

Securing the Path to Stability



Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2009

Securing the Path to Stability



Comprehensive Annual Financial Report **For the Fiscal Year Ended December 31, 2009** **Colorado Public Employees' Retirement Association**

Prepared by Colorado PERA Staff

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INTRODUCTORY SECTION



Securing the Path to

SHARED RESPONSIBILITY

Colorado PERA's commitment to Colorado starts with a pledge to make certain that members, retirees, and employers are partners in securing Colorado PERA's future.


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July 30, 2010

Dear Colorado PERA Members, Benefit Recipients, Employers, and Members of the Board of Trustees:

I am pleased to present Colorado PERA's *Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended December 31, 2009.

At Colorado PERA, we take our mission statement very seriously, which is to promote the long-term financial security for our membership while maintaining the stability of the fund. However, the economic turmoil from 2008 that affected Colorado PERA and every other investor called into question the long-term financial security of Colorado PERA's members as well as the stability of the fund on a long-term basis.

Although there was an upturn in the financial markets in 2009, it still was not enough to return Colorado PERA to long-term sustainability. For this reason, our focus in 2009 was to outline a solution that would respond to the economic turmoil from 2008, and ultimately create a legislative recommendation to help make Colorado PERA financially secure for generations to come.

To develop such a recommendation, the Colorado PERA Board of Trustees (Colorado PERA Board) directed staff to review all alternatives to improve Colorado PERA's funded status, which included the following:

- Conducting our regular actuarial valuation for 2008
- Completing actuarial projections of Colorado PERA's future funded status
- Preparing an actuarial experience study
- Hiring a separate actuarial firm to conduct an actuarial audit
- Directing our actuaries to cost each of the components of the defined benefit plan
- Conducting Listening Tour Colorado PERA Board meetings around Colorado to obtain feedback from the membership and general public

In addition to conducting these studies and projections, in September 2009, the Colorado PERA Board adopted an 8 percent assumed rate of return (reduced from 8.5 percent) to better reflect market expectations. The Colorado PERA Board also adopted the goal of a 30-year amortization period, which meant the trust funds would be on track to be fully funded within three decades. The goal of a 30-year amortization period was in line with the existing Colorado PERA law under Colorado Revised Statutes (C.R.S.) 24-51-211, which stated that "A maximum amortization period of thirty years shall be deemed actuarially sound." A 30-year amortization period is also consistent with the Governmental Accounting Standards Board's (GASB) standards. Previously, the Colorado PERA trust funds would have needed up to 60 years or longer to be fully funded under legislation in 2006.

To establish a framework in developing a legislative package to maintain long-term sustainability, the Colorado PERA Board set the following guiding principles:

- Shared responsibility among members, retirees, and employers
- Intergenerational equity
- Preservation of the defined benefit plan
- Maintaining the same benefit structure for Colorado PERA's different divisions to preserve portability
- Designing the recommendations to have little or no short-term impact on member behavior

At the October 2009 Board meeting, the Colorado PERA Board voted to submit recommendations to the Colorado General Assembly for consideration in the 2010 legislative session. The proposal was based on thorough calculations of how the various



Meredith Williams
Executive Director

possible changes could impact Colorado PERA's funded status and its membership. The proposal created shared responsibility impacting all Colorado PERA membership and employers, while ensuring the long-term sustainability of the plan, being respectful of Colorado taxpayers, and providing some degree of inflation protection for the membership.

On January 13, 2010, Senate Bill 10-001 (SB 10-001) was introduced, which contained the Colorado PERA Board's recommendation to the Colorado General Assembly. The Colorado PERA Board supported the recommended changes to this bipartisan bill, which was approved by the Legislature and signed by Governor Bill Ritter on February 23, 2010. For more detailed information on SB 10-001, please see pages 77-79.

This successful legislation was the result of many thousands of hours of work since the fall of 2008 by the Colorado PERA Board, staff, legislators, representatives of public employee and employer groups, as well as the Colorado PERA membership. SB 10-001 included the necessary provisions to ensure that we can provide retirement security not only for today's retirees, but also for those who may be just beginning their careers in public service or are yet to be hired.

Report Contents and Structure

This *CAFR* is designed to comply with the reporting requirements as stated under Title 24, Article 51, Section 204(8) of the Colorado Revised Statutes.

Overview of Colorado PERA

Established in 1931, Colorado PERA operates by authority of the Colorado General Assembly and is administered under Title 24, Article 51, of the Colorado Revised Statutes. Initially covering only State employees, Colorado PERA has expanded to include all Colorado school districts (except for Denver Public Schools, which will be included effective January 1, 2010), the State's judicial system, and many municipalities, and other local government entities.

Legislation

During the 2009 legislative session, several bills that impacted Colorado PERA were passed by the Legislature and signed into law.

Senate Bill 09-282: The Denver Public Schools Retirement System/Colorado PERA Merger

The Colorado PERA Board, at their April 13, 2009, Board meeting, approved the following motion after reviewing Senate Bill 09-282 (SB 09-282): "The Board recognizes the valuable provisions of SB 09-282 relating to statewide portability for all educators and support personnel, expanded investment diversification, efficiencies in administration, improved opportunities for health care coverage, and the separate division approach that eliminates the risk of subsidy between the divisions. At the same time, the Board recognizes the authority of the General Assembly to establish contribution rates and notes that the funding provisions contained in the legislation for the Denver Public Schools Division are inadequate and will lead to the actuarial deterioration of the funded status of the Division, ultimately requiring substantially

increased contributions to provide for the retirement security of the members and beneficiaries of the Denver Public Schools Division. The Board also states that upon the passage of SB 09-282 that the Board and staff will implement the bill's provisions in a prudent, productive, and professional fashion. Accordingly, the Board of Trustees endorses all aspects of the bill, with the exception of the funding provisions, which the Board opposes."

SB 09-282 was passed by the Legislature and signed by Governor Ritter on May 21, 2009. This bill mandates the merging of the Denver Public Schools Retirement System (DPSRS) and the Denver Public Schools Retiree Health Care Plan into Colorado PERA on January 1, 2010. The major provisions of the bill include the following:

- Creates the Denver Public Schools (DPS) Division as a separate division within Colorado PERA containing all of the assets and liabilities of the DPSRS.
- Creates a separate health care trust fund for DPS and allows DPS retirees to participate in PERACare.
- Appoints a non-voting ex officio Board member from the DPS Division to serve on the Colorado PERA Board as of the effective date of the bill.
- Repeals the statutory provisions regarding previous merger attempts between Colorado PERA and DPSRS.
- Sets the member contribution rate for the DPS Division at 8.00 percent.
- Sets the employer contribution rate for the DPS Division at 13.75 percent from January 1, 2010, to December 31, 2012, and at 14.15 percent from January 1, 2013, and thereafter. Requires DPS Division employers to contribute to the AED and SAED.
- Allows DPS to subtract the amount of principal and interest payments in any year on its Pension Certificates of Participation Notes from the employer contributions owed in any year except to the extent necessary to pay the contributions to the Health Care Trust Fund and the Annual Increase Reserve Fund until the DPS Division's ratio of unfunded actuarial accrued liabilities to payroll equals the School Division's.
- Beginning January 1, 2015, and every fifth year thereafter, a true-up will be calculated to determine whether the DPS employer rate must be adjusted to assure the equalization of the DPS Division's ratio of unfunded actuarial accrued liability over payroll to the Colorado PERA School Division's ratio of unfunded actuarial accrued liability over payroll at the end of the 30-year period.
- Submit specific comprehensive recommendations to the General Assembly regarding possible methods to respond to the decrease in the Association's assets and to ensure that each division of the Association will become and remain fully funded.
- Determines how purchasing service credit, interest credit, distributions, refunds, cost-of-living increases, benefits and other administrative measures shall be calculated and determined.

- Creates portability of member benefits between the DPS Division and the other Colorado PERA Divisions.

Additional information on this bill may be found online at <http://www.leg.state.co.us>.

Senate Bill 09-66: Consolidation of State Defined Contribution Plans Under PERA

Senate Bill 09-66 (SB 09-66) was signed by Governor Ritter on March 31, 2009. This bill transfers the administration of the State of Colorado's Public Officials' and Employees' Defined Contribution Plan and State of Colorado's 457 Plan to Colorado PERA on July 1, 2009. The major provisions of this bill include the following:

- Certain employees of the State Division who are new hires would have a choice between the Colorado PERA Defined Benefit Plan and the Colorado PERA Defined Contribution Plan.
- Members of the current State Defined Contribution Plan would retain their current vesting schedule on employer contributions. Going forward, all new Colorado PERA Defined Contribution participants would be subject to the Colorado PERA vesting schedule and provisions.
- Allows certain elected officials and their employees who were eligible to participate in the State's Defined Contribution Plan prior to January 1, 2006, to elect to change between Colorado PERA's Defined Contribution Plan and Colorado PERA's Defined Benefit Plan during the annual open enrollment period.
- Colorado PERA becomes the administrator of the State's 457 Plan.

Additional information on this bill may be found online at <http://www.leg.state.co.us>.

Senate Bill 09-157: University of Colorado Retirement Plan Eligibility Under PERA

Senate Bill 09-157 (SB 09-157) was signed by Governor Ritter on April 20, 2009, and clarifies the retirement plan choices for certain employees of the University of Colorado. It would allow new employees who are members of Colorado PERA to choose to continue their Colorado PERA membership or join the University's Defined Contribution Plan. This choice would be irrevocable. New employees who do not actively make a choice and have a Colorado PERA account would be placed into the Colorado PERA plan.

Senate Bill 09-56: Trinidad State Nursing Home

Senate Bill 09-56 (SB 09-56) was signed by Governor Ritter on April 22, 2009, and would permit the Executive Director of the Colorado Department of Human Services to transfer the Trinidad State Nursing Home to a nonprofit corporation after a feasibility study and if certain conditions are met. If transferred, it allows current Colorado PERA members who are employees of the nursing home to continue earning Colorado PERA service credit given the Colorado PERA Board's approval. Employees hired after the transfer would not be covered by Colorado PERA. In addition, the bill applies the same provisions to any similar transfer, sale or lease of any other state nursing home.

DC Plan Consolidation

As noted earlier, the enactment of SB 09-66 consolidated the State's defined contribution (DC) plans under Colorado PERA. As recommended by the Legislative Audit Committee, the bill transferred the administration of the State of Colorado Public Officials' and Employees' Defined Contribution Plan (State DC Plan) and the State of Colorado 457 Plan to Colorado PERA on July 1, 2009. Great-West, the current 457 Plan service provider, continues to administer the 457 Plan under Colorado PERA's oversight.

Under previous law, certain members hired by the State on or after January 1, 2006, had the option to join the Colorado PERA Defined Benefit (DB) Plan, the Colorado PERA DC Plan, or the State DC Plan, administered by three providers (Great-West Life & Annuity Insurance Company, The Hartford, and ICMA-RC). New hires after the consolidation would choose between the Colorado PERA DB and Colorado PERA DC Plans.

When transferred to the Colorado PERA DC Plan, current participants in the State DC Plan would keep their vesting schedule, which allows for immediate 100 percent vesting in the employer portion of contributions. Going forward, all new DC Plan participants would be subject to the vesting schedule of the Colorado PERA DC Plan. Under the Colorado PERA DC Plan vesting schedule, employer contributions are vested over the initial five-year period.

Merger With Denver Public Schools Retirement System

The enactment of SB 09-282 called for a merger of the Denver Public Schools Retirement System (DPSRS) with Colorado PERA on January 1, 2010. Under this legislation, Denver Public Schools (DPS) will be a separate division within Colorado PERA and DPSRS retirees and active members as well as classified/hourly staff at DPS and its charter schools, would become Colorado PERA members on January 1, 2010. By having a separate DPS Division, Colorado PERA members and retirees would not subsidize DPS Division members, and vice versa.

The staffs of both DPSRS and Colorado PERA dedicated many hours working together on projects required to ensure a successful completion of the merger on January 1, 2010.

Economic Condition and Outlook

By the end of 2009, the U.S. economy was experiencing what was widely characterized as a jobless recovery. While activity levels such as growth in gross domestic product have shown improvement, many economic indicators remained at historically low levels. The unemployment rate ended the year at 10 percent and industrial capacity utilization is at levels not seen in decades. The residential housing crisis appears to have stabilized somewhat; the impact on the housing market of pending foreclosures remains uncertain. Consumer demand, the engine that has fueled economic growth, remains at low levels as job losses, increasing savings rates and tight credit conditions weigh on consumer sentiment. The Federal Reserve maintained the Fed Funds rate at a stated range of 0.00 percent to 0.25 percent during the year, while signaling, at the end of the year, that certain

government programs that provided substantial economic stimulus were gradually being discontinued. Deleveraging continues to impact financial markets; in particular, financing for commercial real estate remains very low. The absence of demand for and the availability of financing appear to be limiting the ability for the economy to grow on a consistent and sustained basis.

The global economy is currently divided between the economies of developed nations and the economies of emerging market countries. In general, developed countries are experiencing similar challenges as the U.S.—unemployment is high, residential housing markets are struggling and foreign central banks have provided significant stimulus to support financial markets. Emerging market economies have, in general, recovered from the global recession and are again growing, some at double-digit rates.

The Colorado economy continues to mirror, although to a lesser extent, the national economy. The State's budget deficit reflects declining tax revenues as a result of diminished spending, falling wages, and declining property values. Energy and mining, historically two of the strongest sectors of the State's economy, are struggling. The high tech industry is experiencing a rebound, and along with professional business services and health care, is expected to lead an improvement in the State's economy. The Colorado labor market has shown weakness with unemployment levels rising during 2009, but is expected to slowly recover. The residential market, which continued to experience difficulties in 2009, has recently shown signs of stability even though foreclosures continue at historically high levels.

Investments

Investment portfolio income is a significant source of revenue to Colorado PERA. The Investment Committee, a subcommittee of the Colorado PERA Board, is responsible for assisting the Colorado PERA Board in overseeing Colorado PERA's investment program.

In 2009, there was net investment income of \$5,270,206,000 compared with total contributions by members and employers of \$732,510,000 and \$951,095,000, respectively.

For the year ended December 31, 2009, the total fund had a rate of return of 17.4 percent on a market value basis. Colorado PERA's annualized net rate of return over the last three years was negative 1.5 percent, over the last five years it was 3.9 percent, and over the last 10 years it was 3.3 percent.

Proper funding and healthy investment returns are important to the financial soundness of Colorado PERA. Changes in the composition of the portfolio are reflected in the Investment Summary on page 98.

An integral part of the overall investment policy is the strategic asset allocation policy. The targeted strategic asset allocation is designed to provide appropriate diversification and balance expected total rate of return with the volatility of expected returns. Specifically, the fund is to be broadly diversified across and within asset classes to limit the volatility of the total fund

investment returns and to limit the impact of large losses on individual investments. Both traditional and nontraditional assets are incorporated into the asset allocation mix.

In addition to asset class targets, the Board of Trustees sets ranges within which asset classes are maintained. The permissible ranges in effect during 2009 were adopted by the Board of Trustees in 2008. The targeted asset allocation mix and the specified ranges for each asset class are presented on page 95. All of the asset classes were within their specified ranges at year end as described on page 98.

Colorado PERA's investment policy is summarized in the Colorado PERA Report on Investment Activity on page 95.

Corporate Governance

Colorado PERA has maintained its commitment to corporate governance reform through its participation in the Council of Institutional Investors as well as several other coalitions of long-term shareholders. The recent financial crisis has presented potential opportunities for federal regulatory reform and Colorado PERA has been actively advocating comprehensive improvements to shareholder rights, rigorous federal oversight, and credit rating agency reform to a broad range of congressional and federal regulatory officials. In addition, Colorado PERA continued to be active in the securities litigation arena, fulfilling the Board's commitment to support corporate governance reforms such as transparency, accountability, and enforcement of shareholder's rights.

Financial Information and Management Responsibility

The financial statements of Colorado PERA have been prepared by management, which is responsible for the integrity and fairness of the data presented, including the many amounts which must, of necessity, be based on estimates and judgments. The *CAFR* was prepared to conform to the accounting principles generally accepted in the United States of America. Financial information presented through the annual report is consistent with that which is displayed in the basic financial statements.

Ultimate responsibility for the basic financial statements and annual report belongs to the management of Colorado PERA with the Colorado PERA Board providing an oversight role. The Colorado PERA Board is assisted in its responsibilities by the Audit Committee, consisting of eight Colorado PERA Board members and two outside members. The Audit Committee generally reviews the adequacy and effectiveness of Colorado PERA's system of internal controls with management, the internal and independent accountants, and the accounting and financial reporting systems of Colorado PERA. A more detailed description of the role of the Audit Committee can be found in their report on pages 14–15.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Colorado PERA's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial

reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Colorado PERA's internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on the financial statements.

Management has concluded that as of December 31, 2009, our internal control over financial reporting was effective.

Inherent limitations exist in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statement preparation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate.

State law requires that the State Auditor conduct or cause to be conducted an annual audit of Colorado PERA. Pursuant to this requirement, KPMG LLP audited Colorado PERA's 2009 basic financial statements in accordance with Government Auditing Standards. This audit is described in the Report of the Independent Auditors on pages 22–23 of the Financial Section. Management has provided the auditors with full and unrestricted access to Colorado PERA's staff to discuss their audit and related findings to facilitate independent validation of the integrity of Colorado PERA's financial reporting and the adequacy of internal controls.

The Financial Section of the *CAFR* also contains Management's Discussion and Analysis (MD&A) that serves as a narrative introduction, overview, and analysis of the basic financial statements. The transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Report of the Independent Auditors and starts on page 24.

Funding

The Board of Trustees' Statement of Funding Policy dated November 16, 2007, is as follows: "To secure promised and mandated benefits, the funding goal of the Colorado Public

Employees' Retirement Association's defined benefit and retiree health care plans is to maintain employer and member contributions into the trust funds sufficient to accumulate assets over a member's term of employment to fully finance the benefits members receive throughout retirement by achieving and maintaining a minimum 100 percent funding ratio of assets to accrued actuarial liabilities. The Board's minimum 100 percent funding ratio goal over time avoids externalizing the costs of amortizing unfunded accrued liabilities onto others in the future, and provides for fairness and intergenerational equity for taxpayers, employers, and employees with respect to the costs of providing benefits."

On December 31, 2009, Colorado PERA's funded ratio equaled 67.2 percent based on the actuarial value of assets with an unfunded liability of \$18.4 billion and 58.4 percent based on the market value of assets with an unfunded liability of \$23.4 billion. Please see the MD&A on pages 35–43 for additional information on Colorado PERA's funded ratio.

Investment income is the most significant driver in a defined benefit plan and can contribute up to 80 percent of the total inflows over the life of a plan. To understand the significance of this investment assumption, a one and one-half percent and one-half percent sensitivity analysis is included in the MD&A on pages 37–39.

Colorado PERA's funding position is the top concern and priority for the Colorado PERA Board and management.

The Colorado PERA Board worked extensively in 2004 and 2006 with elected officials to pass Senate Bill 04-257 and Senate Bill 06-235, which were designed to move Colorado PERA toward full funding over the coming decades. Key features of these bills include increased funding through the Amortization Equalization Disbursement (AED) and Supplemental AED (SAED), as well as a new benefit structure for new hires that includes a Rule of 85 and a separate cost-of-living-adjustment (COLA) reserve fund.

With this legislation and its phased 3 percent increases in both the AED and SAED and the projected reductions in normal cost due to benefit adjustments for new hires, Colorado PERA was projected to achieve a 30-year amortization period on unfunded liabilities in all trust funds by the end of a 30-year period and eventually achieve a minimum of 100 percent funding.

However in 2008, Colorado PERA, along with investors worldwide, suffered through one of the worst financial market declines in history. During 2009, the Board initiated and completed an actuarial experience study and an actuarial audit and initiated an asset/liability study to assist in determining the best course of action for the various funds. These studies included a detailed review of all significant actuarial assumptions and methods used in preparing the annual actuarial valuation, including the investment rate of return and discount rate assumption, which was reduced 0.5 percent to 8.0 percent in 2009. A listing of the changes to the actuarial assumptions can be found in the MD&A

on page 35. Additionally in 2009, the Colorado PERA Board requested and completed an actuarial analysis of the impact of various benefit and contribution changes which would be considered during the 2010 legislative session so as to achieve long-term sustainability for the trust funds.

Colorado PERA believed it was in the best interest of both its members and the State's taxpayers to work toward proposed legislation in the 2010 legislative session to address the dramatic decline in the financial markets and the economy and the resulting decline in the Colorado PERA investment portfolio. The comprehensive proposal for legislative action came to fruition in 2010 and was based on thorough calculations and a robust analysis of how the various changes would impact Colorado PERA's funded status and its members. The modifications of SB 10-001 have been included in the 2009 actuarial valuation that is reported in this *CAFR*. To maintain the sustainability of Colorado PERA it is critical that every aspect of the bill be fulfilled. A summary of the bill can be found in Note 13 in the Financial Section on page 77 and the full bill can be found online at <http://www.leg.state.co.us>.

Total Compensation Philosophy

Because Colorado PERA recognizes that people are its primary asset, and its principal source of competitive advantage, Colorado PERA established a Total Compensation Philosophy to frame the delivery of all compensation—salary, incentives, and benefits. The Total Compensation Philosophy supports the ability to attract, motivate, and retain the talent needed to achieve Colorado PERA's mission and goals, and it ensures external competitiveness and internal equity.

To support the application of Colorado PERA's Total Compensation Philosophy, the Hay Group was retained to conduct a market analysis to support the Base Pay Ranges. As in past years, Colorado PERA participated in several annual compensation and benefits surveys, most notable being the Mountain States Employers' Council Front Range Survey and the McLagan Partners Pension Fund Data Exchange Compensation Survey. These surveys, in combination with the market analysis, provide solid comparable compensation data to assist in keeping Colorado PERA's compensation programs competitive, and to ensure the ability to attract, award, and retain critical talent.

In addition, a Web-based performance management system was used for the fourth consecutive year to support the establishment of performance objectives and to conduct performance evaluations.

Recognition of Achievements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Colorado PERA for its *Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended December 31, 2008. The GFOA's Certificate of Achievement is the highest form of recognition in the area of public employee retirement system accounting and financial reporting. To receive this award, a government unit must publish an easily readable and

efficiently organized *CAFR* that meets or exceeds program standards, and satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year. Colorado PERA has been awarded this distinction for the past 24 years. We believe this *CAFR* continues to meet GFOA requirements and we are submitting it to the GFOA to determine its eligibility for another Certificate.

The GFOA also awarded Colorado PERA an Award for Outstanding Achievement in Popular Annual Financial Reporting for its *Popular Annual Financial Report* for the fiscal year ended December 31, 2008. This is the seventh year that Colorado PERA has received this prestigious national award recognizing conformance with the highest standards for preparation of state and local government reports. In order to receive this award, a government unit must publish a Popular Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

Management Changes

Colorado PERA experienced several management changes in 2009 including a reorganization.

In February 2009, Colorado PERA hired David Mather as the new Director of Internal Audit. David replaced John Spielman who retired in 2008. The Internal Audit Division monitors, evaluates, reports on, and provides recommendations to improve Colorado PERA's internal control environment. Prior to joining Colorado PERA, David worked at Jefferson Wells in Denver as the engagement manager in internal audit and controls.

In July 2009, in anticipation of the retirement of David Maurek, Chief Operating Officer, Colorado PERA had a reorganization of management that included several changes.

Gregory W. Smith, Colorado PERA General Counsel, also became Colorado PERA's Chief Operating Officer. As General Counsel, Gregory provides the Colorado PERA Board and staff with legal advice and services, in addition to overseeing corporate governance activities, general and securities litigation, and contract administration. Gregory also coordinates fiduciary training for the Colorado PERA Board. As the Chief Operating Officer, Gregory oversees the Benefits and Technology Departments and provides direction and leadership in the development and implementation of Colorado PERA's operating policies and goals, together with Colorado PERA's law, rules, and Board-approved policies. Gregory joined Colorado PERA in 2002.

Ron Baker was named Colorado PERA's Chief Technology Officer. In this newly created position, Ron oversees the divisions of Colorado PERA that provide support to all aspects of Colorado PERA's operations. These divisions include Application Development, Information Technology, Operations Support, and Property Management. Ron joined Colorado PERA in 1994 and previously was the Director of Application Development.

Donna Trujillo was named Colorado PERA's Chief Benefits Officer. As Chief Benefits Officer, Donna is responsible for managing all aspects of member contacts and benefit administration and oversees the various divisions of Colorado PERA that directly serve Colorado PERA's membership. These divisions include Benefit Services, Customer Service, Field Education Services, Insurance, and Member Publications. Donna has worked at Colorado PERA for 20 years and previously was the Director of Operations Support.

In October 2009, David Maurek retired as Colorado PERA's Chief Operating Officer after 23 years at Colorado PERA. David started his career at Colorado PERA in 1986 as the Director of Internal Audit and in 2001 was named Manager of Strategy and Innovation, a position he held for four years before being appointed Chief Operating Officer in 2005. As the Chief Operating Officer, David was responsible for managing all aspects of member contacts and benefit administration as well as developing and implementing Colorado PERA's operating policies and goals.

In addition to the retirement of David Maurek, Colorado PERA wishes to thank the following employees, who also retired in 2009, for their many years of service and wish them well in retirement: Diane Ahonen, Dennis Anderson, Lydia Carlson, Annette Cote, Scott Jelsma, Chris Renna, Julie Saad, Sandra Trujillo, Norma Walo, Polly Woodard, and Carole Sue Woodrich.

Board Composition

Colorado PERA is governed by a 16-member Board of Trustees; 11 are elected by the membership for staggered four-year terms and serve without compensation except for necessary expenses. In addition, there are three Governor-appointed Trustees confirmed by the Senate and the State Treasurer who serves as an ex officio voting member. In May 2009, with the signing of SB 09-282, a Denver Public Schools Division seat was added as a non-voting ex officio member.

Effective May 21, 2009, Andrew Raicevich was appointed to fill the DPS seat by the DPSRS Board of Trustees. He is a retired Assistant Superintendent from Denver Public Schools and his term expired December 31, 2009. Effective January 1, 2010, Wayne Eckerling was appointed by the DPS Board of Education to fill this seat. Eckerling also is a retired Assistant Superintendent from Denver Public Schools.

In March 2009, Howard Crane was reconfirmed by the Senate to serve on the Colorado PERA Board. His term will expire on July 10, 2012. In addition, in March 2010, Susan Murphy was reconfirmed by the Senate to serve on the Colorado PERA Board. Her term will expire on July 10, 2013. In May 2010, Lynn Turner was reconfirmed by the Senate to serve on the Colorado PERA Board. His term will expire on July 10, 2014.

In the 2009 Board election, Colorado PERA members re-elected Scott Noller to a School Division seat, Maryann Motza to a State Division seat, and Carole Wright to a Retiree seat. In addition, Carolyn Jonas-Morrison and Marcus Pennell were newly elected to a State Division seat and a School Division seat, respectively.

Noller, Pennell, Motza, and Wright will serve four-year terms; Jonas-Morrison will serve a one-year term.

Pennell is a physics teacher in the Jefferson County School District. He previously served on the Board from 2003 to 2007.

Jonas-Morrison is the Dean of the Math and Technology Division at Pikes Peak Community College.

On June 1, 2009, Trustee Susan Beeman retired from her teaching assignment with Pueblo School District 60, which made her ineligible to continue serving on the Board of Trustees. In addition, M. Judy Chavez chose not to run for election to the Trustee seat she was appointed to fill in 2008. Her term expired on June 30, 2009.

Acknowledgements

This compilation of this *CAFR* reflects the combined efforts of Colorado PERA staff and is the responsibility of Colorado PERA management. It is intended to provide complete and reliable information as a basis for making management decisions, determining compliance with legal provisions, and determining responsible stewardship of assets contributed by the members and their employers.

Copies of this *CAFR* are provided to all Colorado PERA-affiliated employers and other interested parties; a summary (Popular Annual Financial Report) will be sent to members and benefit recipients. An electronic version of both publications is available on the Colorado PERA Web site at www.copera.org.

Colorado PERA thanks the staff and management of our affiliated employers for their continuing support. The cooperation of our affiliated employers is significant to the success of Colorado PERA.

Also, I would like to express my thanks for the dedication and tireless efforts of the Colorado PERA staff, Board of Trustees, and consultants who diligently ensured the successful operation of Colorado PERA during 2009, especially in conjunction with the occurrence of three major projects—crafting the legislative proposal, the transfer of the State DC Plan, and the implementation of the DPSRS merger.

Respectfully submitted,

Meredith Williams

Colorado PERA Executive Director

Mission Statement

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



Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Public Employees' Retirement
Association of Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "JEFFERSON L. ESSER".

President

A handwritten signature in black ink, appearing to read "JEFFERSON L. ESSER".

Executive Director



Public Pension Coordinating Council

***Recognition Award for Administration
2009***

Presented to

Colorado PERA

In recognition of meeting professional standards for
plan administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads "Alan H. Winkle". The signature is written in a cursive style with a large, prominent 'A' and 'W'.

Alan H. Winkle
Program Administrator



Colorado Public Employees' Retirement Association

Mailing Address: PO Box 5800, Denver, CO 80217-5800

Office Locations: 1301 Pennsylvania Street, Denver, Colorado

1120 West 122nd Avenue, Westminster, Colorado

303-832-9550 • 1-800-759-7372 • www.copera.org

July 30, 2010



Mark J. Anderson
Board Chair

To All Colorado PERA Members, Benefit Recipients, and Employers:

As Chair of the Board of Trustees of the Colorado Public Employees' Retirement Association, I am pleased to present Colorado PERA's 2009 *Comprehensive Annual Financial Report (CAFR)*. This report offers a detailed view of the financial and actuarial status of your retirement system.

Since the market downturn of 2008, Colorado PERA has been upfront about the long-term future impact on Colorado PERA. The Colorado PERA Board recognized the importance of its duties and responsibilities to our membership and the citizens of Colorado and therefore directed Colorado PERA staff to review all alternatives to improve Colorado PERA's funded status. This entailed completing various actuarial studies and projections as well as obtaining input from the membership and others.

In August, the Colorado PERA Board conducted a series of eight Listening Tour meetings around the State to seek input from Colorado PERA members, retirees, and the general public about opinions to return the plan to long-term sustainability. The goal of the Listening Tours was to be both informative about the challenges facing Colorado PERA and receptive to the opinions and concerns about various potential recommendations.

The Colorado PERA Board used the research and analysis provided by these studies, along with input from our membership and others, to serve as the foundation for the legislative proposal and to set the following guiding principles in developing a comprehensive package:

- Shared responsibility among members, retirees, and employers
- Intergenerational equity
- Preservation of the defined benefit plan
- Maintaining the same benefit structure for Colorado PERA's different divisions to preserve portability
- Designing the recommendations to have little or no short-term impact on member behavior

As an initial step toward achieving these goals, in September 2009, the Colorado PERA Board adopted an 8.0 percent assumed rate of return (down from 8.5 percent) to better reflect market expectations. The Colorado Board also adopted the goal of a 30-year amortization period, meaning that the trust funds would be on track to be fully funded within three decades. The goal of a 30-year amortization period is in line with the existing Colorado PERA law, which stated that "A maximum amortization period of thirty years shall be deemed actuarially sound."

At its October 2009 Board meeting, the Colorado PERA Board voted unanimously on a package of recommendations to submit to the Colorado General Assembly for its consideration in the 2010 legislative session per SB 09-282. The recommendations were designed to return Colorado PERA to long-term fiscal sustainability.

Upon the start of the 2010 legislative session, the Colorado PERA Board approved the recommended bipartisan changes by Senate President Brandon Shaffer and Senator Josh Penry to the Colorado PERA Board's legislative proposal since the changes still accomplished the Colorado PERA Board's goal of reaching 100 percent funded levels for each of Colorado PERA's divisions in 30 years.

On January 13, 2010, Senate Bill 10-001 (SB 10-001) was introduced, and on February 23, 2010, Governor Bill Ritter signed SB 10-001 into law, which will return the Colorado PERA fund to long-term sustainability and maintain it for generations to come. For more detailed information on SB 10-001, please see page 77.

While the most significant Colorado PERA Board activity in 2009 related to the crafting of the legislative proposal, the Colorado PERA Board and staff began implementing the provisions of SB 09-282, which merged the Denver Public Schools Retirement System (DPSRS) into Colorado PERA. The merger of DPSRS into Colorado PERA has been many years in the making and we look forward to being a constructive part of the retirement plans for both the active members and retirees of Denver Public Schools.

In addition to these major projects in 2009, the Board also approved the following items:

- Updates to the Sudan Scrutinized Company list
- Changes to the Iran-Related Investment Policy
- Investment mapping to be implemented with the transfer of the State's Defined Contribution Plan responsibilities to Colorado PERA
- Changes in investment offerings within the Colorado PERA 401(k) Plan
- Creation of the Sudan Annual Report

I would like to express my gratitude to the Trustees for their dedication and tenacious efforts throughout 2009. The Colorado PERA Board's guidance and support remain a crucial element in the success of Colorado PERA.

On behalf of the Colorado PERA Board, I want to express my appreciation to the entire Colorado PERA membership as well as other constituencies for their continued support of Colorado PERA. The Colorado PERA Board recognizes the importance of its duties and responsibilities to our membership and we are committed to ensuring the fund remains strong.

Sincerely,

Mark Anderson

Chair, Colorado PERA Board of Trustees



Colorado Public Employees' Retirement Association

Mailing Address: PO Box 5800, Denver, CO 80217-5800

Office Locations: 1301 Pennsylvania Street, Denver, Colorado

1120 West 122nd Avenue, Westminster, Colorado

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As described more fully in its Charter, the purpose of the Colorado PERA Audit Committee (Audit Committee) is to assist the Colorado PERA Board in fulfilling its fiduciary responsibilities as they relate to accounting policies and reporting practices, the system of internal controls, the effectiveness of standards of ethical business conduct, the sufficiency of auditing relative thereto, and the policies, practices and activities of the General Counsel. Management is responsible for the preparation, presentation, and integrity of Colorado PERA's financial statements; accounting and financial reporting principles; internal controls; and procedures designed to reasonably ensure compliance with accounting standards, applicable laws, and regulations. Colorado PERA has a full-time Internal Audit Division that reports functionally to the Audit Committee. This division is responsible for independently and objectively reviewing and evaluating the adequacy, effectiveness, and efficiency of Colorado PERA's system of internal controls.

KPMG LLP, Colorado PERA's independent public accounting firm, is responsible for performing an independent audit of Colorado PERA's financial statements in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. In accordance with law, the Colorado State Auditor's Office has ultimate authority and responsibility for selecting, evaluating, and, when appropriate, replacing Colorado PERA's independent public accounting firm.

The Audit Committee serves a Board-level oversight role in which it provides advice, counsel, and direction to management and to the auditors on the basis of the information it receives, discussions with management and the auditors, and the experience of the Audit Committee's members in business, financial, and accounting matters.

The Audit Committee believes that a candid, substantive and focused dialogue with the internal auditors and the independent public accounting firm is fundamental to the Committee's oversight responsibilities. To support this belief, the Audit Committee periodically meets separately with both the internal auditors and external auditors, without management present. In the course of its discussions in these meetings, the Audit Committee asked a number of questions intended to bring to light any areas of potential concern related to Colorado PERA's financial reporting and internal controls. These questions include, but are not limited to:

- Are there any significant accounting judgments, estimates or adjustments made by management in preparing the financial statements that would have been made differently had the auditors themselves prepared and been responsible for the financial statements?
- Based on the auditors' experience, and their knowledge of Colorado PERA, do Colorado PERA's financial statements fairly present to users, with clarity and completeness, Colorado PERA's financial position and performance for the reporting period in accordance with generally accepted accounting principles?
- Based on the auditors' experience, and their knowledge of Colorado PERA, has Colorado PERA implemented internal controls and internal audit procedures that are appropriate for Colorado PERA?
- Are the external and internal auditors getting the support they need from management to execute their duties?

Questions raised by the Audit Committee regarding these matters were answered to the Committee's satisfaction.

The Audit Committee had an agenda for the year that includes:

- Recommending the *Comprehensive Annual Financial Report*, including the Audit Report, to the Board for approval.
- Examining and approving the objectives, coordination and scope of audits, including reviews of risk management and the overall audit plans of the Internal Audit Director, the duties and responsibilities of the Internal Audit Director and the timing, staffing, and estimated budgets of the Internal Audit Division.
- Examining and discussing the objectives, duties, responsibilities, coordination and scope of audits, including reviews of risk management and the overall audit plans of the external auditor. In addition, examining and discussing the timing, staffing, and estimated budgets of the annual external audit.
- Reviewing the Executive Director's selection, termination, and annual written performance evaluation of the Internal Auditor and General Counsel.

- Reviewing the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing.
- Reviewing the effectiveness of, and Colorado PERA's compliance with its Standards of Professional and Ethical Conduct.
- Meeting no less than one time with the independent accountants separately, without management, during the year.
- Meeting no less than one time with the Internal Audit Director, Chief Financial Officer and General Counsel separately, without management, during the year.
- Meeting at least annually with the Internal Audit Director of Colorado PERA, or with the person acting in a similar capacity, and with Colorado PERA management, to discuss the effectiveness of the internal control procedures.
- Reviewing any changes in accounting practices or policies, and the financial impact thereof, any accruals, provisions, estimates or management programs and policies that may have a significant effect on the financial statements of Colorado PERA.
- Reviewing with Colorado PERA management, the external auditors, and/or external legal counsel, any claim or contingency that could have a significant effect on the financial condition or the results of Colorado PERA operations, the manner in which such claim or contingency is being managed and the manner in which it has been disclosed in the financial statements of Colorado PERA.

The Audit Committee has reviewed and discussed the audited financial statements for the year ended December 31, 2009, with management and KPMG LLP. Management represented to the Audit Committee that Colorado PERA's audited financial statements were prepared in accordance with U.S. generally accepted accounting principles, and KPMG LLP represented that their presentations to the Audit Committee included the matters required to be discussed with the independent public accounting firm by Auditing Standards regarding auditor communication. This review included a discussion with management of the quality, not merely the acceptability, of Colorado PERA's accounting principles, the reasonableness of significant estimates and judgments, and the clarity of disclosure in Colorado PERA's financial statements, including the disclosures related to critical accounting estimates.

In reliance on these reviews and discussions, and the reports of KPMG LLP, the Audit Committee has recommended to the Colorado PERA Board, and the Colorado PERA Board has approved, the inclusion of the audited financial statements in Colorado PERA's *Comprehensive Annual Financial Report* for the year ended December 31, 2009.

Audit Committee as of July 30, 2010

Marcus Pennell, Chairman

James Casebolt

Howard Crane

Richard Delk

Warren Malmquist

Maryann Motza

Susan Murphy

Lynn Turner

Carole Wright

Richard Zillmann

Board of Trustees

By State law, the management of the public employees' retirement fund is vested in the Board of Trustees of the Colorado Public Employees' Retirement Association. The Board is composed of 16 members, which includes the following:

- Eleven members elected by mail ballot by their respective Division members to serve on the Board for four-year terms; four members from the School Division, three from the State Division, one from the Local Government Division, one from the Judicial Division, and two retiree members elected by benefit recipients.
- Three members appointed by the Governor and approved by the State Senate.
- The State Treasurer serves as an ex officio member.
- One ex officio (non-voting) member from the Denver Public Schools (DPS) Division.

As provided in SB 09-282, the first-term of the ex officio DPS member started May 21, 2009, until December 31, 2009, and this member was appointed by the Denver Public Schools Retirement System (DPSRS) Board of Trustees. The second term of the ex officio DPS member starts January 1, 2010, through June 30, 2012, and this member will be appointed by the DPS Board of Education. The ex officio member who will serve for the term starting July 1, 2012, and each term thereafter will be elected by the members of the DPS Division in a Board election administered by Colorado PERA.

If a Board member resigns, a new member is appointed from the respective Division for the remainder of the year until the next election.



Mark J. Anderson
Chair

Elected by Local Government Members
Risk Manager,
City of Colorado Springs
Current term expires June 30, 2014



Sara R. Alt
Vice Chair

Elected by Retirees
Retired Legislative Liaison,
Colorado Department of Personnel and Administration
Current term expires June 30, 2011



Susan Beeman

Elected by School Members
Teacher on special assignment for Exceptional Student Services, Pueblo School District 60
Term expired June 30, 2009



James Casebolt

Elected by Judicial Members
Judge, Colorado Court of Appeals
Current term expires June 30, 2011



M. Judy Chavez

Appointed to fill a vacancy in the State Division
Assistant Dean of Budget and Human Resource Services, University of Colorado Denver Business School
Term expired June 30, 2009



Howard M. Crane

Appointed by the Governor
Current term expires July 10, 2012



Richard Delk

Elected by State Members
Accountant, Budget Office of the Colorado State Patrol
Current term expires June 30, 2012



Wayne Eckerling

Non-voting ex officio member
Retired Assistant Superintendent, Denver Public Schools
Appointed to Denver Public Schools Division seat
Current term expires June 30, 2012



**Carolyn
Jonas-Morrison**

Elected by State
Members
Dean, Math and
Technology
Division,
Pikes Peak
Community College
*Current term expires
June 30, 2014*



Cary Kennedy

Ex officio member
State Treasurer
Continuous term



Maryann Motza

Elected by State
Members
Social Security
Administrator
for the State
*Current term expires
June 30, 2013*



Scott Murphy

Elected by School
Members
Superintendent,
Littleton Public
Schools
*Current term expires
June 30, 2014*



Susan G. Murphy

Appointed by
the Governor
*Current term expires
July 10, 2013*



Amy L. Nichols

Elected by School
Members
Math Teacher,
Aurora Public
Schools
*Current term expires
June 30, 2012*



Scott L. Noller

Elected by School
Members
Assistant Principal,
Colorado Springs
School District #11
*Current term expires
June 30, 2013*



Marcus Pennell

Elected by School
Members
Physics Teacher,
Jefferson County
School District
*Current term expires
June 30, 2013*



**Andrew
Raicevich**

Non-voting
ex officio member
Retired Assistant
Superintendent,
Denver Public
Schools
Appointed to
Denver Public
Schools Division
seat
*Term expired
December 31, 2009*



Eric Rothaus

Deputy State
Treasurer
Delegated
Substitute for
State Treasurer



Lynn E. Turner

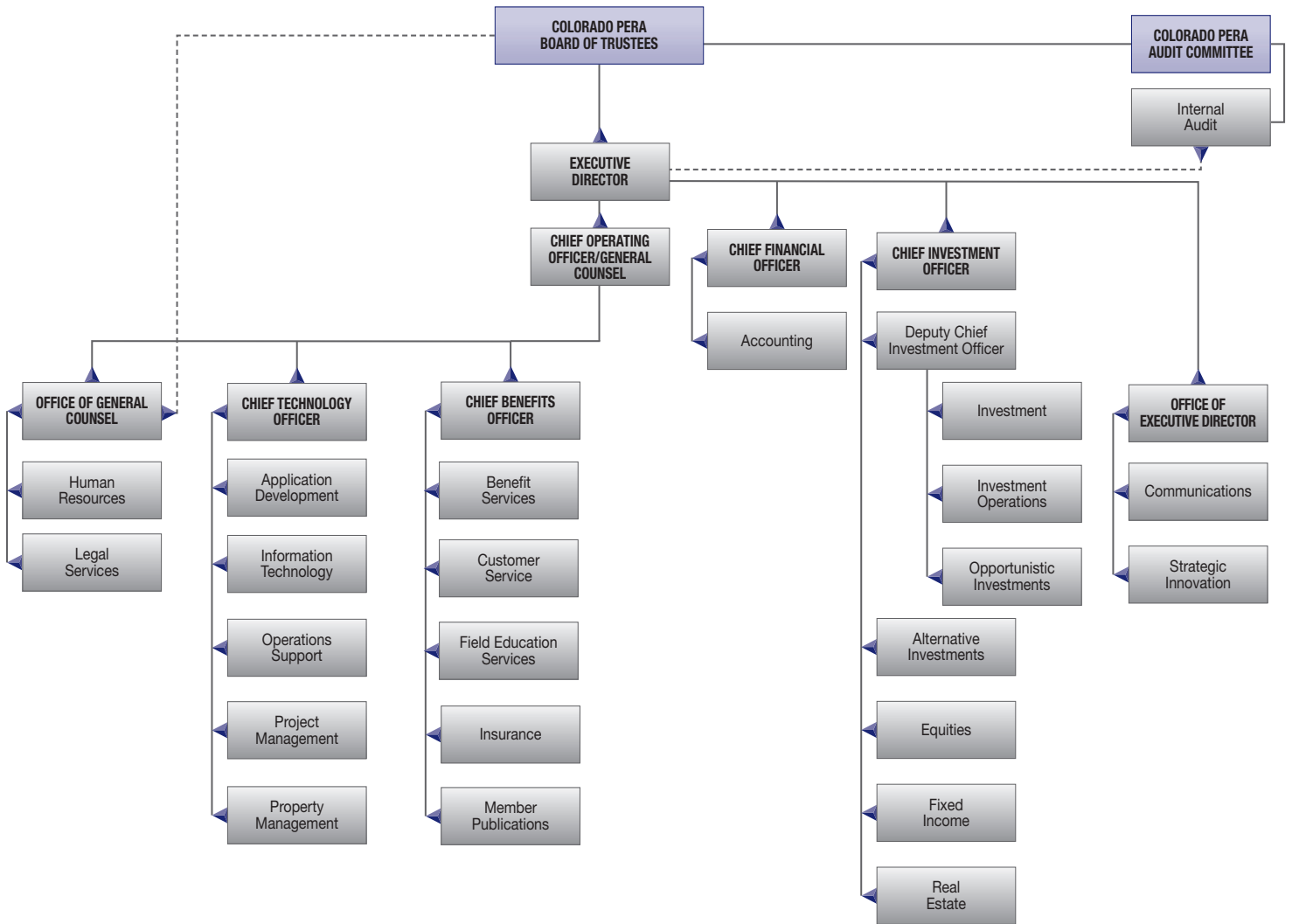
Appointed by
the Governor
*Current term expires
July 10, 2014*



Carole Wright

Elected by Retirees
Retired Teacher,
Aurora Public
Schools
*Current term expires
June 30, 2013*

Administrative Organizational Chart
As of June 1, 2010





Meredith Williams—Executive Director

Gregory W. Smith—*Chief Operating Officer/General Counsel*
 Jennifer Paquette—*Chief Investment Officer*
 Karl Greve—*Chief Financial Officer*
 Katie Kaufmanis—*Director of Communications*
 David Mather—*Director of Internal Audit*
 Karl Paulson—*Manager of Strategic Innovation*



Gregory W. Smith—Chief Operating Officer/General Counsel

Ron Baker—*Chief Technology Officer*
 Donna Trujillo—*Chief Benefits Officer*
 Sharyl Harston—*Director of Human Resources*
 Luz Rodriguez—*Director of Legal Services*



Jennifer Paquette—Chief Investment Officer

David Bomberger— <i>Deputy Chief Investment Officer</i>	Tom Liddy— <i>Director of Investment Operations</i>
Martha Argo— <i>Director of Investment</i>	Jim Liptak— <i>Director of Equities</i>
Bill Koski— <i>Director of Opportunistic Investments</i>	Tim Moore— <i>Director of Alternative Investments</i>
Jim Lavan— <i>Director of Real Estate</i>	Mark Walter— <i>Director of Fixed Income</i>



Karl Greve—Chief Financial Officer

Accounting Division



Donna Trujillo—Chief Benefits Officer

Anne Bandy—*Director of Customer Service*
 Dennis Gatlin—*Director of Field Education Services*
 Rick Larson—*Director of Benefit Services*
 Madalyn Knudsen—*Director of Member Publications*
 Wendy Tenzyk—*Director of Insurance*



Ron Baker—Chief Technology Officer

Kevin Carpenter—*Director of Information Technology*
 Dennis Fischer—*Director of Property Management*
 Rich Krough—*Director of Application Development*
 Aubre Schneider—*Director of Operations Support*

Health Care Program Consultant

Leif Associates, Inc.
1515 Arapahoe Street
Tower One, Suite 530
Denver, CO 80202

Independent Auditors

KPMG LLP
707 Seventeenth Street
Suite 2700
Denver, CO 80202

Investments—Portfolio Consultant

Ennis Knupp & Associates
10 South Riverside Plaza
Suite 1600
Chicago, IL 60606

Investment Performance Consultants

Ennis Knupp & Associates
10 South Riverside Plaza
Suite 1600
Chicago, IL 60606

The Northern Trust Company

50 South LaSalle Street
Chicago, IL 60603

Investments—Real Estate Performance

Ennis Knupp & Associates
10 South Riverside Plaza
Suite 1600
Chicago, IL 60606

Master Custodian

The Northern Trust Company
50 South LaSalle Street
Chicago, IL 60603

Pension and Health Care Program Actuary

Cavanaugh Macdonald Consulting, LLC
3550 Busbee Parkway
Suite 250
Kennesaw, GA 30144

Risk Management

IMA of Colorado
1550 17th Street
Suite 600
Denver, CO 80202

401(k) and Colorado PERA DC Plan Consultant

Mercer (US) Inc.
1225 17th Street
Suite 2200
Denver, CO 80202

**401(k), Colorado PERA DC Plan Investment, and
Deferred Compensation Plan Performance Consultant**

R.V. Kuhns & Associates, Inc.
111 SW Naito Parkway
Portland, OR 97204

401(k) and Colorado PERA DC Plan Service Provider

ING Institutional Plan Services, LLC
One Heritage Drive
Quincy, MA 02171

Deferred Compensation Plan Service Provider

Great-West Retirement Services®
A Unit of Great-West Life & Annuity Insurance Company
8515 East Orchard Road
Greenwood Village, CO 80111

FINANCIAL SECTION



Securing the Path to

INTERGENERATIONAL EQUITY

Colorado PERA serves each member, whether first hired 20 years ago or newly hired this year, with the same responsibility to provide a secure retirement.



KPMG LLP
Suite 2700
707 Seventeenth Street
Denver, CO 80202-3499

Independent Auditors' Report

Board of Trustees
Colorado Public Employees' Retirement Association
Denver, Colorado:

We have audited the accompanying statement of fiduciary net assets of the fiduciary funds and the related statement of changes in fiduciary net assets of the fiduciary funds of the Colorado Public Employees' Retirement Association (PERA) as of and for the year ended December 31, 2009, which collectively comprise PERA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of PERA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from PERA's December 31, 2008 financial statements, which were audited by other auditors whose report thereon dated June 18, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PERA's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the fiduciary funds of the Colorado Public Employees' Retirement Association as of December 31, 2009, and the respective changes in fiduciary net assets of the fiduciary funds for the year then ended, in conformity with U.S. generally accepted accounting principles.

As described in note 11 to the financial statements, the funded ratio as of December 31, 2009 of the actuarial accrued liability was 67.0% for the State Division, 69.2% for the School Division, 76.2% for the Local Government Division, 77.3% for the Judicial Division, and 14.8% for the Health Care Trust Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2010, on our consideration of PERA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

The Management's Discussion and Analysis on pages 24 to 49 and Required Supplementary Information on pages 83 to 89 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information, and we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise PERA's basic financial statements. The Introductory Section on pages 3 to 20, Supplementary Schedules on pages 90 to 92, and the Investment, Actuarial, and Statistical Sections on pages 95 to 175 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedules and information contained in the Introductory, Investment, Actuarial, and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

July 30, 2010

Management is pleased to provide this discussion and analysis of the financial activities of the Colorado Public Employees' Retirement Association (Colorado PERA) for the year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with additional information in the Letter of Transmittal beginning on page 3 of this *CAFR* and in conjunction with the basic financial statements of Colorado PERA on pages 50–53.

In addition to historical information, the Management's Discussion and Analysis includes forward-looking statements, which involve certain risks and uncertainties. Colorado PERA's actual results, performance, and achievements may differ materially from the results, performance, and achievements expressed or implied in such forward-looking statements, due to a wide range of factors, including changes in interest rates, changes in the securities markets, general economic conditions, and legislative changes, as well as other factors.

Colorado PERA administers nine fiduciary funds, including four defined benefit pension trust funds: the State Division Trust Fund, the School Division Trust Fund, the Local Government Division Trust Fund, and the Judicial Division Trust Fund (the Division Trust Funds). Colorado PERA also administers three defined contribution pension trust funds: the Voluntary Investment Program, the Defined Contribution Retirement Plan, and the Deferred Compensation Plan (457 Plan), a cost-sharing multiple-employer defined benefit other postemployment benefit plan, the Health Care Trust Fund (HCTF), and one private purpose trust fund, the Life Insurance Reserve (LIR).

In previous years, the Defined Contribution Retirement Plan was shown as a component plan within the Voluntary Investment Program. As the result of Senate Bill 09-66, a separate trust fund was set up for the Defined Contribution Retirement Plan and it is now shown as a separate fiduciary fund. Additionally, as a result of Senate Bill 09-66, Colorado PERA became the administrator of the new Deferred Compensation Plan, which received a plan transfer from the State of Colorado's 457 Plan as of July 1, 2009.

After the dramatic and historic drop in virtually all markets and asset classes throughout the world in 2008, the Colorado PERA Board of Trustees worked throughout 2009 to prepare recommendations for consideration by the Colorado General Assembly in 2010. The Board set the following guiding principles in the development of this comprehensive package to maintain long-term sustainability:

- Shared responsibility among members, retirees, and employers;
- Intergenerational equity;
- Preservation of the defined benefit plan;
- Maintaining the same benefit structure of Colorado PERA's different divisions to preserve portability; and
- Designing the recommendations to have little or no short-term impact on member behavior.

The work of the Colorado PERA Board culminated in the crafting of Senate Bill 10-001: **Concerning Modifications to the Public Employees' Retirement Association Necessary to Reach a One Hundred Percent Funded Ratio within the Next Thirty Years**. The modifications in this bill, due to the magnitude of their changes, have been included in the 2009 actuarial valuation that is reported in this *CAFR*. The changes in participant benefits have reduced the overall liability of the plan by over \$8.8 billion (State Division \$3.2 billion, School Division \$5.0 billion, Local Government Division \$631 million, and Judicial Division \$44 million). A summary of the bill can be found in Note 13 and the full bill can be found online at <http://www.leg.state.co.us>.

In light of the legislative changes that were made with Senate Bill 10-001, the Colorado PERA Board will be re-examining the asset allocation of Colorado PERA in 2010. This will lead to a re-examination of the investment rate of return assumption which currently is 8.0 percent effective January 1, 2010. The 8.0 percent investment rate of return assumption was used for the 2009 valuation.

Basic Retirement Funding Equation

At the most basic level, in the long run a retirement plan must balance the money coming in through contributions and investment earnings against the money going out through benefit and expense payments.

$$I + C = B + E$$

Where:	I	is investment income
	C	is contribution inflows
	B	is benefits paid
	E	is expenses

During any year in the life of a plan, one side of the equation will be greater than the other with the goal that they will balance in the long run. The Statement of Changes in Fiduciary Net Assets on pages 52–53 details the contributions, investment income, benefit payments, and expenses for all nine fiduciary funds Colorado PERA administers.

The results for the past 25 years (January 1, 1985, to December 31, 2009) show that the funds grew by \$30.5 billion or 773 percent. During this time, the number of members and benefit recipients grew from 123,961 to 441,692 or 256 percent. The breakdown of the net change in assets is shown on the next page for the 25-year period January 1, 1985, to December 31, 2009:

I - Investment income	\$36,503,373
C - Contributions	26,348,424
Subtotal	62,851,797
B - Benefits	31,825,754
E - Expenses	524,271
Subtotal	32,350,025
Net change in assets	\$30,501,772

The results for the year ended December 31, 2009, show that the funds increased by \$4.2 billion or 13.6 percent. The increase was principally due to the overall improvement in the financial markets where our global equity benchmark [74.1 percent Dow Jones (DJ) U.S. Total Stock Market Index and 25.9 percent Morgan Stanley Capital International All Country World Excluding U.S. Index (MSCI ACWI Ex-U.S.)] increased 31.9 percent. The breakdown of the net change in assets is shown below for the year ended December 31, 2009:

I - Investment income	\$5,270,206
C - Contributions	2,219,042
Subtotal	7,489,248
B - Benefits	3,242,218
E - Expenses	42,197
Subtotal	3,284,415
Net change in assets	\$4,204,833

Financial Highlights

Net Assets—The fair value of the net assets for all funds administered by Colorado PERA increased \$4.2 billion during calendar year 2009.

	2009 CHANGE IN NET ASSETS	2009 ENDING NET ASSETS
State Division Trust Fund	\$1,103,457	\$11,611,758
School Division Trust Fund	1,887,013	18,302,813
Local Government Division Trust Fund	352,694	2,574,275
Judicial Division Trust Fund	25,452	200,355
Voluntary Investment Program	371,054	1,674,861
Defined Contribution Retirement Plan	32,479	37,475
Deferred Compensation Plan	393,352	393,352
Health Care Trust Fund	37,987	228,178
Life Insurance Reserve	1,345	13,873
Total	\$4,204,833	\$35,036,940

In the Voluntary Investment Program, the increase in net assets was primarily due to positive investment returns arising from the overall improvement in the domestic and international stock markets. The Defined Contribution Retirement Plan, which prior to 2009 was a component plan of the Voluntary Investment Program, grew primarily due to increased contributions. Included in the contributions for 2009 was an \$18.4 million transfer from the State DC Plan into the fund on July 1, 2009. The Deferred Compensation Plan grew primarily from the \$336.5 million plan transfer of July 1, 2009, from the State's 457 Plan. In all other funds, the increase in net assets was primarily due to positive investment returns arising from the overall increase in values for global stocks and alternative investments.

Change in Net Assets

	(C) CONTRIBUTIONS AND OTHER ADDITIONS	+ (I) INVESTMENT GAIN/(LOSS)	– (B) – (E) BENEFITS, EXPENSES, AND OTHER DEDUCTIONS	= NET CHANGE CHANGE IN NET ASSETS
State Division Trust Fund	\$500,241	\$1,742,571	\$1,139,355	\$1,103,457
School Division Trust Fund	804,974	2,741,797	1,659,758	1,887,013
Local Government Division Trust Fund	146,516	381,350	175,172	352,694
Judicial Division Trust Fund	8,791	29,977	13,316	25,452
Voluntary Investment Program	160,040	291,029	80,015	371,054
Defined Contribution Retirement Plan	28,939	5,060	1,520	32,479
Deferred Compensation Plan	362,211	40,443	9,302	393,352
Health Care Trust Fund	207,330	35,483	204,826	37,987
Life Insurance Reserve	—	2,496	1,151	1,345
2009 change in net assets	2,219,042	5,270,206	3,284,415	4,204,833
2008 change in net assets	1,748,531	(11,007,526)	3,080,924	(12,339,919)
2007 change in net assets	1,615,130	3,983,543	2,842,809	2,755,864
2006 change in net assets	1,569,409	5,476,054	2,662,929	4,382,534
2005 change in net assets	1,665,716	3,166,581	2,484,817	2,347,480
2005–2009 change in net assets	\$8,817,828	\$6,888,858	\$14,355,894	\$1,350,792

Investment Highlights

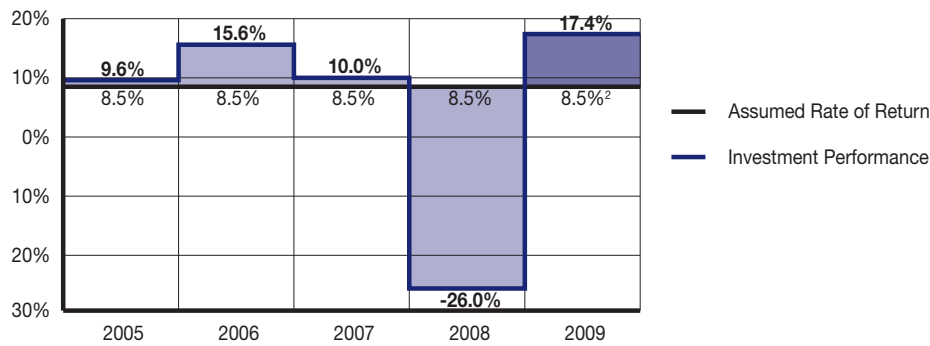
The investment highlights in this section do not include the Voluntary Investment Program, Defined Contribution Retirement Plan, and Deferred Compensation Plan unless otherwise noted. Those plans are participant-directed defined contribution plans. Investments for all of the other plans are pooled (the four Division Trust Funds, the HCTF, and the LIR).

	NET APPRECIATION/ (DEPRECIATION) IN FAIR VALUE	INTEREST AND DIVIDENDS	REAL ESTATE, ALT INVEST, AND OPPTY FUND NET OPERATING INC	INVESTMENT EXPENSES	SECURITIES LENDING INCOME/ (LOSS)	TOTAL INVESTMENT GAIN/(LOSS)
State Division Trust Fund	\$1,472,960	\$244,436	\$58,344	(\$43,749)	\$10,580	\$1,742,571
School Division Trust Fund	2,332,936	370,421	88,416	(66,299)	16,323	2,741,797
Local Government Division Trust Fund	335,301	41,528	9,912	(7,433)	2,042	381,350
Judicial Division Trust Fund	26,456	3,173	757	(568)	159	29,977
Health Care Trust Fund	31,590	3,502	836	(627)	182	35,483
Life Insurance Reserve	1,960	505	73	(55)	13	2,496
2009 Total	\$4,201,203	\$663,565	\$158,338	(\$118,731)	\$29,299	\$4,933,674
2008 Total	(\$11,381,519)	\$799,501	\$163,589	(\$108,241)	\$20,847	(\$10,505,823)
2007 Total	\$2,995,089	\$847,723	\$173,132	(\$131,452)	(\$26,594)	\$3,857,898
2006 Total	\$4,494,355	\$762,609	\$157,407	(\$128,102)	\$23,103	\$5,309,372
2005 Total	\$2,266,246	\$672,171	\$255,672	(\$134,801)	\$10,870	\$3,070,158

The largest inflow into a retirement plan over the long-term comes from investment income. Over the past 25 years, even with the large losses in 2008, investment income represents 60 percent of the inflows into Colorado PERA, and over the past 10 years it represented 40 percent of the inflows.

Investment Performance Trend Information—For the year ended December 31, 2009, the net-of-fees rate of return on the pooled investment assets was 17.4 percent, which was greater than the negative 26.0 percent for the year ended December 31, 2008, and exceeded the actuarial assumed rate. The net-of-fees annualized rate of return for the pooled investment assets was 3.9 percent for the past five years and 3.3 percent for the past 10 years. The 25-year annualized gross-of-fees rate of return for the pooled investment assets was 9.3 percent. Market returns and volatility will vary from year to year for the total fund and across the various asset classes. The chart on the next page compares the actual investment performance of the pooled investment assets versus the actuarial assumed rate of return for each of the last five years.

