit pension plan funding policy for the stakeholders of PERA.
 - **Achievement of a combined divisions' trust fund actuarial funded ratio greater than or equal to 110%**. Once the 110% combined funded ratio is achieved, following (1) the complete discontinuance of AED and SAED contributions, and (2) the restoration of the annual increase to pre-2010 levels pursuant to C.R.S. § 24-51-1009.5, the Board will consider and/or support the following actions, as ordered, as long as the funded ratio, either combined or individual by division, does not fall below 100% after consideration of the proposed change:
 - Examination and possible action of de-risking the total trust fund, including all divisions
 - Reduction in the base contribution rate(s)
 - Adoption of a benefit enhancement, beyond restoration of the annual increase as described above.
- If the 110% combined funded ratio benchmark is attained through the assistance of certain funding arrangements where assets, outside of statutory contributions, are added to the plans, and results in additional tax-payer obligation, the payment method and duration of this debt should be considered prior to any supportive action taken regarding benefit enhancements.
- Dedication to the balance between:
 - **Contribution rate stability** – keeping contributions relatively stable over time, and
 - **Intergenerational equity** – allocating costs over the members' period of active service.
 - Dedication to the systematic **reduction of the UAAL**, subject to the required action by the state legislature as described in C.R.S. § 24-51-411(8), § 24-51-411(9), and § 24-51-1009.5, and as briefly summarized above in Section II.
 - Recognition that within a multiple-employer cost-sharing defined benefit plan there are **beneficial elements of pooled risk**, both in the accrual of plan liabilities, recognizing actuarial gains and loss by division, rather than by employer; and in the accumulation of plan assets through the engagement of an appropriate level of asset risk management.

IV. Annual Actuarial Metrics

Below is a list of actuarial metrics to be assessed on an **annual basis as of the actuarial valuation date**. The Board recognizes that a single year's results may not be indicative of long-term trends and projected results.

- Funded ratios – Calculate and review by division:
 - The actuarial funded ratio based on the actuarial value of plan assets divided by the defined benefit pension plan's actuarial accrued liability (AAL), and
 - The market value funded ratio based on the market value of plan assets divided by the defined benefit pension plan's AAL.
- Funding period – To be determined for each division with respect to the applicable contribution rates. A funding period is the amortization period required to pay off that division's UAAL considering the resources available. Funding periods for each division will be determined in the annual actuarial valuation in relationship to both
 - Statutory contribution rates, and
 - ADC rates.
- Contribution rate comparison
 - Calculate and review by division.

Section 4: Actuarial Valuation Basis

- Actuarial Projections
 - Perform and review, by division.
 - Actuarial projections considering appropriate benefit provisions, salary and demographic data, actuarial assumptions, membership growth, and statutory contribution rates in order to determine the sustainability of each division under their benefit provisions and statutory contribution rate structure.
 - Projection modeling that allows for the testing of projection results under various economic and demographic stress conditions.

V. Funding Valuation Elements

Annually, the Board's actuary will perform an actuarial valuation for funding purposes, and calculate ADC rates against which to compare contribution rates mandated under State statute. The ADC will be the sum of a payment based on normal cost and a payment on the UAAL. The normal cost and the amount of payment on the UAAL are determined by the following three major components of a funding valuation:

- **Actuarial Cost Method:** This component determines the attribution method upon which the cost/liability of the retirement benefits are allocated to a given period, defining the normal cost or annual accrual rate associated with the projected benefits.
 - The Entry Age Cost Method (EA), as is used for PERA's annual actuarial valuation purposes, is to be used for the determination of the normal cost rate and the actuarial accrued liability for purposes of calculating the ADC.
 - Under this method, normal cost is calculated using benefits based on projected service and salary at retirement and is allocated over an individual's career as a level percent of payroll. Because EA normal cost rates are level for each participant, the normal cost pattern for the entire plan under EA is more stable in the face of demographic shifts in the workforce. It is this normal cost stability that makes the EA method the preferred funding method for the majority of public defined benefit pension plans.
- **Asset Valuation Method:** This component dictates the method by which the asset value used in the determination of the UAAL is determined, which could be a market value or a smoothed actuarial value of trust assets.
 - Because investment markets are volatile and defined benefit pension plans typically have long investment horizons, application of an asset-smoothing technique can be an effective tool to manage contribution volatility and provide a more consistent measure of funding over time. Asset-smoothing methods reduce the effect of short-term market volatility on contributions, while still tracking the overall movement of the market value of plan assets by recognizing the effects of investment gains and losses over a period of years.
 - The asset valuation method to be used shall be a four-year smoothed market value of assets. The difference between actual market value investment returns and the expected actuarial investment returns is recognized equally over a four-year period.
- **Amortization Method:** This component prescribes, in terms of duration and pattern, the systematic manner in which the difference between the actuarial accrued liability and the actuarial value of assets is reduced.
 - Once established for any component of the UAAL, the amortization period for that component will be closed and will decrease by one year annually.
 - The amortization payment will be determined on a level percentage of pay basis.
 - The length of the amortization periods will be as follows:
 - Existing UAAL on December 31, 2017 – 30 years.

