Connecting With Colorado for 80 Years

Colorado Public Employees' Retirement Association

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2011

COLORADO PERA®

Trooper photo courtesy of the Colorado State Patrol.

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2011

Prepared by Colorado PERA Staff

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Safeguarding the Future

For more than 80 years, Colorado PERA has ensured reliable retirement benefits for our members. Upholding the long-term financial security and preserving the stability of the trust funds remain Colorado PERA's top priorities.

80 years 1931–2011

Introductory Section

Letter of Transmittal

Colorado Public Employees' Retirement Association
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June 26, 2012

Meredith Williams
Executive Director

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, 2011.

In 2011, Colorado PERA achieved yet another milestone in its history when it turned 80 years old on August 1, 2011, which is the date that Colorado entered into U.S. statehood in 1876.

Colorado PERA began in 1931, in the depth of the Great Depression, as the State Employees' Retirement Association with only 1,400 contributing members and $63,000 in assets. Over time, we have become one of the largest financial institutions in the state and one of the nation's largest pension systems, providing retirements for nearly half a million of Colorado's current and former public employees.

Throughout our 80 years of operation, our focus has always been to serve our membership and to ensure PERA's financial strength for the decades to come. We have worked to ensure that the fund is well managed and that we provide benefits and cost-effective programs in the best interest of our members.

We respect the work of all public employees and know the positive impact they have on the quality of life we all enjoy in Colorado. The Colorado PERA Board of Trustees (Board) and staff work hard to serve our members in ways that meet their retirement needs.

At Colorado PERA, it remains our privilege to work on behalf of all of those who provide public service in Colorado and our duty to ensure that they have a secure retirement.

Report Contents and Structure

This *CAFR* is designed to comply with the reporting requirements 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 all State employees, Colorado PERA has expanded to include all Colorado school districts, the State's judicial system, and many municipalities and other local government entities.

Legislation

During the 2011 legislative session, several bills were introduced that would have impacted Colorado PERA had they been passed by the Legislature; however, only one bill was ultimately passed and signed into law.

Senate Bill 11-076: PERA Contribution Rates

Senate Bill (SB) 11-076 was signed by Governor Hickenlooper on May 23, 2011.

This bill was sponsored by the Joint Budget Committee and continues the 2.5 percent reduction in the employer contribution by State Division and Judicial Division employers (with a corresponding 2.5 percent increase in the employee contribution). SB 11-076 continues the contribution rate "swap" for fiscal year 2011–2012 that was enacted in 2010 under SB 10-046.

As part of the 2011–2012 State budget compromise, SB 11-076 was amended by the House State, Veterans and Military Affairs Committee on April 7, 2011, to remove the provision that the 2.5 percent contribution reduction for employers be extended to other divisions of PERA. The impacts of the law cease on July 1, 2012.

Improvements to the 401(k), 457, and Defined Contribution Plans

In November 2010, the Board appointed an ad hoc committee on defined contribution (DC) plans to work with Colorado PERA staff and R.V. Kuhns & Associates, Inc. to identify for recommendation to the Board, a recordkeeper and third-party administrator for the Colorado

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PERA 401(k), 457, and 401(a) plans. The Board believed there was a significant potential for gaining economies of scale through retaining a single firm to offer plan administration, recordkeeping, communication, education, and fulfillment services for the combined plans, which together, comprise $2.4 billion of assets under management.

Following an exhaustive search process, the Colorado PERA Board selected ING as the single recordkeeper for all three plans effective October 1, 2011. In addition to having a single recordkeeper, the PERA 401(k) and 457 plans were rebranded as the PERAPlus programs and the following extensive improvements were made to these plans:

- Providing all participants with access to investment advice at no additional cost.
- Offering a PERAdvantage investment line-up, which simplifies choices while increasing diversification and helps participants identify investments based on how the fund invests the money rather than name familiarity.
- Offering a Self-Directed Brokerage option for expanded investment choices beyond the PERAdvantage funds.
- Reducing fees paid by most participants, keeping approximately $4 million per year in participants' accounts.
- Allowing retirees to roll over funds from other plans into the PERAPlus 401(k) Plan.

As highlighted below, Colorado PERA staff dedicated significant time and effort to ensure a successful transition for participants.

- PERA's Accounting Division oversaw the overall financial accuracy of the transition, collaborated on the development of the fee structure, developed reporting mechanisms, and reconciled all transition records.
- PERA's Application Development Division modified PERA's Web calculators to integrate with ING account balance data and completed system modifications to ensure an accurate data exchange with ING.
- PERA's Benefit Services Division ensured the continuity of member and employer processes, provided training sessions to PERA employers, and collaborated on developing the fee structure.
- PERA's Customer Service Division developed talking points to ensure accurate information was provided to callers regarding the transition.
- PERA's Field Education Services Division conducted 180 participant transition meetings throughout Colorado and also managed the live and recorded participant Webinars.
- PERA's Investment Department assessed new fund structures and investment managers, collaborated on the new fund policies, and coordinated transition trading.
- PERA's Legal Department negotiated and finalized all investment contracts, coordinated Plan Document changes, as well as collaborated on developing the fee structure.
- PERA's Member Publications Division oversaw the new brand development, created print and Web-based communication materials, and coordinated the production of the transition Webinars.

Economic and Fiscal Impacts Study

In 2011, a study was prepared by Pacey and McNulty Economics Group that measures the positive economic and fiscal impacts of PERA's benefit payments to Colorado recipients. This research shows that the $3 billion in PERA benefit payments made annually to Colorado residents are an important driver in the Colorado economy and represent 3.3 percent of statewide income, generate $230 million in tax revenue to local and state government, and sustain over 23,000 jobs in Colorado. This study is a follow-up to the initial study completed in August 2009 and reflects the merger of the Denver Public Schools Retirement System (DPSRS) into Colorado PERA.

Other highlights from the study include:

- PERA payments are a critical source of reliable, predictable income and provide an "automatic stabilizing effect" on State, regional, and local economies, especially in economic downturns as these monies provide important stimulus in maintaining market activity.
- In 13 Colorado counties, PERA benefits account for more than 15 percent of the total payroll (wages plus retirement and other benefit payments).

The entire study can be viewed on the PERA Web site at www.copera.org/pdf/Impact/Impact2011.pdf.

Lawsuit Regarding Senate Bill 10-001

Shortly after Senate Bill (SB) 10-001 was signed into law, a class-action lawsuit was filed in Denver District Court challenging the constitutionality of the bill. The Plaintiffs (a group of Colorado PERA retirees) filed suit claiming their constitutional right to receive an annual increase or cost-of-living adjustment (COLA) had been impaired by the passage of SB 10-001.

On June 29, 2011, Judge Robert S. Hyatt granted the motion by Colorado PERA and the State of Colorado to dismiss the lawsuit against Colorado PERA.

In his ruling, Judge Hyatt wrote: "This Court finds, based upon statutory provisions of the last 40 years, as well as legislative history and DPS (Denver Public Schools) plan language, that the General Assembly's most recent change to retiree COLA does not alter the fundamental mechanism for payment of pension benefits for PERA retirees…For 40 years the COLA formula has been subject to significant change without ever constitutionally altering the base pension payment to retirees."

On July 25, 2011, the Plaintiffs appealed the District Court's decision and this matter is proceeding on appeal with the Colorado Court of Appeals.

Memorial Health System

In November 2010, the Memorial Health System (Memorial) in Colorado Springs contacted Colorado PERA to request the cost for the health system to disaffiliate with Colorado PERA. Colorado PERA's actuaries produced the cost calculations using the 2009 and 2010 year-end financial statements. Until a date is determined when Memorial's employees would no longer be covered by Colorado PERA, a final amount cannot be calculated. Market volatility and demographic changes up to the date when Memorial's employees would no longer be covered by Colorado PERA would also impact the final amount.

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If Memorial were to leave PERA and not fully pay the costs of the benefits earned by its current and former employees, the other public employers in the Local Government Division would see an increase in their respective liabilities to make up the shortfall.

Colorado PERA believes that the position it has taken throughout this process is the approach required by statute and will be sustained by the court if it is litigated.

Stapleton v. PERA Lawsuit

On June 3, 2011, Colorado PERA received a written request from State Treasurer and Colorado PERA Trustee Walker Stapleton requesting information regarding individual records of the top 20 percent of Colorado PERA retirees based on benefit level. On June 17, 2011, the Board met to discuss Trustee Stapleton's request. Following extensive discussion, the Board voted to retain an outside fiduciary counsel to provide an opinion regarding the request and subsequently retained John A. Nixon, Esq. of the law firm of Duane Morris L.L.P. to provide a legal opinion regarding Trustee Stapleton's request.

The Board then met on August 31, 2011, to further consider Trustee Stapleton's request and at that meeting voted to waive the attorney-client privilege related to the written opinion and directed PERA staff not to provide the member information requested by Trustee Stapleton in his June 3, 2011, letter. To compile this information would have required many months of staff time. Colorado PERA subsequently issued a fact sheet on retiree benefit payments which illustrated that less than 1 percent of the retirees receive an annual benefit of more than $100,000 per year.

On September 19, 2011, Trustee Stapleton filed a lawsuit *(Stapleton v. PERA)* in Denver District Court against Colorado PERA for not providing the information he requested. Colorado PERA then filed its own claim on October 13, 2011, asking the Court to provide guidance on the circumstances under which Colorado PERA can lawfully disclose confidential member information to its Trustees.

On April 4, 2012, Denver District Court Judge Edward D. Bronfin ruled in favor of Colorado PERA in the *Stapleton v. PERA* lawsuit. In his ruling, Judge Bronfin determined that the Board properly concluded that the Treasurer is not entitled to the information he requested, which included: the annual retirement benefit, year of retirement, age at retirement, last five years of salary as PERA member, employer division, and ZIP code.

Judge Bronfin stated, "The Treasurer—just like any Trustee of the PERA Board—is not entitled to unlimited, unfettered access to individual PERA member and benefit recipient information which is rendered confidential by statute."

Colorado law requires PERA to maintain the confidentiality of "all information" in PERA's member records. With this ruling, PERA was able to obtain guidance regarding circumstances under which it can lawfully disclose information regarding its members and benefit recipients to PERA Trustees.

On May 15, 2012, Trustee Stapleton filed his Notice of Appeal, indicating that he would be appealing the District Court's decision to the Colorado Court of Appeals. At this time, the parties have not filed their briefs and no decision has been rendered by the Court of Appeals.

Economic Condition and Outlook

The U.S. economy grew at a slow pace during most of 2011, but accelerated at the end of the year with annualized growth for the fourth quarter at 3.0 percent. There was improvement in many areas of the economy at the end of the year. The unemployment rate ended the year at 8.5 percent, an improvement from 9.4 percent at the end of 2010. Manufacturing numbers reflected a modestly expanding economy. Consumer spending and consumer sentiment showed moderate improvement. The weakest portion of the economy, the residential housing market, continued to be negatively impacted by pending foreclosures and homeowners who are underwater on their mortgages. The Federal Reserve maintained the Fed Funds rate at a stated range of 0.0 percent to 0.25 percent during the year. The Fed indicated that it intends to leave short-term rates low for an extended period of time, possibly until 2014. Inflation pressures, particularly core inflation, while still at acceptable levels have been increasing. Corporate balance sheets and profits are strong, and business spending on capital equipment was also strong during the year.

The global economy also grew at a slow pace during 2011 as many central banks around the world eased monetary policy towards the end of the year. In general, developed countries are experiencing similar challenges as the U.S.; slow growth, relatively high unemployment, and unsustainably high levels of public and private debt. Emerging market economies, in general, also experienced positive growth during the year. In response to slowing demand from trading partners, emerging market growth was not as strong in 2011. As a result of the ongoing European sovereign debt crisis, the overall European economy appears to be in a recession; the depth of the downturn and the impact on the global economy remains to be determined.

The Colorado economy continues to recover from the financial crisis. The State's budget deficit, while improving, reflects reduced tax revenues as a result of the decline in wages and property values. The high tech industry along with professional business services, health care, and agriculture are expected to continue to lead economic growth in the State's economy. The construction sector has been very weak although some improvement is expected going forward. The Colorado labor market has shown modest improvement with unemployment levels falling during 2011; additional modest job growth is anticipated in 2012. Foreclosure activity in the State improved during the year, but the residential market continued to experience price softness in 2011.

Investments

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

In 2011, there was net investment income of $724,563,000 compared with total member contributions of $855,084,000 and employer contributions of $1,024,426,000.

For the year ended December 31, 2011, the total fund had a rate of return of 1.9 percent on a market value basis. Colorado PERA's annualized net-of-fee rate of return over the last three years was 10.9 percent, over the last five years it was 2.1 percent, and over the last 10 years it was 5.7 percent.

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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 96.

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 sets ranges within which asset classes are maintained. The permissible ranges in effect during 2011 were adopted by the Board in 2010. The targeted asset allocation mix and the specified ranges for each asset class are presented on page 93. All of the asset classes were within their specified ranges at year end as described on page 93.

Colorado PERA's investment policy is summarized in the Colorado PERA Report on Investment Activity on page 93.

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. In 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Dodd-Frank Act outlines a comprehensive framework for reform following the financial crisis. Colorado PERA continues to actively advocate for comprehensive improvements to shareholder rights, rigorous federal oversight, and credit rating agency reform to a broad range of congressional and federal regulatory officials.

In 2011, Colorado PERA testified before the U.S. House of Representatives Committee on Oversight and Government Reform, Oversight Subcommittee on the House Financial Services Committee on Credit Rating Agencies Post Dodd-Frank, as well as the U.S. Securities and Exchange Commission (SEC) Roundtable to Examine Oversight of Credit Rating Agencies. In addition, Colorado PERA continued to be active in the securities litigation arena, fulfilling the Colorado PERA 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 rests with the management of Colorado PERA with the Board providing an oversight role. The Board is assisted in its responsibilities by the Audit Committee, consisting of seven Board members and one outside member. The Audit Committee generally reviews the adequacy and effectiveness of Colorado PERA's system of internal controls, 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 12–13.

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. Our 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 our 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 our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Management has concluded that as of December 31, 2011, our internal control over financial reporting was effective.

There are inherent limitations 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 that 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 2011 basic financial statements in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards. This audit is described in the Independent Auditor's Report on pages 20–21 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 the plan'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 22.

Letter of Transmittal

Funding

The Board's 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, 2011, Colorado PERA's funded ratio equaled 59.9 percent with an unfunded liability of $25.0 billion based on the actuarial value of assets and an investment rate of return and discount rate assumption of 8.0 percent. (Please see the MD&A on page 39 for additional information on Colorado PERA's funded ratio.)

Investment income is the most significant driver in a defined benefit plan. To understand the significance of this investment assumption, a sensitivity analysis is included in the MD&A on pages 35–37.

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

The 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 Amortization Equalization Disbursement (SAED), as well as a new benefit structure for new hires that includes a Rule of 85 and a separate annual increase reserve (AIR) 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 expected 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 in 60 years.

However in 2008, Colorado PERA, along with investors worldwide, suffered through one of the worst financial markets 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 assumptions, which as a result of these studies, were reduced 0.5 percent to 8.0 percent. A listing of all of the changes to the actuarial assumptions can be found in the Notes to the Required Supplemental Information on page 85. Additionally in 2009, the Board requested and had completed an actuarial analysis of the impact of different possible 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 necessary 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 were included in the 2009 actuarial valuation results. To maintain the sustainability of Colorado PERA it is critical that every aspect of the bill be fulfilled. The entire bill can be found online at http://www.leg.state.co.us.

Defined Benefit and Defined Contribution Plans

In a March 2011 study by Towers Watson, it was concluded that defined benefit plans continuously outperformed defined contribution plans over the recent bull-to-bear cycle (2000–2008)[1]. It was noted that defined benefit plans have access to investment professionals and sophisticated investment tools that a typical defined contribution plan participant lacks. For the year ended December 31, 2011, the three defined contribution plans at Colorado PERA earned $3,453,000 in investment income with a net position of $2,438,909,000, while the five defined benefit plans at Colorado PERA earned $715,030,000 in investment income with a net position of $37,222,014,000.

Total Compensation Philosophy

Colorado PERA recognizes that people are its primary asset, and its principal source of competitive advantage. Employees are provided a competitive total compensation package which serves to attract and retain valued employees while motivating extraordinary performance.

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 provide solid comparable compensation data to assist in keeping Colorado PERA's compensation programs competitive.

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, 2010. 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 26 years. We believe this

[1] Vishal Apte and Brendan McFarland, "DB Versus DC Plan Investment Returns: The 2008-2009 Update." March 2011, Towers Watson *Insider.*

Letter of Transmittal

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, 2010. This is the ninth year that Colorado PERA has received this prestigious national award recognizing its 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.

Employer Affiliations

In 2011, the following public employers affiliated with Colorado PERA: City of Castle Pines, Housing Authority of the City of Colorado Springs, and the Pikes Peak Regional Building Department.

Management Changes

In March 2011, Angela Setter was promoted to Director of Human Resources replacing Sharyl Harston who retired in February 2011 after seven years at PERA. Angela was previously the Benefits Department Senior Trainer and has been at PERA for four years. As Director of Human Resources, Angela is responsible for developing, recommending, implementing, and maintaining human resources policies and programs.

In April 2011, Matt Carroll was promoted to Director of Benefit Services replacing Rick Larson who retired in March 2011 after more than 27 years of service. Matt was previously the Manager of PERA's Employer Relations team and has been at PERA for over five years. As Director of Benefit Services, Matt will oversee numerous aspects of the administration of PERA's defined benefit program, and related services including PERA's defined contribution plans.

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 who receive limited compensation. The State Treasurer serves as an ex officio voting member. A Denver Public Schools Division seat was also added as a non-voting ex officio Trustee as part of SB 09-282.

In January 2011, the Board appointed Rochelle Logan to the vacant seat in the Local Government Division of the Board. Rochelle is Associate Director of Support Services for Douglas County Libraries. She took over the seat formerly held by Trustee Mark Anderson, who retired in 2010. The term for this appointed seat was until June 30, 2011.

In addition to the term for Rochelle Logan, other Trustee terms expired on June 30, 2011, included James Casebolt (Judicial Division) and Sara Alt (Retiree).

At the March 2011 Board meeting, the Board re-appointed James Casebolt since his seat was uncontested in the Judicial Division election. He began serving a new four-year term on July 1, 2011.

In the 2011 Board election, Rochelle Logan (Local Government) was elected by members to serve a three-year term and Timothy M. O'Brien was elected by retirees to serve a four-year term vacated by Sara Alt who chose not to run for re-election. Tim is a retired Colorado State Auditor from the Office of the State Auditor.

Acknowledgements

The 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.

I would also like to express my gratitude to the Colorado PERA staff and Board of Trustees who worked diligently to ensure the successful operation of PERA not only in 2011, but since I began at PERA in 2000. This will be my last *CAFR* for PERA since I am resigning from PERA on June 30, 2012. Gregory W. Smith, has been named Interim Executive Director. Greg joined PERA in 2002 and is PERA's Chief Operating Officer and General Counsel.

As I reflect on my time at PERA, it has been my distinct privilege to be associated with PERA and to have worked on behalf of Colorado's public employees. I was honored to not only have had the support of a dedicated Board of Trustees, but also support from members, retirees, employers, and my peers across the country.

Colorado PERA has an outstanding reputation among its peers and going forward, it is essential that PERA remains member-focused given the constant political challenges facing PERA and its membership. I am confident that the staff and Board will continue to be focused and passionate about serving the needs of members.

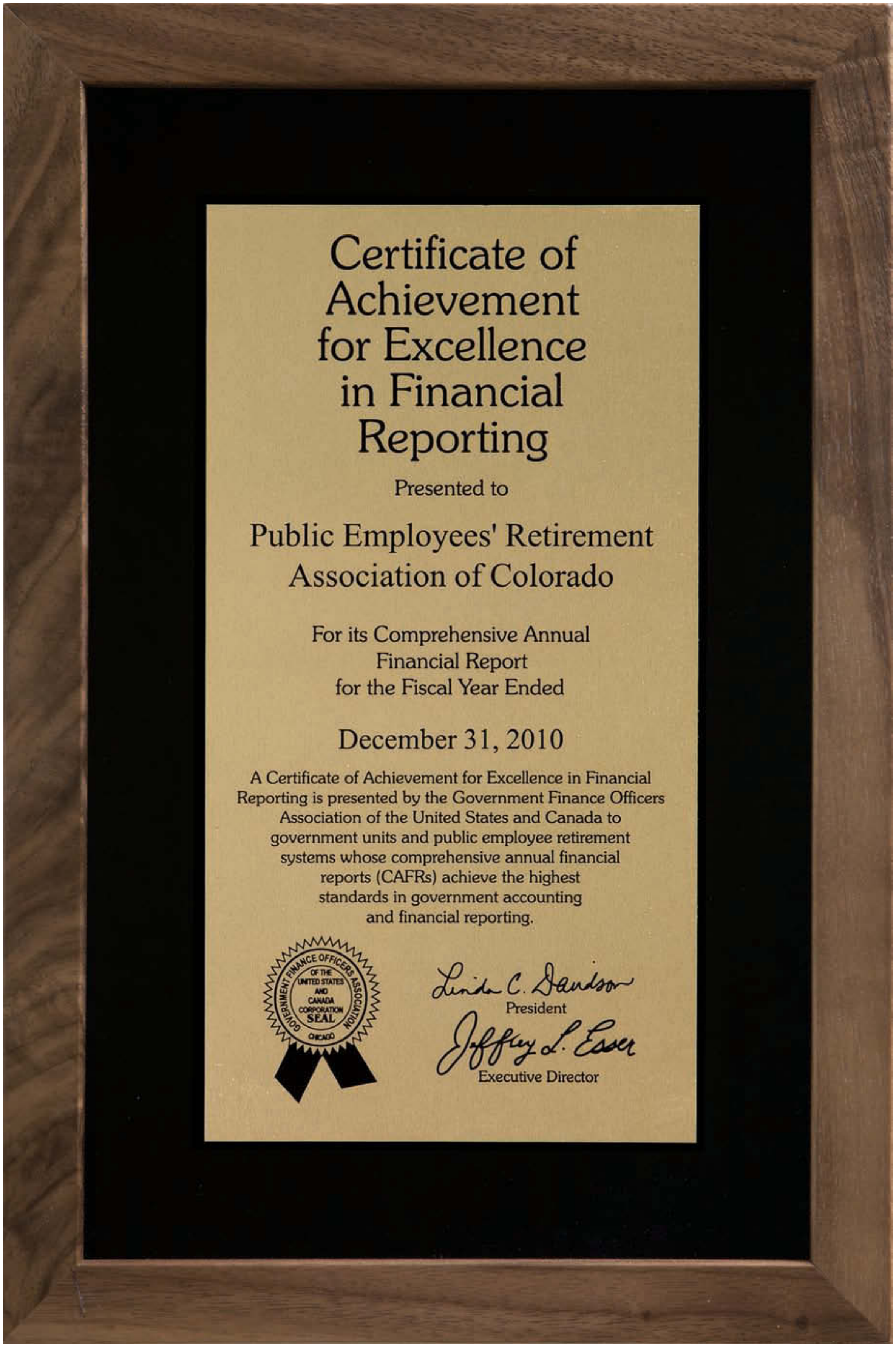
Respectfully submitted,

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



Board Chair's Report

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June 26, 2012

Carole Wright
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 2011 *Comprehensive Annual Financial Report.* This report offers a detailed view of the financial and actuarial status of your retirement system.

Once again Colorado PERA affirms its place in Colorado's economy by providing a stable source of stimulus. The 2011 report, *Colorado PERA's Economic and Fiscal Impacts,* prepared by Pacey and McNulty Economics Group, demonstrates the effects of the $3.03 billion (3.3 percent of total State payroll) in pension benefits payments on Colorado communities. The study estimated the economic multiplier impacts from these pension payments and concluded that there was an additional $1.87 billion in value added to the State Gross Domestic Product, an additional 23,399 jobs sustained, and over $230 million in State and local taxes paid.

Considering that every $1 in employer contributions directly results in over $3 being paid out immediately to beneficiaries, the economic benefits of saving and investing via an entity like Colorado PERA is abundantly clear.

In 2011, the Board's Capital Accumulation Plan (CAP) initiative came to a successful completion with the launch of the PERAPlus program and revised PERA Defined Contribution (DC) plan options for members. The Board's ad hoc CAP committee, in concert with PERA staff, created an innovative "white label" set of options for 401(k), 457, and PERA DC plan participants.

The successful launch of the PERAPlus and DC Plans program has also received national recognition. In March 2012, *Pensions & Investments* awarded a second-place Eddy award for the conversion materials, which communicated the rebranding of the 401(k), 457, and DC Plans to participants. The Eddy awards are sponsored annually by *Pensions & Investments* and recognize plan sponsors and service providers that epitomize the best practices in providing investment education to defined contribution plan participants.

The PERAPlus and DC Plans program was also recognized by the Government Finance Officers Association of the United States and Canada (GFOA). The most prestigious award conferred by the GFOA is the Awards for Excellence in Government Finance and it was awarded to Colorado PERA in June 2012. This award recognizes contributions to the practice of government finance that exemplify outstanding financial management, stressing practical, documented work that offers leadership to the profession and promotes improved public finance.

Throughout 2011, Colorado PERA and many other investors were subject to punishing market volatility. As members of the investment community understand, it is the portfolio results achieved over an investment cycle, not an individual year's results, that is the hallmark of success for a long-term investor such as PERA. For the five– and 10–year periods ending December 31, 2011, Colorado PERA's total fund exceeded the BNY Mellon Performance and Risk Analytics' Median Public Fund returns with returns of 2.1 percent and 5.7 percent, respectively.

It should be noted that over half of PERA's investment portfolio is managed internally by PERA's professional staff. This approach results in more than $25 million of annual savings in outside management fees. Thus total investment costs are 0.40 percent or four-tenths of 1 percent of assets. PERA's investment staff continues to adhere to the low risk and diversified portfolio policies established by the Board.

As many of you are aware, Colorado PERA was the first public plan to comprehensively respond to the effects of the 2008 severe market decline with the implementation of Senate Bill 10-001 in 2010. Despite this bipartisan supported bill, some members of the 2011 Colorado legislature initiated countervailing legislation. Senate Bill 11-127 that would have put new PERA employees into a defined contribution program and jeopardized PERA's long-term financial stability was defeated. The continuing efforts of the Colorado Coalition for Retirement Security—a partnership of nine employee and retiree groups—has kept the promise of shared sacrifice and plan sustainability in focus in the legislative arena. These efforts are commended.

Board Chair's Report

In June of 2011, Trustee Sara Alt left the Board after serving two terms. Sara was elected by retirees from the State, Judicial, and Local Government Divisions. Sara closed her Board service as Vice Chair. She took personal pride in having served on every Board committee. We wish her well in the pursuit of new adventures and thank her for her dedicated service.

As 2011 came to a close, the Board was unaware that it would soon be acknowledging the resignation of Executive Director Meredith Williams. Meredith began his service with Colorado PERA in June of 2000. His steady leadership steered PERA through unprecedented turbulent market conditions. Interfaced with this worldwide market meltdown was the dawn of an era of political and media assaults on the public pension industry. The challenges were many and Meredith met each with acumen.

Meredith's keystone accomplishment was his multi-faceted response to the impact of the 2008 worldwide financial crisis on the PERA plan. Meredith secured actuarial data and contracted for a real-time, interactive actuarial modeling program that could project the effects of plan changes. Secure in the various aspects of each potential change, Meredith then led the Board across the state on a "listening tour" seeking member and retiree response to these potential and necessary legislated plan adjustments. The ultimate result was a package of elements characterized by shared sacrifice and long-term plan stability—Senate Bill 10-001. The Board and membership must remain vigilant to secure this legacy.

The Board and Colorado PERA's nearly one-half million participants thank Meredith for his leadership and service. We wish him well in his new position as Executive Director of National Council on Teacher Retirement (NCTR). The millions of NCTR members will be well served by Meredith's dedication to the value of public pension plans and strategic insights.

In light of Meredith's departure, the Board has named Colorado PERA Chief Operating Officer and General Counsel, Gregory W. Smith, as Interim Executive Director. Greg has been PERA's General Counsel since 2002 and members should be confident that PERA is in good care under Greg's leadership. The Board has also created a search committee to conduct a search for an executive director in accordance with the Board's Governance Manual policy. The search committee is chaired by Trustee James Casebolt, who is a Judge on the Colorado Court of Appeals.

I would also like to extend my appreciation to the entire Colorado PERA membership and other constituencies for their continued support of Colorado PERA. As Trustees, we are committed to ensuring the integrity and sustainability of the fund for all Colorado PERA members.

Sincerely,

Carole Wright
Chair, Colorado PERA Board of Trustees

Report of the Colorado PERA Audit Committee

Colorado Public Employees' Retirement Association
Mailing Address: PO Box 5800, Denver, CO 80217-5800
Office Locations: 1301 Pennsylvania Street, Denver
1120 West 122nd Avenue, Westminster
303-832-9550 • 1-800-759-PERA (7372)
www.copera.org

As described more fully in its Charter, the purpose of the Colorado PERA Audit Committee (Audit Committee) is to assist the 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 Internal Audit function on the basis of the information it receives, discussions with management and Internal Audit, and the experience of the Audit Committee's members in business, financial, and accounting matters. In this role, the Audit Committee also reviews the audit plan of the independent public accounting firm, the results of the audit, and the status of management's actions to implement recommendations from the audit.

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 Audit Committee's oversight responsibilities. To support this belief, the Audit Committee periodically meets separately with both the internal auditors and the independent public accounting firm, 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 Audit Committee's satisfaction.

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

- 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 annual written performance evaluation of the Internal Auditor and General Counsel.

Report of the Colorado PERA Audit Committee

- 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 independent public accounting firm, 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, 2011, 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 Board, and the Board has approved, the inclusion of the audited financial statements in Colorado PERA's *Comprehensive Annual Financial Report* for the year ended December 31, 2011.

Audit Committee as of June 25, 2012

Timothy M. O'Brien, Chairperson

James Casebolt

Richard Delk

Warren Malmquist

Susan Murphy

Marcus Pennell

Walker Stapleton

Lynn Turner

Board of Trustees

By State law, the management of the public employees' retirement fund is vested in the Board. 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 DPS Division.

As provided in SB 09-282, the first-term of the ex officio DPS Division member started May 21, 2009, until December 31, 2009, and this member was appointed by the DPSRS Board of Trustees. The second term of the ex officio DPS Division member started January 1, 2010, through June 30, 2012, and this member was 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.

Carole Wright
Chair

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

Maryann Motza
Vice Chair

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

Sara R. Alt

Elected by Retirees
Retired Legislative
Liaison,
Colorado
Department of
Personnel and
Administration
Term expired
June 30, 2011

James Casebolt

Elected by Judicial
Members
Judge,
Colorado Court of
Appeals
Current term expires
June 30, 2015

Howard M. Crane

Appointed by
the Governor
Current term expires
July 10, 2012

Richard Delk

Elected by State
Members
Director,
Strategic Fiscal
Planning 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

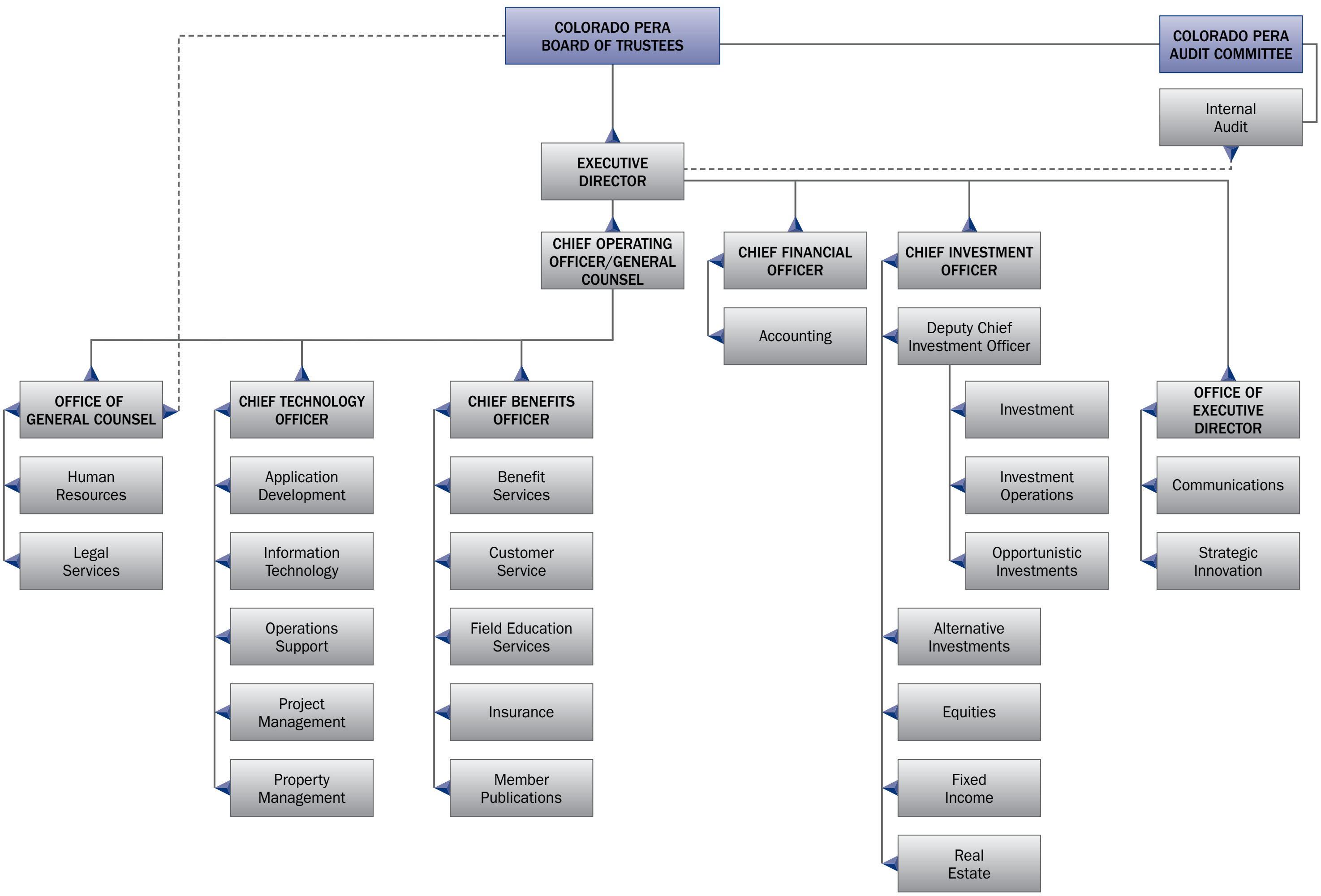
Brett Johnson

Deputy
State Treasurer
Delegated
Substitute for
State Treasurer
Term effective
January 2011

Board of Trustees

Administrative Organizational Chart

As of December 31, 2011



Colorado PERA Executive Management

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*
Luz Rodriguez—*Director of Legal Services*
Angela Setter—*Director of Human Resources*

Jennifer Paquette—Chief Investment Officer

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

Karl Greve—Chief Financial Officer

Accounting Division

Donna Trujillo—Chief Benefits Officer

Anne Bandy—*Director of Customer Service*
Matt Carroll—*Director of Benefit Services*
Dennis Gatlin—*Director of Field Education 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*

Consultants

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
Hewitt EnnisKnupp, Inc.
10 South Riverside Plaza
Suite 1600
Chicago, IL 60606

Investment Performance Consultants
Hewitt EnnisKnupp, Inc.
10 South Riverside Plaza
Suite 1600
Chicago, IL 60606

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

Investments—Real Estate Performance
Hewitt EnnisKnupp, Inc.
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), 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), Colorado PERA DC Plan, and Deferred Compensation Plan Service Provider
ING Institutional Plan Services, LLC
30 Braintree Hill Office Park
Braintree, MA 02184

Benefitting the Economy

Benefit payments to Colorado PERA retirees are a critical source of reliable, predictable income to the State's economy, increasing the State's Gross Domestic Product by $1.87 billion annually.

80 years 1931–2011

Financial Section

Report of the Independent Auditors

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

Independent Auditors' Report

Board of Trustees
Colorado Public Employees' Retirement Association

We have audited the accompanying statement of net position and the related statement of changes in net position of the Colorado Public Employees' Retirement Association (Colorado PERA) as of and for the year ended December 31, 2011, which collectively comprise Colorado PERA's basic financial statements as listed in the table of contents. We have also audited the financial statements of each individual fund of Colorado PERA as of and for the year ended December 31, 2011, as displayed in Colorado PERA's basic financial statements. These financial statements are the responsibility of Colorado PERA's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative combined information has been derived from Colorado PERA's December 31, 2010 financial statements, and in our report dated June 17, 2011, we expressed an unqualified opinion on the respective financial 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 Colorado 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Colorado Public Employees' Retirement Association as of December 31, 2011, and the respective changes in net position for the year then ended, in conformity with U.S. generally accepted accounting principles. In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective net position of each individual fund of the Colorado Public Employees' Retirement Association as of December 31, 2011, and the respective changes in net position thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

As described in note 10 to the financial statements, the funded ratio of the actuarial accrued liability as of December 31, 2011 was 57.7% for the State Division, 60.2% for the School Division, 69.3% for the Local Government Division, 69.3% for the Judicial Division, 81.5% for the Denver Public Schools Division, 16.5% for the Health Care Trust Fund, and 18.6% for the Denver Public Schools Health Care Trust Fund. These funded ratios were derived using an 8% investment rate of return and discount rate and the actuarial value of assets. Any significant deviation in the actual rate of return over a 30-year period would have a material impact on the reported actuarial accrued liability as of December 31, 2011.

Report of the Independent Auditors

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2012, on our consideration of Colorado 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 22 through 47 and Required Supplementary Information on pages 80 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules included on pages 88 through 90 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in the Introductory, Investment, Actuarial, and Statistical sections is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

KPMG LLP

June 26, 2012

Management's Discussion and Analysis (Unaudited)

(In Thousands of Dollars)

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, 2011. 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 48–51.

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 eleven fiduciary funds, including five defined benefit pension trust funds: the State Division Trust Fund, the School Division Trust Fund, the Local Government Division Trust Fund, the Judicial Division Trust Fund, and the Denver Public Schools 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, two cost-sharing multiple-employer defined benefit other postemployment benefit plans (OPEB)—the Health Care Trust Fund (HCTF) and the Denver Public Schools Health Care Trust Fund (DPS HCTF), and one private purpose trust fund, the Life Insurance Reserve (LIR).

On January 1, 2010, the Denver Public Schools Retirement System (DPSRS) merged into Colorado PERA and transferred the net assets of DPSRS into the new Denver Public Schools Division Trust Fund (DPS Division Trust Fund or DPS Division) as mandated by Senate Bill 09-282. The assets, liabilities, and obligations of DPSRS became the assets, liabilities, and obligations of the DPS Division. The net assets of DPSRS were $2,746,176 at December 31, 2009. Re-characterization of certain benefit assets and liabilities of DPSRS to member deposit accounts was done to comply with Colorado PERA laws and rules of the new DPS Division and resulted in a transfer of net assets of $2,750,566 into the DPS Division. Also, on January 1, 2010, the Denver Public Schools transferred $13,510 in assets to the new DPS HCTF.

Basic Retirement Funding Equation

At the most basic level, in the long run a retirement plan must balance the money coming in through investment earnings and contributions 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 Net Position on pages 50–51 details the contributions, investment income, benefit payments, and expenses for all eleven fiduciary funds Colorado PERA administers.

The results for the past 30 years (January 1, 1982, to December 31, 2011) show that the funds grew by $37.6 billion. During this time, the number of members and benefit recipients grew from 118,699 to 483,467. The breakdown of the change in net position is shown below for the 30-year period January 1, 1982, to December 31, 2011:

Change in Net Position (30–Year Period)

I	– Investment income	$43,850,127
C	– Contributions	31,103,457
C	– Plan transfers	3,216,680
	Subtotal	78,170,264
B	– Benefits	39,956,329
E	– Expenses	636,148
	Subtotal	40,592,477
	Change in net position	**$37,577,787**

The results for the year ended December 31, 2011, show that the funds decreased by $1.2 billion or 2.8 percent. The decrease was principally due to benefits exceeding contributions received and the weaker financial markets where our total fund benchmark [56 percent of the Global Equity Custom Benchmark; 25 percent of the Fixed Income Custom Benchmark; 7 percent of the Real Estate Custom Benchmark; 7 percent of the Alternative Custom Benchmark; and 5 percent of the Public Markets Benchmark] was 1.3 percent. The breakdown of the net change in assets is shown on the next page for the year ended December 31, 2011.

Management's Discussion and Analysis (Unaudited)

(In Thousands of Dollars)

2011 Change in Net Position

I	–	Investment income	$724,563
C	–	Contributions	2,055,125
C	–	Plan transfers	4
		Subtotal	2,779,692
B	–	Benefits	3,895,450
E	–	Expenses	48,527
		Subtotal	3,943,977
		Change in net position	**($1,164,285)**

Financial Highlights

Net Position—The fair value of the net position for all funds administered by Colorado PERA decreased $1.2 billion during calendar year 2011.

	2011 CHANGE IN NET POSITION	2011 ENDING NET POSITION
State Division Trust Fund	($464,444)	$12,022,661
School Division Trust Fund	(595,697)	19,274,580
Local Government Division Trust Fund	9	2,883,513
Judicial Division Trust Fund	(2,700)	221,189
Denver Public Schools Division Trust Fund	(120,855)	2,820,071
Voluntary Investment Program	(10,978)	1,891,347
Defined Contribution Retirement Plan	10,213	63,597
Deferred Compensation Plan	25,084	483,965
Health Care Trust Fund	(3,884)	281,786
Denver Public Schools Health Care Trust Fund	(416)	14,375
Life Insurance Reserve	(617)	14,416
Total	**($1,164,285)**	**$39,971,500**

In the Voluntary Investment Program, the decrease in net position was primarily due to negative investment returns arising from the global stock markets. The Defined Contribution Retirement Plan grew primarily due to increased contributions. The Deferred Compensation Plan grew primarily from growth in contributions and positive investment returns in the fixed income markets. The Local Government Division grew slightly as its investment returns exceeded the net benefit outflows. The Local Government Division's membership has a higher ratio of contributing members to retirees receiving payments as compared to the other funds. In all other funds, the decrease in net position was primarily due to benefit payments exceeding contributions and the weaker investment income in 2011.