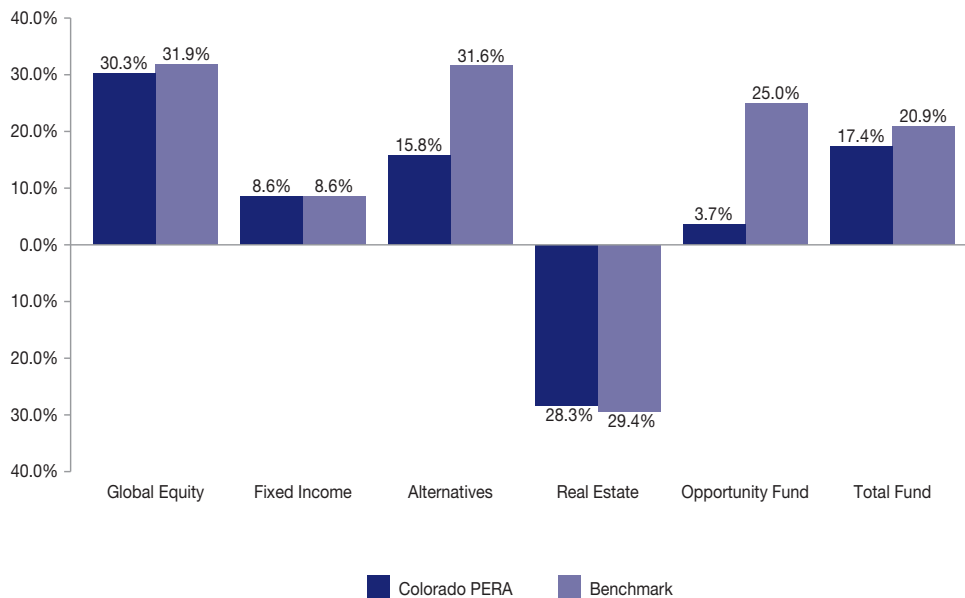
Actual vs. Assumed Rate of Return^{1,2}



¹ Previously reported returns were revised to reflect net of fees returns for 2005 and 2006.

² In September 2009, the assumed rate of return was lowered to 8.0 percent effective January 1, 2010.

2009 Actual Results vs. Benchmarks



Note: Ennis Knupp & Associates, the Board's investment consultant, provides the investment returns based on data made available by Colorado PERA's custodian, The Northern Trust Company. Listed above are the one-year net-of-fee time-weighted rates of return for each asset class and their respective benchmarks.

Colorado PERA adopted a policy benchmark, which is a passive representation of the asset allocation policy, as of April 1, 2004. For 2009, the policy benchmark is a combination of 58 percent of the Custom Equity Benchmark; 25 percent of the Barclays Capital Universal Bond Index; 7 percent of the Colorado PERA Custom Real Estate Benchmark; 7 percent of the Colorado PERA Custom Alternative Benchmark; and 3 percent of the Public Markets Benchmark. For more information, see the Schedule of Investment Results on page 102.

Colorado PERA's total fund returned 17.4 percent, compared to the BNY Mellon Performance and Risk Analytics' Median Public Fund return of 19.8 percent for the year ended December 31, 2009. The BNY Mellon Performance and Risk Analytics' Median Public Fund measure is comprised of 76 public pension funds with assets of approximately \$1.1 trillion. Colorado PERA's total fund returned negative 1.5 percent and 3.9 percent on a three- and five-year annualized basis, compared with BNY Mellon Performance and Risk Analytics' Median Public Fund returns of a negative 1.0 percent and 3.6 percent, respectively, for these periods. Colorado PERA's 10-year annualized rate of return was 3.3 percent compared to the BNY Mellon Performance and Risk Analytics' Median Public Fund return of 3.7 percent.

The total fund underperformed the policy benchmark return by approximately 350 basis points for the year ended December 31, 2009. The three principal causes of the fund's underperformance related to global equities, alternative investments and the impact of asset allocation on returns. Colorado PERA's global equity portfolios generally hold securities issued by higher quality companies that are distinguished by

sound financial health, stronger profitability and effective management. For the majority of 2009, the best performing stocks were lower quality, higher risk stocks with questionable earning growth potential and less financial strength. The alternative investment portfolio is comprised of long-lived assets that for short-term periods such as one-year are not expected to perform in-line with the custom benchmark, the DJ U.S. Total Stock Market Index plus 300 basis points annually. Asset allocation, or the variance in the actual weights of the various asset classes versus the target weights, negatively impacted the total fund returns. Generally, the fund was modestly underweight equities and overweight cash and real estate during much of 2009.

Asset Allocation—The Colorado PERA Board has the responsibility for the investment of Colorado PERA’s funds with the following statutory limitations: the aggregate amount of monies invested in corporate stocks and fixed income securities convertible into stock cannot exceed 65 percent of the book value of the fund, no investment in common and/or preferred stock of any single corporation can exceed 5 percent of the then book value of the fund, and the fund cannot acquire more than 12 percent of the outstanding stocks or bonds of any single corporation. As a fiduciary of the funds, the Colorado PERA Board is responsible to carry out its investment functions solely in the interest of the Colorado PERA members and benefit recipients and for the exclusive purpose of providing benefits.

The Colorado PERA Board commissioned an Asset/Liability Study in 2005, which was prepared by Ennis Knupp & Associates. The objective of the study was to determine the optimal strategic asset allocation policy that would ultimately allow Colorado PERA to meet its benefit obligations while also ensuring that Colorado PERA incurs appropriate levels of risk. The Colorado PERA Board’s policy specifies the desired target allocation for each asset class as well as the ranges within which each asset class may operate. As a result of the study, the Colorado PERA Board approved certain asset allocation targets and ranges at its December 2005 Colorado PERA Board meeting. On November 16, 2007, the Colorado PERA Board added the Opportunity Fund asset class and adjusted the targets and ranges for 2008. The purpose of the Opportunity Fund is to provide a framework for including asset categories that do not fit within the traditional asset class structure. On March 21, 2008, the Colorado PERA Board approved combining the domestic stock and international stock asset classes into one global stocks asset class and set the range for global stocks to 52 to 64 percent. On September 19, 2008, the Colorado PERA Board established a target of 58 percent for global stocks, effective January 1, 2009.

	12/31/2008 ACTUAL % ¹	2008 TARGET %	2008 RANGES	12/31/2009 ACTUAL % ¹	2009 TARGET %	2009 RANGES
Global Stocks ²	51.6%	58%	52%-64%	58.9%	58%	52%–64%
Fixed Income	26.6%	25%	22%-28%	22.4%	25%	22%–28%
Alternative Investments ³	8.9%	7%	4%-10%	9.6%	7%	4%–10%
Real Estate	8.9%	7%	4%-10%	6.0%	7%	4%–10%
Opportunity Fund	1.5%	3%	0%-6%	1.9%	3%	0%–6%
Cash & Short-Term Investments ⁴	2.5%	0%		1.2%	0%	

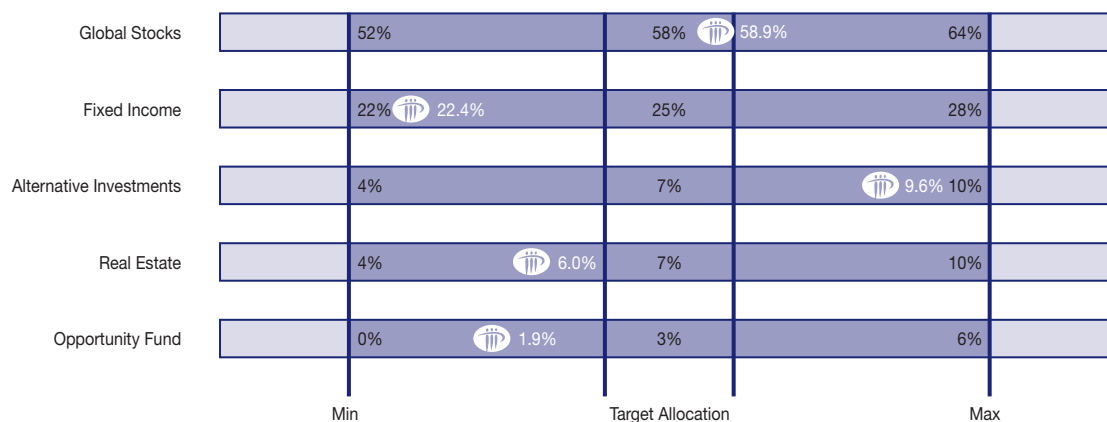
¹ Asset allocation decisions are made based on the total holdings of the portfolios within each asset class. Therefore, the investment receivables, payables, accruals, and cash and short-term investments are allocated back to the investment portfolios that hold them for purposes of the table (above) and chart below.

² For comparative purposes, the 2008 actual, targets and ranges for domestic equity (38.4%, 43%, 40%–46%) were combined with the values for international equity (13.2%, 15%, 12%–18%).

³ The Alternative Investment asset class is a fund of funds strategy with exposure to private equity, venture capital, secondary interests in private equity funds, and distressed debt.

⁴ A range has not been set for Cash & Short-Term Investments in the Asset Allocation Policy. The target percentage is zero.

2009 Asset Allocation Permissible Ranges vs. December 31, 2009, Actual Allocation



Sudan Divestment—Following the 2007 legislative session, Governor Ritter signed into law House Bill 07-1184 (Sudan Divestment Public Pension Funds), which imposes targeted divestment from companies with active business operations in Sudan. As a result of this legislation, Colorado PERA is required to create a list of scrutinized companies every six months and to prohibit investments in these companies going forward. The establishment of the list requires Colorado PERA to engage the companies on the list to warn them of potential divestment, and to encourage the companies to change their activities in Sudan. Colorado PERA must also engage the managers of indirect investments in companies on the list and request removal of scrutinized companies or ask the manager to create a similar fund that does not contain the identified companies. Colorado PERA contacts managers in its defined benefit plans as well as managers of funds within the defined contribution plans regarding the Scrutinized Companies List. In 2009, Colorado PERA submitted its Scrutinized Companies List to elected officials of the State on January 16, 2009, and July 24, 2009.

More information regarding the Sudan Divestment can be obtained from the Colorado PERA Web site at www.copera.org.

Iran-Related Investment Policy—On January 18, 2008, the Colorado PERA Board of Trustees adopted an Iran-Related Investment Policy. This policy outlines a phased strategy to address Colorado PERA's direct public investments in foreign companies doing business in the Islamic Republic of Iran. The strategy addresses and includes a number of actions, up to and including possible divestment. Colorado PERA recognizes the federal government has sole responsibility for the conduct of American foreign policy. Colorado PERA is acting out of a fiduciary concern for the welfare of its members' assets, which requires a broad horizon and sensitivity to the potential risks posed by investment in Iran.

More information regarding the Iran investment policy can be obtained from the Colorado PERA Web site at www.copera.org.

Cash and Short-Term Investments—Holdings of cash and short-term investments decreased \$148 million to \$809 million at the end of 2009. At the end of 2008, because of the liquidity crisis at that time, Colorado PERA increased its holding in U.S. Treasury bills to assure the liquidity needs of our pension trust funds. As the crisis eased in 2009, the holdings of U.S. Treasury Bills were reduced.

Investment Settlements and Other Receivables and Payables—As of December 31, 2009, Colorado PERA had investment settlements and income receivables of \$116 million, a decrease of \$39 million. This change was primarily due to a \$31 million decrease in pending investment sales and a \$7 million decrease in accrued interest at the end of the year. As of December 31, 2009, Colorado PERA had investment settlements and other liabilities of \$346 million, an increase of \$130 million. This increase was due primarily to an increase in pending investment purchases.

Securities Lending Collateral and Obligations—As of December 31, 2009, Colorado PERA had securities lending collateral of \$2.1 billion, a decrease of \$382 million from 2008. The main reason for the decrease in cash collateral was a decrease in the fair value of assets on loan at the end of the year.

Securities Lending Net Income—For the year ended December 31, 2009, Colorado PERA had net income from securities lending of \$29 million, which compares to a net income of \$21 million in 2008. Securities lending net income increased primarily due to the increase in the fair value of the securities held in a cash collateral account. For more detail on securities lending see Note 5 on pages 65–66.

Interest Income—For the year ended December 31, 2009, Colorado PERA had interest income of \$326 million which compares to \$412 million in 2008. The reduction was due to a decrease in fixed income holdings, a conversion of some holdings into short-term holdings late in 2008 for liquidity purposes, and as the portfolio turned over the reinvested bonds were purchased at lower yields.

Dividend Income—For the year ended December 31, 2009, Colorado PERA had dividend income of \$337 million which compares to \$388 million in 2008. The reduction was due to global equity dividends declining by double digits in 2009, the largest yearly decline in over 60 years. Led by the financial sector, corporations cut dividends in 2009 as their need to conserve cash outweighed their desire to pay dividends.

Commitments—As of December 31, 2009, Colorado PERA had commitments for the future purchase of investments in alternative investments of \$1.2 billion and real estate of \$760 million.

(C)—Contributions: Analysis of Division Trust Funds and Health Care Trust Fund

TRUST FUND	EMPLOYER CONTRIBUTIONS ¹	MEMBER CONTRIBUTIONS	PURCHASED SERVICE	RETIREE HEALTH AND LIFE PREMIUMS	MEDICARE RETIREE DRUG SUBSIDY	OTHER	TOTAL CONTRIBUTIONS AND OTHER
State Division	\$297,240	\$194,168	\$8,830	\$—	\$—	\$3	\$500,241
School Division	480,239	314,571	10,152	—	—	12	804,974
Local Government Division	84,456	57,598	4,460	—	—	2	146,516
Judicial Division	5,793	3,001	(3)	—	—	—	8,791
Health Care	74,073	—	—	106,903	13,633	12,721	207,330
2009 Total	\$941,801	\$569,338	\$23,439	\$106,903	\$13,633	\$12,738	\$1,667,852
2008 Total	\$857,729	\$557,481	\$32,547	\$102,644	\$13,743	\$12,827	\$1,576,971
2007 Total	\$749,918	\$526,561	\$25,117	\$96,345	\$12,397	\$12,485	\$1,422,823
2006 Total	\$674,476	\$495,893	\$106,561	\$85,673	\$12,481	\$13,025	\$1,388,109
2005 Total	\$609,989	\$476,215	\$307,982	\$62,872	\$—	\$13,602	\$1,470,660

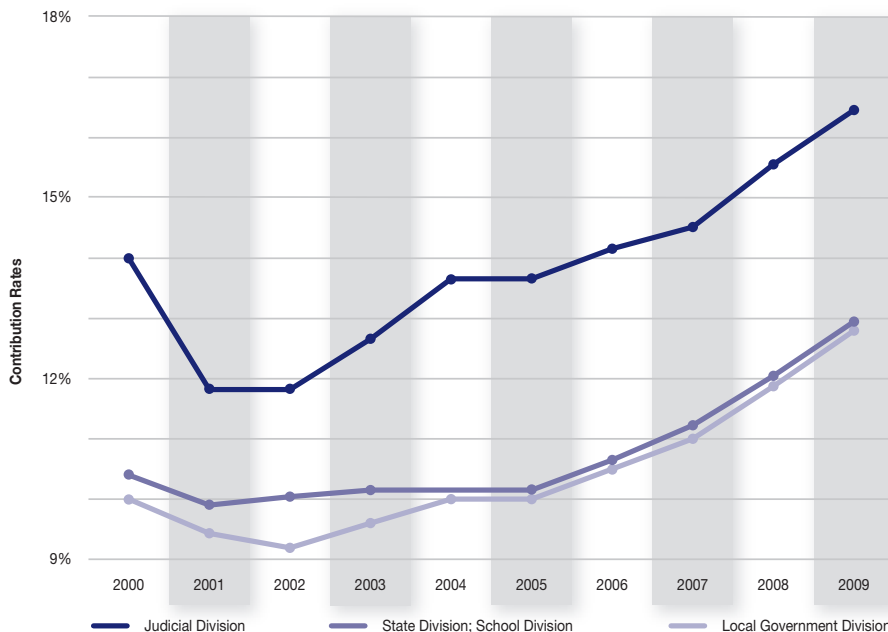
¹ Employer contributions include employer statutory rate, amortization equalization disbursement (AED), and supplemental amortization equalization disbursement (SAED).

Member Contribution Rates for 2009

TRUST FUND	MEMBER CONTRIBUTION RATE
State Division	8.00%
State Troopers	10.00%
School Division	8.00%
Local Government Division	8.00%
Judicial Division	8.00%
Health Care Trust Fund	0.00%

Member contributions for the Division Trust Funds, which are set in statute, increased from \$557 million in 2008 to \$569 million in 2009. Over the past 25 years, member contributions represent 20 percent of the inflows into the Division Trust Funds and the Health Care Trust Fund.

Employer Contribution Rates Plus Amortization Equalization Disbursement (AED) and the Supplemental Amortization Equalization Disbursement (SAED) Rates 2000-2009 (Includes Health Care Trust Fund Contribution)



Employer Contribution Rates for 2009

TRUST FUND	ANNUAL REQUIRED CONTRIBUTION ¹	ACTUAL EMPLOYER CONTRIBUTION RATE	HEALTH CARE CONTRIBUTION RATE	CONTRIBUTION RATE AVAILABLE FOR FUNDING		
				AED	SAED	
State Division	17.91%	10.15%	(1.02%)	1.80%	1.00%	11.93%
State Troopers		12.85%	(1.02%)	1.80%	1.00%	14.63%
School Division	16.56%	10.15%	(1.02%)	1.80%	1.00%	11.93%
Local Government Division	11.14%	10.00%	(1.02%)	1.80%	1.00%	11.78%
Judicial Division	17.08%	13.66%	(1.02%)	1.80%	1.00%	15.44%
Health Care	1.12%	—	1.02%	—	—	1.02%

¹ Annual Required Contribution rate for 2009 contributions is based on the 2007 Actuarial Valuation.

The AED and the SAED are set to be increased in future years, as described in the table shown below. With the passage of SB 10-001, the AED and the SAED can be adjusted based on the year-end funded status within a particular Division Trust Fund. If a particular Division Trust Fund reaches a funded status of 103 percent, a decrease in the AED and SAED is mandated and if it falls below a funded status of 90 percent, an increase is mandated. Increases cannot exceed the maximum allowable limitations shown in the table below.

AED & SAED (prior law)	STATE DIVISION TRUST FUND		SCHOOL DIVISION TRUST FUND		LOCAL GOVERNMENT DIVISION TRUST FUND		JUDICIAL DIVISION TRUST FUND	
	AED	SAED	AED	SAED	AED	SAED	AED	SAED
1/1/2010 – 12/31/2010	2.20%	1.50%	2.20%	1.50%	2.20%	1.50%	2.20%	1.50%
1/1/2011 – 12/31/2011	2.60%	2.00%	2.60%	2.00%	2.60%	2.00%	2.60%	2.00%
1/1/2012 – 12/31/2012	3.00%	2.50%	3.00%	2.50%	3.00%	2.50%	3.00%	2.50%
1/1/2013 – 12/31/2013	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
AED & SAED (SB 10-001 changes)								
1/1/2010 – 12/31/2010	2.20%	1.50%	2.20%	1.50%	2.20%	1.50%	2.20%	1.50%
1/1/2011 – 12/31/2011	2.60%	2.00%	2.60%	2.00%	2.20%	1.50%	2.20%	1.50%
1/1/2012 – 12/31/2012	3.00%	2.50%	3.00%	2.50%	2.20%	1.50%	2.20%	1.50%
1/1/2013 – 12/31/2013	3.40%	3.00%	3.40%	3.00%	2.20%	1.50%	2.20%	1.50%
1/1/2014 – 12/31/2014	3.80%	3.50%	3.80%	3.50%	2.20%	1.50%	2.20%	1.50%
1/1/2015 – 12/31/2015	4.20%	4.00%	4.20%	4.00%	2.20%	1.50%	2.20%	1.50%
1/1/2016 – 12/31/2016	4.60%	4.50%	4.50%	4.50%	2.20%	1.50%	2.20%	1.50%
1/1/2017 – 12/31/2017	5.00%	5.00%	4.50%	5.00%	2.20%	1.50%	2.20%	1.50%
1/1/2018 – 12/31/2018	5.00%	5.00%	4.50%	5.50%	2.20%	1.50%	2.20%	1.50%
Maximum allowable limitations	5.00%	5.00%	4.50%	5.50%	5.00%	5.00%	5.00%	5.00%

If the future increase in the AED and the SAED are not made it could result in significant underfunding of the plans and impact the ability to make future benefit payments.

Employer contributions for the Division Trust Funds and the Health Care Trust Fund, which are set in statute, increased from \$858 million in 2008 to \$942 million in 2009 due to the AED and SAED increase and due to increases in members' covered salaries. Over the past 25 years, employer contributions represented 20 percent of the inflows into the Division Trust Funds and the Health Care Trust Fund.

The ARC calculation is based on an estimated 8.5 percent investment rate of return and discount rate. In 2009, the actual contributions to Colorado PERA were \$300 million less than the ARC as calculated by the actuaries. Even with SB 10-001, the ARC deficiency is expected to continue until benefit and contribution changes are more fully implemented. During the past seven years, this shortfall in funding has been \$2.7 billion. The table below shows the yearly ARC shortfall by fund for the past seven years:

Yearly ARC Deficiency (Amounts in Millions of Dollars)

VALUATION YEAR	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009
State and School Division	\$219.6	\$437.7	\$—	\$—	\$—	\$—	\$—
State Division	—	—	221.4	151.9	180.8	156.7	131.5
School Division	—	—	312.1	201.8	247.5	203.0	173.9
Local Government Division	14.8	14.7	18.7	10.5	12.6	0.8	(5.6)
Judicial Division	1.8	1.5	1.0	0.7	1.3	1.1	0.6
Total	\$236.2	\$453.9	\$553.2	\$364.9	\$442.2	\$361.6	\$300.4

Note: The State and School Divisions were combined for the years ended December 31, 2003, and 2004.
The Health Care Trust Fund has not had an ARC deficiency.

Management's Discussion and Analysis
(In Thousands of Dollars)

For more detail on the ARC, see the Required Supplementary Information—Schedule of Employer Contributions for the Division Trust Funds and the Schedule of Contributions from Employers and Other Contributing Entities for the Health Care Trust Fund on pages 84–85.

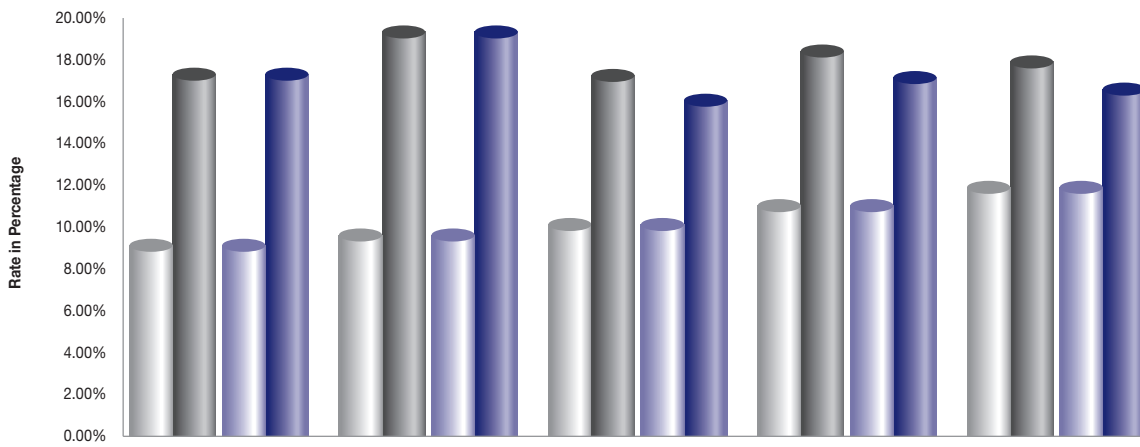
Using the Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 43 as a guide based on the 2008 valuation, the 2010 annual required employer contributions would need to be as follows:

- State Division Trust Fund—20.16 percent
- School Division Trust Fund—18.75 percent
- Local Government Division Trust Fund—12.31 percent
- Judicial Division Trust Fund—19.87 percent
- Health Care Trust Fund—1.12 percent

Additionally, based on the 2009 valuation the 2011 annual required employer contributions would need to be as follows:

- State Division Trust Fund—16.09 percent
- School Division Trust Fund—15.73 percent
- Local Government Division Trust Fund—8.98 percent
- Judicial Division Trust Fund—18.79 percent
- Health Care Trust Fund—1.28 percent

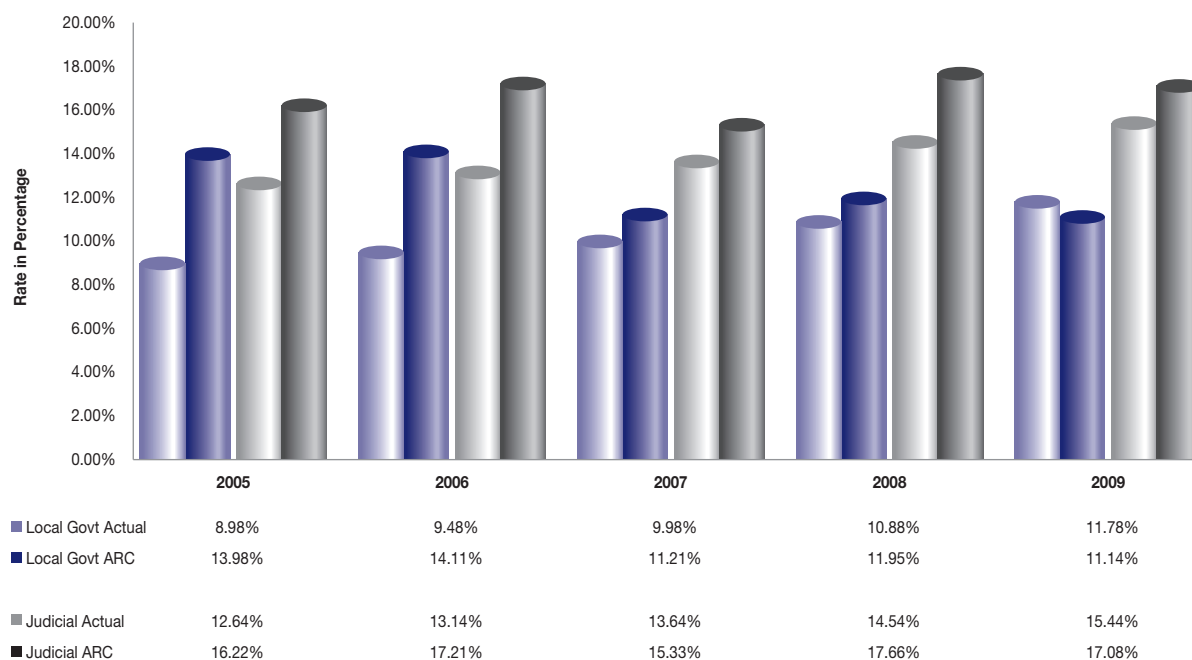
State and School Divisions; Year-End Employer Contribution/ARC Comparison (Contribution Includes AED and SAED Less Health Care Trust Fund Allocation)



■ State Actual ¹	9.13%	9.63%	10.13%	11.03%	11.93%
■ State ARC	17.31%	19.33%	17.23%	18.45%	17.91%
■ School Actual	9.13%	9.63%	10.13%	11.03%	11.93%
■ School ARC	17.31%	19.33%	16.06%	17.18%	16.56%

¹Actual rates are for non-State Troopers

Local Government and Judicial Divisions; Year-End Employer Contribution/ARC Comparison (Contribution Includes AED and SAED Less Health Care Trust Fund Allocation)



Cumulative contribution deficiency of our employers—The following chart shows the net pension obligation of all of our employers for each fund. The net pension obligation is a measure that represents employers' cumulative contribution shortfall versus actuarially determined contributions adjusted to include investment earnings at the actuarial assumed investment rate of return, which accounts for the difference from the yearly ARC deficiency shown on page 31. If the Division Trust Funds of Colorado PERA were sole employer plans or an agent multi-employer plan, these amounts, allocated to each employer, would need to be reported as a liability on our employers' financial statements. As our employers are part of a cost-sharing multi-employer plan, they do not record these amounts as liabilities and only record a liability if they have not paid in the statutorily required contribution rate. This table is being provided to illustrate the overall impact of the contribution deficiency of our employers.

Cumulative Net Pension Obligation at End of Valuation Year (Amounts in Millions of Dollars)

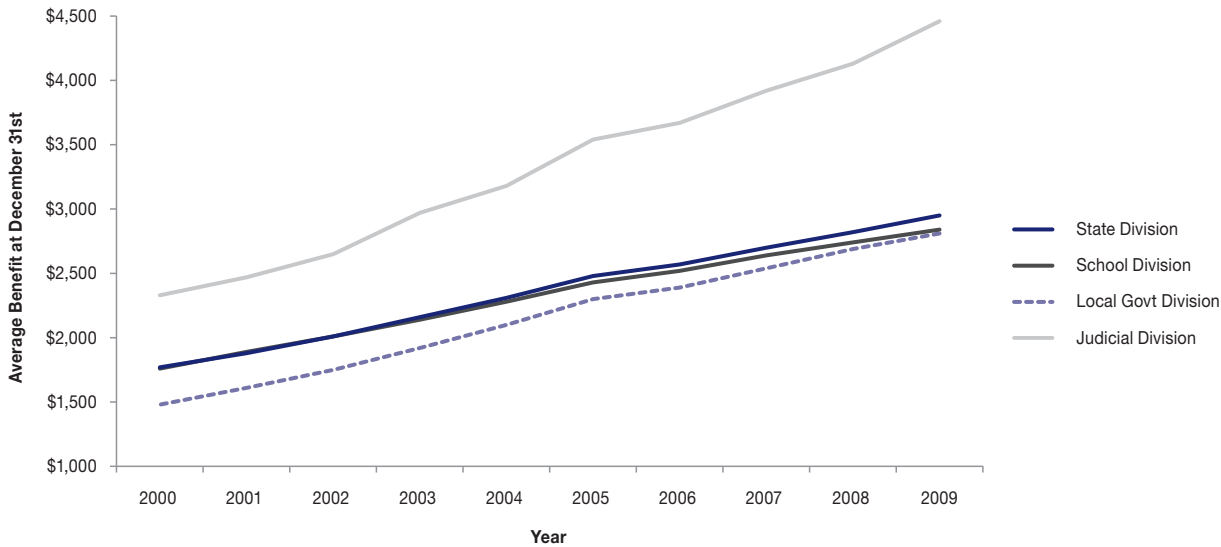
VALUATION YEAR	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009
State Division	\$85.0	\$256.9	\$487.7	\$657.5	\$857.7	\$1,039.6	\$1,201.7
School Division	134.6	408.4	735.5	964.3	1,240.2	1,479.7	1,697.2
Local Government Division	14.8	30.1	49.9	62.2	76.6	79.6	76.4
Judicial Division	1.8	3.4	4.5	5.4	6.9	8.2	9.0
Total	\$236.2	\$698.8	\$1,277.6	\$1,689.4	\$2,181.4	\$2,607.1	\$2,984.3

Note: A net pension obligation is not shown for the Health Care Trust Fund as there has not been an ARC deficiency during this period.

(B) & (E)—Benefits and Expenses

TRUST FUND	BENEFIT PAYMENTS	REFUNDS	DISABILITY PREMIUMS	ADMIN EXPENSES	OTHER	TOTAL DEDUCTIONS
State Division	\$1,071,725	\$58,416	\$2,004	\$8,729	(\$1,519)	\$1,139,355
School Division	1,563,315	70,910	3,186	13,226	9,121	1,659,758
Local Government Division	150,036	19,648	591	2,160	2,737	175,172
Judicial Division	15,011	30	31	22	(1,778)	13,316
Health Care	192,656	—	—	12,170	—	204,826
2009 Total	\$2,992,743	\$149,004	\$5,812	\$36,307	\$8,561	\$3,192,427
2008 Total	\$2,792,007	\$140,594	\$5,266	\$35,415	\$11,577	\$2,984,859
2007 Total	\$2,545,249	\$140,975	\$5,402	\$31,893	\$11,358	\$2,734,877
2006 Total	\$2,342,770	\$150,732	\$5,154	\$29,376	\$11,953	\$2,539,985
2005 Total	\$2,108,791	\$130,201	\$4,502	\$28,895	\$12,516	\$2,284,905

Average Benefits Payable Per Month (In Actual Dollars)



Average Monthly Benefit by Division¹
(In Actual Dollars)

YEAR	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION
2005	\$2,486	\$2,427	\$2,300	\$3,544
2006	2,570	2,523	2,395	3,672
2007	2,697	2,636	2,539	3,925
2008	2,820	2,740	2,692	4,134
2009	2,950	2,841	2,807	4,457

¹ Colorado PERA is a substitute for Social Security for most of the public employees who earn service and receive a benefit.

It is expected that the growth rate in the average monthly benefit will decline with the SB 10-001 changes, which includes changes to the annual increase (cost of living adjustment).

**Ratio of Active Members to Retirees and Beneficiaries
(As of December 31st)**

YEAR	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION
2005	1.93	2.79	4.37	1.10
2006	1.84	2.69	4.16	1.13
2007	1.79	2.64	4.13	1.06
2008	1.78	2.58	3.95	1.12
2009	1.73	2.51	3.45	1.09

By itself, a declining ratio of actives to retirees and beneficiaries does not pose a problem to a Division Trust Fund's actuarial condition. However, to the extent that a plan is underfunded, a low or declining ratio of actives to retirees and beneficiaries, coupled with increasing life expectancy, can complicate the Division Trust Fund's ability to move toward full funding, as fewer active, contributing workers, relatively, are available to amortize the unfunded liability.

Benefit Payments to Contributions Ratio

TRUST FUND	EMPLOYER CONTRIBUTIONS	MEMBER CONTRIBUTIONS	TOTAL CONTRIBUTIONS	BENEFIT PAYMENTS	RATIO OF BENEFITS/CONTRIBUTIONS		
					2009	2008	2007
State Division	\$297,240	\$194,168	\$491,408	\$1,071,725	2.2	2.2	2.2
School Division	480,239	314,571	794,810	1,563,315	2.0	2.0	2.0
Local Government Division	84,456	57,598	142,054	150,036	1.1	1.0	0.9
Judicial Division	5,793	3,001	8,794	15,011	1.7	1.7	1.8

Actuarial Summary

The December 31, 2009, actuarial valuation was prepared by Cavanaugh Macdonald Consulting, LLC. Actuarial valuations, based on a set of assumptions, examine a fund's assets as compared to liabilities, compare past and future trends, and determine the annual required contribution rates required of each employer in order to pay current and future benefits and compares it to the statutory contribution rate. Actuarial assumptions are studied at least every five years and are set by the Board.

In 2009, the Board initiated an actuarial experience study and an actuarial audit and reviewed all assumptions as part of that process. Based on these studies, the following changes have been made to the actuarial assumptions in 2009:

- The investment rate of return has been decreased from 8.50 percent to 8.00 percent per annum.
- The withdrawal rates, pre-retirement mortality rates, disability rates and retirement rates for all divisions have been revised to more closely reflect the actual experience of Colorado PERA.
- The post-retirement mortality tables used for service retirements and dependents of deceased pensioners have been changed to the 1994 Group Annuity Mortality Table set back three years for males and set back two years for females.
- The deferral period for deferred vested members has been revised to more closely reflect the actual experience of Colorado PERA.
- The rates of participation in PERACare for current members, future members, deferred vested members, and spouses have been revised to more closely reflect the actual experience of Colorado PERA.
- Initial health care costs for participants who are age 65 and older, and do not have Medicare Part A have been updated to reflect their change in costs for the 2010 plan year.
- The starting per capita payments estimated to be made by the Centers for Medicare & Medicaid Services (CMS) under the Retiree Drug Subsidy Program (RDS) have been updated based upon the most recent attestation of actuarial equivalence.
- The assumed rates of inflation for health care costs have been revised to reflect the expectation of future increases.
- The last year in which the prescription drug benefit provided to those members eligible for Medicare Part D is deemed to be Actuarially Equivalent has been changed to 2017.

The changes in the actuarial assumptions have increased the overall liability of the plan by over \$5.1 billion (State Division \$1.8 billion, School Division \$2.7 billion, Local Government Division \$368 million, Judicial Division \$27 million, and the HCTF \$282 million).

The modifications of SB 10-001, due to the magnitude of the bill's changes, have been included in the 2009 actuarial valuation that is reported in this *CAFR*. The changes in plan provisions have reduced the overall liability of the plan by over \$8.8 billion (State Division \$3.2 billion, School Division \$5.0 billion, Local Government Division \$631 million, and Judicial Division \$44 million). A summary of the bill can be found in Note 13 and the full bill can be found online at <http://www.leg.state.co.us>.

For more information on the annual valuations, see Note 11 on funded status and actuarial information on pages 75–76, the Required Supplementary Information and the accompanying notes on pages 83–89, and the Actuarial Section of the *CAFR* on pages 116–139.

Health Care Trust Fund Actuarial Liabilities—In general, the actuarial accrued liabilities of the HCTF is made up of three types of benefits: a fixed monthly premium subsidy, implicit subsidy for members not eligible for premium-free Medicare Part A coverage, and a Retiree Drug Subsidy for members eligible for Medicare Part A.

C.R.S. §§ 24-51-1201 *et seq.* specifies the eligibility for enrollment and the amount of the premium subsidy and the implicit Medicare Part A subsidy. The maximum monthly premium subsidy is \$230 (actual dollars) per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum subsidy is \$115 (actual dollars) per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is for benefit recipients whose retirement benefits are based on 20 years or more of service credit. For those with less service credit, the subsidy is reduced by 5 percent for each year less than 20 years. The benefit recipient pays the remaining portion of the premium if the subsidy does not cover the entire amount.

An additional implicit subsidy exists for retirees who have not participated in Social Security and are not otherwise eligible for Medicare Part A for hospital-related services. C.R.S. § 24-51-1206(4) states that the HCTF cannot charge premiums to retirees without Part A that are greater than premiums charged to retirees with Part A for the same plan option, coverage level, and service credit. Currently for each individual retiree, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Parts A and B. Implicit in this process, an additional subsidy is paid by the HCTF on behalf of retirees who are not covered by Medicare Part A.

For members electing coverage in a plan option that produces a Retiree Drug Subsidy (RDS), which is payable to the HCTF under Part D of the Medicare Modernization Act of 2003 (MMA), the HCTF has reduced the full cost of premium to the member by the estimated RDS. GASB standards do not allow for future assumed RDS payments to be used as a direct offset of premiums for future liabilities. Therefore, a liability for these payments has been included in the total HCTF liability. Plan options producing an RDS in 2010 are the Self-Funded Medicare Supplement plans and the Rocky Mountain Health Plans' Medicare HMO. While GASB standards require the additional cost to be included in our liability, if the RDS payment did not exist, this cost would be borne by the member in the plan and would not be a cost of the plan per current Colorado statute.

Actuarial Statistics—As of December 31, 2009, the Funded Ratio, the Unfunded Actuarial Accrued Liabilities (UAAL), and the amortization periods with current funding for each trust fund are shown in the table below. The results in this table are based on parameters set by GASB and do not fully consider future contribution rate increases nor the impact of reduced benefits for those hired in the future as provided for in Colorado law.

TRUST FUND	FUNDED RATIO	UAAL	ARC	ARC AMORTIZATION PERIOD	AMORTIZATION PERIOD CURRENT YEAR FUNDING
State Division	67.0%	\$6,594,481	16.09%	30 Years	43 Years
School Division	69.2%	9,357,905	15.73%	30 Years	44 Years
Local Government Division	76.2%	918,193	8.98%	30 Years	16 Years
Judicial Division	77.3%	66,982	18.79%	30 Years	65 Years
Total Defined Benefit Plans ¹		16,937,561			
Health Care	14.8%	1,502,900	1.28%	30 Years	53 Years
Total¹		\$18,440,461			

¹ The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

For calculation of the Annual Required Contribution rate, the amortization period used is 30 years as required by GASB. The amortization period is the number of years it will take to pay off the unfunded actuarial accrued liability, given the current funding and benefits, for each division based on a set of assumptions. Due to the magnitude of the SB 10-001 changes, they have been included in the 2009 actuarial valuation. See the Required Supplementary Information and the accompanying notes on pages 83–89 for additional information.

The table on the next page shows the amortization periods adjusted to include the future additional contributions of the Amortization Equalization Disbursement (AED) and the Supplemental Amortization Equalization Disbursement (SAED). Based on the December 31, 2009, valuation, the amortization periods for each fund are shown on the next page and include all future estimated AED and SAED contributions.

TRUST FUND	AMORTIZATION PERIOD WITH FUTURE AED AND SAED INCREASES
	State Division
School Division	23 Years
Local Government Division	16 Years
Judicial Division	65 Years
Health Care	53 Years

The amortization periods with AED and SAED do not include the full effect of the 2006 and 2010 legislation. The legislation includes plan changes that will lower the normal cost for future new hires and will allow more of the employer's contribution to be used to amortize past service costs earned. The future AED and SAED have not been taken into consideration in the calculation of the Annual Required Contribution as defined in GASB Statement 25 or in the amortization period based on the current year funding.

Title 24, Article 51, Section 211 of the Colorado Revised Statutes (C.R.S.) states that the amortization period of 30 years shall be deemed actuarially sound. At the end of 2009, given the current contribution rates, all funds except for the Local Government Division exceeded the 30-year amortization period.

As stated by Cavanaugh Macdonald Consulting, LLC, in the Report of the Independent Actuary on pages 116–119 in the Actuarial Section of the *CAFR*:

“The employer contribution rate, together with the Medicare Part D Retiree Drug Subsidy, is sufficient to eventually finance the Health Care Trust Fund benefits in accordance with GASB 43 and 45. Please note that the Local Government Division employer contribution rates are sufficient to finance the promised benefit under GASB 25 and 27. With the addition of the Amortization Equalization Disbursement (AED) and Supplemental Amortization Equalization Disbursement (SAED) contributions, the State, School, and Judicial Divisions employer contribution rates are currently sufficient to finance the promised benefits and eventually meet the required contribution levels under GASB 25 and 27.”

At the end of 2008 and during 2009, the Board received an actuarial analysis of the impact of different possible benefit and contribution changes, to be considered during the 2010 legislative session so as to achieve long-term sustainability for the trust funds. Colorado PERA believed it was in the best interest of both its members and the State's taxpayers to work toward proposed legislation in the 2010 legislative session to address the dramatic decline in the financial markets and economy and the resulting decline in the Colorado PERA investment portfolio. The comprehensive proposal for legislative action came to fruition in 2010 and was based on thorough calculations and a robust analysis of how the various possible changes would impact Colorado PERA's funded status and its members. The modifications of SB 10-001 have been included in the 2009 actuarial valuation that is reported in this *CAFR*. A summary of the bill can be found in Note 13 and the full bill can be found online at <http://www.leg.state.co.us>.

Sensitivity of Actuarial Valuation to Changes in Assumed Investment Rate of Return and Discount Rate

The most important long-run driver of a pension plan is investment income, which can contribute as much as 80 percent or more of the total inflows into a pension plan over its life. Over the last 25 years, investment income at Colorado PERA represented 60 percent of the inflows into the plans. Currently the investment rate of return and discount rate assumption is 8.0 percent. The investment return assumption (discount rate), as required by GASB, should be based on an estimated long-term investment yield for the plan, with consideration given to the nature and mix of current and expected plan investments and the basis used to determine the actuarial value of assets. To understand the importance of the investment rate of return, which is used to discount the actuarial liabilities of Colorado PERA, a one and one-half, and one-half percent fluctuations in the investment rate of return and discount rate would change the funded ratio, UAAL, and ARC (for contributions for the fiscal year ended December 31, 2011) as follows:

Investment return assumption (discount rate) equal to 6.5 percent.

TRUST FUND	ACTUARIAL VALUE OF ASSETS			MARKET VALUE OF ASSETS
	FUNDED RATIO	UAAL	ARC	UAAL
State Division	56.5%	\$10,293,520	25.10%	\$12,072,640
School Division	58.1%	15,186,768	25.59%	17,949,075
Local Government Division	63.0%	1,719,569	17.52%	2,081,037
Judicial Division	66.2%	116,576	29.22%	145,020
Total Defined Benefit Plans ¹		27,316,433		32,247,772
Health Care	12.5%	1,815,849	1.59%	1,848,012
Total¹		\$29,132,282		\$34,095,784

¹ The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

Investment return assumption (discount rate) equal to 7.5 percent.

TRUST FUND	ACTUARIAL VALUE OF ASSETS			MARKET VALUE OF ASSETS
	FUNDED RATIO	UAAL	ARC	UAAL
State Division	63.4%	\$7,717,427	18.90%	\$9,496,547
School Division	65.4%	11,123,951	18.79%	13,886,258
Local Government Division	71.7%	1,160,127	11.63%	1,521,595
Judicial Division	73.6%	82,218	22.08%	110,662
Total Defined Benefit Plans ¹		20,083,723		25,015,062
Health Care	14.0%	1,597,803	1.38%	1,629,966
Total¹		\$21,681,526		\$26,645,028

¹ The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

Current investment return assumption (discount rate) equal to 8.0 percent.

TRUST FUND	ACTUARIAL VALUE OF ASSETS			MARKET VALUE OF ASSETS
	FUNDED RATIO	UAAL	ARC	UAAL
State Division	67.0%	\$6,594,481	16.09%	\$8,373,601
School Division	69.2%	9,357,905	15.73%	12,120,213
Local Government Division	76.2%	918,193	8.98%	1,279,660
Judicial Division	77.3%	66,982	18.79%	95,426
Total Defined Benefit Plans ¹		16,937,561		21,868,900
Health Care	14.8%	1,502,900	1.28%	1,535,063
Total¹		\$18,440,461		\$23,403,963

¹ The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

Investment return assumption (discount rate) equal to 8.5 percent.

TRUST FUND	ACTUARIAL VALUE OF ASSETS			MARKET VALUE OF ASSETS
	FUNDED RATIO	UAAL	ARC	UAAL
State Division	70.6%	\$5,566,232	13.41%	\$7,345,352
School Division	73.1%	7,743,715	12.85%	10,506,022
Local Government Division	80.8%	697,818	6.49%	1,059,286
Judicial Division	81.2%	52,881	15.64%	81,325
Total Defined Benefit Plans ¹		14,060,646		18,991,985
Health Care	15.5%	1,416,033	1.20%	1,448,196
Total¹		\$15,476,679		\$20,440,181

¹ The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

Investment return assumption (discount rate) equal to 9.5 percent.

TRUST FUND	ACTUARIAL VALUE OF ASSETS			MARKET VALUE OF ASSETS	
	FUNDED RATIO	UAAL	ARC	UAAL	
State Division	78.1%	\$3,755,714	8.38%	\$5,534,834	
School Division	81.1%	4,908,938	7.49%	7,671,245	
Local Government Division	90.4%	312,786	1.88%	674,254	
Judicial Division	89.2%	27,681	9.68%	56,125	
Total Defined Benefit Plans ¹		9,005,119		13,936,458	
Health Care	17.1%	1,263,050	1.06%	1,295,213	
Total¹		\$10,268,169		\$15,231,671	

¹ The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

Note: The net-of-fees annualized rate of return for the pooled investment assets was 3.9 percent for the past five years and 3.3 percent for the past 10 years. The 25-year annualized gross-of-fees rate of return for the pooled investment assets was 9.3 percent.

Current Year Actuarial Gains/(Losses)—To better understand why the UAAL changed for the year, a summary of the gains and losses in the actuarial liability for 2009 are shown in the table below by fund (amounts are in millions of dollars). Actuarial gains and losses are amortized over 30 years using an open amortization period as specified by GASB.

AMOUNTS IN MILLIONS OF DOLLARS	STATE	SCHOOL	LOCAL GOVERNMENT	JUDICIAL	HCTF
From differences between assumed and actual experience on liabilities					
Age and service retirements ¹	(\$8.9)	(\$1.8)	(\$5.7)	(\$2.3)	(\$0.6)
Disability retirements ²	15.4	9.9	5.5	0.4	1.0
Deaths ³	(17.4)	(70.7)	(2.7)	(0.4)	(2.9)
Withdrawals ⁴	(41.8)	(92.7)	(5.0)	(0.2)	(4.4)
New members ⁵	(46.7)	(46.8)	(7.4)	(4.6)	(3.3)
Pay increases ⁶	219.3	135.9	51.4	0.5	—
Other ⁷	(142.6)	(169.4)	(54.8)	(1.8)	(54.4)
Subtotal	(22.7)	(235.6)	(18.7)	(8.4)	(64.6)
From differences between assumed and actual experience on assets	(1,039.1)	(1,633.9)	(220.4)	(15.2)	(20.0)
From change in plan assumptions ⁸	(1,766.6)	(2,665.6)	(368.4)	(26.9)	(281.8)
From change in plan provisions ⁹	3,217.2	4,981.0	631.1	43.9	—
Total actuarial gains/(losses) on 2009 activities	\$388.8	\$445.9	\$23.6	(\$6.6)	(\$366.4)
Total actuarial gains/(losses) on 2008 activities	(\$1,120.7)	(\$1,696.4)	(\$217.0)	(\$23.0)	(\$49.8)

¹ *Age and service retirements*: If members retire at younger ages than assumed, there is a loss.

² *Disability retirements*: If disability claims are lower than assumed, there is a gain.

³ *Deaths*: If survivor claims are higher than assumed or if retirees die later than assumed, there is a loss.

⁴ *Withdrawals*: If less actuarial liabilities are released by terminations than assumed, there is a loss.

⁵ *New members*: If the number of new members entering the plan is lower than assumed, there is a loss.

⁶ *Pay increases*: If there are less salary increases than assumed, there is a gain.

⁷ *Other*: Miscellaneous gains and losses resulting from changes in actuary's valuation software, data adjustments, timing of financial transactions, etc.

⁸ *Change in plan assumptions*: The plan assumptions were updated as described previously and in the Notes to the Required Supplemental Information on page 87.

⁹ *Change in plan provisions*: The change in plan provisions related to changes from SB 10-001 which are described in the Notes to the Required Supplemental Information on page 87 and in Note 13 on Subsequent Events on pages 77–79.

Actuarial Trend Information

Funded Ratio—The funded ratio for the plan is determined by dividing the actuarial value of assets by the actuarial accrued liability. The actuarial value of assets is not the current market value but a market-related value, as mandated by GASB, which smooths changes in the market value over four years. The actuarial value of the assets as of December 31, 2009, was \$37.9 billion compared to a market value of assets of \$32.9 billion, and to the actuarial accrued liability of \$56.3 billion. The funded ratio for each of the funds, based on the actuarial value of assets, at December 31 for each of the last five years is shown below.

TRUST FUND	2005	2006	2007	2008	2009
State Division	71.5%	73.0%	73.3%	67.9%	67.0%
School Division	73.9%	74.1%	75.5%	70.1%	69.2%
Local Government Division	78.0%	79.5%	81.2%	76.4%	76.2%
Judicial Division	86.3%	85.1%	87.5%	80.2%	77.3%
Total Division Trust Funds ¹	73.3%	74.1%	75.1%	69.8%	68.9%
Health Care	17.1%	17.2%	19.9%	18.7%	14.8%
Total all Funds¹	72.0%	72.7%	73.8%	68.5%	67.2%

¹ The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

The Board of Trustees' Statement of Funding Policy dated November 16, 2007, is as follows: "To secure promised and mandated benefits, the funding goal of the Colorado Public Employees' Retirement Association's defined benefit and retiree health care plans is to maintain employer and member contributions into the trust funds sufficient to accumulate assets over a member's term of employment to fully finance the benefits members receive throughout retirement by achieving and maintaining a minimum 100 percent funded ratio of assets to accrued actuarial liabilities. The Board's minimum 100 percent funded ratio goal over time avoids externalizing the costs of amortizing unfunded accrued liabilities onto others in the future, and provides for fairness and intergenerational equity for taxpayers, employers and employees with respect to the costs of providing benefits."

The funded ratios listed above give an indication of how well this objective has been met to date. A larger funded ratio indicates that a plan is better funded. As an example, for every \$1.00 of the actuarially determined benefits earned for the State Division Trust Fund as of December 31, 2009, approximately \$0.67 of assets are available for payment based on the actuarial value of assets. These benefits earned will be payable over the life span of members after their retirement.

At December 31, 2009, and December 31, 2008, Colorado PERA had the following funding status for all of its Division Trust Funds and the HCTF.

	MARKET VALUE OF ASSETS		ACTUARIAL VALUE OF ASSETS	
	12/31/2008	12/31/2009	12/31/2008	12/31/2009
STATE DIVISION TRUST FUND¹				
Actuarial accrued liability	\$20.5 billion	\$20.0 billion	\$20.5 billion	\$20.0 billion
Assets held to pay those liabilities ²	10.5 billion	11.6 billion	13.9 billion	13.4 billion
Unfunded actuarial accrued liability	10.0 billion	8.4 billion	6.6 billion	6.6 billion
Funded Ratio	51.2%	58.1%	67.9%	67.0%
SCHOOL DIVISION TRUST FUND¹				
Actuarial accrued liability	\$31.0 billion	\$30.4 billion	\$31.0 billion	\$30.4 billion
Assets held to pay those liabilities ²	16.4 billion	18.3 billion	21.7 billion	21.1 billion
Unfunded actuarial accrued liability	14.6 billion	12.1 billion	9.3 billion	9.4 billion
Funded Ratio	52.9%	60.1%	70.1%	69.2%
LOCAL GOVERNMENT DIVISION TRUST FUND¹				
Actuarial accrued liability	\$3.8 billion	\$3.9 billion	\$3.8 billion	\$3.9 billion
Assets held to pay those liabilities ²	2.2 billion	2.6 billion	2.9 billion	2.9 billion
Unfunded actuarial accrued liability	1.6 billion	1.3 billion	0.9 billion	0.9 billion
Funded Ratio	57.8%	66.8%	76.4%	76.2%
JUDICIAL DIVISION TRUST FUND¹				
Actuarial accrued liability	\$288 million	\$296 million	\$288 million	\$296 million
Assets held to pay those liabilities ²	175 million	200 million	231 million	229 million
Unfunded actuarial accrued liability	113 million	95 million	57 million	67 million
Funded Ratio	60.7%	67.7%	80.2%	77.3%
HEALTH CARE TRUST FUND¹				
Actuarial accrued liability	\$1.4 billion	\$1.8 billion	\$1.4 billion	\$1.8 billion
Assets held to pay those liabilities ²	0.2 billion	0.2 billion	0.3 billion	0.3 billion
Unfunded actuarial accrued liability	1.2 billion	1.5 billion	1.1 billion	1.5 billion
Funded Ratio	13.9%	12.9%	18.7%	14.8%
ALL DIVISION TRUST FUNDS AND HCTF^{1,3}				
Actuarial accrued liability	\$57.0 billion	\$56.3 billion	\$57.0 billion	\$56.3 billion
Assets held to pay those liabilities ^{2,4}	29.5 billion	32.9 billion	39.1 billion	37.9 billion
Unfunded actuarial accrued liability	27.5 billion	23.4 billion	17.9 billion	18.4 billion
Funded Ratio	51.8%	58.4%	68.5%	67.2%

¹ The above 2008 funded status is based upon an assumed rate of return on investments of 8.5 percent and an assumed rate of 8.5 percent to discount the liabilities to be paid in the future to a value as of December 31, 2008. The above 2009 funded status is based upon an assumed rate of return on investments of 8.0 percent and an assumed rate of 8.0 percent to discount the liabilities to be paid in the future to a value as of December 31, 2009.

² The market value of assets is the fair value of the investments. The actuarial value of assets calculates the value of the assets by spreading any market gains or losses over four years.

³ The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

⁴ In aggregate, the market value of the assets as of December 31, 2009, is \$32.9 billion or \$5.0 billion less than the value of assets calculated by the actuaries, as they are recognizing the gains and losses in value over four years, rather than in the year they occurred. The remaining gains and (losses) to be smoothed for 2007 are \$0.2 billion, for 2008 are (\$7.0) billion, and for 2009 are \$1.8 billion.

Unfunded Actuarial Accrued Liabilities—The table below identifies the components that contributed to the growth in the underfunded status of the Defined Benefit Trust Funds for the period 2005 to 2009. There are many factors that contribute to this complex issue and this table is included to provide a better understanding.

Defined Benefit Pension Trust Funds Changes in Unfunded Actuarial Accrued Liabilities
(Amounts in Millions of Dollars)

	2005	2006	2007	2008	2009	2005–2009
UAAL beginning of year	(\$12,814.9)	(\$12,479.1)	(\$12,803.6)	(\$13,043.6)	(\$16,813.0)	(\$12,814.9)
Experience Gains and Losses						
Age and service retirements	(32.4)	(60.7)	(56.9)	(47.1)	(18.7)	(215.8)
Disability retirements	(5.8)	24.3	26.6	29.1	31.2	105.4
Deaths	130.7	0.3	9.4	(79.1)	(91.2)	(29.9)
Withdrawal from employment	104.1	(88.9)	(107.7)	(113.0)	(139.7)	(345.2)
New members	(129.1)	(136.2)	(113.5)	(100.6)	(105.5)	(584.9)
Pay increases	(332.1)	59.6	(221.3)	(147.9)	407.1	(234.6)
Investment income	89.4	682.7	833.3	(2,632.8)	(2,908.6)	(3,936.0)
Other	70.3	46.3	157.6	(97.1)	(368.6)	(191.5)
Purchase of noncovered service	(73.2)	—	—	—	—	(73.2)
Experience gain/(loss) during year	(178.1)	527.4	527.5	(3,188.5)	(3,194.0)	(5,505.7)
Non-recurring Items						
Effect of changes in plan provisions	—	—	—	131.4	8,873.2	9,004.6
Actuarial assumption changes	(126.3)	—	—	—	(4,827.5)	(4,953.8)
Asset valuation method change	1,660.7	—	—	—	—	1,660.7
Non-recurring items	1,534.4	—	—	131.4	4,045.7	5,711.5
30-year amortization contribution deficiency¹	(576.8)	(380.6)	(461.2)	(377.1)	(313.2)	(2,108.9)
Expected change in UAAL with 30-year amortization or less¹	(443.7)	(471.3)	(306.3)	(335.2)	(663.1)	(2,219.6)
Total gain/(loss) for year	335.8	(324.5)	(240.0)	(3,769.4)	(124.6)	(4,122.7)
UAAL end of year	(\$12,479.1)	(\$12,803.6)	(\$13,043.6)	(\$16,813.0)	(\$16,937.6)	(\$16,937.6)

¹ For the year 2005, the required amortization period was 40 years.

The previous schedule shows where losses and gains occurred over the five-year period compared to what was expected or assumed. These include the following significant gains and losses:

- \$9.0 billion gain from plan provision changes which primarily are the result of SB 10-001.
- \$2.3 billion loss from contribution deficiencies from the required amortization period of 30 years; 40 years for the year 2005. (The contribution deficiency is created when the actual contributions flowing into the plans are less than the annual required contribution calculated for accounting purposes.)
- \$2.2 billion loss due to investment income (\$3.9 billion investment loss net of the \$1.7 billion asset valuation method gain in 2005).
- \$2.1 billion loss which is the difference between last year's UAAL and the expected UAAL using the normal cost earned, less the required employer contributions all of which is adjusted for interest.

Initiatives to Improve Funding—In 2003, the Board pursued legislation which would stabilize the contribution rates and allow for increases or decreases in the rates when certain funding thresholds were reached. This legislation passed, but was ultimately vetoed by then Governor Owens.

In 2004, the Board again pursued legislation to improve funding, revise benefits, and move the funds back toward achieving the then 40-year amortization period goal. The Board proposed major legislation (Senate Bill 04-132 and Senate Bill 04-257) that would help to address Colorado PERA's funding needs in a cost-effective and equitable manner. Both pieces of legislation were enacted into law.

In 2005, Senate Bill 05-73 was enacted to provide for an employer contribution for Colorado PERA retirees who return to work after retirement.

In 2006, Senate Bill 06-235 improved funding, revised benefits, made changes to Board governance, and expanded retirement plan choice to institutions of higher education.

In 2007, House Bill 07-1377 repealed a provision of SB 06-235 that would have expanded retirement plan choice to eligible new employees of higher educational institutions. The legislation was amended in the House to allow new employees of community colleges the ability to choose between the Colorado PERA defined benefit program and the Colorado PERA defined contribution program.

The Board has also acted to address funding concerns by raising the cost to purchase service credit effective November 1, 2003, and raising it again effective November 1, 2005, to the full actuarial cost based on the current assumed rate of return.

At the November 2008 Board meeting, the Board approved a new interest rate credit policy allowing the Board to modify the calculated member credit interest rate, reducing it up to 2 percent in whole numbers at their discretion in any future year where the year-to-date investment returns experienced by Colorado PERA are negative after three quarters. The interest rate was then set to 3 percent in 2009, a decrease from the rate of 5 percent in 2008. This rate is used in calculating interest on refunds and in determining the money purchase formula benefit in the Division Trust Funds. For more information on benefit provisions, refer to Note 1 of the Financial Statements on pages 55–61.

The combination of the dramatic losses due to the financial markets along with the cumulative effect of contribution shortfalls in the last six years and the benefit enhancements in the 1990s brought into question the long-term sustainability of the Division Trust Funds. At the end of 2008, the Board began studying revisions to the funds' plans to analyze changes, which could lead the funds back on a path to long-term sustainability. After completing their analysis, the Board put together a recommendation that ultimately led to the creation of Senate Bill 10-001. The changes are substantive and affect employers, active and inactive members, and retirees. The major provisions of the bill can be found in Note 13 and the full bill can be found online at <http://www.leg.state.co.us>.

Senate Bill 09-282: The Denver Public Schools Retirement System/PERA Merger

The Colorado PERA Board of Trustees, at their April 13, 2009, Board meeting, approved the following motion after reviewing Senate Bill 09-282: "The Board recognizes the valuable provisions of Senate Bill 09-282 relating to statewide portability for all educators and support personnel, expanded investment diversification, efficiencies in administration, improved opportunities for health care coverage, and the separate division approach that eliminates the risk of subsidy between the divisions. At the same time, the Board recognizes the authority of the General Assembly to establish contribution rates and notes that the funding provisions contained in the legislation for the Denver Public Schools Division are inadequate and will lead to the actuarial deterioration of the funded status of the Division, ultimately requiring substantially increased contributions to provide for the retirement security of the members and beneficiaries of the Denver Public Schools Division. The Board also states that upon the passage of Senate Bill 09-282 that the Colorado PERA Board and staff will implement the bill's provisions in a prudent, productive, and professional fashion. Accordingly, the Board of Trustees endorses all aspects of the bill, with the exception of the funding provisions, which the Board opposes."