Section 4: Actuarial Valuation Basis

- Any increase (or decrease) in the UAAL existing as of December 31, 2017 – remaining period of the initial 30-year period from the date of the valuation.
- Annual future actuarial experience gains and losses – 30 years from the date of the valuation.
- Future assumption changes – 30 years from the date of the valuation.
- Future benefit enhancements/reductions – the number of years, as determined by the Board, to represent the anticipated duration of payment of the enhancement or, if a reduction, duration of the benefit to the plan. This determination will be based on the nature of the benefit change and the demographics of the membership group affected by the change, not to exceed 25 years from the date of the valuation.
- If any future annual actuarial valuation indicates a division has a negative UAAL, the ADC shall be set equal to the Normal Cost until such time as the funded ratio equals or exceeds 120%. At that time, the ADC shall be equal to the Normal Cost less an amount equal to 15-year amortization of the portion of the negative UAAL above the 120% funded ratio.
- The target amortization period noted above regarding new UAAL will be applied for funding benchmark and RSI reporting purposes. Alternative ADCs will be determined by division, by applying the layered amortization methodology as described above, using a 25-year closed period, a 20-year closed period, and a 15-year closed period, in lieu of the 30-year period, for amortization of new UAAL. These comparatives are to appear in the Comprehensive Annual Financial Report as a demonstration of the transparency and accountability funding goal delineated in Section III of this document.

In conjunction with the three major components discussed above, a number of actuarial assumptions are used to develop the annual actuarial metrics, as well as the ADC rates, and are described in detail in the annual actuarial valuation report. The actuarial assumptions are derived and proposed by the Board's actuary and adopted by the PERA Board of Trustees in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board. The assumptions represent the Board's best estimate of anticipated experience under the benefit provisions of PERA and are intended to be long-term in nature. In the development of actuarial assumptions, the Board considers not only past experience but also trends, external economic forces, and future demographic and economic expectations.

- Actuarial Assumptions – Actuarial assumptions are generally grouped into two major categories:
 - Demographic assumptions, which include rates of termination, retirement, disability, mortality, etc., and
 - Economic assumptions, which include investment return, salary increase, payroll growth, and inflation, etc.

Actuarial assumptions do not impact the total cost of the plan (benefit payments and expenses), but rather the timing of prescribed contributions. To the extent that actuarial experience deviates from the assumptions, and actual contributions deviate from projected, experience gains and losses will occur. These gains (or losses) then serve to reduce (or increase) the projected future contributions necessary to achieve or sustain a certain actuarial standard. It is in this vein that the ADC rates may help indicate if the statutory contribution rates are adequate to meet the future cost requirements of the plan, although the ADC calculated in valuation results has limitations due to changing costs over time. Considering various benefit tiers currently in effect within the Colorado PERA defined benefit pension plan, the results of the actuarial projections will be the best indication of the adequacy of the statutorily prescribed pension contribution schedule.