Change in Net Position

	(C) CONTRIBUTIONS AND OTHER ADDITIONS	+ (C) PLAN TRANSFERS	+ (I) INVESTMENT GAIN/(LOSS)	– (B) – (E) BENEFITS, EXPENSES, AND OTHER DEDUCTIONS	= NET CHANGE CHANGE IN NET ASSETS
State Division Trust Fund	$553,508	$–	$232,669	$1,250,621	($464,444)
School Division Trust Fund	872,929	–	370,045	1,838,671	(595,697)
Local Government Division Trust Fund	154,350	–	53,130	207,471	9
Judicial Division Trust Fund	9,561	–	4,105	16,366	(2,700)
Denver Public Schools Division Trust Fund	54,150	–	55,081	230,086	(120,855)
Voluntary Investment Program	133,239	–	(5,752)	138,465	(10,978)
Defined Contribution Retirement Plan	16,806	–	(1,130)	5,463	10,213
Deferred Compensation Plan	43,288	4	10,335	28,543	25,084
Health Care Trust Fund	206,863	–	5,153	215,900	(3,884)
Denver Public Schools Health Care Trust Fund	10,431	–	424	11,271	(416)
Life Insurance Reserve	–	–	503	1,120	(617)
2011 change in net position	**$2,055,125**	**$4**	**$724,563**	**$3,943,977**	**($1,164,285)**
2010 change in net position	**$2,012,051**	**$2,764,111**	**$5,054,367**	**$3,731,684**	**$6,098,845**
2009 change in net position[1]	**$1,845,806**	**$373,236**	**$5,270,206**	**$3,284,415**	**$4,204,833**
2008 change in net position[1]	**$1,748,531**	**$–**	**($11,007,526)**	**$3,080,924**	**($12,339,919)**
2007 change in net position[1]	**$1,615,130**	**$–**	**$3,983,543**	**$2,842,809**	**$2,755,864**
2007–2011 change in net position[1]	**$9,276,643**	**$3,137,351**	**$4,025,153**	**$16,883,809**	**($444,662)**

[1]Does not include the DPS Division Trust Fund and the DPS HCTF prior to 2010.

Management's Discussion and Analysis (Unaudited)

(In Thousands of Dollars)

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 five Division Trust Funds, the HCTF, the DPS HCTF, and the LIR).

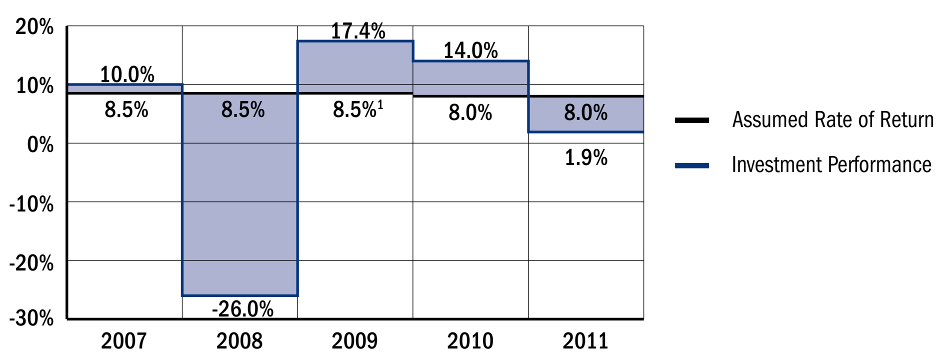
	NET APPRECIATION/ (DEPRECIATION) IN FAIR VALUE	INTEREST AND DIVIDENDS	REAL ESTATE, ALT INVEST, AND OPPTY FUND NET OPERATING INC	INVESTMENT EXPENSES	SECURITIES LENDING INCOME/ (LOSS)	TOTAL INVESTMENT GAIN/(LOSS)
State Division Trust Fund	($32,697)	$233,415	$72,994	($45,721)	$4,678	$232,669
School Division Trust Fund	(54,225)	373,184	116,703	(73,097)	7,480	370,045
Local Government Division Trust Fund	(9,268)	54,883	17,163	(10,749)	1,101	53,130
Judicial Division Trust Fund	(692)	4,219	1,320	(827)	85	4,105
Denver Public Schools Division Trust Fund	(7,445)	54,997	17,199	(10,773)	1,103	55,081
Health Care Trust Fund	(1,175)	5,566	1,740	(1,090)	112	5,153
Denver Public Schools Health Care Trust Fund	84	300	94	(59)	5	424
Life Insurance Reserve	(43)	504	97	(61)	6	503
2011 Total	**($105,461)**	**$727,068**	**$227,310**	**($142,377)**	**$14,570**	**$721,110**
2010 Total	**$4,022,081**	**$703,530**	**$226,428**	**($153,918)**	**$13,995**	**$4,812,116**
2009 Total[1]	**$4,201,203**	**$663,565**	**$158,338**	**($118,731)**	**$29,299**	**$4,933,674**
2008 Total[1]	**($11,381,519)**	**$799,501**	**$163,589**	**($108,241)**	**$20,847**	**($10,505,823)**
2007 Total[1]	**$2,995,089**	**$847,723**	**$173,132**	**($131,452)**	**($26,594)**	**$3,857,898**

[1] Does not include the DPS Division Trust Fund and the DPS HCTF prior to 2010.

The largest inflow into a retirement plan over the long-term comes from investment income. Over the past 30 years, even with the large losses in 2008, investment income represents 59 percent of the inflows into Colorado PERA, and over the past 10 years it represents 50 percent of the inflows.

Investment Performance Trend Information—For the year ended December 31, 2011, the net-of-fees rate of return on the pooled investment assets was 1.9 percent, which was less than the 14.0 percent rate of return for the year ended December 31, 2010, and was less than the actuarial assumed rate of 8.0 percent. The net-of-fees annualized rate of return for the pooled investment assets was 2.1 percent for the past five years and 5.7 percent for the past 10 years. The 30-year annualized gross-of-fees rate of return for the pooled investment assets was 10.0 percent. Market returns and volatility will vary from year to year for the total fund and across the various asset classes. The chart below 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]

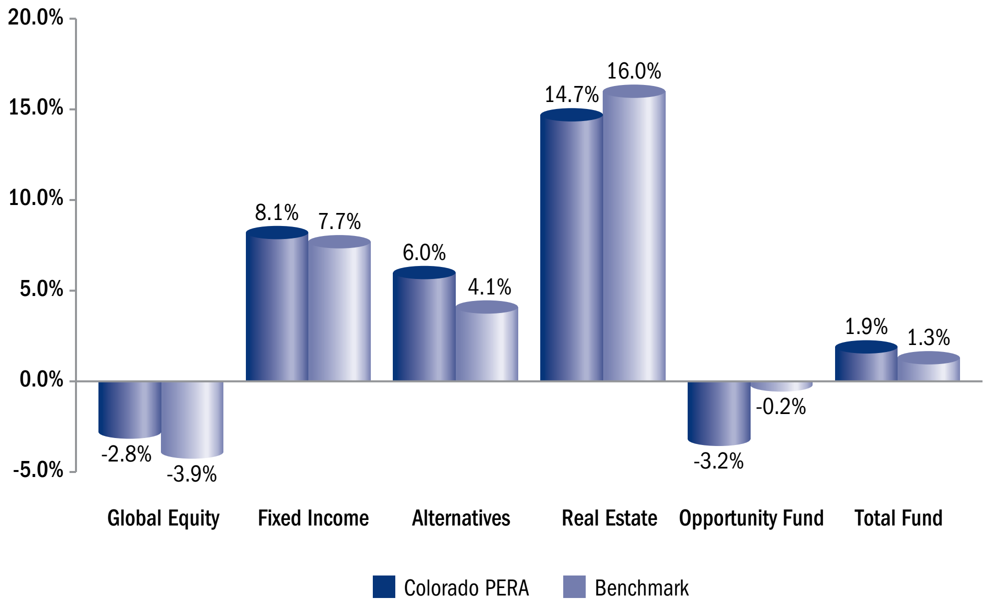


[1] In September 2009, the assumed rate of return was lowered to 8.0 percent effective January 1, 2010.
[2] Does not include the DPS Division Trust Fund and the DPS HCTF prior to 2010.

Management's Discussion and Analysis (Unaudited)

(In Thousands of Dollars)

2011 Actual Results vs. Benchmarks



Note: Hewitt EnnisKnupp, Inc., 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 2011, the policy benchmark is a combination of 56 percent of the Global Equity Custom Benchmark; 25 percent of the Fixed Income Custom Benchmark; 7 percent of the Real Estate Custom Benchmark; 7 percent of the Alternative Custom Benchmark; and 5 percent of the Public Markets Benchmark. For more information, see the Schedule of Investment Results on page 100.

The total fund outperformed the policy benchmark return by approximately 57 basis points for the year ended December 31, 2011. The primary contributor to the outperformance was global equities. Fixed income and alternatives also provided positive contributions. The positive impact of global equities, fixed income, and alternatives was partially offset by underperformance from real estate and the opportunity fund. The global equity portfolio generally has a bias toward securities issued by companies that possess strong financial health and also show solid and improving profitability as these stocks tend to outperform over longer time periods. From a broad perspective, the stocks that outperformed in 2011 were stocks of companies that showed a steady trend of increasing earnings per share and economically defensive stocks including utilities, consumer staples, and health care. In addition, investors viewed the U.S. as a safe haven from the world's problems. As such, U.S. stocks significantly outperformed non-U.S. stocks. Asset allocation, or the variance in the actual weights of the various asset classes versus the target weights, produced a small negative impact to the total fund returns. Cash also had a small negative impact on the overall return.

Colorado PERA's total fund returned 1.9 percent, compared to the BNY Mellon Performance and Risk Analytics' Median Public Fund return of 0.3 percent for the year ended December 31, 2011. The BNY Mellon Performance and Risk Analytics' Median Public Fund measure is comprised of 74 public pension funds with assets of approximately $0.7 trillion. Colorado PERA's total fund returned 10.9 percent and 2.1 percent on a three- and five-year annualized basis, respectively, compared with the BNY Mellon Performance and Risk Analytics' Median Public Fund returns of 10.7 percent and 1.6 percent for these periods, respectively.

Asset Allocation—The 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 then 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 stock or bonds of any single corporation. As a fiduciary of the funds, the 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 Board commissioned an Asset/Liability Study in 2010, which was prepared by Hewitt EnnisKnupp, Inc. 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 Board's policy specifies the desired target allocation for each asset class as well

Management's Discussion and Analysis (Unaudited)

(In Thousands of Dollars)

as the ranges within which each asset class may operate. As a result of the study, the Board approved the current asset allocation targets and ranges at its September 2010 Board meeting.

	12/31/2010 ACTUAL %[1]	2010 TARGET %	2010 RANGES	12/31/2011 ACTUAL %[1]	2011 TARGET %	2011 RANGES
Global Stocks	57.7%	58%	52%-64%	**55.5%**	**56%**	**50%–62%**
Fixed Income	22.9%	25%	22%-28%	**23.6%**	**25%**	**22%–28%**
Alternative Investments[2]	9.3%	7%	4%-10%	**9.3%**	**7%**	**4%–10%**
Real Estate	7.4%	7%	4%-10%	**8.6%**	**7%**	**4%–10%**
Opportunity Fund[3]	2.1%	3%	0%-6%	**2.1%**	**5%**	**0%–8%**
Cash & Short-Term Investments[4]	0.6%	0%		**0.9%**	**0%**	

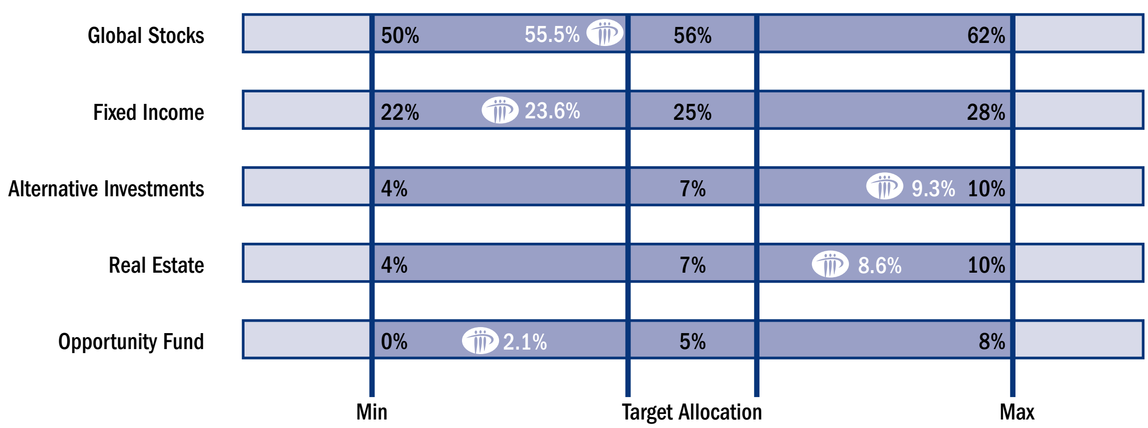
[1] Asset allocation decisions are made based on the total holdings of the portfolios within each asset class. Therefore, the investment receivables, payables, accruals, and cash and short-term investments are allocated back to the investment portfolios that hold them for purposes of the table above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

[2] The Alternative Investment asset class has exposure to private equity, venture capital, secondary interests in private equity funds, and distressed debt.

[3] The Opportunity Fund asset class has exposure to timber and commodity funds.

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

2011 Asset Allocation Permissible Ranges vs. December 31, 2011, Actual Allocation



Sudan Divestment—Following the 2007 legislative session, then Governor Ritter signed into law House Bill 07-1184: Sudan Divestment by Public Pension Plans, 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 2011, Colorado PERA submitted its Scrutinized Companies List to elected officials of the State on March 17, 2011, and September 16, 2011.

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 Board 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.

Management's Discussion and Analysis (Unaudited)

(In Thousands of Dollars)

Cash and Short-Term Investments—As of December 31, 2011, Colorado PERA had cash and short-term investments of $862 million, an increase of $114 million. This increase was due primarily to cash being held in anticipation of an upcoming funding of a new portfolio.

Securities Lending Collateral and Obligations—As of December 31, 2011, Colorado PERA had securities lending collateral of $1.4 billion, a decrease of $1.4 billion from 2010. The securities lending collateral declined due to the significant reduction in the market value of securities on loan.

Commitments—As of December 31, 2011, Colorado PERA had commitments for the future purchase of investments in alternative investments of $1.5 billion and real estate of $627 million.

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

TRUST FUND	EMPLOYER CONTRIBUTIONS[1]	MEMBER CONTRIBUTIONS	PURCHASED SERVICE	RETIREE HEALTH AND LIFE PREMIUMS	FEDERAL HEALTH CARE SUBSIDIES	OTHER	TOTAL CONTRIBUTIONS AND OTHER
State Division	$283,222	$258,678	$11,277	$–	$–	$331	$553,508
School Division	541,962	315,958	14,465	–	–	544	872,929
Local Government Division	91,780	58,590	3,902	–	–	78	154,350
Judicial Division	5,430	4,120	5	–	–	6	9,561
Denver Public Schools Division	12,859	39,422	1,792	–	–	77	54,150
Health Care	73,449	–	–	108,689	14,151	10,574	206,863
Denver Public Schools Health Care	5,029	–	–	4,529	499	374	10,431
2011 Total	**$1,013,731**	**$676,768**	**$31,441**	**$113,218**	**$14,650**	**$11,984**	**$1,861,792**
2010 Total	**$987,139**	**$636,703**	**$31,428**	**$114,905**	**$27,003**	**$16,184**	**$1,813,362**
2009 Total[2]	**$941,801**	**$569,338**	**$23,439**	**$106,903**	**$13,633**	**$12,738**	**$1,667,852**
2008 Total[2]	**$857,729**	**$557,481**	**$32,547**	**$102,644**	**$13,743**	**$12,827**	**$1,576,971**
2007 Total[2]	**$749,918**	**$526,561**	**$25,117**	**$96,345**	**$12,397**	**$12,485**	**$1,422,823**

[1] Employer contributions include the employer statutory rate, Amortization Equalization Disbursement (AED), and Supplemental Amortization Equalization Disbursement (SAED), less an offset (14.72 percent in 2011, and 15.04 percent in 2010) for the DPS Division as required by SB 09-282.

[2] Does not include the DPS Division Trust Fund and the DPS HCTF prior to 2010.

Member Contribution Rates for 2011

Member and employer contribution rates are set in statute. The enactment of SB 10-146 required that member contributions increase by 2.50 percent and employer contributions decrease by 2.50 percent for the State and Judicial Divisions for the one-year period beginning July 1, 2010, through June 30, 2011. The enactment of SB 11-076 extended the reduction of the employer contribution and increase of the member contribution rate an additional year, from July 1, 2011, through June 30, 2012. The amount of contributions swapped in 2010 and 2011 for the State Division was $30.9 million and $61.8 million and for the Judicial Division it was $0.5 million and $1.0 million, respectively.

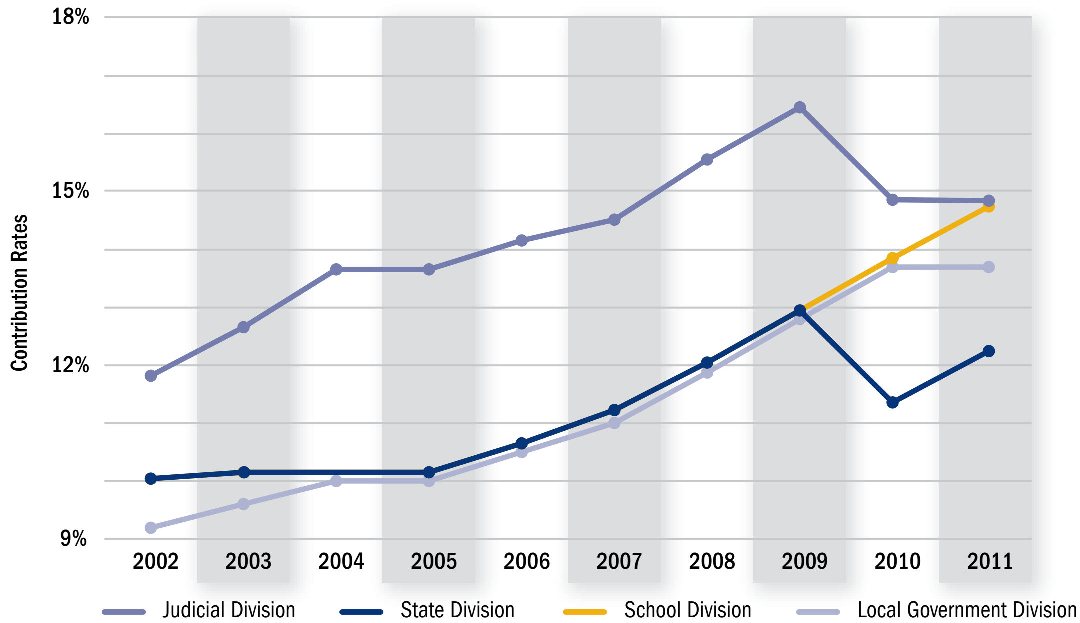
TRUST DIVISION	MEMBER CONTRIBUTION RATE JANUARY 1—DECEMBER 31, 2011
State	10.50%
State Troopers	12.50%
School	8.00%
Local Government	8.00%
Judicial	10.50%
Denver Public Schools	8.00%
Health Care	0.00%
Denver Public Schools Health Care	0.00%

Member contributions for the Division Trust Funds increased from $637 million in 2010 to $677 million in 2011. Over the past 30 years, member contributions represent 19 percent of the inflows into the Division Trust Funds.

Management's Discussion and Analysis (Unaudited)

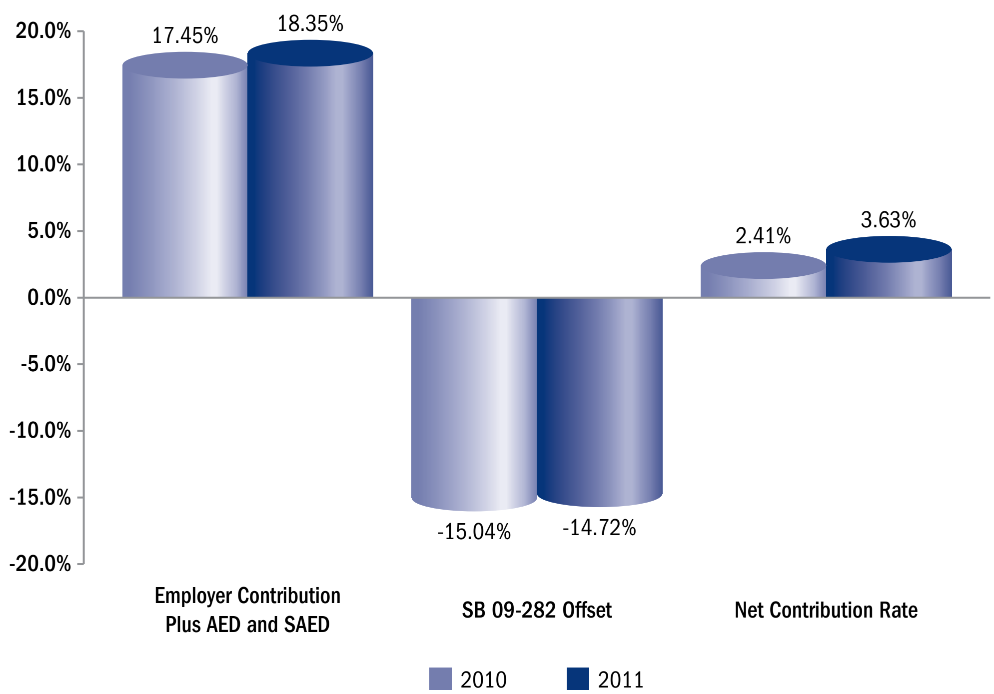
(In Thousands of Dollars)

Employer Contribution Rates Plus AED and SAED (Includes Health Care Trust Fund Contribution)



Note: The decrease in 2010 for the State and Judicial Divisions was due to the 2.50 percent rate swap required by SB 10-146, and extended through June 30, 2012, by SB 11-076.

Denver Public Schools Employer Contribution Rates Plus AED, SAED, and SB 09-282 Contribution Offset (Includes DPS Health Care Trust Fund Contribution)



Management's Discussion and Analysis (Unaudited)

(In Thousands of Dollars)

Employer Contribution Rates for 2011

TRUST FUND	ANNUAL REQUIRED CONTRIBUTION[1]	ACTUAL EMPLOYER CONTRIBUTION RATE	HEALTH CARE CONTRIBUTION RATE	AED	SAED	DENVER PUBLIC SCHOOLS PCOP OFFSET	CONTRIBUTION RATE AVAILABLE FOR FUNDING
State Division	13.63%	7.65%	(1.02%)	2.60%	2.00%	–	11.23%
State Troopers	–	10.35%	(1.02%)	2.60%	2.00%	–	13.93%
School Division	15.73%	10.15%	(1.02%)	2.60%	2.00%	–	13.73%
Local Government Division	8.98%	10.00%	(1.02%)	2.20%	1.50%	–	12.68%
Judicial Division	16.30%	11.16%	(1.02%)	2.20%	1.50%	–	13.84%
Denver Public Schools Division	11.85%	13.75%	(1.02%)	2.60%	2.00%	(14.72%)	2.61%
Health Care	1.28%	–	1.02%	–	–	–	1.02%
Denver Public Schools Health Care	0.92%	–	1.02%	–	–	–	1.02%

[1] Annual Required Contribution rates for 2011 contributions are based on the 2009 Actuarial Valuation.

Senate Bill 09-282 provides for an offset to the DPS Division employer contribution rate. The offset, expressed as a percentage of payroll, is equal to the annual assumed payment obligations for pension certificates of participation (PCOPs) issued in 1997 and 2008 by the Denver Public Schools at a fixed effective annual interest rate of 8.50 percent. At a minimum, the DPS Division contribution rate must be sufficient to fund the DPS HCTF (1.02 percent) and the Annual Increase Reserve (AIR) (1.00 percent) as the AIR applies to the DPS Division. The annual increase is a post-retirement cost of living adjustment meeting certain criteria as described in Note 1 of the Notes to the Financial Statements. The staff of the Denver Public Schools provided the PCOP offset rate of 15.04 percent for 2010 and 14.72 percent for 2011, and 15.37 percent for 2012.

C.R.S §24-51-401(1.7) (e) recognizes the effort to equalize the funded status of the DPS Division and the School Division of Colorado PERA. Beginning January 1, 2015, and every fifth year thereafter, the bill requires a true-up calculation to confirm the equalization of the funded status of these two divisions. The true-up calculation is an actuarial projection to assure the funded status of these divisions will be equal in 30 years. In the event a true-up calculation does not project equalization between these divisions over a 30-year period, the Board shall recommend an adjustment of the DPS Division employer contribution rate to the Colorado General Assembly. The PCOP offset in the DPS Division will be a significant contributor to lowering the funded ratio, until such a time that the contribution rate is adjusted. An adjustment to the DPS Division contribution rate may result in a significant increase in the total contributions paid by the DPS Division employers.

Employer contributions for the Division Trust Funds, the HCTF, and the DPS HCTF increased from $987 million in 2010 to $1.0 billion in 2011. In addition to the 2.50 percent employer member contribution swap in the State and Judicial Divisions for a full year, employer contributions increased due to increases in the AED and SAED. Over the past 30 years, employer contributions represent 19 percent of the inflows into the Division Trust Funds, HCTF, and the DPS HCTF.

The AED and the SAED are set to increase 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. For the Local Government and Judicial Divisions, if the funded ratio reaches 90 percent and subsequently falls below 90 percent, an increase in the AED and SAED is mandated. Increases cannot exceed the maximum allowable limitations shown in the table below.

	STATE DIVISION TRUST FUND		SCHOOL DIVISION TRUST FUND		LOCAL GOVERNMENT DIVISION TRUST FUND		JUDICIAL DIVISION TRUST FUND		DENVER PUBLIC SCHOOLS DIVISION TRUST FUND	
PERIOD	AED	SAED	AED	SAED	AED	SAED	AED	SAED	AED	SAED
1/1/2012–12/31/2012	3.00%	2.50%	3.00%	2.50%	2.20%	1.50%	2.20%	1.50%	3.00%	2.50%
1/1/2013–12/31/2013	3.40%	3.00%	3.40%	3.00%	2.20%	1.50%	2.20%	1.50%	3.40%	3.00%
1/1/2014–12/31/2014	3.80%	3.50%	3.80%	3.50%	2.20%	1.50%	2.20%	1.50%	3.80%	3.50%
1/1/2015–12/31/2015	4.20%	4.00%	4.20%	4.00%	2.20%	1.50%	2.20%	1.50%	4.20%	4.00%
1/1/2016–12/31/2016	4.60%	4.50%	4.50%	4.50%	2.20%	1.50%	2.20%	1.50%	4.50%	4.50%
1/1/2017–12/31/2017	5.00%	5.00%	4.50%	5.00%	2.20%	1.50%	2.20%	1.50%	4.50%	5.00%
1/1/2018–12/31/2018	5.00%	5.00%	4.50%	5.50%	2.20%	1.50%	2.20%	1.50%	4.50%	5.50%
Maximum allowable limitations	5.00%	5.00%	4.50%	5.50%	5.00%	5.00%	5.00%	5.00%	4.50%	5.50%

Based on the current covered payroll for the State Division, School Division, and the DPS Division, the annual AED and SAED increase would cause contributions to grow annually by $21.5 million, $34.4 million, and $5.7 million, respectively. If the future increases in the AED and SAED are not made, it could result in significant underfunding of the plans and impact the ability to make future benefit payments. The shift of the State and Judicial Divisions' employer contributions to member contributions, as required by SB 10-146 and SB 11-076, negatively affects the stated goal of SB 10-001 for those divisions. The actuarial liabilities in the State and Judicial Divisions are estimated to increase by $17.0 million and $0.1 million, respectively, by the rate swap required in these bills.

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(In Thousands of Dollars)

The Annual Required Contribution (ARC) calculation is based on an estimated 8.0 percent investment rate of return and discount rate. In 2011, the actual contributions, as set in statute, to Division Trust Funds were $122.6 million less than the ARC as calculated by the actuaries. Even with SB 10-001, the ARC deficiency is expected to continue until statutory benefit and contribution changes are fully implemented. During the past nine years, this shortfall in funding to the Division Trust Funds has been $3.7 billion. The table below shows the yearly ARC shortfall by fund for the past five years:

Yearly ARC Deficiency (Amounts in Millions of Dollars)

VALUATION YEAR	2007	2008	2009	2010	2011
State Division	$180.8	$156.7	$131.5	$169.4	**$43.0**
School Division	247.5	203.0	173.9	214.6	**56.7**
Local Government Division	12.6	0.8	(5.6)	(1.3)	**(26.2)**
Judicial Division	1.3	1.1	0.6	1.3	**1.0**
Denver Public Schools Division	–	–	–	67.1	**46.5**
Health Care Trust Fund	–	–	–	–	**1.6**
Total	**$442.2**	**$361.6**	**$300.4**	**$451.1**	**$122.6**

Note: The DPS Health Care Trust Fund did not have an ARC deficiency.
The DPS Division and the DPS HCTF were established January 1, 2010.

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 82–83.

Using the Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 43 as a guide and based on the 2010 valuation, the 2012 annual required employer contributions, to meet a 30-year amortization period, would need to be as follows:

- State Division Trust Fund—17.77 percent
- School Division Trust Fund—17.60 percent
- Local Government Division Trust Fund—9.79 percent
- Judicial Division Trust Fund—19.53 percent
- Denver Public Schools Division Trust Fund—9.60 percent
- Health Care Trust Fund—1.18 percent
- Denver Public Schools Health Care Trust Fund—0.92 percent

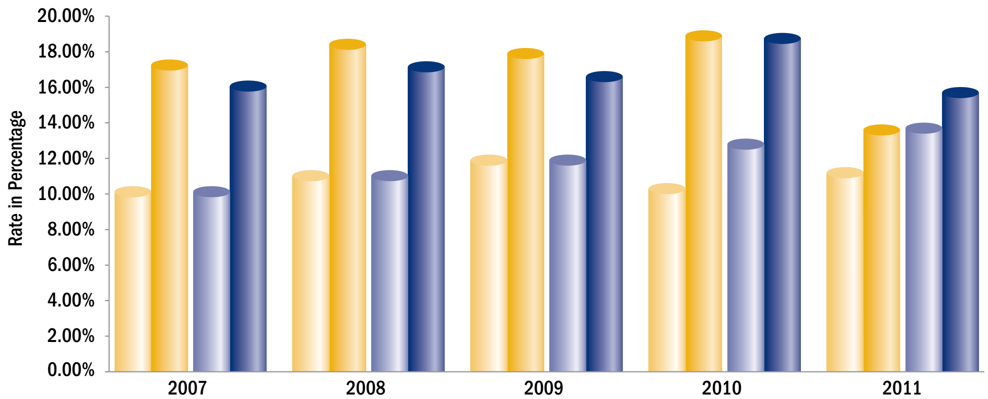
Additionally, based on the 2011 valuation, the 2013 annual required employer contributions, to meet a 30-year amortization period, would need to be as follows:

- State Division Trust Fund—20.01 percent
- School Division Trust Fund—19.79 percent
- Local Government Division Trust Fund—10.62 percent
- Judicial Division Trust Fund—21.53 percent
- Denver Public Schools Division Trust Fund—11.53 percent
- Health Care Trust Fund—1.24 percent
- Denver Public Schools Health Care Trust Fund—0.86 percent

Management's Discussion and Analysis (Unaudited)

(In Thousands of Dollars)

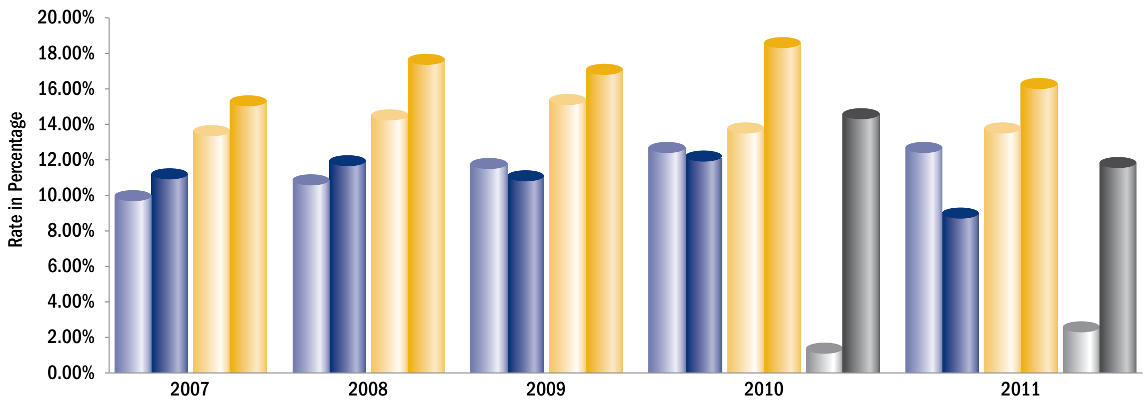
State and School Divisions; Year-End Employer Contribution/ARC Comparison (Contribution Includes AED and SAED Less Health Care Trust Fund Allocation)



	2007	2008	2009	2010	2011
State Actual[1]	10.13%	11.03%	11.93%	10.33%[2]	**11.23%[2]**
State ARC	17.23%	18.45%	17.91%	18.93%	**13.63%**
School Actual	10.13%	11.03%	11.93%	12.83%	**13.73%**
School ARC	16.06%	17.18%	16.56%	18.75%	**15.73%**

[1] Actual rates are for non-State Troopers.
[2] The rate includes the 2.50 percent reduction required by SB 10-146 and SB 11-076.

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



	2007	2008	2009	2010	2011
Local Govt Actual	9.98%	10.88%	11.78%	12.68%	**12.68%**
Local Govt ARC	11.21%	11.95%	11.14%	12.31%	**8.98%**
Judicial Actual[1]	13.64%	14.54%	15.44%	13.84%[1]	**13.84%[1]**
Judicial ARC	15.33%	17.66%	17.08%	18.63%	**16.30%**
DPS Actual				1.39%	**2.61%**
DPS ARC				14.61%	**11.85%**

[1] The rate includes the 2.50 percent reduction required by SB 10-146 and SB 11-076.

Cumulative Contribution Deficiency of Our Employers

The following chart shows the net pension obligation (NPO) of all of our employers for each fund. The NPO 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 30. 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

Management's Discussion and Analysis (Unaudited)

(In Thousands of Dollars)

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 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	2007	2008	2009	2010	2011
State Division	$857.7	$1,039.6	$1,201.7	$1,404.1	**$1,485.7**
School Division	1,240.2	1,479.7	1,697.2	1,958.5	**2,069.1**
Local Government Division	76.6	79.6	76.4	77.2	**53.1**
Judicial Division	6.9	8.2	9.0	10.5	**11.7**
Denver Public Schools Division	—	—	—	67.1	**115.5**
Total	**$2,181.4**	**$2,607.1**	**$2,984.3**	**$3,517.4**	**$3,735.1**

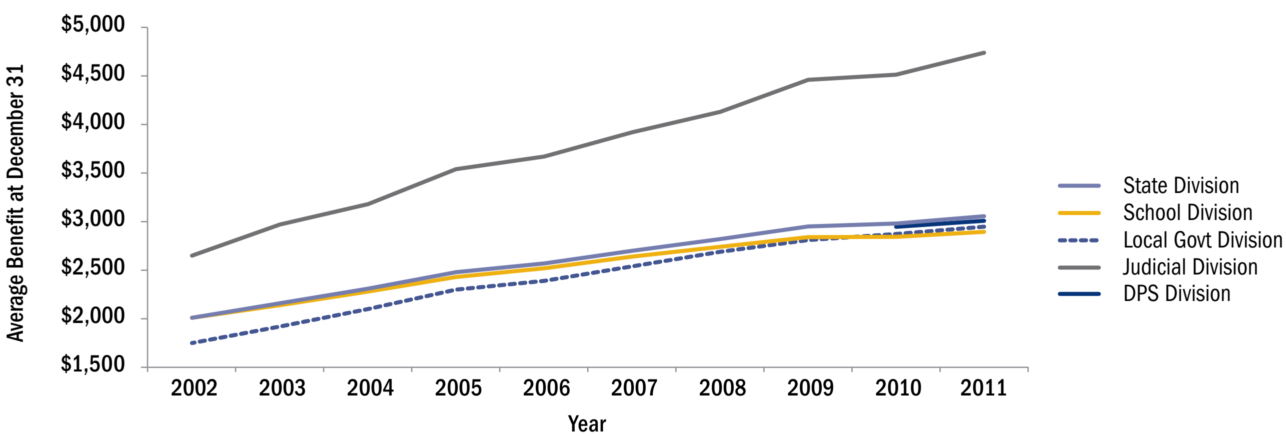
Note: A net OPEB obligation is not shown for the HCTF and the DPS HCTF as there has not been a cumulative ARC deficiency for these funds.

(B) & (E)—Benefits and Expenses

TRUST FUND	BENEFIT PAYMENTS	REFUNDS	DISABILITY PREMIUMS	ADMIN EXPENSES	OTHER	TOTAL DEDUCTIONS
State Division	$1,174,707	$70,090	$1,685	$8,685	($4,546)	$1,250,621
School Division	1,731,348	78,543	2,619	16,322	9,839	1,838,671
Local Government Division	179,449	22,686	442	2,157	2,737	207,471
Judicial Division	16,809	513	26	61	(1,043)	16,366
Denver Public Schools Division	221,113	4,412	238	1,914	2,409	230,086
Health Care	203,419	—	—	12,481	—	215,900
Denver Public Schools Health Care	10,770	—	—	501	—	11,271
2011 Total	**$3,537,615**	**$176,244**	**$5,010**	**$42,121**	**$9,396**	**$3,770,386**
2010 Total	**$3,364,830**	**$173,931**	**$5,296**	**$42,966**	**$11,468**	**$3,598,491**
2009 Total[1]	**$2,992,743**	**$149,004**	**$5,812**	**$36,307**	**$8,561**	**$3,192,427**
2008 Total[1]	**$2,792,007**	**$140,594**	**$5,266**	**$35,415**	**$11,577**	**$2,984,859**
2007 Total[1]	**$2,545,249**	**$140,975**	**$5,402**	**$31,893**	**$11,358**	**$2,734,877**

[1] Does not include the DPS Division Trust Fund and the DPS HCTF prior to 2010.

Average Benefits Payable Per Month (In Actual Dollars)



Note: The DPS Division was established January 1, 2010.

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Average Monthly Benefit[1]
(In Actual Dollars)

YEAR	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	DENVER PUBLIC SCHOOLS DIVISION
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	–
2010	2,980	2,845	2,873	4,617	2,947
2011	**3,056**	**2,895**	**2,948**	**4,739**	**3,009**

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

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

YEAR	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	DENVER PUBLIC SCHOOLS DIVISION
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	–
2010	1.69	2.33	3.18	1.08	2.12[1]
2011	**1.65**	**2.21**	**3.02**	**1.05**	**2.15**

[1] The ratio increased from the 2009 DPSRS ratio of 1.30 due to the hourly and part-time staff of DPS becoming members of the DPS Division at Colorado PERA as required by SB 09-282.

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 2011	2010	2009	2008
State Division	$283,222	$258,678	$541,900	$1,174,707	**2.2**	2.2	2.2	2.2
School Division	541,962	315,958	857,920	1,731,348	**2.0**	2.0	2.0	2.0
Local Government Division	91,780	58,590	150,370	179,449	**1.2**	1.1	1.1	1.0
Judicial Division	5,430	4,120	9,550	16,809	**1.8**	1.7	1.7	1.7
Denver Public Schools Division	12,859	39,422	52,281	221,113	**4.2**	5.0	–	–

Actuarial Summary

The December 31, 2011, 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 actuarial liabilities, compare past and future trends, and determine the ARC 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. The last experience study was completed in 2009 and the next planned experience study will be in 2012.

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

For more information on the annual valuations, see Note 10 on funded status and actuarial information on pages 77–78, the Required Supplementary Information and the accompanying notes on pages 80–87, and the Actuarial Section of the *CAFR* on pages 110–143.

Health Care Trust Fund Actuarial Liabilities—In general, the actuarial accrued liabilities of the HCTF are 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 (RDS) for members eligible for Medicare Part A.

C.R.S. § 24-51-1202 *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

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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 in the PERA benefit structure who have not participated in Social Security and who 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 in the PERA benefit structure who are not covered by Medicare Part A. The benefit recipients who retire under the DPS benefit structure, and who are not covered by Medicare Part A, receive a maximum subsidy of $230 (actual dollars) per month.

For members electing coverage in a plan option that produces an 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 the 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 2011 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.

Denver Public Schools Health Care Trust Fund Actuarial Liabilities—In general, the actuarial accrued liabilities of the DPS HCTF are made up of three types of benefits: a fixed monthly premium subsidy, implicit subsidy for PERA benefit structure members not eligible for premium-free Medicare Part A, and an RDS for members eligible for Medicare Part A.

C.R.S. § 24-51-1202 *et seq.* specifies the eligibility for enrollment and the amount of the premium. 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. For the benefit recipients who retire under the DPS benefit structure, only the retiree is eligible for a subsidy. Upon the death of the retiree, no further subsidy is paid.

The benefit recipients who retire under the DPS benefit structure, and who are not covered by Medicare Part A, receive a maximum subsidy of $230 (actual dollars) per month. An additional implicit subsidy exists for retirees who retire under the PERA benefit structure and who have not participated in Social Security and are not otherwise eligible for Medicare Part A for hospital-related services.

For members electing coverage in a plan option that produces an RDS, which is payable to the DPS HCTF under Part D of the MMA, the DPS HCTF has reduced the full cost of the 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 DPS HCTF liability. Plan options producing an RDS in 2011 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, 2011, the Funded Ratio, the Unfunded Actuarial Accrued Liabilities (UAAL), the Annual Required Contribution (ARC) for 2013 as a percentage of payroll, 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	57.7%	$8,816,498	20.01%	30 Years	56 Years
School Division	60.2%	12,720,089	19.79%	30 Years	59 Years
Local Government Division	69.3%	1,277,324	10.62%	30 Years	22 Years
Judicial Division	69.3%	97,922	21.53%	30 Years	Infinite
Denver Public Schools Division	81.5%	637,821	11.53%	30 Years	Infinite
Total Defined Benefit Plans[1]		23,549,654			
Health Care	16.5%	1,428,562	1.24%	30 Years	49 Years
Denver Public Schools Health Care	18.6%	63,027	0.86%	30 Years	21 Years
Total Other Postemployment Benefit Plans[1]		1,491,589			
Total[1]		**$25,041,243**			

[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.

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For calculation of the ARC 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 UAAL, given the current funding and benefits, for each division based on a set of assumptions. See the Required Supplementary Information and the accompanying notes on pages 80–87 for additional information.