Senate Bill 09-282 was passed by the Legislature and signed by Governor Ritter on May 21, 2009. This bill mandates the merging of the Denver Public Schools Retirement System (DPSRS) and the Denver Public Schools Retiree Health Care Plan into Colorado PERA on January 1, 2010. The major provisions of the bill include the following:

- Creates the Denver Public Schools (DPS) Division as a separate division within Colorado PERA containing all of the assets and liabilities of the DPSRS.
- Creates a separate health care trust fund for DPS and allows DPS retirees to participate in PERACare.
- Appoints a non-voting ex officio Board member from the DPS Division to serve on the Colorado PERA Board as of the effective date of the bill.
- Repeals the statutory provisions regarding previous merger attempts between Colorado PERA and DPSRS.
- Sets the employer contribution rate for the DPS Division at 13.75 percent from January 1, 2010, to December 31, 2012, and at 14.15 percent from January 1, 2013, and thereafter. Requires DPS Division employers to contribute the AED and SAED.
- Allows DPS to subtract the amount of principal and interest payments in any year on its Pension Certificates of Participation notes from the employer contributions owed in any year except to the extent necessary to pay the contributions to the Health Care Trust Fund and the Annual Reserve Fund until the DPS Division's ratio of unfunded actuarial accrued liabilities to payroll equals the School Division's.
- Sets the member contribution rate for the DPS Division at 8.00 percent.
- Beginning January 1, 2015, and every fifth year thereafter, a true-up will be calculated to determine whether the DPS employer rate must be adjusted to assure the equalization of the DPS Division's ratio of unfunded actuarial accrued liability over payroll to the Colorado PERA School Division's ratio of unfunded actuarial accrued liability over payroll at the end of the 30-year period. The ultimate impact of the true-up provision will be greatly impacted by the long-term actuarial experience of the district's hourly employees and by the covered payroll growth of the district's employers.
- Determines how purchasing service credit, interest credit, distributions, refunds, cost-of-living increases, benefits and other administrative measures shall be calculated and determined.
- Creates portability of member benefits between the DPS Division and the other Colorado PERA Divisions.

Additional information on this bill may be found online at <http://www.leg.state.co.us>

The DPSRS Board of Trustees has the exclusive authority to invest and manage the assets of DPSRS, pay benefits, and otherwise administer DPSRS through December 31, 2009. When completed, the *Comprehensive Annual Financial Report* for DPSRS for the year ended December 31, 2009, will be available at <http://www.copera.org>.

As a result of the merger with DPSRS, on January 1, 2010, Colorado PERA assumed the investments and other assets of DPSRS of \$2,746,176. The actuarial liability for DPSRS as of December 31, 2009, was \$3,304,766 resulting in the fund being 83.1 percent funded based on the market value of the assets and 88.3 percent based on the actuarial value of the assets. Colorado PERA will also receive the income from the investments transferred by DPSRS to it, be responsible for making future benefit payments to beneficiaries of the DPSRS system, and also receive the contributions from the employer and employees. For 2008 and 2009, these amounts were as follows:

	2008	2009
Contributions from Employer	\$434,811,169	\$15,841,465
Contributions from Employees	29,904,361	35,003,097
Investment Income	(803,818,096)	460,496,075
Benefit Payments	204,417,308	211,651,127

As a result of SB 09-282, DPSRS is able to reduce its annual required contribution to the Fund by the amount of principal and interest payments it makes on pension obligation bonds it has issued. As a result, it is expected that contributions to Colorado PERA from DPSRS will be less than the ARC at least until its first true-up calculation in 2015.

Also as result of the merger, Colorado PERA received on January 1, 2010, the investments held by the Denver Public Schools Districts of \$13,510 for the new Denver Public Schools Health Care Trust Fund.

For additional information on the 2010 transition, go to Note 13 on Subsequent Events.

Service Purchases—For the year ended December 31, 2009, Colorado PERA had purchased service of \$23 million, which compares to purchased service of \$33 million in 2008. The decrease was due to less service being purchased by the membership in 2009.

Other Deductions—For the year ended December 31, 2009, Colorado PERA had other deductions of \$9 million, which compares to \$12 million in 2008. The decrease was due to less monies being transferred to the Health Care Trust Fund as a result of purchased service at retirement. For more detail on other additions and deductions, see the Supplementary Schedules on page 92 of the Financial Section.

Other Changes

Voluntary Investment Program—For the Voluntary Investment Program, investment assets increased primarily due to investment returns in domestic and international stocks. The Standard and Poor's 500 Index showed a return of 26.5 percent in 2009 and a negative 37.0 percent in 2008, while the Morgan Stanley Capital International All Country World Ex-U.S. (MSCI ACWI Ex-U.S.) stock market index showed a return of 41.5 percent in 2009 and a negative 45.5 percent in 2008. In 2009, an allocation of the securities lending collateral and obligation was made for the portion of securities lending being utilized by the Colorado PERA Growth and Income Fund.

Total employer contributions to the fund decreased from \$3.9 million in 2008 to \$3.4 million in 2009. This decrease came as employers reduced their discretionary employer contributions into the 401(k) Plan. Employee contributions to the fund decreased from \$158 million in 2008 to \$135 million in 2009, as members cut back on their contributions due to the impact of the poor economy. The decrease in other additions of \$818 thousand was mainly due to a decrease in participant loan interest of \$393 thousand and a decrease in alliance fees of \$287 thousand. Also, the Voluntary Investment Program grew by \$18 million in 2009 with the transfer of the employer match money from the State 457 Plan and money previously rolled into the State DC Plan was transferred over to the Voluntary Investment Program on July 1, 2009.

Refunds from the plan decreased from \$88 million in 2008 to \$75 million in 2009 in part from the reduced use of refunds for purchased service and the reduced value of accounts after the 2008 financial decline. The historical trend analysis for this fund is shown on page 147 of the Statistical Section.

Defined Contribution Retirement Plan—Total employer contributions increased from \$1.9 million in 2008 to \$5.9 million in 2009 and member contributions increased from \$1.6 million in 2008 to \$4.7 million in 2009. These increases were due to a growth in membership from 532 contributing members at the end of 2008 to 3,039 participants at the end of 2009.

Effective July 1, 2009, assets and participating members grew due to changes made with Senate Bill 09-66, which consolidated the State DC Plan under Colorado PERA. The State DC Plan was administered by three providers: Great-West Life & Annuity Insurance Company, The Hartford and ICMA-RC. All members' assets (\$18.4 million) held at these three providers were transferred over to similar investments in the DC Retirement Plan.

Investment income (loss) increased from a loss of \$0.8 million to a gain of \$5.0 million primarily due to the growth in asset basis and increases in investment returns in domestic and international stocks. The Standard and Poor's 500 Index showed a return of 26.5 percent in 2009 and a negative 37.0 percent in 2008, while the Morgan Stanley Capital International All Country World ex US (MSCI ACWI Ex-U.S.) stock market index showed a return of 41.5 percent in 2009 and a negative 45.5 percent in 2008. Refunds from the plan grew from \$0.2 million in 2008 to \$1.4 million in 2009 as more participants requested refunds due to the increased participation in the plan. The historical trend analysis for this fund is shown on page 148 of the Statistical Section.

Deferred Compensation Plan—The Colorado PERA Deferred Compensation Plan ("457 Plan") was established July 1, 2009, as a continuation of the State's Deferred Compensation Plan. At that time, the administrative functions were transferred from the State of Colorado to Colorado PERA pursuant to Senate Bill 09-66, which required that the PERA Board assume the administration of and fiduciary responsibility for the 457 Plan. All 457 Plan investments remained unchanged from the State of Colorado's Deferred Compensation Plan investments. The Colorado PERA Board has the authority to administer and amend the 457 Plan pursuant to C.R.S. § 24-51-1601. The complete provisions of the 457 Plan are incorporated into the PERA Deferred Compensation Plan Document. On July 1, 2009, \$337 million was transferred into the 457 Plan.

The 457 Plan is an Internal Revenue Code § 457 plan that allows for voluntary participation to provide additional benefits at retirement for eligible employees of a Colorado PERA employer. All employees working for a Colorado PERA employer affiliated with the 457 Plan may contribute to the 457 Plan.

As of December 31, 2009, there were 18,007 participants with balances, with 9,057 actively contributing. For the last six months of 2009, the 457 Plan received \$23.9 million in member contributions and earned \$40 million in investment income. During the last six months of 2009, the 457 Plan had a total of 360 terminated participants take full distributions, which amounted to \$8.7 million.

Life Insurance Reserve Program—Unum Life Insurance Company of America (Unum) is the current carrier and administrator for Colorado PERA's life insurance program. On April 1, 2008, the contract with Unum was changed, which affected the accounting for life insurance premiums, claims and administrative expenses. Prior to April 1, 2008, Colorado PERA's payment to Unum was based on a flexible funding premium agreement which limited the payments to the lesser of (1) the actual cumulative premiums collected or (2) an administrative fee plus actual claims paid, which shifted some of the risk to Colorado PERA. This required the premium inflows and outflows to be accounted for as additions and deductions in the Statement of Changes in Fiduciary Net Assets. With the change in the contract, premiums now flow through a liability account in the Statement of Fiduciary Net Assets. As a result, life insurance premium payments dropped from \$1.8 million in 2008 to \$0.0 million in 2009 and life insurance claims dropped from \$2.8 million in 2008 to \$0.6 million in 2009. Additionally, Unum modified their administration fee in April of 2008 to be a fixed amount based on the number of units of coverage. The primary reason the total fees increased in 2009 was due to the new fee structure being in place for all 12 months of 2009 compared to only 9 months in 2008.

With the modification in the contract, administrative expense rose from \$486 thousand in 2008, to \$576 thousand in 2009.

GASB Pension Project—In June 2010, the GASB published its Preliminary Views on *Pension Accounting and Financial Reporting by Employer*. A Preliminary Views document presents the GASB Board's current views at a relatively early stage of a project. This Preliminary Views sets forth the current views on issues related to pension accounting and financial reporting by employers. The Preliminary Views of the GASB, if adopted for pension plans as final rules, would likely significantly increase the unfunded status of Colorado PERA, as it proposes a number of actuarial changes that could increase the actuarial liability. Guidance proposed in the Preliminary Views may be modified before it is issued as an Exposure Draft and prior to the final issuance of the accounting standard. An Exposure Draft is currently planned for 2011 and the final standard is currently planned for 2012.

Comparative Financial Information

Defined Benefit Pension Trust Funds. The four defined benefit funds provide retirement, survivor, and disability benefits to the employees of affiliated State, School, Local Government, and Judicial employers. Benefits are funded by member and employer contributions and by earnings on investments.

Defined Benefit Pension Trust Funds Fiduciary Net Assets

ASSETS	DECEMBER 31, 2009	DECEMBER 31, 2008	% CHANGE
Cash and short-term investments	\$802,509	\$949,659	(15.5%)
Securities lending collateral	2,038,834	2,418,934	(15.7%)
Receivables	210,132	261,568	(19.7%)
Investments, at fair value	31,975,146	28,268,412	13.1%
Capital assets, net of accumulated depreciation	19,216	18,614	3.2%
Total assets	35,045,837	31,917,187	9.8%
LIABILITIES			
Securities lending obligations	2,047,014	2,418,934	(15.4%)
Investment settlements and other liabilities	309,622	177,668	74.3%
Total liabilities	2,356,636	2,596,602	(9.2%)
Net assets available for benefits	\$32,689,201	\$29,320,585	11.5%

Defined Benefit Pension Trust Funds Changes in Fiduciary Net Assets

ADDITIONS	DECEMBER 31, 2009	DECEMBER 31, 2008	% CHANGE
Employer contributions	\$867,728	\$785,130	10.5%
Member contributions	569,338	557,481	2.1%
Purchased service	23,439	32,547	(28.0%)
Investment income	4,895,695	(10,428,707)	(146.9%)
Other	17	24	(29.2%)
Total additions	6,356,217	(9,053,525)	(170.2%)
DEDUCTIONS			
Benefit payments	2,800,087	2,595,238	7.9%
Refunds	149,004	140,594	6.0%
Disability insurance premiums	5,812	5,266	10.4%
Administrative expenses	24,137	23,577	2.4%
Other	8,561	11,577	(26.1%)
Total deductions	2,987,601	2,776,252	7.6%
Changes in net assets available for benefits	3,368,616	(11,829,777)	(128.5%)
Net assets available for benefits			
Beginning of year	29,320,585	41,150,362	(28.7%)
End of year	\$32,689,201	\$29,320,585	11.5%

Defined Contribution Pension Trust Fund. Colorado PERA administers three defined contribution pension trust funds. The Voluntary Investment Program and the Deferred Compensation Plan provide retirement benefits to members of the Defined Benefit Pension Trust Funds who have voluntarily made contributions during their employment. The Defined Contribution Retirement Plan provides retirement benefits to eligible State of Colorado choice members who have selected the Colorado PERA DC plan as their retirement plan.

Defined Contribution Pension Trust Funds Fiduciary Net Assets

ASSETS	DECEMBER 31, 2009	DECEMBER 31, 2008	% CHANGE
Cash and short-term investments	\$162,267	\$177,596	(8.6%)
Securities lending collateral	23,587	—	—
Receivables	64,867	61,276	5.9%
Investments, at fair value	1,882,366	1,073,626	75.3%
Total assets	2,133,087	1,312,498	62.5%
LIABILITIES			
Security lending obligations	23,911	—	—
Investment settlements and other liabilities	3,488	3,695	(5.6%)
Total liabilities	27,399	3,695	641.5%
Net assets available for benefits	\$2,105,688	\$1,308,803	60.9%

Defined Contribution Pension Trust Funds Changes in Fiduciary Net Assets

ADDITIONS	DECEMBER 31, 2009	DECEMBER 31, 2008	% CHANGE
Employer contributions	\$9,294	\$5,812	59.9%
Member contributions	163,172	159,501	2.3%
Plan Transfer	373,236	—	—
Investment income	336,532	(501,703)	(167.1%)
Other	5,488	4,475	22.6%
Total additions	887,722	(331,915)	(367.5%)
DEDUCTIONS			
Refunds	85,473	87,786	(2.6%)
Administrative expenses	5,314	4,973	6.9%
Other	50	—	—
Total deductions	90,837	92,759	(2.1%)
Changes in net assets available for benefits	796,885	(424,674)	(287.6%)
Net assets available for benefits			
Beginning of year	1,308,803	1,733,477	(24.5%)
End of year	\$2,105,688	\$1,308,803	60.9%

Other Postemployment Benefit Fund. The Health Care Trust Fund provides a health care premium subsidy to participating PERA benefit recipients and their eligible beneficiaries who choose to enroll in the Program. The Health Care Trust Fund is funded by amounts contributed by employers during an employee's working life based on a percentage of pay and by earnings on investments.

Health Care Trust Fund Fiduciary Net Assets

ASSETS	DECEMBER 31, 2009	DECEMBER 31, 2008	% CHANGE
Cash and short-term investments	\$6,275	\$7,116	(11.8%)
Securities lending collateral	15,941	18,125	(12.0%)
Receivables	6,818	7,919	(13.9%)
Investments, at fair value	250,003	211,811	18.0%
Total assets	279,037	244,971	13.9%
LIABILITIES			
Securities lending obligations	16,005	18,125	(11.7%)
Investment settlements and other liabilities	34,854	36,655	(4.9%)
Total liabilities	50,859	54,780	(7.2%)
Net assets available for benefits	\$228,178	\$190,191	20.0%

Health Care Trust Fund Changes in Fiduciary Net Assets

ADDITIONS	DECEMBER 31, 2009	DECEMBER 31, 2008	% CHANGE
Employer contributions	\$74,073	\$72,599	2.0%
Retiree health care premium payments	106,903	102,644	4.1%
Medicare retiree drug subsidy	13,633	13,743	(0.8%)
Investment income	35,483	(72,423)	(149.0%)
Other	12,721	12,803	(0.6%)
Total additions	242,813	129,366	87.7%
DEDUCTIONS			
Benefit payments	192,656	196,769	(2.1%)
Administrative expenses	12,170	11,838	2.8%
Total deductions	204,826	208,607	(1.8%)
Changes in net assets available for benefits	37,987	(79,241)	(147.9%)
Net assets available for benefits			
Beginning of year	190,191	269,432	(29.4%)
End of year	\$228,178	\$190,191	20.0%

Private Purpose Trust Fund. The Life Insurance Reserve (LIR) is an accumulation of dividends received from an insurance company as a return on the premiums paid by those members who have voluntarily enrolled in life insurance programs, adjusted for actual historical experience. The proceeds from the LIR received are used to pay the administrative costs of the plan.

Life Insurance Reserve Fiduciary Net Assets

ASSETS	DECEMBER 31, 2009	DECEMBER 31, 2008	% CHANGE
Cash and short-term investments	\$376	\$451	(16.6%)
Securities lending collateral	955	1,149	(16.9%)
Receivables	55	73	(24.7%)
Investments, at fair value	14,972	13,432	11.5%
Total assets	16,358	15,105	8.3%
LIABILITIES			
Securities lending obligations	959	1,149	(16.5%)
Investment settlements and other liabilities	1,526	1,428	6.9%
Total liabilities	2,485	2,577	(3.6%)
Net assets available for benefits	\$13,873	\$12,528	10.7%

Life Insurance Reserve Changes in Fiduciary Net Assets

ADDITIONS	DECEMBER 31, 2009	DECEMBER 31, 2008	% CHANGE
Life insurance premium payments	\$—	\$1,772	(100.0%)
Investment income	2,496	(4,693)	(153.2%)
Total additions	2,496	(2,921)	(185.5%)
DEDUCTIONS			
Life insurance claims	575	2,820	(79.6%)
Administrative expenses	576	486	18.5%
Total deductions	1,151	3,306	(65.2%)
Changes in net assets available for benefits	1,345	(6,227)	(121.6%)
Net assets available for benefits			
Beginning of year	12,528	18,755	(33.2%)
End of year	\$13,873	\$12,528	10.7%

Statement of Fiduciary Net Assets

As of December 31, 2009, With Comparative Combined Totals for 2008
(In Thousands of Dollars)

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	JUDICIAL DIVISION TRUST FUND	TOTAL DEFINED BENEFIT PLANS
ASSETS					
Cash and short-term investments					
Cash and short-term investments	\$284,869	\$449,521	\$63,225	\$4,894	\$802,509
Securities lending collateral	723,731	1,142,042	160,628	12,433	2,038,834
Total cash and short-term investments	1,008,600	1,591,563	223,853	17,327	2,841,343
Receivables					
Benefit	42,490	43,591	6,697	1,569	94,347
Interfund	423	668	94	7	1,192
Investment settlements and income	40,677	64,188	9,028	700	114,593
Total receivables	83,590	108,447	15,819	2,276	210,132
Investments, at fair value:					
Fixed income	2,614,896	4,126,282	580,361	44,922	7,366,461
Global stocks	6,786,112	10,708,424	1,506,137	116,583	19,117,256
Alternative investments	1,099,621	1,735,192	244,054	18,891	3,097,758
Real estate investments	695,474	1,097,452	154,356	11,948	1,959,230
Opportunity fund	154,215	243,350	34,227	2,649	434,441
Self-directed brokerage	—	—	—	—	—
Total investments, at fair value	11,350,318	17,910,700	2,519,135	194,993	31,975,146
Capital assets, at cost, net of accumulated depreciation of \$21,611 and \$24,384 at December 31, 2009, and 2008, respectively					
Total assets	12,448,583	19,622,020	2,760,620	214,614	35,045,837
LIABILITIES					
Investment settlements and other liabilities	110,190	172,583	25,073	1,776	309,622
Securities lending obligations	726,635	1,146,624	161,272	12,483	2,047,014
Interfund	—	—	—	—	—
Total liabilities	836,825	1,319,207	186,345	14,259	2,356,636
Commitments and contingencies (Note 7)					
Net assets held in trust for pension plan benefits, other postemployment benefits, and Life Insurance Reserve participants					
	\$11,611,758	\$18,302,813	\$2,574,275	\$200,355	\$32,689,201
NET ASSETS HELD FOR:					
Defined benefit pension plan benefits	\$11,611,758	\$18,302,813	\$2,574,275	\$200,355	\$32,689,201
Defined contribution pension plan benefits	—	—	—	—	—
Other postemployment benefits	—	—	—	—	—
Private purpose trust fund participants	—	—	—	—	—
Net assets held in trust for pension plan benefits, other postemployment benefits, and Life Insurance Reserve participants					
	\$11,611,758	\$18,302,813	\$2,574,275	\$200,355	\$32,689,201

The accompanying notes are an integral part of these financial statements.

Statement of Fiduciary Net Assets
As of December 31, 2009, With Comparative Combined Totals for 2008
(In Thousands of Dollars)

VOLUNTARY INVESTMENT PROGRAM	DEFINED CONTRIBUTION RETIREMENT PLAN	DEFERRED COMPENSATION PLAN	TOTAL PENSION TRUST FUNDS	HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE	COMBINED TOTALS	
						2009	2008
\$157,205	\$2,954	\$2,108	\$964,776	\$6,275	\$376	\$971,427	\$1,134,822
23,538	49	—	2,062,421	15,941	955	2,079,317	2,438,208
180,743	3,003	2,108	3,027,197	22,216	1,331	3,050,744	3,573,030
57,767	1,046	5,566	158,726	5,913	—	164,639	173,315
—	—	—	1,192	9	1	1,202	46
492	(4)	—	115,081	896	54	116,031	157,475
58,259	1,042	5,566	274,999	6,818	55	281,872	330,836
344,269	10,318	193,918	7,914,966	57,595	3,449	7,976,010	7,954,314
1,118,594	23,263	188,880	20,447,993	149,472	8,952	20,606,417	15,941,043
—	—	—	3,097,758	24,220	1,451	3,123,429	2,612,917
—	—	—	1,959,230	15,319	917	1,975,466	2,612,674
—	—	—	434,441	3,397	203	438,041	446,333
—	—	3,124	3,124	—	—	3,124	—
1,462,863	33,581	385,922	33,857,512	250,003	14,972	34,122,487	29,567,281
—	—	—	19,216	—	—	19,216	18,614
1,701,865	37,626	393,596	37,178,924	279,037	16,358	37,474,319	33,489,761
1,994	102	190	311,908	34,854	1,526	348,288	219,400
23,862	49	—	2,070,925	16,005	959	2,087,889	2,438,208
1,148	—	54	1,202	—	—	1,202	46
27,004	151	244	2,384,035	50,859	2,485	2,437,379	2,657,654
\$1,674,861	\$37,475	\$393,352	\$34,794,889	\$228,178	\$13,873	\$35,036,940	\$30,832,107
\$—	\$—	\$—	\$32,689,201	\$—	\$—	\$32,689,201	\$29,320,585
1,674,861	37,475	393,352	2,105,688	—	—	2,105,688	1,308,803
—	—	—	—	228,178	—	228,178	190,191
—	—	—	—	—	13,873	13,873	12,528
\$1,674,861	\$37,475	\$393,352	\$34,794,889	\$228,178	\$13,873	\$35,036,940	\$30,832,107

Statement of Changes in Fiduciary Net Assets

For the Year Ended December 31, 2009, With Comparative Combined Totals for 2008
(In Thousands of Dollars)

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	JUDICIAL DIVISION TRUST FUND	TOTAL DEFINED BENEFIT PLANS
ADDITIONS					
Contributions					
Employers	\$297,240	\$480,239	\$84,456	\$5,793	\$867,728
Members	194,168	314,571	57,598	3,001	569,338
Plan transfer	—	—	—	—	—
Purchased service	8,830	10,152	4,460	(3)	23,439
Retiree health care and life premiums	—	—	—	—	—
Medicare retiree drug subsidy	—	—	—	—	—
Total contributions	500,238	804,962	146,514	8,791	1,460,505
Investment income (loss)					
Net appreciation/(depreciation) in fair value of investments	1,472,960	2,332,936	335,301	26,456	4,167,653
Interest	120,189	182,136	20,419	1,560	324,304
Dividends	124,247	188,285	21,109	1,613	335,254
Real estate, alternative investment, and opportunity fund net operating income	58,344	88,416	9,912	757	157,429
Less investment expense	(43,749)	(66,299)	(7,433)	(568)	(118,049)
Net income (loss) from investing activities	1,731,991	2,725,474	379,308	29,818	4,866,591
Securities lending income (loss)	9,584	14,813	1,873	146	26,416
Less securities lending borrower rebates	1,618	2,451	275	21	4,365
Less securities lending agent/rebate fees	(622)	(941)	(106)	(8)	(1,677)
Net income (loss) from securities lending	10,580	16,323	2,042	159	29,104
Net investment income (loss)	1,742,571	2,741,797	381,350	29,977	4,895,695
Other additions	3	12	2	—	17
Total additions	2,242,812	3,546,771	527,866	38,768	6,356,217
DEDUCTIONS					
Benefits					
Benefits paid to retirees/cobeneficiaries	1,058,218	1,550,825	148,139	14,647	2,771,829
Benefits paid to survivors	13,507	12,490	1,897	364	28,258
Benefits paid to health care participants	—	—	—	—	—
Total benefits	1,071,725	1,563,315	150,036	15,011	2,800,087
Refunds of contribution accounts, including match and interest	58,416	70,910	19,648	30	149,004
Disability premiums and life insurance claims	2,004	3,186	591	31	5,812
Administrative expenses	8,729	13,226	2,160	22	24,137
Other deductions/(transfers)	(1,519)	9,121	2,737	(1,778)	8,561
Total deductions	1,139,355	1,659,758	175,172	13,316	2,987,601
Net increase (decrease) in assets available	1,103,457	1,887,013	352,694	25,452	3,368,616
Net assets held in trust for pension plan benefits, other postemployment benefits, and Life Insurance Reserve participants					
Beginning of year	10,508,301	16,415,800	2,221,581	174,903	29,320,585
End of year	\$11,611,758	\$18,302,813	\$2,574,275	\$200,355	\$32,689,201

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Assets
For the Year Ended December 31, 2009, With Comparative Combined Totals for 2008
(In Thousands of Dollars)

VOLUNTARY INVESTMENT PROGRAM	DEFINED CONTRIBUTION RETIREMENT PLAN	DEFERRED COMPENSATION PLAN	TOTAL PENSION TRUST FUNDS	HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE	COMBINED TOTALS	
						2009	2008
\$3,383	\$5,899	\$12	\$877,022	\$74,073	\$—	\$951,095	\$863,541
134,645	4,652	23,875	732,510	—	—	732,510	716,982
18,358	18,374	336,504	373,236	—	—	373,236	—
—	—	—	23,439	—	—	23,439	32,547
—	—	—	—	106,903	—	106,903	104,416
—	—	—	—	13,633	—	13,633	13,743
156,386	28,925	360,391	2,006,207	194,609	—	2,200,816	1,731,229
260,294	4,582	35,137	4,467,666	31,590	1,960	4,501,216	(11,917,079)
12,502	139	3,790	340,735	1,722	151	342,608	423,793
18,314	339	1,516	355,423	1,780	354	357,557	409,608
—	—	—	157,429	836	73	158,338	163,589
(1)	—	—	(118,050)	(627)	(55)	(118,732)	(108,241)
291,109	5,060	40,443	5,203,203	35,301	2,483	5,240,987	(11,028,330)
(51)	—	—	26,365	168	12	26,545	119,666
(25)	—	—	4,340	23	2	4,365	(94,834)
(4)	—	—	(1,681)	(9)	(1)	(1,691)	(4,028)
(80)	—	—	29,024	182	13	29,219	20,804
291,029	5,060	40,443	5,232,227	35,483	2,496	5,270,206	(11,007,526)
3,654	14	1,820	5,505	12,721	—	18,226	17,302
451,069	33,999	402,654	7,243,939	242,813	2,496	7,489,248	(9,258,995)
—	—	—	2,771,829	—	—	2,771,829	2,567,895
—	—	—	28,258	—	—	28,258	27,343
—	—	—	—	192,656	—	192,656	196,769
—	—	—	2,800,087	192,656	—	2,992,743	2,792,007
75,351	1,377	8,745	234,477	—	—	234,477	228,380
—	—	—	5,812	—	575	6,387	8,086
4,664	143	507	29,451	12,170	576	42,197	40,874
—	—	50	8,611	—	—	8,611	11,577
80,015	1,520	9,302	3,078,438	204,826	1,151	3,284,415	3,080,924
371,054	32,479	393,352	4,165,501	37,987	1,345	4,204,833	(12,339,919)
1,303,807	4,996	—	30,629,388	190,191	12,528	30,832,107	43,172,026
\$1,674,861	\$37,475	\$393,352	\$34,794,889	\$228,178	\$13,873	\$35,036,940	\$30,832,107

Note 1—Plan Description

Organization

Colorado PERA was established in 1931; the statute relating to Colorado PERA is Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.). Colorado PERA administers cost-sharing multiple-employer defined benefit plans for the State Division Trust Fund, School Division Trust Fund, Local Government Division Trust Fund, and Judicial Division Trust Fund (Division Trust Funds). Colorado PERA also administers a cost-sharing multiple-employer defined benefit other postemployment benefit plan (Health Care Trust Fund, see Note 10), a private purpose trust fund (Life Insurance Reserve), and three multiple-employer defined contribution plans (Voluntary Investment Program, Defined Contribution Retirement Plan and the Deferred Compensation Plan, see Notes 8 and 9). In previous years, the Defined Contribution Retirement Plan was shown as a component plan of the Voluntary Investment Program. As the result of Senate Bill 09-66 a separate trust fund was set up for the Defined Contribution Retirement Plan and it is now shown as a separate fiduciary fund. Additionally, as a result of Senate Bill 09-66, Colorado PERA became the administrator of the new Deferred Compensation Plan, which received a plan transfer from the State of Colorado's 457 Plan as of July 1, 2009.

Responsibility for the organization and administration of the Division Trust Funds, Health Care Trust Fund (HCTF), Voluntary Investment Program, Defined Contribution Retirement Plan, Deferred Compensation Plan, and Life Insurance Reserve is placed with the Board of Trustees (the Board) of Colorado PERA. The State Division Trust Fund was established in 1931, the School and Local Government Division Trust Funds in 1944, and the Judicial Division Trust Fund in 1949. The State and School Division Trust Funds were combined in 1997 and separated in 2006.

The number of active affiliated employers for the four Divisions is as follows:

DIVISION	AS OF DECEMBER 31, 2009
State	70
School	196
Local Government	139
Judicial	6
Total employers	411

Membership—Division Trust Funds-Defined Benefit Pension Plans

Benefit recipients and members of Colorado PERA consisted of the following as of December 31, 2009, and with comparative combined totals for 2008:

	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	2009	2008
Retirees and beneficiaries (including deferred survivors)	31,463	47,641	4,692	292	84,088	81,248
Terminated employees entitled to benefits but not yet receiving benefits	4,623	9,968	1,274	8	15,873	15,549
Inactive members	53,820	81,448	16,251	6	151,525	143,138
Active members						
Vested general employees	29,172	62,997	8,029	243	100,441	96,677
Vested State Troopers	592	—	—	—	592	568
Non-vested general employees	24,362	56,393	8,137	74	88,966	93,194
Non-vested State Troopers	207	—	—	—	207	245
Total Actives	54,333	119,390	16,166	317	190,206	190,684
Grand Totals	144,239	258,447	38,383	623	441,692	430,619

Membership—Voluntary Investment Program and Defined Contribution Retirement Plan

See Note 8.

Membership—Deferred Compensation Plan

See Note 9.

Membership—Health Care Trust Fund

See Note 10.

Benefit Provisions—Division Trust Funds

Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes 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.

Plan Eligibility

All employees of Colorado PERA employers who work in a position eligible for Colorado PERA membership must be covered by Colorado PERA, except for employees who are hired into a position that makes them eligible for choice between enrolling in the PERA Defined Benefit Plan or the PERA Defined Contribution Plan (PERAChoice).

PERAChoice eligibility applies to certain new employees of State Agencies and Departments and Community Colleges. If an eligible employee does not make a choice of which plan he or she would like to participate in within 60 days of the starting date of employment, the employee is automatically enrolled in the plan to which he last contributed or, if there was no prior participation, the PERA Defined Benefit Plan. During years two and five of participation in their plan of choice, employees may make a one-time irrevocable election to switch their original election. After the fifth year of participation in their plan of choice, this option to switch no longer exists.

Some positions of Colorado PERA-affiliated employers are not eligible for Colorado PERA membership, but may be covered by another separate retirement program.

Benefit Provisions

The Division Trust Funds have various benefit provisions depending upon the member's date of hire or upon the member's date of retirement. Where there are differences in plan benefit provisions, they are noted below.

Member Accounts

Members contribute 8 percent of their Colorado PERA-includable salary to their member accounts; State Troopers and Colorado Bureau of Investigation agents contribute 10 percent.

State law authorizes the Colorado PERA Board to determine annually the interest to be credited to member accounts, but in no event may the Board specify a rate that exceeds 5 percent. Effective January 1, 2009, the rate was set at 3 percent.

As of July 1, 2010, SB 10-146 requires that members of the State Division Trust Fund and the Judicial Division Trust Fund contribute an additional 2.5 percent of salary to their member accounts. The employer contribution rate for employers in the State Division Trust Fund and Judicial Trust Fund is reduced by 2.5 percent. These additional member contributions will accrue interest and be eligible for matching amounts as described below. This legislation sunsets June 30, 2011, and the contribution rates (member and employer) of the State Division and Judicial Division will return to the levels in effect prior to July 1, 2010.

Service Credit

Members earn service credit for each month of work performed for a Colorado PERA-affiliated employer for which salary is earned for such services.

A full month of service credit is earned for each month of work and salary equal to 80 multiplied by the federal minimum hourly wage in effect for that month. Earned salary which is less than this amount results in a partial month of service credit.

Eligible members may purchase additional service credit based upon (1) other employment that is not covered by Colorado PERA or another retirement program or (2) the service credit forfeited as the result of a withdrawn Colorado PERA member account. Such service credit purchases are subject to limits in State and federal law. The amounts used to purchase service credit are credited to the member's account and may include tax-paid funds and eligible rollovers of tax-deferred funds. Such amounts are eligible for interest, but no match.

Refund or Distribution Provisions

Upon termination of Colorado PERA-covered employment, members have the following options concerning their member account:

- Leave the account invested in the Division Trust Funds for a future distribution or retirement benefit; however, a distribution must begin by April 1 following the year in which the member reaches age 70½.
- Request a distribution of the member account plus an applicable match. Such a distribution cancels the refunding member's service credit and any benefit entitlements associated with the account. The distribution may be taken as cash with the resulting tax consequences or as a rollover to an eligible qualified plan, 403(b) plan, 457 plan, or an Individual Retirement Account.

Matching Amounts

Members who withdraw their accounts before reaching retirement eligibility, as described below, receive a refund of their member account plus a 50 percent match on eligible amounts. Members who withdraw their accounts on or after reaching retirement eligibility or age 65 receive their member account plus a 100 percent match on eligible amounts.

The provisions of SB 10-001 maintain the 100 percent match at retirement eligibility, but change the eligibility for the 50 percent match for members refunding on or after January 1, 2011. As of January 1, 2011, members who withdraw their accounts before reaching retirement eligibility must have five years of earned service credit in order to receive the 50 percent match. All contributions received prior to January 1, 2011, are eligible for the 50 percent match regardless of how much service credit the member has earned. However, contributions received after January 1, 2011, will not be eligible for the 50 percent match until the member earns five years of service credit.

Highest Average Salary

Plan benefits, described below, are generally calculated as a percentage of the member’s highest average salary (HAS). Generally, for all members except judges, HAS is one-twelfth of the average of the highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit. The three 12-month periods do not have to be consecutive nor do they have to be the last three years of membership.

The following conditions apply to this HAS calculation:

- For all members, except judges, who were hired before January 1, 2007, and who retire before January 1, 2009: a 15 percent cap on annual salary increases applies if any salary used in the HAS calculation is from the last three years of membership. If this membership condition is not met, the 15 percent cap does not apply.
- For all members, except judges, who were hired before January 1, 2007, and who retire on or after January 1, 2009: HAS is determined by the highest annual salaries associated with four periods of 12 consecutive months of service credit. The four 12-month periods selected do not have to be consecutive nor do they have to include the last four years of membership. The lowest of the four periods becomes a base year used as a starting point for the 15 percent cap on annual salary increases. This salary cap applies regardless of when the annual salaries used in the HAS occurred.
- For all members, except judges, who are hired on or after January 1, 2007, regardless of the date of retirement: HAS is determined by the highest annual salaries associated with four periods of 12 consecutive months of service credit. The four 12-month periods selected do not have to be consecutive nor do they have to include the last four years of membership. The lowest of the four periods becomes a base year used as a starting point for an 8 percent cap on annual salary increases. This salary cap applies regardless of when the annual salaries used in the HAS occurred.
- For members of the Judicial Division Trust Fund (judges) regardless of the date of hire or the date of retirement, HAS is one-twelfth of the highest annual salary associated with one period of 12 consecutive months of service credit.

Under the provisions of SB 10-001, the current HAS descriptions given above will remain in effect for members who began membership on or after January 1, 2007 or who are eligible to retire as of January 1, 2011. However, for all members, except judges, who are not eligible to retire as of January 1, 2011, the annual salary cap will be lowered to 8 percent. The one year HAS, described above, will remain in effect for all judges.

Service Retirement Benefits

Upon termination of Colorado PERA-covered employment and reaching eligibility for service retirement benefits, a member may begin receipt of benefits as shown below:

Service Retirement Eligibility for Members (other than State Troopers) hired before July 1, 2005

AGE REQUIREMENT (IN YEARS)	SERVICE CREDIT REQUIREMENT (IN YEARS)
50	30
55	Age and Service = 80 or more
60	20
65	5
65	Less than 5 but 60 payroll postings ¹

¹ Retiring members who are age 65 and have less than five years of service credit and less than 60 payroll postings will receive a service retirement benefit under the Money Purchase Formula only.

Service Retirement Eligibility for Members (other than State Troopers) hired on or after July 1, 2005, but before January 1, 2007

AGE REQUIREMENT (IN YEARS)	SERVICE CREDIT REQUIREMENT (IN YEARS)
Any Age	35
55	30
55	Age and Service = 80 or more
60	20
65	5
65	Less than 5 but 60 payroll postings ¹

¹ Retiring members who are age 65 and have less than five years of service credit and less than 60 payroll postings will receive a service retirement benefit under the Money Purchase Formula only.

Service Retirement Eligibility for Members (other than State Troopers) hired on or after January 1, 2007

AGE REQUIREMENT (IN YEARS)	SERVICE CREDIT REQUIREMENT (IN YEARS)
Any Age	35
55	30
55	Age and Service = 85 or more
60	25
65	5
65	Less than 5 but 60 payroll postings ¹

¹ Retiring members who are age 65 and have less than five years of service credit and less than 60 payroll postings will receive a service retirement benefit under the Money Purchase Formula only.

Service Retirement Eligibility for State Troopers

AGE REQUIREMENT (IN YEARS)	SERVICE CREDIT REQUIREMENT (IN YEARS)
Any Age	30
50	25
55	20
65	5
65	Less than 5 but 60 payroll postings ¹

¹ Retiring members who are age 65 and have less than five years of service credit and less than 60 payroll postings will receive a service retirement benefit under the Money Purchase Formula only.

The service retirement benefit for all retiring members, except certain judges, is the higher of the Defined Benefit Formula or the Money Purchase Formula as explained below:

- *Defined Benefit Formula*
HAS multiplied by 2.5 percent multiplied by Years of Service Credit
- *Money Purchase Formula*
Values the retiring member's account plus a 100 percent match on eligible amounts as of the member's retirement date. This amount is then annuitized into a monthly benefit using the retiring member's life expectancy, expected rates of return, and other actuarial factors.

In addition, a special benefit calculation applies for certain judges. Service retirement benefits for members of the Judicial Division Trust Fund (judges) who were on the bench on or before July 1, 1973, will receive the higher of the above service retirement calculation or the following:

$$[(4\% \times \text{Years of Service Credit 1-10}) \times (1.66\% \times \text{Years of Service Credit Over 10-16}) + (1.5\% \times \text{Years of Service Credit Over 16-20}) + (2.5\% \times \text{Years of Service Credit over 20})]$$

In all cases, a service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit amount allowed by federal law.

In addition to the Service Retirement Eligibility Charts above, SB 10-001 made the following changes to the age and service credit requirements for a full service retirement:

- For all members, other than State Troopers, with less than five years of service credit as of January 1, 2011, eligibility will change to a modified Rule of 85 (age and service must add to 85 with a minimum age of 55).
- For all new members, other than State Troopers, first covered under the Plan on or after January 1, 2011, but before January 1, 2017, eligibility will include a modified Rule of 88 (age and service must add to 88 with a minimum age of 58).
- For all new members, other than State Troopers, first covered under the Plan on or after January 1, 2017, eligibility will include a modified Rule of 90 (age and service must add to 90 with a minimum age of 60). If the most recent 10 years of service credit is earned under either the School Division Trust Fund or the Denver Public Schools Division Trust Fund, eligibility will include a modified Rule of 88 (age and service must add to 88 with a minimum age of 58).

Reduced Service Retirement

Reduced service retirement benefits are calculated in the same manner as a service retirement benefit with a reduction for each month prior to the member’s first eligible date for a service retirement. The benefit calculation reduction factors are specified in C.R.S. § 24-51-605.

Reduced Service Retirement Eligibility

AGE REQUIREMENT (IN YEARS)	SERVICE CREDIT REQUIREMENT (IN YEARS)
50	25
50 — (State Troopers only) —	20
55	20
60	5

SB 10-001 did not change the age and service requirements to be eligible for a reduced service retirement benefit nor did it change the reduced service retirement benefit for members who are eligible to retire as of January 1, 2011; for these members the current reduction factors found at C.R.S. § 24-51-605 will remain in place. The legislation did change the reduction factors used to calculate reduced benefits for those members not eligible to retire as of January 1, 2011. For these members, an actuarial reduction will be applied to the reduced service retirement benefit.

Disability Program

Eligible active members, other than judges, with five or more years of earned service credit are covered by the Colorado PERA Disability Program. Judges are immediately covered under the Program. The earned service credit requirement may be waived for State Troopers who become disabled as the result of injuries in the line of duty.

Medical determinations for the Program are outsourced to a separate Disability Program Administrator, Standard Insurance Company. Applicants found to be disabled receive payments under one of two tiers:

- **Short-Term Disability (STD):** Disability applicants who are found to be mentally or physically incapacitated from performance of essential job duties after reasonable accommodation, but who are not totally and permanently incapacitated from regular and substantial gainful employment are eligible for STD payments. These payments are an insurance product paid by Standard Insurance Company. The maximum income replacement is 60 percent of the member’s pre-disability Colorado PERA salary for up to 22 months.
- **Disability Retirement Benefits:** Disability applicants who are found to be totally and permanently mentally or physically incapacitated from regular and substantial gainful employment are eligible for disability retirement benefits. These benefits are paid by Colorado PERA for as long as the disability retiree remains disabled. The benefit is calculated as a percentage of the disabled member’s HAS using accrued, and in some cases projected, service credit.

Benefit Options

Service retirees and disability retirees elect to receive their retirement or disability benefits in the form of a single-life benefit payable for the retiree’s lifetime only or one of two joint-life benefits payable for the lifetime of the retiree with a continuing benefit paid upon the retiree’s death to the retiree’s cobeneficiary. Such option designations may only be changed under limited conditions specified in State law.

Survivor Benefits Program

Members who have at least one year of earned service credit are covered by the Colorado PERA Survivor Benefits Program. This one-year requirement is waived if a member's death is job-incurred.

In the event of the covered member's death, monthly survivor benefits may be paid to the qualified survivors of the deceased. Qualified survivors generally include minor children, a surviving spouse, dependent parents, or a cobeneficiary (for deceased members who were eligible for retirement at the time of death).

Monthly benefits are specified in statute and vary based upon the deceased's HAS, years of service credit, the qualified survivor to whom benefits are to be paid, and the number of qualified survivors receiving benefits.

If a member dies with less than one year of earned service credit or with no qualified survivors, the deceased's named beneficiary or the estate receives a lump-sum payment of the deceased member's account plus a 100 percent match on eligible amounts.

Annual Benefit Increases

On an annual basis, eligible benefit recipients receive post-retirement cost of living adjustments called annual increases (AI). AI payment month, eligibility and amounts are determined by the date the retiree or deceased member began membership in Colorado PERA.

- For service and disability retirees who began membership on or before June 30, 2005, and for survivor benefit recipients of deceased members who began membership on or before June 30, 2005:
 - *Payment Month:* The AI is paid in March.
 - *Eligibility:* The benefit recipient has been receiving benefits for at least three months as of March.
 - *AI Amount:* AI is 3.5 percent, compounded annually, if the benefit has been paid for 12 months. The initial AI is prorated up if the benefit has been paid for more than 12 months and prorated down if the benefit has been paid for less than 12 months.
- For service and disability retirees who began membership on or after July 1, 2005, but before January 1, 2007, and for survivor benefit recipients of deceased members who began membership on or after July 1, 2005, but before January 1, 2007:
 - *Payment Month:* The AI is paid in March.
 - *Eligibility:* The benefit recipient has been receiving benefits for at least three months as of March.
 - *AI Amount:* The lower of 3 percent or the CPI-W, compounded annually. The initial AI is prorated up if the benefit has been paid for more than 12 months and prorated down if the benefit has been paid for less than 12 months.
- For service and disability retirees who began membership on or after January 1, 2007, and for survivor benefit recipients of deceased members who began membership on or after January 1, 2007:
 - *Payment Month:* The AI is paid in July.
 - *Eligibility:* For service retirees, disability retirees and survivor benefit recipients, the benefit recipient has been receiving benefits for at least one calendar year as of the July in which the AI is paid.

For reduced service retirees: A reduced service retiree is eligible to receive the AI in July of the year in which both of the following conditions are met: (1) as of January 1 of the year the AI is to be paid, the retiree has received 12 months of benefit payments in the prior calendar year and (2) as of January of the year the AI is paid, the retiree has either reached age 60 or the retiree's age and service add to 85.

- *AI Amount:* AI is the lower of 3 percent or CPI-W, compounded annually. In no case can the sum of AIs paid to a division's benefit recipients exceed 10 percent of the divisional AI reserve. No prorated AI's are paid.

SB 10-001 Changes to Annual Increase

The AI provisions of SB 10-001 became effective February 23, 2010. The legislation moved the payment date of all annual increase payments to July, changed the eligibility requirements for an annual increase and changed the amount of the annual increase. In 2010, the annual increase amount is set as the lesser of 2 percent or the average of the monthly CPI-W amounts for calendar year 2009. The 2009 CPI-W was negative resulting in a 2010 annual increase of 0 percent.

The SB 10-001 changes relating to the annual increase for the year 2011 and beyond are explained below.

- For benefit recipients of the PERA benefit structure that began membership before January 1, 2007, and benefit recipients of the DPS benefit structure:
 - *Payment Month:* The AI is paid in July.

- *Eligibility:* For benefit recipients whose benefit is based on a retirement date prior to January 1, 2011, and the benefit recipient has been receiving benefits for at least seven months as of the July in which AI is to be paid.
- For benefit recipients whose benefit is paid based on a retirement date on or after January 1, 2011, the following eligibility criteria is required:
 - For full service retirees, disability retirees, reduced service retirees who are eligible to receive a benefit on January 1, 2011, and survivor benefit recipients, the benefit recipient has received benefit payments for 12 months.
 - For reduced service retirees who are not eligible to retire as of January 1, 2011: A reduced service retiree is eligible to receive the AI in July of the year in which both of the following conditions are met: (1) the retiree has received benefit payments for 12 months and (2) as of January 1 of the year the AI is paid, the retiree has either reached age 60 or the age and service Rule applicable to the retiree's Plan.
- *AI Amount:* AI is 2 percent per year unless PERA has a negative investment year in which case, for the next three years, the AI becomes the lesser of 2 percent or the average of the monthly CPI-W amounts for the prior calendar year.
- For benefit recipients of the PERA benefit structure who began membership on and after January 1, 2007:
 - *Payment Month:* The AI is paid in July.
 - *Eligibility:* For full service retirees, disability retirees and survivor benefit recipients: The benefit recipient becomes eligible in July of the calendar year following the calendar year in which the benefit recipient has received 12 months of benefit payments. For reduced service retirees: A reduced service retiree is eligible to receive the AI in July of the year in which both of the following conditions are met: (1) as of January 1 of the year the AI 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 AI is paid, the retiree has either reached age 60 or the age and service Rule applicable to the retiree's Plan.
 - *AI Amount:* The AI is the lesser of 2 percent or the average of the monthly CPI-W amounts for the prior calendar year. In no case can the sum of AIs paid to a division's benefit recipients exceed 10 percent of the divisional AI reserve.

Changes to the 2 Percent AI Cap: If Colorado PERA's overall funded status is at or above 103 percent, the AI cap of 2 percent will increase by 0.25 percent per year. If after Colorado PERA's overall funded status reaches 103 percent and it subsequently drops below 90 percent, the 2 percent AI cap will decrease by 0.25 percent per year, but will never drop below 2 percent.

Additional SB 10-001 Benefit Provision Changes

Indexing of Benefits

Under previous law, inactive members who were covered by the Plan as of December 31, 2006, who have 25 or more years of service credit but are not eligible for retirement benefits have their benefit amount increased by the applicable annual increase granted by the Association from their date of termination of membership to their effective date of retirement. SB 10-001 removed this provision for all members not eligible to retire as of January 1, 2011.

Suspending Benefits

Under previous law, a retiree may elect to suspend retirement and return to membership. If the retiree earns at least one year of service credit during this period of membership, the benefit was recalculated to reflect the additional service credit and salary. If less than one year of service is earned, the contributions remitted during the return to membership period are refunded with interest and a match.

Under SB 10-001, this practice will end for retirement suspensions on or after January 1, 2011.

As of that date, if a retiree suspends retirement, returns to membership and earns at least one year of service credit, a separate benefit will be earned. In this case, the retiree may also opt to refund the contributions remitted with interest and a match. The original benefit will not be recalculated.

If less than one year of service credit is earned during the return to membership, the retiree will be required to refund the contributions remitted with interest and a match before the original benefit will resume.

Working After Retirement Without Suspending Benefits

- *Retiree Contributions*—Under previous law, employers are required to remit employer contributions, AED and SAED on salary earned by retirees who work for them but do not suspend retirement and return to membership. Under SB 10-001, as of January 1, 2011, in addition to these employer amounts, these retirees will be required to contribute the same percentage of pay that is required of a member to the Divisional Trust Fund of the employer for whom they are working. Such contributions are not deposited into a member account, are not refundable and do not accrue any additional benefit.

- *Limits on Working After Retirement*—Under previous law, retirees may work up to 110 days/720 hours per calendar year for a Colorado PERA employer with no reduction in benefits. Under SB 10-001, as of January 1, 2011, each employer assigned to the School Division Trust Fund and each Higher Education Institution assigned to the State Division Trust Fund may designate on a calendar year basis, up to 10 service retirees who may work up to 30 additional days for a total of 140 days in a calendar year. The employer contributions, AED, SAED, and retiree contributions are due on all salary earned.

Benefit Provisions—Voluntary Investment Program and Deferred Contribution Retirement Plan

See Note 8.

Membership—Deferred Compensation Plan

See Note 9.

Benefit Provisions—Health Care Trust Fund

See Note 10.

Pension Plan Disclosure Statements for Colorado PERA Employees

All employees of Colorado PERA, an affiliated employer, are members of the State Division Trust Fund and earn and accrue benefits as would any other member as described above. Colorado PERA, as an affiliated employer, contributes to the State Division Trust Fund (see Note 4); Colorado PERA also contributes to the Health Care Trust Fund (see Note 10) and employees are able to voluntarily participate in the Voluntary Investment Program (see Note 8).

Colorado PERA's employer contributions to the State Division Trust Fund for the years ending December 31, 2009, 2008, and 2007, were \$2,287, \$1,957, and \$1,688, respectively, equal to its required contributions for each year. Colorado PERA's member contributions to the State Division Trust Fund for the years ended December 31, 2009, 2008, and 2007, were \$1,517, \$1,403, and \$1,323, respectively. Colorado PERA's contributions to the Health Care Trust Fund for the years ending December 31, 2009, 2008, and 2007, were \$196, \$181, and \$170, respectively, equal to its required contributions for each year. The Voluntary Investment Program member contributions from Colorado PERA for the years ended December 31, 2009, 2008, and 2007, were \$1,360, \$1,566, and \$1,721, respectively. Colorado PERA also provides its employees with an employer partial match to their contributions to the Voluntary Investment Program, and the totals for the years ended December 31, 2009, 2008, and 2007, were \$74, \$295, and \$280 respectively.

Life Insurance Reserve

The Life Insurance Reserve (LIR) is an accumulation of dividends received from an insurance company as a return on the premiums paid by those members who have voluntarily enrolled in life insurance programs, adjusted for actual historical experience. The proceeds received from the LIR are used to pay the administrative costs of the plan.

Termination of Colorado PERA

If Colorado PERA is partially or fully terminated for any reason, State law (C.R.S. § 24-51-217) provides that the rights of all members and benefit recipients to all benefits on the date of termination, to the extent then funded, will become nonforfeitable.

Note 2—Summary of Significant Accounting Policies

Reporting Entity

The Board oversees all funds included in the financial statements of Colorado PERA and has the ability to influence operations. The Board's responsibilities include designation of management, membership eligibility, investment of funds, and accountability for fiscal matters.

Colorado PERA is an Instrumentality of the State; it is not an Agency of State government. Also, it is not subject to administrative direction by any department, commission, board, bureau, or agency of the State. Accordingly, Colorado PERA's financial statements are not included in the financial statements of any other organization.

Basis of Presentation

The accompanying financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statements numbers 25, 28, 34, 37, and 43 as well as generally accepted accounting principles that apply to governmental accounting for fiduciary funds. Each of the funds discussed in Note 1 is considered a major fund under GASB No. 34.

In June 2007, the GASB issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." The Statement will be effective for periods beginning after June 15, 2009. Colorado PERA has chosen not to adopt this Statement early. Accordingly, the effect of implementing the Statement has not been determined for these financial statements and disclosures.

In June 2008, the GASB issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." The Statement will be effective for periods beginning after June 15, 2009. Colorado PERA has chosen not to adopt this Statement early. Accordingly, the effect of implementing the Statement has not been determined for these financial statements and disclosures.

Basis of Accounting

The accompanying financial statements for the pension trust funds, the private purpose trust fund, and the other postemployment benefit plan are prepared using the economic resources measurement focus and the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Colorado PERA to use estimates and assumptions that affect the accompanying financial statements and disclosures. Actual results could differ from those estimates. Member and employer contributions are recognized as revenues in the period in which the compensation becomes payable to the member and the employer is statutorily committed to pay these contributions to the pension trust funds and the HCTF. Benefits and refunds are recognized when due and payable.

Fund Accounting

The financial activities of the State Division Trust Fund, the School Division Trust Fund, the Local Government Division Trust Fund, the Judicial Division Trust Fund, the HCTF, the LIR, the Voluntary Investment Program, the Defined Contribution Retirement Plan, and the Deferred Compensation Plan are recorded in separate Funds. The State, School, Local Government, and Judicial Divisions maintain separate accounts, and all actuarial determinations are made using separate Division-based information.

The Division Trust Funds, the HCTF, and the LIR pool their investments into a combined investment portfolio. Investment value and earnings of the investment pool are allocated among the Funds based on each Fund's percentage ownership. As of December 31, 2009, the ownership percentages of each Fund were as follows:

	OWNERSHIP PERCENTAGE AS OF DECEMBER 31, 2009
State	35.21%
School	55.55%
Local Government	7.81%
Judicial	0.60%
HCTF	0.78%
LIR	0.05%
Total	100.00%

The administrative activities and operating assets and liabilities are pooled and recorded in a Common Operating Fund. Expenses incurred and net operating assets are allocated from the Common Operating Fund to the Division Trust Funds based on the ratio of the number of members in each Division to the total for all the Division Trust Funds. Expenses are allocated to the HCTF, the LIR, the Voluntary Investment Program, the Defined Contribution Retirement Plan, and the Deferred Compensation Plan based on transactional volumes and resources devoted to these Funds.

Fair Value of Investments

Plan investments are presented at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Fixed income securities not traded on a national or international exchange are based on equivalent values of comparable securities with similar yield and risk. The fair value of directly-owned real estate investments and open-end commingled funds and timber are based on periodic independent appraisals. Closed-end commingled real estate equity and alternative investment funds are valued based on the capital account balances at the closest available reporting period, as communicated by the general partner, adjusted for subsequent contributions, distributions, management fees, and reserves, if applicable. The fair value could differ significantly if a ready market for these assets existed. Real estate debt is valued on the basis of future principal and interest payments and is discounted at prevailing interest rates for similar instruments. Short-term investments are carried at cost, which approximates fair value.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation. All costs of property and equipment \$3,000 (actual dollars) or greater is capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation is calculated using the straight-line method, with estimated lives ranging from three to 40 years in the following major classes: vehicles, five years; computer and office equipment, three years to five years; office furniture and leasehold improvements, five to 10 years; and building and building additions, 40 years.

Health Care Trust Fund Specific Policies

See Note 10.

Note 3—Interfund Transfers and Balances

Interfund transfers of assets take place on a regular recurring basis between the Trust Funds. The transfers take place when a benefit is initiated where the member earned or purchased service in another Trust Fund in addition to the Fund that is paying the benefit. The transfers for the year ended December 31, 2009, consisted of the following amounts:

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	JUDICIAL DIVISION TRUST FUND	HEALTH CARE TRUST FUND
Transfers in from other Funds for retirements	\$17,740	\$10,341	\$2,811	\$1,914	\$—
Transfers out to other Funds for retirements	(12,896)	(15,284)	(4,626)	—	—
Transfers in from other Funds for survivor benefits	14	92	9	—	—
Transfers out to other Funds for survivor benefits	(92)	(10)	(13)	—	—
Transfers out to Health Care Trust Fund	(3,192)	(4,230)	(897)	(136)	—
Transfer in from purchased service credit	—	—	—	—	8,455

As of December 31, 2009, interfund balances existed between funds due to unreimbursed internal operating expenses. The interfund balance at December 31, 2009, consisted of the following amounts:

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	JUDICIAL DIVISION TRUST FUND	VOLUNTARY INVESTMENT PROGRAM	DEFERRED COMPENSATION PLAN	HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE
Interfund balances	\$423	\$668	\$94	\$7	(\$1,148)	(\$54)	\$9	\$1

Note 4—Contributions

Division Trust Funds—Defined Benefit Pension Plans

Members and employers are required to contribute to Colorado PERA at a rate set by statute. The contribution requirements of plan members and affiliated employers are established under C.R.S. §§ 24-51-401 *et seq.* Colorado State law provisions may be amended from time to time by the Colorado General Assembly.

Members are required to contribute 8 percent of their Colorado PERA-includable salary, except for State Troopers and Colorado Bureau of Investigation agents, who contribute 10 percent. These contributions are placed in individual member accounts. Member contributions are tax-deferred for federal and Colorado income tax purposes, effective July 1, 1984, and January 1, 1987, respectively. Prior to those dates, contributions were made on an after-tax basis.

Colorado PERA-affiliated employers also contribute a percentage of active member payroll. Also, employers that rehire a Colorado PERA retiree as an employee or under any other work arrangement, are required to report and pay employer contributions on the amounts paid to the retiree. The contribution rates for the combined retirement benefits and health care benefits from January 1, 2009, through December 31, 2009, were as follows:

Total Employer Contributions as a Percent of Members' Salaries

DIVISION	MEMBERSHIP	EMPLOYER CONTRIBUTION RATE	AMORTIZATION EQUALIZATION DISBURSEMENT	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT	TOTAL CONTRIBUTION RATE PAID BY EMPLOYER
State	All members (except State Troopers)	10.15%	1.80%	1.00%	12.95%
State	State Troopers	12.85%	1.80%	1.00%	15.65%
School	All members	10.15%	1.80%	1.00%	12.95%
Local Government	All members	10.00%	1.80%	1.00%	12.80%
Judicial	All members	13.66%	1.80%	1.00%	16.46%

Notes to the Financial Statements
(In Thousands of Dollars)

Beginning January 1, 2006, employers were required to pay an “Amortization Equalization Disbursement” (AED). In addition, beginning January 1, 2008, employers were required to pay a “Supplemental Amortization Equalization Disbursement” (SAED). These amounts are paid on the Colorado PERA-includable salary for all employees working for the employers who are members of the Association, or who were eligible to elect to become members of the Association on or after January 1, 2006, including any amounts paid in connection with the employment of a retiree by an employer. These payments will be used to help amortize Colorado PERA’s unfunded liability. The AED and the SAED are set to be increased in future years, as described in the table shown below. With the passage of SB 10-001, the AED and the SAED can be adjusted based on the year-end funded status within a particular Division Trust Fund. If a particular Division Trust Fund reaches a funded status of 103 percent, a decrease in the AED and SAED is mandated and if it subsequently falls below a funded status of 90 percent, an increase is mandated. Increases cannot exceed the limitations shown in the table below.

AED & SAED (prior law)	STATE DIVISION TRUST FUND		SCHOOL DIVISION TRUST FUND		LOCAL GOVERNMENT DIVISION TRUST FUND		JUDICIAL DIVISION TRUST FUND		
	AED	SAED	AED	SAED	AED	SAED	AED	SAED	
1/1/2010 – 12/31/2010	2.20%	1.50%	2.20%	1.50%	2.20%	1.50%	2.20%	1.50%	
1/1/2011 – 12/31/2011	2.60%	2.00%	2.60%	2.00%	2.60%	2.00%	2.60%	2.00%	
1/1/2012 – 12/31/2012	3.00%	2.50%	3.00%	2.50%	3.00%	2.50%	3.00%	2.50%	
1/1/2013 – 12/31/2013	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
AED & SAED (SB 10-001 changes)									
1/1/2010 – 12/31/2010	2.20%	1.50%	2.20%	1.50%	2.20%	1.50%	2.20%	1.50%	
1/1/2011 – 12/31/2011	2.60%	2.00%	2.60%	2.00%	2.20%	1.50%	2.20%	1.50%	
1/1/2012 – 12/31/2012	3.00%	2.50%	3.00%	2.50%	2.20%	1.50%	2.20%	1.50%	
1/1/2013 – 12/31/2013	3.40%	3.00%	3.40%	3.00%	2.20%	1.50%	2.20%	1.50%	
1/1/2014 – 12/31/2014	3.80%	3.50%	3.80%	3.50%	2.20%	1.50%	2.20%	1.50%	
1/1/2015 – 12/31/2015	4.20%	4.00%	4.20%	4.00%	2.20%	1.50%	2.20%	1.50%	
1/1/2016 – 12/31/2016	4.60%	4.50%	4.50%	4.50%	2.20%	1.50%	2.20%	1.50%	
1/1/2017 – 12/31/2017	5.00%	5.00%	4.50%	5.00%	2.20%	1.50%	2.20%	1.50%	
1/1/2018 – 12/31/2018	5.00%	5.00%	4.50%	5.50%	2.20%	1.50%	2.20%	1.50%	
Maximum allowable limitations	5.00%	5.00%	4.50%	5.50%	5.00%	5.00%	5.00%	5.00%	

Colorado PERA-affiliated employers forward the contributions to Colorado PERA for deposit. A portion of these contributions (1.02 percent of the reported salary) is transferred to the HCTF for health care benefits, with the remainder of these contributions being transferred to a Trust Fund established for each Division for the purpose of creating actuarial reserves for future benefits.