VI. Governance Policy/Processes

As delineated in the PERA Governance Manual, below is a list of specific actuarial and/or funding related studies, the frequency at which they should be commissioned/requested by the Board, and additional responsibilities relating to the studies:

Section 4: Actuarial Valuation Basis

- **Actuarial Valuation** (perform annually) – The Board is responsible for reviewing PERA's annual actuarial valuation report; and submitting a summary report to the Legislative Audit Committee and the Joint Budget Committee of the General Assembly, together with any recommendations concerning such liabilities that have accrued. In addition, the Board, in consultation with their retained actuary, will provide recommendations to the Colorado General Assembly regarding any necessary adjustments to the statutory employer and member contribution rates.
- **Experience Analysis** (perform periodically, historically performed approximately every four years) – The Board is responsible for ensuring that an experience analysis is performed as prescribed, for reviewing the results of that study, and for approving the actuarial assumptions and methodologies to be used for all actuarial purposes relating to the defined benefit pension and OPEB plans.
- **Actuarial Audit** (perform every five years, or the appointment of a new actuarial firm will satisfy requirement) – The Board is responsible for ensuring that an actuarial audit is performed as prescribed and for reviewing the results of that audit.
- **Asset Liability Study** (perform at least every three to five years, or more frequently if necessary) – The Board is responsible for ensuring that a study of the relationship between the defined benefit trust assets and liabilities is performed as prescribed and for reviewing the results of that study.
- Review of the **Defined Benefit Pension Plan Funding Policy** and the **Defined Benefit OPEB Plan Funding Policy** (perform periodically) – The Board is responsible for the periodic review of the funding policies applicable to the defined benefit pension and OPEB plans, as is deemed necessary.

VII. Glossary of Funding Policy Terms

- **Actuarial Accrued Liability (AAL):** The AAL is the value at a particular point in time of all past normal costs. This is the amount of assets the plan would have today if the current plan provisions, actuarial assumptions, and participant data had always been in effect, contributions equal to the normal cost had been made, and all actuarial assumptions had been met. For each of the PERA defined benefit plans, the AAL includes the balance in the affiliated annual increase reserve.
- **Actuarial Cost Method:** The actuarial cost method allocates a portion of the total cost (present value of benefits) to each year of service, both past service and future service.
- **Annual Increase Reserve (AIR):** As of January 1, 2007, an AIR was created for each division trust fund for the purpose of funding annual increases for PERA benefit structure members hired on or after January 1, 2007. A portion of the employer contribution, equal to one percent of the salaries of affected members, is accumulated in the AIR to be paid out in annual increases each July 1, to the extent affordable. Although invested with the affiliated division assets, the reserve balances are accounted for separately.
- **Asset Values:** For each of the PERA defined benefit plans, the actuarial and market asset values include the balance in the affiliated AIR.
 - **Actuarial Value of Assets (AVA):** The AVA is the market value of assets less the deferred investment gains or losses not yet recognized by the asset smoothing method.
 - **Market Value of Assets (MVA):** The MVA is the fair value of assets of the plan as reported in the plan's audited financial statements.

Section 4: Actuarial Valuation Basis

- **Entry Age Normal Actuarial Cost Method (EAN):** The EAN actuarial cost method is a funding method that calculates the normal cost as a level percentage of pay or level dollar amount over the working lifetime of the plan's members.
- **Funded Ratio:** The funded ratio is the ratio of the plan assets to the plan's actuarial accrued liabilities.
 - Actuarial Value Funded Ratio: is the ratio of the AVA to the AAL.
 - Market Value Funded Ratio: is the ratio of the MVA to the AAL.
- **Normal Cost:** The normal cost is the cost allocated under the actuarial cost method to each year of active member service.
- **Present Value of Benefits (PVB) or total cost:** The PVB is the value at a particular point in time of all projected future benefit payments for current plan members, plus the balance in the affiliated AIR. The future benefit payments and the value of those payments are determined using actuarial assumptions regarding future events. Examples of these assumptions are estimates of retirement and termination patterns, salary increases, investment returns, etc.
- **Surplus:** A surplus refers to the positive difference, if any, between the AVA and the AAL.
- **Unfunded Actuarial Accrued Liability (UAAL):** The UAAL is the portion of the AAL that is not currently covered by the AVA. It is the positive difference between the AAL and the AVA.
- **Valuation Date:** The valuation date is the annual date upon which an actuarial valuation is performed; meaning that the trust assets and liabilities of the plan are valued as of that date. PERA's annual valuation date is December 31st.

Adopted: March 20, 2015

Amended: January 19, 2018

Amended: November 16, 2018

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