The table below shows the amortization periods adjusted to include the future additional contributions of the AED and the SAED. For the DPS Division, no adjustment has been made for the current PCOP offset. However, considering anticipated reductions in the future PCOP offset to DPS contribution requirements to the DPS Division for the cost of certain PCOPs as currently structured, the amortization period is expected to be below 30 years. Colorado statutes call for a "true-up" in 2015, and every five years following, with the expressed purpose of adjusting the total DPS contribution rate to ensure equalization of the ratio of UAAL over payroll between the DPS and School Divisions at the end of the 30-year period beginning January 1, 2010.

TRUST FUND	AMORTIZATION PERIOD WITH FUTURE AED AND SAED INCREASES
State Division	35 Years
School Division	35 Years
Local Government Division	22 Years
Judicial Division	Infinite
Denver Public Schools Division	Infinite
Health Care	49 Years
Denver Public Schools Health Care	21 Years

The amortization periods with future AED and SAED increases 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 increases have not been taken into consideration in the calculation of the ARC as defined in GASB Statement 25 or in the amortization period based on the current year funding levels.

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 2011, given the current contribution rates, all funds except for the Local Government Division and the Denver Public Schools Health Care Trust Fund exceeded the 30-year amortization period.

As stated by Cavanaugh Macdonald Consulting, LLC, in the Report of the Independent Actuary on pages 110–112 in the Actuarial Section of the *CAFR:*

> "The employer contribution rate, together with Medicare Part D Retiree Drug Subsidy receipts, is sufficient to eventually finance the PERA Health Care Trust Fund and the DPS Health Care Trust Fund benefits in accordance with GASB 43 and 45. The Local Government Division employer contribution rates are sufficient to finance the promised benefits under GASB 25 and 27. Considering the addition of the AED and SAED contributions as a percentage of payroll and projected reductions in liability due to benefit structure changes for new hires, the State and School Divisions' employer contribution rates are expected to be sufficient to finance the promised benefits and eventually meet the required contribution levels under GASB 25 and 27. Considering the addition of the AED and SAED contributions and the offsets of PCOP credits as a percentage of payroll, the Denver Public Schools Division employer contribution rate is currently sufficient to finance the promised benefits and eventually meet the required contribution levels under GASB 25 and 27. The total employer contributions, combined with projected reductions in liability due to benefit structure changes for newer hires, are expected to fund the Judicial Division."

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. Over the last 30 years, investment income at Colorado PERA represented 59 percent of the inflows into the plans. Currently, the investment rate of return and discount rate assumption are 8.0 percent. The investment return assumption and the discount rate for liabilities, as mandated 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 fluctuation 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, 2013) as shown on the tables on the next two pages.

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(In Thousands of Dollars)

Investment Return Assumption (Discount Rate) Equal to 6.5 Percent

	ACTUARIAL VALUE OF ASSETS			MARKET VALUE OF ASSETS
TRUST FUND	FUNDED RATIO	UAAL	ARC	UAAL
State Division	48.3%	$12,703,674	27.65%	$12,575,592
School Division	50.2%	18,908,890	28.56%	18,709,297
Local Government Division	57.1%	2,144,803	18.09%	2,119,672
Judicial Division	58.8%	153,179	31.15%	151,253
Denver Public Schools Division	68.6%	1,266,254	20.41%	1,220,784
Total Defined Benefit Plans[1]		35,176,800		34,776,598
Health Care	14.2%	1,706,308	1.31%	1,706,750
Denver Public Schools Health Care	16.4%	73,843	0.92%	73,916
Total Other Postemployment Benefit Plans[1]		1,780,151		1,780,666
Total[1]		**$36,956,951**		**$36,557,264**

[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

	ACTUARIAL VALUE OF ASSETS			MARKET VALUE OF ASSETS
TRUST FUND	FUNDED RATIO	UAAL	ARC	UAAL
State Division	54.5%	$9,999,700	22.42%	$9,962,522
School Division	56.8%	14,600,224	22.53%	14,545,865
Local Government Division	65.1%	1,539,840	12.96%	1,536,086
Judicial Division	65.7%	114,965	24.58%	114,691
Denver Public Schools Division	77.1%	828,836	14.27%	804,753
Total Defined Benefit Plans[1]		27,083,565		26,963,917
Health Care	15.7%	1,513,282	1.26%	1,513,724
Denver Public Schools Health Care	17.9%	66,351	0.88%	66,424
Total Other Postemployment Benefit Plans[1]		1,579,633		1,580,148
Total[1]		**$28,663,198**		**$28,544,065**

[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

	ACTUARIAL VALUE OF ASSETS			MARKET VALUE OF ASSETS
TRUST FUND	FUNDED RATIO	UAAL	ARC	UAAL
State Division	**57.7%**	**$8,816,498**	**20.01%**	**$8,824,773**
School Division	**60.2%**	**12,720,089**	**19.79%**	**12,738,346**
Local Government Division	**69.3%**	**1,277,324**	**10.62%**	**1,284,259**
Judicial Division	**69.3%**	**97,922**	**21.53%**	**98,474**
Denver Public Schools Division	**81.5%**	**637,821**	**11.53%**	**624,431**
Total Defined Benefit Plans[1]		**23,549,654**		**23,570,283**
Health Care	**16.5%**	**1,428,562**	**1.24%**	**1,429,003**
Denver Public Schools Health Care	**18.6%**	**63,027**	**0.86%**	**63,100**
Total Other Postemployment Benefit Plans[1]		**1,491,589**		**1,492,103**
Total[1]		**$25,041,243**		**$25,062,386**

[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.

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(In Thousands of Dollars)

Investment Return Assumption (Discount Rate) Equal to 8.5 Percent

	ACTUARIAL VALUE OF ASSETS			MARKET VALUE OF ASSETS
TRUST FUND	FUNDED RATIO	UAAL	ARC	UAAL
State Division	60.9%	$7,729,767	17.70%	$7,783,494
School Division	63.8%	10,996,138	17.19%	11,087,012
Local Government Division	73.6%	1,037,494	8.38%	1,055,118
Judicial Division	73.0%	82,089	18.58%	83,467
Denver Public Schools Division	86.0%	459,995	8.75%	457,298
Total Defined Benefit Plans[1]		20,305,483		20,466,389
Health Care	17.3%	1,350,607	1.21%	1,351,049
Denver Public Schools Health Care	19.4%	59,947	0.85%	60,020
Total Other Postemployment Benefit Plans[1]		1,410,554		1,411,069
Total[1]		**$21,716,037**		**$21,877,458**

[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

	ACTUARIAL VALUE OF ASSETS			MARKET VALUE OF ASSETS
TRUST FUND	FUNDED RATIO	UAAL	ARC	UAAL
State Division	67.7%	$5,806,355	13.31%	$5,950,987
School Division	71.0%	7,953,285	12.29%	8,189,392
Local Government Division	82.5%	616,175	4.18%	655,176
Judicial Division	80.7%	53,625	12.97%	56,655
Denver Public Schools Division	95.1%	145,846	3.63%	164,535
Total Defined Benefit Plans[1]		14,575,286		15,016,745
Health Care	18.9%	1,212,293	1.18%	1,212,735
Denver Public Schools Health Care	21.0%	54,427	0.82%	54,500
Total Other Postemployment Benefit Plans[1]		1,266,720		1,267,235
Total[1]		**$15,842,006**		**$16,283,980**

[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 2.1 percent for the past five years and 5.7 percent for the past 10 years. The 30-year annualized gross-of-fees rate of return for the pooled investment assets was 10.0 percent.

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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 2011 are shown in the table below by fund. Actuarial gains and losses are amortized over 30 years using an open amortization period as allowed by GASB. Typically, a valuation report should provide a gain/loss analysis that identifies the magnitude of actuarial gains and losses, based on variations between actual and assumed experience. A gain or loss occurs when the actual amount paid differs from the previous valuation.

AMOUNTS IN MILLIONS OF DOLLARS	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	DENVER PUBLIC SCHOOLS DIVISION	HCTF	DENVER PUBLIC SCHOOLS HCTF
From differences between assumed and actual experience on liabilities							
Age and service retirements[1]	$6.1	($5.1)	$0.2	($0.3)	$0.8	$–	$–
Disability retirements[2]	4.0	4.5	0.8	0.2	(0.3)	0.3	–
Deaths[3]	10.9	(46.8)	(2.4)	(1.3)	5.8	(1.2)	0.1
Withdrawals[4]	(50.1)	(93.3)	(6.8)	0.4	(4.3)	(4.6)	(0.1)
New members[5]	(57.1)	(47.3)	(12.6)	(6.9)	(23.2)	(3.8)	(0.5)
Pay increases[6]	223.4	617.4	37.2	5.5	17.5	–	–
Other[7]	(9.7)	18.5	15.3	1.2	(7.0)	(21.7)	2.5
Subtotal	127.5	447.9	31.7	(1.2)	(10.7)	(31.0)	2.0
From differences between assumed and actual experience on assets	(1,073.6)	(1,668.4)	(219.8)	(17.4)	(209.7)	(19.6)	0.1
From change in plan assumptions[8]	–	–	–	–	–	10.0	–
Total actuarial gains/(losses) on 2011 activities	**($946.1)**	**($1,220.5)**	**($188.1)**	**($18.6)**	**($220.4)**	**($40.6)**	**$2.1**
Total actuarial gains/(losses) on 2010 activities	**($702.8)**	**($1,272.5)**	**($158.1)**	**($5.8)**	**$79.2**	**$192.9**	**$–**

[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 is 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 is experienced, there is a loss. If retirees die sooner than assumed, there is a gain. If retirees live longer than assumed, there is a loss.

[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 members:* If the number of new members entering the plan is lower than assumed, or if they have prior service, there is a loss.

[6] *Pay increases:* If there are smaller salary increases than assumed, there is a gain. If greater salary increases occur than assumed, a loss results.

[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 in 2011 as described in the Notes to the Required Supplemental Information on page 86.

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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 smoothes changes in the market value over four years. The actuarial value of the assets as of December 31, 2011, was $37.5 billion compared to a market value of assets of $37.5 billion, and to the actuarial accrued liability of $62.5 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	2007	2008	2009	2010	2011
State Division	73.3%	67.9%	67.0%	62.8%	**57.7%**
School Division	75.5%	70.1%	69.2%	64.8%	**60.2%**
Local Government Division	81.2%	76.4%	76.2%	73.0%	**69.3%**
Judicial Division	87.5%	80.2%	77.3%	75.0%	**69.3%**
Denver Public Schools Division	–	–	–	88.9%	**81.5%**
Total Defined Benefit Plans[1]	75.1%	69.8%	68.9%	66.1%	**61.2%**
Health Care	19.9%	18.7%	14.8%	17.5%	**16.5%**
Denver Public Schools Health Care	–	–	–	17.9%	**18.6%**
Total Other Postemployment Benefit Plans[1]	19.9%	18.7%	14.8%	17.6%	**16.6%**
Total all funds[1]	**73.8%**	**68.5%**	**67.2%**	**64.7%**	**59.9%**

[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's 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 School Division Trust Fund as of December 31, 2011, approximately $0.60 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 and therefore, it is not necessary that the actuarially determined benefits equal the actuarial value of assets at any given moment in time.

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(In Thousands of Dollars)

At December 31, 2011, and December 31, 2010, Colorado PERA had the following funded status for all of its Division Trust Funds and the HCTFs.

	MARKET VALUE OF ASSETS		ACTUARIAL VALUE OF ASSETS	
	12/31/2010	12/31/2011	12/31/2010	12/31/2011
STATE DIVISION TRUST FUND[1]				
Actuarial accrued liability	$20,356,176	**$20,826,543**	$20,356,176	**$20,826,543**
Assets held to pay those liabilities[2]	12,472,407	**12,001,770**	12,791,946	**12,010,045**
Unfunded actuarial accrued liability	7,883,769	**8,824,773**	7,564,230	**8,816,498**
Funded Ratio	61.3%	**57.6%**	62.8%	**57.7%**
SCHOOL DIVISION TRUST FUND[1]				
Actuarial accrued liability	$31,339,754	**$31,986,199**	$31,339,754	**$31,986,199**
Assets held to pay those liabilities[2]	19,851,425	**19,247,853**	20,321,736	**19,266,110**
Unfunded actuarial accrued liability	11,488,329	**12,738,346**	11,018,018	**12,720,089**
Funded Ratio	63.3%	**60.2%**	64.8%	**60.2%**
LOCAL GOVERNMENT DIVISION TRUST FUND[1]				
Actuarial accrued liability	$4,005,566	**$4,160,015**	$4,005,566	**$4,160,015**
Assets held to pay those liabilities[2]	2,878,016	**2,875,756**	2,926,045	**2,882,691**
Unfunded actuarial accrued liability	1,127,550	**1,284,259**	1,079,521	**1,277,324**
Funded Ratio	71.9%	**69.1%**	73.0%	**69.3%**
JUDICIAL DIVISION TRUST FUND[1]				
Actuarial accrued liability	$303,839	**$319,437**	$303,839	**$319,437**
Assets held to pay those liabilities[2]	223,738	**220,963**	227,814	**221,515**
Unfunded actuarial accrued liability	80,101	**98,474**	76,025	**97,922**
Funded Ratio	73.6%	**69.2%**	75.0%	**69.3%**
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND[1]				
Actuarial accrued liability	$3,332,814	**$3,442,527**	$3,332,814	**$3,442,527**
Assets held to pay those liabilities[2]	2,940,091	**2,818,096**	2,961,720	**2,804,706**
Unfunded actuarial accrued liability	392,723	**624,431**	371,094	**637,821**
Funded Ratio	88.2%	**81.9%**	88.9%	**81.5%**
HEALTH CARE TRUST FUND[1]				
Actuarial accrued liability	$1,642,993	**$1,710,790**	$1,642,993	**$1,710,790**
Assets held to pay those liabilities[2]	285,671	**281,786**	288,193	**282,228**
Unfunded actuarial accrued liability	1,357,322	**1,429,004**	1,354,800	**1,428,562**
Funded Ratio	17.4%	**16.5%**	17.5%	**16.5%**
DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND[1]				
Actuarial accrued liability	$78,513	**$77,475**	$78,513	**$77,475**
Assets held to pay those liabilities[2]	14,790	**14,375**	14,086	**14,448**
Unfunded actuarial accrued liability	63,723	**63,100**	64,427	**63,027**
Funded Ratio	18.8%	**18.6%**	17.9%	**18.6%**
ALL DIVISION TRUST FUNDS, HCTF, AND DPS HCTF[1,3]				
Actuarial accrued liability	$61,059,655	**$62,522,986**	$61,059,655	**$62,522,986**
Assets held to pay those liabilities[2,4]	38,666,138	**37,460,599**	39,531,540	**37,481,743**
Unfunded actuarial accrued liability	22,393,517	**25,062,387**	21,528,115	**25,041,243**
Funded Ratio	63.3%	**59.9%**	64.7%	**59.9%**

[1] The above 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, 2010, and 2011.

[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 above or below the assumed rate of return 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, 2011, is $21 million 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 2009 are $0.7 billion, for 2010 are $1.0 billion, and for 2011 are ($1.7) billion.

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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 2007 to 2011. 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)

	2007	2008	2009	2010[1]	2011	2007–2011
UAAL beginning of year	($12,803.6)	($13,043.6)	($16,813.0)	($16,937.6)	**($20,108.8)**	($12,803.6)
Experience Gains and Losses						
Age and service retirements	(56.9)	(47.1)	(18.7)	(4.2)	**1.7**	(125.2)
Disability retirements	26.6	29.1	31.2	9.1	**9.2**	105.2
Deaths	9.4	(79.1)	(91.2)	(59.7)	**(33.8)**	(254.4)
Withdrawal from employment	(107.7)	(113.0)	(139.7)	(16.3)	**(154.1)**	(530.8)
New members	(113.5)	(100.6)	(105.5)	(139.7)	**(147.1)**	(606.4)
Pay increases	(221.3)	(147.9)	407.1	727.1	**901.0**	1,666.0
Investment income	833.3	(2,632.8)	(2,908.6)	(2,806.5)	**(3,188.9)**	(10,703.5)
Other	157.6	(97.1)	(368.6)	230.2	**18.3**	(59.6)
Experience gain/(loss) during year	527.5	(3,188.5)	(3,194.0)	(2,060.0)	**(2,593.7)**	(10,508.7)
Non-recurring Items						
DPSRS UAAL transfer[1]	–	–	–	(386.8)	**–**	(386.8)
Effect of changes in plan provisions	–	131.4	8,873.2	–	**–**	9,004.6
Actuarial assumption changes	–	–	(4,827.5)	–	**–**	(4,827.5)
Non-recurring items	–	131.4	4,045.7	(386.8)	**–**	3,790.3
30-year amortization contribution deficiency	(461.2)	(377.1)	(313.2)	(468.6)	**(125.8)**	(1,745.9)
Expected change in UAAL with 30-year amortization or less	(306.3)	(335.2)	(663.1)	(255.8)	**(721.3)**	(2,281.7)
Total gain/(loss) for year	(240.0)	(3,769.4)	(124.6)	(3,171.2)	**(3,440.8)**	(10,746.0)
UAAL end of year	**($13,043.6)**	**($16,813.0)**	**($16,937.6)**	**($20,108.8)**	**($23,549.6)**	**($23,549.6)**

[1] The DPS Division Trust Fund was established on January 1, 2010, and received the net assets of DPSRS.

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.
- $10.7 billion loss due to investment income.
- $1.7 billion loss from contribution deficiencies from the required amortization period of 30 years. (The contribution deficiency is created when the actual contributions flowing into the plans are less than the annual required contribution calculated for accounting purposes.)
- $2.3 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.
- $4.8 billion loss primarily due to the investment rate of return assumption being reduced from 8.5 percent to 8.0 percent in 2009.

Initiatives to Improve Funding—In 2003, the Board sought 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 sought legislation to improve funding, revise benefits, and move the funds back toward achieving the then 40-year amortization period goal. The Board supported 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 provided for an employer AED 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.

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(In Thousands of Dollars)

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 set in 2008. This rate has been maintained at 3 percent for 2010 and 2011. 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 52–60.

The combination of the dramatic losses due to the financial markets along with the cumulative effect of the recent contribution shortfalls and the benefit enhancements in the 1990's 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 SB 10-001. The changes are substantive and affect employers, active and inactive members, and retirees. The entire bill can be found online at http://www.leg.state.co.us.

Other Additions—For the year ended December 31, 2011, the Division Trust Funds other additions increased by $1 million. The increase was due to an insurance settlement being received related to fraudulent real estate transactions.

Other Deductions—For the year ended December 31, 2010, the Division Trust Funds recorded other deductions of $11.5 million, which compares to $9.4 million recorded in 2011. The decrease was due to less monies being transferred to the HCTF as a result of purchased service at retirement. For more detail on other additions and deductions, see the Supplementary Schedules on page 90 of the Financial Section.

Other Changes

Voluntary Investment Program, the Defined Contribution Retirement Plan, and the Deferred Compensation Retirement Plan Investment Options—On October 1, 2011, the three plans revised all investment options available to participants. The current investment funds for the three plans are the PERAdvantage Capital Preservation Fund, PERAdvantage Fixed Income Fund, PERAdvantage Real Return Fund, PERAdvantage U.S. Large Cap Stock Fund, PERAdvantage International Stock Fund, PERAdvantage U.S. Small and Mid Cap Stock Fund, PERAdvantage Socially Responsible Investment (SRI) Fund, PERAdvantage Income Fund, PERAdvantage 2015 Fund, PERAdvantage 2020 Fund, PERAdvantage 2025 Fund, PERAdvantage 2030 Fund, PERAdvantage 2035 Fund, PERAdvantage 2040 Fund, PERAdvantage 2045 Fund, PERAdvantage 2050 Fund, PERAdvantage 2055 Fund, and TD Ameritrade Self-Directed Brokerage Account. Each PERAdvantage option is made up of one or more underlying portfolios. Also, on October 1, 2011, all recordkeeping for all participant transactions was consolidated, which is administered by ING.

Voluntary Investment Program—Cash and short-term investments decreased from $144 million in 2010 to $40 million in 2011. The decrease was due to the October 1, 2011, remapping of the short-term investment option into the PERAdvantage Capital Preservation Fund, which is a stable value fund and is classified as fixed income.

The securities lending collateral and obligation decreased to $0 in 2011 as a decision was made to not use securities lending in any of the new separate account investments that were put in place on October 1, 2011. Additionally, net securities lending income/(loss) decreased from a gain of $224 to a loss of $38 as a securities lending collateral deficiency was realized.

Investment settlements and other receivables increased from $0.4 million in 2010 to $1.7 million in 2011. With the transition of investment options on October 1, 2011, a number of the underlying investment portfolios were transferred from mutual funds to separate accounts managed for the plans. This change in ownership requires recording the underlying portfolio accruals and pending transactions by the plan, thus causing the increase in 2011. Investment settlements and other payables increased from $1.3 million in 2010 to $15.3 million in 2011 due to a large pending fixed income security purchase at year-end.

Refunds increased from $102 million in 2010 to $134 million in 2011. With the transition to the new investment options, the participants received many additional pieces of communication, which prompted many participants, who had terminated employment, to withdraw their benefits through a refund.

Defined Contribution Retirement Plan—Benefit receivables increased from $49 in 2010 to $1,486 in 2011. The increase was due to year-end contributions received from a large employer in 2012, whereas those contributions were received prior to year-end in 2010.

Investment settlements and other payables increased from $43 in 2010 to $473 in 2011 due to a large pending fixed income security purchase at year-end.

Total member contributions increased from $6,896 in 2010 to $9,732 in 2011. The primary reason for the change was due to the increase in the participant rate by 2.5 percent, which was required by SB 10-146 and SB 11-076. This participant rate change was in effect for six months in 2010 and for 12 months in 2011.

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(In Thousands of Dollars)

Refunds increased from $2,886 in 2010 to $5,176 in 2011. With the transition to the new investment options, the participants received many additional pieces of communication, which prompted many participants, who had terminated employment, to withdraw their benefits through a refund.

Administrative expenses increased from $94 in 2010 to $282 in 2011. After an in-depth fee analysis conducted as part of the transition of investment options, it was determined the Defined Contribution Retirement Plan should carry a more equitable portion of the overall administrative expenses in the areas of recordkeeping, custodial services, and Colorado PERA internal costs.

Deferred Compensation Plan—Cash and short-term investments increased from $1.6 million in 2010 to $10.4 million in 2011. Investment settlements and other receivables increased from $0 in 2010 to $0.5 million in 2011. With the transition of investment options on October 1, 2011, a number of the underlying investment portfolios were transferred from mutual funds to separate accounts managed for the plans. This change in ownership requires recording the underlying portfolio cash and short-term investments, accruals, and pending transactions by the plan, thus causing the increase in 2011.

Benefit receivables increased from $6.7 million in 2010 to $11.1 million in 2011. The increase was due to year-end contributions received from a large employer in 2012, whereas those contributions were received prior to year-end in 2010.

Investment settlements and other payables increased from $0.2 million in 2010 to $2.1 million in 2011 due to a large pending fixed income security purchase at year-end.

Refunds increased from $20.9 million in 2010 to $27.5 million in 2011. With the transition to the new investment options, the participants received many additional pieces of communication, which prompted many participants, who had terminated employment, to withdraw their benefits through a refund.

Health Care Trust Fund—The benefit receivables decreased from $18.3 million in 2010 to $6.7 million in 2011 as no income was accrued from the Early Retiree Reinsurance Program (ERRP). The Patient Protection and Affordable Care Act (PPACA) of 2010 established the ERRP for plans offering health care coverage to early retirees (those aged 55 through 64). This program provides sponsors of postemployment health care plans for early retirees the opportunity to receive a payment for amounts paid to treat certain chronic and high-cost conditions. The additions to net position from federal health care subsidies decreased from $25.8 million in 2010 to $14.2 million in 2011 as no income was earned from the ERRP in 2011. For the year ended December 31, 2010, the HCTF received $11.6 million in ERRP income.

Other additions to the HCTF decreased from $16.0 million in 2010 to $10.6 million in 2011. The decrease was due to $2.2 million less in purchased service monies being transferred to the HCTF from the Division Trust Funds at retirement and the fund receiving a $3.3 million premium relief payout in 2010 from one carrier.

Denver Public Schools Health Care Trust Fund—The benefit receivables decreased from $1.2 million in 2010 to $0.5 million in 2011 as no income was accrued from the ERRP. The PPACA of 2010 established the ERRP for plans offering health care coverage to early retirees (those aged 55 through 64). This program provides sponsors of postemployment health care plans for early retirees the opportunity to receive a payment for amounts paid to treat certain chronic and high-cost conditions. The federal health care subsidies decreased from $1.3 million in 2010 to $0.5 million in 2011 as no income was earned from the ERRP in 2011. For the year ended December 31, 2010, the DPS HCTF received $0.7 million in ERRP income.

GASB Pension Project—In June 2011, GASB published two Exposure Drafts on Pension Accounting and Financial Reporting for Pension Plans and for Pensions. An Exposure Draft document sets forth a proposed Statement. The first Exposure Draft sets forth a proposed Statement that would result in new standards for accounting for pensions by employers whose employees are provided with pensions through pension plans administered through trust, or equivalent arrangements, that meet the characteristics defined in the proposal and would address accounting and financial reporting issues of certain nonemployer entities that contribute to such plans. The second Exposure Draft would establish standards for financial reporting and note disclosure by defined benefit pension plans administered through qualified trusts, and note disclosure requirements for defined contribution pension plans administered through qualified trusts. Guidance proposed in the Exposure Drafts may be modified prior to the final issuance of the accounting standard. The final standards are currently planned to be released in the summer of 2012.

Management's Discussion and Analysis (Unaudited)

(In Thousands of Dollars)

Comparative Financial Statements

Defined Benefit Pension Trust Funds

The five defined benefit funds provide retirement, survivor, and disability benefits to the employees of affiliated State, School, Local Government, Judicial, and Denver Public Schools employers. Benefits are funded by member and employer contributions and by earnings on investments. The DPS Division Trust Fund was established on January 1, 2010, and received the net assets from DPSRS, as required by SB 09-282.

Defined Benefit Pension Trust Funds Net Position

ASSETS	DECEMBER 31, 2011	DECEMBER 31, 2010	% CHANGE
Cash and short-term investments	**$853,768**	$741,003	15.2%
Securities lending collateral	**1,410,853**	2,814,560	(49.9%)
Receivables	**219,286**	203,042	8.0%
Investments, at fair value	**36,272,218**	37,561,636	(3.4%)
Capital assets, net of accumulated depreciation	**20,901**	21,095	(0.9%)
Total assets	38,777,026	41,341,336	(6.2%)
LIABILITIES			
Investment settlements and other liabilities	**140,061**	116,370	20.4%
Security lending obligations	**1,414,951**	2,819,265	(49.8%)
Total liabilities	**1,555,012**	2,935,635	(47.0%)
Net position available	**$37,222,014**	**$38,405,701**	**(3.1%)**

Defined Benefit Pension Trust Funds Changes in Net Position

ADDITIONS	FOR THE YEAR ENDED DECEMBER 31, 2011	FOR THE YEAR ENDED DECEMBER 31, 2010	% CHANGE
Employer contributions	**$935,253**	$908,330	3.0%
Member contributions	**676,768**	636,703	6.3%
Plan transfer	–	2,750,566	(100.0%)
Purchased service	**31,441**	31,428	0.0%
Investment income	**715,030**	4,773,168	(85.0%)
Other	**1,036**	40	2,490.0%
Total additions	**2,359,528**	9,100,235	(74.1%)
DEDUCTIONS			
Benefit payments	**3,323,426**	3,161,774	5.1%
Refunds	**176,244**	173,931	1.3%
Disability insurance premiums	**5,010**	5,296	(5.4%)
Administrative expenses	**29,139**	31,266	(6.8%)
Other	**9,396**	11,468	(18.1%)
Total deductions	**3,543,215**	3,383,735	4.7%
Change in net position available	**(1,183,687)**	5,716,500	(120.7%)
Net position available			
Beginning of year	**38,405,701**	32,689,201	17.5%
End of year	**$37,222,014**	**$38,405,701**	**(3.1%)**

Management's Discussion and Analysis (Unaudited)

(In Thousands of Dollars)

Defined Contribution Pension Trust Funds

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 Net Position

ASSETS	DECEMBER 31, 2011	DECEMBER 31, 2010	% CHANGE
Cash and short-term investments	**$53,461**	$149,066	(64.1%)
Securities lending collateral	**–**	15,583	(100.0%)
Receivables	**83,016**	69,421	19.6%
Investments, at fair value	**2,323,316**	2,200,364	5.6%
Total assets	**2,459,793**	2,434,434	1.0%
LIABILITIES			
Investment settlements and other liabilities	**20,884**	4,120	406.9%
Security lending obligations	**–**	15,724	(100.0%)
Total liabilities	**20,884**	19,844	5.2%
Net position available	**$2,438,909**	**$2,414,590**	**1.0%**

Defined Contribution Pension Trust Funds Changes in Net Position

ADDITIONS	FOR THE YEAR ENDED DECEMBER 31, 2011	FOR THE YEAR ENDED DECEMBER 31, 2010	% CHANGE
Employer contributions	**$10,695**	$10,267	4.2%
Member contributions	**178,316**	183,773	(3.0%)
Plan transfer	**4**	35	(88.6%)
Investment income	**3,453**	242,251	(98.6%)
Other	**4,322**	4,649	(7.0%)
Total additions	**196,790**	440,975	(55.4%)
DEDUCTIONS			
Refunds	**166,419**	125,811	32.3%
Administrative expenses	**5,833**	6,094	(4.3%)
Other	**219**	168	30.4%
Total deductions	**172,471**	132,073	30.6%
Change in net position available	**24,319**	308,902	(92.1%)
Net position available			
Beginning of year	**2,414,590**	2,105,688	14.7%
End of year	**$2,438,909**	**$2,414,590**	**1.0%**

Management's Discussion and Analysis (Unaudited)

(In Thousands of Dollars)

Other Postemployment Benefit Funds

The HCTF and the DPS HCTF provide a health care premium subsidy to participating Colorado PERA benefit recipients and their eligible beneficiaries who choose to enroll in the Program. They are funded by amounts contributed by employers during an employee's working life based on a percentage of pay and by earnings on investments. The DPS HCTF was established on January 1, 2010, and received assets from the Denver Public School Retiree Health Benefit Trust, as required by SB 09-282.

Other Postemployment Benefit Funds Net Position

ASSETS	DECEMBER 31, 2011	DECEMBER 31, 2010	% CHANGE
Cash and short-term investments	$7,433	$6,124	21.4%
Securities lending collateral	12,284	23,261	(47.2%)
Receivables	8,300	22,688	(63.4%)
Investments, at fair value	315,801	310,433	1.7%
Total assets	343,818	362,506	(5.2%)
LIABILITIES			
Investment settlements and other liabilities	35,338	38,745	(8.8%)
Securities lending obligations	12,319	23,300	(47.1%)
Total liabilities	47,657	62,045	(23.2%)
Net position available	**$296,161**	**$300,461**	**(1.4%)**

Other Postemployment Benefit Funds Changes in Net Position

ADDITIONS	FOR THE YEAR ENDED DECEMBER 31, 2011	FOR THE YEAR ENDED DECEMBER 31, 2010	% CHANGE
Employer contributions	$78,478	$78,809	(0.4%)
Plan transfer	–	13,510	(100.0%)
Retiree health care premium payments	113,218	114,905	(1.5%)
Federal health care subsidies	14,650	27,003	(45.7%)
Investment income	5,577	36,668	(84.8%)
Other	10,948	16,144	(32.2%)
Total additions	222,871	287,039	(22.4%)
DEDUCTIONS			
Benefit payments	214,189	203,056	5.5%
Administrative expenses	12,982	11,700	11.0%
Total deductions	227,171	214,756	5.8%
Change in net position available	(4,300)	72,283	(105.9%)
Net position available			
Beginning of year	300,461	228,178	31.7%
End of year	**$296,161**	**$300,461**	**(1.4%)**

Management's Discussion and Analysis (Unaudited)

(In Thousands of Dollars)

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 LIR received are used to pay the administrative costs of the plan.

Life Insurance Reserve Net Position

ASSETS	DECEMBER 31, 2011	DECEMBER 31, 2010	% CHANGE
Cash and short-term investments	$366	$326	12.3%
Securities lending collateral	605	1,236	(51.1%)
Receivables	53	48	10.4%
Investments, at fair value	15,563	16,501	(5.7%)
Total assets	16,587	18,111	(8.4%)
LIABILITIES			
Investment settlements and other liabilities	1,564	1,839	(15.0%)
Securities lending obligations	607	1,239	(51.0%)
Total liabilities	2,171	3,078	(29.5%)
Net position available	$14,416	$15,033	(4.1%)

Life Insurance Reserve Changes in Net Position

ADDITIONS	FOR THE YEAR ENDED DECEMBER 31, 2011	FOR THE YEAR ENDED DECEMBER 31, 2010	% CHANGE
Investment income	$503	$2,280	(77.9%)
Total additions	503	2,280	(77.9%)
DEDUCTIONS			
Life insurance claims	547	545	0.4%
Administrative expenses	573	575	(0.3%)
Total deductions	1,120	1,120	0.0%
Change in net position available	(617)	1,160	(153.2%)
Net position available			
Beginning of year	15,033	13,873	8.4%
End of year	$14,416	$15,033	(4.1%)

Statement of Net Position

As of December 31, 2011, with Comparative Totals for 2010
(In Thousands of Dollars)

ASSETS	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	JUDICIAL DIVISION TRUST FUND	DENVER PUBLIC SCHOOLS DIVISION TRUST FUND	TOTAL DEFINED BENEFIT PLANS
Cash and short-term investments						
Cash and short-term investments	$275,479	$442,338	$66,150	$5,055	$64,746	$853,768
Securities lending collateral	455,230	730,964	109,313	8,353	106,993	1,410,853
Total cash and short-term investments	730,709	1,173,302	175,463	13,408	171,739	2,264,621
Receivables						
Benefit	44,228	38,192	7,754	1,380	4,495	96,049
Interfund	983	1,578	236	18	231	3,046
Investment settlements and income	38,782	62,271	9,311	712	9,115	120,191
Total receivables	83,993	102,041	17,301	2,110	13,841	219,286
Investments, at fair value:						
Fixed income	2,776,382	4,458,049	666,684	50,941	652,535	8,604,591
Global stocks	6,612,213	10,617,260	1,587,768	121,323	1,554,073	20,492,637
Alternative investments	1,106,533	1,776,766	265,708	20,303	260,069	3,429,379
Real estate investments	1,044,802	1,677,644	250,885	19,171	245,560	3,238,062
Opportunity fund	163,767	262,962	39,325	3,005	38,490	507,549
Self-directed brokerage	–	–	–	–	–	–
Total investments, at fair value	11,703,697	18,792,681	2,810,370	214,743	2,750,727	36,272,218
Capital assets, at cost, net of accumulated depreciation of $21,037 and $22,947 at December 31, 2011, and 2010, respectively	6,212	11,695	1,551	43	1,400	20,901
Total assets	12,524,611	20,079,719	3,004,685	230,304	2,937,707	38,777,026
LIABILITIES						
Investment settlements and other liabilities	45,398	72,051	11,542	738	10,332	140,061
Securities lending obligations	456,552	733,088	109,630	8,377	107,304	1,414,951
Interfund	–	–	–	–	–	–
Total liabilities	501,950	805,139	121,172	9,115	117,636	1,555,012
Commitments and contingencies (Note 7)						
Net position restricted for pension plan benefits, other postemployment benefits, and private purpose trust fund participants	**$12,022,661**	**$19,274,580**	**$2,883,513**	**$221,189**	**$2,820,071**	**$37,222,014**
NET POSITION RESTRICTED FOR:						
Defined benefit pension plan benefits	$12,022,661	$19,274,580	$2,883,513	$221,189	$2,820,071	$37,222,014
Defined contribution pension plan benefits	–	–	–	–	–	–
Other postemployment benefits	–	–	–	–	–	–
Private purpose trust fund participants	–	–	–	–	–	–
Net position restricted for pension plan benefits, other postemployment benefits, and private purpose trust fund participants	**$12,022,661**	**$19,274,580**	**$2,883,513**	**$221,189**	**$2,820,071**	**$37,222,014**

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

Statement of Net Position

As of December 31, 2011, with Comparative Totals for 2010
(In Thousands of Dollars)

VOLUNTARY INVESTMENT PROGRAM	DEFINED CONTRIBUTION RETIREMENT PLAN	DEFERRED COMPENSATION PLAN	TOTAL PENSION TRUST FUNDS	HEALTH CARE TRUST FUND	DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE	COMBINED TOTAL 2011	COMBINED TOTAL 2010
$39,918	$3,161	$10,382	$907,229	$7,076	$357	$366	**$915,028**	$896,519
–	–	–	1,410,853	11,693	591	605	**1,423,742**	2,854,640
39,918	3,161	10,382	2,318,082	18,769	948	971	**2,338,770**	3,751,159
68,150	1,486	11,121	176,806	6,703	525	–	**184,034**	181,010
–	–	–	3,046	25	1	1	**3,073**	4,819
1,711	39	509	122,450	996	50	52	**123,548**	109,370
69,861	1,525	11,630	302,302	7,724	576	53	**310,655**	295,199
576,133	18,095	242,303	9,441,122	71,313	3,602	3,692	**9,519,729**	9,377,500
1,221,636	41,328	216,050	21,971,651	169,839	8,579	8,792	**22,158,861**	23,755,351
–	–	–	3,429,379	28,422	1,436	1,471	**3,460,708**	3,553,914
–	–	–	3,238,062	26,836	1,356	1,390	**3,267,644**	2,879,361
–	–	–	507,549	4,206	212	218	**512,185**	517,715
1,745	65	5,961	7,771	–	–	–	**7,771**	5,093
1,799,514	59,488	464,314	38,595,534	300,616	15,185	15,563	**38,926,898**	40,088,934
–	–	–	20,901	–	–	–	**20,901**	21,095
1,909,293	64,174	486,326	41,236,819	327,109	16,709	16,587	**41,597,224**	44,156,387
15,272	473	2,066	157,872	33,596	1,742	1,564	**194,774**	156,255
–	–	–	1,414,951	11,727	592	607	**1,427,877**	2,859,528
2,674	104	295	3,073	–	–	–	**3,073**	4,819
17,946	577	2,361	1,575,896	45,323	2,334	2,171	**1,625,724**	3,020,602
$1,891,347	**$63,597**	**$483,965**	**$39,660,923**	**$281,786**	**$14,375**	**$14,416**	**$39,971,500**	**$41,135,785**
$–	$–	$–	$37,222,014	$–	$–	$–	**$37,222,014**	$38,405,701
1,891,347	63,597	483,965	2,438,909	–	–	–	**2,438,909**	2,414,590
–	–	–	–	281,786	14,375	–	**296,161**	300,461
–	–	–	–	–	–	14,416	**14,416**	15,033
$1,891,347	**$63,597**	**$483,965**	**$39,660,923**	**$281,786**	**$14,375**	**$14,416**	**$39,971,500**	**$41,135,785**

Statement of Changes in Net Position

For the Year Ended December 31, 2011, with Comparative Combined Totals for 2010
(In Thousands of Dollars)

ADDITIONS	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	JUDICIAL DIVISION TRUST FUND	DENVER PUBLIC SCHOOLS DIVISION TRUST FUND	TOTAL DEFINED BENEFIT PLANS
Contributions						
Employers	$283,222	$541,962	$91,780	$5,430	$12,859	$935,253
Members	258,678	315,958	58,590	4,120	39,422	676,768
Plan transfer	–	–	–	–	–	–
Purchased service	11,277	14,465	3,902	5	1,792	31,441
Retiree health care and life premiums	–	–	–	–	–	–
Federal health care subsidies	–	–	–	–	–	–
Total contributions	553,177	872,385	154,272	9,555	54,073	1,643,462
Investment income						
Net appreciation (depreciation) in fair value of investments	(32,697)	(54,225)	(9,268)	(692)	(7,445)	(104,327)
Interest	112,148	179,302	26,369	2,027	26,425	346,271
Dividends	121,267	193,882	28,514	2,192	28,572	374,427
Real estate, alternative investment, and opportunity fund net operating income	72,994	116,703	17,163	1,320	17,199	225,379
Less investment expense	(45,721)	(73,097)	(10,749)	(827)	(10,773)	(141,167)
Net income (loss) from investing activities	227,991	362,565	52,029	4,020	53,978	700,583
Securities lending income (loss)	3,479	5,564	819	63	820	10,745
Less securities lending borrower rebates	1,663	2,659	391	30	392	5,135
Less securities lending agent fees	(464)	(743)	(109)	(8)	(109)	(1,433)
Net income (loss) from securities lending	4,678	7,480	1,101	85	1,103	14,447
Net investment income (loss)	232,669	370,045	53,130	4,105	55,081	715,030
Other additions	331	544	78	6	77	1,036
Total additions	786,177	1,242,974	207,480	13,666	109,231	2,359,528
DEDUCTIONS						
Benefits						
Benefits paid to retirees/cobeneficiaries	1,161,437	1,718,221	177,408	16,452	219,602	3,293,120
Benefits paid to survivors	13,270	13,127	2,041	357	1,511	30,306
Benefits paid to health care participants	–	–	–	–	–	–
Total benefits	1,174,707	1,731,348	179,449	16,809	221,113	3,323,426
Refunds of contribution accounts, including match and interest	70,090	78,543	22,686	513	4,412	176,244
Disability premiums and life insurance claims	1,685	2,619	442	26	238	5,010
Administrative expenses	8,685	16,322	2,157	61	1,914	29,139
Other deductions/(transfers)	(4,546)	9,839	2,737	(1,043)	2,409	9,396
Total deductions	1,250,621	1,838,671	207,471	16,366	230,086	3,543,215
Net increase (decrease) in net position available	(464,444)	(595,697)	9	(2,700)	(120,855)	(1,183,687)
Net position restricted for pension plan benefits, other postemployment benefits, and private purpose trust fund participants						
Beginning of year	12,487,105	19,870,277	2,883,504	223,889	2,940,926	38,405,701
End of year	**$12,022,661**	**$19,274,580**	**$2,883,513**	**$221,189**	**$2,820,071**	**$37,222,014**

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

Statement of Changes in Net Position

For the Year Ended December 31, 2011, with Comparative Combined Totals for 2010
(In Thousands of Dollars)

VOLUNTARY INVESTMENT PROGRAM	DEFINED CONTRIBUTION RETIREMENT PLAN	DEFERRED COMPENSATION PLAN	TOTAL PENSION TRUST FUNDS	HEALTH CARE TRUST FUND	DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE	COMBINED TOTALS 2011	COMBINED TOTALS 2010
$3,610	$7,034	$51	$945,948	$73,449	$5,029	$–	**$1,024,426**	$997,406
126,331	9,732	42,253	855,084	–	–	–	**855,084**	820,476
–	–	4	4	–	–	–	**4**	2,764,111
–	–	–	31,441	–	–	–	**31,441**	31,428
–	–	–	–	108,689	4,529	–	**113,218**	114,905
–	–	–	–	14,151	499	–	**14,650**	27,003
129,941	16,766	42,308	1,832,477	196,289	10,057	–	**2,038,823**	4,755,329
(34,209)	(1,877)	1,939	(138,474)	(1,175)	84	(43)	**(139,608)**	4,225,229
7,769	240	6,470	360,750	2,674	144	149	**363,717**	363,033
21,244	525	2,038	398,234	2,892	156	355	**401,637**	379,382
–	–	–	225,379	1,740	94	97	**227,310**	226,428
(518)	(18)	(115)	(141,818)	(1,090)	(59)	(61)	**(143,028)**	(153,924)
(5,714)	(1,130)	10,332	704,071	5,041	419	497	**710,028**	5,040,148
(33)	–	3	10,715	83	4	5	**10,807**	13,246
(3)	–	–	5,132	40	2	2	**5,176**	2,081
(2)	–	–	(1,435)	(11)	(1)	(1)	**(1,448)**	(1,108)
(38)	–	3	14,412	112	5	6	**14,535**	14,219
(5,752)	(1,130)	10,335	718,483	5,153	424	503	**724,563**	5,054,367
3,298	40	984	5,358	10,574	374	–	**16,306**	20,833
127,487	15,676	53,627	2,556,318	212,016	10,855	503	**2,779,692**	9,830,529
–	–	–	3,293,120	–	–	–	**3,293,120**	3,132,174
–	–	–	30,306	–	–	–	**30,306**	29,600
–	–	–	–	203,419	10,770	–	**214,189**	203,056
–	–	–	3,323,426	203,419	10,770	–	**3,537,615**	3,364,830
133,719	5,176	27,524	342,663	–	–	–	**342,663**	299,742
–	–	–	5,010	–	–	547	**5,557**	5,841
4,717	282	834	34,972	12,481	501	573	**48,527**	49,635
29	5	185	9,615	–	–	–	**9,615**	11,636
138,465	5,463	28,543	3,715,686	215,900	11,271	1,120	**3,943,977**	3,731,684
(10,978)	10,213	25,084	(1,159,368)	(3,884)	(416)	(617)	**(1,164,285)**	6,098,845
1,902,325	53,384	458,881	40,820,291	285,670	14,791	15,033	**41,135,785**	35,036,940
$1,891,347	**$63,597**	**$483,965**	**$39,660,923**	**$281,786**	**$14,375**	**$14,416**	**$39,971,500**	**$41,135,785**

Notes to the Financial Statements

(In Thousands of Dollars)

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, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund (Division Trust Funds). Additionally, Colorado PERA administers cost-sharing multiple-employer defined benefit other postemployment benefit plans for the Health Care Trust Fund (HCTF) and the Denver Public Schools Health Care Trust Fund (DPS HCTF), collectively Health Care Trust Funds (see Note 9), 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 Note 8). Prior to 2009, the Defined Contribution Retirement Plan was a component plan of the Voluntary Investment Program. Senate Bill 09-66 (SB 09-66), established a separate trust fund for the Defined Contribution Retirement Plan and it is now shown as a separate fiduciary fund. Additionally, as a result of SB 09-66, Colorado PERA became the administrator of the Deferred Compensation Plan on July 1, 2009, and received a plan transfer from the State of Colorado's 457 Plan. SB 09-282 required the merger of the Denver Public Schools Retirement System (DPSRS) into Colorado PERA on January 1, 2010, and established the separate Denver Public Schools (DPS) Division Trust Fund and DPS HCTF.