Replacement Benefit Arrangements

IRC § 415 limits the amount of the benefit payable to a retiree or survivor in a defined benefit plan. In some cases, the IRC limit is lower than the benefit that would normally be calculated under the plan provisions. IRC § 415(m) allows a government plan to set up a “qualified governmental excess benefit arrangement” to pay the difference to those retirees. To accomplish this, Colorado PERA has entered into agreements with the employers who last employed the affected retirees. Under the agreement, a portion of current employer contributions is used by employers to pay the retiree to make up the benefit difference. In 2009, employers under these agreements used the following current employer contributions to pay retirees: \$857 in the State Division; \$476 in the School Division; \$890 in the Local Government Division; and \$0 in the Judicial Division.

Contributions—Voluntary Investment Program and Defined Contribution Retirement Plan

See Note 8.

Contributions—Deferred Compensation Plan

See Note 9.

Contributions—Health Care Trust Fund

See Note 10.

Note 5—Investments

Investment Authority

Under C.R.S. § 24-51-206, the Board has responsibility for the investment of Colorado PERA's funds, with the following investment limitations:

- The aggregate amount of monies invested in corporate stocks or corporate bonds, notes, or debentures that are convertible into stock or in investment trust shares cannot exceed 65 percent of the then book value of the fund.
- No investment of the fund in common or preferred stock (or both) of any single corporation can exceed 5 percent of the then book value of the fund.
- The fund cannot acquire more than 12 percent of the outstanding stocks or bonds of any single corporation.

Cash

Cash balances represent both operating cash accounts held by the banks and investment cash on deposit with the investment custodian. To maximize investment income, the float caused by outstanding checks is invested, thus causing a possible negative book balance. Negative book balances are reflected in the liabilities section of the Statement of Fiduciary Net Assets.

The carrying value of cash and short-term investments at December 31, 2009, on the Statement of Fiduciary Net Assets includes short-term fixed income securities of \$301,974, and deposit and money market funds of \$669,453 for a total of \$971,427. Colorado PERA considers fixed income securities with a maturity of 12 months or less to be short-term investments.

The table below presents the Colorado PERA combined total deposits and money market funds as of December 31, 2009.

	CARRYING VALUE	BANK BALANCE
Deposits with banks (fully insured by federal depository insurance)	\$4,318	\$4,289
Deposits held at bank (uncollateralized, held by Colorado PERA's agent in Colorado PERA's name)	10,660	10,660
Short-term investment funds held at bank (shares in commingled funds, held by Colorado PERA's agent in Colorado PERA's name)	654,475	654,475
Total deposits and money market funds	\$669,453	\$669,424

Securities Lending Transactions

C.R.S. § 24-51-206 and Board policies permit Colorado PERA to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Colorado PERA utilized two lending agents in 2009, their custodian, The Northern Trust Company and Deutsche Bank.

The Northern Trust Company primarily lends international stocks and fixed income securities for cash collateral. U.S. securities are loaned versus collateral valued at 102 percent of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105 percent of the market value of the securities plus any accrued interest. Collateral is marked to market daily if price movements exceed certain minimal thresholds.

As of December 31, 2008, the Northern Trust Company invested cash collateral related to Colorado PERA's loaned securities in a commingled collateral pool, Northern Trust's Global Core Collateral Section (Global Core). In September 2008, The Northern Trust Company determined a collateral deficiency existed (per the Securities Lending Authorization Agreement) in certain collateral pools, including Global Core. The amount of the collateral deficiency was calculated based on the difference between book value and fair value of the underlying securities in the pool. As of December 31, 2008, Colorado PERA's assigned share of the collateral deficiency, based on its percentage interest in the pool at the date of the deficiency, was \$21,099. During 2009, Colorado PERA took a pro-rata share of Global Core and created a separate account portfolio. Northern Trust manages this portfolio, the Colorado PERA Custom Fund, according to guidelines stipulated by Colorado PERA. As of December 31, 2009, the total realized and unrealized loss relating to the short-term collateral investments was \$8,573. As of December 31, 2009, the total market value of securities on loan with Northern Trust cannot exceed \$650,000. Northern Trust's Senior Credit Committee sets borrower credit limits.

Deutsche Bank is a Colorado PERA third-party lending agent. Deutsche Bank lends domestic stocks for cash collateral. U.S. securities are loaned versus collateral valued at a minimum of 102 percent of the market value of the securities. Collateral is marked to market daily. Borrower credit limits are assigned by Deutsche Bank's Global Credit Risk Department.

The following table represents the balances relating to the securities lending transactions at December 31, 2009.

SECURITIES LENT FOR CASH COLLATERAL	UNDERLYING SECURITIES	SECURITIES COLLATERAL VALUE	CASH COLLATERAL INVESTMENT VALUE
Fixed income	\$544,378	\$—	\$548,834
Domestic stocks	1,458,548	—	1,500,954
International stocks	28,424	—	29,529
Subtotal	2,031,350	—	2,079,317
SECURITIES LENT FOR SECURITIES COLLATERAL			
Fixed income	—	—	—
Domestic stocks	—	—	—
International stocks	—	—	—
Subtotal	—	—	—
Grand Total	\$2,031,350	\$—	\$2,079,317

As of December 31, 2009, Colorado PERA had no credit risk exposure to borrowers because the associated value of the collateral held exceeds the value of the securities amount borrowed. The contracts with Colorado PERA's lending agents provides that the lending agents will indemnify Colorado PERA if loaned securities are not returned and Colorado PERA suffers direct losses due to a borrower's default or the lending agent's noncompliance with the contract. Colorado PERA had no losses on securities lending transactions resulting from the default of a borrower or the lending agent for the year ended December 31, 2009. Colorado PERA has limited the total market value of securities outstanding to one borrower to 25 percent of the total market value of all securities outstanding in the program.

Colorado PERA or the borrower can terminate any security loan on demand. Though every loaned security can be sold and reclaimed at any time from the borrower, the weighted average loan life of overall loans at Northern Trust was approximately 49 days and at Deutsche Bank was approximately 103 days as of December 31, 2009. At Northern Trust and Deutsche Bank, all loans were done on an overnight (one day) basis as of December 31, 2009. The Colorado PERA Custom Fund had a weighted average maturity of 14 days as of December 31, 2009. Deutsche Bank invests Colorado PERA's cash collateral in a separate account. As of December 31, 2009, the weighted average maturity of the separate account was 19 days. The weighted average life of a security or instrument is, in the case of a fixed rate security or instrument, the date on which final payment is due or the principal amount can be recovered through demand (if applicable). In the case of a floating or variable rate security or instrument, weighted average life is the shorter of the period of time remaining until either the next readjustment of the interest rate or the principal amount can be recovered through demand (if applicable). Since the majority of securities loans are done on an overnight basis, there is usually a difference between the weighted average maturity of the investments made with the cash collateral provided by the borrower and the maturities of the securities loans.

The following table represents the balances relating to the securities lending transactions as of December 31, 2009, and December 31, 2008.

	FAIR VALUE OF UNDERLYING SECURITIES DECEMBER 31, 2009	FAIR VALUE OF UNDERLYING SECURITIES DECEMBER 31, 2008
Fixed income	\$544,378	\$1,214,166
Domestic stocks	1,458,548	1,022,459
International stocks	28,424	125,998
Total	\$2,031,350	\$2,362,623

As of December 31, 2009, the fair value of lent securities was \$2,031,350. The value of associated cash collateral was \$2,079,317. Colorado PERA's income net of expenses from securities lending was \$29,219 for the year ended December 31, 2009. Included in net securities lending income is \$387 from commingled funds. As of December 31, 2008, the fair value of lent securities was \$2,362,623. The value of associated cash collateral was \$2,438,208. Colorado PERA's income net of expenses from securities lending was \$20,804 for the year ended December 31, 2008. Included in net securities lending income is \$577 from commingled funds.

In accordance with GASB 40, Colorado PERA discloses investments that are subject to custodial credit risk, concentration of credit risk, credit risk, interest rate risk, and foreign currency risk.

Custodial Credit Risk

Colorado PERA has no formal policy for custodial credit risk for investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, Colorado PERA would not be able to recover the value of investment or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in Colorado PERA's name and are held by either a counterparty or the counterparty's trust department or agent, but not in Colorado PERA's name. The Northern Trust Company is the master custodian for the majority of Colorado PERA's securities. At December 31, 2009, there were no investment or collateral securities subject to custodial credit risk and \$10,660 in foreign currency deposits held at Northern Trust which were uninsured and uncollateralized and therefore exposed to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of Colorado PERA's investment in a single issuer. C.R.S. § 24-51-206 (3) requires that no investment of the fund in common or preferred stock, or both, of any single corporation shall be of an amount which exceeds 5 percent of the then book value of the fund, nor shall the fund acquire more than 12 percent of the outstanding stock or bonds of any single corporation. The 12 percent requirement does not apply to governmental securities (U.S. Treasuries, sovereigns, etc.), GSE securities (agencies including FNMA, FHLMC, etc.), mortgage-backed securities (agency or non-agency), commercial mortgage-backed securities (CMBS), asset-backed securities, or municipal securities. There is no single issuer exposure that comprises 5 percent of the then book value of the fund and no holdings greater than 12 percent of the outstanding stock or bonds of any single corporation at December 31, 2009.

Reconciliation of Credit and Interest Rate Risk Disclosures to Financial Statements

AS OF DECEMBER 31, 2009

Fixed income	\$7,976,010
Real estate debt	4,329
Fixed-income securities classified as short-term	301,974
Pending foreign exchange trades	(2,466)
Less defined contribution fixed income	(548,505)
Total fixed income securities	\$7,731,342

Note: All defined contribution fixed income investments (Voluntary Investment Program, Defined Contribution Retirement Plan, and Deferred Compensation Plan) are held in commingled mutual fund investment vehicles.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Colorado PERA's credit risk policy is as follows: All fixed income managers are prohibited from buying securities rated CCC or below. Investment grade managers are allowed to purchase below investment grade securities, but in general are limited to no more than 5 percent exposure to below investment grade securities. For portfolio managers that manage below investment grade portfolios, if a security is downgraded to CCC or below, the manager is given discretion to hold the security with the additional limitation that in total securities downgraded to CCC or below not exceed more than 5 percent of the portfolio. The table on the next page provides Colorado PERA's Standard & Poor's (S&P) credit quality ratings at December 31, 2009.

Credit Quality Rating Dispersion Schedule

QUALITY RATING S & P	GRAND TOTAL	U.S. GOVT MORTGAGE-BACKED SECURITIES (MBS)	U.S. CORPORATE BONDS	IMPLICIT U.S. GOVT AGENCIES	NON-U.S. CORP BONDS	NON-U.S. GOVT BONDS	NON-U.S. GOVT AGENCIES	NON-AGENCY MBS	U.S. MUNICIPAL BONDS	REAL ESTATE DEBT
Agency ^{1,2}	\$1,779,380	\$1,749,810	\$—	\$29,570	\$—	\$—	\$—	\$—	\$—	\$—
AAA	677,520	—	198,011	268,262	10,500	15,477	146,130	39,140	—	—
AA+	54,559	—	39,030	—	10,532	4,997	—	—	—	—
AA	64,868	—	30,002	—	15,714	—	9,955	9,197	—	—
AA-	82,080	—	41,602	—	25,790	14,688	—	—	—	—
A+	130,071	—	84,496	—	10,225	32,278	1,325	—	1,747	—
A	301,325	—	283,223	—	12,178	—	—	4,942	982	—
A-	146,394	—	116,370	—	30,024	—	—	—	—	—
BBB+	226,294	—	168,425	—	50,330	7,539	—	—	—	—
BBB	332,530	—	179,358	—	68,668	71,380	7,762	5,362	—	—
BBB-	240,078	—	112,599	—	41,635	83,707	2,137	—	—	—
BB+	43,272	—	22,004	—	14,064	7,204	—	—	—	—
BB	95,403	—	80,057	—	6,470	8,876	—	—	—	—
BB-	191,199	—	89,962	—	10,589	88,534	2,114	—	—	—
B+	82,762	—	67,392	—	15,370	—	—	—	—	—
B	79,020	—	69,514	—	7,472	2,034	—	—	—	—
B-	49,849	—	48,376	—	658	815	—	—	—	—
CCC+	682	—	682	—	—	—	—	—	—	—
CCC	50,189	—	9,845	—	—	—	—	40,344	—	—
CCC -	1,770	—	1,770	—	—	—	—	—	—	—
CC	223	—	223	—	—	—	—	—	—	—
D	324	—	324	—	—	—	—	—	—	—
Not rated ¹	98,979	13,790	23,232	21,066	1	—	—	4,845	31,716	4,329
Subtotal	\$4,728,771	\$1,763,600	\$1,666,497	\$318,898	\$330,220	\$337,529	\$169,423	\$103,830	\$34,445	\$4,329
U.S. Govts	1,490,860									
Explicit										
U.S. Govt										
Agencies ³	214,772									
Barclays Capital										
Aggregate										
Pooled										
Investment ^{1,4}	1,296,939									
Total	\$7,731,342									

¹ Not rated by S&P.

² Bonds issued by government-sponsored agencies.

³ Bonds issued by the Government National Mortgage Association (GNMA).

⁴ Commingled fund not rated by S&P. The quality ratings of the securities within this commingled account are as follows: AAA or equivalent 78.06 percent, AA 4.01 percent, A 9.74 percent, BBB 8.19 percent, and below BBB 0.00 percent.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Colorado PERA has no overall formal investment policy for interest rate risk. Colorado PERA utilizes effective duration as the primary measure of interest rate risk within its fixed income investments. Duration estimates the sensitivity of a bond's price to interest rate changes. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds, mortgage-backed securities, and variable-rate debt. Colorado PERA manages its exposure to fair value losses arising from changes in interest rates by requiring that the duration of individual portfolios stay within defined bands of the duration of each portfolio's benchmark. Additionally, for all active fixed income portfolios, Colorado PERA has placed duration risk constraints on each manager.

Effective duration for Colorado PERA fixed income holdings as of December 31, 2009, is disclosed in the table on the next page.

Interest Rate Risk—Effective Duration

	FAIR VALUE TOTAL	DURATION NOT AVAILABLE	FAIR VALUE NET	EFFECTIVE WEIGHTED DURATION (IN YEARS)
U.S. government mortgage-backed securities	\$1,978,372	\$—	\$1,978,372	3.7
U.S. governments	1,490,860	—	1,490,860	4.5
Barclays Capital aggregate pooled investment	1,296,939	—	1,296,939	4.3
U.S. corporate bonds	1,666,497	56,711	1,609,786	5.7
U.S. government agencies	318,898	—	318,898	3.8
Non-U.S. corporate bonds	330,220	—	330,220	6.0
Non-U.S. government bonds	337,529	—	337,529	6.5
Non-U.S. government agencies	169,423	—	169,423	4.0
Non-agency mortgage-backed securities	103,830	41,943	61,887	1.0
U.S. municipal bonds	34,445	29,698	4,747	8.6
Real estate debt	4,329	4,329	—	0.0
Total	\$7,731,342	\$132,681	\$7,598,661	4.6

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment or a deposit. Colorado PERA's currency risk exposures reside primarily within the externally managed international equity holdings. Colorado PERA has no formal policy regarding foreign currency risk, but has set the following guidelines. Currency exposure is managed actively in the international equity portfolios. Colorado PERA's external managers may buy and sell futures, forwards and options contracts and enter into swap transactions and non-deliverable forwards to hedge Colorado PERA's investments against currency fluctuations. In addition, there is currency risk exposure in the alternative and real estate investments that are non-U.S. dollar denominated.

Colorado PERA's exposure to foreign currency risk in U.S. dollars as of December 31, 2009, is disclosed in the table below.

Foreign Currency Risk

CURRENCY	TOTAL	GLOBAL STOCKS	CASH AND SHORT-TERM INVESTMENTS	CURRENCY FORWARDS	ALTERNATIVE INVESTMENTS	REAL ESTATE EQUITY	INCOME RECEIVABLE	PENDING TRADES
Euro	\$748,040	\$509,598	\$5,784	(\$3,209)	\$226,200	\$7,271	\$2,313	\$83
Japanese yen	343,589	341,744	152	(11,947)	—	13,076	481	83
British pound sterling	272,766	255,107	5	(14,188)	30,097	—	1,745	—
Swiss franc	149,920	147,936	—	—	—	—	1,984	—
Australian dollar	143,913	143,170	35	(77)	—	—	—	785
Hong Kong dollar	125,887	125,272	491	(1,151)	—	—	59	1,216
Mexican peso	69,303	23,282	408	—	—	45,613	—	—
South Korean won	64,149	63,928	—	—	—	—	221	—
Brazilian real	62,303	62,231	—	—	—	—	72	—
Singapore dollar	59,954	59,716	4	—	—	—	234	—
Indian rupee	40,634	40,631	3	—	—	—	—	—
Swedish krona	36,607	36,419	157	—	—	—	31	—
Canadian dollar	36,358	35,261	4	4	1,038	—	51	—
New Taiwan dollar	34,136	28,190	2,729	—	—	—	—	3,217
Thai baht	30,670	30,670	—	—	—	—	—	—
South African rand	26,247	26,229	18	—	—	—	—	—
Norwegian krone	22,911	6,795	—	16,116	—	—	—	—
Turkish lira	22,167	22,162	5	—	—	—	—	—
Danish krone	12,973	12,973	—	—	—	—	—	—
Malaysian ringgit	9,902	9,881	—	—	—	—	21	—
Hungarian forint	6,000	5,244	756	—	—	—	—	—
Indonesian rupiah	5,874	5,873	5	(4)	—	—	—	—
Czech koruna	5,564	5,561	3	—	—	—	—	—
Polish zloty	5,046	4,973	73	—	—	—	—	—
New Israeli shekel	4,795	4,789	6	—	—	—	—	—
New Zealand dollar	4,353	4,332	21	—	—	—	—	—
Egyptian pound	715	715	—	—	—	—	—	—
Grand Total	\$2,344,776	\$2,012,682	\$10,659	(\$14,456)	\$257,335	\$65,960	\$7,212	\$5,384

Note 6—Financial Instruments with Off-Balance Sheet Risk

Forward Foreign Exchange Contracts

A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry credit risk due to the possible nonperformance by one of the counterparties. The maximum potential loss is the aggregate face value in U.S. dollars at the time the contract was opened; however, the likelihood of such loss is remote. No losses occurred in 2009. Forwards are usually traded over-the-counter. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuation and to facilitate trade settlement of foreign security transactions. Forwards carry market risk resulting from adverse fluctuations in foreign exchange rates. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, Colorado PERA records the unrealized currency translation gain or loss based on the applicable forward exchange rates.

At December 31, 2009, Colorado PERA had outstanding forward foreign exchange contracts to purchase foreign currencies with a fair value of \$89,529 and outstanding contracts to sell foreign currencies with a fair value of (\$87,063).

Swaps

Swaps represent an agreement between counterparties to exchange cash flows by reference to specified indexes on a notional principal amount for a specified period. Swaps trade in the over-the-counter market. For index or total return swaps, the total return of a given index is exchanged for the return of another index. For Colorado PERA's commodity swaps, the total return from the Dow Jones-UBS Commodities Index is exchanged for the sum of the interest rate on a designated Treasury Bill plus an agreed upon number of basis points. If over a one month period the performance of the index exceeds the return of the reference Treasury Bill rate (adjusted by the mutually agreed upon basis points), Colorado PERA receives a payment for the net difference between these amounts. If the index's return is lower than the return of the reference Treasury Bill rate (adjusted by the mutually agreed upon basis points), then Colorado PERA pays the net difference between these amounts. Variance swaps are a specialized version of total return swaps. These swaps are designed to exchange cash flows based on the variance in the price movements of a reference asset or index. Colorado PERA's variance swaps pay a return when the degree of price fluctuations in specified commodities fluctuate less than the degree of price fluctuations implied by the option prices in these markets. Colorado PERA invests in commodity and variance swaps to gain exposure to commodities without having to purchase and hold the actual commodities.

Colorado PERA is exposed to credit risk in the event of nonperformance by the counterparty to the financial instrument. Credit risk is reduced by evaluating the credit quality and operational capabilities of the counterparties. Minimum ratings requirements and exposure limits on approved counterparties serve as additional measures to reduce counterparty risk.

Colorado PERA records collateral held as a liability and recognizes a receivable for collateral held by the counterparty. A realized gain or loss is reported on contract settlement. Open contracts are reported at fair value. At December 31, 2009, the fair value of the swap contracts was (\$522).

The financial instruments discussed above involve, to varying degrees, elements of market risk to the extent of future market movements in excess of the amounts recognized in the Statement of Fiduciary Net Assets. Market risk arises from the potential unfavorable change in the value of the underlying instruments. The following contract or notional amounts of these instruments reflect the extent of Colorado PERA's involvement in each class of financial instrument as of December 31, 2009. The contract or notional amounts do not represent the exposure to market loss.

CONTRACTS	DESCRIPTION	CONTRACT OR NOTIONAL VALUE
21	Long forward foreign exchange contracts	\$87,197
21	Short forward foreign exchange contracts	(87,197)
8	Commodity swaps	189,700
4	Variance swaps	1,700

Mortgage-Backed Securities

A mortgage-backed security depends on the underlying pool of mortgage loans to provide the cash flow to make principal and interest payments on the security. A decline in interest rates can result in prepayments, which reduces the weighted average life of the security. Alternatively, an increase in interest rates results in decreased prepayments, which may cause the weighted average life of a mortgage investment to be longer than anticipated. A collateralized mortgage obligation (CMO) is a mortgage-backed security that is comprised of classes of bonds created by prioritizing the cash flows of the underlying mortgage pool. This redistributes prepayment risk and/or credit risk among the various bond classes in the CMO structure.

Colorado PERA invests in mortgage-backed securities for diversification and to enhance fixed income returns. Mortgage-backed securities are subject to credit risk, the risk that the borrower will be unable to meet its obligations. These securities are also subject to prepayment risk, which is the risk that a payment will be made in excess of the regularly scheduled principal payment. Prepayment risk is comprised of two risks: call risk, the risk that prepayments will increase when interest rates have declined, and extension risk, the risk that prepayments will decrease when interest rates have increased.

As of December 31, 2009, the fair value of mortgage-backed securities was \$2,082,202. This does not include the fair value of mortgage-backed securities held in commingled funds.

Note 7—Commitments and Contingencies

As of December 31, 2009, Colorado PERA had commitments for the future purchase of investments in alternative investments of \$1,180,802, and real estate of \$759,989.

Note 8—Voluntary Investment Program and Defined Contribution Retirement Plan

Colorado PERA administers two defined contribution plans: the Voluntary Investment Program and the Defined Contribution Retirement Plan (collectively, “the Plans”). The Board has the authority to establish and amend the Plans pursuant to C.R.S. § 24-51-1401 and C.R.S. § 24-51-1501. In 2009, C.R.S. § 24-51-208 was modified to segregate the two Plans into separate Trust Funds. Previously, the Plans were treated as two components of the Voluntary Investment Program. The complete provisions of both Plans are incorporated into *Colorado PERA’s 401(k) and Defined Contribution Plan and Trust Document*. The two Plans vary significantly in their purpose, contribution provisions, and participation.

Voluntary Investment Program

The Voluntary Investment Program was established January 1, 1985, and is an Internal Revenue Code § 401(k) plan that allows for voluntary participation to provide additional benefits at retirement for Colorado PERA members. All Colorado PERA members and retirees working for a Colorado PERA-affiliated employer may contribute to the Voluntary Investment Program. In 2009, participants could contribute the lesser of \$16,500 (actual dollars) or 100 percent of compensation less Colorado PERA contributions and employer contributions. Catch-up contributions up to \$5,500 (actual dollars) in 2009 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). Employer matching and discretionary contributions are allowable with total participant and employer contributions limited to \$49,000 (actual dollars) per participant in 2009.

In-service withdrawals are allowed by Voluntary Investment Program participants while employed with a Colorado PERA-affiliated employer through loans, hardship withdrawals or by a trustee-to-trustee transfer to Colorado PERA’s Defined Benefit Plan to purchase service. Outstanding loans as of December 31, 2009, of \$54,716 are recorded as a benefit receivable on the Statement of Fiduciary Net Assets. As of December 31, 2009, there were 75,819 participants with balances and 36,270 actively contributing within the last three months of the year. There were 11,275 terminated participants with balances and 13,720 retirees with balances. During 2009, the 401(k) Plan had a total of 3,531 terminated participants take full distributions.

Defined Contribution Retirement Plan

The Defined Contribution (DC) Retirement Plan was established January 1, 2006, and is an Internal Revenue Code § 401(a) governmental profit-sharing plan. Its purpose is to offer a defined contribution alternative to Colorado PERA’s Defined Benefit Plan. Participation is available to eligible new State employees hired on or after January 1, 2006 and certain community college employees hired on or after January 1, 2008. Through June 30, 2009, eligible employees had the option to choose Colorado PERA’s Defined Benefit Plan, the DC Retirement Plan, or a defined contribution plan administered by the State of Colorado (State DC Plan). On July 1, 2009, participants of the State DC Plan became participants of the DC Retirement Plan. Newly hired eligible State employees on July 1, 2009, or after have the option to choose either Colorado PERA’s Defined Benefit Plan or the DC Retirement Plan.

SB 09-66, effective July 1, 2009, consolidated the State DC Plan under Colorado PERA. The State DC Plan was administered by three providers: Great-West Life & Annuity Insurance Company, The Hartford and ICMA-RC. All members’ assets held at these three providers were transferred over to similar investments in the DC Retirement Plan. Money previously contributed through rollovers rolled into the State DC Plan was transferred over to the Voluntary Investment Program.

During the second to fifth year of participation in the DC Retirement Plan, a participant may elect to terminate membership in the plan and become a member of Colorado PERA’s Defined Benefit Plan. Similarly, an eligible employee of the Colorado PERA Defined Benefit Plan may elect, during the second to fifth year of membership, to terminate membership in Colorado PERA’s Defined Benefit Plan and become a participant of the DC Retirement Plan. Either election is irrevocable. Participants who were previously enrolled in the State DC Plan and were transferred to PERA on July 1, 2009, do not have the option of switching plans.

Participants in the DC Retirement Plan are required to contribute 8 percent and employers are required to contribute 10.15 percent of includable salary (for State Troopers, the rates are 10 percent and 12.85 percent, respectively). Employers also contribute the 1.8 percent Amortization Equalization Disbursement and 1.0 percent Supplemental Amortization Equalization Disbursement (see Note 4) to the Division Trust Fund where the employer is affiliated. DC Retirement Plan participants are immediately vested in 50 percent of their employer contributions, together with accumulated investment earnings on the vested portion. For each full year of participation, vesting increases by 10 percent. Participants who were previously enrolled in the State DC Plan, and were transferred to PERA on July 1, 2009, kept their vesting schedule which allowed for immediate vesting in the employer portion of contributions. Contribution requirements are established under C.R.S. § 24-51-1505.

In-service withdrawals are prohibited from the DC Retirement Plan, although the election to purchase service is available to those who have made the one-time irrevocable election to transfer to Colorado PERA's Defined Benefit Plan. As of December 31, 2009, the DC Retirement Plan had 3,039 participants with balances and 1,716 participants actively contributing within the last three months of the year. There were 1,161 terminated participants with balances and 24 retirees with balances. During the year, 256 participants took full distributions of their accounts.

Both Plans

The following investment, distribution, and fee provisions are the same under both Plans.

- The Board has authorized an Investment Advisory Committee comprised of Colorado PERA staff to review, monitor, and recommend to the Board the investments available to the Plans. Participants have the choice of contributing to 21 different investment funds. Participants may also make transfers among the investment funds at any time. The investment funds are: Northern Trust Institutional Government Select Fund, PIMCO Low Duration Fund, PIMCO Total Return Fund, Dodge & Cox Balanced Fund, Pax World Balanced Institutional Fund, Vanguard Institutional Index Fund, Dodge & Cox Stock Fund, Colorado PERA Growth & Income Stock Fund, Fidelity Contrafund, Rainier Large Cap Growth Fund, American Funds EuroPacific Growth Fund, Vanguard Small Cap Index Fund, Fidelity Freedom Income Fund, Fidelity Freedom 2000 Fund, Fidelity Freedom 2010 Fund, Fidelity Freedom 2020 Fund, Fidelity Freedom 2030 Fund, and Fidelity Freedom 2040 Fund. Three new funds were added on July 1, 2009: T. Rowe Price Small Cap Value Fund, Vanguard Small Cap Index Fund, and Tygh Capital Management (TCM) Small Cap Growth Fund.
- The participant's entire account balance in either Plan becomes available for distribution upon termination from a Colorado PERA-affiliated employer. All distribution requirements are made in accordance with the Plan Document and Internal Revenue Code requirements.
- The recordkeeping for all participant transactions is administered by ING. The custodian is Northern Trust. The custodial agent of the investments carries no custodial credit risk as all deposits are insured and/or collateralized by the securities held by Northern Trust in the Plan's name. All investments are presented at fair value. Cash balances represent both operating cash accounts and investment cash on deposit held by the custodian. Plan administration expenses are paid through monthly administrative fees charged to participant accounts. In addition, each investment fund charges an investment management fee, which is paid directly from each investment's earnings.

Note 9—Deferred Compensation Plan

The Colorado PERA Deferred Compensation Plan ("457 Plan") was established July 1, 2009, as a continuation of the State Deferred Compensation Plan previously administered under Part 1 of Article 52 of Title 24, as said part existed prior to its repeal in 2009. At that time, the administrative functions were transferred from the State of Colorado to Colorado PERA pursuant to Senate Bill 09-66, which required that the PERA Board assume the administration of and fiduciary responsibility for the 457 Plan. All 457 Plan investments remained unchanged from the State of Colorado's Deferred Compensation Plan investments. The Colorado PERA Board has the authority to administer and amend the 457 Plan pursuant to C.R.S. § 24-51-1601. The complete provisions of the 457 Plan are incorporated into the *PERA Deferred Compensation Plan Document*.

The 457 Plan is an Internal Revenue Code § 457 plan that allows for voluntary participation to provide additional benefits at retirement for eligible employees of a Colorado PERA employer. All employees working for a Colorado PERA employer affiliated with the 457 Plan may contribute to the 457 Plan. All employers that were affiliated with the Plan prior to July 1, 2009, including those that are not Colorado PERA-affiliated employers, remained affiliated with the 457 Plan and their employees remained eligible to contribute. In 2009, participants could defer the lesser of \$16,500 (actual dollars) or 100 percent of compensation. Catch-up deferrals, up to the greater of \$5,500 (actual dollars) for participants who had attained age 50 before the close of the plan year or the limits of the special section 457 catch-up, were allowed in 2009, subject to the limitations of IRC §414(v) and §457(b).

In-service withdrawals are allowed by participants while employed with a 457 Plan-affiliated employer through loans, unforeseeable emergency withdrawals, de minimis distributions, or by a trustee-to-trustee transfer to Colorado PERA's Defined Benefit Plan to

purchase service. Outstanding loans as of December 31, 2009, of \$4,032 are recorded as a benefit receivable on the Statement of Fiduciary Net Assets. As of December 31, 2009, there were 18,007 participants with balances, with 9,057 actively contributing and 2,661 terminated participants. During the last six months of 2009, the 457 Plan had a total of 360 terminated participants take full distributions.

The Board has authorized an Investment Advisory Committee comprised of Colorado PERA staff to review, monitor, and recommend to the Board the investments available to the 457 Plan. Participants have the choice of contributing to 15 different investment funds. Participants may also make transfers among the investment funds at any time. The investment funds are: Great-West Stable Value Fund, Vanguard Total Bond Market Index Fund, Vanguard Institutional Index Fund, Managers AMG Systematic Value Fund, American Funds Growth Fund of America, Dodge & Cox International Stock Fund, American Funds EuroPacific Growth Fund, Artisan Mid Cap Value Fund, Munder Mid Cap Core Growth Fund, Veracity Small Cap Value Fund, TCM Small Cap Growth Fund, Conservative Profile Portfolio, Moderate Profile Portfolio, Aggressive Profile Portfolio, and TD AMERITRADE Self-Directed Brokerage Account.

The participant's entire account balance becomes available for distribution upon severance of employment with all 457 Plan-affiliated employers. All distribution requirements are made in accordance with the *PERA Deferred Compensation Plan Document* and Internal Revenue Code requirements.

The recordkeeping for all participant transactions and the custody of assets are administered by Great-West Retirement Services[®]. GWFS Equities, Inc, a wholly owned subsidiary of Great-West Life & Annuity Insurance Company, as custodial agent of the investments, carries no custodial credit risk as all deposits are insured and/or collateralized by the securities held by Great-West Life & Annuity Insurance Company in the Plan's name.

Brokerage services for the Self-Directed Brokerage Account are provided by TD AMERITRADE, Inc. TD AMERITRADE and GWFS Equities, Inc. are separate and unaffiliated. The Great-West Stable Value Fund is offered through a group fixed and variable deferred annuity contract issued by Great-West Life & Annuity Insurance Company and is reported at book value. All other investments are presented at fair value. Cash balances represent both operating cash accounts and investment cash on deposit held by the custodian. Plan administration expenses are paid through quarterly administrative fees charged to participant accounts. In addition, each investment fund charges an investment management fee, which is paid directly from each investment's earnings.

Note 10—Health Care Trust Fund—Colorado PERA's Cost-Sharing Multiple-Employer Defined Benefit Healthcare Plan Description and Benefit Provisions

The Health Care Trust Fund (HCTF) is a cost-sharing multiple-employer defined benefit other postemployment benefit plan that provides a health care premium subsidy to participating Colorado PERA benefit recipients who choose to enroll in one of Colorado PERA's health care plans. As of December 31, 2009, there were 190,206 Colorado PERA members in active service who were earning a potential future subsidy benefit if they retire from Colorado PERA and enroll in the plan. There were 15,856 inactive members who had accumulated a potential subsidy benefit, but were not yet receiving benefits. There were 37,350 retired members who had accumulated a potential subsidy benefit, but had not elected to enroll in the plan, and there were 46,985 retirees and beneficiaries enrolled in the plan of whom 15,974 were under age 65 and 31,011 were age 65 or older.

C.R.S. § 24-51-1201 *et seq.* specifies the eligibility for enrollment and the amount of the premium subsidy. The maximum monthly subsidy is \$230 (actual dollars) per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the subsidy is \$115 (actual dollars) per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is for benefit recipients whose retirement benefits are based on 20 years or more of service credit. For those with less service credit, the subsidy is reduced by 5 percent for each year less than 20 years. The benefit recipient pays the remaining portion of the premium if the subsidy does not cover the entire amount.

An additional subsidy exists for retirees who have not participated in Social Security and are not otherwise eligible for Medicare Part A for hospital-related services. C.R.S. § 24-51-1206(4) states that the HCTF cannot charge premiums to retirees without Part A that are greater than premiums charged to retirees with Part A for the same plan option, coverage level, and service credit. Currently for each individual retiree, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Parts A and B. Implicit in this process, an additional subsidy is paid by the HCTF on behalf of retirees who are not covered by Medicare Part A.

The HCTF offers two general types of health plans—fully insured plans offered through health care organizations and self-insured plans administered by third party vendors. The plan designs offered include HMO, PPO, Medicare Supplement, Medicare Advantage, and Medicare Cost plans.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries under Medicare Part D. One of the provisions of Medicare Part D provides sponsors of postemployment healthcare plans the opportunity to receive a payment—referred to as a retiree drug subsidy (RDS)—if the sponsor's plan provides a prescription drug benefit that is actuarially equivalent to the Medicare Part D benefit. The RDS is equal to 28 percent of the amount of eligible prescription

drug benefit costs of retirees who are eligible for, but not enrolled in, Medicare Part D, by virtue of continuing to be covered by the sponsor's plan. The provisions of Medicare Part D became effective on January 1, 2006. The HCTF receives the Medicare RDS payment for the self-insured plans administered by Anthem Blue Cross Blue Shield (Anthem) and the insured plan offered by Rocky Mountain Health Plans. The HCTF uses the anticipated RDS payments to reduce the required premiums collected from the enrollees. The HCTF then pays for the full premiums or claims during the year, and recoups the additional cost when the RDS payment is received from the federal government. For the year ended December 31, 2009, the HCTF received \$13,633 in Medicare RDS payments.

In addition, all of the fully insured pre-Medicare health plans are available to any Colorado PERA-affiliated employer who voluntarily elects to provide health care coverage through the Health Care Program for its employees who are Colorado PERA members. The program acts as a purchaser of private insurance to obtain economies of scale for the employers that elect to join in the joint purchasing arrangement. The insurance companies who provide coverage through the program set custom rates for each employer group. There is no transfer of risk to the HCTF, to Colorado PERA, or between the participating employers. The insurance companies providing the benefits bear the risk for the plan. The employers and/or participants pay the full premiums for the coverage and no subsidy is provided by the HCTF. Colorado PERA collects the premiums and deposits them into the HCTF and then pays these premiums to the insurance companies who provide the coverage. As of December 31, 2009, there were 20 employers in the program with 368 active members enrolled.

Dental and vision plans are also available to participants. These plans are all fully insured and no subsidy is provided by the HCTF; the risk is borne by the insurance companies that are contracted to provide the coverage. The participants and/or employers pay the premiums for the coverage. Colorado PERA collects the premiums and deposits them into the HCTF and then pays these premiums to the insurance companies who provide the coverage. As of December 31, 2009, there were 31,862 participants enrolled in the dental plans and 25,448 participants enrolled in the vision plans.

The Board has the authority to contract, self-insure, and make disbursements necessary to carry out the purposes of the Program. Colorado PERA contracts with a major national insurance carrier to administer claims for the self-insured plans, with a national prescription benefit manager to administer a pharmacy benefit for the self-insured plans, and with health insurance companies to provide fully insured health plans providing services within Colorado.

Membership

Enrollment in the Health Care Program is voluntary and available to the following eligible individuals. Only those enrollees who are also Colorado PERA Division Trust Fund retiree or survivor benefit recipients receive the subsidy.

- Benefit recipients and their dependents.
- Guardians of children receiving Colorado PERA survivor benefits if the children are enrolled in the Program.
- Surviving spouses of deceased retirees who are not receiving Colorado PERA benefits, but were enrolled in the Program when death occurred.
- Divorced spouses of retirees who are not receiving Colorado PERA benefits, but were enrolled in the Program when the divorce occurred.
- Members while receiving short-term disability program payments.
- Members whose employers have elected to provide coverage through the Health Care Program and such members' dependents.

Summary of HCTF Specific Significant Accounting Policies

Following the applicable recognition requirements of GASB Statement 33, the HCTF recognizes an asset and contribution for the RDS payment. The HCTF applies the measurement requirements of GASB Statement 43 to determine the actuarial accrued liabilities, the annual required contribution of the employer (ARC), and the annual OPEB cost without reduction for RDS payments.

Premiums collected and payments made are handled in two ways, depending on whether or not the plan bears any level of risk with regard to the health coverage. Where the plan bears risk, all premiums collected are recorded as contributions and all claims or premiums paid are accounted for as benefit payments. Where there is no risk transfer to the plan, the premiums collected are held by the plan as a liability and the liability is relieved when the premiums are transferred to the health insurance company that provides the fully insured health plan. When there is no health coverage risk, the only benefit payment recorded is the subsidy benefit which is equal to the difference between the premiums collected from the enrollees and the full premium due to the insurance company.

The first health plan that involves risk to the HCTF is the self-insured plan which is administered by Anthem. Colorado PERA uses an outside consultant to determine the premiums required to cover anticipated health claims less the anticipated Medicare Part D retiree drug subsidy. The cost to the enrollee is further reduced by the amount of the enrollee's calculated subsidy, if applicable. Implicit in this process is the risk that actual claims experience and the Medicare RDS could be different from the estimates resulting in either a gain or a loss to the HCTF.

The second health plan that involves risk to the HCTF is Rocky Mountain Health Plans' (RMHP) Medicare plan where the HCTF directly receives the Medicare RDS payment from the federal government. Using an outside consultant, Colorado PERA estimates in advance the amount of the Medicare RDS payment that the HCTF will receive based on an estimate of the amount of claims that will be paid by RMHP. The anticipated savings is passed on to the enrollees through a premium reduction. The HCTF pays RMHP the full premium

payment, which includes the amounts collected from enrollees, the HCTF subsidy, as well as an additional amount for the anticipated Medicare RDS payment which reduced the enrollees' premiums. The inherent risk is that the actual Medicare RDS could be different from the estimate resulting in either a gain or a loss to the HCTF.

Contributions

Contribution requirements are established by statute under C.R.S. § 24-51-208. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Affiliated employers must submit contributions for all Colorado PERA members equal to 1.02 percent of covered salaries.

Note 11—Funded Status and Actuarial Information

Funding Status and Funding Progress

The funded status of each plan as of December 31, 2009, the most recent actuarial valuation date, is as follows:

	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	HEALTH CARE TRUST FUND
Actuarial value of assets (a)	\$13,382,736	\$21,054,910	\$2,932,628	\$228,714	\$260,341
Actuarial accrued liability (b)	19,977,217	30,412,815	3,850,821	295,696	1,763,241
Total unfunded actuarial accrued liability (UAAL) (b-a)	6,594,481	9,357,905	918,193	66,982	1,502,900
Funded ratio (a/b)	67.0%	69.2%	76.2%	77.3%	14.8%
Covered payroll	2,384,137	3,922,175	705,097	37,583	7,048,992
UAAL as a percentage of covered payroll	276.6%	238.6%	130.2%	178.2%	21.3%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. A schedule of funding progress immediately follows the notes to the financial statements. It presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between each Fund and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Actuarial calculations reflect a long-term perspective. In addition, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	HEALTH CARE TRUST FUND
Valuation date	12/31/2009	12/31/2009	12/31/2009	12/31/2009	12/31/2009
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent, Open	Level percent, Open	Level percent, Open	Level percent, Open	Level percent, Open
Remaining amortization period used in ARC calculation	30 years	30 years	30 years	30 years	30 years
Asset valuation method	4-year smoothed market	4-year smoothed market	4-year smoothed market	4-year smoothed market	4-year smoothed market
Actuarial assumptions:					
Investment rate of return ¹ and discount rate	8.00%	8.00%	8.00%	8.00%	8.00%
Projected salary increases ¹	4.50%–10.17%	4.50%–10.70%	4.50%–11.47%	5.00%–6.00%	4.50% in aggregate
Post-retirement benefit increases:					
Members hired prior to 1/1/07	2.00% compounded annually	2.00% compounded annually	2.00% compounded annually	2.00% compounded annually	None
Members hired on or after 1/1/07	None ²	None ²	None ²	None ²	None
Health Care Inflation Factor	Not applicable	Not applicable	Not applicable	Not applicable	4.50% applicable to Medicare Part A costs

¹ Includes inflation at 3.75 percent and productivity at 0.75 percent.

² Post-retirement benefit increases are provided by a separate reserve within the Fund, called the Annual Increase Reserve, subject to monies being available.

Beginning in 2007, a new reserve was created within each Division Trust Fund (“Annual Increase Reserve”) for the purpose of funding future benefit increases for members hired on or after January 1, 2007. Funding for this reserve comes from the employer contributions and is calculated at 1 percent of the salary reported for members hired after January 1, 2007. Post-retirement benefit increases for these members are limited to a maximum of 2 percent compounded annually subject to the availability of assets in the Annual Increase Reserve for each Division. As of December 31, 2009, the value of the Annual Increase Reserve was \$8,141 in the State Division, \$10,210 in the School Division, \$3,115 in the Local Government Division, and \$85 in the Judicial Division. Since these assets are earmarked for the specific purpose of providing future benefit increases for members hired after January 1, 2007, they are not included in the Actuarial Value of Assets used in the calculation of the ARC or the funded status and funding progress of the plans shown above.

Note 12—Sensitivity of Actuarial Valuation to Changes in Assumed Investment Rate of Return and Discount Rate

The most important long-run driver of a pension plan is investment income, which can contribute as much as 80 percent or more of the total inflows into a pension plan over its life. The investment return assumption (discount rate), as required by GASB, should be based on an estimated long-term investment yield for the plan, with consideration given to the nature and mix of current and expected plan investments and the basis used to determine the actuarial value of assets. To illustrate the importance of the investment rate of return, which is used to discount the actuarial liabilities of Colorado PERA, the funding ratio, UAAL, and ARC (for contributions for fiscal year ended December 31, 2011) are shown below at 6.5 percent (a one and one-half percent decrease), 7.5 percent (a one-half percent decrease), 8.0 percent (the current assumption), 8.5 percent (a one-half percent increase), and 9.5 percent (a one and one-half percent increase):

	1.5% DECREASE 6.5 PERCENT	.5% DECREASE 7.5 PERCENT	CURRENT ASSUMPTION 8.0 PERCENT	.5% INCREASE 8.5 PERCENT	1.5% INCREASE 9.5 PERCENT
FUNDING RATIO					
State Division Trust Fund	56.5%	63.4%	67.0%	70.6%	78.1%
School Division Trust Fund	58.1%	65.4%	69.2%	73.1%	81.1%
Local Government Division Trust Fund	63.0%	71.7%	76.2%	80.8%	90.4%
Judicial Division Trust Fund	66.2%	73.6%	77.3%	81.2%	89.2%
Health Care Trust Fund	12.5%	14.0%	14.8%	15.5%	17.1%
UNFUNDED ACCRUED ACTUARIAL LIABILITY					
State Division Trust Fund	\$10,293,520	\$7,717,427	\$6,594,481	\$5,566,232	\$3,755,714
School Division Trust Fund	15,186,768	11,123,951	9,357,905	7,743,715	4,908,938
Local Government Division Trust Fund	1,719,569	1,160,127	918,193	697,818	312,786
Judicial Division Trust Fund	116,576	82,218	66,982	52,881	27,681
Health Care Trust Fund	1,815,849	1,597,803	1,502,900	1,416,033	1,263,050
ANNUAL REQUIRED CONTRIBUTION					
State Division Trust Fund	25.10%	18.90%	16.09%	13.41%	8.38%
School Division Trust Fund	25.59%	18.79%	15.73%	12.85%	7.49%
Local Government Division Trust Fund	17.52%	11.63%	8.98%	6.49%	1.88%
Judicial Division Trust Fund	29.22%	22.08%	18.79%	15.64%	9.68%
Health Care Trust Fund	1.59%	1.38%	1.28%	1.20%	1.06%

Note 13—Subsequent Events

Legislation Impacting Future Years

During the 2010 legislative session, several bills that impacted Colorado PERA were passed by the Legislature and were signed into law. Listed below are summaries of the bills that could potentially impact the financial statements to the greatest extent:

Senate Bill 10-001: Concerning Modifications to the Public Employees' Retirement Association Necessary to Reach a One Hundred Percent Funded Ratio within the Next Thirty Years

Signed by Governor Ritter on February 23, 2010, the following summarizes the major provisions of SB 10-001:

Annual Increase (AI)

- Reduce the annual increase (AI) to an amount equal to the lesser of the CPI-W or 2 percent, effective on the date the bill becomes law. The amount of the 2010 AI will be a zero AI since it is based upon the average monthly CPI-W increase for 2009. The AI applied in years beginning in 2011 will be the applicable AI cap (currently 2 percent) unless Colorado PERA has a negative investment year, in which case the AI for the subsequent three years will be the lesser of the applicable AI cap or the CPI-W.

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by consumers for a market basket of consumer goods and services. The CPI is one of several economic indicators calculated by the Bureau of Labor Statistics, U.S. Department of Labor. The CPI-W is the Consumer Price Index for Urban Wage Earners and Clerical Workers. Increases to Social Security and federal retirement benefits are calculated each year using the CPI-W. Prior to 2001, PERA used the CPI-W as a factor in determining annual increases for all members and for members hired on or after July 1, 2005, the calculation of the AI amount has been based, in part, on the CPI-W.

- Change the AI payment month from March to July.
- Allow for the AI cap to be adjusted based on Colorado PERA's overall year-end funded status, with increases mandated when Colorado PERA's funded status is over 103 percent and decreases mandated when Colorado PERA's funded status subsequently falls below 90 percent. The AI cap will not fall below 2 percent.
- Require all members with a retirement effective date of January 1, 2011, or later to receive benefits for a 12-month period prior to being eligible to receive an AI. In addition, members not eligible to retire as of January 1, 2011, who subsequently retire with a reduced service retirement, must reach age 60 or meet the applicable age and service requirement for a full service retirement in order to be eligible for an AI.

Contribution Rates

In 2004 and 2006, legislation was passed that required employers to remit additional contributions to Colorado PERA. These additional contributions are the Amortization Equalization Disbursement (AED) and Supplemental Amortization Equalization Disbursement (SAED). The AED is an additional amount contributed by Colorado PERA employers that has gradual increases from 2006 to 2012. The SAED is also an amount contributed by employers and is, to the extent permitted by law, to be funded by monies otherwise available for employee compensation increases. The SAED has gradual increases between 2008 and 2013.

SB 10-001 contains provisions specific to the AED and SAED and includes the following:

- Continue to increase the AED in 2013, 2014, 2015, 2016, and 2017 by 0.4 percent per year for the State Division. (The total rate for the State Division will be 5.0 percent.)
- Continue to increase the AED by 0.4 percent in 2013, 2014, and 2015, and by 0.3 percent in 2016 for the School and DPS Divisions. (The total rate for the School and DPS Divisions will be 4.5 percent.)
- Maintain the AED at the 2010 levels for the Local Government and Judicial Divisions.
- Continue to increase the SAED by 0.5 percent in 2014, 2015, 2016, and 2017 for the State Division. (The total rate for the State Division will be 5.0 percent.)
- Continue to increase the SAED by 0.5 percent beginning in 2014 through 2018 for the School and DPS Divisions. (The total rate for the School and DPS Divisions will be 5.5 percent.)
- Maintain the SAED at the 2010 levels for the Local Government and Judicial Divisions.
- Adjust the AED and SAED based on the year-end funded status for each of the School, DPS, and State Divisions, with decreases mandated for the division when the division's year-end funded status reaches 103 percent and mandated increases when the division's funded status subsequently falls below 90 percent.

- Provide that the AED and SAED for the State Division shall not exceed 5 percent each.
- Provide that the AED for the School and DPS Divisions shall not exceed 4.5 percent.
- Provide that the SAED for the School and DPS Divisions shall not exceed 5.5 percent.
- Adjust the AED and SAED based on the year-end funded status for each of the Local Government and Judicial divisions, with decreases mandated for the division when the division's year-end funded status reaches 103 percent. Increases in the AED and SAED are mandated when the division's trust fund reaches 103 percent funded and subsequently falls below 90 percent.
- Provide that the AED and SAED for the Local Government and Judicial Divisions shall not exceed 5 percent each.

Early Retirement Reduction Factors

- Change the reduction factors for a reduced service retirement benefit for members not eligible to retire as of January 1, 2011; the reduction factors will be changed to an amount that is actuarially determined to ensure that as of the effective date of retirement, the benefit is the actuarial equivalent of the Option 1 benefit (PERA benefit structure)/Option A benefit (DPS benefit structure).
- Maintain eligibility requirements for receiving a reduced service retirement benefit.
- Keep the current reduction factors in effect for members eligible to retire as of January 1, 2011.

Highest Average Salary (HAS)

- Establish a 3-year Highest Average Salary (HAS) with a base year and an 8 percent spike cap applicable to members not eligible to retire on January 1, 2011.
- Revise HAS for members in the DPS benefit structure who are not eligible to retire on January 1, 2011, to be a 3-year HAS with a base year and an 8 percent spike cap instead of the 36 highest months of service credit.
- Provide that there is no change in the definition of HAS for members in the PERA benefit structure who began membership on or after January 1, 2007.
- Keep the current definition of HAS in effect for members eligible to retire as of January 1, 2011.

Indexing of Benefits

- Remove the indexing of benefits for members not eligible to retire as of January 1, 2011.
- Indexing applies in the case where a member has 25 or more years of service credit, is not eligible to retire, and becomes an inactive member. Prior to SB 10-001, a member's benefit would be indexed by the applicable annual increase for every year the individual was inactive and not retired. This was removed for all members not eligible to retire on January 1, 2011.

Vesting Period for Employer Matching Contribution

- Establish a requirement that members must have five years of earned service credit in order to receive a 50 percent match on a refund.
- Provide a 50 percent match on contributions remitted prior to January 1, 2011, for members refunding prior to becoming retirement eligible.
- Provide a 50 percent match on contributions remitted after January 1, 2011, for members who have five years of earned service credit on date of refund.
- Maintain the 100 percent match for members refunding when retirement eligible.
- Does not impact members in the DPS benefit structure as that benefit structure does not provide a 50 percent match for members refunding prior to becoming retirement eligible.

Service Retirement Eligibility

- Implement a modified Rule of 85 (age and service requirements for full service retirement); applies to existing members (both PERA benefit structure and DPS benefit structure) with less than five years of service credit as of January 1, 2011.
- Implement a modified Rule of 88 with a minimum age of 58 (age and service requirements for full service retirement); applies to new hires on or after January 1, 2011, but before January 1, 2017.
- Implement a modified Rule of 90 (age and service requirements for full service retirement) for new hires on or after January 1, 2017. Members hired on or after January 1, 2017, who retire from the School or DPS Divisions will be eligible for full service retirement under

the modified Rule of 88 as long as the most recent 10 years of service credit was earned in the School or DPS Divisions. If the most recent 10 years of service credit was not earned in the School or DPS Divisions, the Rule of 90 with a minimum age of 60 will apply.

Suspending Benefits

- Prevent the recalculation of a service retirement in the event of a suspended benefit on or after January 1, 2011. A separate benefit would be earned in addition to the suspended benefit. If less than 12 months of service credit is earned during the period of suspension, the retiree shall be required to refund the separate segment. If more than 12 months of service credit is earned during the period of suspension, the retiree will have the option to refund their separate benefit segment or receive an additional benefit segment, which would be calculated based upon years worked and salary earned during the period of suspension.

Working After Retirement

- Require retirees who return to work to make contributions at the same rate as all members working for that employer. Such contributions are nonrefundable and would not accrue a benefit nor be deposited into the member account.
- Each employer in the School and DPS Divisions and each Higher Education Institution campus may designate 10 service retirees that may have an additional 30 days added to the 110-day limit for working after retirement in a calendar year. The full contributions must be paid on the salary earned. Each year the employer must designate the 10 retirees who are subject to the 140-day limit.

Additional information on this bill may be found online at <http://www.leg.state.co.us>.

Lawsuit Regarding Senate Bill 10-001

On February 26, 2010, a civil action was commenced in the Denver District Court, *Justus, et al. v. State of Colorado et al.*, Case No. 2010 CV 1589, wherein the plaintiffs, who claim to be acting on behalf of a class of individuals, allege that a portion of SB 10-001 is unconstitutional. SB 10-001 was passed by the General Assembly on February 17, 2010, and signed into law by Governor Bill Ritter on February 23, 2010. The provision that is the subject matter of the civil action is that portion of SB 10-001 that modifies the annual increase payable to existing Colorado PERA retirees and the annual increase that will be payable in the future to Colorado PERA members who were eligible to draw retirement benefits as of the effective date of the bill. Also named in the litigation are the State of Colorado, Governor Bill Ritter, Mark Anderson, and Sara Alt. The individuals are named exclusively in their official capacity. The maximum potential damages arising from this Civil Action consist of the payment of additional statutory benefits beyond those provided for by the provisions of SB 10-001. In the event the pertinent portion of SB 10-001 was held to be unconstitutional by an unappealable final court order, Colorado PERA would be required to pay the annual increase in effect prior to the passage of SB 10-001. The nature of the relief sought is a mandatory injunction requiring the payment of annual increases going forward based on the Colorado PERA statutes as they existed prior to passage and enactment of SB 10-001. The entry of such a mandatory injunction would have material actuarial impact on the funded status of the Plan which will negatively affect the long-term sustainability of the Plan.

Senate Bill 10-146: Temporary Modification of PERA Contribution Rates

Signed by Governor Ritter on March 31, 2010, this bill will reduce employer contribution rates in the State and Judicial Divisions of Colorado PERA by 2.5 percent of salary for one year, from July 1, 2010, through June 30, 2011, and increase contributions by all State Division and Judicial Division Colorado PERA members by the same 2.5 percent of salary, for that fiscal year. This means that during the year beginning July 1, 2010, all State and Judicial members of Colorado PERA will have 10.5 percent of salary deducted from their salary and paid into their member contribution accounts, except for State Troopers, whose Colorado PERA contribution rate will be 12.5 percent of salary. Members of the Colorado PERA DC (Defined Contribution) Plan also will be affected by the rate swap. Retirees who return to work for a State Division or Judicial Division employer will also be required to contribute this additional 2.5 percent on top of the 8 percent contribution effective January 1, 2011, through June 30, 2011.

During the 2009 legislative session, several bills that impacted Colorado PERA were passed by the Legislature and were signed into law. Listed below are summaries of the bills that could potentially impact the financial statements to the greatest extent:

Senate Bill 09-282: The Denver Public Schools Retirement System/PERA Merger

The Colorado PERA Board of Trustees, at their April 13, 2009, Board meeting, approved the following motion after reviewing SB 09-282: "The Board recognizes the valuable provisions of Senate Bill 09-282 relating to statewide portability for all educators and support personnel, expanded investment diversification, efficiencies in administration, improved opportunities for health care coverage, and the separate division approach that eliminates the risk of subsidy between the divisions. At the same time, the Board recognizes the authority of the General Assembly to establish contribution rates and notes that the funding provisions contained in the legislation for the Denver Public Schools Division are inadequate and will lead to the actuarial deterioration of the funded status of the Division, ultimately requiring substantially increased contributions to provide for the retirement security of the members and beneficiaries of the Denver Public Schools Division. The Board also states that upon the passage of SB 09-282 that the Colorado PERA Board and staff will implement the bill's provisions in a prudent, productive, and professional fashion. Accordingly, the Board of Trustees endorses all aspects of the bill, with the exception of the funding provisions, which the Board opposes."

SB 09-282 was passed by the Legislature and signed by Governor Ritter on May 21, 2009. This bill mandates the merging of the Denver Public Schools Retirement System (DPSRS) and the Denver Public Schools Retiree Health Care Plan into Colorado PERA on January 1, 2010. The major provisions of the bill include the following:

- Creates the Denver Public Schools (DPS) Division as a separate division within Colorado PERA containing all of the assets and liabilities of the DPSRS.
- Creates a separate health care trust fund for DPS and allows DPS retirees to participate in PERACare.
- Appoints a non-voting ex officio Board member from the DPS Division to serve on the Colorado PERA Board as of the effective date of the bill.
- Repeals the statutory provisions regarding previous merger attempts between Colorado PERA and DPSRS.
- Sets the employer contribution rate for the DPS Division at 13.75 percent from January 1, 2010, to December 31, 2012, and at 14.15 percent from January 1, 2013, and thereafter. Requires DPS Division employers to contribute the AED and SAED.
- Sets the member contribution rate for the DPS Division at 8.00 percent.
- Beginning January 1, 2015, and every fifth year thereafter, a true-up will be calculated to determine whether the DPS employer rate must be adjusted to assure the equalization of the DPS Division's ratio of unfunded actuarial accrued liability over payroll to the Colorado PERA School Division's ratio of unfunded actuarial accrued liability over payroll at the end of the 30-year period.
- Allows DPS to subtract the amount of principal and interest payments in any year on its Pension Certificates of Participation Notes from the employer contributions owed in any year except to the extent necessary to pay the contributions to the Health Care Trust Fund and the Annual Reserve Fund until the DPS Division's ratio of unfunded actuarial accrued liabilities to payroll equals the School Division's.
- Determines how purchasing service credit, interest credit, distributions, refunds, cost-of-living increases, benefits and other administrative measures shall be calculated and determined.
- Creates portability of member benefits between the DPS Division and the other Colorado PERA Divisions.
- Requires the Colorado PERA Board to submit recommendations to the General Assembly to return and maintain each of the trusts to 100 percent funding.

Additional information on this bill may be found online at <http://www.leg.state.co.us>.

The DPSRS Board of Trustees has the exclusive authority to invest and manage the assets of DPSRS, pay benefits, and otherwise administer DPSRS through December 31, 2009. When completed, the *Comprehensive Annual Financial Report* for DPSRS for the year ended December 31, 2009, will be available at <http://www.copera.org>.

DPSRS Merger into DPS Division of Colorado PERA

On January 1, 2010, the Denver Public Schools Retirement System (DPSRS) merged as a separate Denver Public Schools Division (DPS Division) within Colorado PERA. The assets, liabilities, and obligations of DPSRS became the assets, liabilities, and obligations of the DPS Division of Colorado PERA. The merger was mandated by Colorado Senate Bill 09-282 (SB 09-282) and signed into law on May 21, 2009.

A summary of the financial and actuarial condition of DPSRS prior to the merger is presented on the next page. The actuarial information includes benefit changes described in SB 09-282, Colorado Senate Bill 10-001 (SB 10-001) signed into law on February 23, 2010, and changes in actuarial methods and assumptions as of December 31, 2009.

The following financial and actuarial information for DPSRS is unaudited.

DPSRS Financial Information as of December 31, 2009 (unaudited)

Fiduciary Net Assets

ASSETS

Cash and short-term investments	\$118,184
Investments, at fair value	1,969,353
Receivables	691,782
Other assets	90
Total assets	2,779,409
Liabilities	33,233
Net assets	\$2,746,176

In order to accommodate the merger of DPSRS into Colorado PERA, DPSRS sold certain investment assets at the market value on December 31, 2009. As a result, the receivables amount includes unsettled investment sales of \$685.6 million. In addition, the liabilities include unsettled investment purchases of \$25.2 million.