Responsibility for the organization and administration of the Division Trust Funds, Health Care Trust Funds, Voluntary Investment Program, Defined Contribution Retirement Plan, the Deferred Compensation Plan, and Life Insurance Reserve rests with the Board. The State Division Trust Fund was established in 1931, the School and Local Government Division Trust Funds in 1944, the Judicial Division Trust Fund in 1949, and the DPS Division Trust Fund in 2010. The State and School Division Trust Funds were combined in 1997 and separated in 2006.

Listed below is the number of active affiliated employers for the five Divisions. The School and DPS Divisions' employer counts include charter schools operating within the respective public school districts and under the Colorado Charter School Institute.

DIVISION	AS OF DECEMBER 31, 2011
State	70
School	275
Local Government	145
Judicial	6
Denver Public Schools	27
Total employers	**523**

Membership—Division Trust Funds-Defined Benefit Pension Plans

Benefit recipients and members of Colorado PERA consisted of the following as of December 31, 2011, with comparative combined totals for 2010:

	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	DENVER PUBLIC SCHOOLS DIVISION	2011	2010
Retirees and beneficiaries	33,212	51,898	5,320	312	6,311	**97,053**	94,017
Terminated employees entitled to benefits but not yet receiving benefits	4,756	11,250	1,436	8	553	**18,003**	17,007
Inactive members	58,597	89,225	17,725	5	3,118	**168,670**	160,162
Active members							
Vested general employees	30,664	66,258	8,368	260	5,076	**110,626**	108,291
Vested State Troopers	615	–	–	–	–	**615**	600
Non-vested general employees	23,481	48,562	7,697	69	8,495	**88,304**	92,006
Non-vested State Troopers	196	–	–	–	–	**196**	198
Total Actives	54,956	114,820	16,065	329	13,571	**199,741**	201,095
Grand Totals	**151,521**	**267,193**	**40,546**	**654**	**23,553**	**483,467**	**472,281**

Membership—Voluntary Investment Program and Defined Contribution Retirement Plan

See Note 8.

Membership—Deferred Compensation Plan

See Note 8.

Membership—Health Care Trust Funds

See Note 9.

Notes to the Financial Statements

(In Thousands of Dollars)

Benefit Provisions—Division Trust Funds

Plan benefits are specified in Title 24, Article 51 of the C.R.S. 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 a 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 PERA Defined Benefit Plan. During years two through 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 and 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. On January 1, 2010, DPSRS was merged with Colorado PERA. On that date all liabilities and assets of DPSRS were transferred to and became liabilities and assets of the DPS Division of Colorado PERA. The benefit provisions of DPSRS were incorporated into Colorado PERA as the DPS benefit structure. The benefit provisions of existing members of Colorado PERA on the merger date and all new hires post-merger date are identified as the PERA benefit structure.

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 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.

SB 10-146 was signed by former Governor 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.

SB 11-076 was signed by Governor Hickenlooper on May 23, 2011. SB 11-076 was proposed by the Joint Budget Committee to reduce the State's expenditures.

These two legislative bills temporarily increase the State and Judicial Divisions' member contribution rates by 2.50 percent of salary, and a corresponding decrease in the State and Judicial Divisions' employer contribution rates, effective July 1, 2010, through June 30, 2012. On July 1, 2012, the State and Judicial Divisions' member contribution rates will return to their previous statutory rates.

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.

Notes to the Financial Statements

(In Thousands of Dollars)

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 70 1/2.
- 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 under the PERA benefit structure 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.

Members under the DPS benefit structure who withdraw their accounts before reaching retirement eligibility receive a refund of their member accounts and do not receive any match. Members of the DPS benefit structure who terminated employment on or after January 1, 2001, and withdraw their accounts on or after reaching retirement eligibility 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 under the PERA benefit structure refunding on or after January 1, 2011. As of January 1, 2011, members under the PERA benefit structure 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. Members of the DPS benefit structure are not eligible for the 50 percent match.

Highest Average Salary

Plan benefits, described below, are generally calculated as a percentage of the member's three-year highest average salary (HAS). The following conditions apply to the HAS calculation:

- *For all members of the PERA benefit structure, except judges, eligible to retire as of January 1, 2011, 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 a 15 percent cap on annual salary increases for the next three periods that are used to determine the applicable HAS. This salary cap applies regardless of when the annual salaries used in the HAS occurred.
- *For all members of the PERA benefit structure, except judges, not eligible to retire as of January 1, 2011, or members of the PERA benefit structure 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 for the next three periods that are used to determine the applicable HAS. 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.
- *For members of the DPS benefit structure who are eligible to retire as of January 1, 2011:* HAS is the average monthly salary of the 36 months of earned service having the highest salaries.
- *For members of the DPS benefit structure who are not eligible to retire as of January 1, 2011:* 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 for the next three periods that are used to determine the applicable HAS. This salary cap applies regardless of when the annual salaries used in the HAS occurred.

Notes to the Financial Statements

(In Thousands of Dollars)

Service Retirement Benefits—PERA Benefit Structure

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 WITH FIVE YEARS OF SERVICE CREDIT ON JANUARY 1, 2011

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 WITH FIVE YEARS OF SERVICE CREDIT ON JANUARY 1, 2011

Age Requirement (in years)	*Service Credit Requirement (in years)*
Any Age	35
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, BUT BEFORE JANUARY 1, 2011 WITH FIVE YEARS OF SERVICE CREDIT ON JANUARY 1, 2011

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 MEMBERS (OTHER THAN STATE TROOPERS) HIRED BEFORE JANUARY 1, 2011 WITH LESS THAN FIVE YEARS OF SERVICE CREDIT ON JANUARY 1, 2011

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 MEMBERS (OTHER THAN STATE TROOPERS) HIRED ON OR AFTER JANUARY 1, 2011

Age Requirement (in years)	*Service Credit Requirement (in years)*
Any Age	35
58	30
58	Age and Service = 88 or more
60	28
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.

Notes to the Financial Statements

(In Thousands of Dollars)

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% × Years of Service Credit 1-10) + (1.66% × Years of Service Credit Over 10-16) + (1.5% × Years of Service Credit Over 16-20) + (2.5% × 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 on page 55, SB 10-001 made the following change to the age and service credit requirements for a full service retirement:

- For all new members, other than State Troopers, first covered under the Plan on or after January 1, 2017, eligibility includes 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 DPS 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—PERA Benefit Structure
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 equivalent reduction will be applied to the reduced service retirement benefit.

Service Retirement and Reduced Service Retirement Benefits—DPS Benefit Structure
Members in the DPS benefit structure are eligible to receive a monthly retirement benefit when they meet the age and service requirements listed below. If the member has less than five years of service credit under the DPS benefit structure, the member does not have the option to apply for a benefit and the member is only eligible for a refund of his or her account.

If the member has five years of service credit as of January 1, 2011, the following age and service requirements apply:

SERVICE RETIREMENT BENEFIT

Age Requirement (in years)	*Service Credit Requirement (in years)*
50	30
55	25[1]
65	5

[1] 15 years must be earned service credit

Notes to the Financial Statements

(In Thousands of Dollars)

REDUCED SERVICE RETIREMENT BENEFIT

Age Requirement (in years)	*Service Credit Requirement (in years)*
Less than 50	30
Less than 55	25
55	15

If the member does not have five years of service credit as of January 1, 2011, the following age and service requirements apply:

SERVICE RETIREMENT BENEFIT

Age Requirement (in years)	*Service Credit Requirement (in years)*
Any Age	35
55	30[1]
55	Age and Service = 85 or more[1]
60	25
65	5

[1] 20 years must be earned service credit

REDUCED SERVICE RETIREMENT BENEFIT

Age Requirement (in years)	*Service Credit Requirement (in years)*
50	25
55	20
60	5

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, Unum. Applicants found to be disabled receive payments under one of two tiers:

- *Short-Term Disability (STD):* Disability applicants are eligible for STD payments if they are found to be mentally or physically incapacitated from performance of essential job duties after reasonable accommodation, and who are medically unable to earn at least 75 percent of their predisability earnings from any job but who are not totally and permanently incapacitated from regular and substantial gainful employment. Colorado PERA's STD program is an insurance product with Colorado PERA's Third Party Administrator and payments are made directly to the individual from Colorado PERA's Third Party Administrator. The maximum income replacement is 60 percent of the member's predisability 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 in the PERA benefit structure and all disability retirees regardless of whether the individual is disabled under the DPS benefit structure or the PERA benefit structure, 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. The options are:

- Option 1: A single-life benefit payable for the life of the retiree and, upon the death of the retiree, the benefit ends.

- Option 2: A joint-life benefit payable for the life of the retiree and, upon the death of the retiree, one-half of the benefit becomes payable to the cobeneficiary of the retiree for life. Upon the death of the cobeneficiary prior to the death of the retiree, an Option 1 benefit becomes payable to the retiree.

- Option 3: A joint-life benefit payable for the life of the retiree and, upon the death of the retiree, the same benefit becomes payable to the cobeneficiary of the retiree for life. Upon the death of the cobeneficiary prior to the death of the retiree, an Option 1 benefit becomes payable to the retiree.

Notes to the Financial Statements

(In Thousands of Dollars)

Options 2 and 3 are the actuarial equivalent of Option 1.

Service retirees in the DPS benefit structure have the following options:

- Option A: A single-life benefit payable for the life of the retiree and, upon the death of the retiree, the benefit ends.
- Option B: A single-life benefit, reduced from an Option A benefit to provide benefits to designated beneficiaries for a fixed period of time after retirement. As part of the retirement calculation, a guaranteed payment period is determined and if the retiree dies before the guaranteed period ends, the benefit will continue to the Option B beneficiary(ies) for the remainder of the guaranteed period. If the death of the retiree occurs after the guaranteed period, the benefit ends.
- Option P2: A joint-life benefit payable for the life of the retiree and, upon the death of the retiree, one-half of the benefit becomes payable to the cobeneficiary of the retiree for life. Upon the death of the cobeneficiary prior to the death of the retiree, an Option A benefit becomes payable to the retiree.
- Option P3: A joint-life benefit payable for the life of the retiree and, upon the death of the retiree, the same benefit becomes payable to the cobeneficiary of the retiree for life. Upon the death of the cobeneficiary prior to the death of the retiree, an Option A benefit becomes payable to the retiree.

Options B, P2, and P3 are the actuarial equivalent of Option A.

Survivor Benefits Program—PERA Benefit Structure

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.

Survivor Benefits Program—DPS Benefit Structure

Active members who had at least five years of continuous service under the DPS benefit structure prior to the date of death and DPS disability retirements (prior to age 65) are covered by the Survivor Benefits Program applicable to the DPS benefit structure.

In the event of the covered member's death, the member's qualified survivors are eligible for survivor benefits as long as the named beneficiary(ies) waive their right to receive a refund of the member's contributions. Qualified survivors generally include minor children, a surviving spouse, or dependent parents.

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 the member dies and does not meet the eligibility requirements for the DPS benefit structure survivor benefits program that are specified in statute, the member's named beneficiary(ies) will receive a lump-sum payment.

Annual 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 the year 2011 and beyond the AI provisions are explained below.

- For benefit recipients of the Colorado PERA benefit structure who began membership before January 1, 2007, and whose benefit is paid based on a retirement date prior to January 1, 2011, and benefit recipients of the DPS benefit structure whose benefit is based on a retirement date prior to January 1, 2011:
  - ***Payment Month:*** The AI is paid in July.
  - ***Eligibility:*** The benefit recipient has been receiving benefits for at least seven months as of the July in which AI is to be paid.

Notes to the Financial Statements

(In Thousands of Dollars)

- ***AI Amount:*** AI is 2 percent per year unless Colorado 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 Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) amounts for the prior calendar year. For the first annual increase the amount will be prorated from the month of retirement to the first AI payment date.

- For benefit recipients of the Colorado PERA benefit structure who began membership before January 1, 2007, and whose benefit is paid based on a retirement date on or after January 1, 2011, and benefit recipients of the DPS benefit structure whose benefit is paid based on a retirement date on or after January 1, 2011, the following eligibility criteria is required:
  - ***Payment Month:*** The AI is paid in July.
  - ***Eligibility:*** 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 Colorado 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 Annual Increase Reserve (AIR).

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 Colorado PERA 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 could elect to suspend retirement and return to membership. If the retiree earned 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 was earned, the contributions remitted during the return to membership period was refunded with interest and a match.

Under SB 10-001, this practice ended 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 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 100 percent or 50 percent 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

Notes to the Financial Statements

(In Thousands of Dollars)

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, DPS 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/916 hours in a calendar year. The employer contributions, AED, SAED, and working retiree contributions are due on all salary earned.

Benefit Provisions—Voluntary Investment Program and Defined Contribution Retirement Plan

See Note 8.

Benefit Provisions—Deferred Compensation Plan

See Note 8.

Benefit Provisions—Health Care Trust Funds

See Note 9.

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 9) and employees are entitled to participate in the 401(k) component of the Voluntary Investment Program (see Note 8).

Colorado PERA's employer contributions to the State Division Trust Fund for the years ending December 31, 2011, 2010, and 2009, were $2,405, $2,316, and $2,287, 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, 2011, 2010, and 2009, were $2,231, $1,806, and $1,517, respectively. Colorado PERA's contributions to the Health Care Trust Fund for the years ending December 31, 2011, 2010, and 2009, were $218, $203, and $196, respectively, equal to its required contributions for each year. The 401(k) Plan member contributions from Colorado PERA for the years ended December 31, 2011, 2010, and 2009, were $1,690, $1,404, and $1,360, respectively. Colorado PERA also provides its employees with an employer partial match to their contributions to the 401(k) Plan, and the totals for the years ended December 31, 2011, 2010, and 2009, were $346, $151, and $74, respectively.

Beginning January 1, 2011, working retirees are required to make contributions at a percentage equal to the member contribution rate. Under C.R.S. § 24-51-101 (53), working retiree contributions are non-refundable and are not deposited into member accounts. These contributions are deposited into the employer reserve. For the year ended December 31, 2011, Colorado PERA's working retiree contributions are $18.

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 accounting principles generally accepted in the United States of America that apply to governmental accounting for fiduciary funds including the Governmental Accounting Standards Board (GASB) Statements numbers 25, 28, 34, 37, and 43.

Notes to the Financial Statements

(In Thousands of Dollars)

In November 2010, the GASB issued Statement No. 63, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34." The Statement is effective for periods beginning after December 15, 2011. Colorado PERA adopted the provisions of this standard for the year ended December 31, 2011. Adopting this Statement changed the name of the financial statements from the Statement of Net Assets and Changes in Net Assets to the Statement of Net Position and Changes in Net Position.

In June 2011, GASB published two Exposure Drafts on Pension Accounting and Financial Reporting for Pension Plans and for Pensions. An Exposure Draft document sets forth a proposed Statement. The first Exposure Draft sets forth a proposed Statement that would result in new standards for accounting for pensions by employers whose employees are provided with pensions through pension plans administered through trust, or equivalent arrangements, that meet the characteristics defined in the proposal and would address accounting and financial reporting issues of certain nonemployer entities that contribute to such plans. The second Exposure Draft would establish standards for financial reporting and note disclosure by defined benefit pension plans administered through qualified trusts, and note disclosure requirements for defined contribution pension plans administered through qualified trusts. Guidance proposed in the Exposure Drafts may be modified prior to the final issuance of the accounting standard. The final standards are currently planned to be released in the summer of 2012.

Basis of Accounting

The accompanying financial statements for the pension trust funds, the private purpose trust fund, and the other postemployment benefit plans 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, the HCTF, and the DPS 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 DPS Division Trust Fund, the HCTF, the DPS 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, Judicial, and DPS Divisions maintain separate accounts, and all actuarial determinations are made using separate division-based information.

The Division Trust Funds, the HCTF, the DPS 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, 2011, the ownership percentages of each fund were as follows:

	OWNERSHIP PERCENTAGE AS OF DECEMBER 31, 2011
State	31.97%
School	51.34%
Local Government	7.68%
Judicial	0.59%
Denver Public Schools	7.52%
HCTF	0.82%
DPS HCTF	0.04%
LIR	0.04%
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 active and retired members in each division to the total for all the Division Trust Funds. Expenses are allocated to the HCTF and DPS HCTF based on administrative fees charged to participants. Expenses are allocated to 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 in the Statement of Net Position. Global stocks and fixed income 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.

Alternative investments (private equity) include investments in leveraged buyouts, venture capital, and special situations partnerships. Colorado PERA invests as a limited partner in these funds which are long-term and generally illiquid. As a result, investors are subject to redemption restrictions which generally limit distributions and restrict the ability of limited partners to exit a partnership investment prior to its dissolution. Alternative investments are valued using their respective net asset values (NAV), and are generally audited annually. The most significant element

Notes to the Financial Statements

(In Thousands of Dollars)

of NAV is the fair value of the investment holdings. These holdings are valued by the general partners in conjunction with management, investment advisors and valuation specialists. The valuation techniques vary based on investment type and involve a certain degree of expert judgment. The fair value for these investments could differ significantly if a ready market for these assets existed.

Real estate is held directly, as a limited partner or in commingled funds. These investments are long-term and illiquid in nature. As a result, investors are subject to redemption restrictions which generally limit distributions and restrict the ability of limited partners to exit a partnership investment prior to its dissolution. The fair value of directly-owned real estate investments and open-end commingled funds and timber are based on periodic independent appraisals. Limited partner real estate investments and closed-end commingled real estate equity are valued based on their respective NAV, and are generally audited annually. The most significant element of NAV is the fair value of the investment holdings. These holdings are valued by the general partners using valuation assumptions based on both market and property specific inputs which are not observable and involve a certain degree of expert judgment. Real estate debt is valued on the basis of future principal and interest payments and is discounted at prevailing interest rates for similar instruments. The fair value for these investments could differ significantly if a ready market for these assets existed.

Interests in commingled funds are valued using the NAV per unit of each fund. The NAV reported by the fund manager is based on the market value of the underlying investment owned by each fund, minus its liabilities, divided by the number of shares outstanding. Investments in mutual funds are valued at the NAV of shares held at year-end.

The PERAdvantage Capital Preservation Fund in the three defined contribution funds is a stable value fund and the value of the fund is based on the contract value of the investments. This value is the amortized cost of the securities owned by the separate account, plus cash, plus accrued interest less liabilities.

Short-term investments are carried at cost, which approximates fair value.

Property, Equipment, and Intangible Assets

Property and equipment are carried at cost, less accumulated depreciation. All costs of property and equipment $5,000 (actual dollars) or greater are capitalized. The cost of computer software developed for internal operational use $500,000 (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; building and building additions, 40 years; and internally developed computer software, five years.

Health Care Trust Funds Specific Policies

See Note 9.

Note 3—Interfund Transfers and Balances

Interfund transfers of assets take place on a regular basis between the Division Trust Funds. The transfers occur upon the initiation of a benefit where the member earned or purchased service in another Division Trust Fund in addition to the Fund that is paying the benefit. The transfers for the year ended December 31, 2011, consisted of the following amounts:

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	JUDICIAL DIVISION TRUST FUND	DENVER PUBLIC SCHOOLS DIVISION TRUST FUND	HEALTH CARE TRUST FUND	DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND
Transfers in from other Funds for retirements	$24,202	$16,041	$2,937	$1,169	$1	$–	$–
Transfers out to other Funds for retirements	(16,359)	(21,302)	(4,447)	–	(2,242)	–	–
Transfers in from other Funds for survivor benefits	240	103	–	–	–	–	–
Transfers out to other Funds for survivor benefits	(20)	(212)	(110)	–	(1)	–	–
Transfers out to Health Care Trust Funds	(3,479)	(4,458)	(1,117)	(126)	(167)		
Transfer in to Health Care Trust Funds for purchased service credit	–	–	–	–	–	9,083	264

Notes to the Financial Statements

(In Thousands of Dollars)

As of December 31, 2011, interfund balances existed between funds due to unreimbursed internal operating expenses. The interfund balances consisted of the following amounts:

INTERFUND BALANCES

State Division Trust Fund	$983
School Division Trust Fund	1,578
Local Government Division Trust Fund	236
Judicial Division Trust Fund	18
Denver Public Schools Division Trust Fund	231
Voluntary Investment Program	(2,674)
Defined Contribution Retirement Plan	(104)
Deferred Compensation Plan	(295)
HCTF	25
DPS HCTF	1
Life Insurance Reserve	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 officers, who contribute 10 percent. Colorado PERA records these contributions in individual member accounts. Member contributions were tax-deferred for federal and Colorado income tax purposes, effective July 1, 1984, (January 1, 1986, for members of the DPS benefit structure) and January 1, 1987, respectively. Prior to those dates, contributions were on an after-tax basis. Colorado PERA-affiliated employers also contribute a percentage of active member payrolls for the employer rate, ranging from 10.00 percent to 13.75 percent. SB 10-146 requires that member contributions increase and employer contributions decrease by 2.50 percent for the State and Judicial Divisions for the one-year period beginning July 1, 2010, through June 30, 2011. SB 11-076 extends the requirements of SB 10-146 through June 30, 2012.

Employers that rehire a Colorado PERA retiree as an employee or under any other work arrangement (working retiree) are required to report and pay employer contributions on the amounts paid to the working retiree. In addition, effective January 1, 2011, working retirees are required to make contributions at a percentage of salary equal to the member contribution rate. However, under C.R.S. §§ 24-51-101 (53), these contributions are not member contributions, are not deposited into a member account, and therefore, are non-refundable to the working retiree.

Beginning January 1, 2006, employers are required to pay the Amortization Equalization Disbursement (AED) and, beginning January 1, 2008, employers are required to pay the Supplemental Amortization Equalization Disbursement (SAED). The employers pay these amounts on the Colorado PERA-includable salary for all employees working for the employer who are members of Colorado PERA, or who are eligible to elect to become members of Colorado PERA on or after January 1, 2006, including any amounts paid in connection with the employment of a retiree by an employer. Colorado PERA uses these payments to help amortize the unfunded liability. The AED and SAED are set to increase in future years, as described in the table on the next page. SB 10-001 provides for adjustment of the AED and SAED 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 in the AED and SAED is mandated. For the Local Government and Judicial Divisions, if the funded ratio reaches 90 percent and subsequently falls below 90 percent, an increase in the AED and SAED is mandated. Increases cannot exceed the limitations shown in the table on the next page.

C.R.S. § 24-51-412 permits a PCOP offset to the DPS Division employer contribution rate. The offset, expressed as a percentage of payroll, is equal to the annual assumed payment obligations for PCOPs issued in 1997 and 2008 by the Denver Public Schools at a fixed effective annual interest rate of 8.50 percent. As of December 31, 2011, the funded ratio of the DPS Division was 81.5 percent and the funded ratio of the School Division was 60.2 percent. At a minimum, the DPS Division employer rate, after applying the PCOP offset, must be sufficient to fund the DPS HCTF and the Annual Increase Reserve (AIR) as it applies to the DPS Division. The staff of the Denver Public Schools provided the PCOP offset rate of 14.72 percent for 2011.

C.R.S §24-51-401(1.7) (e) recognizes the effort to equalize the funded status of the DPS Division and the School Division of Colorado PERA. Beginning January 1, 2015, and every fifth year thereafter, statute requires a true-up calculation to confirm the equalization of the funded status of these two divisions. The true-up calculation is an actuarial projection to assure the funded status of these divisions will be equal in 30 years. In the event a true-up calculation does not project equalization between these divisions over a 30-year period, the Board shall recommend an adjustment of the DPS Division employer contribution rate to the Colorado General Assembly. An adjustment to the DPS Division contribution rate may result in a significant increase in the total contributions paid by the DPS Division employers.

Notes to the Financial Statements

(In Thousands of Dollars)

Colorado PERA-affiliated employers forward the contributions to Colorado PERA for deposit. Colorado PERA transfers a portion of these contributions equal to 1.02 percent of the reported salary into the HCTF or DPS HCTF for health care benefits, with the remainder of these contributions transferred into a Trust Fund established for each Division for the purpose of creating actuarial reserves for future benefits.

The contribution rates for the combined employer retirement benefits and health care benefits along with the member contribution rates from January 1, 2011, through December 31, 2011, are as follows below.

DIVISION	MEMBERSHIP	EMPLOYER CONTRIBUTION RATE	AMORTIZATION EQUALIZATION DISBURSEMENT	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT	DENVER PUBLIC SCHOOLS OFFSET	TOTAL CONTRIBUTION RATE PAID BY EMPLOYER	MEMBER CONTRIBUTION RATE
State	All members (except State Troopers)	7.65%	2.60%	2.00%	–	12.25%	10.50%
State	State Troopers	10.35%	2.60%	2.00%	–	14.95%	12.50%
School	All members	10.15%	2.60%	2.00%	–	14.75%	8.00%
Local Government	All members	10.00%	2.20%	1.50%	–	13.70%	8.00%
Judicial	All members	11.16%	2.20%	1.50%	–	14.86%	10.50%
Denver Public Schools	All members	13.75%	2.60%	2.00%	(14.72%)	3.63%	8.00%

Listed below are the scheduled changes in the AED and SAED under SB 10-001. If a particular Division Trust Fund reaches a funded ratio at or above 103 percent, the AED and SAED are each reduced by one-half of 1 percent. Subsequently, if the funded ratio falls below 90 percent, the AED and SAED are each increased by one-half of 1 percent. For the Local Government and Judicial Divisions, if the funded ratio reaches 90 percent and subsequently falls below 90 percent, the AED and SAED are each increased by one-half of 1 percent. Increases cannot exceed the maximum listed in the table below.

	STATE DIVISION TRUST FUND		SCHOOL DIVISION TRUST FUND		LOCAL GOVERNMENT DIVISION TRUST FUND		JUDICIAL DIVISION TRUST FUND		DENVER PUBLIC SCHOOLS DIVISION TRUST FUND[1]	
PERIOD	AED	SAED	AED	SAED	AED	SAED	AED	SAED	AED	SAED
1/1/2012 – 12/31/2012	3.00%	2.50%	3.00%	2.50%	2.20%	1.50%	2.20%	1.50%	3.00%	2.50%
1/1/2013 – 12/31/2013	3.40%	3.00%	3.40%	3.00%	2.20%	1.50%	2.20%	1.50%	3.40%	3.00%
1/1/2014 – 12/31/2014	3.80%	3.50%	3.80%	3.50%	2.20%	1.50%	2.20%	1.50%	3.80%	3.50%
1/1/2015 – 12/31/2015	4.20%	4.00%	4.20%	4.00%	2.20%	1.50%	2.20%	1.50%	4.20%	4.00%
1/1/2016 – 12/31/2016	4.60%	4.50%	4.50%	4.50%	2.20%	1.50%	2.20%	1.50%	4.50%	4.50%
1/1/2017 – 12/31/2017	5.00%	5.00%	4.50%	5.00%	2.20%	1.50%	2.20%	1.50%	4.50%	5.00%
1/1/2018 – 12/31/2018	5.00%	5.00%	4.50%	5.50%	2.20%	1.50%	2.20%	1.50%	4.50%	5.50%
Maximum allowable limitations	5.00%	5.00%	4.50%	5.50%	5.00%	5.00%	5.00%	5.00%	4.50%	5.50%

[1] DPS Division employers are permitted to reduce the AED and SAED by the PCOP offset, as specified in C.R.S. § 24-51-412 *et seq.*

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 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, the employer pays the benefit difference to the retiree from a portion of the current employer contributions. In 2011, employers under these agreements used current employer contributions to pay retirees $1,425 in the State Division; $581 in the School Division; $1,089 in the Local Government Division; $0 in the Judicial Division, and $0 in the DPS Division.

Contributions—Voluntary Investment Program and Defined Contribution Retirement Plan

See Note 8.

Contributions—Deferred Compensation Plan

See Note 8.

Contributions—Health Care Trust Funds

See Note 9.

Notes to the Financial Statements

(In Thousands of Dollars)

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 corporate 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.

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 Net Position.

The carrying value of cash and short-term investments at December 31, 2011, on the Statement of Net Position includes short-term fixed income securities of $271,693, and deposit and money market funds of $643,335 for a total of $915,028. 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, 2011.

	CARRYING VALUE	BANK BALANCE
Deposits with banks (fully insured by federal depository insurance)	$3,174	$3,157
Deposits held at bank (uncollateralized, held by Colorado PERA's agent in Colorado PERA's name)	18,566	18,566
Short-term investment funds held at bank (shares in commingled funds, held by Colorado PERA's agent in Colorado PERA's name)	621,595	621,595
Total deposits and money market funds	**$643,335**	**$643,318**

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 2011, its custodian, The Northern Trust Company (Northern Trust) and Deutsche Bank.

Northern Trust 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.

Northern Trust invests the cash collateral related to Colorado PERA's loaned securities in a separate account, the Colorado PERA Custom Fund, according to guidelines stipulated by Colorado PERA. As of December 31, 2011, the total market value of securities on loan with Northern Trust cannot exceed $600,000. Northern Trust's Senior Credit Committee sets borrower credit limits.

Deutsche Bank is a Colorado PERA third-party lending agent. Deutsche Bank lends domestic and international 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. International securities are loaned versus collateral valued at a minimum of 105 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.

As of December 31, 2011, and December 31, 2010, the total unrealized loss relating to the short-term collateral investments was $4,135 and $4,888, respectively.

The table below represents the balances relating to the securities lending transactions at December 31, 2011.

SECURITIES LENT FOR CASH COLLATERAL	FAIR VALUE OF UNDERLYING SECURITIES	CASH COLLATERAL RECEIVED	CASH COLLATERAL INVESTMENT VALUE
Cash and cash equivalents	$–	$–	$975,428
Fixed income	330,859	337,233	448,314
Global stocks	1,059,371	1,090,644	–
Total	**$1,390,230**	**$1,427,877**	**$1,423,742**

Notes to the Financial Statements

(In Thousands of Dollars)

As of December 31, 2011, 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 provide 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, 2011. 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 69 days and at Deutsche Bank was approximately 111 days as of December 31, 2011. At Northern Trust and Deutsche Bank, all loans were done on an overnight (one day) basis as of December 31, 2011. The Colorado PERA Custom Fund had a weighted average maturity of 22 days as of December 31, 2011. Deutsche Bank invests Colorado PERA's cash collateral in a separate account. As of December 31, 2011, the weighted average maturity of the separate account was 22 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, 2011, and December 31, 2010.

	FAIR VALUE OF UNDERLYING SECURITIES DECEMBER 31, 2011	FAIR VALUE OF UNDERLYING SECURITIES DECEMBER 31, 2010
Fixed income	**$330,859**	$474,217
Global stocks	**1,059,371**	2,316,547
Total	**$1,390,230**	**$2,790,764**

As of December 31, 2011, the fair value of lent securities was $1,390,230 and the value of associated cash collateral was $1,423,742. Colorado PERA's income net of expenses from securities lending was $14,535 for the year ended December 31, 2011. Included in net securities lending income for the year ended December 31, 2011, is $438 from commingled funds. As of December 31, 2010, the fair value of lent securities was $2,790,764 and the value of associated cash collateral was $2,854,640. Colorado PERA's income net of expenses from securities lending was $14,219 for the year ended December 31, 2010. Included in net securities lending income for the year ended December 31, 2010, is $225 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. Northern Trust is the master custodian for the majority of Colorado PERA's securities. At December 31, 2011, there were no investment or collateral securities subject to custodial credit risk and $18,553 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, 2011.

Notes to the Financial Statements

(In Thousands of Dollars)

Reconciliation of Credit and Interest Rate Risk Disclosures to Financial Statements

	AS OF DECEMBER 31, 2011
Fixed income	$9,519,729
Real estate debt	253,262
Fixed-income securities classified as short-term	271,693
Pending foreign exchange trades	(1,629)
Total fixed income securities	**$10,043,055**

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: As of December 31, 2011, 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 cannot exceed more than 5 percent of the portfolio. The table below provides Colorado PERA's Standard & Poor's (S&P) credit quality ratings at December 31, 2011.

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/AGENCY BONDS	NON-AGENCY MBS	U.S. MUNICIPAL BONDS	REAL ESTATE DEBT
AAA	$173,749	$–	$19,495	$–	$–	$91,040	$60,019	$3,195	$–
AA+	357,447	–	50,180	297,726	–	5,570	1,562	2,409	–
AA	55,749	–	34,636	–	–	–	9,941	11,172	–
AA-	76,261	–	12,085	–	26,952	27,044	8,402	1,778	–
A+	121,212	–	67,154	–	6,129	15,431	27,161	5,337	–
A	191,384	–	129,702	–	39,176	15,658	4,336	2,512	–
A-	494,722	–	426,597	–	51,646	–	14,386	2,093	–
BBB+	295,443	–	194,292	–	85,856	13,157	1,025	1,113	–
BBB	478,382	–	243,348	–	100,875	129,022	5,137	–	–
BBB-	291,507	–	174,287	–	74,340	40,179	2,701	–	–
BB+	101,068	–	74,937	–	5,676	20,455	–	–	–
BB	129,504	–	71,040	–	19,125	39,339	–	–	–
BB-	105,028	–	95,282	–	6,785	2,961	–	–	–
B+	128,464	–	100,432	–	4,834	23,198	–	–	–
B	95,525	–	83,739	–	8,848	2,938	–	–	–
B-	46,340	–	43,012	–	2,178	1,150	–	–	–
CCC+	3,005	–	3,005	–	–	–	–	–	–
CCC	2,676	–	2,676	–	–	–	–	–	–
CCC -	1,289	–	1,289	–	–	–	–	–	–
CC	2,170	–	891	–	–	–	1,279	–	–
Not rated[1]	1,802,282	1,428,188	42,797	–	974	23,208	29,147	24,706	253,262
Subtotal	$4,953,207	$1,428,188	$1,870,876	$297,726	$433,394	$450,350	$165,096	$54,315	$253,262
U.S. Govts	2,615,536								
Explicit U.S. Govt – Agencies[2]	343,716								
BlackRock Aggregate Index Pooled Investment[3]	1,294,065								
Defined Contribution Fixed Income Funds[1]	836,531								
Total	**$10,043,055**								

[1] Not rated by S&P.

[2] Bonds issued by the Government National Mortgage Association (GNMA).

[3] Commingled fund not rated by S&P. The quality ratings of the securities within this commingled account are as follows: AAA or equivalent 76.39 percent, AA 3.94 percent, A 10.65 percent, and BBB 9.02 percent.

Notes to the Financial Statements

(In Thousands of Dollars)

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.

Effective duration for Colorado PERA fixed income holdings as of December 31, 2011, is disclosed in the table below.

Interest Rate Risk—Effective Duration

	FAIR VALUE TOTAL	FAIR VALUE DURATION NOT AVAILABLE	FAIR VALUE DURATION AVAILABLE	EFFECTIVE WEIGHTED DURATION
U.S. government mortgage-backed securities	$1,771,904	$–	$1,771,904	2.6
U.S. governments	2,615,536	–	2,615,536	5.7
BlackRock aggregate index pooled investment	1,294,065	–	1,294,065	4.4
U.S. corporate bonds	1,870,876	51,867	1,819,009	6.8
U.S. government agencies	297,726	5,065	292,661	3.7
Non-U.S. corporate bonds	433,394	1,827	431,567	6.7
Non-U.S. government/agency bonds	450,350	21,362	428,988	6.7
Non-agency mortgage-backed securities	165,096	5,722	159,374	3.4
U.S. municipal bonds	54,315	29,187	25,128	13.7
Real estate debt	253,262	253,262	–	–
Total non-defined contribution investment assets[1]	9,206,524	368,292	8,838,232	5.1
Defined contribution plans fixed income[2]	836,531	165,265	671,266	4.3
Total	**$10,043,055**	**$533,557**	**$9,509,498**	

[1] All of the investment assets other than those held in defined contribution plans are pooled and managed separately.

[2] Defined contribution plans fixed income is the total of fixed income assets for the Voluntary Investment Program, the Defined Contribution Retirement Plan, and the Deferred Compensation Plan.

Mortgage-Backed Securities

Colorado PERA invests in mortgage-backed securities which are reported at fair value in the Statement of Net Position under Investments at fair value, Fixed income. 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, 2011, the fair value of mortgage-backed securities was $1,934,282. This does not include the fair value of mortgage-backed securities held in commingled funds.

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 international and global equity portfolios. In addition, there is currency risk exposure in the opportunity fund asset class and in alternative and real estate investments that are non-U.S. dollar denominated. Colorado PERA has a formal policy regarding foreign currency risk. The impact of foreign currency risk is evaluated as part of the fund's periodic asset and liability study and is considered in setting the total fund asset allocation. At December 31, 2011, Colorado PERA did not have a currency hedging program at the total fund level. However, at the manager level, hedging currency risk is allowed and certain managers actively manage currency exposure. Colorado PERA monitors currency risk at the total fund level, portfolio level, and asset class level.

Notes to the Financial Statements

(In Thousands of Dollars)

Colorado PERA's exposure to foreign currency risk in U.S. dollars as of December 31, 2011, is disclosed in the table below.

Foreign Currency Risk

CURRENCY	TOTAL	GLOBAL STOCKS	ALTERNATIVE INVESTMENTS	REAL ESTATE EQUITY	INCOME RECEIVABLE	CASH AND SHORT-TERM INVESTMENTS	CORPORATE BONDS	PENDING TRADES	PENDING FOREIGN EXCHANGE TRADES
Euro	$838,569	$604,101	$223,672	$12,166	$1,470	$8,282	$–	($31)	($11,091)
British pound sterling	498,980	449,798	59,084	–	2,178	662	–	179	(12,921)
Japanese yen	406,428	429,170	–	–	1,141	647	–	(114)	(24,416)
Hong Kong dollar	236,041	235,350	–	–	–	691	–	–	–
Swiss franc	200,027	214,001	–	–	3,313	–	–	–	(17,287)
South Korean won	161,907	161,827	–	–	76	4	–	–	–
Australian dollar	88,190	128,288	–	–	–	304	–	–	(40,402)
Canadian dollar	75,662	73,433	1,339	–	278	612	–	–	–
New Taiwan dollar	72,163	71,024	–	–	–	1,139	–	–	–
Brazilian real	71,206	74,988	–	–	303	2,835	180	191	(7,291)
Swedish krona	62,349	60,537	–	–	–	1,812	–	–	–
South African rand	60,756	60,576	–	–	28	152	–	–	–
Thai baht	60,287	58,917	–	–	1,224	56	–	276	(186)
Singapore dollar	59,768	59,272	–	–	232	264	–	–	–
Indian rupee	56,004	55,948	–	–	–	43	–	13	–
Mexican peso	54,371	30,649	–	23,194	1	527	–	–	–
Indonesian rupiah	37,329	37,300	–	–	–	29	–	–	–
Norwegian krone	30,927	30,842	–	–	37	48	–	–	–
Turkish lira	22,104	21,973	–	–	–	131	–	–	–
Danish krone	15,562	15,491	–	–	41	30	–	–	–
Polish zloty	11,402	11,402	–	–	–	–	–	–	–
Chilean peso	6,559	6,547	–	–	–	12	–	–	–
Malaysian ringgit	5,989	5,910	–	–	–	79	–	–	–
Czech koruna	5,746	5,746	–	–	–	–	–	–	–
New Israeli shekel	1,212	1,188	–	–	–	24	–	–	–
Philippine peso	1,061	1,061	–	–	–	–	–	–	–
New Zealand dollar	328	162	–	–	–	166	–	–	–
Hungarian forint	4	–	–	–	–	4	–	–	–
Grand Total	**$3,140,931**	**$2,905,501**	**$284,095**	**$35,360**	**$10,322**	**$18,553**	**$180**	**$514**	**($113,594)**

Notes to the Financial Statements

(In Thousands of Dollars)

Note 6—Derivative Instruments

Colorado PERA reports all derivative instruments at fair value. These derivative instruments involve, to varying degrees, elements of market risk to the extent of future market movements in excess of amounts recognized in the Statement of Net Position. For accounting purposes, all derivative instruments are considered to be investments and not hedges.

The following table summarizes the derivative instruments outstanding as of December 31, 2011. These instruments are recorded in Cash and short-term and Investments at fair value in the Statement of Net Position and the changes in fair value are included in Investment income in the Statement of Changes in Net Position. Investments in limited partnerships and commingled funds include derivative instruments that are not reported in the following disclosure.

Fair Values and Notional Amounts of Derivative Instruments—Defined Benefit Plan

	CHANGES IN FAIR VALUE		FAIR VALUE AT DECEMBER 31, 2011		
INVESTMENT DERIVATIVES	CLASSIFICATION	AMOUNT	CLASSIFICATION	AMOUNT	NOTIONAL
Foreign Currency Forwards	Investment income	($3,169)	Cash and short-term	$1,629	$–
Rights/Warrants	Investment income	3,398	Global stocks	–	–
Futures	Investment income	(3,470)	Opportunity fund	–	1,097
Commodity Index Swaps	Investment income	(33,949)	Opportunity fund	(73)	259,640
Variance Swaps	Investment income	(3,024)	Opportunity fund	(13)	3,600
Total		**($40,214)**		**$1,543**	**$264,337**

Fair Values and Notional Amounts of Derivative Instruments—Defined Contribution Plan (Separately Managed Accounts)

	CHANGES IN FAIR VALUE		FAIR VALUE AT DECEMBER 31, 2011		
INVESTMENT DERIVATIVES	CLASSIFICATION	AMOUNT	CLASSIFICATION	AMOUNT	NOTIONAL
Foreign Currency Forwards	Investment income	($27)	Cash and short-term	$–	$–
Futures	Investment income	650	Global stocks	–	–
Total		**$623**		**$–**	**$–**

Foreign Currency Forward Contracts

A foreign 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. The settlement date for these contracts is three business days or more after the trade date. 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 related to counterparty default occurred in 2011. 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 foreign currency 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 which are determined by an external pricing service.

At December 31, 2011, Colorado PERA had outstanding foreign currency forward contracts to purchase foreign currencies with a fair value of $138,541 and outstanding contracts to sell foreign currencies with a fair value of ($136,912).

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Foreign Currency Forward Contracts Outstanding (As of December 31, 2011)

Objective	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value	Index Counterparty	Counterparty Credit Rating[1]
Hedge risk from exposure to rate fluctuations	16,158 CHF	9/28/2011	1/31/2012	Exchange Swiss francs for U.S. dollars	$798	The Northern Trust Company	AA-/Aa3/AA
Hedge risk from exposure to rate fluctuations	28,058 AUD	10/27/2011	1/31/2012	Exchange Australian dollars for U.S. dollars	699	The Northern Trust Company	AA-/Aa3/AA
Repatriate foreign currency proceeds from sales	4,512 THB	12/29/2011	1/4/2012	Exchange Thai bhat for U.S. dollars	(1)	The Northern Trust Company	AA-/Aa3/AA
Repatriate foreign currency proceeds from sales	5,617 THB	12/30/2011	1/5/2012	Exchange Thai bhat for U.S. dollars	0	The Northern Trust Company	AA-/Aa3/AA
Hedge risk from exposure to rate fluctuations	5,715 GBP	7/11/2011	1/13/2012	Exchange British pounds for U.S. dollars	203	JP Morgan Chase Bank NA	A+/Aa1/AA-
Hedge risk from exposure to rate fluctuations	2,485 GBP	9/13/2011	1/13/2012	Exchange British pounds for U.S. dollars	66	JP Morgan Chase Bank NA	A+/Aa1/AA-
Hedge risk from exposure to rate fluctuations	8,553 EUR	9/22/2011	1/13/2012	Exchange Euro for U.S. dollars	360	JP Morgan Chase Bank NA	A+/Aa1/AA-
Hedge risk from exposure to rate fluctuations	7,676 AUD	8/19/2011	2/15/2012	Exchange Australian dollars for U.S. dollars	35	JP Morgan Chase Bank NA	A+/Aa1/AA-
Hedge risk from exposure to rate fluctuations	3,827 AUD	9/22/2011	2/15/2012	Exchange Australian dollars for U.S. dollars	(198)	JP Morgan Chase Bank NA	A+/Aa1/AA-
Hedge risk from exposure to rate fluctuations	21,539 BRL	9/22/2011	3/15/2012	Exchange Brazilian real for U.S. dollars	(570)	JP Morgan Chase Bank NA	A+/Aa1/AA-
Hedge risk from exposure to rate fluctuations	11,151 USD	11/25/2011	3/15/2012	Exchange U.S. dollars for Brazilian real	224	JP Morgan Chase Bank NA	A+/Aa1/AA-
Hedge risk from exposure to rate fluctuations	14,051 BRL	12/7/2011	6/15/2012	Exchange Brazilian real for U.S. dollars	269	UBS AG	A/Aa3/A
Repatriate foreign currency proceeds from sales	115 GBP	12/28/2011	1/3/2012	Exchange British pounds for U.S. dollars	(1)	Deutsche Bank AG	A+/Aa3/A+
Repatriate foreign currency proceeds from sales	5,449 JPY	12/28/2011	1/4/2012	Exchange Japanese yen for U.S. dollars	(1)	Morgan Stanley & Co.	A-/A2/A
Repatriate foreign currency proceeds from sales	673 THB	12/29/2011	1/4/2012	Exchange Thai bhat for U.S. dollars	0	The Northern Trust Company	AA-/Aa3/AA
Facilitate trade settlement	65 USD	12/29/2011	1/4/2012	Exchange U.S. dollars for Thai bhat	0	The Northern Trust Company	AA-/Aa3/AA
Facilitate trade settlement	221 USD	12/29/2011	1/5/2012	Exchange U.S. dollars for Japanese yen	2	Morgan Stanley & Co.	A-/A2/A
Facilitate trade settlement	103 USD	12/30/2011	1/5/2012	Exchange U.S. dollars for Thai bhat	0	The Northern Trust Company	AA-/Aa3/AA
Repatriate foreign currency proceeds from sales	364 THB	12/30/2011	1/5/2012	Exchange Thai bhat for for U.S. dollars	0	The Northern Trust Company	AA-/Aa3/AA
Repatriate foreign currency proceeds from sales	3,009 JPY	12/30/2011	1/6/2012	Exchange Japanese yen for U.S. dollars	0	Morgan Stanley & Co.	A-/A2/A
Hedge risk from exposure to rate fluctuations	1,884,540 JPY	12/16/2011	3/22/2012	Exchange Japanese yen for U.S. dollars	(256)	The Bank of New York Mellon Corp	A+/Aa3/AA-
Total					**$1,629**		

[1] Ratings are listed in order of S&P, Moody's, and Fitch. If the counterparty legal entity does not have a public rating, the parent company rating is disclosed.

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. Colorado PERA's commodity index swaps primarily include the receipt of the total return from the Dow Jones-UBS Commodities Index in exchange 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

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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. Commodity swaps carry interest rate risk resulting from fluctuations in the underlying interest rates which may affect the fair value of the contracts. 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 and requirements to post collateral 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, 2011, the fair value of the swap contracts was ($86) and there was $5,600 of collateral posted with the counterparties. Fair value is determined by an external pricing source when available. In the absence of an external pricing source, fair value is determined using a proprietary analytics model.

Swap Contracts Outstanding
(As of December 31, 2011)

CONTRACTS	MATURITY DATE	NOTIONAL AMOUNT	FAIR VALUE	INDEX COUNTERPARTY	COUNTERPARTY CREDIT RATING[1]
Commodity Index Swap	12/31/2019	$60	($56)	Deutsche Bank AG	A+/Aa3/A+
Commodity Index Swap	1/27/2012	33,290	10	JP Morgan Chase Bank NA	A+/Aa1/AA-
Commodity Index Swap	1/27/2012	6,790	6	Goldman Sachs Bank USA	Not rated/Aa3/A
Commodity Index Swap	1/27/2012	12,920	(1)	Credit Suisse International	A+/Aa1/A
Commodity Index Swap	1/27/2012	25,450	(19)	Goldman Sachs Bank USA	Not rated/Aa3/A
Commodity Index Swap	1/27/2012	53,180	(6)	Citibank NA	A/A1/Not rated
Commodity Index Swap	1/27/2012	46,810	(5)	Barclays Bank PLC	A+/Aa3/A
Commodity Index Swap	1/27/2012	29,970	(3)	Goldman Sachs Bank USA	Not rated/Aa3/A
Commodity Index Swap	1/27/2012	51,170	1	JP Morgan Chase Bank NA	A+/Aa1/AA-
Variance Swap	3/6/2012	490	6	Goldman Sachs International	A/A1/Not rated
Variance Swap	1/17/2012	360	41	Deutsche Bank AG	A+/Aa3/A+
Variance Swap	1/26/2012	190	(1)	JP Morgan Chase Bank NA	A+/Aa1/AA-
Variance Swap	1/26/2012	300	1	JP Morgan Chase Bank NA	A+/Aa1/AA-
Variance Swap	3/5/2012	460	5	Goldman Sachs International	A/A1/Not rated
Variance Swap	1/13/2012	1,080	(39)	JP Morgan Chase Bank NA	A+/Aa1/AA-
Variance Swap	1/18/2012	360	(13)	Deutsche Bank AG	A+/Aa3/A+
Variance Swap	1/18/2012	360	(13)	Société Générale Paris	A+/A1/A+
Total		**$263,240**	**($86)**		

[1] Ratings are listed in order of S&P, Moody's, and Fitch. If the counterparty legal entity does not have a public rating, the parent company rating is disclosed.

Note 7—Commitments and Contingencies

As of December 31, 2011, Colorado PERA had commitments for the future purchase of investments in alternative investments of $1,480,969, and real estate of $627,183.

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 former Governor 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 Hickenlooper, Carole Wright, and Maryann Motza. The individuals are named exclusively in their official capacity. On June 29, 2011, the Denver District Court ruled in favor of Colorado PERA and the State of Colorado and determined that the Plaintiffs do not have a contractual right to a specific annual increase formula for life without change. On July 25, 2011, the Plaintiffs appealed the District Court's decision and this matter is proceeding on appeal with the Colorado Court of Appeals.

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. The assessment of management and counsel is that the likelihood of success on the merits of this appeal is unlikely.

Lawsuit Regarding Short-Term Disability Program

On March 7, 2011, a civil action was commenced in Denver District Court, *Tracey Lawless v. Standard Insurance Company et al.,* Case No. 2010CV9848, wherein the Plaintiff, who claims to be acting on behalf of a class of individuals alleges that Colorado PERA has adopted the wrong disability standard under the short-term disability program. The primary claim is that PERA Rule 7.45E, which sets forth the medical standard for short-term disability, conflicts with the medical standard set forth in the Colorado PERA Statutes. The named defendants in the action are: The Standard Insurance Company, Colorado PERA, Colorado PERA's Board of Trustees, Carole Wright, Maryann Motza, and Rick Larson. The individuals were named in their official capacity only. On January 4, 2012, the Denver District Court ruled in favor of Colorado PERA and determined that Rule 7.45E is not in conflict with the medical standard set forth in the Colorado PERA statutes. On March 22, 2012, the Plaintiff filed her Notice of Appeal, and this matter will proceed on appeal to the Colorado Court of Appeals. The assessment of management and counsel is that the likelihood of success on the merits is remote. Colorado PERA is unable to estimate the possible loss or range of loss at this stage in this matter, should the Plaintiff succeed on appeal. Colorado PERA Rule 7.45E has been in effect in the same form since January 1, 1999, the effective date of Colorado PERA's current disability program. This rule has been uniformly applied since that time and thousands of disability applications have been processed in accordance with the disability standards provided in Rule 7.45E. If the Plaintiffs were successful, there would be an unanticipated liability to Colorado PERA related to additional benefits that would be paid beyond what has been paid to date.

Other Pending or Threatened Litigation

Colorado PERA is involved in various lawsuits or threatened legal proceedings arising in the normal course of business. In the opinion of management, the ultimate resolution of these matters will not have a material effect on the financial condition of Colorado PERA.

Note 8—Voluntary Investment Program, Defined Contribution Retirement Plan, and Deferred Compensation Plan

Colorado PERA administers the Voluntary Investment Program, the Defined Contribution Retirement Plan and the Deferred Compensation Plan (collectively, Plans). The Voluntary Investment Program (PERAPlus 401(k) Plan) and Defined Contribution Retirement Plan (DC Plan) are both defined contribution plans. The Deferred Compensation Retirement Plan (PERAPlus 457 Plan) is a deferred compensation plan. The Board has the authority to establish and amend the Plans pursuant to C.R.S. § 24-51-1401, C.R.S. § 24-51-1501, and C.R.S. § 24-51-1601, respectively. The complete provisions of the PERAPlus 401(k) Plan and the DC Plan are incorporated into *Colorado PERA's 401(k) and Defined Contribution Plan and Trust Document.* The complete provisions of the PERAPlus 457 Plan are incorporated into *The PERA Deferred Compensation Plan Document.*

Effective October 1, 2011, ING became the recordkeeper and Northern Trust became the custodian for the PERAPlus 457 Plan. Prior to October 1, 2011, Great-West Retirement Services® administered the recordkeeping for all 457 Plan participant transactions and the custody of assets. ING remained the recordkeeper and Northern Trust remained the custodian for the PERAPlus 401(k) Plan and DC Plan. In addition, effective October 1, 2011, all Plans had their assets transferred into the new PERAdvantage investment funds, replacing all of the prior investment funds.

PERAPlus 401(k) Plan

The PERAPlus 401(k) Plan 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 employees working for a Colorado PERA-affiliated employer may contribute to the PERAPlus 401(k) Plan. In 2011, 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 2011 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 2011.

In-service withdrawals are allowed by PERAPlus 401(k) 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, 2011, of $62,198 are recorded as a benefit receivable on the Statement of Net Position. As of December 31, 2011, there were 71,620 participants with balances and 28,859 participants contributing within the last three months of the year, including 1,359 retirees. There were 11,329 terminated participants and 13,380 non-contributing retirees with balances. During 2011, the PERAPlus 401(k) Plan had a total of 4,151 terminated participants take full distributions.

PERAPlus 457 Plan

On July 1, 2009, Colorado PERA assumed the administrative and fiduciary responsibilities for the State of Colorado Deferred Compensation Plan previously administered under C.R.S Part 1 of Article 52 of Title 24, as said part existed prior to its repeal in 2009.

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

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were affiliated with the State 457 Plan prior to July 1, 2009, including those that are not Colorado PERA-affiliated employers, remained affiliated with the PERAPlus 457 Plan and their employees remained eligible to contribute. In 2011, participants could defer the lesser of $16,500 (actual dollars) or 100 percent of compensation less Colorado PERA and employer contributions. 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 Plan catch-up, were allowed in 2011 subject to the limitations of IRC § 414(v) and § 457(b).

In-service withdrawals are allowed by participants while employed with a PERAPlus 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, 2011, of $8,052 are recorded as a benefit receivable on the Statement of Net Position. As of December 31, 2011, there were 17,821 participants with balances, including 10,004 actively contributing and 4,750 terminated participants. During the year, the PERAPlus 457 Plan had a total of 1,091 terminated participants take full distributions.

DC Plan

The DC 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. The eligible employees have the option to choose Colorado PERA's defined benefit plan or the DC Plan.

During the second to fifth year of participation in the DC Plan, eligible participants may elect to terminate membership in the DC 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 Plan. Either election is irrevocable.

SB 10-146 required participants in the DC Plan to contribute 10.50 percent and employers are required to contribute 7.65 percent of includable salary for the period of July 1, 2010, through June 30, 2011. (For State Troopers, the rates are 12.50 percent and 10.35 percent, respectively.) SB 11-076 extended the requirements of SB 10-146 through June 30, 2012. Employers also contribute the 2.60 percent AED and 2.00 percent SAED (see Note 4) to the Division Trust Fund where the employer is affiliated. DC 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. Contribution requirements are established under C.R.S. § 24-51-1505.

In-service withdrawals are prohibited from the DC 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, 2011, the DC Plan had 4,029 participants with balances and 2,080 participants actively contributing within the last three months of the year. Of those actively contributing, 13 were retirees. There were 1,594 terminated participants with balances, including 18 non-contributing retirees. During the year, 402 participants took full distributions of their accounts.

All Plans

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

- The Board has authorized an Investment Advisory Committee (IAC), comprised of Colorado PERA staff, to review, monitor, and recommend to the Board, after concurrence of the Chief Investment Officer and the Chief Operating Officer, the investments available to the Plans. Participants have the choice of contributing to 18 different investment funds. Participants may also make transfers among the investment funds at any time. The investment funds are PERAdvantage Capital Preservation Fund, PERAdvantage Fixed Income Fund, PERAdvantage Real Return Fund, PERAdvantage U.S. Large Cap Stock Fund, PERAdvantage International Stock Fund, PERAdvantage U.S. Small and Mid Cap Stock Fund, PERAdvantage SRI Fund, PERAdvantage Income Fund, PERAdvantage 2015 Fund, PERAdvantage 2020 Fund, PERAdvantage 2025 Fund, PERAdvantage 2030 Fund, PERAdvantage 2035 Fund, PERAdvantage 2040 Fund, PERAdvantage 2045 Fund, PERAdvantage 2050 Fund, PERAdvantage 2055 Fund, and TD Ameritrade Self-Directed Brokerage Account.
- The participant's entire account balance becomes available for distribution upon termination from all Colorado PERA-affiliated and/or 457-affiliated employers. All distribution requirements are made in accordance with the Plan Documents and Internal Revenue Code requirements.
- The recordkeeping for all participant transactions is administered by ING. The custodian is Northern Trust for all PERAdvantage investments except for the Great-West Stable Value Fund, an investment within the PERAdvantage Capital Preservation Fund, and the TD Ameritrade Self-Directed Brokerage Account. Northern Trust, as 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 name. Prior to October 1, 2011, the recordkeeping for all 457 Plan participant transactions and the custody of assets were 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, carried 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 457 Plan name.
- Brokerage services for the Self-Directed Brokerage Account are provided by TD Ameritrade, Inc. The TD Ameritrade Self-Directed Brokerage Account, which consists of common stock, corporate bonds, and mutual funds, is presented at fair value.

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- 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. As of December 31, 2011, the Stable Value Fund is reported at contract value of $398,687. Market value as of December 31, 2011, is $400,345.
- Cash balances represent both operating cash accounts and investment cash on deposit held by the custodians.
- Plan administration expenses are paid through a monthly administrative fee charged to participant accounts and an asset-based fee paid directly from each PERAdvantage fund. In addition, each investment charges an investment management fee paid directly from investment earnings.

Note 9—Health Care Trust Funds—Colorado PERA's Cost-Sharing Multiple-Employer Defined Benefit Healthcare Plans

Plan Description and Benefit Provisions

Colorado PERA offers two cost-sharing multiple-employer defined benefit other postemployment benefit health care plans to retirees and benefit recipients. The Health Care Trust Fund (HCTF) and the Denver Public Schools Health Care Trust Fund (DPS HCTF) offer common benefits under C.R.S. § 24-51-1201 (1) and (2), respectively. The HCTF and the DPS HCTF provide a health care premium subsidy to participating Colorado PERA benefit recipients who choose to enroll in one of the Colorado PERA health care plans. The HCTF and DPS HCTF provide a health care premium subsidy based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire and have service credit with employers in the DPS Division and one or more of the other four Divisions, the premium subsidy is allocated between the two funds. The amount of the premium subsidy funded by each fund is based on the percentage of the member contribution balance from each Division as it relates to the total member contribution account balance from which the benefit is paid.

C.R.S. § 24-51-1202 *et seq.* specifies the eligibility for enrollment in the health care plans offered by Colorado PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefit recipient's benefits are calculated. The maximum subsidy amount per month, $115 (actual dollars) or $230 (actual dollars), is 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 is responsible for paying the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

All benefit recipients who retire under the PERA and DPS benefit structures are eligible for a 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 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. For the benefit recipients who retire under the DPS benefit structure, only the retiree is eligible for a subsidy and upon the death of the retiree, no further subsidy is paid.

For retirees under the Colorado PERA benefit structure, an additional subsidy exists for benefit recipients 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 Colorado PERA cannot charge premiums to benefit recipients without Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual benefit recipient, 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 and the DPS HCTF on behalf of benefit recipients under the Colorado PERA benefit structure who are not covered by Medicare Part A.

For retirees under the DPS benefit structure who are not eligible for Medicare Part A, the HCTF and the DPS HCTF pay a maximum monthly subsidy of $230 (actual dollars) per month per retiree. Retirees who do not have Medicare Part A pay the difference between the total premium for Medicare coverage described in the above paragraph and the maximum $230 (actual dollars) subsidy.

As of December 31, 2011, there were a total of 199,741 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. This total represents 13,571 active members in the DPS Division, and 186,170 active members in the other four divisions. There were 18,003 inactive members who had accumulated a potential subsidy benefit, but were not yet receiving benefits. This total includes 553 in the DPS Division and 17,450 in the other four divisions.

Below is a table of participation in the health care plans for retirees and survivors currently receiving benefits.

	HEALTH CARE TRUST FUND	DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND	TOTAL
Enrolled in PERACare			
Under age 65	16,512	849	17,361
Age 65 and older	33,705	3,109	36,814
	50,217	3,958	54,175
Not enrolled in PERACare			
Under age 65	16,736	620	17,356
Age 65 and older	23,789	1,733	25,522
	40,525	2,353	42,878
Total retirees and survivors currently receiving benefits	**90,742**	**6,311**	**97,053**

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Colorado PERA offers two general types of health plans—fully insured plans that are 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. Colorado PERA also offers fully insured dental and vision 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 funds receive the Medicare RDS payment for the self-insured plans administered by Anthem Blue Cross and Blue Shield (Anthem) and the insured plan offered by Rocky Mountain Health Plans. The funds use the anticipated RDS payments to reduce the required premiums collected from the enrollees. Each fund pays for the full premiums or claims during the year and recoups the additional cost when the fund receives the RDS payment from the federal government. For the year ended December 31, 2011, the HCTF and the DPS HCTF received $14,151 and $499 in Medicare RDS income, respectively.

The Patient Protection and Affordable Care Act (PPACA) of 2010 established the Early Retiree Reinsurance Program (ERRP) for plans offering health care coverage to early retirees (those aged 55 through 64). This program provides sponsors of postemployment health care plans for early retirees the opportunity to receive a payment for amounts paid to treat certain chronic and high-cost conditions. The payment is equal to 80 percent of the paid claims between $15,000 and $90,000 (actual dollars) per eligible covered individual per year. The funds receive the ERRP payment for the self-insured pre-Medicare plans administered by Anthem and the insured pre-Medicare plans offered by Kaiser Permanente. The funds must use all ERRP payments (1) to offset increases in health benefit premiums and health benefit costs, or (2) to offset increases in the participants' premium contributions, copayments, deductible, coinsurance, or other out-of-pocket costs, or (3) a combination thereof. ERRP payments remain in the funds and share in fund earnings and losses until they are used. The funds expect to use the ERRP payments no later than December 31, 2014, in compliance with regulatory guidance. For the year ended December 31, 2011, the HCTF and the DPS HCTF did not earn ERRP income.

In addition, fully insured pre-Medicare health plans offered through Anthem and Kaiser Permanente are available to any Colorado PERA-affiliated employer who voluntarily elects to provide health care coverage through the health care plan 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 the rates for each employer group. There is no transfer of risk to the funds, 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 the funds provide no subsidy. Colorado PERA collects the premiums, deposits them into the funds, and then pays these premiums to the insurance companies who provide the coverage. As of December 31, 2011, there were 18 employers in the program with 359 active members enrolled. As of December 31, 2011, none of the employers in the program are in the DPS Division.

Dental and vision plans are also available to benefit recipients and eligible employees of employers who have elected to provide health care coverage through Colorado PERA. These plans are all fully insured and the funds provide no subsidy; the risk is borne by the insurance companies contracted to provide the coverage. The participants and/or employers pay the full premiums for the coverage. Colorado PERA collects the premiums, deposits them into the funds, and then pays these premiums to the insurance companies who provide the coverage. As of December 31, 2011, there were 42,544 participants enrolled in the dental plans and 33,128 participants enrolled in the vision plans in both the HCTF and the DPS HCTF.

The Board has the authority to contract, self-insure, and to authorize disbursements necessary in order 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:

- Benefit recipients and their dependents.
- Guardians of children receiving Colorado PERA survivor benefits if the children are enrolled in the health care 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.

Only those enrollees who are PERA benefit structure benefit recipients or DPS benefit structure retirees receive a subsidy from the HCTFs.

Summary of HCTF Specific Significant Accounting Policies

Following the applicable recognition requirements of GASB Statement 33, the funds recognize an asset and contribution for the RDS payment. The funds apply the measurement requirements of GASB Statement 43 to determine the actuarial accrued liabilities, the ARC of the employer, and the annual OPEB cost without reduction for RDS payments.

Notes to the Financial Statements

(In Thousands of Dollars)

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 funds is the self-insured plan 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 funds.

The second health plan that involves risk to the funds is Rocky Mountain Health Plans' (RMHP) Medicare plan where the funds directly receive 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 funds 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 funds pay RMHP the full premium payment, which includes the amounts collected from enrollees, the funds' subsidies, 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 funds.

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 10—Funded Status and Actuarial Information

Funded Status and Funding Progress

The funded status of each plan as of December 31, 2011, the most recent actuarial valuation date, is as follows:

	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	DENVER PUBLIC SCHOOLS DIVISION
Actuarial value of assets (a)	$12,010,045	$19,266,110	$2,882,691	$221,515	$2,804,706
Actuarial accrued liability (b)	20,826,543	31,986,199	4,160,015	319,437	3,442,527
Total unfunded actuarial accrued liability (UAAL) (b-a)	8,816,498	12,720,089	1,277,324	97,922	637,821
Funded ratio (a/b)	57.7%	60.2%	69.3%	69.3%	81.5%
Covered payroll	2,393,791	3,821,603	718,169	39,033	491,646
UAAL as a percentage of covered payroll	368.3%	332.8%	177.9%	250.9%	129.7%

	HEALTH CARE TRUST FUND	DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND
Actuarial value of assets (a)	$282,228	$14,448
Actuarial accrued liability (b)	1,710,790	77,475
Total unfunded actuarial accrued liability (UAAL) (b-a)	1,428,562	63,027
Funded ratio (a/b)	16.5%	18.6%
Covered payroll	6,972,596	491,646
UAAL as a percentage of covered payroll	20.5%	12.8%

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. 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, the actuarial methods and assumptions used include techniques designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial accrued liability is based on a variety of assumptions, with the most significant assumption being the assumed rate of return on investments over a 30-year period and related discount rate. As of December 31, 2011, Colorado PERA has estimated the rate of return on investments will be 8 percent over a 30-year period. Any significant deviation in the actual investment rate of return over the 30-year period would have a material impact on the reported actuarial accrued liability as of December 31, 2011. A summary of the impact of different assumed

Notes to the Financial Statements

(In Thousands of Dollars)

investment rates of return is presented in Note 11. Further, the actuarial accrued liability assumes the required contributions by employers and members in the future will be made on a timely basis. Any significant reduction in the required funding on a prospective basis would have a material impact on the reported actuarial accrued liability as of December 31, 2011.

	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	DENVER PUBLIC SCHOOLS DIVISION
Valuation date	12/31/2011	12/31/2011	12/31/2011	12/31/2011	12/31/2011
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 and discount rate[1]	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%–10.70%
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	2.00% compounded annually
Members hired between 1/1/07 and 1/1/10	None[2]	None[2]	None[2]	None[2]	2.00% compounded annually
Members hired on or after 1/1/10	None[2]	None[2]	None[2]	None[2]	None[2]

[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 (AIR), subject to monies being available.

Beginning in 2007, the AIR was created within each Division Trust Fund for the purpose of funding future benefit increases for members in the PERA benefit structure hired on or after January 1, 2007. Funding for this reserve comes from the employer contributions and is calculated at 1.0 percent of the salary reported for members in the PERA benefit structure hired on or after January 1, 2007. Post-retirement benefit increases for these members are limited to a maximum of 2.0 percent compounded annually subject to the availability of assets in the AIR for each division. As of December 31, 2011, the value of the AIR was $20,891 in the State Division, $26,727 in the School Division, $7,757 in the Local Government Division, $226 in the Judicial Division, and $1,975 in the DPS 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.

	HEALTH CARE TRUST FUND	DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND
Valuation date	12/31/2011	12/31/2011
Actuarial cost method	Entry age, Level Dollar	Entry age, Level Dollar
Amortization method	Level percent Open	Level percent Open
Remaining amortization period used in ARC calculation	30 years	30 years
Asset valuation method	4-year smoothed market	4-year smoothed market
Actuarial assumptions:		
Investment rate of return and discount rate[1]	8.00%	8.00%
Projected salary increases[1]	4.50% in aggregate	4.50% in aggregate
Health Care Inflation Factor		
Service-Based Premium Subsidy	0.00%	0.00%
Medicare Part A Premiums	2.50% Initial 3.50% Ultimate	N/A
Carrier Premiums	5.68%—7.73% Initial 5.00% Ultimate	N/A
Retiree Drug Subsidy Payments	4.50% Initial 5.00% Ultimate	4.50% Initial 5.00% Ultimate

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

Notes to the Financial Statements

(In Thousands of Dollars)

Note 11—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. 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.

Management and the Board continually monitor the investment rate of return assumption and the Board formally reviews the assumption on an annual basis and makes changes in this assumption as appropriate. The Board last changed the assumption in September 2009, reducing the assumption from 8.5 percent to 8.0 percent. In November 2011, the Board moved to retain the 8.0 percent investment assumption rate.

To illustrate the importance of the investment rate of return, which is used to discount the actuarial liabilities of Colorado PERA, the funded ratio, UAAL, and ARC (for contributions for fiscal year ended December 31, 2012) 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).

FUNDED RATIO	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
State Division Trust Fund	48.3%	54.5%	**57.7%**	60.9%	67.7%
School Division Trust Fund	50.2%	56.8%	**60.2%**	63.8%	71.0%
Local Government Division Trust Fund	57.1%	65.1%	**69.3%**	73.6%	82.5%
Judicial Division Trust Fund	58.8%	65.7%	**69.3%**	73.0%	80.7%
Denver Public Schools Division Trust Fund	68.6%	77.1%	**81.5%**	86.0%	95.1%
Health Care Trust Fund	14.2%	15.7%	**16.5%**	17.3%	18.9%
Denver Public Schools Health Care Trust Fund	16.4%	17.9%	**18.6%**	19.4%	21.0%
UNFUNDED ACTUARIAL ACCRUED LIABILITY					
State Division Trust Fund	$12,703,674	$9,999,700	**$8,816,498**	$7,729,767	$5,806,355
School Division Trust Fund	18,908,890	14,600,224	**12,720,089**	10,996,138	7,953,285
Local Government Division Trust Fund	2,144,803	1,539,840	**1,277,324**	1,037,494	616,175
Judicial Division Trust Fund	153,179	114,965	**97,922**	82,089	53,625
Denver Public Schools Division Trust Fund	1,266,254	828,836	**637,821**	459,995	145,846
Health Care Trust Fund	1,706,308	1,513,282	**1,428,562**	1,350,607	1,212,293
Denver Public Schools Health Care Trust Fund	73,843	66,351	**63,027**	59,947	54,427
ANNUAL REQUIRED CONTRIBUTION					
State Division Trust Fund	27.65%	22.42%	**20.01%**	17.70%	13.31%
School Division Trust Fund	28.56%	22.53%	**19.79%**	17.19%	12.29%
Local Government Division Trust Fund	18.09%	12.96%	**10.62%**	8.38%	4.18%
Judicial Division Trust Fund	31.15%	24.58%	**21.53%**	18.58%	12.97%
Denver Public Schools Division Trust Fund	20.41%	14.27%	**11.53%**	8.75%	3.63%
Health Care Trust Fund	1.31%	1.26%	**1.24%**	1.21%	1.18%
Denver Public Schools Health Care Trust Fund	0.92%	0.88%	**0.86%**	0.85%	0.82%

Required Supplementary Information (Unaudited)—Schedule of Funding Progress

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

STATE DIVISION[1]	2011	2010	2009	2008	2007	2006
Actuarial valuation date	**12/31/2011**	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Actuarial value of assets (a)	**$12,010,045**	$12,791,946	$13,382,736	$13,914,371	$14,220,681	$13,327,290
Actuarial accrued liability (b)	**20,826,543**	20,356,176	19,977,217	20,498,668	19,390,296	18,246,010
Total unfunded actuarial accrued liability (UAAL) (b-a)	**8,816,498**	7,564,230	6,594,481	6,584,297	5,169,615	4,918,720
Funded ratio (a/b)	**57.7%**	62.8%	67.0%	67.9%	73.3%	73.0%
Covered payroll	**2,393,791**	2,392,080	2,384,137	2,371,639	2,236,518	2,099,325
UAAL as a percentage of covered payroll	**368.3%**	316.2%	276.6%	277.6%	231.1%	234.3%

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

SCHOOL DIVISION[1]	2011	2010	2009	2008	2007	2006
Actuarial valuation date	**12/31/2011**	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Actuarial value of assets (a)	**$19,266,110**	$20,321,736	$21,054,910	$21,733,329	$22,070,769	$20,535,733
Actuarial accrued liability (b)	**31,986,199**	31,339,754	30,412,815	31,000,202	29,241,428	27,708,682
Total unfunded actuarial accrued liability (UAAL) (b-a)	**12,720,089**	11,018,018	9,357,905	9,266,873	7,170,659	7,172,949
Funded ratio (a/b)	**60.2%**	64.8%	69.2%	70.1%	75.5%	74.1%
Covered payroll	**3,821,603**	3,900,662	3,922,175	3,804,927	3,618,258	3,371,186
UAAL as a percentage of covered payroll	**332.8%**	282.5%	238.6%	243.5%	198.2%	212.8%

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

LOCAL GOVERNMENT DIVISION[1]	2011	2010	2009	2008	2007	2006
Actuarial valuation date	**12/31/2011**	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Actuarial value of assets (a)	**$2,882,691**	$2,926,045	$2,932,628	$2,933,296	$2,892,847	$2,613,386
Actuarial accrued liability (b)	**4,160,015**	4,005,566	3,850,821	3,838,083	3,563,199	3,288,421
Total unfunded actuarial accrued liability (UAAL) (b-a)	**1,277,324**	1,079,521	918,193	904,787	670,352	675,035
Funded ratio (a/b)	**69.3%**	73.0%	76.2%	76.4%	81.2%	79.5%
Covered payroll	**718,169**	705,265	705,097	718,902	680,442	636,300
UAAL as a percentage of covered payroll	**177.9%**	153.1%	130.2%	125.9%	98.5%	106.1%

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

JUDICIAL DIVISION	2011	2010	2009	2008	2007	2006
Actuarial valuation date	**12/31/2011**	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Actuarial value of assets (a)	**$221,515**	$227,814	$228,714	$230,967	$231,228	$210,633
Actuarial accrued liability (b)	**319,437**	303,839	295,696	288,058	264,210	247,491
Total unfunded actuarial accrued liability (UAAL) (b-a)	**97,922**	76,025	66,982	57,091	32,982	36,858
Funded ratio (a/b)	**69.3%**	75.0%	77.3%	80.2%	87.5%	85.1%
Covered payroll	**39,033**	37,412	37,583	35,937	31,150	29,151
UAAL as a percentage of covered payroll	**250.9%**	203.2%	178.2%	158.9%	105.9%	126.4%

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

Required Supplementary Information (Unaudited)—Schedule of Funding Progress

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

DENVER PUBLIC SCHOOLS DIVISION[1]	2011	2010
Actuarial valuation date	**12/31/2011**	12/31/2010
Actuarial value of assets (a)	**$2,804,706**	$2,961,720
Actuarial accrued liability (b)	**3,442,527**	3,332,814
Total unfunded actuarial accrued liability (UAAL) (b-a)	**637,821**	371,094
Funded ratio (a/b)	**81.5%**	88.9%
Covered payroll	**491,646**	470,774
UAAL as a percentage of covered payroll	**129.7%**	78.8%

[1] The DPS Division Trust Fund was established on January 1, 2010, and received the net assets of DPSRS.

HEALTH CARE TRUST FUND	2011	2010	2009	2008	2007	2006
Actuarial valuation date	**12/31/2011**	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Actuarial value of assets (a)	**$282,228**	$288,193	$260,341	$255,976	$258,775	$214,816
Actuarial accrued liability (b)	**1,710,790**	1,642,993	1,763,241	1,368,633	1,303,594	1,247,950
Total unfunded actuarial accrued liability (UAAL) (b-a)	**1,428,562**	1,354,800	1,502,900	1,112,657	1,044,819	1,033,134
Funded ratio (a/b)	**16.5%**	17.5%	14.8%	18.7%	19.9%	17.2%
Covered payroll	**6,972,596**	7,035,419	7,048,992	6,931,405	6,566,368	6,135,962
UAAL as a percentage of covered payroll	**20.5%**	19.3%	21.3%	16.1%	15.9%	16.8%

DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND[1]	2011	2010
Actuarial valuation date	**12/31/2011**	12/31/2010
Actuarial value of assets (a)	**$14,448**	$14,086
Actuarial accrued liability (b)	**77,475**	78,513
Total unfunded actuarial accrued liability (UAAL) (b-a)	**63,027**	64,427
Funded ratio (a/b)	**18.6%**	17.9%
Covered payroll	**491,646**	470,774
UAAL as a percentage of covered payroll	**12.8%**	13.7%

[1] The DPS HCTF was established on January 1, 2010, and received the balance of the Denver Public Schools Retiree Health Benefit Trust.

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

Required Supplementary Information (Unaudited)—Schedule of Employer Contributions

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

STATE DIVISION[1]	2011	2010	2009[3]	2008[3]	2007[3]	2006[3]
Dollar amount of annual required contribution (ARC)	**$326,274**	$452,821	$426,999	$437,537	$385,352	$405,800
ARC[2]	**13.63%**[4]	18.93%[4]	17.91%	18.45%	17.23%	19.33%
% ARC contributed	**85%**[5]	62%	69%	61%	60%	51%

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

[2] As a percent of covered payroll. ARC based on the annual actuarial valuation two years prior to the current year.

[3] Information restated in 2010 to reflect a 12-month delay from the actuarial valuation date to the beginning of the calendar year in which each annual required contribution rate became effective.

[4] The State Division ARC for 2011 and 2010 reflects the contribution rate swap of 2.50 percent of payroll for the period July 1, 2010, through December 31, 2011, decreasing the employer contribution rate by that amount and increasing the employee rate by a like amount.

[5] Increase in percentage contributed from 2010 is primarily a result of the changes contained in SB 10-001.

SCHOOL DIVISION[1]	2011	2010	2009[3]	2008[3]	2007[3]	2006[3]
Dollar amount of annual required contribution (ARC)	**$601,138**	$731,374	$649,512	$653,686	$581,092	$651,650
ARC[2]	**15.73%**	18.75%	16.56%	17.18%	16.06%	19.33%
% ARC contributed	**89%**[4]	70%	73%	65%	64%	52%

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

[2] As a percent of covered payroll. ARC based on the annual actuarial valuation two years prior to the current year.

[3] Information restated in 2010 to reflect a 12-month delay from the actuarial valuation date to the beginning of the calendar year in which each annual required contribution rate became effective.

[4] Increase in percentage contributed from 2010 is primarily a result of the changes contained in SB 10-001.

LOCAL GOVERNMENT DIVISION[1]	2011	2010	2009[3]	2008[3]	2007[3]	2006[3]
Dollar amount of annual required contribution (ARC)	**$64,492**	$86,818	$78,548	$85,909	$76,278	$89,782
ARC[2]	**8.98%**	12.31%	11.14%	11.95%	11.21%	14.11%
% ARC contributed	**139%**[4]	101%	106%	91%	89%	68%

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

[2] As a percent of covered payroll. ARC based on the annual actuarial valuation two years prior to the current year.

[3] Information restated in 2010 to reflect a 12-month delay from the actuarial valuation date to the beginning of the calendar year in which each annual required contribution rate became effective.

[4] Increase in percentage contributed from 2010 is primarily a result of the changes contained in SB 10-001.

JUDICIAL DIVISION	2011	2010	2009[3]	2008[3]	2007[3]	2006[3]
Dollar amount of annual required contribution (ARC)	**$6,362**	$6,970	$6,419	$6,346	$4,775	$5,017
ARC[1]	**16.30%**[2]	18.63%[2]	17.08%	17.66%	15.33%	17.21%
% ARC contributed	**84%**[4]	80%	90%	80%	88%	75%

[1] As a percent of covered payroll. ARC based on the annual actuarial valuation two years prior to the current year.

[2] The Judicial Division ARC for 2011 and 2010 reflects the contribution rate swap of 2.50 percent of payroll for the period July 1, 2010, through December 31, 2011, decreasing the employer contribution rate and increasing the employee rate by a like amount.

[3] Information restated in 2010 to reflect a 12-month delay from the actuarial valuation date to the beginning of the calendar year in which each annual required contribution rate became effective.

[4] Increase in percentage contributed from 2010 is primarily a result of the changes contained in SB 10-001.

DENVER PUBLIC SCHOOLS DIVISION[1]	2011	2010
Dollar amount of annual required contribution (ARC)	**$58,620**	$68,780
ARC[2]	**11.85%**	14.61%
% ARC contributed	**20%**[3]	8%

[1] The DPS Division Trust Fund was established on January 1, 2010, and received the net assets of DPSRS.

[2] As a percent of covered payroll. ARC based on the annual actuarial valuation two years prior to the current year.

[3] Increase in percentage contributed from 2010 is primarily a result of the changes contained in SB 10-001.

Required Supplementary Information (Unaudited)— Schedule of Contributions from Employers and Other Contributing Entities

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

HEALTH CARE TRUST FUND	2011	2010	2009[2]	2008[2]	2007[2]	2006[2]
Dollar amount of annual required contribution (ARC)	**$89,249**	$78,797	$78,949	$76,939	$78,140	$73,018
ARC[1]	**1.28%**	1.12%	1.12%	1.11%	1.19%	1.19%
% ARC contributed by Employer	**82%**	94%	94%	94%	88%	88%
% ARC contributed by Medicare	**16%**	18%	17%	18%	16%	17%

[1] As a percent of covered payroll. ARC based on the annual actuarial valuation two years prior to the current year.