Changes in Fiduciary Net Assets

CHANGES

Net investment income	\$460,496
Securities lending income	603
Member and employer contributions	50,845
Benefit and refund payments	(214,346)
Administrative expenses	(4,999)
Net increase	\$292,599

Member contributions were \$35.0 million and employer contributions were \$15.8 million in 2009. The employer contribution rates in 2009 were 7.58 percent for the first six months and 0.49 percent for the last six months in 2009. Benefit payments to retirees, beneficiaries, and survivors were \$211.6 million. Administrative expenses include \$1.5 million in extraordinary items for salary, consulting, insurance, and office rent directly related to the merger of DPSRS into Colorado PERA.

DPSRS Actuarial Information as of December 31, 2009 (unaudited)

The funded status of DPSRS was 88.3 percent as of December 31, 2009, and included the changes noted above. The total membership for actuarial purposes was 19,772 as of January 1, 2010. The DPSRS total membership as of December 31, 2009, was 14,872 and excluded 4,146 hourly and part-time employees, 690 terminated, non-vested former members and 64 former members who did not elect a deferred retirement under provisions of the DPSRS Plan. Hourly and part-time employees of DPS and DPS-affiliated charter schools were not eligible for membership in DPSRS prior to January 1, 2010.

ACTUARIAL SUMMARY

Actuarial accrued liability	\$3,304,766
Actuarial asset value	2,917,927
UAAL	386,839
Funded ratio	88.3%
Valuation payroll	\$491,750
Ratio UAAL to valuation payroll	78.7%
Market asset value	\$2,746,176
Funded ratio	83.1%

SB 09-282 provides for the equalization of the funded status of the DPS Division and the School Division over a 30-year period. The measure of equalization is the ratio of the UAAL to valuation payroll. The UAAL represents debt and the active member payroll represents the capacity to collect contributions to pay the debt. The ratio of the member payroll to the UAAL is a measure of financial strength. A lower ratio represents greater financial strength. Beginning January 1, 2015, and every 5th year thereafter, Colorado PERA will calculate a true-up to confirm the equalization status of the two divisions. As of December 31, 2009, the ratio for the DPS Division is 78.7 percent compared to 238.6 percent for the School Division.

The funded status of DPSRS is greater than the funded status of the School Division primarily due to contributions in 1997 of \$377.8 million and in 2008 of \$397.8 million to fund fully the UAAL of DPSRS. In 1997, the Denver Public Schools issued pension certificates of participation (PCOPs) to finance the contribution to DPSRS. In 2008, the Denver Public Schools issued taxable variable rate certificates of participation (TVRCOPs) to refinance the 1997 PCOPs and fund the 2008 contribution to DPSRS. Collectively, these are referred to as

PCOPs in SB 09-282. In addition, the changes as a result of the enactment of SB 09-282, SB 10-001, and the changes in actuarial methods and assumptions contributed to the increase in the funded status of DPSRS. The payments on the 2008 PCOPs by the School District, which could be subject to refinancing, are for interest and not principal until 2017 when principal payments commence.

If the funded status of the DPS Division exceeds that of the School Division, the Denver Public Schools will be allowed to offset the DPS Division employer contribution rate by an amount equal to the annual payment obligations of the Denver Public Schools for the PCOPs at a fixed effective annual interest rate of 8.5 percent. At a minimum, the employer contribution rate must be sufficient to fund the HCTF and the annual increase reserve as it applies to the DPS Division. Beginning January 1, 2010, the net DPS Division employer contribution rate is 1.39 percent. This rate reflects the PCOPs reduction of 15.04 percent and the HCTF reduction of 1.02 percent from the statutory rate of 17.45 percent. Based on the DPSRS actuarial report as of December 31, 2009, the blended ARC rate for 2010, is 14.61 percent consisting of employer normal cost of 7.45 percent and amortization of the UAAL of 7.16 percent.

Denver Public Schools Health Care Trust Fund (DPS HCTF)

On January 1, 2010, the Denver Public School District transferred \$13,510 in assets to a new separate DPS HCTF. The transfer of assets were mandated by SB 09-282, which was signed into law on May 21, 2009.

Investigation of Real Estate Transactions

In June of 2010, an alleged fraud was discovered internally by Colorado PERA staff and evidence was immediately provided to the Denver District Attorney's Office. The Denver District Attorney's Office Economic Crime Unit obtained a warrant for the arrest of a former Colorado PERA employee working in the Real Estate Division of the Investment Department. Felony theft and felony forgery charges were officially filed on June 18, 2010. The alleged amounts related to this matter do not materially affect the accompanying financial statements.

Required Supplementary Information—Schedule of Funding Progress
For the Years Ended December 31
(In Thousands of Dollars)

STATE DIVISION ¹	2009	2008	2007	2006	2005
Actuarial valuation date	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005
Actuarial value of assets (a)	\$13,382,736	\$13,914,371	\$14,220,681	\$13,327,290	\$12,536,916
Actuarial accrued liability (b)	19,977,217	20,498,668	19,390,296	18,246,010	17,541,744
Total unfunded actuarial accrued liability (UAAL) (b-a)	6,594,481	6,584,297	5,169,615	4,918,720	5,004,828
Funded ratio (a/b)	67.0%	67.9%	73.3%	73.0%	71.5%
Covered payroll	2,384,137	2,371,639	2,236,518	2,099,325	2,064,764
UAAL as a percentage of covered payroll	276.6%	277.6%	231.1%	234.3%	242.4%

¹ The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006. The December 31, 2005, valuation treated the funds as if they were separated.

SCHOOL DIVISION ¹	2009	2008	2007	2006	2005
Actuarial valuation date	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005
Actuarial value of assets (a)	\$21,054,910	\$21,733,329	\$22,070,769	\$20,535,733	\$19,184,225
Actuarial accrued liability (b)	30,412,815	31,000,202	29,241,428	27,708,682	25,963,972
Total unfunded actuarial accrued liability (UAAL) (b-a)	9,357,905	9,266,873	7,170,659	7,172,949	6,779,747
Funded ratio (a/b)	69.2%	70.1%	75.5%	74.1%	73.9%
Covered payroll	3,922,175	3,804,927	3,618,258	3,371,186	3,241,214
UAAL as a percentage of covered payroll	238.6%	243.5%	198.2%	212.8%	209.2%

¹ The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006. The December 31, 2005, valuation treated the funds as if they were separated.

STATE AND SCHOOL DIVISION ¹	2004
Actuarial valuation date	12/31/2004
Actuarial value of assets (a)	\$28,594,699
Actuarial accrued liability (b)	40,783,531
Total unfunded actuarial accrued liability (UAAL) (b-a)	12,188,832
Funded ratio (a/b)	70.1%
Covered payroll	5,303,439
UAAL as a percentage of covered payroll	229.8%

¹ The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006.

The accompanying notes are an integral part of the Required Supplementary Information.

Required Supplementary Information—Schedule of Funding Progress

For the Years Ended December 31
(In Thousands of Dollars)

LOCAL GOVERNMENT DIVISION ¹	2009	2008	2007	2006	2005	2004
Actuarial valuation date	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Actuarial value of assets (a)	\$2,932,628	\$2,933,296	\$2,892,847	\$2,613,386	\$2,358,719	\$1,990,652
Actuarial accrued liability (b)	3,850,821	3,838,083	3,563,199	3,288,421	3,022,624	2,576,988
Total unfunded actuarial accrued liability (UAAL) (b-a)	918,193	904,787	670,352	675,035	663,905	586,336
Funded ratio (a/b)	76.2%	76.4%	81.2%	79.5%	78.0%	77.2%
Covered payroll	705,097	718,902	680,442	636,300	607,217	549,607
UAAL as a percentage of covered payroll	130.2%	125.9%	98.5%	106.1%	109.3%	106.7%

¹ The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

JUDICIAL DIVISION	2009	2008	2007	2006	2005	2004
Actuarial valuation date	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Actuarial value of assets (a)	\$228,714	\$230,967	\$231,228	\$210,633	\$193,305	\$170,111
Actuarial accrued liability (b)	295,696	288,058	264,210	247,491	223,955	209,954
Total unfunded actuarial accrued liability (UAAL) (b-a)	66,982	57,091	32,982	36,858	30,650	39,843
Funded ratio (a/b)	77.3%	80.2%	87.5%	85.1%	86.3%	81.0%
Covered payroll	37,583	35,937	31,150	29,151	26,937	26,309
UAAL as a percentage of covered payroll	178.2%	158.9%	105.9%	126.4%	113.8%	151.4%

HEALTH CARE TRUST FUND	2009	2008	2007	2006	2005	2004
Actuarial valuation date	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Actuarial value of assets (a)	\$260,341	\$255,976	\$258,775	\$214,816	\$191,264	\$166,619
Actuarial accrued liability (b)	1,763,241	1,368,633	1,303,594	1,247,950	1,116,627	1,102,597
Total unfunded actuarial accrued liability (UAAL) (b-a)	1,502,900	1,112,657	1,044,819	1,033,134	925,363	935,978
Funded ratio (a/b)	14.8%	18.7%	19.9%	17.2%	17.1%	15.1%
Covered payroll	7,048,992	6,931,405	6,566,368	6,135,962	5,940,132	5,879,355
UAAL as a percentage of covered payroll	21.3%	16.1%	15.9%	16.8%	15.6%	15.9%

The accompanying notes are an integral part of the Required Supplementary Information.

Required Supplementary Information—Schedule of Employer Contributions

For the Years Ended December 31
(In Thousands of Dollars)

STATE DIVISION ¹	2009	2008	2007	2006	2005
Dollar amount of annual required contribution (ARC)	\$480,642	\$424,761	\$412,638	\$361,714	\$398,919
ARC ²	20.16%	17.91%	18.45%	17.23%	19.33%
% ARC contributed	61%	63%	56%	58%	48%

¹ The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006. The December 31, 2005, valuation treated the funds as if they were separated.

² As a percent of covered payroll. ARC based on prior year-end actuarial study.

Required Supplementary Information—Schedule of Employer Contributions
For the Years Ended December 31
(In Thousands of Dollars)

SCHOOL DIVISION ¹	2009	2008	2007	2006	2005
Dollar amount of					
annual required contribution (ARC)	\$735,408	\$630,096	\$621,617	\$541,412	\$627,082
ARC ²	18.75%	16.56%	17.18%	16.06%	19.33%
% ARC contributed	65%	68%	60%	62%	48%

¹ The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006. The December 31, 2005, valuation treated the funds as if they were separated.

² As a percent of covered payroll. ARC based on prior year-end actuarial study.

STATE AND SCHOOL DIVISION ¹	2004
Dollar amount of	
annual required contribution (ARC)	\$918,025
ARC ²	17.31%
% ARC contributed	51%

¹ The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006.

² As a percent of covered payroll. ARC based on prior year-end actuarial study.

LOCAL GOVERNMENT DIVISION ¹	2009	2008	2007	2006	2005	2004
Dollar amount of						
annual required contribution (ARC)	\$86,797	\$80,086	\$81,313	\$71,329	\$85,372	\$76,835
ARC ²	12.31%	11.14%	11.95%	11.21%	14.11%	13.98%
% ARC contributed	96%	98%	84%	85%	64%	62%

¹ The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

² As a percent of covered payroll. ARC based on prior year-end actuarial study.

JUDICIAL DIVISION ¹	2009	2008	2007	2006	2005	2004
Dollar amount of						
annual required contribution (ARC)	\$7,468	\$6,138	\$5,501	\$4,469	\$4,634	\$4,267
ARC ¹	19.87%	17.08%	17.66%	15.33%	17.21%	16.22%
% ARC contributed	77%	83%	77%	84%	74%	64%

¹ As a percent of covered payroll. ARC based on prior year-end actuarial study.

Required Supplementary Information—
Schedule of Contributions from Employers and Other Contributing Entities
For the Years Ended December 31
(In Thousands of Dollars)

HEALTH CARE TRUST FUND	2009	2008	2007	2006	2005	2004
Dollar amount of						
annual required contribution (ARC)	\$77,876	\$73,283	\$73,346	\$70,688	\$67,793	\$59,969
ARC ¹	1.12%	1.12%	1.10%	1.09%	1.13%	1.02%
% ARC contributed by Employer	95%	99%	93%	91%	90%	100%
% ARC contributed by Medicare	18%	19%	17%	18%	—	—

¹ As a percent of covered payroll. ARC based on prior year-end actuarial study.

The accompanying notes are an integral part of the Required Supplementary Information.

Note 1—Description

The historical trend information about the State Division Trust Fund, School Division Trust Fund, Local Government Division Trust Fund, Judicial Division Trust Fund, and the Health Care Trust Fund is presented as required supplementary information. This information is intended to help users assess the funding status on a going-concern basis and to assess progress made in accumulating assets to pay benefits when due.

Note 2—Actuarial Assumptions and Methods

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	JUDICIAL DIVISION TRUST FUND	HEALTH CARE TRUST FUND
Valuation date	12/31/2009	12/31/2009	12/31/2009	12/31/2009	12/31/2009
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent, Open	Level percent, Open	Level percent, Open	Level percent, Open	Level percent, Open
Remaining amortization period used in ARC calculation	30 years	30 years	30 years	30 years	30 years
Remaining amortization period with current funding	43 years ¹	44 years ¹	16 years ¹	65 years ¹	53 years
Asset valuation method ¹	4-year smoothed market	4-year smoothed market	4-year smoothed market	4-year smoothed market	4-year smoothed market
Actuarial assumptions:					
Investment rate of return ² and discount rate	8.00%	8.00%	8.00%	8.00%	8.00%
Projected salary increases ²	4.50%–10.17%	4.50%–10.70%	4.50%–11.47%	5.00%–6.00%	4.50% in aggregate
Post-retirement benefit increases:					
Members hired prior to 1/1/07	2.00% compounded annually	2.00% compounded annually	2.00% compounded annually	2.00% compounded annually	None
Members hired on or after 1/1/07	None ³	None ³	None ³	None ³	None
Health care inflation factor	Not applicable	Not applicable	Not applicable	Not applicable	4.50% applicable to Medicare Part A costs

¹ See Management's Discussion and Analysis on unfunded actuarial accrued liabilities on page 42.

² Includes inflation at 3.75 percent and productivity at 0.75 percent.

³ Post-retirement benefit increases are provided by a separate reserve within the Fund, called the Annual Increase Reserve, subject to monies being available.

Note 3—Significant Factors Affecting Trends in Actuarial Information
Pension Plans—State, School, Local Government¹, and Judicial Division Trust Funds

2009 Changes in Plan Provisions Since 2008:

- The following changes have been made to the actuarial assumptions:
 - The investment rate of return has been decreased from 8.50 percent to 8.00 percent per annum.
 - The withdrawal rates, pre-retirement mortality rates, disability rates and retirement rates for all divisions have been revised to more closely reflect the actual experience of Colorado PERA.
 - The post-retirement mortality tables used for service retirements and dependents of deceased pensioners has been changed to the 1994 Group Annuity Mortality Table set back three years for males and set back two years for females.
 - The deferral period for deferred vested members has been revised to more closely reflect the actual experience of Colorado PERA.
- The valuation takes into account the effect of amendments to Colorado PERA through the valuation date. The following changes were made to the main provisions as part of Senate Bill 10-001 since the previous valuation:
 - For the State Division, the Amortization Equalization Disbursement (AED) will continue to increase by 0.4 percent per year to a total rate of 5.0 percent by 2017. In addition, the Supplemental Amortization Equalization Disbursement (SAED) will continue to increase by 0.5 percent per year to a total rate of 5.0 percent by 2017. However, if the funded ratio reaches 103 percent, the AED and SAED will be reduced by 0.5 percent of pay each.
 - For the School Division, the AED will continue to increase by 0.4 percent per year from 2013 through 2015 and by 0.3 percent in 2016 for a total rate of 4.5 percent. In addition, the SAED will continue to increase by 0.5 percent per year to a total rate of 5.5 percent by 2018. Also, the 0.4 percent increase in the statutory employer contribution rate in 2013 was eliminated. However, if the funded ratio reaches 103 percent, the AED and SAED will be reduced by 0.5 percent of pay each.
 - For the Local Government Division and the Judicial Division, the AED is frozen at the 2010 level of 2.20 percent. In addition, the SAED is frozen at the 2010 level of 1.50 percent. However, if the funded ratio reaches 103 percent, the AED and SAED will be reduced by 0.5 percent of pay each.
 - For Tier 1 and Tier 1A members (including retirees), the Post-Retirement Benefit Increases will be reduced to an amount equal to the CPI-W with a cap of 2 percent for the 2010 increase. In addition, the increase will be delayed 12 months after retirement for those members who retire on or after January 1, 2011. Members not eligible to retire as of January 1, 2011, who retire with a reduced service retirement allowance must reach age 60 or the age and service requirements for unreduced service retirement to be eligible for the Post-Retirement Benefit Increases.
 - Changes to the 2 Percent AI Cap: If PERA's overall funded status is at or above 103 percent, the AI cap of 2 percent will increase by 0.25 percent per year. If after PERA's overall funded status reaches 103 percent and it subsequently drops below 90 percent, the AI cap will decrease by 0.25 percent per year but will never drop below 2 percent.
 - Effective January 1, 2011, for all active members who are not eligible for retirement on January 1, 2011, the annual salary increase cap in determination of Highest Average Salary (HAS) was lowered from 15 percent to 8 percent.
 - Effective January 1, 2011, a new requirement is added that members must have five years of earned service credit in order to receive a 50 percent match on a refund. All matching amounts credited to member accounts before January 1, 2011, will remain credited.
 - Effective January 1, 2011, the reduction factors for a reduced service retirement benefit for members not eligible to retire as of January 1, 2011 were changed to an actuarial equivalent basis.
 - Effective January 1, 2011, implement a modified Rule of 85 for service retirement eligibility for members with less than 5 years of service credit as of January 1, 2011 (this rule does not apply to State Troopers).
 - Effective January 1, 2011, implement a modified Rule of 88 with a minimum age of 58 for service retirement eligibility for members hired on or after January 1, 2011, but before January 1, 2017 (this rule does not apply to State Troopers).
 - Effective January 1, 2011, implement a modified Rule of 90 with a minimum age of 60 for service retirement eligibility for members hired on or after January 1, 2017 (this rule does not apply to State Troopers and those participants whose last 10 years of service were in the School Division).

¹ The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

2008 Changes in Plan Provisions Since 2007:

- The interest credit on employee contribution accounts was changed from 5 percent to 3 percent, effective January 1, 2009.

2007 Changes in Plan Provisions Since 2006:

- No material changes.

2006 Changes in Plan Provisions Since 2005:

- No material changes.

2005 Changes in Plan Provisions Since 2004:

- Senate Bill 04-257 provides that the State and School Divisions will be split beginning January 1, 2006, and the 2005 actuarial information has been shown separately.
- Fully recognized the transitional amount of unrealized gains from the 1992 actuarial change from cost value to smoothed market value.
- Changed the method of calculating the actuarial value of assets such that the expected rate of investment return going forward will be based on the beginning of year market value, with annual differences between the actual and expected market value of assets smoothed over a four-year period.
- Reset the actuarial value of assets to be equal to the market value of assets as of December 31, 2004.
- Mortality, withdrawal, retirement, disability, and salary increase assumptions were changed based on the actuarial experience study performed in 2005.

2004 Changes in Plan Provisions Since 2003:

- Suspension of MatchMaker contributions on June 1, 2004.
- Reduction in the interest rate credited to member contribution accounts from 80 percent of the actuarial valuation interest rate to a rate determined by the Colorado PERA Board, such rate not to exceed 5 percent per annum beginning July 1, 2004.
- A reduction in the allocation of the employer contribution rate to the Health Care Trust Fund from 1.10 percent to 1.02 percent of salary on or after July 1, 2004, with the difference increasing pension funding.
- Gradual increases in payments toward Colorado PERA's unfunded liability starting January 1, 2006, at 0.5 percent of salary, increasing 0.5 percent in 2007 and by 0.4 percent of salary each subsequent year, reaching a maximum of 3 percent of salary by 2012 and thereafter known as the Amortization Equalization Disbursement (AED). If Colorado PERA reaches 100 percent of funded status, the AED will be repealed.
- School Division employer contribution rate is increased from 10.15 percent to 10.55 percent in 2013.

Health Care Trust Fund

2009 Changes in Plan Provisions Since 2008:

- The following changes have been made to the actuarial assumptions:
 - The investment rate of return has been decreased from 8.50 percent to 8.00 percent per annum.
 - The withdrawal rates, pre-retirement mortality rates, disability rates and retirement rates for all divisions have been revised to more closely reflect the actual experience of Colorado PERA.
 - The post-retirement mortality tables used for service retirements and dependents of deceased pensioners have been changed to the 1994 Group Annuity Mortality Table set back three years for males and set back two years for females.
 - The rates of participation in PERACare for current members, future members, deferred vested members, and spouses have been revised to more closely reflect the actual experience of Colorado PERA.
 - Initial health care costs for participants who are age 65 and older, and who do not have Medicare Part A, have been updated to reflect their change in costs for the 2010 plan year.
 - The starting per capita payments estimated to be made by the Centers for Medicare & Medicaid Services (CMS) under the Retiree Drug Subsidy Program (RDS) have been updated based upon the most recent attestation of actuarial equivalence.
 - The assumed rates of inflation for health care costs have been revised to reflect the expectation of future increases.
 - The last year in which the prescription drug benefit provided to those members eligible for Medicare Part D is deemed to be actuarially equivalent has been reduced to 2017.

2008 Changes in Plan Provisions Since 2007:

- The following changes have been made to certain health care assumptions since the previous valuation:
 - Expected costs for retirees who are age 65 and older, who do not have Medicare Part A, and participate in the Kaiser Permanente, Rocky Mountain Health Plans, and Secure Horizons plans have been updated to reflect their change in costs for the 2009 plan year.
 - The starting per capita payments estimated to be made by the Centers for Medicare & Medicaid Services (CMS) under the Retiree Drug Subsidy Program (RDS) have been updated based upon the most recent attestation of actuarial equivalence.
 - The assumed level of spousal participation was updated to better match plan experience.
 - The year in which the prescription drug benefit provided to those members eligible for Medicare Part D ceases to be actuarially equivalent (by failing the net test component of the Actuarial Equivalency Attestation) was extended to 2018 based upon the most recent attestation of actuarial equivalence.
 - The Medicare Part A coverage for CMS was updated to reflect the change in cost for 2009.

2007 Changes in Plan Provisions Since 2006:

- The following changes have been made to certain health care assumptions since the previous valuation:
 - Future plan election rates for retirees age 65 and older have been adjusted to reflect recent election patterns, incorporating the addition of the Secure Horizons (HMO) option.
 - Expected inpatient hospital claims cost for retirees age 65 and older, who do not have Medicare Part A, have been updated to better reflect anticipated changes in the various coverage categories, based on the most recent “no Medicare Part A” report presented to the Board of Trustees in March 2008.

2006 Changes in Plan Provisions Since 2005:

- The following changes have been made to certain health care assumptions since the previous valuation:
 - Based on the results of surveys conducted by Colorado PERA staff, the percentage of actives hired before April 1, 1986, and pre-Medicare retirees assumed to not have Part A Medicare coverage was changed to 20 percent.
 - Future plan election rates for retirees age 65 and older have been adjusted to reflect recent election patterns.
 - Expected inpatient hospital claims costs for retirees age 65 and older who do not have Medicare Part A have been updated and associated trend assumptions for future increases in medical costs were amended to better reflect anticipated changes in the various coverage categories.
- The following methodology change has been implemented since the previous valuation:
 - Members electing coverage in a qualified plan option produce a Retiree Drug Subsidy (RDS) which is payable to the HCTF under Part D of the Medicare Modernization Act of 2003. The HCTF has reduced the full cost of coverage by the estimated RDS. GASB Statement 43, GASB Technical Bulletin 2006-1, and GASB Statement 45 do not allow for future assumed RDS payments to be used as a direct offset for future liabilities. Therefore, the total HCTF actuarially accrued liability has been increased for future RDS premium offsets to members.

2005 Changes in Plan Provisions Since 2004:

- Changed the method of calculating the actuarial value of assets such that the expected rate of investment return going forward will be based on the beginning of year market value, with annual differences between the actual and expected market value of assets smoothed over a four-year period.
- Reset the actuarial value of assets to be equal to the market value of assets as of December 31, 2004.
- Mortality, withdrawal, retirement, disability, and expected rates of participation in the Health Care Trust Fund programs were changed based on the actuarial experience study performed in 2005.

2004 Changes in Plan Provisions Since 2003:

- A reduction in the allocation of the employer contribution rate to the Health Care Trust Fund from 1.10 percent to 1.02 percent of salary on or after July 1, 2004, with the difference increasing pension funding.
- The valuation considers the implicit subsidy provided to retired members over age 65 who are not fully covered by Medicare Part A.

Supplementary Schedules—Schedule of Administrative Expenses

For the Years Ended December 31

(In Thousands of Dollars)

	2009	2008
PERSONNEL SERVICES		
Salaries	\$19,044	\$18,787
Employee benefits	5,488	5,183
Total personnel services	24,532	23,970
PROFESSIONAL CONTRACTS		
Actuarial contracts	613	406
Audits	227	168
Investment services	1,805	1,249
Legal and legislative counsel	1,397	1,589
Computer services and consulting	587	388
Management consulting	1,056	1,171
Health care consulting	236	95
Other	397	350
Total professional contracts	6,318	5,416
MISCELLANEOUS		
Equipment rental and services	1,033	905
Memberships	196	206
Publications and subscriptions	67	53
Travel and local expense	497	660
Auto expense	16	19
Telephone	271	263
Postage	1,272	1,407
Insurance	297	264
Printing	538	577
Office supplies	554	998
Building rent, supplies, and utilities	1,011	1,091
Total miscellaneous	5,752	6,443
Total budgeted expense	36,602	35,829
Depreciation expense	1,152	769
Life Insurance Reserve direct expense	425	314
Health Care Trust Fund direct expense	7,878	7,841
Voluntary Investment Program direct expense	4,398	4,599
Defined Contribution Retirement Plan direct expense	143	—
Deferred Compensation Plan direct expense	367	—
Total expense	50,965	49,352
Interfund—tenant and other expense	1,518	899
Interfund—internal investment manager expense	(10,286)	(9,377)
Total administrative expense	\$42,197	\$40,874
ALLOCATION OF ADMINISTRATIVE EXPENSE		
State Division Trust Fund	\$8,729	\$8,639
School Division Trust Fund	13,226	12,815
Local Government Division Trust Fund	2,160	2,102
Judicial Division Trust Fund	22	21
Voluntary Investment Program	4,664	4,973
Defined Contribution Retirement Plan	143	—
Deferred Compensation Plan	507	—
Health Care Trust Fund	12,170	11,838
Life Insurance Reserve	576	486
Total allocation	\$42,197	\$40,874

Supplementary Schedules—Schedule of Investment Expenses
For the Years Ended December 31
(In Thousands of Dollars)

	2009	2008
External manager expenses		
Fixed income	\$3,043	\$3,693
Global stocks	16,196	15,703
Alternative investments	50,347	50,601
Real estate investments	33,449	28,822
Opportunity fund investments	3,827	(916)
Total external manager expenses	106,862	97,903
Internal manager expenses	10,286	9,377
Other investment expenses and custody fees	1,584	961
Total investment expenses	\$118,732	\$108,241

Supplementary Schedules—Schedule of Payments to Consultants
For the Years Ended December 31

	2009	2008
Professional contracts		
Actuarial contracts	\$613	\$406
Audits	227	168
Legal and legislative counsel	1,397	1,589
Computer services and consulting	587	388
Management consulting	1,056	1,171
Health care consulting	236	95
Other	397	350
Total payments to consultants¹	\$4,513	\$4,167

¹ Excludes investment advisors.

Supplementary Schedules—Schedule of Other Additions

For the Years Ended December 31

(In Thousands of Dollars)

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT TRUST FUND	JUDICIAL DIVISION TRUST FUND	VOLUNTARY INVESTMENT PROGRAM	DEFINED CONTRIBUTION RETIREMENT PLAN	DEFERRED COMPENSATION PLAN	HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE	TOTAL 2009	TOTAL 2008
Administrative fee income	\$—	\$—	\$—	\$—	\$—	\$—	(\$64)	\$1,364	\$—	\$1,300	\$1,295
Alliance fees	—	—	—	—	911	14	267	—	—	1,192	1,198
Participant loan interest	—	—	—	—	2,736	—	125	—	—	2,861	3,129
Purchase service transfer to HCTF	—	—	—	—	—	—	—	8,455	—	8,455	11,508
Settlement income	—	—	—	—	—	—	1,492	2,902	—	4,394	—
Transfer in of recovered distributions	—	—	—	—	—	—	—	—	—	—	122
Miscellaneous	3	12	2	—	7	—	—	—	—	24	50
Total other additions	\$3	\$12	\$2	\$—	\$3,654	\$14	\$1,820	\$12,721	—	\$18,226	\$17,302

Supplementary Schedules—Schedule of Other Deductions/(Transfers)

For the Years Ended December 31

(In Thousands of Dollars)

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT TRUST FUND	JUDICIAL DIVISION TRUST FUND	VOLUNTARY INVESTMENT PROGRAM	DEFINED CONTRIBUTION RETIREMENT PLAN	DEFERRED COMPENSATION PLAN	HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE	TOTAL 2009	TOTAL 2008
Interfund transfers at retirement	(\$4,766)	\$4,861	\$1,819	(\$1,914)	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Purchase service transfer to HCTF	3,192	4,230	897	136	—	—	—	—	—	8,455	11,508
Miscellaneous	55	30	21	—	—	—	50	—	—	156	69
Total other deductions (transfers)	(\$1,519)	\$9,121	\$2,737	(\$1,778)	\$—	\$—	\$50	\$—	\$—	\$8,611	\$11,577

INVESTMENT SECTION



Securing the Path to

LONG-TERM SUSTAINABILITY

*Colorado PERA strives to keep Colorado PERA
secure, no matter what the future brings.*

State Law

State law gives complete responsibility for the investment of Colorado PERA’s funds to the Board of Trustees, with some stipulations including:

- The aggregate amount of monies invested in corporate stocks or corporate bonds, notes, or debentures, which are convertible into stock or in investment trust shares cannot exceed 65 percent of the then book value of the fund.
- No investment of the fund in common or preferred stock (or both) of any single corporation can exceed 5 percent of the then book value of the fund.
- The fund cannot acquire more than 12 percent of the outstanding stock or bonds of any single corporation.

Colorado PERA Board’ Statutory Fiduciary Responsibility

By State law, the management of Colorado PERA’s retirement fund is vested in the Colorado PERA Board who are held to the standard of conduct of fiduciaries in discharging their responsibilities. According to C.R.S. § 24-51-207(2), the Colorado PERA Board, as fiduciaries, must carry out their functions solely in the interest of Colorado PERA members and benefit recipients and for the exclusive purpose of providing benefits.

Goal

The function of Colorado PERA is to provide present and future retirement or survivor benefits for its members. The investment function is managed in a manner to promote long-term financial security for our membership while maintaining the stability of the fund.

Outline of Investment Policy

Colorado PERA’s investment policy outlines the investment philosophy and guidelines within which the fund’s investments will be managed.

The investment philosophy of Colorado PERA includes the following:

- Strategic asset allocation is the most significant factor influencing long-term investment performance and asset volatility.
- The fund’s liabilities are long-term and the investment strategy will therefore be long-term in nature.
- The asset allocation policy will be periodically re-examined to ensure its appropriateness to the then-prevailing liability considerations.
- As a long-term investor, Colorado PERA will invest across a wide spectrum of investments in a prudent manner.
- Active management may be expected to add value over passive investment alternatives under appropriate conditions.

The Colorado PERA Board determines the strategic asset allocation policy for the fund. The Board’s policy specifies the desired target allocation for each asset class as well as the ranges within which each asset class may operate. The targeted asset

allocation mix in effect during 2009 and the specified ranges for each asset class are as follows:

ASSET CLASS	TARGET ALLOCATION	PERMISSIBLE RANGE
Global Equity	58%	52% – 64%
Fixed Income	25%	22% – 28%
Real Estate	7%	4% – 10%
Alternative Investments	7%	4% – 10%
Opportunity Fund	3%	0% – 6%
Total	100%	

The asset allocation policy is determined by an intensive asset/liability analysis. Expected investment returns, risks, and correlations of returns are considered. The characteristics of the fund’s liabilities are analyzed in conjunction with expected investment risks and returns. The targeted strategic asset allocation is designed to provide appropriate diversification and to balance the expected total rate of return with the volatility of expected returns. The asset allocation targets are adhered to through the implementation of a rebalancing policy.

Investments are managed and monitored in a manner which seeks to balance return and risk within the asset/liability framework. The Chief Investment Officer is authorized to execute investment transactions on behalf of the Board. Assets are managed both internally and externally. In making investment decisions, the Board and staff utilize external experts in various fields including risk and performance analysis, portfolio construction, rebalancing techniques, and other important investment functions and issues.

Corporate Governance

General Policy

Although Colorado PERA is not subject to the Employee Retirement Income Security Act of 1974 (ERISA), the Colorado PERA Board complies with the position taken by the U.S. Department of Labor (DOL) in February 1988. The DOL has stated that the right to vote shares of stock owned by a pension plan is, in itself, an asset of the plan, and therefore the fiduciary’s responsibility to manage the assets includes proxy voting. Colorado PERA regularly joins with other pension plans to directly engage companies to encourage the implementation of sound principles of corporate governance and works with various federal oversight and legislative committees to promote and support national standards of corporate governance that protect long-term investor interests.

Board of Trustees Shareholder Responsibility Committee

To assist the Colorado PERA Board in carrying out its fiduciary responsibilities in voting proxies, the Board established a Shareholder Responsibility Committee. The Colorado PERA General Counsel serves as an adviser to the Committee. The Board and the Shareholder Responsibility Committee have delegated to the Legal Department the authority to execute and vote all domestic proxies according to the Board Proxy Voting Policy. All proxy issues are reviewed by staff on a case-by-case basis and then voted according to guidelines established by the Proxy Voting Policy. Colorado PERA retains proxy voting analysts to assist in the proxy voting process.

Proxy Voting Policy

The Board's Proxy Voting Policy sets forth directives on the following nine issues: Board of Directors, Proxy Contests and Corporate Defenses, Tender Offers and Corporate Defenses, Corporate Restructurings, State of Incorporation, Proxy System, Executive Compensation, Corporate Governance, and Social Issues. The voting of proxy ballots for all domestic and internally managed non-U.S. stocks is voted by Colorado PERA's Legal Department. The voting of proxy ballots for all other non-U.S. stocks is delegated to Colorado PERA's external international equity managers consistent with certain requirements established by the Board. Colorado PERA regularly reviews and revises the Proxy Voting Policy to keep it up to date with established corporate governance standards. Colorado PERA's Proxy Voting Policy can be viewed on Colorado PERA's Web site at <http://www.copera.org>.

(Colorado PERA's Report on Investment Activity was prepared by internal staff.)

Abel/Noser Corp.
 Alignment Capital Group, LLC
 Banc of America Securities LLC
 Bank of New York
 Barclays Capital Inc.
 BB&T Capital Markets
 BlackRock, Inc.
 BNP Paribas Securities Services
 Broadpoint Capital, Inc.
 B-Trade Services LLC
 Calyon Securities (USA) Inc.
 Cantor, Fitzgerald & Co.
 Capital Institutional Services, Inc.
 Citigroup Global
 Credit Suisse First Boston Corporation
 D.A. Davidson & Co.
 Deutsche Bank Securities Inc.
 Ennis Knupp & Associates
 First Tennessee Capital Markets, Inc.
 Goldman, Sachs & Co.
 Greenwich Capital Markets, Inc.
 Heitman Capital Management Corp.
 HSBC Securities (USA) Inc.
 ING Financial Markets LLC
 INVESCO Realty Advisors
 ITG - Investment Technology Group

Jefferies & Co., Inc.
 Jones Lang LaSalle
 J.P. Morgan Chase
 Knight Libertas LLC
 La Branche Financial Services, Inc.
 Liquidnet, Inc.
 Macquarie Capital Group
 Merrill Lynch Pierce Fenner & Smith, Inc.
 Mizuho Securities USA, Inc.
 Morgan Stanley & Co. Inc.
 Nomura Securities International, Inc.
 Pipeline Trading Systems, Inc.
 Piper Jaffray & Co.
 Putnam Lovell NBF Securities, Inc.
 RBC Capital Markets Corp.
 Robert W. Baird & Co. Inc.
 RREEF Real Estate Investment Managers
 R.V. Kuhns & Associates
 Sanford C. Bernstein & Co. LLC
 Stifel Nicolaus & Company, Inc.
 SunTrust Bank
 The Northern Trust Company
 UBS Warburg Securities, LLC
 Wall Street Access
 Weeden & Co. L.P.
 Wells Fargo Securities, LLC

Certain broker agreements include provisions for commission recapture.

Investment Summary

Does not include the Defined Contribution Plans
(In Thousands of Dollars)

	MARKET VALUE PER FINANCIAL STATEMENT		MARKET VALUE PER INVESTMENT PORTFOLIO		PERCENT OF TOTAL MARKET VALUE		
	DECEMBER 31, 2009	REALLOCATION ¹	DECEMBER 31, 2009	TARGET ²	2009	2008	2007
Global Equity	\$19,275,680	\$110,168	\$19,385,848	58.0%	58.9%	51.6%	59.0%
Fixed Income	7,427,505	(47,337)	7,380,168	25.0%	22.4%	26.6%	23.9%
Alternative Investments	3,123,429	33,937	3,157,366	7.0%	9.6%	8.9%	7.7%
Real Estate Investments	1,975,466	(6,169)	1,969,297	7.0%	6.0%	8.9%	7.6%
Opportunity Fund ³	438,041	189,694	627,735	3.0%	1.9%	1.5%	1.1%
Cash and Short-Term Investments							
Operating Cash	202	(202)	—				
Investment Cash and Short-Term	808,958	(422,473)	386,485	—	1.2%	2.5%	0.7%
Net Investment Receivables and Payables	(142,180)	142,180	—				
Total Investments	\$32,907,101	(\$202)	\$32,906,899	100.0%	100.0%	100.0%	100.0%

¹ Investment receivables, payables, accruals and cash and short-term have been reallocated back to the investment portfolios that hold them.

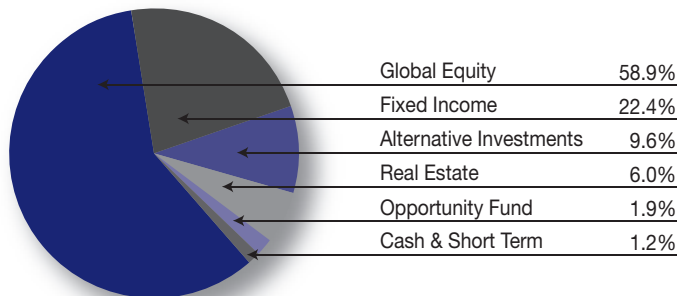
² An Asset/Liability Study was undertaken in 2002 and in 2005 with the objective of determining the optimal strategic asset allocation policy. The 2005 Study refined these targets and ranges set in 2002. On November 15, 2007, the Board added the Opportunity Fund asset class as of January 1, 2008, that includes Timber which had previously been its own asset class, and adjusted the targets and ranges to their current level. On March 21, 2008, the Board approved combining the domestic equity and international equity asset classes into one global equity asset class and set the range for the global equity asset class to 52 to 64 percent. On September 19, 2008, the Board established a target of 58 percent for the global equity asset class effective January 1, 2009.

³ The Board changed the asset class from Timber to Opportunity Fund (which includes Timber) as of January 1, 2008.

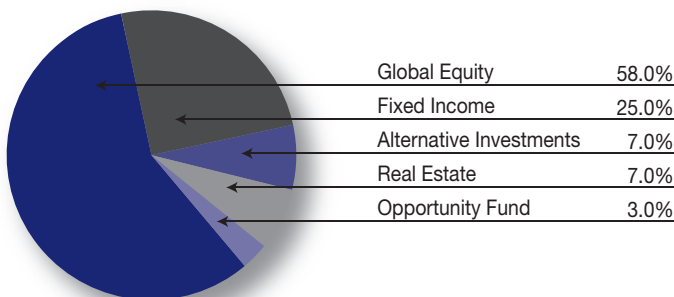
Asset Allocation at Market Value

Does not include the Defined Contribution Plans
Year End December 31, 2009

ASSET ALLOCATION AT MARKET VALUE



TARGET ALLOCATIONS



Evaluation

Ennis Knupp and Associates and The Northern Trust Company are retained by Colorado PERA to evaluate fund performance. Ennis Knupp and Associates is also used for the real estate portfolio performance evaluation and industry comparisons. In their analysis, Ennis Knupp and The Northern Trust include all investments within the portfolio, including cash and accrued income. They also compute the annual rates of return. In order to provide fund returns inclusive of all asset classes, performance calculations were prepared using time-weighted rates of return.

Asset Allocation

Colorado PERA's long-term strategic asset allocation policy sets forth specific portfolio targets. Asset allocation targets effective during 2009, approved by the Colorado PERA Board in 2008, are as follows: global equity 58 percent, fixed income 25 percent, alternative investments 7 percent, real estate investments 7 percent, and opportunity fund 3 percent.

Total Portfolio Results

Colorado PERA adopted a policy benchmark, which is a passive representation of the asset allocation policy, as of April 1, 2004. For the year ended December 31, 2009, Colorado PERA's total fund returned 17.4 percent, compared to the policy benchmark return of 20.9 percent. For the three- and five-year periods ending December 31, 2009, Colorado PERA's total fund returned negative 1.5 percent and 3.9 percent on an annualized basis, respectively, compared to negative 1.7 percent and 3.3 percent, respectively, for the policy benchmark for these periods.

For the year ended December 31, 2009, the total fund returned 17.4 percent, compared to BNY Mellon Median Public Fund return of 19.8 percent. The BNY Mellon Median Public Fund measure is comprised of 76 public pension funds with assets of approximately \$1.1 trillion. For the three- and five-year periods ending December 31, 2009, the BNY Mellon Median Public Fund returned negative 1.0 percent and 3.6 percent on an annualized basis, respectively. PERA's 10-year annualized rate of return was 3.3 percent compared to the BNY Mellon Median Public Fund return of 3.7 percent.

The total fund underperformed the policy benchmark return by approximately 350 basis points for the year ended December 31, 2009. The three principal causes of the fund's underperformance related to global equities, alternative investments and the impact of asset allocation on returns. Colorado PERA's global equity portfolios generally hold securities issued by higher quality companies that are distinguished by sound financial health, stronger profitability and effective management. For the majority of 2009, the best performing stocks were lower quality, higher risk stocks with questionable earning growth potential and less financial strength. The alternative investment portfolio is comprised of long-lived assets that for short-term periods such as one-year are not expected to perform in-line with the custom benchmark, the DJ U.S. Total Stock Market Index plus 300 basis points annually. Asset allocation, or the variance in the actual weights of the various asset classes versus the target weights,

negatively impacted the total fund returns. Generally, the fund was modestly underweight equities and overweight cash and real estate during much of 2009.

Global Stocks

After an extremely tumultuous financial environment in 2008, global equity markets got off to an equally volatile start in 2009, falling sharply in January and February. Despite the dreadful start, global equity markets rebounded impressively in 2009, finishing the year up over 30 percent amid unprecedented fiscal stimulus and monetary easing measures by governments worldwide.

With the looming possibility of a failure in the global financial system, governments around the world stepped in with massive monetary and fiscal stimulus programs. The Federal Reserve pursued aggressive quantitative and monetary easing to stabilize the fragile financial system. These programs injected liquidity into the global financial markets and bolstered weak investor confidence. Additionally, the U.S. government initiated multiple stimulus programs designed to jump start the economy and repair declining housing and auto markets. As it became clear governments would support distressed financial institutions, fears of global financial collapse abated and investors returned to the equity markets.

As 2009 unfolded, economic fundamentals continued to deteriorate into the third quarter, while the rates of deterioration, however, slowed. This signaled incremental improvement to stock market participants. Consequently, the U.S. equity market responded favorably to initial signs of stabilization in the economy and capital markets. After hitting multi-year lows in March, U.S. equity markets rose over 67 percent during the following nine months of the year. For the year ended December 31, 2009, the U.S. equity markets returned 28.6 percent. Many of the large U.S. financial institutions that experienced significant distress only months earlier were able to tap the capital markets for financing, allowing them to pay back Troubled Asset Relief Program (TARP) funds. The return of initial public offerings and increased merger and acquisition activity also indicated a renewed confidence and fundamental improvement.

With macroeconomic and systemic financial concerns alleviated, investor focus shifted from averting catastrophe and hoarding cash to improving company fundamentals. From the second quarter on, companies reported better than expected earnings due to quick and anticipatory cost cuts and shrewd inventory and production management. The equities markets rewarded smaller, lower-quality, and more volatile stocks and cyclical sectors (e.g. materials and technology). The stocks investors punished most in 2008 due to the global market meltdown rebounded the largest amount off the March 2009 lows. Conversely, higher quality stocks and defensive sectors (e.g. telecom and utilities) underperformed. This calendar year was a challenging relative performance period for a number of Colorado PERA's equity managers, especially for managers who focus on high quality companies that are distinguished by sound financial health.

While U.S. equity markets returned impressive results in 2009, international equities performed even better. Led by emerging market and exporting countries, investors returned to the markets they shunned in 2008. In 2009, global companies began to reorder, restocking their depleting inventories to the benefit of exporting countries. Buoyed by strong trade surpluses and relatively healthy banking sectors, these countries were among the first to emerge from recession. Investors also favored countries exposed to cyclical energy and raw materials exports, while relatively defensive developed market equities in the U.S., Euro zone, and Japan underperformed. Countries like Russia, Indonesia, Brazil, India, Australia, China, and Korea saw high double digit and even triple digit annual returns. As a result, the U.S. dollar fell 13 percent against a basket of major currencies from its March highs. The weakening dollar helped U.S. based investors holding non-U.S. stocks, as their foreign denominated holdings appreciated in U.S. dollar terms. Toward the end of 2009, as market confidence and global growth returned, central banks of some of the fiscally stronger countries (e.g. Norway, Australia, and India) began to tighten their monetary policies.

In 2009, Colorado PERA's global equity portfolio returned 30.3 percent, compared to its benchmark's total return of 31.9 percent. Colorado PERA's three-year annualized global equity portfolio total return was negative 4.4 percent, beating the benchmark's return of negative 4.7 percent. The five-year annualized total return for Colorado PERA's global equity portfolio was 2.5 percent, compared to the benchmark's total return of 2.2 percent.

Fixed Income

Record volatility and impaired liquidity in 2008 and early 2009 gave way to better-functioning financial markets, robust demand for higher risk assets and strengthening economic conditions by the end of 2009. The massive flight to quality (e.g. Treasury notes and bonds) that dominated the fixed income markets in 2008 reversed during 2009. Investors experienced the sharpest rally in credit markets in more than 70 years. The near collapse of the global financial system in 2008 forced policymakers around the world to engage in unprecedented efforts to stabilize the financial markets and reflate the global economies.

While the Federal Reserve maintained a policy of low short-term rates, yields on Treasury securities rose across all maturities, with the yield on longer-maturity Treasury bonds rising the most. As the prices of Treasury bonds move in the opposite direction of yields, longer-maturity Treasuries experienced significant price declines during 2009. Credit spreads, the difference between yields of higher risk fixed income securities and Treasury securities, narrowed dramatically. The lower credit quality assets such as high yield and emerging market debt produced the largest total return in 2009, reversing much of the underperformance from 2008.

In the United States, the federal government introduced a number of asset purchase programs and financial guarantees to provide liquidity and support to the markets and to financial institutions. New acronyms, such as TARP (Troubled Asset Relief Program),

TALF (Term Asset-Backed Securities Loan Facility) and PPIP (Public-Private Investment Program), became part of the financial vocabulary in 2009. Many of these programs are scheduled to expire during 2010. A key risk that fixed income investors are now considering is how much will bond yields rise as these programs expire, as the supply of government debt increases sharply and as the Federal Reserve, along with other central banks, begin to tighten monetary policy.

Colorado PERA's fixed income portfolio returned 8.6 percent during 2009, which matched the benchmark's return of 8.6 percent. Colorado PERA's three-year and five-year returns for the fixed income portfolio were 6.4 percent and 5.4 percent compared to the benchmark's returns of 5.8 percent and 5.0 percent, respectively.

Alternatives

2009 proved to be an introspective year for private equity and venture capital. The economy began the year in recession and the capital markets had all but closed its doors late in 2008 and through the second quarter of 2009. The availability of debt required to consummate private equity transactions was nonexistent, potential capital call defaults from investors were a concern, and fundraising for both venture capital and buyout firms was at a standstill. Many private equity investors or limited partners, like Colorado PERA, were constrained due to the denominator effect (an increase in the actual alternative asset allocation percentage as a result of declines in equity valuations). The result was few new commitments were made to investment opportunities in the asset class.

Fundraising for U.S. private equity firms was at its lowest levels since 2003, with private equity funds raising approximately \$96 billion in 2009. This total was down 68 percent from the \$300 billion raised in 2008. As a result of the fundraising difficulty, private equity firms focused on their existing portfolios by shoring up capital structures, refinancing debt when possible and implementing major cost cutting initiatives in their portfolio companies. The goal was to come out of the difficult market environment intact and be able to rebound when the economy showed signs of life.

During the course of 2009, there were initial signs of stability in the U.S. economy and in the financial system based largely on the unprecedented amount of support by the U.S. government. TALF and PPIP initiatives gave financial institutions the ability to restart their lending businesses. In the latter part of 2009, some banks showed a renewed willingness to underwrite debt as their appetite for risk increased slightly. This, in turn, gave many private equity sponsors and their underlying businesses the ability to refinance debt and extend maturities in the face of a looming wall of debt maturities coming due over the next few years.

Other newsworthy events centered on potential regulation of the private equity industry. In response to fraudulent activity among certain money managers, there were talks of having all private equity and venture capital firms register with the Securities and Exchange Commission (SEC). Placement agents, or third-party

marketing firms that assist private equity firms in fundraising, were also a focus of the SEC due to “pay to play” scandals at various institutions. Taxation of carried interest, or the profit margins associated with private equity, resurfaced as part of broader tax reform in the U.S. Lastly, proposals by the European Commission could curtail some U.S. firms’ ability to raise capital from European investors. The outcomes of these regulatory issues are uncertain, but will be closely watched by investors and sponsors in the private equity community.

Overall, valuations and performance increased during the year as sponsors were required to mark to market their portfolio holdings, which were based largely on public market comparables. Cash flow, however, remained negative in 2009 as more capital was called to fund commitments and fewer exits were completed during the year. The portfolio paid \$403 million in capital calls and received \$310 million in distributions for the year. In 2009, Colorado PERA completed one leveraged buyout commitment totaling \$40 million.

Colorado PERA’s alternative investment portfolio returned 15.8 percent in 2009 compared with the custom alternatives benchmark return of 31.6 percent. Colorado PERA’s alternative investment portfolio returned 0.6 percent and 8.5 percent for the three- and five-year annualized periods compared with the annualized custom benchmark returns of negative 2.2 percent and 4.0 percent, respectively, for the same periods. The alternative investment program’s net, since inception internal rate of return as of December 31, 2009, is 10.0 percent compared to the custom benchmark’s since inception internal rate of return of 9.6 percent.

Real Estate

The U.S. commercial real estate market and the related property fundamentals continued to decline in 2009. Job losses, a key driver of real estate performance, have reached 7 million during the current economic downturn, virtually eliminating all the jobs created in the decade. Deceleration of the U.S. economy coupled with a tightening of the debt markets negatively impacted real estate performance in 2009. This cycle is expected to continue in the near term, albeit at a slower pace. Property market fundamentals (including supply, demand and rental growth) across the primary property types have deteriorated sharply in 2009, approaching historically low levels not experienced in two decades.

The commercial capital markets have been seriously impacted by the global economic recession and the adverse impact on commercial real estate financing and refinancing has slowed the acquisition and sales activity in the commercial property markets during the year. In 2009, actual property sales were approximately \$50 billion, the lowest level this decade, representing approximately 1 percent of the value of institutional quality real estate compared to an average of 8 percent property sale activity for the prior five years. The combination of deteriorating property fundamentals and impaired capital markets has severely reduced the capital value of real estate investments.

The European markets have performed in a similar fashion to the U.S. The U.K. market actually experienced a loss of value starting in 2008, and appears to have bottomed out in 2009. In Asia, the credit market dislocation had a significant impact in 2009, similar to the U.S. in magnitude and timing.

In 2009, the real estate portfolio had a total return of negative 28.3 percent, compared to its custom benchmark return of negative 29.4 percent. The real estate portfolio returned negative 11.5 percent and 1.5 percent for the three- and five-year annualized periods, compared to the custom benchmark returns of negative 9.6 percent and negative 0.5 percent, respectively. At December 31, 2009, real estate was principally comprised of U.S. private equity and international private equity investments.

Opportunity Fund

As of December 31, 2009, Colorado PERA’s Opportunity Fund is comprised of allocations to timber and to commodities with the initial investment to commodities occurring in September 2009.

Timber prices remained depressed in all regions throughout the year reflecting a weak domestic economy which was significantly impacted by the soft housing market. In many cases, timber managers chose to postpone harvesting until the market improves. The portfolio’s international exposure provided a positive offset with improved exports due to increasing demand from the Far East.

Colorado PERA’s timber portfolio produced one-, three-, and five-year annualized returns of 0.2 percent, 5.5 percent, and 8.7 percent, respectively compared with the NCREIF Timberland Index returns of negative 4.8 percent, 7.3 percent and 10.9 percent, respectively, for these periods. Colorado PERA’s Opportunity Fund portfolio returned 3.7 percent in 2009 compared to its custom benchmark return of 25.0 percent.

Schedule of Investment Results

Does not include the Defined Contribution Plans
As of December 31, 2009

Ennis, Knupp & Associates, Inc., the Board's Investment Performance consultant, provides the investment returns for the fund based on data made available by the fund's custodian, The Northern Trust Company. Listed below are the one-, three-, five-, and ten-year net-of-fee time-weighted rates of return for each asset class and their respective benchmarks.

	2009	3-YEAR	5-YEAR	10-YEAR
Colorado PERA Total Portfolio	17.4%	(1.5%)	3.9%	3.3%
Total Fund Policy Benchmark ¹	20.9%	(1.7%)	3.3%	—
Median Plan (BNY Mellon Performance and Risk Analytics' Median Public Fund Universe)	19.8%	(1.0%)	3.6%	3.7%
Global Stocks	30.3%	(4.4%)	2.5%	1.8%
Custom Equity Benchmark ¹	31.9%	(4.7%)	2.2%	—
Fixed Income	8.6%	6.4%	5.4%	6.4%
Barclays Capital Universal ¹	8.6%	5.8%	5.0%	6.4%
Barclays Capital Aggregate	5.9%	6.0%	5.0%	6.3%
Alternative Investments	15.8%	0.6%	8.5%	5.9%
Custom Alternative Benchmark ²	31.6%	(2.2%)	4.0%	2.8%
Real Estate	(28.3%)	(11.5%)	1.5%	7.5%
Custom Real Estate Benchmark ³	(29.4%)	(9.6%)	(0.5%)	5.8%
Opportunity Fund	3.7%	—	—	—
Public Markets Benchmark ⁴	25.0%	—	—	—

Note: Performance calculations were prepared using net-of-fee time-weighted rates of return.

¹ The Colorado PERA Board adopted benchmarks beginning April 1, 2004, for each of the various asset classes. The adopted benchmarks have changed over time and, accordingly, the benchmark returns presented represent a blend, as follows:

- The Total Fund Benchmark is a combination of 58 percent of the Custom Equity Benchmark; 25 percent of the Barclays Capital Universal Bond Index; 7 percent of the Colorado PERA Custom Real Estate Benchmark; 7 percent of the Colorado PERA Custom Alternative Benchmark, and 3 percent of the Public Markets Benchmark. For 2008, the Total Fund Benchmark was a combination of 43 percent of the Dow Jones Wilshire 5000 Stock Index; 15 percent of the Morgan Stanley Capital International All Country World Ex-U.S. Index; 25 percent of the Barclays Capital Universal Bond Index; 7 percent of the Colorado PERA Custom Real Estate Benchmark; 7 percent of the Colorado PERA Custom Alternative Benchmark, and 3 percent of the Public Markets Benchmark. Prior to January 1, 2008, the weight for the DJ Wilshire 5000 was 45 percent and the NCREIF Timber Index (which was replaced by the Public Markets Benchmark in 2008) was 1 percent. Prior to January 1, 2006, the weight for the MSCI ACWI excluding U.S. Index was 14 percent and the Custom Alternative Benchmark was 8 percent.
- Global Stocks—74.1 percent DJ U.S. Total Stock Market Index (replaced the DJ Wilshire 5000 in 2009) and 25.9 percent MSCI ACWI excluding U.S. Index. Prior to January 1, 2008, 75 percent DJ Wilshire 5000 and 25 percent MSCI ACWI excluding U.S. Index. Prior to January 1, 2006, 76.3 percent DJ Wilshire 5000 and 23.7 percent MSCI ACWI excluding U.S. Index.
- Fixed Income—Barclays Capital Universal beginning April 1, 2004; Barclays Capital Aggregate prior to April 1, 2004.

² DJ U.S. Total Stock Market Index (replaced the DJ Wilshire 5000 in 2009) plus 300 basis points annually.

³ Beginning January 1, 2006: NFI (NCREIF Open-End Core Fund Index) plus 100 basis points annually; prior to January 1, 2006: 15 percent NAREIT, 45 percent NCREIF Property, 20 percent CITI Mortgage, and 20 percent Global Property Research.

⁴ Beginning January 1, 2008: 51.8 percent DJ U.S. Total Stock Market Index (replaced the DJ Wilshire 5000 in 2009), 18.1 percent MSCI ACWI excluding U.S., and 30.1 percent Barclays Capital Universal.

Profile of Investments in Colorado

Does not include the Defined Contribution Plans

As of December 31, 2009

(In Thousands of Dollars)

	MARKET VALUE
Common stock of companies headquartered in Colorado	\$130,651
Funds under management of Colorado companies ¹	98,795
Real Estate equity	33,701
Committed to future funding	9,777
Colorado PERA portion of general partnerships investing in Colorado companies ²	25,515
Bonds and notes of companies headquartered in Colorado	16,893
Total	\$315,332

¹ Venture capital partnerships and private placements domiciled in Colorado.

² General Partners based outside of Colorado.

Largest Stock Holdings by Market Value

Does not include the Defined Contribution Plans

As of December 31, 2009

(In Thousands of Dollars)

	SHARES	MARKET VALUE
Exxon Mobil Corp.	5,560,000	\$379,136
Microsoft Corp.	9,500,264	289,663
International Business Machines Corp.	1,798,700	235,450
Apple Inc.	1,014,900	214,002
Chevron Corp.	2,646,560	203,759
AT&T Inc.	6,922,132	194,027
JP Morgan Chase & Co.	4,570,621	190,458
Procter & Gamble Co.	3,069,447	186,101
Google Inc.	291,700	180,848
Pfizer Inc.	9,843,224	179,048

The top ten holdings do not include commingled funds.

A complete list of holdings is available upon request.

Largest Bond Holdings by Market Value

Does not include the Defined Contribution Plans

As of December 31, 2009

(In Thousands of Dollars)

	PAR VALUE	INCOME RATE	MATURITY DATE	MARKET VALUE
US Treasury Notes	\$229,000	1.125%	1/15/2012	\$228,785
US Treasury Notes	170,000	1.000%	10/31/2011	169,847
US Treasury Bills	127,700	0.000%	10/21/2010	127,299
US Treasury Bonds	73,227	6.250%	8/15/2023	87,460
US Treasury Notes	88,000	2.375%	8/31/2014	87,354
US Treasury Bonds	80,000	2.375%	9/30/2014	79,325
FNMA Pool #745418	68,208	5.500%	4/1/2036	71,646
US Treasury Notes	60,000	4.125%	5/15/2015	63,975
US Treasury Notes	60,000	4.000%	2/15/2015	63,769
US Treasury Notes	55,000	4.875%	8/15/2016	60,483

The top ten holdings do not include commingled funds.

A complete list of holdings is available upon request.

Overview

The Colorado PERA Voluntary Investment Program was established on January 1, 1985, under Section 401(k) of the Internal Revenue Code; the Colorado PERA Defined Contribution (DC) Plan was established January 1, 2006 as an Internal Revenue Code §401(a) governmental profit-sharing plan (collectively, “the Plans”). This section includes information about the Plans; however, a separate Annual Report for Colorado PERA’s 401(k) and DC Plans is published and mailed to all plan participants.

The Voluntary Investment Program includes voluntary contributions made by employees of a Colorado PERA-affiliated employer in the State, School, Local Government, and Judicial Division Trust Funds. These contributions are entirely separate from those that members make to the defined benefit plan each month. The Colorado PERA DC plan offers a defined contribution alternative to Colorado PERA’s defined benefit plan for new State employees hired on or after January 1, 2006, and certain community college employees hired on or after January 1, 2008.

On December 31, 2009, the Voluntary Investment Program had net assets of \$1,674,861 and 75,819 accounts, a net increase of 29 percent in total plan value in one year, and a 5 percent increase in the number of participants.

On December 31, 2009, the Colorado PERA DC Plan had net assets of \$37,475 and 3,039 accounts, a net increase of 650 percent in total plan value in the year, and a 252 percent increase in the number of participants with an account.

Voluntary Investment Program Year-End Statistics

YEAR	ASSETS	NUMBER OF ACCOUNTS
2000	\$557,670	35,162
2001	674,618	64,632
2002	737,849	70,664
2003	914,015	72,185
2004	1,204,725	73,634
2005	1,296,998	72,867
2006	1,522,244	72,707
2007	1,730,930	72,832
2008	1,303,807	72,353
2009	1,674,861	75,819

Colorado PERA DC Plan Year-End Statistics

YEAR	ASSETS	NUMBER OF ACCOUNTS
2006	\$595	225
2007	2,547	489
2008	4,996	864
2009	37,475	3,039

Outline of Investment Policies

Objectives

The Colorado PERA Board is responsible for approving an appropriate range of investments that address the risk/return

spectrum available to the participants of the Plans. It is the objective of the Plans to:

- Provide sufficient variety among the investment categories so that participants may choose from a range of investment opportunities having different expected risks and different expected returns within a reasonably limited number of choices.
- Provide investment funds that have investment returns comparable to returns for funds having similar objectives and risk within the particular investment categories.
- Control management costs within reasonable and prudent levels.

Responsibilities

The Colorado PERA Board is responsible for:

- The oversight of the Plans and portfolio composition.
- Approving changes to the plan document.
- Approving the investment policy and amendments thereto.
- Accepting or rejecting the Investment Advisory Committee’s recommendations with regard to policy, objectives and specific investment categories and funds.