[2] Information restated in 2010 to reflect a 12-month delay from the actuarial valuation date to the beginning of the calendar year in which each annual required contribution rate became effective.

DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND[1]	2011	2010
Dollar amount of annual required contribution (ARC)	**$4,523**	$4,465
ARC[2]	**0.92%**	0.92%
% ARC contributed by Employer	**111%**	107%
% ARC contributed by Medicare	**11%**	12%

[1] The DPS HCTF was established on January 1, 2010, and received the balance of the Denver Public Schools Retiree Health Benefit Trust.

[2] As a percent of covered payroll. ARC based on the annual actuarial valuation two years prior to the current year.

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

Notes to the Required Supplementary Information (Unaudited)

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, Denver Public Schools Division Trust, Health Care Trust Fund, and the Denver Public Schools Health Care Trust Fund is presented as required supplementary information. This information is intended to help users assess the funded 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	DENVER PUBLIC SCHOOLS DIVISION TRUST FUND
Valuation date	12/31/2011	12/31/2011	12/31/2011	12/31/2011	12/31/2010
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	56 years[1]	59 years[1]	22 years[1]	Infinite[1]	Infinite[1]
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[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%–10.70%
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	2.00% compounded annually
Members hired between 1/1/07 and 1/1/10	None[3]	None[3]	None[3]	None[3]	2.00% compounded annually
Members hired on or after 1/1/10	None[3]	None[3]	None[3]	None[3]	None[3]

[1] See Management's Discussion and Analysis on actuarial statistics on pages 34–35.

[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 (AIR), subject to monies being available.

	HEALTH CARE TRUST FUND	DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND
Valuation date	12/31/2011	12/31/2011
Actuarial cost method	Entry age, Level Dollar	Entry age, Level Dollar
Amortization method	Level percent Open	Level percent Open
Remaining amortization period used in ARC calculation/with current funding	30 years/49 years	30 years/21 years
Asset valuation method	4-year smoothed market	4-year smoothed market
Actuarial assumptions:		
Investment rate of return and discount rate[1]	8.00%	8.00%
Projected salary increases[1]	4.50% in aggregate	4.50% in aggregate
Health Care Inflation Factor		
Service-Based Premium Subsidy	0.00%	0.00%
Medicare Part A Premiums	2.50% Initial 3.50% Ultimate	N/A
Carrier Premiums	5.68%—7.73% Initial 5.00% Ultimate	N/A
Retiree Drug Subsidy Payments	4.50% Initial 5.00% Ultimate	4.50% Initial 5.00% Ultimate

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

Notes to the Required Supplementary Information (Unaudited)

Note 3—Significant Factors Affecting Trends in Actuarial Information

Pension Plans—State, School, Local Government[1], Judicial, and the Denver Public Schools Division Trust Funds

2011 Changes in Plan Provisions Since 2010:

- No material changes to plan provisions.

2010 Changes in Plan Provisions Since 2009:

- The assets, liabilities, and obligations of DPSRS were merged into the new Denver Public Schools Division Trust Fund on January 1, 2010.
- No material changes to plan provisions.

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 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 AED will continue to increase by 0.4 percent per year to a total rate of 5.0 percent by 2017. In addition, the 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 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 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 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.

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

Notes to the Required Supplementary Information (Unaudited)

- 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 and DPS Divisions.

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.

Health Care Trust Fund and Denver Public Schools Health Care Trust Fund

2011 Changes in Plan Provisions Since 2010:

- Initial per capita health care costs for PERACare enrollees under the PERA structure who are age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect the change in costs for the 2012 plan year.
- The initial per capita payments estimated to be made by the Centers for Medicare & Medicaid Services (CMS) under the RDS have been updated based upon the most recent attestation of actuarial equivalence.
- The assumed rates of inflation for health care costs for Medicare Part A premiums and RDS payments have been revised to reflect the current 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 increased to 2019.

2010 Changes in Plan Provisions Since 2009:

- Denver Public Schools Health Care Trust Fund was created on January 1, 2010, to provide health care subsidies for DPS retirees participating in PERACare.
- Initial health care costs for PERACare enrollees who are age 65 and older, and do not have Medicare Part A have been updated to reflect the change in costs for the 2011 plan year.
- PERACare funding rates are used to determine the health care costs for participants enrolled in the self-insured plans, who are age 65 and older, and do not have Medicare Part A.
- The starting per capita payments estimated to be made by the CMS under the RDS have been updated based upon the most recent attestation of actuarial equivalence.
- The assumed rates of inflation for health care costs for Medicare Part A premiums and RDS payments have been revised to reflect the current expectation of future increases.
- The percentage of PERACare enrollees who are projected to be age 65 and older, and estimated to not have Medicare Part A has been revised to reflect plan experience.
- 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 increased to 2018.
- Liabilities for those members represented under both the PERA benefit structure and the DPS benefit structure have been allocated based upon member contribution account balances.

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.

Notes to the Required Supplementary Information (Unaudited)

- 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 CMS under the RDS Program 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 CMS under the 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 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.

Supplementary Schedules—Schedule of Administrative Expenses

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

PERSONNEL SERVICES	2011	2010
Salaries	$23,851	$22,112
Employee benefits	6,424	5,821
Total personnel services	30,275	27,933
PROFESSIONAL CONTRACTS		
Actuarial contracts	359	393
Audits	276	306
Investment services	2,198	1,910
Legal and legislative counsel	1,054	3,949
Computer services and consulting	543	751
Management consulting	1,280	1,191
Health care consulting	210	122
Other	496	647
Total professional contracts	6,416	9,269
MISCELLANEOUS		
Equipment rental and services	1,237	1,140
Memberships	214	247
Publications and subscriptions	52	103
Travel and local expense	661	546
Auto expense	22	20
Telephone	296	277
Postage	1,645	1,561
Insurance	309	358
Printing	525	608
Office supplies	987	935
Building rent, supplies, and utilities	871	989
Total miscellaneous	6,819	6,784
Total budgeted expense	43,510	43,986
Depreciation expense	1,141	842
Life Insurance Reserve direct expenses	411	426
Health Care Trust Fund direct expenses	11,010	9,712
Denver Public Schools Health Care Trust Fund direct expenses	392	460
Voluntary Investment Program direct expenses	4,231	4,867
Defined Contribution Retirement Plan direct expenses	222	95
Deferred Compensation Plan direct expenses	717	730
Total expense	61,634	61,118
Interfund–tenant and other expense	1,124	957
Interfund–internal investment manager expense	(14,231)	(12,440)
Total administrative expense	$48,527	$49,635
ALLOCATION OF ADMINISTRATIVE EXPENSE		
State Division Trust Fund	$8,685	$8,942
School Division Trust Fund	16,322	17,104
Local Government Division Trust Fund	2,157	2,215
Judicial Division Trust Fund	61	61
Denver Public Schools Division Trust Fund	1,914	2,944
Voluntary Investment Program	4,717	5,178
Defined Contribution Retirement Plan	282	94
Deferred Compensation Plan	834	822
Health Care Trust Fund	12,481	11,131
Denver Public Schools Health Care Trust Fund	501	569
Life Insurance Reserve	573	575
Total administrative expense	$48,527	$49,635

See accompanying Independent Auditors' Report.

Supplementary Schedules—Schedule of Investment Expenses

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

EXTERNAL MANAGER EXPENSES	2011	2010
Fixed income	**$2,216**	$2,341
Global equity	**23,298**	19,726
Alternative investments	**47,819**	55,459
Real estate investments[1]	**45,274**	55,593
Opportunity fund investments	**5,684**	5,624
Short-term investments[2]	**267**	–
Total external manager expenses	**124,558**	138,743
Internal manager expenses	**14,231**	12,440
Other investment expenses and custody fees	**3,588**	2,735
Defined contribution plan investment expenses	**651**	6
Total investment expenses	**$143,028**	**$153,924**

[1] Real estate investment manager fees were greater in 2010 primarily due to the recognition of an incentive fee.
[2] Short-term investment management fees were not readily available prior to 2011.

Supplementary Schedules—Schedule of Payments to Consultants

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

PROFESSIONAL CONTRACTS	2011	2010
Actuarial contracts	**$359**	$393
Audits	**276**	306
Legal and legislative counsel	**1,054**	3,949
Computer services and consulting	**543**	751
Management consulting	**1,280**	1,191
Health care consulting	**210**	122
Other	**496**	647
Total payments to consultants[1]	**$4,218**	**$7,359**

[1] Excludes investment advisors.

See accompanying Independent Auditors' Report.

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	DENVER PUBLIC SCHOOLS DIVISION TRUST FUND	VOLUNTARY INVESTMENT PROGRAM	DEFINED CONTRIBUTION RETIREMENT PLAN	DEFERRED COMPENSATION PLAN	HEALTH CARE TRUST FUND	DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE	TOTAL 2011	TOTAL 2010
Administrative fee income	$–	$–	$–	$–	$–	$70	$4	$82	$1,471	$110	$–	**$1,737**	$1,524
Alliance fees	–	–	–	–	–	1,019	34	591	–	–	–	**1,644**	1,827
Participant loan interest	–	–	–	–	–	2,202	–	241	–	–	–	**2,443**	2,610
Purchase service transfer to health care	–	–	–	–	–	–	–	–	9,083	264	–	**9,347**	11,289
Settlement income	318	509	75	6	75	–	–	–	20	–	–	**1,003**	3,588
Miscellaneous	13	35	3	–	2	7	2	70	–	–	–	**132**	(5)
Total other additions	**$331**	**$544**	**$78**	**$6**	**$77**	**$3,298**	**$40**	**$984**	**$10,574**	**$374**	**$–**	**$16,306**	**$20,833**

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	DENVER PUBLIC SCHOOLS DIVISION TRUST FUND	VOLUNTARY INVESTMENT PROGRAM	DEFINED CONTRIBUTION RETIREMENT PLAN	DEFERRED COMPENSATION PLAN	HEALTH CARE TRUST FUND	DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE	TOTAL 2011	TOTAL 2010
Interfund transfers at retirement	($8,063)	$5,370	$1,620	($1,169)	$2,242	$–	$–	$–	$–	$–	$–	**$–**	$–
Purchase service transfer to health care	3,479	4,458	1,117	126	167	–	–	–	–	–	–	**9,347**	11,289
Miscellaneous	38	11	–	–	–	29	5	185	–	–	–	**268**	347
Total other deductions/ (transfers)	**($4,546)**	**$9,839**	**$2,737**	**($1,043)**	**$2,409**	**$29**	**$5**	**$185**	**$–**	**$–**	**$–**	**$9,615**	**$11,636**

See accompanying Independent Auditors' Report.

Investing in Colorado

Colorado PERA has more than $475 million in investments with companies and partnerships that have chosen Colorado as their corporate headquarters. These investments create jobs and housing, which ultimately improves the infrastructure that strengthens the State's economy.

80 years 1931–2011

Investment Section

Colorado PERA Report on Investment Activity

Does Not Include the Defined Contribution Plans

State Law

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

- The aggregate amount of monies invested in corporate stocks or corporate bonds, notes, or debentures, which are convertible into corporate 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's Statutory Fiduciary Responsibility

By State law, the management of Colorado PERA's retirement fund is vested in the 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 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 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 2011 and the specified ranges for each asset class are as follows:

ASSET CLASS	TARGET ALLOCATION	PERMISSIBLE RANGE
Global Equity	56%	50%–62%
Fixed Income	25%	22%–28%
Real Estate	7%	4%–10%
Alternative Investments	7%	4%–10%
Opportunity Fund	5%	0%–8%
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 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 works with various member organizations and federal oversight and legislative committees to promote and support national standards of corporate governance that protect long-term investor interests.

Colorado PERA Board's Shareholder Responsibility Committee

To assist the 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 its staff in the Legal Department the authority to execute and vote all proxies according to the PERA Proxy Voting Policy. Proxy issues are reviewed by staff on a case-by-case basis and then voted according to guidelines established by the PERA Proxy Voting Policy. Colorado PERA retains proxy voting analysts to assist in the proxy voting process.

Colorado PERA Report on Investment Activity

Does Not Include the Defined Contribution Plans

Proxy Voting Policy

The Colorado PERA Proxy Voting Policy sets forth directives on a broad range of issues. The voting of proxy ballots for all domestic and internally managed non-U.S. stocks is accomplished 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 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.)

Investment Brokers/Advisers

Abel/Noser Corp.
Alignment Capital Group, LLC
Baird (Robert W.) & Co., Incorporated
Banc of America Securities LLC
Barclays Capital Inc.
BNP Paribas Securities Services
BNY Convergex Execution Solutions, LLC
BNY Mellon Capital Markets LLC
Broadpoint Capital, Inc.
B-Trade Services LLC
Cantor, Fitzgerald & Co.
Citigroup Global
Credit Agricole Securities (USA) Inc.
Credit Suisse First Boston Corporation
D.A. Davidson & Co.
Deutsche Bank Securities Inc.
First Tennessee Capital Markets, Inc.
Fortis Clearing Americas LLC
Goldman, Sachs & Co.
Greenwich Capital Markets, Inc.
Heitman Capital Management Corp.
Hewitt EnnisKnupp, Inc.
HSBC Securities (USA) Inc.
ING Financial Markets LLC
INVESCO Realty Advisors
J.P. Morgan Chase
Jefferies & Co., Inc.
LaSalle Investment Management
Liquidnet, Inc.
Macquarie Capital Group
MF Global Securities, Inc.
Mitsubishi UFJ Securities (USA), Inc.
Mizuho Securities USA, Inc.
Morgan Stanley & Co. Inc.
Morgan, Keegan & Company, Inc.
Nomura Securities International, Inc.
Oppenheimer & Co., Inc.
Pipeline Trading Systems, Inc.
Piper Jaffray & Co.
Putnam Lovell NBF Securities, Inc.
R.V. Kuhns & Associates
RBC Capital Markets Corp.
RREEF Real Estate Investment Managers
Sanford C. Bernstein & Co. LLC
Sidoti & Company, LLC
Stifel Nicolaus & Company, Inc.
SunTrust Capital Markets, Inc.
The Northern Trust Company
UBS Securities, LLC
Wells Fargo Securities, LLC

Certain broker agreements include provisions for commission recapture.

Schedule of Commissions

For Year Ended December 31, 2011
(In Thousands of Dollars)

INVESTMENT MANAGER	2011 VALUE
Fixed Income	$10,470
Equities	1,993
Total commissions	12,463
Commission sharing	347
Total commissions	**$12,810**

The Schedule of Commissions does not include commingled funds.

Investment Summary

Does Not Include the Defined Contribution Plans
(In Thousands of Dollars)

	FAIR VALUE PER FINANCIAL STATEMENT DECEMBER 31, 2011	REALLOCATION[1]	FAIR VALUE PER INVESTMENT PORTFOLIO DECEMBER 31, 2011	TARGET[2]	PERCENT OF TOTAL FAIR VALUE 2011	2010	2009
Global Equity	$20,679,847	$133,283	$20,813,130	56.0%	**55.5%**	57.7%	58.9%
Fixed Income	8,683,198	164,013	8,847,211	25.0%	**23.6%**	22.9%	22.4%
Alternative Investments	3,460,708	32,398	3,493,106	7.0%	**9.3%**	9.3%	9.6%
Real Estate Investments	3,267,644	(40,880)	3,226,764	7.0%	**8.6%**	7.4%	6.0%
Opportunity Fund	512,185	259,885	772,070	5.0%	**2.1%**	2.1%	1.9%
Cash and Short-Term Investments							
Operating Cash	1,896	(1,896)	–				
Investment Cash and Short-Term	859,671	(502,618)	357,053	–	**0.9%**	0.6%	1.2%
Net Investment Receivables and Payables	46,081	(46,081)	–				
Total Investments	**$37,511,230**	**($1,896)**	**$37,509,334**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

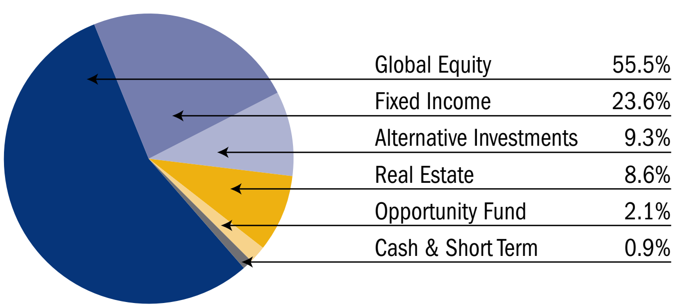
[1] Investment receivables, payables, accruals and cash and short-term have been reallocated back to the investment portfolios that hold them.

[2] An Asset/Liability Study was undertaken in 2010, after the enactment of Senate Bill 10-001, with the objective of determining the optimal strategic asset allocation policy. In September 2010, based on the study, the Board approved the asset allocation targets and ranges.

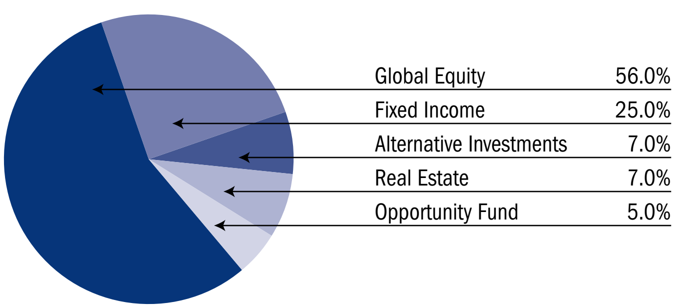
Asset Allocation at Fair Value

Does Not Include the Defined Contribution Plans
Year End December 31, 2011

Asset Allocation at Fair Value



Target Allocations



Fund Performance Evaluation

Does Not Include the Defined Contribution Plans

Evaluation

Hewitt EnnisKnupp, Inc. and The Northern Trust Company are retained by Colorado PERA to evaluate fund performance. Hewitt EnnisKnupp, Inc. is also used for the real estate portfolio performance evaluation and industry comparisons. In their analysis, Hewitt EnnisKnupp, Inc. 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 2011, approved by the Board in 2010, are as follows: global equity 56 percent, fixed income 25 percent, alternative investments 7 percent, real estate investments 7 percent, and opportunity fund 5 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, 2011, Colorado PERA's total fund returned 1.9 percent compared to the policy benchmark return of 1.3 percent. For the three- and five-year periods ending December 31, 2011, Colorado PERA's total fund returned 10.9 percent and 2.1 percent, respectively, compared to 11.9 percent and 1.9 percent, respectively, for the policy benchmark for these periods.

For the year ended December 31, 2011, the total fund returned 1.9 percent, compared to the BNY Mellon Median Public Fund return of 0.3 percent. The BNY Mellon Median Public Fund measure is comprised of 74 public pension funds with assets of approximately $0.7 trillion. For the three- and five-year periods ending December 31, 2011, the BNY Mellon Median Public Fund returned 10.7 percent and 1.6 percent on an annualized basis, respectively. PERA's 10-year annualized rate of return was 5.7 percent compared to the BNY Mellon Median Public Fund return of 5.3 percent.

Global Stocks

2011 was a year marked by global uncertainty and tremendous stock price volatility. Among the events that impacted financial markets in 2011 were Europe's continued debt crisis, the nuclear disaster and earthquake that rocked Japan, and social unrest across Northern Africa and the Middle East. Investors' anxiety reflected concerns that global economies and markets remained reliant on extraordinary measures by central banks to pump cash into the financial system in an attempt to spur economic growth and stave off recession. Concerns deepened that central banks may not have the means to offset further economic drag as years of accumulated consumer and government debt begin to be worked down.

The year started on an upswing for stocks and other riskier investments as there was optimism that the global economy was finally on the mend from the 2008 financial crisis. Then a pair of shocks hit the equity markets. First, oil prices surged as governments in North Africa and the Middle East faced swift-moving popular revolts and concerns rose about oil supply disruption. Then, in March, a devastating earthquake triggered a tsunami which hit the coast of Japan and ultimately caused a nuclear disaster. Meanwhile, Europe's sovereign-debt problems remained unresolved. Greece teetered on the brink of default and the contagion spread to the rest of Europe. By midsummer, the U.S. and European economies faced the prospects of another recession.

While the U.S. equity markets finished the year with modest gains, the tepid result masked the market's sharp ups and downs. The DJ U.S. Total Stock Market Index had been up as much as 10 percent in late April and down nearly 13 percent for the year at its 2011 bottom in early October. Reflecting the volatile landscape, the S&P 500 Index experienced a 2 percent or greater move on 35 days in 2011, up from 22 days in 2010. In contrast, the S&P 500 Index didn't post a single move of more than 2 percent in 2005 and just two such moves in 2006.

European stock prices fell sharply amid the debt crisis, with most indexes posting losses well into the double digits. Despite the general view that most emerging market economies would be able to counter some effects of slowing economic growth using fiscal and/or monetary stimulus, many emerging market stock indexes also suffered steep declines. Given the historical role of European banks as large lenders to the developing world, investors feared that slower lending by European banks to emerging markets would dampen global economic growth.

During the year, stock investors gravitated toward higher-quality, dividend-paying stocks. Defensive sectors such as utilities, consumer staples, and health care outperformed more economically sensitive sectors like financials, materials, and industrials.

In 2011, Colorado PERA's global equity portfolio returned negative 2.8 percent, outperforming the benchmark's return of negative 3.9 percent. PERA's three-year annualized global equity portfolio total return was 13.5 percent, trailing the benchmark return of 13.7 percent. The five-year annualized total return for PERA's global equity portfolio was negative 0.4 percent, exceeding the benchmark return of negative 0.7 percent.

Fixed Income

2011 was another year of strong, but volatile, returns for fixed income investments. In contrast to 2010, returns were led by higher quality bonds as U.S. Treasuries returned 9.8 percent for the year. 2011 started much the same way as 2010 with signs of economic optimism resulting in modestly higher U.S. Treasury yields and the outperformance of credit sectors. By spring, the enthusiasm was quickly tempered by the weight of supply chain disruptions in the manufacturing sector following the natural disasters in Japan along with declining disposable incomes as a result of the surge in energy prices caused by widespread social unrest in the Middle East and North Africa. The impact of these factors was noticeable in slowing economic data around the world. Adding to the uncertain outlook was another bout of concern over the sustainability of sovereign debt loads in the non-core European nations originating in Greece and threatening to spread to the substantially larger economies of Spain and Italy.

Fund Performance Evaluation

Does Not Include the Defined Contribution Plans

The third quarter of 2011 was the most tumultuous quarter for the markets since the depths of the credit crisis. Fiscal concerns in the U.S. and Europe took center stage. The financial markets grew increasingly concerned that the solutions to the fiscal troubles offered by political leaders would fail to prevent global growth from slowing and fail to prevent sovereign defaults from compromising the global banking system. In the U.S., the agreement reached at the 11th hour to address the debt ceiling and avert a U.S. Treasury default rattled the confidence of Standard and Poor's ratings agency, leading them to downgrade their assessment of the U.S.'s credit quality from AAA to AA+.

As systemic risks stemming from the sovereign crisis expanded and expectations for global growth slowed, the Federal Reserve once again embarked on another round of unconventional monetary accommodation dubbed "Operation Twist." Overall the markets saw this operation as an acknowledgement of how challenging the environment was but offering little help to the economy.

During the fourth quarter, the U.S. economy began to rebound from the mid-year slowdown led by solid consumer spending headed into the holiday season. Employment improved and the unemployment rate unexpectedly fell to 8.5 percent by the end of the year. The housing sector showed nascent signs of improvement as residential investment rose at an annualized rate of nearly 11 percent in the fourth quarter. Manufacturing was more flat as growth outside the U.S. continued to deteriorate.

The total return of the Barclays Capital U.S. Universal Index was 7.4 percent, led by the highest quality sectors. Credit spreads widened over the course of 2011, producing lower but still positive returns for corporate debt. The Barclays Capital High Yield Index returned 5 percent. Colorado PERA's fixed income portfolio returned 8.1 percent during 2011, which exceeded the benchmark's return of 7.7 percent. PERA's three-year and five-year returns for the fixed income portfolio were 8.2 percent and 7.0 percent, outperforming the benchmark's returns of 7.8 percent and 6.4 percent, respectively.

Alternatives

The private equity and venture capital markets experienced two very distinct trends in 2011. First there was optimism due to growing momentum in the asset class followed by a cautious slowdown in light of global events. Concerns around the growing level of privately held portfolio companies and the overhang of undrawn capital in the industry remained high during the course of the year. The first half of the year was strong in terms of performance with large private equity-backed initial public offerings (IPOs) coming to market and significant deal activity globally. Fundraising for private equity firms was steady but challenging. In the U.S., middle market buyout firms seemed to generate the majority of interest from institutional investors. Total fundraising showed an increase over 2010, but the level fell short of the peak year of 2007. Strategic acquirers provided stiff competition to private equity sponsors as merger and acquisition activity related to sponsor-backed deals was strong. IPO activity for venture-backed companies gained strength with highly anticipated venture-backed deals completing successful offerings.

The sentiment in private equity turned cautious during the second half of the year due to the tremendous volatility in the equity markets, concerns around the debt-ceiling in the U.S., the credit crisis in Europe and concerns of a global economic contraction. Deal activity did remain intact, largely due to the consummation of transactions that were announced earlier in the year. Finding leverage to complete deals was more challenging during the latter part of the year due to lenders' tougher underwriting standards.

During 2011, PERA committed approximately $480 million to ten investment opportunities, six in the buyout category, two in the special situations category and two in the venture capital category.

Performance for the asset class was positive during the year as the underlying portfolio companies fared well despite a highly volatile year in the public equity markets. Cash flow was positive for the year due to strong exit activity. The portfolio paid $516 million in capital calls and received $813 million in distributions for the year. PERA's alternative investment portfolio returned 6.0 percent in 2011 compared with the custom alternatives benchmark return of 4.1 percent. PERA's alternative portfolio returned 14.1 percent and 5.5 percent for the three– and five–year annualized periods compared with the annualized custom benchmark returns of 18.2 percent and 3.2 percent, respectively for the same periods. The alternative investment program's net, since inception internal rate of return as of December 31, 2011, was 10.2 percent compared to the custom benchmark's since inception internal rate of return of 9.8 percent.

Fund Performance Evaluation

Does Not Include the Defined Contribution Plans

Real Estate

The U.S. commercial real estate market continued to make significant improvement from 2010, despite the ongoing uncertainty about the strength of the economic recovery and the prospects for a much needed increase in employment growth. The outlook for property fundamentals has been improving yet on a slower pace than expected in this recovery. Capital, both equity and debt, continues to flow into the sector, but mostly for stabilized properties. Property value indexes have risen in recent quarters, reflecting the strong demand for stable, core assets in the large business center markets, but assets with vacancies have not fully benefitted on a relative basis.

Although vacancy rates are high, the trend continues to be more positive than expected. All property types have experienced increases in occupancy. Net absorption of apartment vacancy continues to outperform along with hotel occupancy. In other sectors with long term leases, tenants are executing new leases in anticipation that market lease rates have bottomed. The overall central business district office vacancies have improved with the gateway cities leading the way. This has led to improved net operating income growth.

Debt is more available and less expensive than it has been since the start of the credit crisis, although lenders that are active are focusing on better properties in the better markets with stable income streams. Competition for such properties is growing, as evidenced by more favorable terms for borrowers. Property types or assets viewed as risky remain difficult to finance or refinance. Commercial banks continue to struggle with problem loans but they have added to their loss reserves and are well positioned to resolve many loan payment issues.

In the Asia Pacific region, despite a generally positive outlook, the expectations for rental and capital value growth have been diminished, driving the return profile down. In the European region, markets have experienced low transaction volumes and capital value declines as a result of the greater economic and banking uncertainty. We expect this environment to continue in Europe, as investors remain risk adverse.

In 2011, the real estate portfolio had a total return of 14.7 percent, compared to its custom benchmark of 16.0 percent. The real estate portfolio returned negative 1.3 percent and negative 1.5 percent for the three- and five-year annualized periods, compared to the custom benchmark returns of negative 1.7 percent and negative 0.1 percent, respectively. As of December 31, 2011, real estate was principally comprised of U.S. private equity, U.S. private and public debt and international private equity investments.

Opportunity Fund

As of December 31, 2011, PERA's opportunity fund was comprised of investments in timber and commodities.

With a few exceptions, the U.S. timber market continued to be weak in 2011 reflecting the struggling domestic housing sector. Whenever possible, property managers have postponed harvesting until the market shows signs of improvement. However, PERA's international timber properties along with a strong timber export business from properties in the Pacific Northwest made positive contributions to the portfolio's performance during the year. Overseas demand for timber continues to originate primarily from the Far East.

Following a strong start during the first four months of the year, commodities generally underperformed for the remainder of 2011. Concerns regarding sovereign risk in Europe, a slowdown in China's economy and the health of the U.S. economic recovery all contributed to the overall decline in commodities during the year. Performance rebounded slightly during the fourth quarter because of geopolitical events in the Middle East and some signs of improvement in U.S. economic data. Of the commodities which comprise the Dow Jones UBS Commodities Index, the top performing commodity during 2011 was unleaded gasoline followed by heating oil, while the worst performing commodity in the index was natural gas.

PERA's timber portfolio produced one-, three-, and five-year annualized returns of 4.0 percent, 3.1 percent, and 5.1 percent, respectively compared with the NCREIF Timberland Index returns of 1.6 percent, negative 1.2 percent, and 4.6 percent, respectively, for these periods. PERA's commodity portfolio produced a one-year return of negative 11.7 percent compared with the Dow Jones UBS Commodities Index return of negative 13.3 percent. PERA's opportunity fund portfolio returned negative 3.2 percent in 2011 compared to its custom benchmark return of negative 0.2 percent. The opportunity fund's annualized three-year return was 3.6 percent compared to its custom benchmark return of 12.4 percent.

Schedule of Investment Results

Does Not Include the Defined Contribution Plans
As of December 31, 2011

Hewitt EnnisKnupp, 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.

	2011	3–YEAR	5–YEAR	10–YEAR
Colorado PERA Total Portfolio	**1.9%**	10.9%	2.1%	5.7%
Total Fund Policy Benchmark[1]	**1.3%**	11.9%	1.9%	–
Median Plan (BNY Mellon Performance and Risk Analytics' Median Public Fund Universe)	**0.3%**	10.7%	1.6%	5.3%
Global Stocks	**(2.8%)**	13.5%	(0.4%)	4.4%
Global Equity Custom Benchmark[1]	**(3.9%)**	13.7%	(0.7%)	–
Fixed Income	**8.1%**	8.2%	7.0%	6.5%
Fixed Income Custom Benchmark[1]	**7.7%**	7.8%	6.4%	5.9%
Alternative Investments	**6.0%**	14.1%	5.5%	10.2%
Alternative Custom Benchmark[2]	**4.1%**	18.2%	3.2%	6.9%
Real Estate	**14.7%**	(1.3%)	(1.5%)	8.1%
Real Estate Custom Benchmark[3]	**16.0%**	(1.7%)	(0.1%)	6.9%
Opportunity Fund	**(3.2%)**	3.6%	–	–
Public Markets Benchmark[4]	**(0.2%)**	12.4%	–	–

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

[1] The 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 Policy Benchmark—combination of 56 percent of the Global Equity Custom Benchmark; 25 percent of the Fixed Income Custom Benchmark; 7 percent of the Real Estate Custom Benchmark; 7 percent of the Alternative Custom Benchmark, and 5 percent of the Public Markets Benchmark. Beginning January 2009 and prior to January 2011, a combination of 58 percent of the Global Equity Custom Benchmark; 25 percent of the Fixed Income Custom Benchmark; 7 percent of the Real Estate Custom Benchmark; 7 percent of the Alternative Custom Benchmark, and 3 percent of the Public Markets Benchmark. For 2008, a combination of 43 percent of the Dow Jones Wilshire 5000 Stock Index; 15 percent of the MSCI ACWI ex-U.S. Index; 25 percent of the Barclays Capital Universal Bond Index; 7 percent of the Real Estate Custom Benchmark; 7 percent of the Alternative Custom 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 ex-U.S. Index was 14 percent and the Alternative Custom Benchmark was 8 percent.
- Global Equity Custom Benchmark—64.0 percent DJ U.S. Total Stock Market Index and 36.0 percent MSCI ACWI ex-U.S. Index. Prior to October 1, 2011, 69.0 percent DJ U.S. Total Stock Market Index and 31.0 percent MSCI ACWI ex-U.S. Index. Prior to April 1, 2011, 74.1 percent DJ U.S. Total Stock Market Index (replaced the DJ Wilshire 5000 in 2009) and 25.9 percent MSCI ACWI ex-U.S. Index. Prior to January 1, 2008, 75 percent DJ Wilshire 5000 and 25 percent MSCI ACWI ex-U.S. Index. Prior to January 1, 2006, 76.3 percent DJ Wilshire 5000 and 23.7 percent MSCI ACWI ex-U.S. Index.
- Fixed Income Custom Benchmark—98 percent of the Barclays Capital Universal Bond Index and 2 percent of the Barclays Capital Long Government/Credit Index. Prior to July 1, 2010, Barclays Capital Universal Bond Index. Prior to April 1, 2004, the Barclays Capital Aggregate Bond Index.

[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.

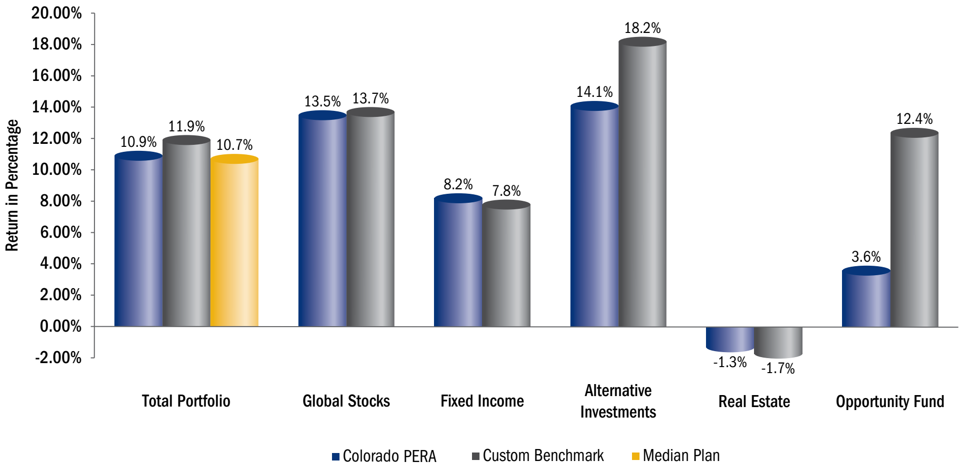
[4] A combination of 69.1 percent of the Global Equity Custom Benchmark and 30.9 percent of the Fixed Income Custom Benchmark. Beginning January 1, 2008 and prior to January 2011, a combination of 51.8 percent DJ U.S. Total Stock Market Index (replaced the DJ Wilshire 5000 in 2009), 18.1 percent MSCI ACWI ex-U.S. Index, and 30.1 percent Fixed Income Custom Benchmark.

Investment Results

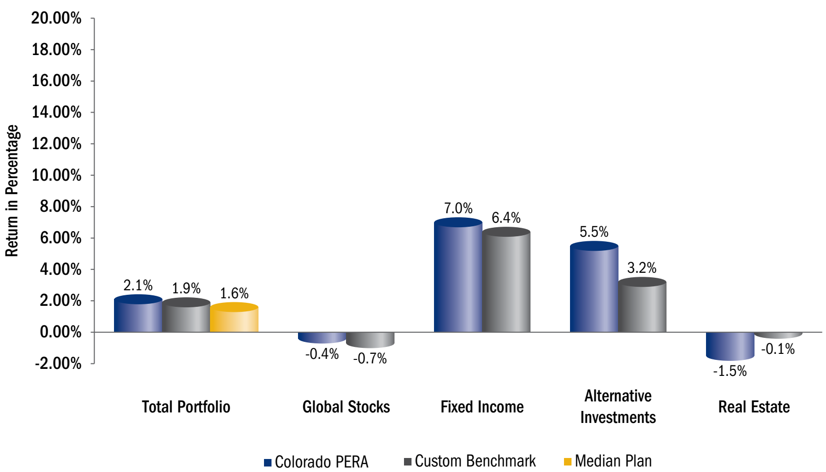
Does Not Include the Defined Contribution Plans
As of December 31, 2011

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

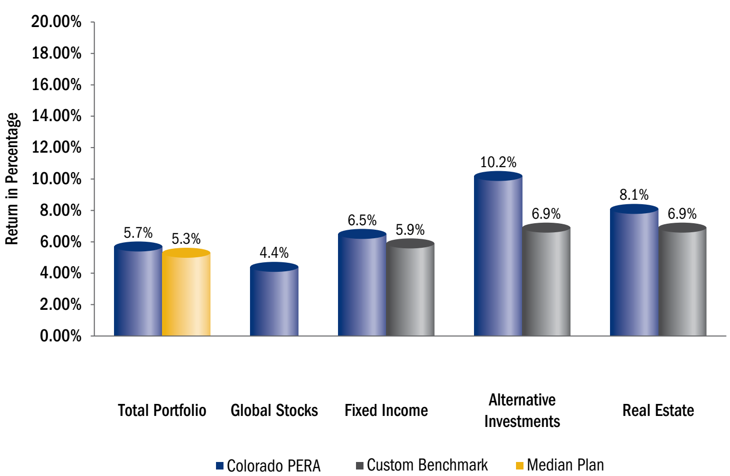
Three–Year Net-of-Fees Time-Weighted Rate of Returns



Five–Year Net-of-Fees Time-Weighted Rate of Returns



Ten–Year Net-of-Fees Time-Weighted Rate of Returns



Profile of Investments in Colorado

Does Not Include the Defined Contribution Plans
As of December 31, 2011
(In Thousands of Dollars)

	FAIR VALUE
Common stock of companies headquartered in Colorado	$149,743
Funds under management of Colorado companies[1]	91,838
Real Estate equity	107,881
Committed to future funding	18,024
Colorado PERA portion of general partnerships investing in Colorado companies[2]	51,121
Bonds and notes of entities headquartered in Colorado	40,710
Commercial mortgages	16,116
Total	$475,433

[1] General Partners based outside of Colorado.
[2] Venture capital partnerships and private placements domiciled in Colorado.

Largest Stock Holdings by Fair Value

Does Not Include the Defined Contribution Plans
As of December 31, 2011
(In Thousands of Dollars)

	SHARES	FAIR VALUE
Apple Inc.	995,864	$403,325
Exxon Mobil Corp.	3,963,250	335,925
Chevron Corp.	2,281,983	242,803
International Business Machines Corp.	1,221,467	224,603
Philip Morris Intl.	2,404,965	188,742
AT&T Inc.	5,788,931	175,057
Google Inc.	250,944	162,085
Microsoft Corp.	6,223,268	161,556
Pfizer Inc.	7,281,217	157,566
Johnson & Johnson	2,203,862	144,529

The top ten holdings do not include commingled funds.
A complete list of holdings is available upon request.

Largest Bond Holdings by Fair Value

Does Not Include the Defined Contribution Plans
As of December 31, 2011
(In Thousands of Dollars)

	PAR VALUE	INCOME RATE	MATURITY DATE	FAIR VALUE
US Treasury Notes	$273,000	2.375%	9/30/2014	$288,036
US Treasury Notes	220,000	2.750%	11/30/2016	240,195
US Treasury Notes	169,000	2.250%	1/31/2015	178,519
US Treasury Bonds	145,000	3.875%	8/15/2040	173,819
US Treasury Notes	170,000	1.375%	3/15/2013	172,424
US Treasury Bonds	112,000	6.250%	8/15/2023	160,300
US Treasury Notes	145,000	1.875%	6/30/2015	151,933
US Treasury Notes	100,000	2.125%	8/15/2021	102,563
US Treasury Notes	90,000	3.625%	12/31/2012	93,101
US Treasury Notes	88,000	1.250%	9/30/2015	90,283

The top ten holdings do not include commingled funds.
A complete list of holdings is available upon request.

Voluntary Investment Program, Defined Contribution Retirement Plan, and Colorado Deferred Compensation Plan (Plans) Report on Investment Activity

(In Thousands of Dollars)

Overview

The Colorado PERA Voluntary Investment Program (PERAPlus 401(k) Plan) was established on January 1, 1985, under Section 401(k) of the Internal Revenue Code. The Colorado PERA Defined Contribution Retirement Plan (DC Plan) was established January 1, 2006, as an Internal Revenue Code § 401(a) governmental profit-sharing plan. On July 1, 2009, Colorado PERA assumed the administrative and fiduciary responsibility for the State of Colorado Deferred Compensation Plan (PERAPlus 457 Plan). Colorado PERA publishes an Annual Report for the PERAPlus 401(k), the DC Plan, and the PERAPlus 457 Plan and mails it to all plan participants.

The PERAPlus 401(k) Plan includes voluntary contributions made by employees of Colorado PERA-affiliated employers in the State, School, Local Government, Judicial, and Denver Public Schools Division Trust Funds. These contributions are entirely separate from those that members make to the defined benefit plan each month.

On December 31, 2011, the PERAPlus 401(k) Plan had net assets of $1,891,347 and 71,620 accounts, representing a decrease of 0.6 percent in net assets and a 3.0 percent decrease in the number of participants from December 31, 2010, respectively.

The Colorado PERA DC Plan offers a defined contribution alternative to the Colorado PERA 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, 2011, the Colorado PERA DC Plan had net assets of $63,597 and 4,029 accounts, representing increases of 19.1 percent in net assets and 15.8 percent in the number of participants from December 31, 2010, respectively.

The PERAPlus 457 Plan includes voluntary contributions made by employees working for a Colorado PERA employer that affiliated with the PERAPlus 457 Plan. Some employers affiliated with the 457 Plan prior to July 1, 2009, were not affiliated with Colorado PERA; however, their employees remained eligible to contribute.

On December 31, 2011, the PERAPlus 457 Plan had net assets of $483,965 and 17,821 accounts, representing an increase of 5.5 percent in net assets and a 2.2 percent decrease in the number of participants from December 31, 2010, respectively.

PERAPlus 401(k) Plan Year-End Statistics

YEAR	NET ASSETS	NUMBER OF ACCOUNTS
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
2010	1,902,325	73,860
2011	**1,891,347**	**71,620**

Colorado PERA DC Plan Year-End Statistics

YEAR	NET ASSETS	NUMBER OF ACCOUNTS
2006	$595	225
2007	2,547	489
2008	4,996	864
2009	37,475	3,039
2010	53,384	3,479
2011	**63,597**	**4,029**

PERAPlus 457 Plan Year-End Statistics

YEAR	NET ASSETS	NUMBER OF ACCOUNTS
2009	$393,352	18,007
2010	458,881	18,215
2011	**483,965**	**17,821**

Outline of Investment Policies

Objectives

The Board is responsible for approving an appropriate range of investments that address the risk/return spectrum available to the participants of the Plans. The objectives of the Plans are 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 Investment Advisory Committee (IAC), a committee of internal management staff, monitors and evaluates the investment asset mix and funds of the Plans and the performance of fund managers. R.V. Kuhns & Associates, Inc. serves as consultant to the IAC and the Board.

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.

The Board is responsible for:

- The oversight of the Plans and portfolio composition.
- Approving changes to the plan documents.
- Approving the investment policies and amendments thereto.
- Accepting or rejecting the IAC's recommendations with regard to policies, objectives, and specific investment categories and funds.

Voluntary Investment Program, Defined Contribution Retirement Plan, and Colorado Deferred Compensation Plan (Plans) Report on Investment Activity

(In Thousands of Dollars)

PERAdvantage Investment Options

As of October 1, 2011, all investments in the Plans automatically transferred to the PERAdvantage investments. By extensively changing the investment options, the Plans created diversification within each of the six primary funds and 10 target retirement date funds. The PERAdvantage investments simplify choices while increasing diversification and helps participants identify investments based on how the fund invests the money rather than name familiarity.

The Plans invest assets in one or more of the following investments:

Primary Investment Options

- *PERAdvantage Capital Preservation Fund:* The fund seeks to provide consistent investment income with a stable net asset value primarily by investing in a portfolio of high quality, medium-term fixed income securities. This fund invests in securities issued by the U.S. Government or one of its agencies, including agency mortgage bonds, as well as high-grade corporate bonds. The fund is managed by GW Capital Management, LLC, a federally registered investment advisor and affiliate of Great-West Life & Annuity Insurance Company.
- *PERAdvantage Fixed Income Fund:* The fund seeks to generate income, preserve capital, and provide long-term capital appreciation by primarily investing in investment grade debt securities, but may invest a portion of its assets in high-yield securities, mortgage- or asset-backed securities, or derivative instruments. The fund is managed by PIMCO (targeted at 75 percent of the portfolio) and BlackRock (targeted at 25 percent of the portfolio).
- *PERAdvantage Real Return Fund:* The fund seeks to provide broad exposure to real assets and Treasury Inflation Protected Securities (TIPS) and to produce a return over a full market cycle that exceeds the rate of inflation. The fund invests in U.S. TIPS, Real Estate Investment Trusts (REITs), global commodity and natural resource stocks, and commodities. State Street Global Advisors manages the fund.
- *PERAdvantage U.S. Large Cap Stock Fund:* The fund seeks to provide long-term capital appreciation and dividend income primarily by investing in the common stock of companies located in the United States with large market capitalizations similar to those found in the Russell 1000™ Index. The fund is managed by Colorado PERA (targeted at 70 percent of the portfolio), LSV Asset Management (targeted at 15 percent of the portfolio), and Winslow Capital Management (targeted at 15 percent of the portfolio).
- *PERAdvantage International Stock Fund:* The fund seeks to provide long-term capital appreciation and dividend income primarily by investing in the common stock of companies located outside the United States. The fund invests in a wide array of international stocks similar to those found in the MSCI All Countries World Index (ACWI) ex-U.S. The fund is managed by Harding Loevner (targeted at 35 percent of the portfolio), Dodge & Cox (targeted at 35 percent of the portfolio), and BlackRock (targeted at 30 percent of the portfolio).
- *PERAdvantage U.S. Small and Mid-Cap Stock Fund:* The fund seeks to provide long-term capital appreciation and dividend income primarily by investing in the common stock of companies located in the United States with small and mid-market capitalizations similar to the securities included in the Russell 2500™ Index. The fund is managed by TimesSquare Capital (targeted at 35 percent of the portfolio), Dimensional Fund Advisors (targeted at 35 percent of the portfolio), and BlackRock (targeted at 30 percent of the portfolio).

Additional Investment Options

- *PERAdvantage Target Retirement Date Funds:* Ten funds in five-year increments with varying asset mixes and risk levels based on expected retirement date. Each of the funds is invested in the corresponding BlackRock LifePath® Index Target Retirement Date fund. These funds use passive management strategies and become more conservative as the retirement date approaches. BlackRock manages the funds.
- *PERAdvantage SRI Fund:* The fund's primary objective is to generate income and conserve principal by investing in both equity and debt securities. These objectives are pursued by combining financial analysis with environmental, social and governance analysis. The fund may also invest up to 45 percent of assets in non-U.S. securities, but no more than 25 percent other than ADRs. Pax World manages the fund.
- *TD Ameritrade Self-Directed Brokerage Account:* This account allows selection from numerous mutual funds and other types of securities, such as stocks and bonds, for an additional fee or fees. Investment in the self-directed brokerage account is offered through TD Ameritrade, a Division of TD Ameritrade, Inc.

Loans

Participants in the Voluntary Investment Program and Colorado Deferred Compensation Plan may access their funds through loans as allowed under plan policy and the Internal Revenue Service. The Colorado PERA DC Plan prohibits participant loans.

Administrative Fees

An administrative fee pays for recordkeeping, communications, education, consulting, staff, and other overhead expenses. Through September 30, 2011, the 457 Plan had an asset-based fee on participant balances in various mutual funds ranging from 0.10 percent to 0.20 percent. Through September 30, 2011, the fees for the PERAPlus 401(k) Plan and DC Plan were as follows (in actual dollars):

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

As of October 1, 2011, the administrative fee consists of a flat $1.00 per month per participant per plan and an asset-based fee up to 0.14 percent per investment fund. The investments with revenue sharing reduce the asset-based fee by the amount of such revenue sharing.

Voluntary Investment Program, Defined Contribution Retirement Plan, and Colorado Deferred Compensation Plan Schedule of Investment Results

FUND/BENCHMARK	4TH QUARTER 2011
PERAdvantage Capital Preservation Fund	**0.5%**
Hueler Stable Value Index (Equal Wtd Avg)	0.6%
PERAdvantage Fixed Income Fund	**1.9%**
Barclays US Agg Bond Index	1.1%
PERAdvantage Real Return Fund	**5.5%**
70% SSgA Real Asset Strategy[1]/30% Barclays US TIPS Index	5.5%
PERAdvantage U.S. Large Cap Stock Fund	**11.9%**
Russell 1000™ Index	11.8%
PERAdvantage International Stock Fund	**4.7%**
MSCI ACW Ex USA Index (Net)	3.7%
PERAdvantage U.S. Small and Mid Cap Stock Fund	**16.6%**
Russell 2500™ Index	14.5%
PERAdvantage SRI Fund	**7.8%**
60% S&P 500/40% Barclays Capital Agg Index	7.5%
PERAdvantage Income Fund	**4.2%**
BlackRock LifePath® Retirement Index	4.2%
PERAdvantage 2015 Fund	**4.8%**
BlackRock LifePath® 2015 Index	4.8%
PERAdvantage 2020 Fund	**5.5%**
BlackRock LifePath® 2020 Index	5.6%
PERAdvantage 2025 Fund	**6.2%**
BlackRock LifePath® 2025 Index	6.1%
PERAdvantage 2030 Fund	**6.7%**
BlackRock LifePath® 2030 Index	6.7%
PERAdvantage 2035 Fund	**7.3%**
BlackRock LifePath® 2035 Index	7.1%
PERAdvantage 2040 Fund	**7.8%**
BlackRock LifePath® 2040 Index	7.5%
PERAdvantage 2045 Fund	**8.2%**
BlackRock LifePath® 2045 Index	7.9%
PERAdvantage 2050 Fund	**8.7%**
BlackRock LifePath® 2050 Index	8.3%
PERAdvantage 2055 Fund	**8.9%**
BlackRock LifePath® 2055 Index	8.6%

Performance is net of management and administration fees. As of November 2011, performance is calculated using Net Asset Values (NAV). The October 2011 performance is simulated. All performance is calculated by R.V. Kuhns & Associates.

PERAdvantage Funds commenced on October 1, 2011. Actual historic performance for the funds does not exist prior to November 1, 2011, due to transition. The October 2011 simulated performance is based on the composite performance of institutional accounts managed by the managers with investment strategies similar to those expected to be implemented by the managers in the funds or on the actual historical returns of the mutual fund utilized by the fund. To produce simulated returns, the managers' composite returns were combined in accordance with the target asset allocation.

[1] The SSgA Real Asset Strategy Index consists of 25 percent Barclays Capital U.S. Treasury Inflation Protected Securities Index, 20 percent Dow Jones U.S. Select REIT Index, 20 percent DJ-UBS Commodity Total Return Index, 35 percent S&P Global LargeMidCap Commodity and Resources Index.

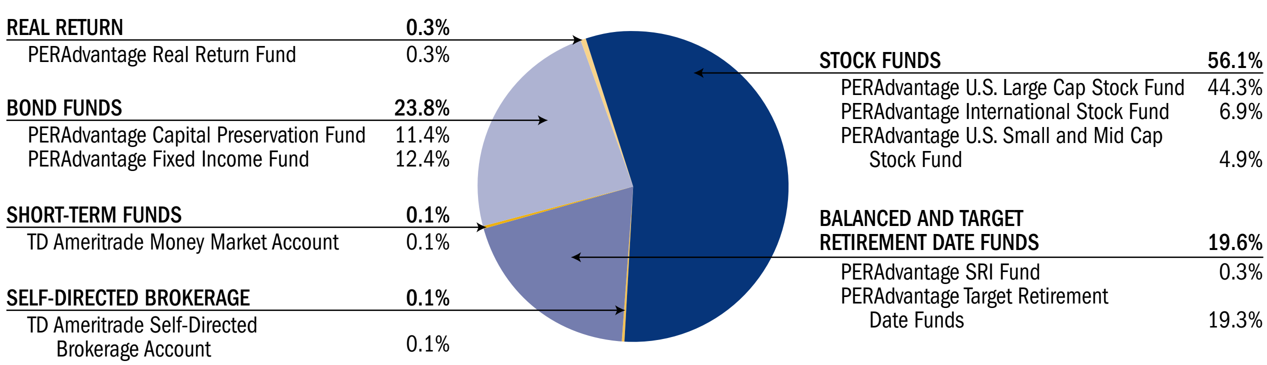
Voluntary Investment Program Investment Summary

(In Thousands of Dollars)

	FAIR VALUE DECEMBER 31, 2011	PERCENT OF TOTAL FAIR VALUE 2011
PERAdvantage Capital Preservation Fund	$208,282	11.4%
PERAdvantage Fixed Income Fund	226,260	12.4%
PERAdvantage Real Return Fund	4,869	0.3%
PERAdvantage U.S. Large Cap Stock Fund	808,180	44.3%
PERAdvantage International Stock Fund	126,828	6.9%
PERAdvantage U.S. Small and Mid Cap Stock Fund	89,177	4.9%
PERAdvantage SRI Fund	5,670	0.3%
PERAdvantage Income Fund	57,031	3.1%
PERAdvantage 2015 Fund	66,978	3.7%
PERAdvantage 2020 Fund	69,668	3.8%
PERAdvantage 2025 Fund	57,953	3.2%
PERAdvantage 2030 Fund	38,969	2.1%
PERAdvantage 2035 Fund	32,762	1.8%
PERAdvantage 2040 Fund	17,466	1.0%
PERAdvantage 2045 Fund	8,603	0.4%
PERAdvantage 2050 Fund	2,793	0.2%
PERAdvantage 2055 Fund	873	0.0%
TD Ameritrade Money Market Account	1,775	0.1%
TD Ameritrade Self-Directed Brokerage Account	1,745	0.1%

Asset Allocation for Voluntary Investment Program (PERAPlus 401(k) Plan)

As of December 31, 2011



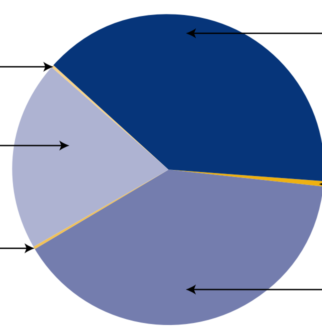
Colorado PERA Defined Contribution Retirement Plan Investment Summary

(In Thousands of Dollars)

	FAIR VALUE DECEMBER 31, 2011	PERCENT OF TOTAL FAIR VALUE 2011
PERAdvantage Capital Preservation Fund	$8,125	13.3%
PERAdvantage Fixed Income Fund	4,064	6.6%
PERAdvantage Real Return Fund	58	0.1%
PERAdvantage U.S. Large Cap Stock Fund	11,199	18.3%
PERAdvantage International Stock Fund	4,705	7.7%
PERAdvantage U.S. Small and Mid Cap Stock Fund	8,464	13.8%
PERAdvantage SRI Fund	109	0.2%
PERAdvantage Income Fund	902	1.4%
PERAdvantage 2015 Fund	2,165	3.5%
PERAdvantage 2020 Fund	2,210	3.6%
PERAdvantage 2025 Fund	2,314	3.8%
PERAdvantage 2030 Fund	2,805	4.6%
PERAdvantage 2035 Fund	2,868	4.7%
PERAdvantage 2040 Fund	3,372	5.5%
PERAdvantage 2045 Fund	4,621	7.5%
PERAdvantage 2050 Fund	2,793	4.5%
PERAdvantage 2055 Fund	371	0.6%
TD Ameritrade Money Market Account	95	0.2%
TD Ameritrade Self-Directed Brokerage Account	65	0.1%

Asset Allocation for Colorado PERA Defined Contribution Retirement Plan

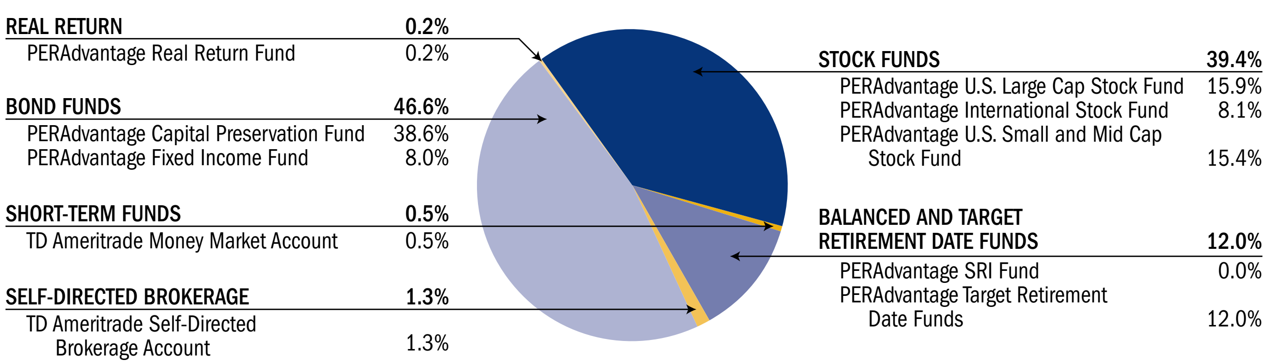
As of December 31, 2011



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

	FAIR VALUE DECEMBER 31, 2011	PERCENT OF TOTAL FAIR VALUE 2011
PERAdvantage Capital Preservation Fund	$182,280	38.6%
PERAdvantage Fixed Income Fund	37,721	8.0%
PERAdvantage Real Return Fund	811	0.2%
PERAdvantage U.S. Large Cap Stock Fund	75,149	15.9%
PERAdvantage International Stock Fund	38,050	8.1%
PERAdvantage U.S. Small and Mid Cap Stock Fund	72,858	15.4%
PERAdvantage SRI Fund	138	0.0%
PERAdvantage Income Fund	8,655	1.8%
PERAdvantage 2015 Fund	10,242	2.2%
PERAdvantage 2020 Fund	11,391	2.4%
PERAdvantage 2025 Fund	9,623	2.0%
PERAdvantage 2030 Fund	6,397	1.4%
PERAdvantage 2035 Fund	5,705	1.2%
PERAdvantage 2040 Fund	2,988	0.6%
PERAdvantage 2045 Fund	1,171	0.2%
PERAdvantage 2050 Fund	311	0.1%
PERAdvantage 2055 Fund	244	0.1%
TD Ameritrade Money Market Account	2,264	0.5%
TD Ameritrade Self-Directed Brokerage Account	5,961	1.3%

Asset Allocation for Colorado Deferred Compensation Plan (PERAPlus 457 Plan)
As of December 31, 2011



Supporting Communities

The impact of Colorado PERA benefit payments go far beyond PERA retirees. Payments sustain an additional 23,399 jobs throughout the State and result in $231.9 million in State and local tax revenue.

80 years 1931–2011

Report of the Independent Actuary

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

June 13, 2012

Board of Trustees
Public Employees' Retirement Association of Colorado
1301 Pennsylvania Street
Denver, CO 80203-5001

RE: ACTUARIAL CERTIFICATION OF DEFINED BENEFIT PLANS AND HEALTH CARE TRUST FUNDS

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, 2011. 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 some changes in the economic and demographic actuarial assumptions used in the health care valuations since the prior valuation. The changes include:

- Initial per capita health care costs for PERACare enrollees who are age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect the change in costs for the 2012 plan year.
- The initial 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 for Medicare Part A premiums and RDS payments have been revised to reflect the current 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 increased to 2019.

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Report of the Independent Actuary

Board of Trustees
Public Employees' Retirement Association of Colorado
June 13, 2012
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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 (GASB) Statements No. 25 and No. 43.

CMC updated the following schedules for the December 31, 2011, CAFR:

FINANCIAL SECTION

- Yearly ARC Deficiency
- Net Pension Obligation / Net OPEB Obligation for all Funds
- Average Monthly Benefit
- Actuarial Statistics
- Funded 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
- Current Year Actuarial Gains / (Losses)
- Funded Ratios
- Defined Benefit Pension Trust Funds Changes in Unfunded Actuarial Accrued Liabilities
- Required Supplementary Information - Schedule of Funding Progress
- Required Supplementary Information - Schedule of Employer Contributions and Other Contributing Entities
- Notes to Required Supplementary Information

ACTUARIAL SECTION

- Schedule of Retirees and Beneficiaries Added to and Removed from the Benefit Payroll
- Member – Retiree Comparison – All Division Trust Funds
- Schedule of Members in Valuation
- Solvency Test
- Unfunded Actuarial Accrued Liabilities (UAAL) – All Division Trust Funds
- Schedule of Gains and Losses in Accrued Liabilities - All Division Trust Funds
- Schedule of Computed Employer Contribution Rates for Fiscal Years Beginning in 2013
- Schedule of Active Member Valuation Data

STATISTICAL SECTION

- Member and Benefit Recipient Statistics
- Schedule of Average Retirement Benefits Payable
- Colorado PERA Benefit Payments - All Division Trust Funds
- Benefit Payments by Decile
- Current Average Monthly Benefit by Year of Retirement
- Schedule of Retirees and Survivors by Types of Benefits
- Schedule of Average Benefit Payments

Report of the Independent Actuary

Board of Trustees
Public Employees' Retirement Association of Colorado
June 13, 2012
Page 3

Colorado PERA pension divisions have a funded ratio of 61% based on both the Actuarial Value of Assets and the Market Value of Assets. For the health care trust funds combined, the funded ratios are 17% on both an actuarial value and market value of assets. The employer contribution rate, together with Medicare Part D Retiree Drug Subsidy receipts, is sufficient to eventually finance the PERA Health Care Trust Fund and the DPS Health Care Trust Fund benefits in accordance with GASB 43 and 45. The Local Government Division employer contribution rates are sufficient to finance the promised benefits under GASB 25 and 27. Considering the addition of the Amortization Equalization Disbursement (AED) and Supplemental Amortization Equalization Disbursement (SAED) contributions as a percentage of payroll and projected reductions in liability due to benefit structure changes for new hires, the State and School Divisions' employer contribution rates are expected to be sufficient to finance the promised benefits and eventually meet the required contribution levels under GASB 25 and 27. Considering the addition of the AED and SAED contributions and the offsets of Pension Certificates of Participation (PCOP) credits as a percentage of payroll, the Denver Public Schools Division employer contribution rate is currently sufficient to finance the promised benefits and eventually meet the required contribution levels under GASB 25 and 27. The total employer contributions, combined with projected reductions in liability due to benefit structure changes for newer hires, are expected to fund the Judicial Division.

It should be noted that the changes made to the PERA structure as a result of SB 10-001 had as a goal 100% funding of the accrued liability within 30 years for all divisions. The results of the December 31, 2011, valuations combined with financial projections of all divisions indicate that this goal, which is a much stronger position than required to meet current GASB standards, is still achievable with the exception of the Judicial Division. The Judicial Division is now projected to take a longer period to reach full-funding, absent favorable actuarial experience in the future. It must be noted that projections provide trends in financial measurements, not absolute results. Based on the expected actuarial experience, the trends for all divisions are positive.

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. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. All of the consultants listed below have experience in performing valuations for large statewide public retirement systems.

Sincerely,

Thomas J. Cavanaugh, FSA, FCA, EA, MAAA
Chief Executive Officer

Edward J. Koebel, EA, FCA, MAAA
Principal and Consulting Actuary

Eric H. Gary, FSA, FCA, MAAA
Chief OPEB Actuary

TJC/EJK/EHG:kc

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The Plan Summary for Calendar Year 2011

Note: SB 09-282 was signed by former Governor Ritter on May 21, 2009. The legislation mandated a merger between Colorado PERA and the Denver Public Schools Retirement System (DPSRS) on January 1, 2010. All plan members of DPSRS became Colorado PERA members on January 1, 2010. These members are now under Colorado PERA and their benefits are described herein as the Denver Public Schools (DPS) benefit structure. Existing members of Colorado PERA prior to the merger and any new members hired after January 1, 2010, are members of the PERA benefit structure. Differences in plan provisions between the PERA benefit structure and the DPS benefit structure are described herein.

SB 10-001 was signed by former Governor Ritter on February 23, 2010. 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.

Colorado PERA 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, 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 of Trustees (Board) appoints an Executive Director who is responsible for the daily administration of Colorado PERA. The Board retains an actuary to make annual valuations of the funding adequacy of the liabilities accrued under the plan. The 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.

Under the PERA benefit structure, 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. Under the DPS benefit structure, member contributions have been tax-deferred for federal income tax purposes since January 1, 1986, 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.

SB 10-146 was signed by former Governor 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.

SB 11-076 was signed by Governor Hickenlooper on May 23, 2011. SB 11-076 was proposed by the Joint Budget Committee to reduce the State's expenditures.

These two pieces of legislation mandate a temporary increase in the State and Judicial Divisions' member contribution rates by 2.50 percent of salary, and a corresponding decrease in the State and Judicial Divisions' employer contribution rates, effective July 1, 2010, through June 30, 2012. On July 1, 2012, the State and Judicial Divisions' member contribution rates will return to their previous statutory rates. SB 10-146 and SB 11-076 do not change the Supplemental Amortization Equalization Disbursement (SAED) contributions that are paid by employers from members' foregone wage increases.

SB 10-146 and SB 11-076 require that State Division and Judicial Division members contribute at the following payroll rates effective July 1, 2010, through June 30, 2012:

- *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 Colorado PERA employer, effective January 1, 2011, begin making contributions at the same rate as all members working for that employer. Retirees' contributions are non-refundable and do not accrue a benefit, nor are they credited to members' accounts.

SB 10-146 and SB 11-076 require that retirees re-employed by a State Division or Judicial Division employer, effective January 1, 2011, through June 30, 2012, contribute an additional 2.5 percent working retiree 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 174–179.

The Schedule of Computed Employer Contribution Rates on page 139 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 and SB 11-076 temporarily decrease State and Judicial Divisions' employer contribution rates, effective July 1, 2010, through June 30, 2012, by 2.5 percent of payroll. The following employer contribution rates are required during this period:

- *State Division employers:* 7.65 percent of salary.

The Plan Summary for Calendar Year 2011

- *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) and SAED contributions are unaffected by passage of SB 10-146 and SB 11-076.

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 of the PERA benefit structure 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 plus interest, 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 who are eligible to retire, but the legislation changes the eligibility for the 50 percent match for PERA benefit structure members who refund after January 1, 2011. 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.

A member of the DPS benefit structure who is not eligible to retire and who wishes to refund his or her account will receive his or her Colorado PERA contributions, any payments made to purchase service, and interest earned on the account. A member who terminated employment on or after January 1, 2001, with at least five years of service credit and withdraws his or her account upon reaching retirement eligibility receives a 100 percent matching amount. Members of the DPS benefit structure are not eligible for a 50 percent match.

State law authorizes the Board to determine the interest to be credited to member accounts. The interest rate for 2011 is 3 percent compounded annually. In no event shall the Board specify a rate that exceeds 5 percent.

Retirement Benefits—PERA Benefit Structure

Service Retirement Benefits

Any PERA benefit structure 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.

Members under the PERA benefit structure 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, WITH FIVE YEARS OF SERVICE CREDIT ON JANUARY 1, 2011

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

SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED ON OR AFTER JULY 1, 2005, BUT BEFORE JANUARY 1, 2007, WITH FIVE YEARS OF SERVICE CREDIT ON JANUARY 1, 2011

Age Requirement (in years)	*Service Credit Requirement (in years)*
Any Age	35
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, BUT BEFORE JANUARY 1, 2011, WITH FIVE YEARS OF SERVICE CREDIT ON JANUARY 1, 2011

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

The Plan Summary for Calendar Year 2011

SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS
(OTHER THAN STATE TROOPERS) HIRED BEFORE JANUARY 1, 2011
WITH LESS THAN FIVE YEARS OF SERVICE CREDIT ON JANUARY 1, 2011

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 MEMBERS
(OTHER THAN STATE TROOPERS) HIRED ON OR AFTER JANUARY 1, 2011

Age Requirement (in years)	*Service Credit Requirement (in years)*
Any Age	35
58	30
58	Age and Service = 88 or more
60	28
65	5
65	Less than 5 but 60 payroll postings

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

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.

Retirement Benefits—DPS Benefit Structure

Service Retirement Benefits

Any DPS benefit structure member who leaves a member account with Colorado PERA until reaching age and service requirements may apply for lifetime monthly benefits instead of withdrawing their account.

Members under the DPS benefit structure are eligible to receive monthly retirement benefits when they reach age and service retirement requirements as noted below:

SERVICE RETIREMENT ELIGIBILITY FOR DPS BENEFIT STRUCTURE MEMBERS
WITH FIVE YEARS OF SERVICE CREDIT ON JANUARY 1, 2011

Age Requirement (in years)	*Service Credit Requirement (in years)*
50	30
55	25[1]
65	5

[1] 15 years must be earned service credit

SERVICE RETIREMENT ELIGIBILITY FOR DPS BENEFIT STRUCTURE MEMBERS
WITH LESS THAN FIVE YEARS OF SERVICE CREDIT ON JANUARY 1, 2011

Age Requirement (in years)	*Service Credit Requirement (in years)*
Any Age	35
55	30[1]
55	Age and Service = 85 or more[1]
60	25
65	5

[1] 20 years must be earned service credit

A service retirement benefit is the higher of either the defined service benefit formula or the minimum benefit calculation.

SB 10-001 made the following changes to service retirement requirements effective January 1, 2011:

- For all members, 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).

Defined Retirement Benefits

Defined service retirement benefits are based on the member's years of service, age, and Highest Average Salary (HAS). 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.

For all members of the PERA benefit structure, except judges, eligible to retire as of January 1, 2011, 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

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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 for the next three periods that are used to determine the applicable HAS. This salary cap applies regardless of when the annual salaries used in the HAS occurred.

For all members of the PERA benefit structure, except judges, not eligible to retire as of January 1, 2011, or members of the PERA benefit structure 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 for the next three periods that are used to determine the applicable HAS. 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.

For members of the DPS benefit structure who are eligible to retire as of January 1, 2011:

- HAS is the average monthly salary of the 36 months of earned service having the highest salaries.

For members of the DPS benefit structure who are not eligible to retire as of January 1, 2011:

- 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 for the next three periods that are used to determine the applicable HAS. This salary cap applies regardless of when the annual salaries used in the HAS occurred.

Reduced Service Retirement Benefits—PERA Benefit Structure

The age and service requirements to be eligible for a reduced service retirement benefit are listed below:

Age Requirement (in years)		*Service Credit Requirement (in years)*
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 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.

Reduced Service Retirement Benefits—DPS Benefit Structure

The age and service requirements to be eligible for a reduced service retirement benefit are listed below for members with five or more years of service credit as of January 1, 2011:

Age Requirement (in years)	*Service Credit Requirement (in years)*
Less than 50	30
Less than 55	25
55	15

The age and service requirements to be eligible for a reduced service retirement benefit are listed below for members with less than five years of service credit as of January 1, 2011:

Age Requirement (in years)	*Service Credit Requirement (in years)*
50	25
55	20
60	5

Reduced service retirement benefits are based on the member's years of service, age, and HAS.

Reduced defined service retirement benefits available to DPS benefit structure members who began membership prior to July 1, 2005, are reduced 4 percent per year (0.333 percent per month) before the eligible date for service retirement. For members who began membership on or after July 1, 2005, the reduction factor equals 6 percent per year (0.50 percent per month).

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

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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—PERA Benefit Structure

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 and interest, 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.

Minimum Benefit Calculation—DPS Benefit Structure

Retiring members are entitled to a minimum benefit of $15 per month for each of the first 10 years of service and $20 per month for each additional year of service plus the money purchase benefit calculation determined by the member's life expectancy and the value of the member's contribution account and interest, plus, if inactive vested on or after January 1, 2001, a matching amount equal to 100 percent of the member's contributions and interest.

Survivor Benefits—PERA Benefit Structure

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.

Survivor Benefits—DPS Benefit Structure

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.

To qualify for survivor benefits under the DPS benefit structure, the member must be an active member at time of death having completed at least five years of continuous service under the DPS benefit structure or have qualified for disability retirement after July 1, 1962, and have yet to meet the age requirements for recalculation of the disability benefit.

If the named beneficiary(ies) waive their right to receive a refund, survivors are paid in the following order of eligibility:

- Spouse with dependent and/or disabled adult children
- Spouse only
- Dependent parents
- Named beneficiary

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.

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 an increase 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.
- However, the AI cap cannot be decreased below 2.0 percent.

SB 10-001 includes the following additional provisions:

For PERA benefit structure service and disability retirees who were hired on or before December 31, 2006, and for PERA benefit structure survivor benefit recipients of deceased members who were hired on or before December 31, 2006, and for all benefit recipients under the DPS benefit structure:

- 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 monthly Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for each of the months in the prior calendar year, or the applicable AI cap which is currently 2.0 percent.

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- 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 PERA benefit structure service and disability retirees who were hired on or after January 1, 2007, and for PERA benefit structure survivor benefit recipients of deceased members who were hired on or after January 1, 2007:

- 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.

Summary of Actuarial Methods and Assumptions

Actuarial Methods

The costs 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, early and service retirement, termination (including the possibility of refunds), disability, and death benefits are projected 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. Normal cost only is determined for active members currently accruing benefits; those in receipt, terminated or beyond assumed retirement age have no allocated normal cost.

The total "actuarial accrued liability" for the plan includes the actuarial accrued liability for active members, which is the portion of the total cost of the plan allocated to prior years' service and the present value of the benefits expected to be paid to members currently receiving benefits, active members beyond the assumed retirement age, and inactive members entitled to future benefits.

The excess of the total actuarial accrued liability over the value of the actuarial value of 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 actuarial accrued liability.

The actuarial assumptions are used to determine the normal cost and the accrued and projected liabilities of the plan. 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 actuarial accrued liability.

Asset Valuation Method

In 1992, the 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. Regarding assets transferred due to the Merger of DPSRS into Colorado PERA, the actuarial value of assets for DPSRS, prior to merger, was determined by applying a smoothing method similar to the method used for all other PERA Divisions, and thus, such pattern was continued for the DPS Division (for pension purposes) for the 2010 actuarial valuation and continues on a prospective basis. The actuarial value of asset for the DPS Retiree Health Benefit Trust, prior to merger, was set equal to the market value of assets as of each valuation date; therefore, the actuarial value of assets for the DPS Health Care Trust Fund (DPS HCTF) was set equal to the market value as of the beginning of the valuation year and the same actuarial smoothing method, as is used for all Colorado PERA pension and health care trust assets, was adopted for the 2010 actuarial valuation of the DPS HCTF and continues on a prospective basis until a rolling four-year smoothing period is achieved.

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 Board to pursue additional actuarial studies one year earlier than the normal five-year interval. During 2009, the 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 encompassed 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.

Summary of Actuarial Methods and Assumptions

In November 2008, the 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 Board reduced its investment assumption rate from 8.5 percent to 8.0 percent per year, compounded annually, net of 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 rate of investment return. The Board reviews the investment assumption rate annually. In November 2011, the Board moved to retain the 8.0 percent investment assumption rate.

A rigorous process is used by the Board to adopt the investment assumptions under the guidance provided by Actuarial Standard of Practice No. 27 as prescribed by Actuarial Standards Board. The retained actuary performs stochastic simulation models using historical investment and economic data with projected inflation and asset class returns to provide a best-estimate range of future investment returns over a 40-year period given Colorado PERA's targeted asset allocation and expected administrative expenses. These ranges are used to produce assumptions regarding future inflation, productivity, and real rates of return for asset classes above inflation. Under the "Building Block Method," the assumed inflation rate is combined with the assumed real rate of return (after administrative expenses) to form the overall investment assumption.

The inflation assumption is 3.75 percent per year. The real rate of return assumption is 4.25 percent per year. The overall member payroll was assumed to increase 4.5 percent annually in 2009. Pay increase assumptions for individual members in 2011 are shown for sample ages in Exhibits A, B, C, and E. 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.

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.

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. This mortality assumption reflects Colorado PERA's recent and anticipated plan experience and is used to estimate the value of benefits expected to be paid in the future. Sample values are shown in Exhibit G.

The probabilities of age and service retirement are shown in Exhibits H and I. The probabilities of withdrawal from service, disability, and death-in-service are shown for sample ages in Exhibits A, B, C, D, and E. 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. The only exceptions to this are the Judicial Division, for which it is assumed that 100 percent of vested members who terminate elect to leave their contributions in the plan in order to be eligible for a benefit at their retirement date, and the DPS Division, for which it is assumed that 25 percent of vested members who terminate prior to age 45 and 75 percent of vested members who terminate at or after age 45, will elect to leave their contributions in the plan in order to be eligible for a benefit at their retirement date.

Separations from Employment Before Retirement and Individual Pay Increase Assumptions

Exhibit A—State Division

	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL[1]		DEATH[2]		DISABILITY		MERIT AND	INFLATION AND	TOTAL INCREASE
SAMPLE AGES	*MALE*	*FEMALE*	*MALE*	*FEMALE*	*MALE*	*FEMALE*	SENIORITY	PRODUCTIVITY	(NEXT YEAR)
State Members (Other Than State Troopers)									
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%
State Troopers									
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 and Denver Public Schools Division (PERA Benefit Structure)[1]

	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL		DEATH[2]		DISABILITY		MERIT AND	INFLATION AND	TOTAL INCREASE
SAMPLE AGES	*MALE*	*FEMALE*	*MALE*	*FEMALE*	*MALE*	*FEMALE*	SENIORITY	PRODUCTIVITY	(NEXT YEAR)
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 shown are for PERA benefit structure members in the School or DPS Divisions.

[2] 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

	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL		DEATH[1]		DISABILITY		MERIT AND	INFLATION AND	TOTAL INCREASE
SAMPLE AGES	*MALE*	*FEMALE*	*MALE*	*FEMALE*	*MALE*	*FEMALE*	SENIORITY	PRODUCTIVITY	(NEXT YEAR)
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

	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL[1]		DEATH[2]		DISABILITY		MERIT AND	INFLATION AND	TOTAL INCREASE
SAMPLE AGES	*MALE*	*FEMALE*	*MALE*	*FEMALE*	*MALE*	*FEMALE*	SENIORITY[3]	PRODUCTIVITY	(NEXT YEAR)
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—All Division Trust Funds (DPS Benefit Structure)[1]

	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL		DEATH[2]		DISABILITY		MERIT AND	INFLATION AND	TOTAL INCREASE
SAMPLE AGES	*MALE*	*FEMALE*	*MALE*	*FEMALE*	*MALE*	*FEMALE*	SENIORITY	PRODUCTIVITY	(NEXT YEAR)
20	8.05%	9.89%	0.022%	0.014%	0.00%	0.00%	3.50%	4.50%	8.00%
25	7.36%	9.89%	0.028%	0.015%	0.06%	0.05%	3.50%	4.50%	8.00%
30	6.09%	8.85%	0.036%	0.016%	0.06%	0.05%	3.20%	4.50%	7.70%
35	5.12%	7.36%	0.042%	0.021%	0.07%	0.06%	2.76%	4.50%	7.26%
40	4.43%	5.82%	0.045%	0.030%	0.10%	0.09%	2.12%	4.50%	6.62%
45	3.91%	3.93%	0.063%	0.044%	0.17%	0.15%	1.34%	4.50%	5.84%
50	3.39%	2.76%	0.095%	0.060%	0.31%	0.28%	0.80%	4.50%	5.30%
55	3.11%	2.53%	0.161%	0.095%	0.56%	0.50%	0.42%	4.50%	4.92%
60	2.88%	2.53%	0.279%	0.168%	1.19%	1.07%	0.20%	4.50%	4.70%
65	2.30%	2.53%	0.507%	0.334%	0.00%	0.00%	0.00%	4.50%	4.50%

[1] Rates shown are for DPS benefit structure members in any division.

[2] 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 F

COMPLETED YEARS OF SERVICE	STATE DIVISION MALE	STATE DIVISION FEMALE	SCHOOL & DPS DIVISIONS[2] MALE	SCHOOL & DPS DIVISIONS[2] FEMALE	LOCAL GOVERNMENT DIVISION MALE	LOCAL GOVERNMENT DIVISION FEMALE	DPS BENEFIT STRUCTURE[3] MALE	DPS BENEFIT STRUCTURE[3] FEMALE
	PERCENT OF MEMBERS WITH LESS THAN FIVE YEARS OF SERVICE WITHDRAWING FROM EMPLOYMENT NEXT YEAR[1]							
0	43.0%	43.0%	39.0%	36.0%	39.0%	37.0%	23.0%	23.0%
1	20.0%	22.0%	20.0%	19.0%	19.0%	21.0%	20.0%	20.0%
2	15.0%	16.0%	15.0%	14.0%	13.0%	16.0%	16.0%	16.0%
3	12.0%	13.0%	11.0%	11.0%	11.0%	13.0%	14.0%	14.0%
4	10.0%	11.0%	10.0%	10.0%	10.0%	11.0%	12.0%	12.0%

[1] There are no select withdrawal assumptions for State Troopers or Judicial Division members.

[2] Rates shown are for PERA benefit structure members in the School or DPS Divisions.

[3] Rates shown are for DPS benefit structure members in any division.

Single Life Retirement Value Assumptions

Exhibit G—All Division Trust Funds

(In Actual Dollars)

SAMPLE ATTAINED AGES	PRESENT VALUE OF $1 MONTHLY FOR LIFE MALE	PRESENT VALUE OF $1 MONTHLY FOR LIFE FEMALE	PRESENT VALUE OF $1 MONTHLY INCREASING 2.0% ANNUALLY MALE	PRESENT VALUE OF $1 MONTHLY INCREASING 2.0% ANNUALLY FEMALE	FUTURE LIFE EXPECTANCY IN YEARS MALE	FUTURE LIFE EXPECTANCY IN YEARS 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 H

RETIREMENT AGES	STATE DIVISION MALE	STATE DIVISION FEMALE	STATE TROOPERS	SCHOOL & DPS DIVISIONS[1] MALE	SCHOOL & DPS DIVISIONS[1] FEMALE	LOCAL GOVERNMENT DIVISION MALE	LOCAL GOVERNMENT DIVISION FEMALE	JUDICIAL DIVISION	DPS BENEFIT STRUCTURE[2] MALE	DPS BENEFIT STRUCTURE[2] FEMALE
50	20%	18%	10%	12%	12%	12%	15%	10%	10%	5%
51	15%	14%	10%	12%	12%	12%	17%	10%	10%	5%
52	13%	13%	10%	12%	12%	12%	20%	10%	10%	6%
53	13%	10%	10%	10%	12%	12%	10%	10%	10%	7%
54	18%	18%	10%	16%	18%	20%	20%	10%	10%	8%
55	12%	18%	10%	18%	18%	10%	20%	10%	10%	8%
56	12%	13%	10%	10%	12%	12%	10%	10%	10%	9%
57	12%	11%	10%	10%	15%	13%	15%	10%	10%	10%
58	14%	11%	10%	10%	18%	13%	17%	10%	11%	10%
59	12%	20%	10%	18%	18%	15%	20%	13%	12%	10%
60	12%	14%	10%	12%	13%	15%	10%	13%	13%	11%
61	10%	10%	10%	10%	13%	15%	12%	13%	14%	12%
62	12%	12%	10%	14%	15%	18%	12%	13%	15%	13%
63	15%	12%	10%	14%	15%	13%	12%	13%	15%	14%
64	15%	12%	10%	14%	15%	10%	12%	10%	15%	15%
65 and Over	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

[1] Rates shown are for PERA benefit structure members in the School or DPS Divisions.

[2] Rates shown are for DPS benefit structure members in any division.

Percent of Members Eligible for Unreduced Benefits Retiring Next Year

Exhibit I

RETIREMENT	STATE DIVISION		STATE	SCHOOL & DPS DIVISIONS[1]		LOCAL GOVERNMENT DIVISION		JUDICIAL	DPS BENEFIT STRUCTURE[2]	
AGES	*MALE*	*FEMALE*	TROOPERS	*MALE*	*FEMALE*	*MALE*	*FEMALE*	DIVISION	*MALE*	*FEMALE*
50	45%	45%	35%	45%	45%	45%	45%	10%	30%	30%
51	35%	32%	30%	38%	34%	25%	35%	10%	30%	30%
52	35%	32%	30%	38%	35%	22%	35%	10%	30%	30%
53	30%	27%	30%	35%	35%	22%	35%	10%	30%	30%
54	30%	27%	30%	32%	35%	22%	35%	10%	35%	35%
55	25%	30%	30%	28%	30%	22%	23%	10%	35%	35%
56	25%	20%	30%	25%	25%	22%	23%	10%	35%	25%
57	22%	22%	30%	25%	25%	22%	25%	10%	35%	25%
58	22%	22%	30%	25%	25%	22%	25%	10%	30%	25%
59	20%	22%	30%	25%	25%	22%	25%	13%	30%	25%
60	22%	22%	30%	25%	25%	25%	20%	13%	30%	20%
61	20%	22%	30%	25%	25%	20%	17%	13%	35%	20%
62	22%	25%	30%	28%	25%	20%	25%	13%	40%	30%
63	22%	22%	30%	25%	25%	20%	30%	13%	35%	20%
64	22%	18%	30%	22%	25%	25%	14%	10%	35%	30%
65	27%	28%	100%	30%	28%	30%	35%	10%	35%	35%
66	25%	28%	100%	20%	22%	27%	20%	10%	30%	30%
67	25%	23%	100%	20%	22%	27%	20%	10%	25%	25%
68	20%	22%	100%	20%	22%	27%	25%	25%	25%	25%
69	20%	22%	100%	16%	22%	27%	20%	40%	25%	25%
70 and Over	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

[1] Rates shown are for PERA benefit structure members in the School or DPS Divisions.