The Investment Advisory Committee (IAC), a committee of internal management staff, monitors and evaluates the Plans’ investment asset mix and funds, and the performance of fund managers. R.V. Kuhn’s & Associates, Inc. serves as consultant to the IAC.

Recommendations of the IAC are presented to the Chief Investment Officer and the Chief Operating Officer of Colorado PERA. Upon concurrence of the Chief Investment Officer and the Chief Operating Officer, the recommendations are presented to the Benefits Committee of the Board for its consideration.

Investment Options

The Plans’ assets can be invested in one or more of the following investments:

- *Northern Trust Institutional Government Select Fund*: The fund invests substantially in securities issued or guaranteed as to principal and interest by the U.S. government, its agencies, instrumentalities or sponsored enterprises. Managed by The Northern Trust Company.
- *PIMCO Low Duration Fund*: Primarily invests in domestic corporate and government fixed income securities of varying maturities with a portfolio duration ranging between one and three years. Managed by PIMCO.
- *PIMCO Total Return Fund*: Primarily invests in high quality intermediate-term bonds across the government, non-U.S. developed, investment grade credit and mortgage sectors. Managed by PIMCO.
- *Dodge & Cox Balanced Fund*: The fund is a combination of common stocks and fixed income securities (corporate and mortgage-related), with no more than 75 percent of the assets in stocks. Managed by Dodge & Cox.

- *Pax World Balanced Institutional Fund:* The fund seeks to invest in forward-thinking companies with sustainable business models that meet positive environmental, social and governance standards. Management avoids investing in companies significantly involved in the manufacture of weapons or weapons-related products, the manufacture of tobacco products, companies involved in gambling as a main line of business, or those that engage in unethical business practices. Managed by Pax World.
- *Vanguard Institutional Index Fund:* The fund employs a passive management strategy designed to track the performance of the Standard & Poor’s 500 Index, which is dominated by the stocks of large U.S. companies. The fund attempts to replicate the target index by investing all or substantially all of its assets in the stocks that make up the index. Managed by Vanguard.
- *Dodge & Cox Stock Fund:* The fund seeks long-term growth of principal and income by primarily investing in a broadly diversified portfolio of medium-to-large well established companies. A secondary objective is to achieve a reasonable current income. Managed by Dodge & Cox.
- *Colorado PERA Growth & Income Stock Fund:* Primarily invests in common stocks of high-quality companies with a broad range of capitalization, The Fund offers the potential for both appreciation and current dividends. Managed by Colorado PERA investment staff.
- *Fidelity Contrafund:* Primarily invests in domestic common stocks whose value is believed to not be fully recognized by the public. Investments are either in growth or value stocks or both. Managed by Fidelity Investments.
- *Rainier Large Cap Growth Fund:* The fund invests primarily in the common stock of U.S. growth companies, with the majority of the companies owned having a market capitalization of over \$5 billion. Stock selection focuses on companies that are likely to demonstrate superior earnings, revenue or cash flow growth relative to their industry peers. Managed by Rainier Investment Management.
- *American Funds EuroPacific Growth Fund:* Primarily invests in equity securities of issuers domiciled in Europe or the Pacific Basin. The fund seeks long-term growth in companies from small firms to large corporations. This fund may also invest in securities through American and European depository receipts, securities convertible into common stocks, bonds and cash. Managed by the American Funds Capital Research and Management Company.
- *Vanguard Mid Cap Index Fund:* The fund seeks to track the performance of the MSCI US Mid Cap 450 index, a broadly diversified index of medium-size U.S. companies. The fund employs a passive management approach by investing in substantially all of the stocks in the index in approximately the same proportion as their weighting in the index. Managed by Vanguard.
- *T. Rowe Price Small Cap Value Fund:* Primarily invests in domestic companies with a market capitalization that is within or below

the range of companies in the Russell 2000 index. The fund seeks companies whose stocks are believed to be undervalued. May also invest in other securities including bonds, foreign stocks, futures and options. Managed by T. Rowe Price.

- *Vanguard Small-Cap Index Fund:* The fund seeks to track the performance of a benchmark index that measures the investment return of small capitalization stocks. It holds all 1,750 stocks that make up the MSCI U.S. Small Cap 1,750 Index in proportion to their weighting in the index. Managed by Vanguard.
- *TCM Small Cap Growth Fund:* Primarily invests in domestic stocks with a market capitalization consistent with size of companies in the Russell 2000 index. The fund seeks to identify companies with superior earnings growth potential and sustainable valuations. Managed by Tygh Capital Management.
- *Fidelity Freedom Funds:* Six funds with varying asset mixes and risk levels based on the retirement dates of participants that are designed for those who do not wish to actively manage their portfolios. Managed by Fidelity Investments.

2009 Changes

Effective July 1, 2009, three new funds were added: the Vanguard Mid Cap Index Fund, the T. Rowe Price Small Cap Value Fund and the TCM Small Cap Growth Fund. The new funds were added at the recommendation of the IAC and approval by the Benefits Committee of the Board to provide additional variety among the investment categories in conjunction with the State of Colorado DC Plan transfer. The Vanguard Mid Cap Index Fund was chosen to map pre-existing State DC Plan active mid cap options into a similar investment and risk profile. Vanguard was chosen for its primary focus on passive management strategies and low fees. The actively managed small cap growth and small cap value options were chosen for the outperformance potential versus the benchmark in the active small cap area. T. Rowe Price and Tygh Capital Management were seen to be highly qualified based on strong institutional track records and strong past performance results through various market cycles.

Loans

Participants in the Voluntary Investment Program may access their funds through loans as allowed under plan policy and the Internal Revenue Service. Loans are prohibited from Colorado PERA’s DC Plan.

Administrative Fees

An administrative fee pays for recordkeeping, communications, education, consulting, staff, and other overhead expenses. In 2009, the fees (in actual dollars) were as follows:

ACCOUNT BALANCE	MONTHLY FEE	TOTAL FEE PER YEAR
\$0–\$25,000	\$2.00	\$24.00
\$25,000.01–\$50,000	\$2.25	\$27.00
\$50,000.01–\$75,000	\$2.50	\$30.00
\$75,000.01–\$100,000	\$2.75	\$33.00
\$100,000.01–\$125,000	\$3.00	\$36.00
\$125,000.01 or greater	\$3.25	\$39.00

Expenses are offset by a partial return of investment fees by some funds.

Voluntary Investment Program and Defined Contribution Retirement Plan Schedule of Investment Results

FUND/BENCHMARK	2009	3-YEAR	5-YEAR
Northern Trust Institutional Government Select Fund¹	0.1%	2.3%	3.0%
Merrill Lynch 90 Day T-Bills	0.2%	2.4%	3.0%
PIMCO Low Duration Fund	13.4%	6.5%	4.9%
Merrill Lynch Treasury 1-3 year	0.8%	4.9%	4.0%
PIMCO Total Return Fund	13.8%	9.2%	6.9%
Barclays Capital Aggregate	5.9%	6.0%	5.0%
Dodge & Cox Balanced Fund	28.4%	(4.6%)	1.0%
60% S&P 500/40% Barclays Capital Aggregate	18.4%	(0.7%)	2.5%
Pax World Balanced Institutional Fund²	21.7%	(2.5%)	1.6%
60% S&P 500/40% Barclays Capital Aggregate	18.4%	(0.7%)	2.5%
Vanguard Institutional Index Fund	26.6%	(5.6%)	0.5%
S&P 500	26.5%	(5.6%)	0.4%
Dodge & Cox Stock Fund	31.3%	(9.3%)	(0.7%)
Russell 1000 Value	19.7%	(9.0%)	(0.3%)
Colorado PERA Growth & Income Fund	22.3%	(3.1%)	2.7%
S&P 500	26.5%	(5.6%)	0.4%
Fidelity Contrafund	29.2%	(0.9%)	4.8%
S&P 500	26.5%	(5.6%)	0.4%
Rainier Large Cap Growth Equity Fund³	32.5%	—	—
Russell 1000 Growth	37.2%	—	—
American Funds EuroPacific Growth Fund	39.6%	(0.3%)	8.0%
MSCI ACW Ex USA (Net)	41.5%	(3.5%)	5.8%
Vanguard Mid Cap Index Fund⁵	40.4%	—	—
MSCI US Mid Cap 450 index	40.5%	—	—
T. Rowe Price Small Cap Value Fund⁵	26.9%	—	—
MSCI Small Cap 1750 Index	20.6%	—	—
Vanguard Small Cap Index Fund⁴	36.4%	(4.0%)	2.0%
MSCI Small Cap 1750 Index	36.2%	(4.2%)	1.8%
TCM Small Cap Growth Fund⁵	26.9%	—	—
Russell 2000 Growth	34.5%	—	—
Fidelity Freedom Income Fund	16.1%	2.3%	3.4%
FID Freedom Income Custom Index	10.4%	2.7%	3.7%
Fidelity Freedom 2000 Fund	16.5%	1.8%	3.2%
FID Freedom 2000 Custom Index	10.9%	2.1%	3.5%
Fidelity Freedom 2010 Fund	24.8%	0.0%	3.0%
FID Freedom 2010 Custom Index	19.6%	0.4%	3.3%
Fidelity Freedom 2020 Fund	28.9%	(1.7%)	2.7%
FID Freedom 2020 Custom Index	24.7%	(1.4%)	3.0%
Fidelity Freedom 2030 Fund	30.6%	(3.5%)	2.0%
FID Freedom 2030 Custom Index	28.3%	(3.0%)	2.4%
Fidelity Freedom 2040 Fund	31.7%	(4.2%)	1.7%
FID Freedom 2040 Custom Index	30.7%	(3.5%)	2.3%

Performance is net of management fees, except for Colorado PERA Growth & Income Fund, which is shown gross of fees. Performance is measured using time-weighted rates of return and is calculated by R.V. Kuhns & Associates. Performance for periods greater than one year is annualized.

¹ Northern Trust Institutional Government Select Fund replaced the Northern Trust Short Term Fund effective July 1, 2008. Performance for all periods is for the Northern Trust Institutional Government Select Fund.

² This fund joined effective January 1, 2008.

³ This fund joined effective June 30, 2008.

⁴ This fund joined effective June 30, 2005.

⁵ These funds joined effective July 1, 2009.

	MARKET VALUE	PERCENT OF TOTAL MARKET VALUE		
	DECEMBER 31, 2009	2009	2008	2007
Northern Trust Institutional Government Select Fund ¹	\$143,073	8.6%	12.8%	7.0%
PIMCO Low Duration Fund	66,316	4.0%	3.4%	2.2%
PIMCO Total Return Fund	189,669	11.3%	10.6%	5.7%
Dodge & Cox Balanced Fund	229,553	13.7%	12.9%	15.0%
Pax World Balanced Institutional Fund ²	3,268	0.2%	0.1%	—
Vanguard Institutional Index Fund	69,577	4.2%	3.8%	4.5%
Dodge & Cox Stock Fund	118,099	7.1%	6.5%	9.2%
Colorado PERA Growth & Income Fund	274,162	16.4%	17.8%	20.3%
Fidelity Contrafund	200,510	12.0%	12.1%	14.6%
Rainier Large Cap Growth Equity Fund ³	65,323	3.9%	3.5%	—
American Funds EuroPacific Growth Fund	149,111	8.9%	7.5%	10.1%
Vanguard Mid Cap Index Fund ⁵	6,643	0.4%	—	—
T. Rowe Price Small Cap Value Fund ⁵	1,562	0.1%	—	—
Vanguard Small Cap Index Fund ⁴	25,009	1.5%	1.1%	1.1%
TCM Small Cap Growth Fund ⁵	681	0.0%	—	—
Fidelity Freedom Income Fund	7,625	0.5%	0.4%	0.2%
Fidelity Freedom 2000 Fund	7,110	0.4%	0.5%	0.3%
Fidelity Freedom 2010 Fund	16,442	1.0%	0.9%	0.8%
Fidelity Freedom 2020 Fund	20,941	1.2%	1.0%	0.9%
Fidelity Freedom 2030 Fund	13,155	0.8%	0.7%	0.6%
Fidelity Freedom 2040 Fund	8,311	0.5%	0.4%	0.4%
GMO U.S. Growth Fund ⁶	—	—	—	4.2%
Member Loans	54,716	3.3%	4.0%	2.9%

¹ Northern Trust Institutional Government Select Fund replaced the Northern Trust Short Term Fund effective July 1, 2008. Performance for all periods is for the Northern Trust Institutional Government Select Fund.

² This fund joined effective January 1, 2008.

³ This fund joined effective June 30, 2008.

⁴ This fund joined effective June 30, 2005.

⁵ These funds joined effective July 1, 2009.

⁶ This fund was removed on June 30, 2008.

Colorado Defined Contribution Retirement Plan Investment Summary
(In Thousands of Dollars)

	MARKET VALUE	PERCENT OF TOTAL MARKET VALUE		
	DECEMBER 31, 2009	2009	2008	2007
Northern Trust Institutional Government Select Fund ¹	\$1,358	3.9%	42.5%	56.3%
PIMCO Low Duration Fund	5,182	14.7%	0.5%	0.3%
PIMCO Total Return Fund	1,902	5.4%	3.9%	2.6%
Dodge & Cox Balanced Fund	5,772	16.4%	27.7%	4.9%
Pax World Balanced Institutional Fund ²	25	0.1%	0.1%	—
Vanguard Institutional Index Fund	2,748	7.8%	1.8%	1.9%
Dodge & Cox Stock Fund	1,460	4.2%	4.9%	7.3%
Colorado PERA Growth & Income Fund	565	1.6%	2.7%	3.4%
Fidelity Contrafund	433	1.2%	3.2%	4.5%
Rainier Large Cap Growth Equity Fund ³	1,924	5.5%	0.4%	—
American Funds EuroPacific Growth Fund	3,464	9.9%	5.1%	8.4%
Vanguard Mid Cap Index Fund ⁵	1,992	5.7%	—	—
T. Rowe Price Small Cap Value Fund ⁵	629	1.8%	—	—
Vanguard Small Cap Index Fund ⁴	354	1.0%	1.8%	3.1%
TCM Small Cap Growth Fund ⁵	1,210	3.4%	—	—
Fidelity Freedom Income Fund	71	0.2%	0.4%	0.1%
Fidelity Freedom 2000 Fund	77	0.2%	0.2%	0.2%
Fidelity Freedom 2010 Fund	440	1.3%	0.6%	0.6%
Fidelity Freedom 2020 Fund	2,652	7.5%	0.7%	0.8%
Fidelity Freedom 2030 Fund	1,519	4.3%	1.9%	2.7%
Fidelity Freedom 2040 Fund	1,356	3.9%	1.6%	2.5%
GMO U.S. Growth Fund ⁶	—	—	—	0.4%

¹ Northern Trust Institutional Government Select Fund replaced the Northern Trust Short Term Fund effective July 1, 2008. Performance for all periods is for the Northern Trust Institutional Government Select Fund.

² This fund was added on January 1, 2008.

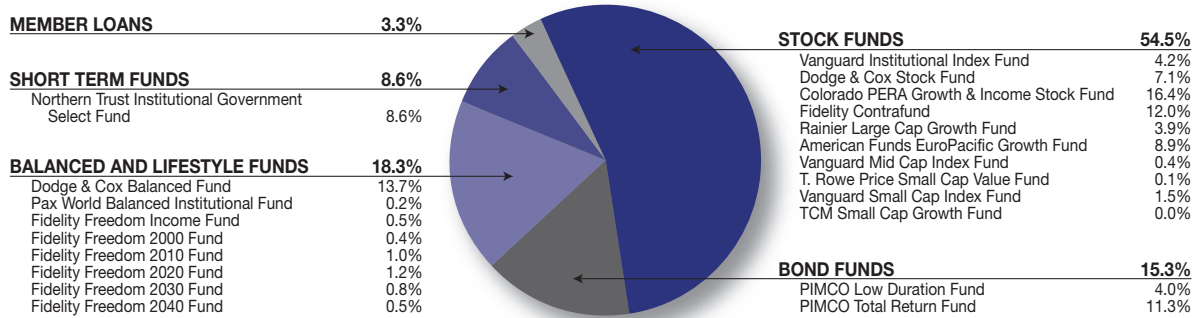
³ This fund was added on June 30, 2008.

⁴ This fund was added on June 30, 2005.

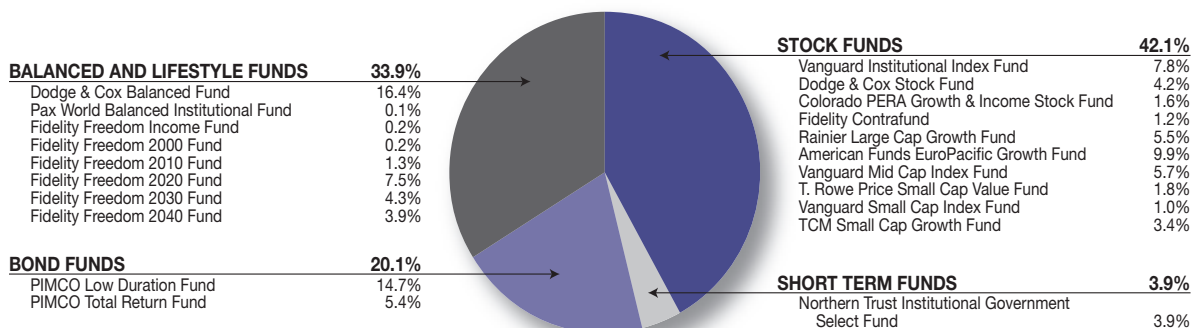
⁵ These funds were added on July 1, 2009.

⁶ This fund was removed on June 30, 2008.

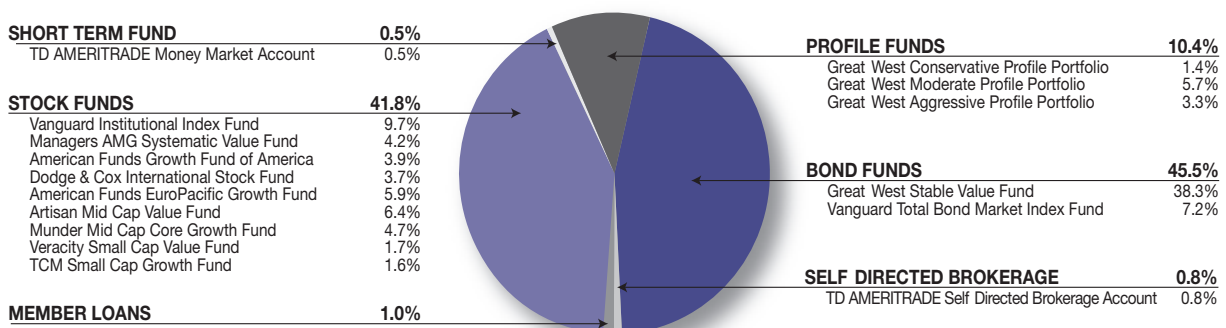
VOLUNTARY INVESTMENT PROGRAM (401(k) PLAN)



COLORADO PERA DC PLAN



DEFERRED COMPENSATION PLAN (457 PLAN)



Overview

The Colorado PERA Deferred Compensation Plan (457 Plan) was established on July 1, 2009, under Section 457 of the Internal Revenue Code. This overview includes information about the 457 Plan; however, a separate Annual Report for Colorado PERA's Deferred Compensation Plan is published and mailed to all plan participants.

On December 31, 2009, the 457 Plan had net assets of \$393,352 and 18,007 accounts, a net increase of 17 percent in the total plan value since July 1, 2009, and a 2 percent increase in the number of participants.

457 Plan Statistics

PERIOD END	ASSETS	NUMBER OF ACCOUNTS
July 1, 2009	\$336,504	17,602
December 31, 2009	393,352	18,007

Outline of Investment Policies

Objectives and Responsibilities

The Colorado PERA Board is responsible for approving an appropriate range of investments that address the risk/return spectrum available to the 457 Plan's participants. It is the objective of the plan to:

- Provide sufficient variety among the investment categories so that participants may choose from a range of investment opportunities having different expected risks and different expected returns within a reasonably limited number of choices.
- Provide investment funds that have investment returns comparable to returns for funds having similar objectives and risk within the particular investment categories.
- Control management costs within reasonable and prudent levels.

Responsibilities

The Colorado PERA Board is responsible for:

- The oversight of the 457 Plan and portfolio composition.
- Approving changes to the plan document.
- Approving the investment policy and amendments thereto.
- Accepting or rejecting the Investment Advisory Committee's recommendations with regard to policy, objectives and specific investment categories and funds.

The Investment Advisory Committee (IAC), a committee of internal management staff, monitors and evaluates the plan's investment asset mix and funds, and the performance of fund managers. R.V. Kuhn's & Associates, Inc. serves as consultant to the IAC.

Recommendations of the IAC are presented to the Chief Investment Officer and the Chief Operating Officer of Colorado PERA. Upon concurrence of the Chief Investment Officer and the Chief Operating Officer, the recommendations are presented to the Benefits Committee of the Board for its consideration.

Investment Options

The Colorado PERA's 457 Plan assets can be invested in one or more of the following investments:

- *Great-West Stable Value Fund:* The investment objective of this fund is to provide a competitive stable interest rate to participants of the Fund while at the same time ensuring that the principal plus accrued interest is always available to participants for benefit payments and transfer needs. The Fund invests in securities issued by the U.S. Government or one of its agencies, as well as high-grade corporate bonds. Managed by Great-West Life & Annuity Insurance Company.
- *Vanguard Total Bond Market Index Fund:* The investment seeks to track the performance of a broad, market-weighted bond index. The fund invests by sampling the index with at least 80 percent of assets in domestic bonds held in the index. The fund maintains a dollar-weighted average maturity consistent with that of the index, ranging between 5 and 10 years. Managed by Vanguard.
- *Vanguard Institutional Index Fund:* The investment seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up Standard & Poor's 500 Index. The Standard & Poor's 500 Index is an unmanaged, market-weighted index that consists of the 500 largest publicly traded companies and is considered representative of the broad U.S. stock market. Managed by Vanguard.
- *Managers AMG Systematic Value Fund:* The investment seeks long-term capital appreciation. The fund primarily invests in a diversified portfolio of medium- and large-capitalization U.S. companies that are within the range of capitalizations of companies in the Russell 1000 Value index. Managed by Managers Investment Group.
- *American Funds Growth Fund of America:* The investment seeks capital growth by investing primarily in common stocks. The fund seeks to invest in companies that appear to offer superior opportunities for growth of capital. It may also hold cash or money market instruments. The fund may invest up to 15 percent of its assets in securities of issuers domiciled outside the United States and Canada and not included in Standard & Poor's 500 Composite Index. Managed by the American Funds Capital Research and Management Company.
- *Dodge & Cox International Stock Fund:* The investment seeks long-term growth of principal and income. The fund generally invests primarily in a diversified portfolio of equity securities issued by non-U.S. companies from at least three different foreign countries, including emerging markets. It focuses on countries whose economic and political systems appear more stable and are believed to provide some protection to foreign shareholders. The fund invests primarily in medium-to-large well established companies based on standards of the applicable market. Managed by Dodge & Cox.

- *American Funds EuroPacific Growth Fund:* The fund normally invests at least 80 percent of net assets in securities of issuers in Europe and the Pacific Basin that the investment adviser believes have the potential for growth. Growth stocks are stocks that the investment adviser believes have the potential for above-average capital appreciation. Managed by the American Funds Capital Research and Management Company.
- *Artisan Mid Cap Value Fund:* The investment seeks maximum long-term capital growth. The fund invests primarily in U.S. companies and, under normal market conditions, the fund invests no less than 80 percent of net assets in the common stocks of medium-sized companies with a market capitalization greater than the market capitalization of the smallest company in the Russell Mid-Cap Index and less than three times the weighted average market capitalization of companies in that index. The maximum investment in any single industry is 25 percent of net assets and no more than 5 percent may be invested in securities of a single issuer. Managed by Artisan Funds, Limited Partnership.
- *Munder Mid Cap Core Growth Fund:* The investment seeks long-term capital appreciation. The fund normally invests at least 80 percent of assets in the equity securities of mid-capitalization companies. Mid-capitalization companies are those companies with market capitalizations within the range of companies included in the S&P Mid-Cap 400 index, or within the range of companies included in the Russell Mid-Cap index. The fund may use futures and/or exchange-traded funds (ETFs) to manage cash. Managed by Munder Capital Management.
- *Veracity Small Cap Value Fund:* The investment seeks long-term capital growth. The fund normally invests 80 percent of assets in the common stocks of domestic companies with market capitalizations of less than \$2 billion at the time of investment. Its portfolio typically consists of 100 to 150 companies at any given point in time. The fund invests in companies that appear to be under-priced according to certain financial measurements of their intrinsic worth and/or business prospects. Managed by Veracity Integrity Asset Management, LLC.
- *TCM Small Cap Growth Fund:* The investment seeks long-term capital appreciation. The fund invests at least 80 percent of assets in stocks of small capitalization companies. It invests most of its assets in U.S. common stocks expected to experience long-term, above-average, earnings growth. The fund may also invest in securities convertible into or exercisable for stock, certain derivative investments, and ADRs. It may also invest in equity securities of foreign issuers when consistent with the fund's investment objective. Managed by Tygh Capital Management.
- *Conservative Profile Portfolio:* The purpose of the Conservative Profile Portfolio is to provide a diversified, pre-packaged mix of investment options, based on a conservative investment style (relatively low levels of risk and potential return). This Portfolio seeks to achieve relatively low total return on investment through current income and capital appreciation. The Portfolio invests in a mix of investment options offered in the Colorado PERA 457 Plan, with an emphasis on stable value and bond investments.
- *Moderate Profile Portfolio:* The purpose of the Moderate Profile Portfolio is to provide a diversified, pre-packaged mix of investment options, based on a moderate investment style (relatively moderate levels of risk and potential return). This Portfolio seeks to achieve a moderate total return on investment through long-term capital appreciation. The Portfolio invests in a mix of investment options offered in the Colorado PERA 457 Plan, with an emphasis on equity and bond investments.
- *Aggressive Profile Portfolio:* The purpose of the Aggressive Profile Portfolio is to provide a diversified, pre-packaged mix of investment options, based on an aggressive investment style (relatively high levels of risk and potential return). This Portfolio seeks to achieve a high total return on investment through long-term capital appreciation. The Portfolio invests in a mix of investment options offered in the Colorado PERA 457 Plan, with an emphasis on equity investments.
- *TD AMERITRADE Self-Directed Brokerage Account:* This account allows selection from numerous mutual funds and/or other types of securities, such as stocks and bonds, for an additional fee or fees. Investment in the self-directed brokerage account must be made into the money market fund at TD AMERITRADE first. Then, through TD AMERITRADE participants can purchase other investments. Offered through TD AMERITRADE, a Division of TD AMERITRADE, Inc.

Loans

Participants in the 457 Plan may access their funds through loans as allowed under plan policy and the Internal Revenue Service.

Administrative Fees

An administrative fee pays for recordkeeping, communications, education, consulting, staff, and other overhead expenses. In 2009, there was an asset-based fee on participant balances in various mutual funds ranging from 0.10 percent to 0.20 percent. Expenses are offset by a partial return of investment fees by some funds.

Colorado Deferred Compensation Plan Schedule of Investment Results
As of December 31, 2009

FUND/BENCHMARK	2009	3-YEAR	5-YEAR
Great-West Stable Value Fund	4.6%	4.8%	4.7%
Hueler Stable Value Index	3.1%	4.2%	4.4%
Vanguard Total Bond Market Index Fund	6.1%	6.1%	5.0%
Barclays Capital Aggregate	5.9%	6.0%	5.0%
Vanguard Institutional Index Fund	26.6%	(5.6%)	0.5%
S&P 500	26.5%	(5.6%)	0.4%
Managers AMG Systematic Value Fund	23.0%	(7.8%)	0.3%
Russell 1000 Value	19.7%	(9.0%)	(0.3%)
American Funds Growth Fund of America	34.9%	(2.8%)	3.2%
Russell 1000 Growth	37.2%	(1.9%)	1.6%
Dodge & Cox International Stock Fund	47.5%	(4.2%)	5.6%
MSCI ACW Ex-USA (Net)	41.5%	(3.5%)	5.8%
American Funds EuroPacific Growth Fund	39.1%	(0.5%)	7.8%
MSCI ACW Ex-USA (Net)	41.5%	(3.5%)	5.8%
Artisan Mid Cap Value Fund	39.3%	0.8%	6.2%
Russell Mid Cap Value Index	34.2%	(6.6%)	2.0%
Munder Mid Cap Core Growth Fund	32.8%	(3.2%)	2.8%
Russell Mid Cap Growth Index	46.3%	(3.2%)	2.4%
Veracity Small Cap Value Fund	33.6%	(5.2%)	1.7%
Russell 2000 Value	20.6%	(8.2%)	0.0%
TCM Small Cap Growth Fund	26.9%	(5.7%)	3.7%
Russell 2000 Growth	34.5%	(4.0%)	0.9%
Conservative Profile Portfolio	15.7%	1.6%	3.5%
Conservative Profile Fund Custom Index ¹	15.3%	1.5%	3.9%
Moderate Profile Portfolio	21.5%	(0.2%)	2.9%
Moderate Profile Fund Custom Index ¹	21.4%	(0.4%)	3.4%
Aggressive Profile Portfolio	28.2%	(2.1%)	2.4%
Aggressive Profile Fund Custom Index ¹	28.1%	(2.3%)	3.2%

Performance is measured using time-weighted rate of return and is calculated by R.V. Kuhns and Associates, Inc. Performance for periods greater than one year is annualized.

Note: The Colorado PERA Deferred Compensation Plan began on July 1, 2009, after receiving assets transferred from the State of Colorado 457 Plan. Performance shown above includes periods when assets were held by the State of Colorado 457 Plan.

¹ The Profile Portfolio Custom Indexes are calculated monthly using target investment weights applied to the corresponding primary benchmark.

Colorado Deferred Compensation Plan Investment Summary
(In Thousands of Dollars)

	MARKET VALUE AS OF DECEMBER 31, 2009	PERCENT OF TOTAL MARKET VALUE AS OF DECEMBER 31, 2009
Great-West Stable Value Fund	\$149,222	38.3%
Vanguard Total Bond Market Index Fund	27,941	7.2%
Vanguard Institutional Index Fund	37,881	9.7%
Managers AMG Systematic Value Fund	16,285	4.2%
American Funds Growth Fund of America	15,400	3.9%
Dodge & Cox International Stock Fund	14,564	3.7%
American Funds EuroPacific Growth Fund	22,973	5.9%
Artisan Mid Cap Value Fund	24,795	6.4%
Munder Mid Cap Core Growth Fund	18,395	4.7%
Veracity Small Cap Value Fund	6,545	1.7%
TCM Small Cap Growth Fund	6,272	1.6%
Conservative Profile Portfolio	5,591	1.4%
Moderate Profile Portfolio	22,163	5.7%
Aggressive Profile Portfolio	12,796	3.3%
TD AMERITRADE Money Market Account	2,046	0.5%
TD AMERITRADE Self-Directed Brokerage Account	3,124	0.8%
Member Loans	4,032	1.0%

Note: The Colorado PERA Deferred Compensation Plan began on July 1, 2009, after receiving assets transferred from the State of Colorado 457 Plan.

ACTUARIAL SECTION



Securing the Path to

PLAN PRESERVATION

Colorado PERA originated as a defined benefit plan in 1931 and we are committed to preserving the defined benefit plan as well as becoming the plan of choice for all public employees in Colorado.



Cavanaugh Macdonald CONSULTING, LLC

The experience and dedication you deserve

July 14, 2010

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

RE: ACTUARIAL CERTIFICATION OF DEFINED BENEFIT PLANS

Dear Members of the Board:

Colorado PERA's basic financial goal is to establish contributions which, as a percentage of payroll, remain level for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

The most recent valuations are based on the plan provisions and assumptions in effect on December 31, 2009 and plan provision changes as a result of SB 10-01. In completing the valuation of these systems, Cavanaugh Macdonald Consulting, LLC (CMC) relied on membership and financial data provided by Colorado PERA. We have reviewed this data for reasonableness, and made some general edit checks to impute certain information that may not have been provided with the original employee data. We have not audited this data, but we have reconciled the data used in the prior year's valuation with this current valuation data.

There were significant changes in the economic and demographic actuarial assumptions used in the pension valuations since the prior valuation as the result of an experience investigation performed over the four-year period ending December 31, 2008. The new assumptions were adopted by the Board in June and September 2009. The changes include:

- The investment rate of return has been decreased from 8.50% to 8.00% per annum.
- The withdrawal rates, pre-retirement mortality rates, disability rates and retirement rates for all divisions have been revised to more closely reflect the actual experience of PERA.
- The post-retirement mortality tables used for service retirements and dependents of deceased pensioners has been changed to the 1994 Group Annuity Mortality Table set back three years for males and set back two years for females.
- The deferral period for deferred vested members has been revised to more closely reflect the actual experience of PERA.
- The rates of participation in PERACare for current members, future members, deferred vested members, and spouses have been revised to more closely reflect the actual experience of PERA.
- Initial health care costs for participants who are age 65 and older, and do not have Medicare Part A have been updated to reflect their change in costs for the 2010 plan year.
- The starting per capita payments estimated to be made by the Centers for Medicare & Medicaid Services (CMS) under the Retiree Drug Subsidy Program (RDS) have been updated based upon the most recent attestation of actuarial equivalence.

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Board of Trustees
 Public Employees' Retirement Association of Colorado
 July 14, 2010
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- The assumed rates of inflation for health care costs have been revised to reflect the expectation of future increases.
- The last year in which the prescription drug benefit provided to those members eligible for Medicare Part D is deemed to be Actuarially Equivalent has been reduced to 2017.

In addition, the following changes were made to the plan provisions since the previous valuation as a result of SB 10-01:

- For the State Division, the Amortization Equalization Disbursement (AED) will continue to increase by 0.4% per year to a total rate of 5.0% by 2017. In addition, the Supplemental Amortization Equalization Disbursement (SAED) will continue to increase by 0.5% per year to a total rate of 5.0% by 2017. However, if the funding ratio reaches 103%, the AED and SAED will be reduced by 0.5% of pay each.
- For the Schools Division, the AED will continue to increase by 0.4% per year from 2013 through 2015 and by 0.3% in 2016 for a total rate of 4.5%. In addition, the SAED will continue to increase by 0.5% per year to a total rate of 5.5% by 2018. Also, the 0.4% increase in the statutory employer contribution rate in 2013 was eliminated. However, if the funding ratio reaches 103%, the AED and SAED will be reduced by 0.5% of pay each.
- For the Local Government Division and the Judicial Division, the AED is frozen at the 2010 level of 2.20%. In addition, the SAED is frozen at the 2010 level of 1.50%. However, if the funding ratio reaches 103%, the AED and SAED will be reduced by 0.5% of pay each.
- For Tier 1 and Tier 1A members (including retirees), the Post-Retirement Benefit Increases will be reduced to an amount equal to 2% (the lesser of that or the annual CPI-W increase for 2010). However, if the investment return for the prior year is negative, then the Increase will be an amount equal to the annual CPI-W increase with a cap of 2%. In addition, the Increase will be first paid on the July 1st that is at least 12 months after retirement for those members who retire on or after January 1, 2011. Members not eligible to retire as of January 1, 2011 who retire with a reduced service retirement allowance must reach age 60 or the age and service requirements for unreduced service retirement to be eligible for the Post-Retirement Benefit Increases.
- Effective January 1, 2011, for all active members who are not eligible for retirement on January 1, 2011, the annual salary increase cap in determination of Highest Average Salary (HAS) was lowered from 15% to 8%.
- Effective January 1, 2011, a new requirement is added that members must have five years of earned service credit in order to receive a 50% match on a refund.
- Effective January 1, 2011, the reduction factors for a reduced service retirement benefit for members not eligible to retire as of January 1, 2011 were changed to an actuarial equivalent basis.
- Effective January 1, 2011, implement a modified Rule of 85 for service retirement eligibility for members with less than 5 years of service credit as of January 1, 2011 (this rule does not apply to State Troopers).
- Effective January 1, 2011, implement a modified Rule of 88 with a minimum age of 58 for service retirement eligibility for members hired on or after January 1, 2011 but before January 1, 2017 (this rule does not apply to State Troopers).



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- Effective January 1, 2011, implement a modified Rule of 90 with a minimum age of 60 for service retirement eligibility for members hired on or after January 1, 2017 (this rule does not apply to State Troopers and those participants whose last 10 years of service were in the School Division).

In our opinion, the assumptions are internally consistent and produce results which are reasonable in the aggregate. We also believe the assumptions and actuarial methods meet the requirements of Governmental Accounting Standards Board Statements No. 25 and No. 43.

CMC updated the following schedules for the December 31, 2009 CAFR:

FINANCIAL SECTION

- Actuarial Statistics
- Current Year Actuarial Gains / (Losses)
- Funding Ratios
- Defined Benefit Pension Trust Funds Changes in Overfunded/(Unfunded) Actuarial Accrued Liabilities
- Required Supplementary Information - Schedule of Funding Progress
- Required Supplementary Information - Schedule of Employer Contributions
- Notes to Required Supplementary Information
- Net Pension Obligation for all Funds
- Funding Ratio, Unfunded Actuarial Accrued Liability and Annual Required Contributions for all Funds using 6.5%, 7.5%, 8.0%, 8.5% and 9.5% investment assumptions.

ACTUARIAL SECTION

- Schedule of Retirees and Beneficiaries Added to and Removed from Benefit Payroll
- Member – Retiree Comparison
- Schedule of Members in Valuation
- Total Actuarial Liabilities
- Unfunded / (Overfunded) Actuarial Accrued Liabilities
- Schedule of Gains and Losses in Accrued Liabilities
- Schedule of Computed Employer Contribution Rates for Fiscal Years Beginning in 2010
- Schedule of Contribution Rate History
- Schedule of Active Member Valuation Data

STATISTICAL SECTION

- Member and Benefit Recipient Statistics
- Schedule of Average Retirement Benefits Payable
- Current Average Monthly Benefit by Year of Retirement
- Schedule of Retirees and Survivors by Type of Benefit
- Schedule of Average Benefit Payments



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We certify that this valuation was performed in accordance with standards of practice and by qualified actuaries as prescribed by the American Academy of Actuaries and the Actuarial Standards Board. Both of the consultants listed below have experience in performing valuations for large statewide public retirement systems.

Colorado PERA has a funded ratio of 67% based on the Actuarial Value of Assets. The funded ratio on Market Value of Assets is lower, at 58%. The employer contribution rate, together with the Medicare Part D Retiree Drug Subsidy, is sufficient to eventually finance the Health Care Trust Fund benefits in accordance with GASB 43 and 45. Please note that the Local Government Division employer contribution rates are sufficient to finance the promised benefit under GASB 25 and 27. With the addition of the Amortization Equalization Disbursement (AED) and Supplemental Amortization Equalization Disbursement (SAED) contributions, the State, Schools and Judicial Divisions employer contribution rates are currently sufficient to finance the promised benefits and eventually meet the required contribution levels under GASB 25 and 27.

Sincerely,

Handwritten signature of Thomas J. Cavanaugh in black ink.

Thomas J. Cavanaugh, FSA, FCA, EA, MAAA
Chief Executive Officer

Handwritten signature of Edward J. Koebel in black ink.

Edward J. Koebel, EA, FCA, MAAA
Principal and Senior Actuary

Handwritten signature of Eric H. Gary in black ink.

Eric H. Gary, FSA, FCA, MAAA
Senior Actuary

TJC/EJK/EHG:kc

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Note: Senate Bill 10-001 (SB 10-001 “Concerning Modifications to the Public Employees’ Retirement Association Necessary to Reach a One Hundred Percent Funded Ratio Within the Next 30 Years”) was signed by Governor Ritter on February 23, 2010. Since SB 10-001 is a major piece of legislation that will affect all PERA employers, employees, and benefit recipients (both current and future), certain provisions of SB 10-001 are described herein.

The Colorado Public Employees’ Retirement Association was established in 1931 by the Colorado General Assembly as an Instrumentality of the State. It initially covered only State employees, but membership has expanded to include all school districts except Denver, numerous municipalities, special districts, public health departments and other local government entities, as well as the State’s judicial system.

The plan’s purpose is to provide benefits to members and their dependents at retirement or in the event of death or disability. The plan is funded on an actuarial reserve basis, with money being set aside for benefits while the benefits are being earned and before they are paid.

Administration of the Plan

The plan operates by the authority of the Colorado General Assembly, with benefits and administration defined under Title 24, Article 51, of the Colorado Revised Statutes. Colorado PERA is governed by a Board of Trustees.

The Colorado PERA Board appoints an Executive Director who is responsible for the daily administration of Colorado PERA. The Colorado PERA Board retains an actuary to make annual valuations of the funding adequacy of the liabilities accrued under the plan. The Colorado PERA Board also retains other consultants as necessary.

Member Contributions

All members except State Troopers and Colorado Bureau of Investigation agents contribute 8 percent of their gross salary to a member contribution account. State Troopers and Colorado Bureau of Investigation agents contribute 10 percent of salary. Generally, salary is compensation for services rendered and is specifically defined in State law.

Member contributions have been tax-deferred for federal income tax purposes since July 1, 1984, and for state income tax purposes since January 1, 1987. Therefore, contributions are not considered as income for federal or state income tax purposes until they are withdrawn through a refund or a benefit.

Senate Bill 10-146 (SB 10-146 “Concerning a Temporary Modification to the Contribution Rates for Certain Divisions of the Public Employees’ Retirement Association”) was signed by Governor Bill Ritter on March 31, 2010. SB 10-146 was proposed by the Governor and recommended by the Joint Budget Committee to reduce the State’s expenditures.

This legislation temporarily increases the State and Judicial Divisions’ member contribution rates by 2.5 percent of salary, and a corresponding decrease in the State and Judicial Divisions’

employer contribution rates, effective July 1, 2010, through June 30, 2011. On July 1, 2011, the State and Judicial Divisions’ member contribution rates will return to their previous statutory rates. SB 10-146 does not change the Supplemental Amortization Equalization Disbursement (SAED) contributions that are paid by employers from members’ foregone wage increases.

SB 10-146 requires that State Division and Judicial Division members contribute at the following payroll rates effective July 1, 2010, through June 30, 2011:

- *State and Judicial Division members:* 10.5 percent of salary.
- *State Division members enrolled in the PERA DC Plan:* 10.5 percent of salary.
- *State Trooper and Colorado Bureau of Investigation members:* 12.5 percent of salary.
- *State Trooper and Colorado Bureau of Investigation members enrolled in the PERA DC Plan:* 12.5 percent of salary.

Working Retiree Contributions

SB 10-001 requires that retirees who return to work for a PERA employer, effective January 1, 2011, begin making member contributions at the same rate as all members working for that employer. Retirees’ contributions would be non-refundable and would not accrue a benefit, nor would they be credited to members’ accounts.

SB 10-146 requires that retirees re-employed by a State Division or Judicial Division employer, effective January 1, 2011, through June 30, 2011, contribute an additional 2.5 percent member contribution.

Employer Contributions

Colorado PERA-affiliated employers contribute a percentage of their total payroll to the fund. Respective employer contribution rates are shown on the Schedule of Contribution Rate History on pages 163–167.

The Schedule of Computed Employer Contribution Rates on page 108 shows a detailed explanation of how the employer contributions are determined. These contributions are credited to the respective Division for the purpose of creating actuarial reserves, so each member’s benefits are fully provided for at retirement. Colorado PERA is exempt from federal income taxes under the Internal Revenue Code.

SB 10-146 temporarily decreases State and Judicial Divisions’ employer contribution rates, effective July 1, 2010, through June 30, 2011, by 2.5 percent of payroll. The following employer contribution rates are required during this period:

- *State Division employers:* 7.65 percent of salary.
- *State Division employers of PERA DC Plan members:* 7.65 percent of salary.
- *State Trooper and Colorado Bureau of Investigation employers:* 10.35 percent of salary.

- *State Trooper and Colorado Bureau of Investigation employers of PERA DC Plan members:* 10.35 percent of salary.
- *Judicial Division employers:* 11.16 percent of salary.

The employers' Amortization Equalization Disbursement (AED) contributions are unaffected by passage of SB 10-146.

Termination

A member who terminates Colorado PERA-covered employment may request a member contribution account refund or leave the account with Colorado PERA; a refund cancels a former Colorado PERA member's rights to future Colorado PERA benefits.

A member who has not attained age 65 or is not eligible to retire and who wishes to refund his or her account will receive his or her Colorado PERA contributions, a matching amount equal to 50 percent of the member contributions and interest, and any payments made to purchase service. A member who withdraws his or her account upon or after reaching age 65 or retirement eligibility receives a 100 percent matching amount.

SB 10-001 maintains the 100 percent match of member accounts for members at retirement eligibility who are eligible to retire, but the legislation changes the eligibility for the 50 percent match. Effective January 1, 2011:

- Members must have five years of earned service credit on the date of the refund in order to be eligible for the match.
- All matching amounts credited to member accounts before January 1, 2011, will remain credited.

State law authorizes the Colorado PERA Board to determine the interest to be credited to member accounts. The interest rate for 2009 is 3 percent compounded annually. In no event shall the Board specify a rate that exceeds 5 percent.

Any member who leaves a member account with Colorado PERA until reaching age 65 or meeting Colorado PERA's age and service requirements may apply for lifetime monthly benefits instead of withdrawing their account.

Retirement Benefits

Service Retirement Benefits

Members are eligible to receive monthly retirement benefits when they reach age and service retirement requirements as noted below:

SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED BEFORE JULY 1, 2005

<i>Age Requirement (in years)</i>	<i>Service Credit Requirement (in years)</i>
50	30
55	Age and Service = 80 or more
60	20
65	5
65	Less than 5 but 60 payroll postings

SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED ON OR AFTER JULY 1, 2005, BUT BEFORE JANUARY 1, 2007

<i>Age Requirement (in years)</i>	<i>Service Credit Requirement (in years)</i>
Any Age	35
55	30
55	Age and Service = 80 or more
60	20
65	5
65	Less than 5 but 60 payroll postings

SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED ON OR AFTER JANUARY 1, 2007

<i>Age Requirement (in years)</i>	<i>Service Credit Requirement (in years)</i>
Any Age	35
55	30
55	Age and Service = 85 or more
60	25
65	5
65	Less than 5 but 60 payroll postings

SERVICE RETIREMENT ELIGIBILITY FOR STATE TROOPERS

<i>Age Requirement (in years)</i>	<i>Service Credit Requirement (in years)</i>
Any Age	30
50	25
55	20
65	5
65	Less than 5 but 60 payroll postings

A service retirement benefit is the higher of either the defined service benefit formula or a money purchase retirement benefit. However, members who apply for a monthly retirement benefit at age 65 with less than five years of service or 60 months on the payroll are eligible for a money purchase retirement benefit only.

SB 10-001 made the following changes to service retirement requirements effective January 1, 2011:

- For all members, other than State Troopers, with less than five years of service credit on January 1, 2011, eligibility will include a modified Rule of 85 (age and service must add to 85 with a minimum age of 55).
- For all new members, other than State Troopers, first hired on or after January 1, 2011, but before January 1, 2017, eligibility will include a modified Rule of 88 (age and service must add to 88 with a minimum age of 58).
- For all new members, other than State Troopers first hired on or after January 1, 2017, eligibility will include a modified Rule of 90 (age and service must add to 90 with a minimum age of 60). If the member's most recent 10 years of service credit are earned in the School Division or DPS Division, retirement eligibility is under the modified Rule of 88.

Defined Retirement Benefits

Defined service retirement benefits are based on the member’s years of service, age, and Highest Average Salary (HAS).

For all members, except judges, who became members before January 1, 2007, and who retire before January 1, 2009:

- HAS is one-twelfth of the average of highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit. The three 12-month periods do not have to be consecutive nor do they have to be the last three years of employment.
- A 15 percent annual limit in salary increases applies if any salary used in the HAS calculation is from the three years prior to retirement.

For all members, except judges, who were hired before January 1, 2007, and who retire on or after January 1, 2009:

- HAS is one-twelfth of the average of the highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit.
- In calculating the HAS, Colorado PERA determines the highest annual salaries associated with four periods of 12 consecutive months. The four 12-month periods selected do not have to be consecutive nor do they have to include the last three years of employment. The lowest of the four periods becomes a base year used as a starting point for a 15 percent annual limit on salary increases. The annual limit will apply regardless of when the annual salaries used in the HAS occurred.

For all members, except judges, who were hired on or after January 1, 2007:

- HAS is one-twelfth of the average of the highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit.
- In calculating the HAS, Colorado PERA determines the highest annual salaries associated with four periods of 12 consecutive months. The four 12-month periods selected do not have to be consecutive nor do they have to include the last three years of employment. The lowest of the four periods becomes a base year used as a starting point for an 8 percent annual limit on salary increases. The annual limit will apply regardless of when the annual salaries used in the HAS occurred.

For Judicial Division members (judges):

- HAS is the highest salary associated with one period of 12 consecutive months of service credit.

Defined retirement benefits equal 2.5 percent of HAS for each year of service credit up to a maximum of 100 percent of HAS. In all cases, a service retirement benefit is limited to 100 percent of HAS and also cannot exceed the maximum benefit amount allowed by federal law.

Under the provisions of SB 10-001:

- The existing HAS definitions, described above, will remain in effect for members hired on or after January 1, 2007, and for members eligible to retire as of January 1, 2011.
- The annual salary cap will be lowered to 8.0 percent for all members, except judges, who are not eligible to retire on January 1, 2011.
- The one year HAS for judges, described above, will remain in effect.

Reduced Service Retirement Benefits

The age and service requirements to be eligible for a reduced service retirement benefit are listed below:

<i>Age Requirement (in years)</i>	<i>Service Credit Requirement (in years)</i>
50	25
50 — (State Troopers only) —	20
55	20
60	5

Reduced service retirement benefits are based on the member’s years of service, age, and Highest Average Salary (HAS).

Reduced defined service retirement benefits available to members at age 60 with five years of service are reduced 4 percent per year (0.333 percent per month) before the eligible date for service retirement. Members who retire at age 55 with 20 years of service receive reduced defined service retirement benefits; the reduction factor equals 3 percent per year (0.25 percent per month).

Members also are eligible for reduced service retirement benefits at age 50 with 25 years of service. Benefits for these members are reduced 6 percent for each year that members retire before they would have become eligible for service retirement benefits.

Retirement benefits for State Troopers and members of the Judicial Division differ slightly.

SB 10-001 did not change age and service requirements for reduced service retirement, nor did it change reduced service retirement benefit reduction factors for members eligible to retire on January 1, 2011.

However, this legislation did change the reduction factors used to calculate reduced service retirement benefits for members not eligible to retire as of January 1, 2011. Reduced defined service retirement benefits for these members will be reduced by an actuarially determined amount to ensure that the benefit is the actuarial equivalent of the service retirement benefit.

Money Purchase Retirement Benefit

A money purchase retirement benefit is also calculated and paid to the retiree if it is higher than the defined service retirement benefit. This benefit is determined by the member’s life expectancy and the value of the member’s contribution account, plus a matching amount equal to 100 percent of the member’s contributions and interest.

Money purchase benefits are increased annually according to defined benefit service retirements' annual benefit increase provisions.

Survivor Benefits

The benefit amount that qualified survivors receive is specified in State statute and varies based upon the deceased member's HAS, years of service, the qualified survivors to whom benefits are to be paid, and the number of qualified survivors receiving benefits.

If a member dies with less than one year of Colorado PERA service credit, or with no survivors qualified to receive a monthly benefit, the named beneficiary or the estate will receive a lump-sum payment of the member's contribution account plus a matching amount equal to 100 percent of the member's contributions and earned interest.

If a member had more than one year of service and qualified survivors at the time of death, a monthly benefit may be payable to qualified survivors. If the member is not eligible for retirement, children receive a benefit first, but if the member is eligible for retirement, the cobeneficiary receives the benefit first.

Children are eligible to receive survivor benefits if under age 18, or if enrolled full-time in an accredited school within six months of the member's death, until they reach age 23. If there are no eligible children, or after benefits to children have ceased, the member's surviving spouse receives a monthly benefit at age 60 if the member had less than 10 years of service credit or immediately if the member had more than 10 years of service at the time of death. If there is no eligible spouse, financially dependent parents will receive a survivor benefit.

Disability Benefits

Colorado PERA provides a two-tiered disability program. Short-term disability payments are provided to members who are mentally or physically incapacitated from performance of essential job duties with reasonable accommodation, but who are not totally and permanently incapacitated from regular and substantial gainful employment. Colorado PERA provides reasonable income replacement, or rehabilitation or retraining services. Disability retirement benefits are provided to members who are totally and permanently mentally or physically incapacitated from regular and substantial gainful employment.

Annual Benefit Increases

Colorado PERA benefits are increased annually. Eligibility for the increase, and the amount and timing of the annual increase (AI) is determined by the Colorado PERA membership date of the retiree or deceased Colorado PERA member.

For service and disability retirees who were hired before June 30, 2005, and for survivor benefit recipients of deceased members who were hired before June 30, 2005, the AI is 3.5 percent, compounded annually. The first AI occurs in the March that immediately follows the calendar year in which the benefit recipient began receiving benefits. If benefits have been payable for less than a full year, but at least three months, a prorated AI is made. In March 2009, the

3.5 percent AI was paid to eligible retirees and benefit recipients in this group.

For service and disability retirees who were hired on or after July 1, 2005, but before January 1, 2007, and for survivor benefit recipients of deceased members who were hired on or after July 1, 2005, but before January 1, 2007, the AI is the lower of 3 percent or the actual change in the CPI-W during the prior calendar year, compounded annually. If benefits have been payable for less than a full year, but at least three months, a prorated AI is made. Since the CPI-W decreased during the 2008 year, no AI was payable in March 2009 to eligible retirees and benefit recipients in this group.

For service and disability retirees who were hired on or after January 1, 2007, and for survivor benefit recipients of deceased members who were hired on or after January 1, 2007, the AI is the lower of 3 percent or the actual change in the CPI-W during the prior calendar year, compounded annually. For service retirees, the AI does not begin until the retiree has been receiving benefits for a full calendar year and in addition, for service retirees who retire with a reduced service retirement, has either reached age 60 or years of service plus age equal 85 or more. For disability retirees or survivor benefit recipients, the AI does not begin until the benefit recipient has been receiving benefits for a full calendar year. AIs to all benefit recipients in this group occur in July, and are limited to 10 percent of the total funds available in the Annual Increase Reserve in the division from which they retired or were a member before death. Since the CPI-W decreased during the 2008 year, no AI was payable in July 2009 to eligible retirees and benefit recipients in this group. (Only one survivor benefit recipient in this group would have been eligible for an AI.)

SB 10-001 made the following major changes in annual benefit increases, effective February 23, 2010, that affect all current and future Colorado PERA retirees and benefit recipients. The legislation implements a new 2.0 percent AI cap for all retirees and benefit recipients, regardless of the member's date of hire.

- The 2.0 percent AI cap can be adjusted based on Colorado PERA's overall year-end funded status, with increase mandated when Colorado PERA's funding is over 103 percent and decreases mandated when Colorado PERA's funding subsequently falls below 90 percent.
- However, the AI cap cannot be decreased below 2.0 percent.

SB 10-001 includes the following additional provisions:

For service and disability retirees who were hired on or before December 31, 2006, and for survivor benefit recipients of deceased members who were hired on or before December 31, 2006:

- The AI in 2010 will be the lesser of 2.0 percent or the average of the CPI-W for each of the months during the prior calendar year. Since the CPI-W during the 2009 year was negative, no AI was paid in March 2010.
- The AI in 2011 and in years thereafter, will be the applicable AI cap which is currently 2.0 percent unless Colorado PERA experiences a negative investment return. If Colorado PERA's investment return is negative in the prior calendar year, the AI

in the next three years will be the lesser of the average of the CPI-W for each of the months in the prior calendar year, or the applicable AI cap which is currently 2.0 percent.

- The AI will be paid in July. All members with a retirement effective date of January 1, 2011, or later, must receive benefits for a 12-month period to be eligible for the AI.
- Members not eligible to retire on January 1, 2011, who subsequently retire with a reduced service retirement, must reach on January 1 of the year the increase is to be paid, age 60 or meet the full service retirement requirements to be eligible for an AI.
- No minimum age or service credit requirement shall apply to disability retirees or survivor benefit recipients.

For service and disability retirees who were hired on or after January 1, 2007, and for survivor benefit recipients of deceased members who were hired on or after January 1, 2007, but prior to January 1, 2011:

- The AI in 2010 is the lower of 2.0 percent or the average of the CPI-W for each of the months during the prior calendar year. Since the Consumer Price Index during the 2009 year was negative, no AI will be payable in July 2010.
- The AI in 2011 and in years thereafter, is the lower of 2.0 percent or the average of the CPI-W for each of the months during the prior calendar year. AIs to all benefit recipients in this group are limited to 10 percent of the total funds available in the Annual Increase Reserve in the division from which they retired or were a member before death.
- Members must receive benefits for a full calendar year to be eligible for the AI (as under prior law).
- The AI for service retirees who retire with a reduced service retirement does not begin until the retiree has been receiving benefits for a full calendar year and has on January 1 of the year the increase is paid, either reached age 60, or years of service plus age equal 85, 88, or 90, whichever is applicable.
- No minimum age or service credit requirement shall apply for disability retirees or survivor benefit recipients.

Actuarial Methods

The cost that a retirement plan such as Colorado PERA incurs equals benefits paid plus administration and financing expenses. These costs are paid through contributions to the plan and investment earnings on the plan's assets.

Using the plan's schedule of benefits, the member data, and a carefully selected set of actuarial assumptions, the plan's actuary estimates the cost of the benefits that will be paid. Then, using a particular actuarial funding method, the actuary allocates these costs and determines a systematic manner to fund for future plan benefits. For Colorado PERA (as well as most public sector plans), the objective is to fund in a manner that keeps contribution rates approximately level from generation to generation. The funding method best designed to keep annual costs level as a percent of pay is the "Entry Age Actuarial Cost Method." This method is described below.

Entry Age Actuarial Cost Method

Under the Entry Age Actuarial Cost Method, projected service retirement, termination, disability, and death benefits are determined for all active members. Cost factors, which are developed to produce level annual costs in each year from the age at hire (entry age) to the assumed retirement age, are applied to the projected benefits to determine the "normal cost." The normal cost is the portion of the total cost of the plan allocated to the current year. The normal cost for contribution refunds is assumed to end in the last year of assumed eligibility, and is spread over all years of service.

The "actuarial accrued liability" for active members is then calculated as the portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for inactive members entitled to future benefits, is equal to the present value of the benefits expected to be paid. No normal costs are now payable for these participants.

The excess of the total actuarial accrued liability over the value of the plan assets is called the "unfunded actuarial accrued liability." Funding requirements under the Entry Age Actuarial Cost Method are determined by adding the normal cost and the cost to amortize the unfunded liability.

The actuarial assumptions are used to determine the projected benefits and cost factors. The effect of differences between these assumptions and the actual experience of the plan is calculated each year when the annual actuarial valuation is performed. These differences produce either actuarial gains or losses that result in an adjustment of the unfunded liability.

Asset Valuation Method

In 1992, the Colorado PERA Board adopted a method for valuing assets that recognizes a "smoothed" market value of those assets. The smoothed value of assets recognizes the differences between actual and expected asset performance for each year in equal amounts over a four-year period.

Actuarial Assumptions

Colorado PERA's actuarial assumptions are used to project the plan's future experience. At least every five years, the actuarial assumptions are studied and an actuarial audit is performed by an external actuarial consulting firm to verify the following:

- Accuracy of membership data, financial data, actuarial and benefit calculations, and employer contributions.
- Consistency of calculations with respect to statutory requirements.
- Consistency and reasonableness of assumptions and methods.
- Valuation of all significant benefits.
- A review of the valuation report content.

2009 Actuarial Studies

Investment income is the most significant driver in a defined benefit plan, which can contribute up to 80 percent of the total inflows over the life of a plan. The market value's major decline in 2008 prompted the Colorado PERA Board to pursue additional actuarial studies one year earlier than the normal five-year interval. During 2009, the Colorado PERA Board initiated an actuarial experience study, an actuarial audit, and an asset/liability study to assist in determining the best course of action for the various funds. These studies included a detailed review of all significant actuarial assumptions and methods used in preparing the annual actuarial valuation, including the investment rate of return and discount rate assumption.

Buck Consultants conducted an actuarial audit of Colorado PERA's actuarial valuation and processes; the actuarial audit completed the following:

- Conducted a valuation of liabilities for the pension trust funds and the Health Care Trust Fund based on the same year-end 2008 data, funding method, and assumptions used by the retained actuary.
- Examined and commented on the 2005–2008 experience study conducted by the retained actuary.
- Provided an opinion on specific issues, including the Colorado PERA trust funds' current and projected funded status, and what steps are needed to maintain actuarial soundness over the long term.

Based upon Buck's review of the December 31, 2008, actuarial valuation, they believed that the results as presented in the valuation report were reasonable and performed by fully qualified actuaries in accordance with generally accepted actuarial principles and practices.

In November 2008, the Colorado PERA Board voted to change the interest credited on member accounts to 3.0 percent from 5.0 percent, effective January 1, 2009, to reduce future liabilities and to more closely align the rate to current interest rate levels.

Economic Assumptions

In September 2009, based on the retained actuary and other independent reviewing actuaries' recommendations that Colorado PERA lower its investment assumption, the Colorado PERA Board reduced its investment assumption rate from 8.5 percent to 8.0 percent per year, compounded annually, net after administrative expenses, effective with the December 31, 2009, valuation. The 8.0 percent assumption rate reflects the median investment assumption used by most public pension funds and represents a realistic future long-term investment return.

The inflation assumption is 3.75 percent per year. The overall member payroll was assumed to increase 4.5 percent annually in 2009. Pay increase assumptions for individual members in 2009 are shown for sample ages in Exhibits A, B, and C. Judicial Division pay increases (Exhibit D) are determined by the State Legislature. Benefits are assumed to increase at a rate of 2.0 percent after payments begin, due to the passage of SB 10-001, which was signed into law on February 23, 2010. The legislation's AI provisions became effective on that date.

Non-Economic Assumptions

The withdrawal rates, pre-retirement mortality rates, disability rates, and retirement rates for all divisions, as well as the deferral period for deferred vested members, were revised in 2009 to more closely reflect Colorado PERA's actual experience.

The mortality table is based on Colorado PERA experience and is used to estimate the value of benefits expected to be paid. In 2009, the mortality table was changed to the 1994 Group Annuity Mortality Table set back three years for males and set back two years for females. Related values are shown in Exhibit F.

For disability retirement, impaired longevity is recognized by basing benefit values on an adjusted age midway between attained age and normal retirement age.

The probabilities of age and service retirement are shown in Exhibits G and H. The probabilities of withdrawal from service, disability, and death-in-service are shown for sample ages in Exhibits A, B, C, and D. It is assumed that 35 percent of the vested members who terminate will elect to withdraw their accounts while the remaining 65 percent will elect to leave their accounts in the plan to be eligible for a benefit at their retirement date.

Exhibit A—State Division

SAMPLE AGES	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL ¹		DEATH ²		DISABILITY		MERIT AND SENIORITY	INFLATION AND PRODUCTIVITY	TOTAL INCREASE (NEXT YEAR)
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE			
<i>State Members (Other Than State Troopers)</i>									
20	21.00%	18.00%	0.022%	0.014%	0.01%	0.01%	5.67%	4.50%	10.17%
25	10.00%	10.00%	0.028%	0.015%	0.02%	0.02%	3.75%	4.50%	8.25%
30	6.50%	9.00%	0.036%	0.016%	0.03%	0.03%	2.80%	4.50%	7.30%
35	6.00%	8.00%	0.042%	0.021%	0.05%	0.05%	2.05%	4.50%	6.55%
40	5.00%	6.00%	0.045%	0.030%	0.09%	0.09%	1.50%	4.50%	6.00%
45	4.20%	5.00%	0.063%	0.044%	0.14%	0.14%	0.85%	4.50%	5.35%
50	4.20%	5.00%	0.095%	0.060%	0.20%	0.20%	0.50%	4.50%	5.00%
55	4.20%	5.00%	0.161%	0.095%	0.28%	0.28%	0.10%	4.50%	4.60%
60	4.20%	5.00%	0.279%	0.168%	0.40%	0.40%	0.00%	4.50%	4.50%
65	4.20%	5.00%	0.507%	0.334%	0.60%	0.60%	0.00%	4.50%	4.50%
<i>State Troopers</i>									
20	10.00%	10.00%	0.022%	0.014%	0.02%	0.02%	5.50%	4.50%	10.00%
25	10.00%	10.00%	0.028%	0.015%	0.04%	0.04%	3.75%	4.50%	8.25%
30	5.00%	5.00%	0.036%	0.016%	0.06%	0.06%	2.80%	4.50%	7.30%
35	4.00%	4.00%	0.042%	0.021%	0.10%	0.10%	2.05%	4.50%	6.55%
40	3.50%	3.50%	0.045%	0.030%	0.18%	0.18%	1.50%	4.50%	6.00%
45	3.50%	3.50%	0.063%	0.044%	0.28%	0.28%	1.20%	4.50%	5.70%
50	3.50%	3.50%	0.095%	0.060%	0.40%	0.40%	0.80%	4.50%	5.30%
55	3.50%	3.50%	0.161%	0.095%	0.56%	0.56%	0.40%	4.50%	4.90%
60	3.50%	3.50%	0.279%	0.168%	0.80%	0.80%	0.00%	4.50%	4.50%
65	3.50%	3.50%	0.507%	0.334%	1.20%	1.20%	0.00%	4.50%	4.50%

¹ There are no select withdrawal assumptions for State Troopers.

² Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.

Exhibit B—School Division

SAMPLE AGES	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL		DEATH ¹		DISABILITY		MERIT AND SENIORITY	INFLATION AND PRODUCTIVITY	TOTAL INCREASE (NEXT YEAR)
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE			
20	12.00%	14.50%	0.022%	0.014%	0.01%	0.01%	6.20%	4.50%	10.70%
25	10.00%	12.00%	0.028%	0.015%	0.01%	0.01%	4.10%	4.50%	8.60%
30	5.50%	8.00%	0.036%	0.016%	0.01%	0.01%	2.95%	4.50%	7.45%
35	4.00%	6.50%	0.042%	0.021%	0.02%	0.02%	2.50%	4.50%	7.00%
40	4.00%	5.00%	0.045%	0.030%	0.04%	0.04%	1.95%	4.50%	6.45%
45	4.00%	4.50%	0.063%	0.044%	0.08%	0.08%	1.35%	4.50%	5.85%
50	4.00%	4.50%	0.095%	0.060%	0.14%	0.14%	0.80%	4.50%	5.30%
55	4.00%	4.50%	0.161%	0.095%	0.21%	0.21%	0.35%	4.50%	4.85%
60	4.00%	4.50%	0.279%	0.168%	0.30%	0.30%	0.00%	4.50%	4.50%
65	4.00%	4.50%	0.507%	0.334%	0.41%	0.41%	0.00%	4.50%	4.50%

¹ Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.

Separations from Employment Before Retirement and Individual Pay Increase Assumptions

Exhibit C—Local Government Division

SAMPLE AGES	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL		DEATH ¹		DISABILITY		MERIT AND SENIORITY	INFLATION AND PRODUCTIVITY	TOTAL INCREASE (NEXT YEAR)
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE			
20	12.00%	15.00%	0.022%	0.014%	0.01%	0.01%	6.97%	4.50%	11.47%
25	11.00%	12.00%	0.028%	0.015%	0.01%	0.01%	4.31%	4.50%	8.81%
30	7.00%	11.00%	0.036%	0.016%	0.01%	0.01%	2.65%	4.50%	7.15%
35	6.00%	8.00%	0.042%	0.021%	0.02%	0.02%	1.72%	4.50%	6.22%
40	5.00%	6.00%	0.045%	0.030%	0.04%	0.04%	1.23%	4.50%	5.73%
45	4.00%	5.00%	0.063%	0.044%	0.08%	0.08%	0.99%	4.50%	5.49%
50	4.00%	5.50%	0.095%	0.060%	0.14%	0.14%	0.79%	4.50%	5.29%
55	4.00%	5.50%	0.161%	0.095%	0.21%	0.21%	0.60%	4.50%	5.10%
60	4.00%	5.50%	0.279%	0.168%	0.30%	0.30%	0.25%	4.50%	4.75%
65	4.00%	5.50%	0.507%	0.334%	0.41%	0.41%	0.00%	4.50%	4.50%

¹ Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.

Exhibit D—Judicial Division

SAMPLE AGES	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL ¹		DEATH ²		DISABILITY		MERIT AND SENIORITY ³	INFLATION AND PRODUCTIVITY	TOTAL INCREASE (NEXT YEAR)
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE			
30	2.00%	2.00%	0.036%	0.016%	0.01%	0.01%	1.50%	4.50%	6.00%
35	2.00%	2.00%	0.042%	0.021%	0.04%	0.04%	1.50%	4.50%	6.00%
40	2.00%	2.00%	0.045%	0.030%	0.08%	0.08%	0.67%	4.50%	5.17%
45	2.00%	2.00%	0.063%	0.044%	0.14%	0.14%	0.50%	4.50%	5.00%
50	2.00%	2.00%	0.095%	0.060%	0.22%	0.22%	0.50%	4.50%	5.00%
55	2.00%	2.00%	0.161%	0.095%	0.32%	0.32%	0.50%	4.50%	5.00%
60	2.00%	2.00%	0.279%	0.168%	0.44%	0.44%	0.50%	4.50%	5.00%
65	2.00%	2.00%	0.507%	0.334%	0.60%	0.60%	0.50%	4.50%	5.00%

¹ There are no select withdrawal assumptions for the Judicial Division.

² Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.

³ Pay raises are subject to legislative approval. Percentages shown are based on prior experience.

Exhibit E

COMPLETED YEARS OF SERVICE	PERCENT OF MEMBERS WITH LESS THAN FIVE YEARS OF SERVICE WITHDRAWING FROM EMPLOYMENT NEXT YEAR ¹					
	STATE DIVISION		SCHOOL DIVISION		LOCAL GOVERNMENT DIVISION	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
0	43.0%	43.0%	39.0%	36.0%	39.0%	37.0%
1	20.0%	22.0%	20.0%	19.0%	19.0%	21.0%
2	15.0%	16.0%	15.0%	14.0%	13.0%	16.0%
3	12.0%	13.0%	11.0%	11.0%	11.0%	13.0%
4	10.0%	11.0%	10.0%	10.0%	10.0%	11.0%

¹ There are no select withdrawal assumptions for State Troopers or Judicial Division members.

Exhibit F—State, School, Local Government, and Judicial Divisions*(In Actual Dollars)*

SAMPLE ATTAINED AGES	PRESENT VALUE OF \$1 MONTHLY FOR LIFE		PRESENT VALUE OF \$1 MONTHLY INCREASING 2.0% ANNUALLY		FUTURE LIFE EXPECTANCY IN YEARS	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
40	\$147.11	\$149.29	\$187.13	\$191.40	43.02	46.45
45	143.59	146.54	180.46	185.84	38.23	41.61
50	138.77	142.73	172.01	178.71	33.49	36.80
55	132.36	137.48	161.52	169.64	28.85	32.05
60	124.13	130.44	148.88	158.33	24.39	27.39
65	114.05	121.60	134.30	144.96	20.18	22.96
70	102.60	111.26	118.51	130.07	16.37	18.86
75	90.03	98.86	101.95	113.20	12.98	15.04
80	76.17	84.51	84.56	94.74	9.96	11.57
85	62.26	69.31	67.81	76.09	7.44	8.58

Percent of Members Eligible for Reduced Retirement Benefits Retiring Next Year**Exhibit G**

RETIREMENT AGES	STATE DIVISION		STATE TROOPERS	SCHOOL DIVISION		LOCAL GOVERNMENT DIVISION		JUDICIAL DIVISION
	MALE	FEMALE		MALE	FEMALE	MALE	FEMALE	
50	20%	18%	10%	12%	12%	12%	15%	10%
51	15%	14%	10%	12%	12%	12%	17%	10%
52	13%	13%	10%	12%	12%	12%	20%	10%
53	13%	10%	10%	10%	12%	12%	10%	10%
54	18%	18%	10%	16%	18%	20%	20%	10%
55	12%	18%	10%	18%	18%	10%	20%	10%
56	12%	13%	10%	10%	12%	12%	10%	10%
57	12%	11%	10%	10%	15%	13%	15%	10%
58	14%	11%	10%	10%	18%	13%	17%	10%
59	12%	20%	10%	18%	18%	15%	20%	13%
60	12%	14%	10%	12%	13%	15%	10%	13%
61	10%	10%	10%	10%	13%	15%	12%	13%
62	12%	12%	10%	14%	15%	18%	12%	13%
63	15%	12%	10%	14%	15%	13%	12%	13%
64	15%	12%	10%	14%	15%	10%	12%	10%
65 and Over	0%	0%	0%	0%	0%	0%	0%	0%

Percent of Members Eligible for Unreduced Benefits Retiring Next Year

Exhibit H

RETIREMENT AGES	STATE DIVISION		STATE TROOPERS	SCHOOL DIVISION		LOCAL GOVERNMENT DIVISION		JUDICIAL DIVISION
	MALE	FEMALE		MALE	FEMALE	MALE	FEMALE	
50	45%	45%	35%	45%	45%	45%	45%	10%
51	35%	32%	30%	38%	34%	25%	35%	10%
52	35%	32%	30%	38%	35%	22%	35%	10%
53	30%	27%	30%	35%	35%	22%	35%	10%
54	30%	27%	30%	32%	35%	22%	35%	10%
55	25%	30%	30%	28%	30%	22%	23%	10%
56	25%	20%	30%	25%	25%	22%	23%	10%
57	22%	22%	30%	25%	25%	22%	25%	10%
58	22%	22%	30%	25%	25%	22%	25%	10%
59	20%	22%	30%	25%	25%	22%	25%	13%
60	22%	22%	30%	25%	25%	25%	20%	13%
61	20%	22%	30%	25%	25%	20%	17%	13%
62	22%	25%	30%	28%	25%	20%	25%	13%
63	22%	22%	30%	25%	25%	20%	30%	13%
64	22%	18%	30%	22%	25%	25%	14%	10%
65	27%	28%	100%	30%	28%	30%	35%	10%
66	25%	28%	100%	20%	22%	27%	20%	10%
67	25%	23%	100%	20%	22%	27%	20%	10%
68	20%	22%	100%	20%	22%	27%	25%	25%
69	20%	22%	100%	16%	22%	27%	20%	40%
70 and Over	100%	100%	100%	100%	100%	100%	100%	100%

Schedule of Retirees and Beneficiaries Added to and Removed from Benefit Payroll¹
(In Actual Dollars)

YEAR ENDED	ADDED TO PAYROLL		REMOVED FROM PAYROLL		PAYROLL—END OF YEAR		AVERAGE ANNUAL BENEFITS	INCREASE IN AVERAGE BENEFITS
	NO.	ANNUAL BENEFITS	NO.	ANNUAL BENEFITS	NO. ²	ANNUAL BENEFITS		
12/31/00	4,369	\$123,249,792	1,680	\$28,151,484	55,147	\$1,142,638,708	\$20,720	5.9%
12/31/01	4,016	118,919,172	1,247	16,325,628	57,860	1,281,834,264	22,154	6.9%
12/31/02	4,064	123,812,748	1,376	19,675,356	60,548	1,427,278,692	23,573	6.4%
12/31/03	5,145	172,028,340	1,508	23,550,024	63,988	1,620,754,488	25,329	7.4%
12/31/04	5,522	191,924,148	1,610	28,105,056	67,900	1,839,310,356	27,089	6.9%
12/31/05	5,320	175,538,520	1,819	25,819,464	71,401	2,045,457,000	28,647	5.8%
12/31/06	5,251	169,081,084	1,945	27,505,200	74,698	2,246,234,376	30,071	5.0%
12/31/07	4,715	158,411,892	1,514	26,239,776	77,899	2,453,921,412	31,501	4.8%
12/31/08	4,616	155,932,548	1,593	28,977,276	80,922	2,660,025,072	32,871	4.3%
12/31/09	4,374	148,145,868	1,545	32,180,076	83,751	2,864,647,752	34,204	4.1%

¹ Numbers derived on an accrual basis.

² The number includes retirees and beneficiaries not being paid at the end of the year (e.g., future spousal benefits).

Member-Retiree Comparison¹
(In Actual Dollars)

The number of persons receiving monthly retirement benefits has grown steadily in relation to membership. This trend will likely continue for many years into the future. The retirement benefit disbursements shown in the right-hand column include cost-of-living increases paid in years since 1970. Prior to 1981, figures are for years ended June 30.

YEAR	NUMBER OF RETIREE ACCOUNTS ON 12/31	NUMBER OF MEMBER ACCOUNTS ON 12/31 ²	RETIREE ACCOUNTS AS % OF MEMBERS ON 12/31	TOTAL BENEFITS PAID—YEAR ENDED 12/31
1940	93	3,715	2.5%	\$72,588
1945	171	5,585	3.1%	137,442
1950	280	11,853	2.4%	237,866
1955	747	21,185	3.5%	745,679
1960	1,775	33,068	5.4%	2,055,139
1965	3,631	49,701	7.3%	5,486,225
1970	6,308	65,586	9.6%	13,115,234
1975	11,650	84,781	13.7%	32,820,433
1980	17,301	96,473	17.9%	71,289,456
1985	24,842	101,409	24.5%	192,456,029
1990	32,955	115,350	27.4%	350,398,094
1995	41,909	203,102	20.6%	639,501,796
2000	53,015	248,104	21.4%	1,093,779,068
2001	55,733	263,712	21.1%	1,228,730,063
2002	58,357	271,989	21.5%	1,372,219,187
2003	62,029	278,841	22.2%	1,545,267,772
2004	65,943	292,861	22.5%	1,764,716,331
2005	69,416	306,139	22.7%	1,973,240,491
2006	72,737	319,137	22.8%	2,178,014,767
2007	75,915	335,086	22.7%	2,385,309,488
2008	78,955	349,371	22.6%	2,595,236,759
2009	81,717	357,604	22.9%	2,800,086,839

¹ Numbers derived on a cash basis.

² Includes inactive member accounts.

Schedule of Members in Valuation

By Attained Age and Years of Service As of December 31, 2009
(In Actual Dollars)

State Division

Members included in the State Division valuation totaled 54,333 and involved annual salaries totaling \$2,384,136,844. The average age for these members (excluding State Troopers) was 45.9 years, and the average service was 8.9 years. The average age for State Troopers was 40.1 years, and the average service was 11.0 years.

ATTAINED AGE	YEARS OF SERVICE TO VALUATION DATE							NO.	TOTALS VALUATION PAYROLL
	0-4	5-9	10-14	15-19	20-24	25-29	30+		
Up to 20	209	—	—	—	—	—	—	209	\$1,181,563
20-24	1,387	7	—	—	—	—	—	1,394	24,940,852
25-29	3,474	408	12	—	—	—	—	3,894	119,521,170
30-34	3,377	1,412	278	2	—	—	—	5,069	190,156,062
35-39	2,873	1,598	1,078	231	4	—	—	5,784	251,704,690
40-44	2,651	1,533	1,227	800	319	22	—	6,552	306,325,095
45-49	4,363	1,597	1,183	951	789	496	55	9,434	416,303,448
50-54	2,430	1,553	1,153	1,052	965	879	342	8,374	420,806,726
55-59	1,929	1,334	1,036	995	881	617	432	7,224	361,201,634
60	293	226	179	136	151	100	72	1,157	55,756,772
61	298	195	155	121	112	86	59	1,026	50,458,861
62	244	163	126	119	96	74	61	883	41,536,112
63	230	183	115	100	102	74	57	861	41,450,854
64	143	121	80	68	43	43	48	546	25,996,384
65	128	89	71	64	44	35	32	463	21,762,648
66	92	56	47	45	32	27	29	328	16,023,293
67	83	65	27	29	25	11	30	270	10,792,287
68	64	26	21	21	23	6	12	173	7,462,247
69	53	28	19	11	13	12	11	147	5,630,907
70+	248	96	70	48	32	19	32	545	15,125,239
Totals	24,569	10,690	6,877	4,793	3,631	2,501	1,272	54,333	\$2,384,136,844

School Division

Members included in the School Division valuation totaled 119,390 and involved annual salaries totaling \$3,922,175,230. The average age for these members was 44.2 years, and the average service was 8.0 years.

ATTAINED AGE	YEARS OF SERVICE TO VALUATION DATE							NO.	TOTALS VALUATION PAYROLL
	0-4	5-9	10-14	15-19	20-24	25-29	30+		
Up to 20	891	—	—	—	—	—	—	891	\$4,880,119
20-24	4,197	85	—	—	—	—	—	4,282	66,855,573
25-29	9,465	1,284	37	—	—	—	—	10,786	295,995,459
30-34	7,266	4,693	606	16	—	—	—	12,581	417,621,940
35-39	6,789	3,836	2,750	423	8	—	—	13,806	478,208,519
40-44	8,042	3,764	2,521	1,890	339	12	—	16,568	545,153,169
45-49	6,733	4,382	2,563	1,871	1,593	613	37	17,792	607,768,399
50-54	5,195	3,817	2,822	2,026	1,616	1,742	456	17,674	650,178,992
55-59	3,564	2,573	1,954	1,994	1,529	1,143	705	13,462	510,727,845
60	568	391	266	294	232	168	89	2,008	74,885,707
61	532	336	229	220	204	157	96	1,774	65,136,232
62	487	310	206	169	171	120	85	1,548	53,054,428
63	512	289	213	149	149	90	74	1,476	47,412,732
64	297	182	107	107	78	57	40	868	26,589,764
65	297	145	80	86	55	48	32	743	20,331,831
66	262	127	73	49	41	32	18	602	14,849,471
67	250	101	46	45	26	19	15	502	10,593,866
68	187	81	42	32	12	24	8	386	7,425,810
69	168	55	33	30	14	13	7	320	6,041,380
70+	691	301	139	70	46	29	45	1,321	18,463,994
Totals	56,393	26,752	14,687	9,471	6,113	4,267	1,707	119,390	\$3,922,175,230

Schedule of Members in Valuation
By Attained Age and Years of Service As of December 31, 2009
(In Actual Dollars)

Local Government Division

Members included in the Local Government Division valuation totaled 16,166 and involved annual salaries totaling \$705,097,035. The average age for these members was 43.8 years, and the average service was 7.7 years.

ATTAINED AGE	YEARS OF SERVICE TO VALUATION DATE							NO.	TOTALS	
	0-4	5-9	10-14	15-19	20-24	25-29	30+		VALUATION	PAYROLL
Up to 20	422	—	—	—	—	—	—	422	\$1,741,661	
20-24	813	18	—	—	—	—	—	831	12,314,386	
25-29	1,144	184	12	—	—	—	—	1,340	42,078,690	
30-34	1,044	417	88	3	—	—	—	1,552	61,421,008	
35-39	980	538	205	59	3	—	—	1,785	79,705,255	
40-44	1,026	569	286	140	57	6	—	2,084	96,533,734	
45-49	828	582	344	233	187	139	31	2,344	123,092,302	
50-54	707	545	326	273	231	219	90	2,391	127,731,870	
55-59	541	378	241	202	186	117	96	1,761	93,838,966	
60	101	77	36	27	23	19	18	301	15,172,188	
61	73	58	37	24	19	20	9	240	12,551,144	
62	44	60	20	26	24	4	8	186	9,296,930	
63	55	55	24	18	21	10	14	197	8,839,745	
64	44	28	14	12	6	9	9	122	5,346,048	
65	39	26	15	5	8	5	3	101	3,628,508	
66	36	24	9	10	4	2	6	91	3,434,037	
67	38	21	4	7	1	8	5	84	2,802,515	
68	34	20	1	4	1	3	—	63	1,613,554	
69	25	11	2	2	4	—	—	44	780,974	
70+	143	46	18	14	1	2	3	227	3,173,520	
Totals	8,137	3,657	1,682	1,059	776	563	292	16,166	\$705,097,035	

Judicial Division

Members included in the Judicial Division valuation totaled 317 and involved annual salaries totaling \$37,582,661. The average age for Judicial Division members was 55.4 years, and the average service was 13.8 years.

ATTAINED AGE	YEARS OF SERVICE TO VALUATION DATE							NO.	TOTALS	
	0-4	5-9	10-14	15-19	20-24	25-29	30+		VALUATION	PAYROLL
35-39	3	1	—	—	—	—	—	4	\$284,846	
40-44	13	10	3	1	1	—	—	28	3,319,646	
45-49	18	7	7	4	4	1	—	41	4,907,299	
50-54	16	15	9	8	8	3	—	59	7,096,445	
55-59	13	18	11	11	9	7	5	74	8,956,324	
60	4	1	2	5	4	3	2	21	2,349,663	
61	2	5	1	4	6	1	3	22	2,402,380	
62	1	—	3	3	3	3	1	14	1,751,966	
63	2	4	—	1	2	4	1	14	1,667,202	
64	—	—	4	2	—	—	2	8	1,009,865	
65	—	1	2	1	2	2	—	8	1,019,083	
66	1	1	2	—	1	1	2	8	876,110	
67	—	—	—	1	—	—	2	3	390,903	
68	1	2	—	2	—	—	—	5	535,190	
69	—	—	—	—	3	—	3	6	747,413	
70+	—	—	—	1	1	—	—	2	268,326	
Totals	74	65	44	44	44	25	21	317	\$37,582,661	

The Colorado PERA funding objective, to paraphrase the Colorado PERA Board's Statement of Funding Policy, is to be able to pay long-term benefit promises through contributions that remain approximately level from year to year as a percent of salaries earned by members. In this way, members and employers in each year pay their fair share for retirement service accrued in that year by Colorado PERA members.

Over the years, Colorado PERA's contribution rates were occasionally increased to fund benefit improvements, or temporarily decreased at the State Legislature's direction. (See Schedule of Contribution Rate History on pages 163–167.)

Since 2000, Colorado PERA's funding ratio has declined from a high of 105.2 percent to 68.9 percent at the end of 2009. Legislation enacted in 2005 and 2006 that will strengthen Colorado PERA's future funded status included the following provisions:

- Payment of employer contributions on salary paid to Colorado PERA retirees who work for Colorado PERA-affiliated employers, effective July 1, 2005.
- Phase-in of increased funding called the Amortization Equalization Disbursement (AED) from Colorado PERA employers through a contribution that will remain in effect until Colorado PERA's unfunded liabilities are actuarially amortized beginning in January 2006 and increasing through 2012.
- A gradual increase of 0.5 percent per year in contributions called the Supplemental AED (SAED) over six years to be paid by employers from foregone employee wage increases, effective January 1, 2008. The main provisions of the SAED are similar to the AED provisions.
- Implementation of new hire provisions for members hired on or after January 1, 2007, which includes changing the Rule of 80 to a Rule of 85 with a minimum retirement age of 55 and implementing a new Annual Increase Reserve fund dedicated for new hire retirement AIs.
- In an action that did not require legislation, the Board increased the cost to purchase prior non-covered service to the full actuarial cost effective November 1, 2005. In 2006, legislation was passed to make all future purchase of service credit at the actuarially determined rate.

The recent global financial crisis necessitated enactment of a major pension reform bill signed into law on February 23, 2010, that will return Colorado PERA to a 100 percent funded ratio within the next 30 years based on 2009 actuarial assumptions. Some of the legislation's provisions that will reduce Colorado PERA's actuarial liabilities and enable the Colorado PERA trust funds to reach its full funding objective, are described below:

- Reduces the annual benefit increase to an amount equal to the lesser of the AI cap which is currently 2.0 percent or the average of the CPI-W for each of the months during the prior calendar year for all members and benefit recipients. Requires members hired on or before December 31, 2006, with a retirement effective date of January 1, 2011, or later to receive benefits for 12 months prior to being eligible to receive an AI. Requires members hired on or before December 31, 2006, not eligible to

retire on January 1, 2011, who subsequently retire with a reduced service retirement, reach age 60 or meet the applicable age and service requirement for a full service retirement to be eligible for an AI.

- The AI in 2010 will be the lesser of 2.0 percent or the average of the CPI-W for each of the months during the prior calendar year. Since the CPI-W during the 2009 year was negative, no AI was paid in March 2010.
- The AI in 2011 and in years thereafter, will be the applicable AI cap, which is currently 2.0 percent, unless Colorado PERA experiences a negative investment return. If Colorado PERA's investment return is negative in the prior calendar year, the AI in the next three years will be the lesser of the average of the CPI-W for each of the months in the prior calendar year, or the applicable AI cap, which is currently 2.0 percent.
- Continues to increase the State Division's AED and the SAED through 2017. Continues to increase the School Division's AED through 2016, and continues to increase the School Division's SAED through 2018. Adjusts the AED and SAED based on the year-end funded status for the State Division and the School Division.
- Maintains the AED and SAED at 2010 levels for the Local Government and Judicial Divisions.
- Establishes a three-year Highest Average Salary (HAS) with a base year and an 8.0 percent spike cap for members not eligible to retire on January 1, 2011.
- Changes the reduced service retirement benefit reduction factors for members not eligible to retire on January 1, 2011, to an actuarially determined amount to ensure that the benefit is the actuarial equivalent of the service retirement benefit.
- Includes a modified Rule of 85 for existing members with less than five years of service on January 1, 2011. Includes a modified Rule of 88 for full service retirement for new hires on or after January 1, 2011, but before January 1, 2017. For all new members, other than State Troopers, first hired on or after January 1, 2017, eligibility will include a modified Rule of 90 (age and service must add to 90 with a minimum age of 60). If the member's most recent 10 years of service credit are earned in the School Division or DPS Division, retirement eligibility is under the modified Rule of 88.
- Effective January 1, 2011, requires that refunding members earn five years of service credit in order to receive a 50 percent match on contributions. All matching amounts credited to member accounts before January 1, 2011, will remain credited.
- Requires that retirees who return to work for a Colorado PERA employer, effective January 1, 2011, make contributions at the same rate as all members working for that employer. Retirees' contributions would be non-refundable and would not be credited to members' accounts.

SB 10-146 ("Concerning a Temporary Modification to the Contribution Rates for Certain Divisions of the Public Employees' Retirement Association"), signed by Governor Bill Ritter on

March 31, 2010, temporarily increases the State Division and Judicial Division member contribution rates by 2.5 percent of salary, and decreases the State Division and Judicial Division employer contribution rates by 2.5 percent, effective July 1, 2010, through June 30, 2011. The State Division and Judicial Division member and employer contribution rates will return to their previous statutory rates on July 1, 2011.

This legislation does not change the schedule of the employers' Amortization Equalization Disbursement (AED) contributions, nor does it change the Supplemental Amortization Equalization Disbursement (SAED) contributions schedule that are paid by employers from members' foregone compensation increases.

Due to passage of SB 10-146, State Division and Judicial Division members and employers will be required to contribute at the following payroll rates, effective July 1, 2010, through June 30, 2011:

- *State and Judicial Division members:*
10.5 percent of salary
- *State Division participants enrolled in the PERA DC Plan:*
10.5 percent of salary
- *State Troopers and Colorado Bureau of Investigation members:*
12.5 percent of salary
- *State Troopers and Colorado Bureau of Investigation participants enrolled in the PERA DC Plan:*
12.5 percent of salary
- *State Division employers:*
7.65 percent of salary
- *State Division employers of PERA DC Plan participants:*
7.65 percent of salary
- *State Trooper and Colorado Bureau of Investigation employers:*
10.35 percent of salary

- *State Trooper and Colorado Bureau of Investigation employers of PERA DC Plan participants:*
10.35 percent of salary
- *Judicial Division employers:*
11.16 percent of salary

SB 10-146 also requires that retirees re-employed by a State Division or Judicial Division employer, effective January 1, 2011, through June 30, 2011, contribute an additional 2.5 percent member contribution.

This legislation was recommended by the Joint Budget Committee based upon the Governor's budget request to reduce the State's expenditures by approximately \$37 million in the fiscal year ending June 30, 2011, and balance the budget. By shifting the State's contributions to member contributions, Colorado PERA's actuarial liabilities in the State Division and Judicial Division are estimated to increase by \$10.4 million and \$0.1 million, respectively.

The following solvency test is one means of checking Colorado PERA's funding progress. In this test, the retirement plan's present assets (investments and cash) are compared with: (A) member contributions (with interest) on deposit, (B) the liabilities for future benefits to persons who have retired or terminated service with the right to a future benefit, and (C) the liabilities for service already rendered by active members. In a system that has been following the discipline of level contribution rate financing, the liabilities for member contributions on deposit (liability A) and the liabilities for future benefits to present retirees (liability B) will be fully covered by present assets, except in rare circumstances. The actuarial valuation of December 31, 2008, shows that liability A is fully covered by Colorado PERA assets.

In addition, the remainder of present assets covers a large portion of the liabilities for future benefits to persons who have retired or terminated service with the right to a future benefit (liability B). Generally, if the system has been using level contribution rate financing, the funded portion of liability B and C will increase over time.

Total Actuarial Liabilities
(In Actual Dollars)

VALUATION DATE	MEMBER CONTRIBUTIONS (A) ¹	RETIREES AND BENEFICIARIES (B)	EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C)	VALUATION ASSETS	PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS		
					LIABILITY (A)	LIABILITY (B)	LIABILITY (C)
12/31/00	\$4,833,143,560	\$14,162,593,257	\$9,170,504,492	\$29,625,878,179	100%	100%	100%
12/31/01	5,562,390,361	16,301,486,412	9,503,435,639	30,935,478,756	100%	100%	95%
12/31/02	6,118,094,036	18,208,961,462	10,268,677,964	30,554,140,114	100%	100%	61%
12/31/03	6,316,579,440	20,884,057,920	13,291,470,411	30,596,661,957	100%	100%	26%
12/31/04	6,365,516,299	23,833,957,690	13,370,998,194	30,755,462,303	100%	100%	4%
12/31/05	5,755,118,042	26,382,911,449	14,614,266,949	34,273,165,233	100%	100%	15%
12/31/06	6,742,437,218	29,674,681,921	13,073,484,732	36,687,041,642	100%	100%	2%
12/31/07	6,834,260,809	32,017,760,257	13,607,111,905	39,415,525,136	100%	100%	4%
12/31/08	6,992,382,016	34,524,824,473	14,107,804,695	38,811,962,066	100%	92%	0%
12/31/09	7,068,659,805	33,621,499,259	13,846,389,827	37,598,988,107	100%	91%	0%

¹ Includes accrued interest on member contributions.

Summary of Unfunded/(Overfunded) Actuarial Accrued Liabilities

Unfunded/(overfunded) actuarial accrued liabilities are the difference between actuarially calculated liabilities for service already rendered and the assets of the retirement fund. It is natural for unfunded liabilities to exist for Colorado PERA and other defined benefit retirement plans.

The ratio of Colorado PERA's assets to accrued liabilities exceeded 100 percent for the first time on December 31, 1999, and again exceeded 100 percent in 2000. The ratio fell to 71 percent in 2004 and increased to 75 percent in 2007. However, in 2009 the ratio fell to 68.9 percent.

The decrease (or losses) in the 2009 funded status over 2008 can be attributed mainly to the following factors:

- The investment rate of return was decreased from 8.5 percent to 8.0 percent per year.
- Recognition of investment losses experienced from 2008.
- Fewer members terminated Colorado PERA-covered employment and withdrew their accounts than had been assumed during 2009, increasing future liabilities.
- New Colorado PERA members had some service resulting in accrued liabilities.
- Current retirees are living longer than expected.

The following factors resulted in lower liabilities (or gains) to Colorado PERA during 2009:

- Recognition of investment gains experienced from 2006, 2007, and 2009.
- Member pay increases were lower than expected.
- Fewer members retired with a disability retirement than assumed.
- AIs were not payable on benefits based on accounts of retired members hired July 1, 2005, through December 31, 2006, due to the decrease in the CPI-W during the 2008 calendar year.

Effective November 1, 2005, the cost to purchase non-covered service was increased to the actuarial cost, further limiting the plan's liabilities going forward. Legislation passed and signed into law in 2003 limited the number of years for non-covered service purchases to a total of 10 years. Legislation supported by the Board in 2004, 2005, and 2006 contained moderate and balanced provisions that improve Colorado PERA's financial soundness.

A brief description of this legislation follows:

Senate Bill 04-132 (SB 04-132 "Modification of Existing Benefit Plans for Colorado PERA Members") as amended was signed by Governor Bill Owens. The bill contained the following provisions that went into effect during 2005:

- Reduced the annual post-retirement increase to the lower of 3 percent or the actual increase in the Consumer Price Index for new employees hired on or after July 1, 2005.
- Eliminated the unreduced service retirement eligibility requirement at age 50 with 30 or more years of service, for new employees hired on or after July 1, 2005.

Senate Bill 04-257 (SB 04-257 "Modifications to Retirement Plans for Public Employees") as amended was signed by Governor Bill Owens and included provisions that will phase-in increased funding from

Colorado PERA employers with an AED beginning in January 2006 through 2012. The bill also required employer contributions on salary paid to Colorado PERA retirees who return to work for Colorado PERA-affiliated employers.

Senate Bill 05-73 (SB 05-73 "Employment After Retirement for Colorado PERA Retirees") was signed by Governor Bill Owens and ensured that the AED will be paid by employers on the salary they pay to Colorado PERA retirees. SB 05-73 also provides for employer contributions to be paid on compensation paid to Colorado PERA retirees who are working as independent contractors or in certain other arrangements, and who are performing services for Colorado PERA employers.

Senate Bill 06-235 (SB 06-235 "Concerning Public Employees' Retirement Benefit Plans") was signed by Governor Bill Owens on May 25, 2006. This legislation provided the following:

- Added a supplemental amortization equalization disbursement (SAED) payment that is slated to come from salary increases that would have otherwise been awarded to employees over a six-year period. The collection of 0.5 percent of salaries began on January 1, 2008.
- Modified retirement provisions for new employees hired on or after January 1, 2007.
- Specified a 30-year amortization period in statute.
- Required that an actuarial study be commissioned by the General Assembly before any benefit enhancements can be made.
- Modified the structure of the Colorado PERA Board.
- Expanded defined contribution and defined benefit choice to new employees of institutions of higher education who did not previously have access to both types of plans.

Senate Bill 10-001 (SB 10-001 "Concerning Modifications to the Public Employees' Retirement Association Necessary to Reach a One Hundred Percent Funded Ratio Within the Next 30 Years") was signed by Governor Bill Ritter on February 23, 2010. This complex and far-reaching piece of legislation will affect all Colorado PERA employers, employees, and benefit recipients (both current and future). A number of the bill's major changes are described below:

- Reduces the AI to equal the lesser of 2.0 percent or the average of the CPI-W for each of the months during the prior calendar year, effective February 23, 2010.
 - The amount of the AI applied to benefits in 2010 is the lesser of 2.0 percent or the average of the CPI-W for the months in the 2009 calendar year. Since the CPI-W for this period was negative, no AI will be paid in 2010.
 - Require all members hired before January 1, 2007, with a retirement effective date of January 1, 2011, or later, to receive benefits for 12 months before being eligible to receive an AI.
 - The AI for all members hired before January 1, 2007, beginning in 2011, will be the applicable AI cap which is currently 2.0 percent, unless Colorado PERA has a negative investment year, in which case the AI for the subsequent three years will be the lesser of the applicable AI cap which is currently 2.0

percent or the average of the CPI-W for each of the months during the prior calendar year.

- Requires that members not eligible to retire on January 1, 2011, who subsequently retire with a reduced service retirement, reach on January 1 of the year the increase is to be paid either age 60 or the applicable age and service requirement for a full service retirement, to be eligible for an AI.
- Continues to increase the AED until a total 5 percent rate is reached in 2017 for the State Division, and until a total of 4.5 percent is reached in 2016 for the School Division. Adjust the AED and SAED based on the year-ended funded status for each of the Divisions with decreases mandated for the Division when the Division's year-end funded status reaches 103 percent and increases mandated when the Division's funded status subsequently falls below 90 percent. Continues to increase the SAED until a total of 5 percent is reached in 2017 for the State Division, and 5.5 percent is reached in 2017 for the School Division.
- Establishes a three-year Highest Average Salary (HAS) with a base year and an 8.0 percent spike cap for members not eligible to retire on January 1, 2011.
- Changes the reduced service retirement benefit reduction factors for members not eligible to retire on January 1, 2011, to an actuarially determined amount.
- Implements a modified Rule of 85 for full service retirement for existing members with less than five years of service on January 1, 2011. Includes a modified Rule of 88 for full service retirement for new hires on or after January 1, 2011, but before January 1, 2017. For all new members first hired on or after January 1, 2017, other than State Troopers, eligibility will include a modified Rule of 90 (age and service must add to 90 with a minimum age of 60). If the member's most recent 10 years of service credit are earned in the School Division or the DPS Division, retirement eligibility is under the modified Rule of 88.
- Effective January 1, 2011, requires that refunding members earn five years of service credit on the date of refund in order to receive a 50 percent match on contributions. All matching amounts credited to member accounts before January 1, 2011, will remain credited.
- Requires retirees who return to work to contribute at the same rate as active members working for that employer, effective January 1, 2011. Retirees' contributions would be non-refundable and would not accrue a benefit, nor would they be credited to members' accounts.

SB 10-146 ("Concerning a Temporary Modification to the Contribution Rates for Certain Divisions of the Public Employees' Retirement Association"), signed by Governor Bill Ritter on March 31, 2010, temporarily increases the State Division and Judicial Division member contribution rates by 2.5 percent of salary, and decreases the State Division and Judicial Division employer contribution rates by 2.5 percent, effective July 1, 2010, through June 30, 2011. The State Division and Judicial Division member and employer contribution rates will return to their previous statutory rates on July 1, 2011.

This legislation does not change employers' AED contributions, nor does it change the SAED contributions that are paid by employers from members' foregone compensation increases.

Due to the passage of SB 10-146, State Division and Judicial Division members and employers will be required to contribute at the following payroll rates, effective July 1, 2010, through June 30, 2011:

- *State and Judicial Division members:* 10.5 percent of salary
- *State Division participants enrolled in the PERA DC Plan:* 10.5 percent of salary
- *State Troopers and Colorado Bureau of Investigation members:* 12.5 percent of salary
- *State Troopers and Colorado Bureau of Investigation participants enrolled in the PERA DC Plan:* 12.5 percent of salary
- *State Division employers:* 7.65 percent of salary
- *State Division employers of PERA DC Plan participants:* 7.65 percent of salary
- *State Trooper and Colorado Bureau of Investigation employers:* 10.35 percent of salary
- *State Trooper and Colorado Bureau of Investigation employers of PERA DC Plan participants:* 10.35 percent of salary
- *Judicial Division employers:* 11.16 percent of salary

SB 10-146 also requires that retirees re-employed by a State Division or Judicial Division employer, effective January 1, 2011, through June 30, 2011, contribute an additional 2.5 percent member contribution.

This legislation was recommended by the Joint Budget Committee to reduce the State's expenditures by approximately \$37 million in the fiscal year ending June 30, 2011. By shifting the State's contributions to member contributions, Colorado PERA's liabilities in the State and Judicial Divisions are estimated to increase by \$10.4 million and \$0.1 million, respectively.

Benefits to retirees are funded at 90.8 percent, that is, assets reserved for benefits currently being paid are less than the liabilities for those benefits. Liabilities for members are based on service rendered toward their retirement benefits payable in the future. Unfunded actuarial accrued liabilities exist because liabilities for such service by members exceed assets currently on hand for such future benefits.

Since inflation decreases the dollar's value, it is important to examine more than only the dollar amounts of assets, benefits paid, member salaries, and unfunded/(overfunded) actuarial accrued liabilities when assessing the plan's financial status. The ratio of unfunded/(overfunded) actuarial accrued liability dollars divided by member salary dollars can provide a meaningful index. The smaller the ratio, the stronger the system. Observation of this relative index over a period of years will give an indication of the financial strength of the system. This ratio has decreased at times over the last decade, but increased sharply in years 2002 through 2004. This increase reflects the poor investment environment of 2001 and 2002, as well as increased liabilities. The UAAL/OAAL as a percent of member salaries was reduced in 2007, which is evidence of a moderation in Colorado PERA's liabilities and recognition of investment gains in the past few years. However, in 2008 and 2009, the ratio increased to levels significantly above those experienced in 2002 through 2004.

Unfunded/(Overfunded) Actuarial Accrued Liabilities (UAAL/OAAL)
(In Actual Dollars)

VALUATION DATE	TOTAL ACTUARIAL ACCRUED LIABILITIES	VALUATION ASSETS	ASSETS AS A % OF ACCRUED LIABILITIES	UNFUNDED/(OVERFUNDED) ACTUARIAL ACCRUED LIABILITIES	MEMBER SALARIES	UAAL/(OAAL) AS A % OF MEMBER SALARIES
12/31/00	\$28,166,241,309	\$29,625,878,179	105.2%	(\$1,459,636,870)	\$4,982,542,964	(29.3%)
12/31/01	31,367,312,412	30,935,478,756	98.6%	431,833,656	5,415,327,493	8.0%
12/31/02	34,595,733,462	30,554,140,114	88.3%	4,041,593,348	5,779,703,602	69.9%
12/31/03	40,492,107,771	30,596,661,957	75.6%	9,895,445,814	5,645,468,380	175.3%
12/31/04	43,570,472,183	30,755,462,303	70.6%	12,815,009,880	5,879,355,179	218.0%
12/31/05	46,752,296,440	34,273,165,233	73.3%	12,479,131,207	5,940,132,036	210.1%
12/31/06	49,490,603,871	36,687,041,642	74.1%	12,803,562,229	6,135,961,050	208.7%
12/31/07	52,459,132,971	39,415,525,136	75.1%	13,043,607,835	6,566,368,545	198.6%
12/31/08	55,625,011,184	38,811,962,066	69.8%	16,813,049,118	6,931,404,440	242.6%
12/31/09	54,536,548,891	37,598,988,107	68.9%	16,937,560,784	7,048,991,768	240.3%

Schedule of Gains and Losses in Accrued Liabilities
(In Millions of Dollars)

TYPE OF ACTIVITY	\$ GAIN (OR LOSS) FOR YEARS ENDED DECEMBER 31					
	2009	2008	2007	2006	2005	2004
Age and service retirements ¹	(\$18.7)	(\$47.1)	(\$56.9)	(\$60.7)	(\$32.4)	(\$436.3)
Disability retirements ²	31.2	29.1	26.6	24.3	(5.8)	(0.7)
Deaths ³	(91.2)	(79.1)	9.4	0.3	130.7	(50.7)
Withdrawal from employment ⁴	(139.7)	(113.0)	(107.7)	(88.9)	104.1	13.0
New entrants ⁵	(105.5)	(100.6)	(113.5)	(136.2)	(129.1)	(66.3)
Pay increases ⁶	407.1	(147.9)	(221.3)	59.6	(332.1)	97.4
Investment income ⁷	(2,908.6)	(2,632.8)	833.3	682.7	89.4	(1,697.7)
Service purchases	—	—	—	—	(73.2)	(215.0)
Other	(368.6)	(97.1)	157.6	46.3	70.3	(23.0)
Gain (or loss) during year	(3,194.0)	(3,188.5)	527.5	527.4	(178.1)	(2,379.3)
Non-recurring items (assumption change) ⁸	4,045.7	131.4	—	—	(126.3)	275.6
Non-recurring items (asset method change) ⁸	—	—	—	—	1,660.7	—
Composite gain (or loss) during year	\$851.7	(\$3,057.1)	\$527.5	\$527.4	\$1,356.3	(\$2,103.7)

¹ *Age and service retirements*: If members retire at older ages than assumed, there is a gain. If members retire at younger ages, a loss occurs.

² *Disability retirements*: If disability claims are lower than was assumed, there is a gain. If a higher number of disability claims was experienced, there is a loss.

³ *Deaths*: If survivor claims are lower than was assumed, there is a gain. If a higher number of survivor claims was experienced, there is a loss. If retirees live longer than assumed, there is a loss; if retirees die sooner than assumed, there is a gain.

⁴ *Withdrawal from employment*: If more members terminate and more liabilities are released by withdrawals than are assumed, there is a gain. If fewer liabilities are released, a loss occurs.

⁵ *New entrants*: If the number of new members entering the plan is lower than was assumed, there is a loss. If a higher number of new members entered the plan than was assumed, there is a gain.

⁶ *Pay increases*: If there are smaller salary increases than assumed, there is a gain. If greater increases occur, a loss results.

⁷ *Investment income*: If there is greater investment income than assumed, there is a gain. If less income is received, a loss occurs.

⁸ *Non-recurring items*: Include changes in actuarial assumptions or method and changes to plan benefits.

Schedule of Computed Employer Contribution Rates for Fiscal Years Beginning in 2011

	EXPRESSED AS A PERCENTAGE OF MEMBER PAYROLL			
	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION
Contributions:				
Service retirement benefits	7.38%	8.83%	7.55%	14.64%
Disability retirement benefits	0.29%	0.20%	0.19%	0.78%
Survivor benefits	0.14%	0.13%	0.15%	0.44%
Termination withdrawals	2.02%	2.15%	2.11%	1.55%
Refunds	0.42%	0.44%	0.44%	0.43%
Total normal cost	10.25%	11.75%	10.44%	17.84%
Less member contributions	8.05 ¹ %	8.00%	8.00%	8.00% ²
Employer normal cost	2.20%	3.75%	2.44%	9.84%
Percentage available to amortize				
unfunded actuarial accrued liabilities	11.41%	9.82%	10.02%	6.37%
Amortization period	43 years	44 years	16 years	65 years
Total employer contribution rate for actuarially funded benefits	10.22%	10.15%	10.00%	13.66%
Amortization Equalization Disbursement	2.60%	2.60%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement	2.00%	2.00%	1.50%	1.50%
Less Health Care Trust Fund	1.02%	1.02%	1.02%	1.02%
Less Annual Increase Reserve	0.19%	0.16%	0.22%	0.13%
Employer contribution rate for defined benefit plan	13.61%	13.57%	12.46%	16.21%

¹ Weighted average of more than one statutory rate.

² Assumes no judge will elect a refund of contributions made for the 17th through the 20th year of service.

Schedule of Active Member Valuation Data
(In Actual Dollars)

YEAR	NUMBER OF EMPLOYERS	NUMBER OF MEMBERS	ANNUAL PAYROLL	AVERAGE ANNUAL SALARY	% INCREASE (DECREASE) IN AVERAGE PAY
2000	379	162,106	\$4,982,542,964	\$30,736	3.09%
2001	385	169,833	5,415,327,493	31,886	3.74%
2002	393	172,761	5,779,703,602	33,455	4.92%
2003	399	170,991	5,645,468,380	33,016	(1.31%)
2004	401	176,840	5,879,355,179	33,247	0.70%
2005	405	180,630	5,940,132,036	32,886	(1.09%)
2006	405	182,404	6,135,961,050	33,639	2.29%
2007	409	186,842	6,566,368,545	35,144	4.47%
2008	413	190,684	6,931,404,440	36,350	3.43%
2009	411	190,206	7,048,991,768	37,060	1.95%

STATISTICAL SECTION



Securing the Path to

MAINTAINING BENEFITS

Colorado PERA is dedicated to ensuring the stability of pension and health benefits for our members across all divisions.

The Statistical Section presents detailed information that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of Colorado PERA.

Contents

Financial Trends—These schedules show trend information about the changes and growth in Colorado PERA’s net assets over the past 10 years.

- *Changes in Fiduciary Net Assets*
- *Benefits and Refund Deductions from Net Assets by Type*

Operating Information—These schedules contain information related to the services that Colorado PERA provides and the activities it performs.

- *Member and Benefit Recipient Statistics¹*
- *Schedule of Average Retirement Benefits Payable¹*
- *Schedule of Retirees and Survivors by Type of Benefit*
- *Current Average Monthly Benefit by Year of Retirement¹*
- *Schedule of Average Benefit Payments by Division¹*
- *Schedule of Average Benefit Payments¹—Combined State, School, Local Government, and Judicial Divisions Trust Funds*
- *Schedule of Contribution Rate History*
- *Principal Participating Employers*
- *Schedule of Affiliated Employers*

Schedules and information are derived from Colorado PERA internal sources unless otherwise noted.

¹Schedules and data are provided by the consulting actuary, Cavanaugh Macdonald Consulting, LLC.

State and School Division Trust Fund¹

ADDITIONS	2000	2001	2002
Employer contributions ²	\$420,031	\$314,649	\$315,825
Member contributions ²	343,040	368,968	397,315
Purchased service	96,023	119,719	329,572
Investment loss	(30,817)	(2,287,062)	(3,099,924)
Other	—	—	5
Total additions	828,277	(1,483,726)	(2,057,207)
DEDUCTIONS			
Benefit payments	1,042,905	1,171,996	1,307,652
Refunds	124,096	90,898	88,793
Disability insurance premiums	4,824	3,228	4,070
Administrative expenses	15,245	16,363	17,752
Other	973	1,409	1,649
Total deductions	1,188,043	1,283,894	1,419,916
Changes in net assets available for benefits	(359,766)	(2,767,620)	(3,477,123)
Net assets held at beginning of year	28,628,290	28,268,524	25,500,904
Net assets held at end of year	\$28,268,524	\$25,500,904	\$22,023,781

¹ The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

² Employer and Member contribution rate history is shown on pages 163–167.

State and School Division Trust Fund¹

ADDITIONS	2003	2004	2005
Employer contributions ²	\$387,920	\$452,997	\$491,031
Member contributions ²	405,715	411,376	425,657
Purchased service	695,516	192,033	212,971
Investment income	5,203,073	3,663,632	2,827,871
Other	3	30	(9)
Total additions	6,692,227	4,720,068	3,957,521
DEDUCTIONS			
Benefit payments	1,469,343	1,677,417	1,872,565
Refunds	99,039	108,136	114,968
Disability insurance premiums	3,592	4,186	4,038
Administrative expenses	19,750	20,949	18,811
Other	448	13,320	10,373
Total deductions	1,592,172	1,824,008	2,020,755
Changes in net assets available for benefits	5,100,055	2,896,060	1,936,766
Net assets held at beginning of year	22,023,781	27,123,836	30,019,896
Net assets held at end of year	\$27,123,836	\$30,019,896	\$31,956,662

¹ The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

² Employer and Member contribution rate history is shown on pages 163–167.

Changes in Fiduciary Net Assets

For the Years Ended December 31
(In Thousands of Dollars)

State Division Trust Fund¹

ADDITIONS	2006	2007	2008	2009
Employer contributions ²	\$208,795	\$232,997	\$270,353	\$297,240
Member contributions ²	169,965	179,971	191,481	194,168
Purchased service	39,480	8,259	13,315	8,830
Investment income (loss)	1,921,863	1,388,265	(3,745,843)	1,742,571
Other	1	4	7	3
Total additions	2,340,104	1,809,496	(3,270,687)	2,242,812
DEDUCTIONS				
Benefit payments	849,229	925,761	999,279	1,071,725
Refunds	65,911	56,578	56,716	58,416
Disability insurance premiums	1,772	1,833	1,794	2,004
Administrative expenses	7,889	6,963	8,639	8,729
Other	3,103	7,592	6,613	(1,519)
Total deductions	927,904	998,727	1,073,041	1,139,355
Changes in net assets available for benefits	1,412,200	810,769	(4,343,728)	1,103,457
Net assets held at beginning of year	12,629,060	14,041,260	14,852,029	10,508,301
Net assets held at end of year	\$14,041,260	\$14,852,029	\$10,508,301	\$11,611,758

¹ The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

² Employer and Member contribution rate history is shown on pages 163–167

School Division Trust Fund¹

ADDITIONS	2006	2007	2008	2009
Employer contributions ²	\$336,703	\$375,480	\$430,215	\$480,239
Member contributions ²	272,589	289,231	304,686	314,571
Purchased service	50,806	14,331	15,020	10,152
Investment income (loss)	2,954,863	2,145,958	(5,842,787)	2,741,797
Other	23	15	19	12
Total additions	3,614,984	2,825,015	(5,092,847)	3,546,771
DEDUCTIONS				
Benefit payments	1,213,875	1,329,803	1,449,907	1,563,315
Refunds	68,493	67,710	65,659	70,910
Disability insurance premiums	2,829	2,983	2,886	3,186
Administrative expenses	11,523	11,942	12,815	13,226
Other	9,909	5,348	3,272	9,121
Total deductions	1,306,629	1,417,786	1,534,539	1,659,758
Changes in net assets available for benefits	2,308,355	1,407,229	(6,627,386)	1,887,013
Net assets held at beginning of year	19,327,602	21,635,957	23,043,186	16,415,800
Net assets held at end of year	\$21,635,957	\$23,043,186	\$16,415,800	\$18,302,813

¹ The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

² Employer and Member contribution rate history is shown on pages 163–167.

Local Government Division Trust Fund¹

ADDITIONS	2000	2001	2002	2003	2004
Employer contributions ²	\$32,639	\$25,435	\$21,972	\$31,033	\$47,104
Member contributions ²	29,392	32,451	35,202	37,584	43,496
Purchased service	4,678	6,916	30,609	68,056	18,566
Investment income (loss)	(2,134)	(141,466)	(196,652)	341,545	255,505
Total additions	64,575	(76,664)	(108,869)	478,218	364,671
DEDUCTIONS					
Benefit payments	44,957	50,294	57,835	67,458	78,494
Refunds	14,619	10,645	10,426	10,453	13,500
Disability insurance premiums	418	283	360	326	432
Administrative expenses	1,339	1,437	1,539	1,724	1,943
Other	(131)	(721)	(125)	1,965	1,832
Total deductions	61,202	61,938	70,035	81,926	96,201
Changes in net assets available for benefits	3,373	(138,602)	(178,904)	396,292	268,470
Net assets held at beginning of year	1,737,081	1,740,454	1,601,852	1,422,948	1,819,240
Net assets held at end of year	\$1,740,454	\$1,601,852	\$1,422,948	\$1,819,240	\$2,087,710

¹ The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

² Employer and Member contribution rate history is shown on pages 163–167.

Local Government Division Trust Fund¹

ADDITIONS	2005	2006	2007	2008	2009
Employer contributions ²	\$54,357	\$60,664	\$68,711	\$79,457	\$84,456
Member contributions ²	48,404	51,047	54,880	58,508	57,598
Purchased service	92,018	14,461	2,447	3,820	4,460
Investment income (loss)	206,017	369,181	274,991	(778,885)	381,350
Other	2	4	12	(2)	2
Total additions	400,798	495,357	401,041	(637,102)	527,866
DEDUCTIONS					
Benefit payments	90,808	104,156	117,350	132,696	150,036
Refunds	15,052	16,328	16,683	18,219	19,648
Disability insurance premiums	444	529	561	560	591
Administrative expenses	1,848	1,800	1,918	2,102	2,160
Other	2,885	(1,056)	1,326	2,014	2,737
Total deductions	111,037	121,757	137,838	155,591	175,172
Changes in net assets available for benefits	289,761	373,600	263,203	(792,693)	352,694
Net assets held at beginning of year	2,087,710	2,377,471	2,751,071	3,014,274	2,221,581
Net assets held at end of year	\$2,377,471	\$2,751,071	\$3,014,274	\$2,221,581	\$2,574,275

¹ The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

² Employer and Member contribution rate history is shown on pages 163–167.

Changes in Fiduciary Net Assets
 For the Years Ended December 31
 (In Thousands of Dollars)

Judicial Division Trust Fund

ADDITIONS	2000	2001	2002	2003	2004
Employer contributions ¹	\$2,726	\$637	\$383	\$1,011	\$2,677
Member contributions ¹	1,630	1,806	1,982	2,034	2,071
Purchased service	732	748	1,928	8,388	2,203
Investment income (loss)	(200)	(13,089)	(17,521)	29,825	21,789
Total additions	4,888	(9,898)	(13,228)	41,258	28,740
DEDUCTIONS					
Benefit payments	5,917	6,440	6,731	8,467	8,806
Refunds	—	282	83	596	98
Disability insurance premiums	23	16	20	18	21
Administrative expenses	20	19	20	22	23
Other	(130)	281	(460)	(849)	(103)
Total deductions	5,830	7,038	6,394	8,254	8,845
Changes in net assets available for benefits	(942)	(16,936)	(19,622)	33,004	19,895
Net assets held at beginning of year	163,105	162,163	145,227	125,605	158,609
Net assets held at end of year	\$162,163	\$145,227	\$125,605	\$158,609	\$178,504

¹ Employer and Member contribution rate history is shown on pages 163–167.

Judicial Division Trust Fund

ADDITIONS	2005	2006	2007	2008	2009
Employer contributions ¹	\$3,408	\$3,767	\$4,222	\$5,105	\$5,793
Member contributions ¹	2,154	2,292	2,479	2,806	3,001
Purchased service	2,993	1,814	80	392	(3)
Investment income (loss)	16,953	29,920	21,965	(61,192)	29,977
Total additions	25,508	37,793	28,746	(52,889)	38,768
DEDUCTIONS					
Benefit payments	9,868	10,755	12,396	13,356	15,011
Refunds	181	—	4	—	30
Disability insurance premiums	20	24	25	26	31
Administrative expenses	20	19	19	21	22
Other	(742)	(3)	(2,908)	(322)	(1,778)
Total deductions	9,347	10,795	9,536	13,081	13,316
Changes in net assets available for benefits	16,161	26,998	19,210	(65,970)	25,452
Net assets held at beginning of year	178,504	194,665	221,663	240,873	174,903
Net assets held at end of year	\$194,665	\$221,663	\$240,873	\$174,903	\$200,355

¹ Employer and Member contribution rate history is shown on pages 163–167.

Voluntary Investment Program

ADDITIONS	2000	2001	2002	2003	2004
Employer contributions	\$719	\$58,037	\$68,209	\$50,144	\$13,494
Member contributions	102,130	165,001	179,155	189,054	179,909
Plan transfer	—	—	—	—	79,329
Investment income (loss)	(13,139)	(52,070)	(83,012)	157,589	110,598
Other	—	—	2,001	1,918	2,388
Total additions	89,710	170,968	166,353	398,705	385,718
DEDUCTIONS					
Refunds	45,678	52,909	99,838	219,157	90,618
Administrative expenses	1,835	2,946	3,289	3,382	4,390
Other	(1,358)	(1,835)	(5)	—	—
Total deductions	46,155	54,020	103,122	222,539	95,008
Changes in net assets available for benefits	43,555	116,948	63,231	176,166	290,710
Net assets held at beginning of year	514,115	557,670	674,618	737,849	914,015
Net assets held at end of year	\$557,670	\$674,618	\$737,849	\$914,015	\$1,204,725

Voluntary Investment Program

ADDITIONS	2005	2006¹	2007¹	2008¹	2009
Employer contributions	\$2,484	\$2,724	\$3,252	\$3,866	\$3,383
Member contributions	182,257	165,641	171,630	157,937	134,645
Plan transfer	—	—	—	—	18,358
Investment income (loss)	96,423	166,668	125,576	(500,862)	291,029
Other	2,964	3,396	6,317	4,472	3,654
Total additions	284,128	338,429	306,775	(334,587)	451,069
DEDUCTIONS					
Refunds	187,557	108,477	92,607	87,571	75,351
Administrative expenses	4,298	4,706	5,482	4,965	4,664
Total deductions	191,855	113,183	98,089	92,536	80,015
Changes in net assets available for benefits	92,273	225,246	208,686	(427,123)	371,054
Net assets held at beginning of year	1,204,725	1,296,998	1,522,244	1,730,930	1,303,807
Net assets held at end of year	\$1,296,998	\$1,522,244	\$1,730,930	\$1,303,807	\$1,674,861

¹ To improve trend analysis, the year has been restated to remove the Defined Contribution Retirement Plan which was reported as a component of the Voluntary Investment Program. For the years 2006–2008, the Defined Contribution Plan was a component Plan in the Voluntary Investment Program Trust. In 2009, the Defined Contribution Retirement Plan became a separate trust.

Changes in Fiduciary Net Assets

For the Years Ended December 31
(In Thousands of Dollars)

Defined Contribution Retirement Plan

ADDITIONS	2006¹	2007¹	2008¹	2009
Employer contributions	\$329	\$1,104	\$1,946	\$5,899
Member contributions	260	880	1,564	4,652
Plan transfer	—	—	—	18,374
Investment income (loss)	14	69	(841)	5,060
Other	—	49	3	14
Total additions	603	2,102	2,672	33,999
DEDUCTIONS				
Refunds	8	148	215	1,377
Administrative expenses	—	2	8	143
Total deductions	8	150	223	1,520
Changes in net assets available for benefits	595	1,952	2,449	32,479
Net assets held at beginning of year	—	595	2,547	4,996
Net assets held at end of year	\$595	\$2,547	\$4,996	\$37,475

¹ To improve trend analysis, the year has been restated to report changes in fiduciary net assets which were included in the Voluntary Investment Program. For the years 2006–2008, the Defined Contribution Retirement Plan was a component Plan in the Voluntary Investment Program Trust. In 2009, the Defined Contribution Retirement Plan became a separate trust.

Deferred Compensation Plan¹

ADDITIONS	2009
Employer contributions	\$12
Member contributions	23,875
Plan transfer	336,504
Investment income	40,443
Other	1,820
Total additions	402,654
DEDUCTIONS	
Refunds	8,745
Administrative expenses	507
Other	50
Total deductions	9,302
Changes in net assets available for benefits	393,352
Net assets held at beginning of year	—
Net assets held at end of year	\$393,352

¹ On July 1, 2009, the State's 457 Plan assets transferred to Colorado PERA, which became the administrator of that plan under the provisions of Senate Bill 09-66.

Health Care Trust Fund

ADDITIONS	2000	2001	2002	2003	2004
Employer contributions ¹	\$51,351	\$74,324	\$92,562	\$64,443	\$60,465
Retiree health care premiums	28,751	43,960	48,825	55,668	59,453
Investment income (loss)	(94)	(10,818)	(17,742)	33,445	23,117
Other	—	—	1,055	2,118	16,116
Total additions	80,008	107,466	124,700	155,674	159,151
DEDUCTIONS					
Benefit payments	77,332	103,472	113,898	120,814	130,917
Administrative expenses	1,134	679	5,409	6,157	6,634
Other	—	(368)	—	—	—
Total deductions	78,466	103,783	119,307	126,971	137,551
Changes in net assets available for benefits	1,542	3,683	5,393	28,703	21,600
Net assets held at beginning of year	120,638	122,180	125,863	131,256	159,959
Net assets held at end of year	\$122,180	\$125,863	\$131,256	\$159,959	\$181,559

¹ Employer and Member contribution rate history is shown on pages 163–167.

Health Care Trust Fund

ADDITIONS	2005	2006	2007	2008	2009
Employer contributions ¹	\$61,193	\$64,547	\$68,508	\$72,599	\$74,073
Retiree health care premiums	62,872	85,673	96,345	102,644	106,903
Medicare retiree drug subsidy	—	12,481	12,397	13,743	13,633
Investment income (loss)	17,665	30,920	23,868	(72,423)	35,483
Other	13,609	12,997	12,454	12,803	12,721
Total additions	155,339	206,618	213,572	129,366	242,813
DEDUCTIONS					
Benefit payments	135,550	164,755	159,939	196,769	192,656
Administrative expenses	8,216	8,145	11,051	11,838	12,170
Total deductions	143,766	172,900	170,990	208,607	204,826
Changes in net assets available for benefits	11,573	33,718	42,582	(79,241)	37,987
Net assets held at beginning of year	181,559	193,132	226,850	269,432	190,191
Net assets held at end of year	\$193,132	\$226,850	\$269,432	\$190,191	\$228,178

¹ Employer and Member contribution rate history is shown on pages 163–167.

Changes in Fiduciary Net Assets
For the Years Ended December 31
(In Thousands of Dollars)

Life Insurance Reserve

ADDITIONS	2000	2001	2002	2003	2004
Investment income (loss)	(\$6)	(\$1,659)	(\$1,676)	\$2,991	\$1,932
Total additions	(6)	(1,659)	(1,676)	2,991	1,932
DEDUCTIONS					
Life insurance premiums and claims	1,366	793	2,726	1,899	1,610
Administrative expenses	491	726	590	271	(456)
Total deductions	1,857	1,519	3,316	2,170	1,154
Changes in net assets available for benefits	(1,863)	(3,178)	(4,992)	821	778
Net assets held at beginning of year	22,188	20,325	17,147	12,155	12,976
Net assets held at end of year	\$20,325	\$17,147	\$12,155	\$12,976	\$13,754

Life Insurance Reserve

ADDITIONS	2005	2006	2007	2008	2009
Life insurance premiums	\$7,351	\$8,950	\$9,075	\$1,772	\$—
Investment income (loss)	1,652	2,625	2,851	(4,693)	2,496
Total additions	9,003	11,575	11,926	(2,921)	2,496
DEDUCTIONS					
Life insurance premiums and claims	5,571	8,653	7,961	2,820	575
Administrative expenses	2,486	1,100	1,732	486	576
Total deductions	8,057	9,753	9,693	3,306	1,151
Changes in net assets available for benefits	946	1,822	2,233	(6,227)	1,345
Net assets held at beginning of year	13,754	14,700	16,522	18,755	12,528
Net assets held at end of year	\$14,700	\$16,522	\$18,755	\$12,528	\$13,873

State and School Division Trust Fund¹

TYPE OF BENEFIT	2000	2001	2002	2003	2004	2005
Age and service benefits:						
Retirees	\$919,816	\$1,043,863	\$1,175,082	\$1,331,960	\$1,535,496	\$1,726,569
Disability	104,871	109,197	112,701	116,770	120,252	123,808
Survivors	18,218	18,936	19,869	20,613	21,669	22,188
Total benefits	\$1,042,905	\$1,171,996	\$1,307,652	\$1,469,343	\$1,677,417	\$1,872,565
TYPE OF REFUND						
Separation	\$117,663	\$84,842	\$83,457	\$91,232	\$100,608	\$109,588
Death	6,433	6,056	5,336	7,807	7,528	5,380
Total refunds	\$124,096	\$90,898	\$88,793	\$99,039	\$108,136	\$114,968

¹ The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

State Division Trust Fund¹

TYPE OF BENEFIT	2006	2007	2008	2009
Age and service benefits:				
Retirees	\$764,672	\$838,033	\$910,475	\$979,419
Disability	72,548	75,212	76,056	78,799
Survivors	12,009	12,516	12,748	13,507
Total benefits	\$849,229	\$925,761	\$999,279	\$1,071,725
TYPE OF REFUND				
Separation	\$61,073	\$53,220	\$51,047	\$53,668
Death	3,966	2,825	5,014	3,760
Purchased service	872	533	655	988
Total refunds	\$65,911	\$56,578	\$56,716	\$58,416

¹ The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

School Division Trust Fund¹

TYPE OF BENEFIT	2006	2007	2008	2009
Age and service benefits:				
Retirees	\$1,147,787	\$1,261,407	\$1,378,531	\$1,490,293
Disability	54,971	57,054	59,019	60,532
Survivors	11,117	11,342	12,357	12,490
Total benefits	\$1,213,875	\$1,329,803	\$1,449,907	\$1,563,315
TYPE OF REFUND				
Separation	\$64,239	\$62,784	\$61,259	\$67,330
Death	3,198	4,455	3,530	2,725
Purchased service	1,056	471	870	855
Total refunds	\$68,493	\$67,710	\$65,659	\$70,910

¹ The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

Benefits and Refund Deductions from Net Assets by Type

For the Years Ended December 31

(In Thousands of Dollars)

Local Government Division Trust Fund¹

TYPE OF BENEFIT	2000	2001	2002	2003	2004
Age and service benefits:					
Retirees	\$33,318	\$38,097	\$44,916	\$54,380	\$65,063
Disability	10,235	10,739	11,254	11,616	11,957
Survivors	1,404	1,458	1,665	1,462	1,474
Total benefits	\$44,957	\$50,294	\$57,835	\$67,458	\$78,494
TYPE OF REFUND					
Separation	\$13,970	\$10,379	\$10,145	\$10,171	\$12,610
Death	649	266	281	282	890
Total refunds	\$14,619	\$10,645	\$10,426	\$10,453	\$13,500

Local Government Division Trust Fund¹

TYPE OF BENEFIT	2005	2006	2007	2008	2009
Age and service benefits:					
Retirees	\$76,586	\$89,226	\$102,239	\$116,951	\$133,732
Disability	12,692	13,107	13,376	13,900	14,407
Survivors	1,530	1,823	1,735	1,845	1,897
Total benefits	\$90,808	\$104,156	\$117,350	\$132,696	\$150,036
TYPE OF REFUND					
Separation	\$14,137	\$15,405	\$15,835	\$16,742	18,703
Death	915	677	647	1,399	574
Purchased service	—	246	201	78	371
Total refunds	\$15,052	\$16,328	\$16,683	\$18,219	\$19,648

¹ The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

Judicial Division Trust Fund

TYPE OF BENEFIT	2000	2001	2002	2003	2004
Age and service benefits:					
Retirees	\$4,972	\$5,350	\$5,725	\$7,500	\$7,795
Disability	633	776	681	651	682
Survivors	312	314	325	316	329
Total benefits	\$5,917	\$6,440	\$6,731	\$8,467	\$8,806
TYPE OF REFUND					
Separation	\$—	\$282	\$83	\$596	\$98
Total refunds	\$—	\$282	\$83	\$596	\$98

Judicial Division Trust Fund

TYPE OF BENEFIT	2005	2006	2007	2008	2009
Age and service benefits:					
Retirees	\$8,832	\$9,708	\$11,292	\$12,113	\$13,734
Disability	695	696	746	850	913
Survivors	341	351	358	393	364
Total benefits	\$9,868	\$10,755	\$12,396	\$13,356	\$15,011
TYPE OF REFUND					
Separation	\$181	\$—	\$—	\$—	\$30
Purchased service	—	—	4	—	—
Total refunds	\$181	\$—	\$4	\$—	\$30

Member and Benefit Recipient Statistics¹
(In Actual Dollars)

	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	TOTAL
ACTIVE MEMBERS					
Active members as of December 31, 2009	54,333	119,390	16,166	317	190,206
RETIREMENTS DURING 2009					
Disability retirements	64	57	20	1	142
Service retirements	1,436	2,296	346	18	4,096
Total	1,500	2,353	366	19	4,238
RETIREMENT BENEFITS					
Total receiving disability and service retirement benefits on December 31, 2008	29,659	44,806	4,223	267	78,955
Total retiring during 2009	1,500	2,353	366	19	4,238
Cobeneficiaries continuing after retiree's death	210	183	29	1	423
Returning to retirement rolls from suspension	3	42	—	—	45
Total	31,372	47,384	4,618	287	83,661
Retirees and cobeneficiaries deceased during year	901	877	100	8	1,886
Retirees suspending benefits to return to work	14	43	1	—	58
Total receiving retirement benefits	30,457	46,464	4,517	279	81,717
Annual retirement benefits for retirees as of December 31, 2009	\$1,078,320,876	\$1,584,034,716	\$152,125,332	\$14,921,676	\$2,829,402,600
Average monthly benefit on December 31, 2009	\$2,950	\$2,841	\$2,807	\$4,457	\$2,885
Average monthly benefit for all members who retired during 2009	\$3,199	\$2,684	\$2,930	\$6,037	\$2,903
SURVIVOR BENEFITS					
Survivor benefit accounts					
Total survivors being paid on December 31, 2009	873	995	154	12	2,034
Annual benefits payable for survivors as of December 31, 2009	\$17,073,180	\$15,013,656	\$2,789,892	\$368,424	\$35,245,152
FUTURE BENEFITS					
Future retirements to age 60 or 65	4,623	9,968	1,274	8	15,873
Total annual future benefits	\$43,666,167	\$63,458,096	\$13,931,522	\$188,142	\$121,243,927
Future survivor beneficiaries of inactive members	133	182	21	1	337
Total annual future benefits	\$1,741,152	\$1,892,112	\$328,956	\$25,488	\$3,987,708

¹ In addition, as of December 31, 2009, there was a total of 151,525 non-vested terminated members—State Division: 53,820; School Division: 81,448; Local Government Division: 16,251; and Judicial Division: 6.

Schedule of Average Retirement Benefits Payable¹
(In Actual Dollars)

YEAR ENDED	AVERAGE MONTHLY BENEFIT	AVERAGE AGE AT RETIREMENT	AVERAGE CURRENT AGE OF RETIREES	AVERAGE YEARS OF SERVICE AT RETIREMENT
12/31/00	\$1,755	58.8	69.3	20.9
12/31/01	1,876	58.6	69.1	21.2
12/31/02	1,997	58.5	68.0	21.6
12/31/03	2,140	58.2	68.4	22.0
12/31/04	2,288	57.9	68.7	22.4
12/31/05	2,447	58.0	68.7	23.0
12/31/06	2,538	58.1	68.8	22.9
12/31/07	2,658	58.0	68.9	23.1
12/31/08	2,772	58.0	69.0	23.2
12/31/09	2,885	58.0	69.3	23.3

¹ Includes disability retirements, but not survivor benefits.

Types of Benefits:

- 1—Age and service retirement.
- 2—Disability retirement.
- 3—Survivor payment—Option 3.
- 4—Survivor payment—children, spouse, or dependent parent.
- 5—Surviving spouse with future benefit.
- 6—Former member with future benefit.

Option Selected:

Retirees select one of the following options at retirement:

- 1—Single life benefit.
- 2—Joint benefit with 1/2 to surviving cobeneficiary.
- 3—Joint and survivor benefit.
- 4—Joint benefit with 1/2 to either survivor. (No longer offered to members retiring.)

Surviving Cobeneficiary:

Retiree has predeceased the cobeneficiary.

Surviving Retiree:

Cobeneficiary has predeceased the retiree.

State Division

TYPE OF BENEFIT

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	TOTAL (COLUMNS 1-5)	1	2	3	4	5	6
\$1-\$250	555	507	2	5	34	7	799
\$251-\$500	1,138	995	50	5	73	15	1,139
\$501-\$750	1,342	1,090	136	8	84	24	902
\$751-\$1,000	1,430	1,076	226	7	93	28	620
\$1,001-\$1,250	1,657	1,113	424	9	84	27	367
\$1,251-\$1,500	1,710	1,193	415	12	82	8	258
\$1,501-\$1,750	1,864	1,273	513	7	66	5	151
\$1,751-\$2,000	1,962	1,396	494	6	59	7	121
\$2,000+	19,805	18,241	1,313	75	164	12	272
Totals	31,463	26,884	3,573	134	739	133	4,629

OPTION SELECTED

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	1	2	3	4	SURVIVING COBENEFICIARY	SURVIVING RETIREE
\$1-\$250	346	24	79	2	46	12
\$251-\$500	666	57	129	3	162	28
\$501-\$750	698	74	146	3	266	39
\$751-\$1,000	706	101	181	5	275	34
\$1,001-\$1,250	848	145	227	4	264	49
\$1,251-\$1,500	859	188	263	6	240	52
\$1,501-\$1,750	1,006	188	320	3	229	40
\$1,751-\$2,000	1,004	211	379	9	249	38
\$2,000+	9,416	3,808	4,872	52	1,165	241
Totals	15,549	4,796	6,596	87	2,896	533

Schedule of Retirees and Survivors by Type of Benefit
As of December 31, 2009

Types of Benefits:

- 1—Age and service retirement.
- 2—Disability retirement.
- 3—Survivor payment—Option 3.
- 4—Survivor payment—children, spouse, or dependent parent.
- 5—Surviving spouse with future benefit.
- 6—Former member with future benefit.

Option Selected:

Retirees select one of the following options at retirement:

- 1—Single life benefit.
- 2—Joint benefit with 1/2 to surviving cobeneficiary.
- 3—Joint and survivor benefit.
- 4—Joint benefit with 1/2 to either survivor. (No longer offered to members retiring.)

Surviving Cobeneficiary:

Retiree has predeceased the cobeneficiary.

Surviving Retiree:

Cobeneficiary has predeceased the retiree.

School Division

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	TOTAL (COLUMNS 1-5)	TYPE OF BENEFIT					
		1	2	3	4	5	6
\$1-\$250	1,958	1,758	44	10	109	37	2,862
\$251-\$500	2,837	2,438	193	11	156	39	3,288
\$501-\$750	2,650	2,152	342	9	121	26	1,878
\$751-\$1,000	2,528	2,074	315	9	102	28	824
\$1,001-\$1,250	2,270	1,854	326	4	74	12	456
\$1,251-\$1,500	2,098	1,683	328	3	71	13	240
\$1,501-\$1,750	2,084	1,737	278	7	58	4	140
\$1,751-\$2,000	1,980	1,694	229	4	48	5	103
\$2,000+	29,236	28,050	969	50	149	18	189
Totals	47,641	43,440	3,024	107	888	182	9,980

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	OPTION SELECTED				SURVIVING COBENEFICIARY	SURVIVING RETIREE
	1	2	3	4		
\$1-\$250	1,278	74	259	5	159	27
\$251-\$500	1,802	165	348	6	258	52
\$501-\$750	1,709	174	298	1	268	44
\$751-\$1,000	1,576	228	301	7	242	35
\$1,001-\$1,250	1,377	262	290	7	204	40
\$1,251-\$1,500	1,201	248	307	7	203	45
\$1,501-\$1,750	1,199	274	346	12	141	43
\$1,751-\$2,000	1,120	298	315	4	149	37
\$2,000+	17,168	6,012	4,726	67	847	199
Totals	28,430	7,735	7,190	116	2,471	522

Types of Benefits:

- 1—Age and service retirement.
- 2—Disability retirement.
- 3—Survivor payment—Option 3.
- 4—Survivor payment—children, spouse, or dependent parent.
- 5—Surviving spouse with future benefit.
- 6—Former member with future benefit.

Option Selected:

Retirees select one of the following options at retirement:

- 1—Single life benefit.
- 2—Joint benefit with 1/2 to surviving cobeneficiary.
- 3—Joint and survivor benefit.
- 4—Joint benefit with 1/2 to either survivor. (No longer offered to members retiring.)

Surviving Cobeneficiary:

Retiree has predeceased the cobeneficiary.

Surviving Retiree:

Cobeneficiary has predeceased the retiree.

Local Government Division

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	TOTAL (COLUMNS 1-5)	TYPE OF BENEFIT					
		1	2	3	4	5	6
\$1-\$250	130	120	1	1	7	1	144
\$251-\$500	209	179	12	—	14	4	309
\$501-\$750	210	168	25	—	15	2	275
\$751-\$1,000	273	208	42	3	16	4	178
\$1,001-\$1,250	273	191	65	1	13	3	100
\$1,251-\$1,500	332	191	115	3	22	1	60
\$1,501-\$1,750	326	203	109	2	12	—	44
\$1,751-\$2,000	286	188	89	1	6	2	40
\$2,000+	2,653	2,384	227	18	20	4	125
Totals	4,692	3,832	685	29	125	21	1,275

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	OPTION SELECTED					
	1	2	3	4	SURVIVING COBENEFICIARY	SURVIVING RETIREE
\$1-\$250	88	6	14	—	11	2
\$251-\$500	115	13	28	—	31	4
\$501-\$750	86	13	41	1	48	4
\$751-\$1,000	141	21	31	—	53	4
\$1,001-\$1,250	146	22	42	1	45	—
\$1,251-\$1,500	147	42	64	4	47	2
\$1,501-\$1,750	148	45	80	1	33	5
\$1,751-\$2,000	133	45	69	2	24	4
\$2,000+	1,204	541	713	3	125	25
Totals	2,208	748	1,082	12	417	50

Schedule of Retirees and Survivors by Type of Benefit
As of December 31, 2009

Types of Benefits:

- 1—Age and service retirement.
- 2—Disability retirement.
- 3—Survivor payment—Option 3.
- 4—Survivor payment—children, spouse, or dependent parent.
- 5—Surviving spouse with future benefit.
- 6—Former member with future benefit.

Option Selected:

- Retirees select one of the following options at retirement:
- 1—Single life benefit.
 - 2—Joint benefit with 1/2 to surviving cobeneficiary.
 - 3—Joint and survivor benefit.
 - 4—Joint benefit with 1/2 to either survivor. (No longer offered to members retiring.)

Surviving Cobeneficiary:

Retiree has predeceased the cobeneficiary.

Surviving Retiree:

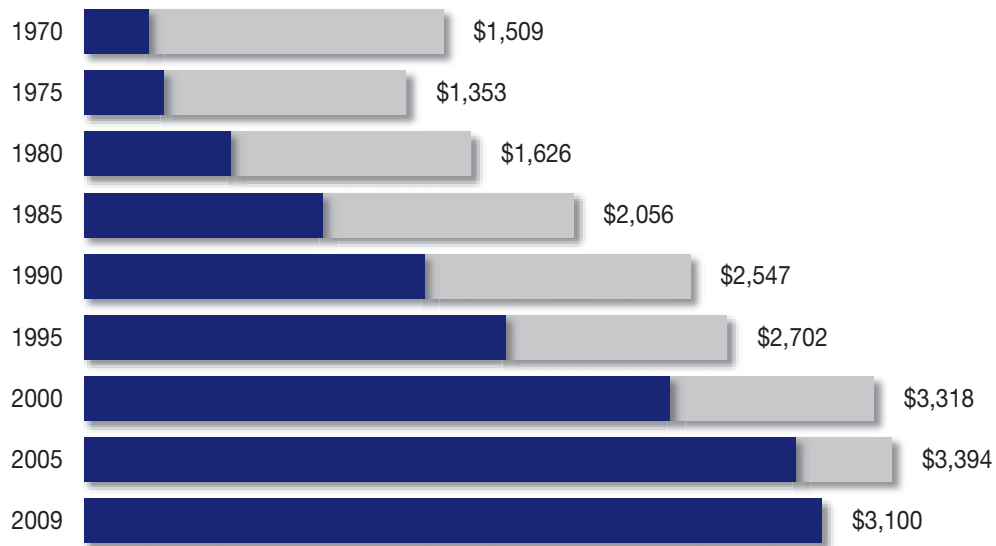
Cobeneficiary has predeceased the retiree.

Judicial Division

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	TOTAL (COLUMNS 1-5)	TYPE OF BENEFIT					
		1	2	3	4	5	6
\$1-\$250	—	—	—	—	—	—	—
\$251-\$500	8	8	—	—	—	—	—
\$501-\$750	7	6	1	—	—	—	—
\$751-\$1,000	2	2	—	—	—	—	2
\$1,001-\$1,250	7	4	—	—	3	—	1
\$1,251-\$1,500	5	5	—	—	—	—	2
\$1,501-\$1,750	8	6	2	—	—	—	—
\$1,751-\$2,000	16	13	2	—	1	—	—
\$2,000+	239	213	17	1	7	1	3
Totals	292	257	22	1	11	1	8

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	OPTION SELECTED				SURVIVING COBENEFICIARY	SURVIVING RETIREE
	1	2	3	4		
\$1-\$250	—	—	—	—	—	—
\$251-\$500	3	—	1	—	4	—
\$501-\$750	2	1	—	—	3	1
\$751-\$1,000	—	1	—	—	1	—
\$1,001-\$1,250	3	—	1	—	—	—
\$1,251-\$1,500	2	—	1	—	2	—
\$1,501-\$1,750	2	—	1	—	4	1
\$1,751-\$2,000	2	4	3	—	6	—
\$2,000+	57	44	88	3	36	2
Totals	71	50	95	3	56	4

Current Average Monthly Benefit by Year of Retirement
Service Retiree Accounts as of December 31, 2009
(In Actual Dollars)



	1970	1975	1980	1985	1990	1995	2000	2005	2009
ORIGINAL BENEFIT AT RETIREMENT	\$269	\$334	\$616	\$1,002	\$1,429	\$1,771	\$2,461	\$2,990	\$3,100
BENEFIT INCREASES	\$1,240	\$1,019	\$1,010	\$1,054	\$1,118	\$931	\$857	\$404	\$—

Schedule of Average Benefit Payments by Division
(In Actual Dollars)

State Division¹

YEAR RETIRED	YEARS OF SERVICE CREDIT					
	0-10	10-15	15-20	20-25	25-30	30+
Period 1/1/09 to 12/31/09						
Average monthly benefit	\$474	\$1,160	\$1,952	\$2,848	\$3,974	\$5,087
Average highest average salary	\$2,794	\$3,750	\$4,397	\$5,159	\$5,790	\$6,426
Number of service retirees	156	129	143	241	406	361
Period 1/1/08 to 12/31/08						
Average monthly benefit	\$461	\$1,049	\$1,774	\$2,437	\$3,499	\$4,672
Average highest average salary	\$2,691	\$3,608	\$4,319	\$4,716	\$5,428	\$6,031
Number of service retirees	137	122	106	276	294	530
Period 1/1/07 to 12/31/07						
Average monthly benefit	\$482	\$978	\$1,576	\$2,415	\$3,267	\$4,469
Average highest average salary	\$2,924	\$3,477	\$3,848	\$4,631	\$5,088	\$5,748
Number of service retirees	147	105	100	272	321	583
Period 1/1/06 to 12/31/06						
Average monthly benefit	\$442	\$889	\$1,568	\$2,235	\$3,224	\$4,391
Average highest average salary	\$2,748	\$3,097	\$3,927	\$4,319	\$5,150	\$5,694
Number of service retirees	147	82	86	266	327	658

¹ Information not available for years prior to 2006.

School Division¹

YEAR RETIRED	YEARS OF SERVICE CREDIT					
	0-10	10-15	15-20	20-25	25-30	30+
Period 1/1/09 to 12/31/09						
Average monthly benefit	\$410	\$825	\$1,671	\$2,384	\$3,508	\$4,515
Average highest average salary	\$2,269	\$2,663	\$3,512	\$4,246	\$5,047	\$5,632
Number of service retirees	301	191	232	459	618	495
Period 1/1/08 to 12/31/08						
Average monthly benefit	\$382	\$706	\$1,238	\$2,183	\$2,994	\$4,313
Average highest average salary	\$2,427	\$2,534	\$2,948	\$4,125	\$4,567	\$5,554
Number of service retirees	240	197	156	523	553	847
Period 1/1/07 to 12/31/07						
Average monthly benefit	\$339	\$729	\$1,143	\$2,046	\$2,980	\$4,198
Average highest average salary	\$2,190	\$2,593	\$2,789	\$3,871	\$4,553	\$5,409
Number of service retirees	240	170	156	499	567	961
Period 1/1/06 to 12/31/06						
Average monthly benefit	\$353	\$561	\$1,131	\$1,892	\$2,924	\$4,120
Average highest average salary	\$2,169	\$1,948	\$2,765	\$2,561	\$4,488	\$5,382
Number of service retirees	207	167	151	510	531	1,024

¹ Information not available for years prior to 2006.

Local Government Division¹

YEAR RETIRED	YEARS OF SERVICE CREDIT					
	0-10	10-15	15-20	20-25	25-30	30+
Period 1/1/09 to 12/31/09						
Average monthly benefit	\$535	\$1,496	\$1,991	\$2,869	\$3,712	\$4,755
Average highest average salary	\$3,070	\$4,420	\$4,380	\$5,249	\$5,634	\$5,970
Number of service retirees	52	37	35	49	83	90
Period 1/1/08 to 12/31/08						
Average monthly benefit	\$584	\$1,072	\$1,625	\$2,867	\$3,453	\$5,245
Average highest average salary	\$3,897	\$3,832	\$4,043	\$5,522	\$5,503	\$7,011
Number of service retirees	51	25	27	45	59	135
Period 1/1/07 to 12/31/07						
Average monthly benefit	\$484	\$1,205	\$2,061	\$2,388	\$3,437	\$4,627
Average highest average salary	\$3,104	\$4,358	\$5,220	\$4,593	\$5,463	\$6,010
Number of service retirees	42	26	21	58	55	118
Period 1/1/06 to 12/31/06						
Average monthly benefit	\$312	\$1,135	\$1,451	\$2,042	\$3,053	\$4,470
Average highest average salary	\$2,203	\$3,913	\$3,505	\$3,930	\$4,708	\$5,727
Number of service retirees	17	16	14	41	61	118

¹ Information not available for years prior to 2006.

Judicial Division¹

YEAR RETIRED	YEARS OF SERVICE CREDIT					
	0-10	10-15	15-20	20-25	25-30	30+
Period 1/1/09 to 12/31/09						
Average monthly benefit	\$1,006	\$2,549	\$4,238	\$5,555	\$7,012	\$8,330
Average highest average salary	\$3,171	\$7,858	\$10,304	\$10,302	\$10,449	\$10,297
Number of service retirees	1	2	1	5	3	6
Period 1/1/08 to 12/31/08						
Average monthly benefit	\$—	\$—	\$—	\$5,148	\$8,780	\$7,031
Average highest average salary	\$—	\$—	\$—	\$9,636	\$11,871	\$9,982
Number of service retirees	—	—	—	3	1	3
Period 1/1/07 to 12/31/07						
Average monthly benefit	\$714	\$1,853	\$—	\$3,764	\$6,020	\$6,631
Average highest average salary	\$3,898	\$9,312	\$—	\$7,676	\$9,227	\$8,678
Number of service retirees	3	1	—	4	6	8
Period 1/1/06 to 12/31/06						
Average monthly benefit	\$—	\$—	\$—	\$4,648	\$5,977	\$5,679
Average highest average salary	\$—	\$—	\$—	\$9,104	\$9,667	\$7,425
Number of service retirees	—	—	—	5	3	4

¹ Information not available for years prior to 2006.

Schedule of Average Benefit Payments
 Combined State, School, Local Government, and Judicial Divisions Trust Funds
 (In Actual Dollars)

YEAR RETIRED	YEARS OF SERVICE CREDIT					
	0-10	10-15	15-20	20-25	25-30	30+
Period 1/1/09 to 12/31/09						
Average monthly benefit	\$444	\$1,024	\$1,802	\$2,585	\$3,703	\$4,779
Average highest average salary	\$2,513	\$3,263	\$3,911	\$4,643	\$5,377	\$5,995
Number of service retirees	510	359	411	754	1,110	952
Period 1/1/08 to 12/31/08						
Average monthly benefit	\$431	\$854	\$1,471	\$2,313	\$3,194	\$4,527
Average highest average salary	\$2,687	\$3,009	\$3,553	\$4,411	\$4,915	\$5,859
Number of service retirees	428	344	289	847	907	1,515
Period 1/1/07 to 12/31/07						
Average monthly benefit	\$404	\$860	\$1,369	\$2,199	\$3,123	\$4,335
Average highest average salary	\$2,540	\$3,075	\$3,356	\$4,188	\$4,816	\$5,585
Number of service retirees	432	302	277	833	949	1,670
Period 1/1/06 to 12/31/06						
Average monthly benefit	\$390	\$669	\$1,290	\$2,024	\$3,045	\$4,086
Average highest average salary	\$2,409	\$2,326	\$3,187	\$3,200	\$4,756	\$5,410
Number of service retirees	354	249	237	782	862	1,951
Period 1/1/05 to 12/31/05						
Average monthly benefit	\$376	\$661	\$1,101	\$1,954	\$2,684	\$4,063
Average highest average salary	\$2,456	\$2,467	\$2,945	\$3,893	\$4,337	\$5,318
Number of service retirees	296	173	244	720	859	2,331
Period 1/1/04 to 12/31/04						
Average monthly benefit	\$421	\$629	\$919	\$1,729	\$2,443	\$3,944
Average highest average salary	\$2,178	\$2,543	\$2,679	\$3,572	\$4,110	\$5,168
Number of service retirees	265	140	188	649	823	2,987
Period 1/1/03 to 12/31/03						
Average monthly benefit	\$337	\$538	\$901	\$1,725	\$2,357	\$3,851
Average highest average salary	\$1,956	\$2,100	\$2,609	\$3,576	\$3,992	\$5,072
Number of service retirees	231	164	200	627	755	2,725
Period 1/1/02 to 12/31/02						
Average monthly benefit	\$322	\$653	\$1,175	\$1,834	\$2,649	\$3,769
Average highest average salary	\$1,961	\$2,303	\$2,909	\$3,565	\$4,150	\$5,015
Number of service retirees	187	219	178	747	639	1,712
Period 1/1/01 to 12/31/01						
Average monthly benefit	\$361	\$738	\$1,121	\$1,796	\$2,660	\$3,646
Average highest average salary	\$2,181	\$2,591	\$2,777	\$3,504	\$4,193	\$4,872
Number of service retirees	158	193	137	824	708	1,559
Period 1/1/00 to 12/31/00						
Average monthly benefit	\$334	\$746	\$1,042	\$1,770	\$2,527	\$3,468
Average highest average salary	\$2,004	\$2,680	\$2,567	\$3,466	\$4,018	\$4,652
Number of service retirees	160	201	168	819	615	1,599

State Division (Members Other Than State Troopers)¹

YEARS	PERCENT OF PAYROLL			
	MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE ²	AMORTIZATION EQUALIZATION DISBURSEMENT (AED)	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT (SAED)
8-1-1931 to 6-30-1938	3.50%	—	—	—
7-1-1938 to 6-30-1949	3.50%	3.50%	—	—
7-1-1949 to 6-30-1958	5.00%	5.00%	—	—
7-1-1958 to 6-30-1969	6.00%	6.00%	—	—
7-1-1969 to 6-30-1970	7.00%	7.00%	—	—
7-1-1970 to 6-30-1971	7.00%	8.00%	—	—
7-1-1971 to 6-30-1973	7.00%	8.50%	—	—
7-1-1973 to 6-30-1974	7.75%	9.50%	—	—
7-1-1974 to 6-30-1975	7.75%	10.50%	—	—
7-1-1975 to 8-31-1980	7.75%	10.64%	—	—
9-1-1980 to 12-31-1981	7.75%	12.20%	—	—
1-1-1982 to 6-30-1987	8.00%	12.20%	—	—
7-1-1987 to 6-30-1988	8.00%	10.20%	—	—
7-1-1988 to 6-30-1991	8.00%	12.20%	—	—
7-1-1991 to 4-30-1992	8.00%	11.60%	—	—
5-1-1992 to 6-30-1992	8.00%	5.60% ³	—	—
7-1-1992 to 6-30-1993	8.00%	10.60%	—	—
7-1-1993 to 6-30-1997	8.00%	11.60%	—	—
1-1-2006 to 12-31-2006	8.00%	10.15%	0.50%	—
1-1-2007 to 12-31-2007	8.00%	10.15%	1.00%	—
1-1-2008 to 12-31-2008	8.00%	10.15%	1.40%	0.50%
1-1-2009 to 12-31-2009	8.00%	10.15%	1.80%	1.00%

¹ State and School Divisions were merged July 1, 1997, and separated on January 1, 2006.

² All employer contribution rates shown for the Divisions between July 1, 1985, to December 31, 2009, include the Health Care Trust Fund allocation.

³ Legislation created an annual reduction equal to 1 percent of salary retroactive to July 1, 1991, to be taken during May and June of 1992.

Schedule of Contribution Rate History

State Troopers¹

YEARS	PERCENT OF PAYROLL			
	MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE ²	AMORTIZATION EQUALIZATION DISBURSEMENT (AED)	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT (SAED)
7-1-1945 to 6-30-1969	7.00%	7.00%	—	—
7-1-1969 to 6-30-1970	8.00%	8.00%	—	—
7-1-1970 to 6-30-1971	8.00%	9.00%	—	—
7-1-1971 to 6-30-1973	8.00%	9.50%	—	—
7-1-1973 to 6-30-1974	8.75%	10.50%	—	—
7-1-1974 to 6-30-1975	8.75%	11.50%	—	—
7-1-1975 to 8-31-1980	8.75%	11.64%	—	—
9-1-1980 to 12-31-1981	8.75%	13.20%	—	—
1-1-1982 to 6-30-1987	9.00%	13.20%	—	—
7-1-1987 to 6-30-1988	9.00%	11.20%	—	—
7-1-1988 to 6-30-1989	9.00%	13.20%	—	—
7-1-1989 to 4-30-1992	12.30%	13.20%	—	—
5-1-1992 to 6-30-1992	12.30%	7.20% ³	—	—
7-1-1992 to 6-30-1993	11.50%	12.20%	—	—
7-1-1993 to 6-30-1997	11.50%	13.20%	—	—
7-1-1997 to 6-30-1999	11.50%	13.10%	—	—
7-1-1999 to 6-30-2001	10.00%	13.10%	—	—
7-1-2001 to 6-30-2002	10.00%	12.60%	—	—
7-1-2002 to 6-30-2003	10.00%	12.74%	—	—
7-1-2003 to 12-31-2005	10.00%	12.85%	—	—
1-1-2006 to 12-31-2006	10.00%	12.85%	0.50%	—
1-1-2007 to 12-31-2007	10.00%	12.85%	1.00%	—
1-1-2008 to 12-31-2008	10.00%	12.85%	1.40%	0.50%
1-1-2009 to 12-31-2009	10.00%	12.85%	1.80%	1.00%

¹ State and School Divisions were merged July 1, 1997, and separated on January 1, 2006.

² All employer contribution rates shown for the Divisions between July 1, 1985, to December 31, 2009, include the Health Care Trust Fund allocation.

³ Legislation created an annual reduction equal to 1 percent of salary retroactive to July 1, 1991, to be taken during May and June of 1992.

School Division¹

YEARS		PERCENT OF PAYROLL			
		MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE ²	AMORTIZATION EQUALIZATION DISBURSEMENT (AED)	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT (SAED)
1-1-1944	to 12-31-1949	3.50%	3.50%	—	—
1-1-1950	to 6-30-1958	5.00%	5.00%	—	—
7-1-1958	to 6-30-1969	6.00%	6.00%	—	—
7-1-1969	to 12-31-1969	7.00%	6.00%	—	—
1-1-1970	to 12-31-1970	7.00%	7.50%	—	—
1-1-1971	to 12-31-1971	7.00%	8.50%	—	—
1-1-1972	to 6-30-1973	7.00%	9.25%	—	—
7-1-1973	to 12-31-1973	7.75%	9.25%	—	—
1-1-1974	to 12-31-1974	7.75%	10.25%	—	—
1-1-1975	to 12-31-1975	7.75%	11.25%	—	—
1-1-1976	to 12-31-1980	7.75%	12.10%	—	—
1-1-1981	to 12-31-1981	7.75%	12.50%	—	—
1-1-1982	to 6-30-1987	8.00%	12.50%	—	—
7-1-1987	to 6-30-1988	8.00%	11.50%	—	—
7-1-1988	to 6-30-1991	8.00%	12.50%	—	—
7-1-1991	to 6-30-1992	8.00%	12.20%	—	—
7-1-1992	to 6-30-1997	8.00%	11.60%	—	—
1-1-2006	to 12-31-2006	8.00%	10.15%	0.50%	—
1-1-2007	to 12-31-2007	8.00%	10.15%	1.00%	—
1-1-2008	to 12-31-2008	8.00%	10.15%	1.40%	0.50%
1-1-2009	to 12-31-2009	8.00%	10.15%	1.80%	1.00%

¹ State and School Divisions were merged July 1, 1997, and separated on January 1, 2006.

² All employer contribution rates shown for the Divisions between July 1, 1985, to December 31, 2009, include the Health Care Trust Fund allocation.

State and School Division¹

YEARS		PERCENT OF PAYROLL	
		MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE ²
7-1-1997	to 6-30-1998	8.00%	11.50%
7-1-1998	to 6-30-2000	8.00%	11.40%
7-1-2000	to 6-30-2001	8.00%	10.40%
7-1-2001	to 6-30-2002	8.00%	9.90%
7-1-2002	to 6-30-2003	8.00%	10.04%
7-1-2003	to 12-31-2005	8.00%	10.15%

¹ State and School Divisions were merged July 1, 1997, and separated on January 1, 2006.

² All employer contribution rates shown for the Divisions between July 1, 1985, to December 31, 2005, include the Health Care Trust Fund allocation.

Schedule of Contribution Rate History

Local Government Division¹

YEARS		PERCENT OF PAYROLL			
		MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE ²	AMORTIZATION EQUALIZATION DISBURSEMENT (AED)	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT (SAED)
1-1-1944	to 12-31-1949	3.50%	3.50%	—	—
1-1-1950	to 6-30-1958	5.00%	5.00%	—	—
7-1-1958	to 6-30-1969	6.00%	6.00%	—	—
7-1-1969	to 12-31-1969	7.00%	6.00%	—	—
1-1-1970	to 12-31-1970	7.00%	7.00%	—	—
1-1-1971	to 6-30-1973	7.00%	7.50%	—	—
7-1-1973	to 12-31-1973	7.75%	7.50%	—	—
1-1-1974	to 12-31-1974	7.75%	8.50%	—	—
1-1-1975	to 12-31-1975	7.75%	9.50%	—	—
1-1-1976	to 12-31-1980	7.75%	9.86%	—	—
1-1-1981	to 12-31-1981	7.75%	10.20%	—	—
1-1-1982	to 6-30-1991	8.00%	10.20%	—	—
7-1-1991	to 12-31-2000	8.00%	10.00%	—	—
1-1-2001	to 12-31-2001	8.00%	9.43%	—	—
1-1-2002	to 12-31-2002	8.00%	9.19%	—	—
1-1-2003	to 12-31-2003	8.00%	9.60%	—	—
1-1-2004	to 12-31-2005	8.00%	10.00%	—	—
1-1-2006	to 12-31-2006	8.00%	10.00%	0.50%	—
1-1-2007	to 12-31-2007	8.00%	10.00%	1.00%	—
1-1-2008	to 12-31-2008	8.00%	10.00%	1.40%	0.50%
1-1-2009	to 12-31-2009	8.00%	10.00%	1.80%	1.00%

¹ The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

² Employer contribution rates shown between July 1, 1985, to December 31, 2009, include the Health Care Trust Fund allocation.

Judicial Division

YEARS		PERCENT OF PAYROLL			
		MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE ¹	AMORTIZATION EQUALIZATION DISBURSEMENT (AED)	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT (SAED)
7-1-1949	to 6-30-1957	5.00%	5.00%	—	—
7-1-1957	to 6-30-1973	6.00%	12.00%	—	—
7-1-1973	to 6-30-1980	7.00%	12.00%	—	—
7-1-1980	to 8-30-1980	7.00%	13.00%	—	—
9-1-1980	to 12-31-1981	7.00%	15.00%	—	—
1-1-1982	to 6-30-1987	8.00%	15.00%	—	—
7-1-1987	to 6-30-1988	8.00%	13.00%	—	—
7-1-1988	to 6-30-2000	8.00%	15.00%	—	—
7-1-2000	to 6-30-2001	8.00%	14.00%	—	—
7-1-2001	to 6-30-2003	8.00%	11.82%	—	—
7-1-2003	to 6-30-2004	8.00%	12.66%	—	—
7-1-2004	to 12-31-2004	8.00%	13.66%	—	—
1-1-2005	to 12-31-2005	8.00%	13.66%	—	—
1-1-2006	to 12-31-2006	8.00%	13.66%	0.50%	—
1-1-2007	to 12-31-2007	8.00%	13.66%	1.00%	—
1-1-2008	to 12-31-2008	8.00%	13.66%	1.40%	0.50%
1-1-2009	to 12-31-2009	8.00%	13.66%	1.80%	1.00%

¹ Employer contribution rates shown between July 1, 1985, to December 31, 2009, include the Health Care Trust Fund allocation.

Employer Contributions to Health Care Trust Fund

DIVISION/YEARS	PERCENT OF PAYROLL ALLOCATED FROM EMPLOYER CONTRIBUTION TO HEALTH CARE TRUST FUND
<i>State and School Division¹</i>	
7-1-1985 to 6-30-1999	0.80%
7-1-1999 to 12-31-2000	1.10%
1-1-2001 to 12-31-2001	1.42%
1-1-2002 to 12-31-2002	1.64%
1-1-2003 to 6-30-2004	1.10%
7-1-2004 to 12-31-2005	1.02%
<i>State Division¹</i>	
1-1-2006 to 12-31-2009	1.02%
<i>School Division¹</i>	
1-1-2006 to 12-31-2009	1.02%
<i>Local Government Division²</i>	
7-1-1985 to 6-30-1999	0.80%
7-1-1999 to 12-31-2000	1.10%
1-1-2001 to 12-31-2001	1.96%
1-1-2002 to 12-31-2002	2.31%
1-1-2003 to 12-31-2003	1.69%
1-1-2004 to 6-30-2004	1.10%
7-1-2004 to 12-31-2009	1.02%
<i>Judicial Division</i>	
7-1-1985 to 6-30-1999	0.80%
7-1-1999 to 12-31-2000	1.10%
1-1-2001 to 12-31-2002	4.37%
1-1-2003 to 12-31-2003	3.11%
1-1-2004 to 6-30-2004	1.10%
7-1-2004 to 12-31-2009	1.02%

¹ State and School Divisions merged July 1, 1997, and separated on January 1, 2006.

² The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

Employer Contributions to MatchMaker¹

DIVISION/YEARS	PERCENT OF PAYROLL AVAILABLE FROM EMPLOYER CONTRIBUTION FOR MATCHMAKER (MAXIMUM MATCH)
<i>State and School Division²</i>	
1-1-2001 to 12-31-2002	3.00%
1-1-2003 to 12-31-2003	2.00%
1-1-2004 to 5-31-2004	1.00%
<i>Local Government Division³</i>	
1-1-2001 to 12-31-2001	2.00%
1-1-2002 to 12-31-2002	3.00%
1-1-2003 to 12-31-2003	2.00%
1-1-2004 to 5-31-2004	1.00%
<i>Judicial Division</i>	
1-1-2001 to 12-31-2002	7.00%
1-1-2003 to 12-31-2003	6.00%
1-1-2004 to 5-31-2004	5.00%

¹ Legislation enacted in 2004 ended MatchMaker contributions by June 1, 2004.

² State and School Divisions merged July 1, 1997, and separated on January 1, 2006.

³ The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

Principal Participating Employers
Current Year and Three Years Prior

State Division Trust Fund¹

EMPLOYER	2009			2006		
	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Department of Corrections	6,262	1	11.53%	5,644	1	10.68%
University of Colorado	6,121	2	11.27%	5,432	2	10.28%
Department of Transportation	3,045	3	5.60%	3,102	3	5.87%
Colorado State University	3,027	4	5.57%	3,065	4	5.80%
District Courts	2,980	5	5.48%	2,936	5	5.55%
Department of Natural Resources	1,612	6	2.97%	1,567	6	2.96%
Front Range Community College	1,512	7	2.78%	1,256	8	2.38%
Department of Human Services	1,429	8	2.63%	1,367	7	2.59%
Metropolitan State College	1,279	9	2.35%	1,222	9	2.31%
Department of Labor and Employment	1,214	10	2.23%			
Department of Revenue				1,171	10	2.22%

¹ Data for the number of members by employer for years prior to 2006 is not available.

School Division Trust Fund¹

EMPLOYER	2009			2006		
	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Jefferson County School District	12,481	1	10.45%	12,168	1	10.74%
Douglas County Schools	7,353	2	6.16%	6,663	3	5.88%
Cherry Creek School District	7,312	3	6.12%	6,869	2	6.06%
Adams 12 Five Star Schools	5,082	4	4.26%	4,684	4	4.13%
Boulder Valley School District	4,884	5	4.09%	4,573	5	4.04%
Aurora Public Schools	4,691	6	3.93%	4,348	7	3.84%
Colorado Springs Public Schools	4,561	7	3.82%	4,462	6	3.94%
Poudre School District RE-1	3,911	8	3.28%	3,774	8	3.33%
St. Vrain School District	3,774	9	3.16%	3,207	9	2.83%
Mesa Valley School District	3,228	10	2.70%	3,042	10	2.69%

¹ Data for the number of members by employer for years prior to 2006 is not available.

Local Government Division Trust Fund¹

EMPLOYER	2009			2006		
	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Memorial Health System	4,023	1	24.89%	3,779	1	23.68%
Boulder County Government	1,980	2	12.25%	1,847	4	11.57%
Colorado Springs Public Utilities	1,827	3	11.30%	1,917	3	12.01%
City of Colorado Springs	1,716	4	10.61%	1,958	2	12.27%

¹ Data for the number of members by employer for years prior to 2006 is not available.

Judicial Division Trust Fund¹

EMPLOYER	2009			2006		
	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Judicial Department ²	300	1	94.64%	266	1	91.41%

¹ Data for the number of members by employer for years prior to 2006 is not available.

² With the exception of the Denver County Court, all of the Judicial members for all other courts are reported to Colorado PERA on a single contribution report by the State's central payroll office. Member counts for each separate court are not available.

Health Care Trust Fund¹

EMPLOYER	2009			2006		
	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Jefferson County School District	12,481	1	6.56%	12,168	1	6.58%
Douglas County Schools	7,353	2	3.87%	6,663	3	3.60%
Cherry Creek School District	7,312	3	3.84%	6,869	2	3.72%
Department of Corrections	6,262	4	3.29%	5,644	4	3.05%
University of Colorado	6,121	5	3.22%	5,432	5	2.94%
Adams 12 Five Star Schools	5,082	6	2.67%	4,684	6	2.53%
Boulder Valley School District	4,884	7	2.57%	4,573	7	2.47%
Aurora Public Schools	4,691	8	2.47%	4,348	9	2.35%
Colorado Springs Public Schools	4,561	9	2.40%	4,462	8	2.41%
Memorial Health System	4,023	10	2.12%	3,779	10	2.04%

¹ Data for the number of members by employer for years prior to 2006 is not available.

State Division

Agencies and Instrumentalities

CollegeInvest
College Assist
Colorado Association of School Boards
Colorado Association of School Executives
Colorado Council on the Arts
Colorado High School Activities Association
Colorado Public Employees' Retirement Association
Colorado Water Resources & Power Development Authority
Colorado Community College System
CoverColorado
Department of Agriculture
Department of Corrections
Department of Education
Department of Health Care Policy and Financing
Department of Human Services
Department of Labor and Employment
Department of Law
Department of Local Affairs
Department of Military and Veterans Affairs
Department of Natural Resources
Department of Personnel and Administration
Department of Public Health and Environment
Department of Public Safety
Department of Regulatory Agencies
Department of Revenue
Department of State
Department of the Treasury
Department of Transportation
Fire and Police Pension Association
General Assembly
Joint Budget Committee
Judicial Department
Legislative Council
Office of the District Attorneys
Office of the Governor
Office of Legislative Legal Services
Office of the Lieutenant Governor
Office of the State Auditor
Pinnacle Assurance
School for the Deaf and the Blind
Special District Association of Colorado
State Historical Society

Institutions of Higher Education

Adams State College
Aims Community College
Arapahoe Community College
Auraria Higher Education Center
Aurora Community College
Colorado Mountain College
Colorado Northwestern Community College
Colorado School of Mines
Colorado State University
Colorado State University at Pueblo
Commission on Higher Education
Denver Community College
Fort Lewis College
Front Range Community College
Lamar Community College
Mesa State College
Metropolitan State College of Denver
Morgan Community College
Northeastern Junior College
Otero Junior College
Pikes Peak Community College
Pueblo Vocational Community College
Red Rocks Community College
State Board for Community Colleges and
Occupational Education
Trinidad State Junior College
University of Colorado
University of Northern Colorado
Western State College

School Division**Adams County**

Adams 12 Five Star Schools
 Adams County School District 14
 Bennett School District 29J
 Brighton School District 27J
 Mapleton School District 1
 Strasburg School District 31J
 Westminster School District 50

Alamosa County

Alamosa County School District Re-11J
 Sangre de Cristo School District Re-22J

Arapahoe County

Adams-Arapahoe School District 28J
 Byers School District 32J
 Cherry Creek School District 5
 Deer Trail School District 26J
 Englewood School District 1
 Littleton School District 6
 Sheridan School District 2

Archuleta County

Archuleta County School District 50 Jt

Baca County

Campo School District RE-6
 Pritchett School District RE-3
 Springfield School District RE-4
 Vilas School District RE-5
 Walsh School District RE-1

Bent County

Las Animas School District RE-1
 McClave School District RE-2

Boulder County

Boulder Valley School District RE2
 St. Vrain Valley School District RE1J

Chaffee County

Buena Vista School District R-31
 Salida School District R-32(J)

Cheyenne County

Cheyenne County School District Re-5
 Kit Carson School District R-1

Clear Creek County

Clear Creek School District RE-1

Conejos County

North Conejos School District RE1J
 Sanford School District 6J
 South Conejos School District RE 10

Costilla County

Centennial School District R-1
 Sierra Grande School District R-30

Crowley County

Crowley County School District RE-1

Custer County

Custer County Consolidated School District C-1

Delta County

Delta County School District 50(J)

Dolores County

Dolores County School District Re No. 2

Douglas County

Douglas County School District Re 1

Eagle County

Eagle County School District Re 50

Elbert County

Agate School District 300
 Big Sandy School District 100J
 Elbert School District 200
 Elizabeth School District C-1
 Kiowa School District C-2

El Paso County

Academy School District #20
 Calhan School District RJ1
 Cheyenne Mountain School District 12
 Colorado Springs School District 11
 Edison School District 54 Jt
 Ellicott School District 22
 Falcon School District 49
 Fountain School District 8
 Hanover School District 28
 Harrison School District 2
 Lewis-Palmer School District 38
 Manitou Springs School District 14
 Miami/Yoder School District 60 Jt
 Peyton School District 23 Jt
 Widefield School District 3

Fremont County

Canon City School District Re-1
 Cotopaxi School District Re-3
 Florence School District Re-2

Garfield County

Garfield School District 16
 Garfield School District Re-2
 Roaring Fork School District Re-1

Gilpin County

Gilpin County School District Re-1

Schedule of Affiliated Employers

Grand County

East Grand School District 2
West Grand School District 1

Gunnison County

Gunnison Watershed School District Re1J

Hinsdale County

Hinsdale County School District Re-1

Huerfano County

Huerfano School District Re-1
La Veta School District Re-2

Jackson County

North Park School District R-1

Jefferson County

Jefferson County School District R-1

Kiowa County

Eads School District Re-1
Plainview School District Re-2

Kit Carson County

Arriba-Flagler Consolidated School District No. 20
Bethune School District R-5
Burlington School District Re-6J
Hi-Plains School District R-23
Stratton School District R-4

Lake County

Lake County School District R-1

La Plata County

Bayfield School District 10Jt-R
Durango School District 9-R
Ignacio School District 11 Jt

Larimer County

Park School District R-3
Poudre School District R-1
Thompson School District R-2J

Las Animas County

Aguilar Reorganized School District 6
Branson Reorganized School District 82
Hoehne Reorganized School District 3
Kim Reorganized School District 88
Primero Reorganized School District 2
Trinidad School District 1

Lincoln County

Genoa/Hugo School District C-113
Karval School District Re 23
Limon School District Re 4J

Logan County

Buffalo School District Re-4
Frenchman School District Re-3
Plateau School District Re-5
Valley School District Re-1

Mesa County

De Beque School District 49 Jt
Mesa County Valley School District 51
Plateau Valley School District 50

Mineral County

Creede Consolidated School District 1

Moffat County

Moffat County School District Re No. 1

Montezuma County

Dolores School District RE 4A
Mancos School District Re-6
Montezuma-Cortez School District Re 1

Montrose County

Montrose County School District Re-1J
West End School District Re-2

Morgan County

Brush School District Re-2 (J)
Fort Morgan School District Re-3
Weldon Valley School District Re-20 (J)
Wiggins School District Re-50 (J)

Otero County

Cheraw School District 31
East Otero School District R1
Fowler School District R4J
Manzanola School District 3J
Rocky Ford School District R2
Swink School District 33

Ouray County

Ouray School District R-1
Ridgway School District R-2

Park County

Park County School District Re-2
Platte Canyon School District 1

Phillips County

Haxtun School District Re-2J
Holyoke School District Re-1J

Pitkin County

Aspen School District 1

Prowers County

Granada School District Re-1
 Holly School District Re-3
 Lamar School District Re-2
 Wiley School District Re-13 Jt

Pueblo County

Pueblo City School District 60
 Pueblo County Rural School District 70

Rio Blanco County

Meeker School District RE1
 Rangely School District RE4

Rio Grande County

Del Norte School District C-7
 Monte Vista School District C-8
 Sargent School District Re-33J

Routt County

Hayden School District Re 1
 South Routt School District Re 3
 Steamboat Springs School District Re 2

Saguache County

Center Consolidated School District 26 Jt
 Moffat School District 2
 Mountain Valley School District Re 1

San Juan County

Silverton School District 1

San Miguel County

Norwood School District R-2J
 Telluride School District R-1

Sedgwick County

Julesburg School District Re 1
 Platte Valley School District Re3

Summit County

Summit School District Re 1

Teller County

Cripple Creek-Victor School District Re-1
 Woodland Park School District RE-2

Washington County

Akron School District R-1
 Arickaree School District R-2
 Lone Star School District 101
 Otis School District R-3
 Woodlin School District R-104

Weld County

Ault-Highland School District Re-9
 Briggsdale School District Re-10
 Eaton School District Re-2
 Gilcrest School District Re-1
 Greeley School District 6
 Johnstown-Milliken School District Re-5J
 Keenesburg School District Re-3
 Pawnee School District Re-12
 Platte Valley School District Re-7
 Prairie School District Re-11
 Weld School District Re-8
 Windsor School District Re-4

Yuma County

Idalia School District RJ-3
 Liberty School District J-4
 Wray School District RD-2
 Yuma School District 1

Boards of Cooperative Educational Services (BOCES)

Centennial BOCES
 East Central BOCES
 Expeditionary Learning School BOCES
 Grand Valley BOCES
 Mountain BOCES
 Northeast BOCES
 Northwest Colorado BOCES
 Pikes Peak BOCES
 Rio Blanco BOCES
 San Juan BOCES
 San Luis Valley BOCES
 Santa Fe Trail BOCES
 South Central BOCES
 Southeastern BOCES
 Ute Pass BOCES

Boards of Cooperative Services (BOCS)

Southwest BOCS
 Uncompahgre BOCS

Vocational Schools

Delta-Montrose Area Vocational School

Other

Colorado Consortium for Earth and Space Science Education

Local Government Division

Adams and Jefferson County Hazardous Response Authority
Alamosa Housing Authority
Arapahoe Park and Recreation District
Aurora Housing Authority
Baca Grande Water & Sanitation District
Beulah Water Works District
Black Hawk-Central City Sanitation District
Blanca-Fort Garland Metropolitan District
Boulder County
Boulder County Public Trustee's Office
Boxelder Sanitation District
Brush Housing Authority
Carbon Valley Park & Recreation District
Castle Pines Metropolitan District
Castle Pines North Metropolitan District
Center Housing Authority
Central Colorado Water Conservancy District
City of Alamosa
City of Boulder
City of Colorado Springs
City of Fort Morgan
City of Las Animas
City of Lone Tree
City of Manitou Springs
City of Pueblo
City of Wray
City of Yuma
Collbran Conservancy District
Colorado District Attorneys' Council
Colorado First Conservation District
Colorado Health Facilities Authority
Colorado Housing and Finance Authority
Colorado Library Consortium
Colorado School District Self Insurance Pool
Colorado Springs Utilities
Columbine Knolls-Grove Metropolitan Recreation District
Costilla Housing Authority
County Technical Services
Crown Mountain Park & Recreation District
Cucharas Sanitation & Water District
Cunningham Fire Protection District
Douglas County Housing Partnership
Douglas Public Library District
Durango Fire and Rescue Authority
East Cheyenne Groundwater Management District
East Larimer County Water District
Eastern Rio Blanco Metropolitan Recreation & Park District
Eaton Housing Authority
Elbert County Library District
Elizabeth Park and Recreation District
Estes Valley Public Library District
Forest Lakes Metropolitan District

Fremont Conservation District
Fremont Sanitation District
Garfield County Housing Authority
Grand Junction Regional Airport Authority
Grand Valley Fire Protection District
Green Mountain Water and Sanitation District
GVR Metropolitan District
Housing Authority of the City of Boulder
Housing Authority of the County of Adams
Housing Authority of the Town of Limon
Lamar Housing Authority
Lamar Utilities Board
Left Hand Water District
Longmont Housing Authority
Longs Peak Water District
Louisville Fire Protection District
Meeker Cemetery District
Meeker Regional Library District
Meeker Sanitation District
Memorial Health System
Montrose Fire Protection District
Montrose Recreation District
Monument Sanitation District
Morgan Conservation District
Morgan County Quality Water District
Mountain View Fire Protection District
Mountain Water and Sanitation District
Niwot Sanitation District
North Carter Lake Water District
North Chaffee County Regional Library
Northeast Colorado Health Department
Northeastern Colorado Association of Local Governments
Park Center Water District
Pine Drive Water District
Plains Ground Water Management District
Prowers Conservation District
Pueblo City-County Health Department
Pueblo Library District
Pueblo Transit Authority
Rampart Regional Library District
Rangely Regional Library District
Red Feather Mountain Library District
Red, White & Blue Fire Protection District
Republican River Water Conservation District
Rifle Fire Protection District
Rio Blanco Fire Protection District
Rio Blanco Water Conservancy District
Routt County Conservation District
Sable-Altura Fire Protection District
San Luis Valley Development Resources Group
San Luis Valley Water Conservancy District
San Miguel County Public Library
San Miguel Regional and Telluride Housing Authority

Scientific and Cultural Facilities District
 Sheridan Sanitation District #1
 Soldier Canyon Filter Plant
 Steamboat II Water and Sanitation District
 St. Vrain Sanitation District
 Tabernash Meadows Water and Sanitation District
 Town of Alma
 Town of Bayfield
 Town of Crawford
 Town of Dinosaur
 Town of Eckley
 Town of Estes Park
 Town of Firestone
 Town of Lake City
 Town of Lochbuie
 Town of Mountain Village
 Town of Platteville
 Town of Rico
 Town of Rye
 Town of Seibert
 Town of Silver Plume
 Town of Timnath
 Tri-County Health Department
 Tri-Lakes Wastewater Treatment Facility
 Upper Colorado Environmental Plant Center
 Urban Renewal Authority of Pueblo
 Washington-Yuma Counties Combined Communications Center
 Weld County Department of Public Health and Environment
 West Greeley Conservation District
 Western Rio Blanco Metropolitan Recreation and Park District
 White River Conservation District
 Windsor-Severance Library District
 Wray Housing Authority
 Yuma Housing Authority
 Y-W Well Testing Association

Judicial Division

1st-22nd District Court
 Adams County Court
 Alamosa County Court
 Arapahoe County Court
 Archuleta County Court
 Baca County Court
 Bent County Court
 Boulder County Court
 Broomfield County Court
 Chaffee County Court
 Cheyenne County Court
 Clear Creek County Court
 Conejos County Court
 Costilla County Court
 Court of Appeals
 Crowley County Court
 Custer County Court

Delta County Court
 Denver County Court
 Denver Juvenile Court
 Denver Probate Court
 Dolores County Court
 Douglas County Court
 Eagle County Court
 Elbert County Court
 El Paso County Court
 Fremont County Court
 Garfield County Court
 Gilpin County Court
 Grand County Court
 Gunnison County Court
 Hinsdale County Court
 Huerfano County Court
 Jackson County Court
 Jefferson County Court
 Kiowa County Court
 Kit Carson County Court
 Lake County Court
 La Plata County Court
 Larimer County Court
 Las Animas County Court
 Lincoln County Court
 Logan County Court
 Mesa County Court
 Mineral County Court
 Moffat County Court
 Montezuma County Court
 Montrose County Court
 Morgan County Court
 Otero County Court
 Ouray County Court
 Park County Court
 Phillips County Court
 Pitkin County Court
 Prowers County Court
 Pueblo County Court
 Rio Blanco County Court
 Rio Grande County Court
 Routt County Court
 Saguache County Court
 San Juan County Court
 San Miguel County Court
 Sedgwick County Court
 Summit County Court
 Supreme Court
 Teller County Court
 Washington County Court
 Weld County Court
 Yuma County Court





Colorado Public Employees' Retirement Association

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