[2] Rates shown are for DPS benefit structure members in any division.

Schedule of Retirees and Beneficiaries Added to and Removed from the Benefit Payroll

(In Actual Dollars)

State Division[1]

YEAR ENDED	ADDED TO PAYROLL NO.[2]	ADDED TO PAYROLL ANNUAL BENEFITS	REMOVED FROM PAYROLL NO.[2]	REMOVED FROM PAYROLL ANNUAL BENEFITS	PAYROLL—END OF YEAR NO.[2]	PAYROLL—END OF YEAR ANNUAL BENEFITS	AVERAGE ANNUAL BENEFITS	INCREASE IN AVERAGE BENEFITS
12/31/2006					28,672	$872,636,112	$30,435	–
12/31/2007	1,632	$57,669,468	656	$12,017,172	29,648	947,151,132	31,947	5.0%
12/31/2008	1,579	56,570,160	713	13,388,088	30,514	1,020,023,424	33,428	4.6%
12/31/2009	1,550	58,001,148	734	16,212,468	31,330	1,095,394,056	34,963	4.6%
12/31/2010	1,705	63,012,492	668	15,870,416	32,367	1,142,735,232	35,306	1.0%
12/31/2011	**1,477**	**52,575,840**	**767**	**18,206,208**	**33,077**	**1,198,047,252**	**36,220**	**2.6%**

Previous actuary compiled information prior to 2006; information by division is not available.

[1] Numbers derived on an accrual basis.

[2] The number does not include deferred survivors.

School Division[1]

YEAR ENDED	ADDED TO PAYROLL NO.[2]	ADDED TO PAYROLL ANNUAL BENEFITS	REMOVED FROM PAYROLL NO.[2]	REMOVED FROM PAYROLL ANNUAL BENEFITS	PAYROLL—END OF YEAR NO.[2]	PAYROLL—END OF YEAR ANNUAL BENEFITS	AVERAGE ANNUAL BENEFITS	INCREASE IN AVERAGE BENEFITS
12/31/2006					41,948	$1,255,020,564	$29,918	–
12/31/2007	2,713	$87,156,144	775	$13,230,432	43,886	1,371,661,740	31,255	4.5%
12/31/2008	2,663	84,572,232	795	14,103,468	45,754	1,487,330,100	32,507	4.0%
12/31/2009	2,432	75,857,232	727	14,333,928	47,459	1,599,048,372	33,693	3.6%
12/31/2010	3,002	94,587,504	717	15,977,299	49,744	1,677,950,928	33,732	0.1%
12/31/2011	**2,783**	**83,582,412**	**809**	**17,059,212**	**51,718**	**1,776,539,052**	**34,350**	**1.8%**

Previous actuary compiled information prior to 2006; information by division is not available.

[1] Numbers derived on an accrual basis.

[2] The number does not include deferred survivors.

Local Government Division[1]

YEAR ENDED	ADDED TO PAYROLL NO.[2]	ADDED TO PAYROLL ANNUAL BENEFITS	REMOVED FROM PAYROLL NO.[2]	REMOVED FROM PAYROLL ANNUAL BENEFITS	PAYROLL—END OF YEAR NO.[2]	PAYROLL—END OF YEAR ANNUAL BENEFITS	AVERAGE ANNUAL BENEFITS	INCREASE IN AVERAGE BENEFITS
12/31/2006					3,821	$107,505,516	$28,135	–
12/31/2007	345	$12,147,432	78	$892,944	4,088	122,322,048	29,922	6.4%
12/31/2008	367	14,246,328	82	1,380,000	4,373	139,012,452	31,789	6.2%
12/31/2009	373	12,911,052	75	1,444,056	4,671	154,915,224	33,165	4.3%
12/31/2010	463	18,211,380	82	1,560,317	5,052	171,596,184	33,966	2.4%
12/31/2011	**332**	**11,254,980**	**88**	**1,645,992**	**5,296**	**184,500,768**	**34,838**	**2.6%**

Previous actuary compiled information prior to 2006; information by division is not available.

[1] Numbers derived on an accrual basis.

[2] The number does not include deferred survivors.

Schedule of Retirees and Beneficiaries Added to and Removed from the Benefit Payroll

(In Actual Dollars)

Judicial Division[1]

YEAR ENDED	ADDED TO PAYROLL NO.[2]	ADDED TO PAYROLL ANNUAL BENEFITS	REMOVED FROM PAYROLL NO.[2]	REMOVED FROM PAYROLL ANNUAL BENEFITS	PAYROLL—END OF YEAR NO.[2]	PAYROLL—END OF YEAR ANNUAL BENEFITS	AVERAGE ANNUAL BENEFITS	INCREASE IN AVERAGE BENEFITS
12/31/2006					257	$11,072,184	$43,082	–
12/31/2007	25	$1,438,848	5	$99,228	277	12,786,492	46,161	7.1%
12/31/2008	7	543,828	3	105,720	281	13,659,096	48,609	5.3%
12/31/2009	19	1,376,436	9	189,624	291	15,290,100	52,543	8.1%
12/31/2010	10	876,804	8	234,040	293	15,935,640	54,388	3.5%
12/31/2011	**21**	**1,224,480**	**3**	**103,752**	**311**	**17,320,980**	**55,694**	**2.4%**

Previous actuary compiled information prior to 2006; information by division is not available.

[1] Numbers derived on an accrual basis.

[2] The number does not include deferred survivors.

Denver Public Schools Division[1,2]

YEAR ENDED	ADDED TO PAYROLL NO.[2]	ADDED TO PAYROLL ANNUAL BENEFITS	REMOVED FROM PAYROLL NO.[3]	REMOVED FROM PAYROLL ANNUAL BENEFITS	PAYROLL—END OF YEAR NO.[3]	PAYROLL—END OF YEAR ANNUAL BENEFITS	AVERAGE ANNUAL BENEFITS	INCREASE IN AVERAGE BENEFITS
12/31/2010	6,199	$216,886,500	–	$–	6,199	$216,886,500	$34,987	–
12/31/2011	**252**	**7,977,360**	**155**	**$4,143,396**	**6,296**	**224,954,832**	**35,730**	**2.1%**

[1] Numbers derived on an accrual basis.

[2] The DPS Division Trust Fund was established on January 1, 2010, and received the net assets of DPSRS.

[3] The number does not include deferred survivors.

Schedule of Retirees and Beneficiaries Added to and Removed from Benefit Payroll[1]— All Division Trust Funds

(In Actual Dollars)

YEAR ENDED	ADDED TO PAYROLL NO.[2]	ADDED TO PAYROLL ANNUAL BENEFITS	REMOVED FROM PAYROLL NO.[2]	REMOVED FROM PAYROLL ANNUAL BENEFITS	PAYROLL—END OF YEAR NO.[2]	PAYROLL—END OF YEAR ANNUAL BENEFITS	AVERAGE ANNUAL BENEFITS	INCREASE IN AVERAGE BENEFITS
12/31/2002	4,064	$123,812,748	1,376	$19,675,356	60,548	$1,427,278,692	$23,573	6.4%
12/31/2003	5,145	172,028,340	1,508	23,550,024	63,988	1,620,754,488	25,329	7.4%
12/31/2004	5,522	191,924,148	1,610	28,105,056	67,900	1,839,310,356	27,089	6.9%
12/31/2005	5,320	175,538,520	1,819	25,819,464	71,401	2,045,457,000	28,647	5.8%
12/31/2006	5,251	169,081,084	1,954	27,505,200	74,698	2,246,234,376	30,071	5.0%
12/31/2007	4,715	158,411,892	1,514	26,239,776	77,899	2,453,921,412	31,501	4.8%
12/31/2008	4,616	155,932,548	1,593	28,977,276	80,922	2,660,025,072	32,871	4.3%
12/31/2009	4,374	148,145,868	1,545	32,180,076	83,751	2,864,647,752	34,204	4.1%
12/31/2010	11,379[3]	393,574,680	1,475	33,642,072	93,655[3]	3,225,104,484	34,436	0.7%
12/31/2011	**4,865**	**156,615,072**	**1,822**	**41,158,560**	**96,698**	**3,401,362,884**	**35,175**	**2.1%**

[1] Numbers derived on an accrual basis. Data prior to December 31, 2010, does not include the DPS Division.

[2] The number does not include deferred survivors.

[3] Includes the addition of 6,215 beneficiaries due to the DPSRS merger.

Member-Retiree Comparison—All Division Trust Funds[1]

(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	28.6%	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
2010	91,412	378,264	24.2%	3,161,773,781
2011	**94,451**	**386,414**	**24.4%**	**3,323,425,219**

[1] Numbers derived on a cash basis. Data prior to 2010 does not include the DPS Division.

[2] Includes inactive member accounts.

Schedule of Members in Valuation

By Attained Age and Years of Service as of December 31, 2011
(In Actual Dollars)

State Division

Members included in the State Division valuation totaled 54,956 and involved annual salaries totaling $2,393,791,402. The average age for these members (excluding State Troopers) was 46.1 years, and the average service was 8.9 years. The average age for State Troopers was 40.2 years, and the average service was 11.1 years.

	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
ATTAINED AGE	0–4	5–9	10–14	15–19	20–24	25–29	30+	NO.	VALUATION PAYROLL
Up to 20	178	–	–	–	–	–	–	178	$1,283,535
20–24	1,423	12	–	–	–	–	–	1,435	25,901,240
25–29	3,392	471	16	–	–	–	–	3,879	118,846,068
30–34	3,411	1,584	337	3	–	–	–	5,335	196,376,738
35–39	2,739	1,671	1,139	189	5	–	–	5,743	242,716,703
40–44	2,647	1,687	1,402	876	270	13	–	6,895	322,118,217
45–49	4,040	1,573	1,282	863	757	441	44	9,000	401,580,406
50–54	2,070	1,640	1,362	952	895	780	307	8,006	398,098,390
55–59	1,865	1,400	1,205	939	859	578	401	7,247	355,285,861
60	274	233	209	181	170	99	64	1,230	61,468,092
61	274	217	215	133	143	68	72	1,122	53,357,600
62	247	205	172	121	111	78	63	997	46,956,641
63	227	173	144	95	81	67	54	841	40,342,634
64	177	142	121	97	68	52	50	707	32,974,460
65	160	143	107	79	72	65	45	671	31,603,678
66	99	85	62	54	22	25	40	387	17,531,346
67	81	57	49	31	33	19	20	290	12,707,762
68	79	40	30	27	22	13	22	233	9,930,446
69	62	46	29	10	23	10	18	198	7,515,124
70+	232	91	82	47	46	26	38	562	17,196,461
Totals	**23,677**	**11,470**	**7,963**	**4,697**	**3,577**	**2,334**	**1,238**	**54,956**	**$2,393,791,402**

School Division

Members included in the School Division valuation totaled 114,820 and involved annual salaries totaling $3,821,603,410. The average age for these members was 44.6 years, and the average service was 8.5 years.

	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
ATTAINED AGE	0–4	5–9	10–14	15–19	20–24	25–29	30+	NO.	VALUATION PAYROLL
Up to 20	687	–	–	–	–	–	–	687	$3,675,665
20–24	3,698	67	–	–	–	–	–	3,765	57,081,431
25–29	8,514	1,352	39	–	–	–	–	9,905	263,666,943
30–34	6,252	5,091	820	18	–	–	–	12,181	403,775,218
35–39	5,525	3,887	3,273	384	7	–	–	13,076	465,897,406
40–44	6,273	3,861	3,083	2,174	366	10	–	15,767	560,897,304
45–49	6,182	3,948	2,888	1,835	1,575	484	28	16,940	587,369,066
50–54	4,356	3,788	3,301	2,000	1,620	1,572	411	17,048	624,181,352
55–59	3,125	2,517	2,462	1,992	1,481	1,050	671	13,298	488,128,641
60	502	416	334	318	271	163	98	2,102	76,493,537
61	487	343	301	223	217	152	79	1,802	63,401,367
62	403	298	260	207	176	106	82	1,532	53,637,835
63	347	268	215	151	134	103	69	1,287	43,834,684
64	354	244	180	116	110	96	51	1,151	36,478,656
65	359	217	179	111	93	52	48	1,059	31,057,331
66	225	123	82	64	52	28	18	592	16,120,120
67	215	101	70	45	28	20	15	494	11,237,937
68	194	90	52	27	26	22	9	420	9,232,590
69	178	76	43	24	14	14	17	366	6,901,029
70+	686	326	157	70	34	39	36	1,348	18,535,298
Totals	**48,562**	**27,013**	**17,739**	**9,759**	**6,204**	**3,911**	**1,632**	**114,820**	**$3,821,603,410**

Schedule of Members in Valuation

By Attained Age and Years of Service as of December 31, 2011
(In Actual Dollars)

Local Government Division

Members included in the Local Government Division valuation totaled 16,065 and involved annual salaries totaling $718,169,015. The average age for these members was 44.2 years, and the average service was 7.7 years.

	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
ATTAINED AGE	0–4	5–9	10–14	15–19	20–24	25–29	30+	NO.	VALUATION PAYROLL
Up to 20	347	–	–	–	–	–	–	347	$1,390,616
20–24	800	18	–	–	–	–	–	818	11,886,093
25–29	1,122	223	9	–	–	–	–	1,354	41,912,928
30–34	1,045	442	107	3	–	–	–	1,597	62,559,715
35–39	864	570	214	62	1	–	–	1,711	78,905,117
40–44	974	603	314	163	63	2	–	2,119	100,867,158
45–49	715	574	328	237	133	105	18	2,110	113,064,276
50–54	656	553	376	258	209	192	73	2,317	127,813,281
55–59	533	439	275	207	198	119	70	1,841	100,041,021
60	90	79	44	29	27	20	14	303	15,337,424
61	66	64	36	28	22	19	18	253	12,775,602
62	76	68	44	24	19	12	9	252	13,138,742
63	56	48	31	15	19	11	6	186	9,679,548
64	43	50	21	16	17	8	4	159	7,979,651
65	46	43	27	9	15	13	6	159	6,894,478
66	30	25	14	9	4	4	2	88	3,827,124
67	26	18	11	7	4	3	2	71	2,281,528
68	22	14	10	5	3	–	3	57	2,194,183
69	25	22	6	3	2	2	2	62	1,733,486
70+	161	54	24	10	8	2	2	261	3,887,044
Totals	**7,697**	**3,907**	**1,891**	**1,085**	**744**	**512**	**229**	**16,065**	**$718,169,015**

Judicial Division

Members included in the Judicial Division valuation totaled 329 and involved annual salaries totaling $39,033,369. The average age for Judicial Division members was 56.1 years, and the average service was 13.6 years.

	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
ATTAINED AGE	0–4	5–9	10–14	15–19	20–24	25–29	30+	NO.	VALUATION PAYROLL
35–39	1	2	1	–	–	–	–	4	$272,641
40–44	7	7	1	1	1	–	–	17	1,987,778
45–49	16	19	5	7	6	–	–	53	6,411,947
50–54	17	14	12	7	12	4	1	67	8,028,079
55–59	16	15	8	10	11	6	1	67	7,820,131
60	1	2	1	2	1	–	2	9	1,134,520
61	3	2	4	2	3	2	2	18	2,207,050
62	3	4	2	1	4	3	1	18	2,141,259
63	3	5	2	3	3	2	4	22	2,497,317
64	–	1	2	3	2	3	1	12	1,473,367
65	–	5	1	–	–	2	1	9	1,057,262
66	–	–	3	1	2	–	2	8	1,001,269
67	–	–	1	3	–	4	–	8	1,020,365
68	1	1	–	1	1	1	–	5	467,066
69	–	–	–	–	1	–	1	2	271,010
70+	1	2	–	–	2	3	2	10	1,242,308
Totals	**69**	**79**	**43**	**41**	**49**	**30**	**18**	**329**	**$39,033,369**

Schedule of Members in Valuation

By Attained Age and Years of Service as of December 31, 2011
(In Actual Dollars)

Denver Public Schools Division

Members included in the DPS Division valuation totaled 13,571 and involved annual salaries totaling $491,646,251. The average age for these members was 42.4 years, and the average service was 5.9 years.

	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
ATTAINED AGE	0–4	5–9	10–14	15–19	20–24	25–29	30+	NO.	VALUATION PAYROLL
Up to 20	81	–	–	–	–	–	–	81	$585,928
20–24	807	3	–	–	–	–	–	810	14,802,166
25–29	1,638	75	4	–	–	–	–	1,717	48,287,393
30–34	1,370	320	41	1	–	–	–	1,732	59,031,064
35–39	1,551	367	212	21	1	–	–	2,152	71,466,362
40–44	859	265	245	95	13	–	–	1,477	60,367,119
45–49	636	227	220	120	93	18	2	1,316	56,200,196
50–54	607	195	224	124	156	78	15	1,399	58,778,071
55–59	554	159	198	168	151	77	44	1,351	59,260,322
60	100	25	29	27	26	15	8	230	9,788,299
61	83	25	32	36	21	10	4	211	9,360,041
62	94	17	33	25	25	9	8	211	9,288,026
63	65	25	29	17	28	8	6	178	8,665,179
64	60	22	29	12	13	6	2	144	6,241,558
65	44	12	23	12	20	6	10	127	6,062,899
66	36	11	9	12	7	2	2	79	3,304,663
67	37	9	6	7	7	4	2	72	2,817,291
68	32	7	6	4	5	1	3	58	2,166,077
69	16	4	1	5	5	–	–	31	951,034
70+	145	13	10	6	12	4	5	195	4,222,563
Totals	**8,815**	**1,781**	**1,351**	**692**	**583**	**238**	**111**	**13,571**	**$491,646,251**

Summary of Solvency Test

The Colorado PERA funding objective, to paraphrase the 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 174–179.)

Since 2000, Colorado PERA's funding ratio has declined from a high of 105.2 percent to 61.2 percent at the end of 2011. 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 AED from Colorado PERA employers beginning January 2006 and increasing through 2012.
- A gradual increase of 0.5 percent of salary per year in contributions, called the SAED, over six years to be paid by employers from foregone employee wage increases, effective January 1, 2008.
- 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 of the PERA benefit structure hired on or before December 31, 2006, with a retirement effective date of January 1, 2011, or later and all members of the DPS benefit structure 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 of the PERA benefit structure hired on or before December 31, 2006, not eligible to retire on January 1, 2011, and all members of the DPS benefit structure 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 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. Since the 2010 investment return was positive, a 2.0 percent AI was paid July 2011.
- Continues to increase the AED until a total of 5.0 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 and DPS Divisions. Adjust the AED and SAED for these divisions 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 5.0 percent is reached in 2017 for the State Division, and 5.5 percent is reached in 2018 for the School and DPS Divisions.
- Maintains the AED and SAED at 2010 levels for the Local Government and Judicial Divisions. Adjust the AED and SAED for these divisions 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 reaches 90 percent and subsequently falls below 90 percent.
- Establishes a three-year 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.

Summary of Solvency Test

- 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 was signed by Governor 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.

SB 11-076 was signed by Governor Hickenlooper on May 23, 2011. SB 11-076 was proposed by the Joint Budget Committee to reduce the State's expenditures.

These two legislative bills mandate a temporary increase in the State and Judicial Divisions' member contribution rates by 2.50 percent of salary, and a corresponding decrease in the State and Judicial Divisions' employer contribution rates, effective July 1, 2010, through June 30, 2012. On July 1, 2012, the State and Judicial Divisions' member contribution rates will return to their previous statutory rates. SB 10-146 and SB 11-076 do not change the SAED contributions that are paid by employers from members' foregone wage increases.

SB 10-146 and SB 11-076 require that State Division and Judicial Division members and employers contribute at the following payroll rates effective July 1, 2010, through June 30, 2012:

- *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 Troopers and Colorado Bureau of Investigation members:* 12.5 percent of salary
- *State Troopers and Colorado Bureau of Investigation members 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 and SB 11-076 also require that retirees re-employed by a State Division or Judicial Division employer, effective January 1, 2011, through June 30, 2012, contribute an additional 2.5 percent working retiree contribution.

These two legislative bills were 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. For the fiscal year ending June 30, 2012, the State's expenditures are estimated to be reduced by $58.3 million. The estimated increases in Colorado PERA's actuarial liabilities in the State Division and Judicial Division are $10.4 million and $0.01 million, respectively, for the fiscal year ending June 30, 2011, and $6.6 million and $0.04 million, respectively, for the fiscal year ending June 30, 2012.

The following solvency test is one means of checking Colorado PERA's funding progress. In this test, the retirement plan's valuation assets 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, 2011, 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.

Solvency Test

(In Actual Dollars)

State Division

VALUATION DATE	MEMBER CONTRIBUTIONS (A)[1]	RETIREES, BENEFICIARIES, AND INACTIVE MEMBERS (B)	EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C)	REPORTED ASSETS	PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS LIABILITY (A)	LIABILITY (B)	LIABILITY (C)
12/31/2006	$2,509,680,634	$11,230,859,584	$4,505,470,291	$13,327,290,139	100.0%	96.3%	0.0%
12/31/2007	2,527,090,836	12,118,948,258	4,744,256,709	14,220,680,819	100.0%	96.5%	0.0%
12/31/2008	2,566,619,719	12,999,235,625	4,932,812,351	13,914,370,734	100.0%	87.3%	0.0%
12/31/2009	2,568,286,884	12,660,958,307	4,747,971,978	13,382,736,472	100.0%	85.4%	0.0%
12/31/2010	2,569,046,085	13,149,658,232	4,637,471,747	12,791,946,348	100.0%	77.7%	0.0%
12/31/2011	**2,629,639,816**	**13,710,392,567**	**4,486,511,088**	**12,010,044,704**	**100.0%**	**68.4%**	**0.0%**

Previous actuary compiled information prior to 2006; information by division is not available.

[1] Includes accrued interest on member contributions.

School Division

VALUATION DATE	MEMBER CONTRIBUTIONS (A)[1]	RETIREES, BENEFICIARIES, AND INACTIVE MEMBERS (B)	EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C)	REPORTED ASSETS	PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS LIABILITY (A)	LIABILITY (B)	LIABILITY (C)
12/31/2006	$3,536,250,621	$16,803,609,348	$7,368,821,217	$20,535,732,606	100.0%	100.0%	2.7%
12/31/2007	3,596,453,446	18,039,390,005	7,605,584,217	22,070,769,075	100.0%	100.0%	5.7%
12/31/2008	3,695,995,206	19,416,005,775	7,888,200,829	21,733,328,531	100.0%	92.9%	0.0%
12/31/2009	3,769,099,659	18,830,712,228	7,813,003,514	21,054,909,740	100.0%	91.8%	0.0%
12/31/2010	3,779,759,908	19,658,748,616	7,901,245,967	20,321,736,466	100.0%	84.1%	0.0%
12/31/2011	**3,783,336,053**	**20,666,020,619**	**7,536,842,363**	**19,266,110,172**	**100.0%**	**74.9%**	**0.0%**

Previous actuary compiled information prior to 2006; information by division is not available.

[1] Includes accrued interest on member contributions.

Local Government Division

VALUATION DATE	MEMBER CONTRIBUTIONS (A)[1]	RETIREES, BENEFICIARIES, AND INACTIVE MEMBERS (B)	EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C)	REPORTED ASSETS	PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS LIABILITY (A)	LIABILITY (B)	LIABILITY (C)
12/31/2006	$645,209,427	$1,509,232,476	$1,133,979,565	$2,613,386,001	100.0%	100.0%	40.5%
12/31/2007	661,271,632	1,707,349,175	1,194,578,196	2,892,846,938	100.0%	100.0%	43.9%
12/31/2008	675,173,652	1,949,108,011	1,213,801,584	2,933,295,754	100.0%	100.0%	25.5%
12/31/2009	678,518,930	1,963,924,503	1,208,377,203	2,932,628,241	100.0%	100.0%	24.0%
12/31/2010	657,846,613	2,180,451,070	1,167,268,443	2,926,045,102	100.0%	100.0%	7.5%
12/31/2011	**666,794,291**	**2,330,542,885**	**1,162,677,597**	**2,882,691,014**	**100.0%**	**95.1%**	**0.0%**

Previous actuary compiled information prior to 2006; information by division is not available.

[1] Includes accrued interest on member contributions.

Solvency Test
(In Actual Dollars)

Judicial Division

VALUATION DATE	MEMBER CONTRIBUTIONS (A)[1]	RETIREES, BENEFICIARIES, AND INACTIVE MEMBERS (B)	EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C)	REPORTED ASSETS	PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS LIABILITY (A)	LIABILITY (B)	LIABILITY (C)
12/31/2006	$51,296,536	$130,980,513	$65,213,659	$210,632,896	100.0%	100.0%	43.5%
12/31/2007	49,444,895	152,072,819	62,692,783	231,228,304	100.0%	100.0%	47.4%
12/31/2008	54,593,439	160,475,062	72,989,931	230,967,047	100.0%	100.0%	21.8%
12/31/2009	52,754,332	165,904,221	77,037,132	228,713,654	100.0%	100.0%	13.1%
12/31/2010	53,742,058	171,903,999	78,193,140	227,813,622	100.0%	100.0%	2.8%
12/31/2011	**54,688,241**	**186,420,121**	**78,328,888**	**221,514,844**	**100.0%**	**89.5%**	**0.0%**

Previous actuary compiled information prior to 2006; information by division is not available.

[1] Includes accrued interest on member contributions.

Denver Public Schools Division[1]

VALUATION DATE	MEMBER CONTRIBUTIONS (A)[2]	RETIREES, BENEFICIARIES, AND INACTIVE MEMBERS (B)	EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C)	REPORTED ASSETS	PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS LIABILITY (A)	LIABILITY (B)	LIABILITY (C)
12/31/2010	$317,442,198	$2,370,216,811	$645,155,436	$2,961,719,943	100.0%	100.0%	42.5%
12/31/2011	**333,550,047**	**2,435,504,442**	**673,472,523**	**2,804,705,933**	**100.0%**	**100.0%**	**5.3%**

Previous actuary compiled information prior to 2006; information by division is not available.

[1] The DPS Division Trust Fund was established on January 1, 2010, and received the net assets of DPSRS.

[2] Includes accrued interest on member contributions.

All Division Trust Funds[1]

VALUATION DATE	MEMBER CONTRIBUTIONS (A)[2]	RETIREES, BENEFICIARIES, AND INACTIVE MEMBERS (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)
12/31/2002	$6,118,094,036	$18,208,961,462	$10,268,677,964	$30,554,140,114	100.0%	100.0%	60.6%
12/31/2003	6,316,579,440	20,884,057,920	13,291,470,411	30,596,661,957	100.0%	100.0%	25.6%
12/31/2004	6,365,516,299	23,833,957,690	13,370,998,194	30,755,462,303	100.0%	100.0%	4.2%
12/31/2005	5,755,118,042	26,382,911,449	14,614,266,949	34,273,165,233	100.0%	100.0%	14.6%
12/31/2006	6,742,437,218	29,674,681,921	13,073,484,732	36,687,041,642	100.0%	100.0%	2.1%
12/31/2007	6,834,260,809	32,017,760,257	13,607,111,905	39,415,525,136	100.0%	100.0%	4.1%
12/31/2008	6,992,382,016	34,524,824,473	14,107,804,695	38,811,962,066	100.0%	92.2%	0.0%
12/31/2009	7,068,659,805	33,621,499,259	13,846,389,827	37,598,988,107	100.0%	90.8%	0.0%
12/31/2010	7,377,836,862	37,530,978,728	14,429,334,733	39,229,261,481	100.0%	84.9%	0.0%
12/31/2011	**7,468,008,448**	**39,328,880,634**	**13,937,832,459**	**37,185,066,667**	**100.0%**	**75.6%**	**0.0%**

Previous actuary compiled information prior to 2006; information by division is not available.

[1] Results prior to December 31, 2010, do not include the DPS Division.

[2] Includes accrued interest on member contributions.

Summary of Unfunded Actuarial Accrued Liabilities

Unfunded actuarial accrued liabilities are the difference between actuarially calculated liabilities for service already rendered and the valuation 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 valuation 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 2011 the ratio fell to 61.2 percent.

The decrease (or losses) in the 2011 funded status over 2010 can be attributed mainly to the following factors:

- Recognition of investment losses experienced from 2008 and 2011.
- Fewer members terminated Colorado PERA-covered employment and withdrew their accounts than had been assumed during 2011, increasing future liabilities.
- New Colorado PERA members had some service resulting in accrued liabilities.

The following factors resulted in lower liabilities (or gains) to Colorado PERA during 2011:

- Recognition of investment gains experienced from 2009 and 2010.
- Member pay increases were lower than expected.

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): "Modify Existing PERA Benefit Plans" as amended was signed by former Governor 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): "Modify Public Employee Retirement Plans" as amended was signed by former Governor 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): "PERA Employment After Service Retirement" was signed by former Governor 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): "Public Employee Pension Plans" was signed by former Governor Owens on May 25, 2006. This legislation provided the following:

- Added an 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 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.

SB 10-001 was signed by former Governor 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.
    - Require all members of the PERA benefit structure hired before January 1, 2007, with a retirement effective date of January 1, 2011, or later, and all members of the DPS benefit structure 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 of the PERA benefit structure hired before January 1, 2007, and all members of the DPS benefit structure 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.

Summary of Unfunded Actuarial Accrued Liabilities

- Continues to increase the AED until a total 5.0 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 and DPS Divisions. Adjust the AED and SAED for these divisions 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 5.0 percent is reached in 2017 for the State Division, and 5.5 percent is reached in 2018 for the School and DPS Divisions.
- Maintains the AED and SAED at 2010 levels for the Local Government and Judicial Divisions. Adjust the AED and SAED for these divisions based on the year-end 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 reaches 90 percent and subsequently falls below 90 percent.
- Establishes a three-year 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 was signed by former Governor 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.

SB 11-076 was signed by Governor Hickenlooper on May 23, 2011. SB 11-076 was proposed by the Joint Budget Committee to reduce the State's expenditures.

These two legislative bills mandate a temporary increase in the State and Judicial Divisions' member contribution rates by 2.50 percent of salary, and a corresponding decrease in the State and Judicial Divisions' employer contribution rates, effective July 1, 2010, through June 30, 2012. On July 1, 2012, the State and Judicial Divisions' member contribution rates will return to their previous statutory rates. SB 10-146 and SB 11-076 do not change the SAED contributions that are paid by employers from members' foregone wage increases.

- *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 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 and SB 11-076 also require that retirees re-employed by a State Division or Judicial Division employer, effective January 1, 2011, through June 30, 2012, contribute an additional 2.5 percent of salary working retiree contribution.

The Joint Budget Committee sponsored these bills, based upon the Governor's budget balancing request. By shifting the State's contributions to member contributions, the estimated increases in Colorado PERA's actuarial liabilities in the State Division and Judicial Division are $10.4 million and $0.01 million, respectively, for the fiscal year ending June 30, 2011, and $6.6 million and $0.04 million, respectively, for the fiscal year ending June 30, 2012.

Summary of Unfunded Actuarial Accrued Liabilities

Benefits to retirees are funded at 75.6 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 actuarial accrued liabilities when assessing the plan's financial status. The ratio of unfunded 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 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. The significant increase in this ratio for the periods 2008 through 2011 was primarily a result of the four-year smoothing of the large investment loss from 2008.

Unfunded Actuarial Accrued Liabilities (UAAL)—All Division Trust Funds[1]

(In Actual Dollars)

VALUATION DATE	TOTAL ACTUARIAL ACCRUED LIABILITIES	VALUATION ASSETS	ASSETS AS A % OF ACCRUED LIABILITIES	UNFUNDED ACTUARIAL ACCRUED LIABILITIES	MEMBER SALARIES	UAAL AS A % OF MEMBER SALARIES
12/31/2002	$34,595,733,462	$30,554,140,114	88.3%	$4,041,593,348	$5,779,703,602	69.9%
12/31/2003	40,492,107,771	30,596,661,957	75.6%	9,895,445,814	5,645,468,380	175.3%
12/31/2004	43,570,472,183	30,755,462,303	70.6%	12,815,009,880	5,879,355,179	218.0%
12/31/2005	46,752,296,440	34,273,165,233	73.3%	12,479,131,207	5,940,132,036	210.1%
12/31/2006	49,490,603,871	36,687,041,642	74.1%	12,803,562,229	6,135,961,050	208.7%
12/31/2007	52,459,132,971	39,415,525,136	75.1%	13,043,607,835	6,566,368,545	198.6%
12/31/2008	55,625,011,184	38,811,962,066	69.8%	16,813,049,118	6,931,404,440	242.6%
12/31/2009	54,536,548,891	37,598,988,107	68.9%	16,937,560,784	7,048,991,768	240.3%
12/31/2010	59,338,150,323	39,229,261,481	66.1%	20,108,888,842	7,506,192,916	267.9%
12/31/2011	**60,734,721,541**	**37,185,066,667**	**61.2%**	**23,549,654,874**	**7,464,243,447**	**315.5%**

[1] Results prior to December 31, 2010, do not include the DPS Division.

Schedule of Gains and Losses in Accrued Liabilities—All Division Trust Funds[1]

(In Millions of Dollars)

	$ GAIN (OR LOSS) FOR YEARS ENDED DECEMBER 31					
TYPE OF ACTIVITY	2011	2010	2009	2008	2007	2006
Age and service retirements[2]	**$1.7**	($4.2)	($18.7)	($47.1)	($56.9)	($60.7)
Disability retirements[3]	**9.2**	9.1	31.2	29.1	26.6	24.3
Deaths[4]	**(33.8)**	(59.7)	(91.2)	(79.1)	9.4	0.3
Withdrawal from employment[5]	**(154.1)**	(16.3)	(139.7)	(113.0)	(107.7)	(88.9)
New members[6]	**(147.1)**	(139.7)	(105.5)	(100.6)	(113.5)	(136.2)
Pay increases[7]	**901.0**	727.1	407.1	(147.9)	(221.3)	59.6
Investment income[8]	**(3,188.9)**	(2,806.5)	(2,908.6)	(2,632.8)	833.3	682.7
Other	**18.3**	230.2	(368.6)	(97.1)	157.6	46.3
Gain (or loss) during year	**(2,593.7)**	(2,060.0)	(3,194.0)	(3,188.5)	527.5	527.4
Non-recurring items (assumption change)[9]	**—**	—	4,045.7	131.4	—	—
Composite gain (or loss) during year	**($2,593.7)**	**($2,060.0)**	**$851.7**	**($3,057.1)**	**$527.5**	**$527.4**

[1] Results prior to 2010 do not include the DPS Division.

[2] *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.

[3] *Disability retirements:* If disability claims are lower than was assumed, there is a gain. If a higher number of disability claims is experienced, there is a loss.

[4] *Deaths:* If survivor claims are lower than was assumed, there is a gain. If a higher number of survivor claims is experienced, there is a loss. If retirees die sooner than assumed, there is a gain. If retirees live longer than assumed, there is a loss.

[5] *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.

[6] *New members:* If the number of new members entering the plan is lower than assumed, or if they have prior service, there is a loss.

[7] *Pay increases:* If there are smaller salary increases than assumed, there is a gain. If greater salary increases occur than assumed, a loss results.

[8] *Investment income:* If there is greater investment income than assumed, there is a gain. If less income is received, a loss occurs.

[9] *Non-recurring items:* Include changes in actuarial assumptions or methods and changes to plan provisions.

Analysis of Financial Experience

(In Millions of Dollars)

	STATE	SCHOOL	LOCAL GOVERNMENT	JUDICIAL	DENVER PUBLIC SCHOOLS
From differences between assumed and actual experience on liabilities					
Age and service retirements[1]	$6.1	($5.1)	$0.2	($0.3)	$0.8
Disability retirements[2]	4.0	4.5	0.8	0.2	(0.3)
Deaths[3]	10.9	(46.8)	(2.4)	(1.3)	5.8
Withdrawals[4]	(50.1)	(93.3)	(6.8)	0.4	(4.3)
New members[5]	(57.1)	(47.3)	(12.6)	(6.9)	(23.2)
Pay increases[6]	223.4	617.4	37.2	5.5	17.5
Other[7]	(9.7)	18.5	15.3	1.2	(7.0)
Subtotal	127.5	447.9	31.7	(1.2)	(10.7)
From differences between assumed and actual experience on assets	(1,073.6)	(1,668.4)	(219.8)	(17.4)	(209.7)
Total actuarial gains/(losses) on 2011 activities	**($946.1)**	**($1,220.5)**	**($188.1)**	**($18.6)**	**($220.4)**
Total actuarial gains/(losses) on 2010 activities	**($702.8)**	**($1,272.5)**	**($158.1)**	**($5.8)**	**$79.2**

[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 is 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 is experienced, there is a loss. If retirees die sooner than assumed, there is a gain. If retirees live longer than assumed, there is a loss.

[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 members:* If the number of new members entering the plan is lower than assumed, or if they have prior service, there is a loss.

[6] *Pay increases:* If there are smaller salary increases than assumed, there is a gain. If greater salary increases occur than assumed, a loss results.

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

Schedule of Computed Employer Contribution Rates for Fiscal Years Beginning in 2013

	EXPRESSED AS A PERCENTAGE OF MEMBER PAYROLL				
	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	DENVER PUBLIC SCHOOLS DIVISION
Contributions:					
Service retirement benefits	7.11%	8.59%	7.31%	14.11%	9.16%
Disability retirement benefits	0.29%	0.20%	0.19%	0.76%	1.38%
Survivor benefits	0.14%	0.13%	0.15%	0.43%	0.56%
Termination withdrawals	1.61%	1.73%	1.61%	1.21%	1.77%
Refunds	0.42%	0.43%	0.43%	0.42%	0.15%
Total normal cost	9.57%	11.08%	9.69%	16.93%	13.02%
Less member contributions	(8.05%)[1]	(8.00%)	(8.00%)	(8.00%)[2]	(8.00%)
Employer normal cost	**1.52%**	**3.08%**	**1.69%**	**8.93%**	**5.02%**
Percentage available to amortize unfunded actuarial accrued liabilities	13.80%	12.23%	10.67%	7.21%	0.00%
Amortization period	56 years	59 years	22 years	Infinite	Infinite
Total employer contribution rate for actuarially funded benefits	10.22%[1]	10.15%	10.00%	13.66%	13.75%
Amortization Equalization Disbursement	3.40%	3.40%	2.20%	2.20%	3.40%
Supplemental Amortization Equalization Disbursement	3.00%	3.00%	1.50%	1.50%	3.00%
Less Health Care Trust Fund	(1.02%)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
Less Annual Increase Reserve	(0.28%)	(0.22%)	(0.32%)	(0.20%)	(0.58%)
Less PCOP Credit[3]	–	–	–	–	(14.88%)
Employer contribution rate for defined benefit plan	**15.32%**	**15.31%**	**12.36%**	**16.14%**	**3.67%**

[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.

[3] An offset to the DPS Division rate is provided for in SB 09-282. See Note 4–Contributions.

Schedule of Active Member Valuation Data—All Division Trust Funds[1]

(In Actual Dollars)

YEAR	NUMBER OF EMPLOYERS	NUMBER OF MEMBERS	ANNUAL PAYROLL	AVERAGE ANNUAL SALARY	% INCREASE (DECREASE) IN AVERAGE PAY
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%
2010	517[2]	201,095	7,506,192,916	37,327	0.72%
2011	**523**[2]	**199,741**	**7,464,243,447**	**37,370**	**0.12%**

[1] Data prior to 2010 does not include the DPS Division.

[2] Includes charter schools operating within the School and DPS Divisions and under the Colorado Charter School Institute, but are not included in years prior to 2010.

The Other Postemployment Benefit Plans Summary for Calendar Year 2011

The purpose of the Other Postemployment Benefit Plans' (OPEB) is to provide retiree health care premium subsidy benefits to members and their dependents, at retirement or in the event of death or disability, who enroll in the Colorado PERA program (PERACare). 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 Board appoints an Executive Director who is responsible for the daily administration of Colorado PERA. The Board retains an actuary to make annual valuations of the funding adequacy of the liabilities accrued under the plan. The Board also retains other consultants as necessary.

Employer Contributions

Colorado PERA-affiliated employers in the State, School, Local Government, and Judicial Divisions contribute a percentage of their total payroll to the Health Care Trust Fund (HCTF); Colorado PERA-affiliated employers in the DPS Division contribute a percentage of their total payroll to the DPS HCTF. Respective employer contribution rates are shown on the Schedule of Contribution Rate History on page 179.

The Schedule of Computed Employer Contribution Rates on page 143 provides a detailed table of the components of the employer contribution rates. 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.

Each employer contributes 1.02 percent of payroll toward retiree health care benefits.

Member Contributions

There are no member contributions contributed to the HCTF or the DPS HCTF unless a member purchases noncovered employment service credit. Upon retirement, 1.02 percent of the highest average salary used in determining the purchase cost will be transferred into the applicable health care trust fund.

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 including health care subsidies and eligibility for enrollment in PERACare.

Other Postemployment Benefits—Retiree Health Care Benefits

Eligibility

The HCTF includes assets for the purpose of paying premium subsidies on behalf of PERA benefit structure benefit recipients and DPS benefit structure retirees who worked for an employer in the State, School, Local Government, and Judicial Divisions within Colorado PERA who enroll in PERACare.

The DPS HCTF includes assets for the purpose of paying premium subsidies on behalf of PERA benefit structure benefit recipients and DPS benefit structure retirees who worked for an employer in the DPS Division within Colorado PERA who enroll in PERACare. For members who retire and have service credit with employers in the DPS Division and one or more of the other four divisions, the premium subsidy is allocated between the two funds. The amount of the premium subsidy funded by each fund is based on the percentage of the member contribution balance from each division as it relates to the total member contribution account balance from which the benefit is paid.

The following individuals are eligible to enroll in PERACare:

- Anyone receiving a monthly PERA benefit (benefit recipient). If the benefit recipient is enrolled in PERACare, the following dependents may be enrolled: spouses, domestic partners, unmarried, dependent children under age 25, certain mentally or physically incapacitated adult children, and dependent parents.
- Colorado PERA members receiving short-term disability payments.
- Guardians of children receiving Colorado PERA survivor benefits, if children are receiving health care benefits.
- Colorado PERA retirees temporarily not receiving Colorado PERA benefits.
- Surviving spouses of deceased retirees who are not receiving Colorado PERA benefits but were enrolled in PERACare at the time when death occurred.
- Divorced spouses of retirees who are not receiving Colorado PERA benefits, but were receiving health care benefits, when the divorce occurred.

Enrollment is voluntary, with annual open enrollment for coverage effective each January 1. If a surviving spouse or divorced spouse discontinues coverage, re-enrollment is not allowed.

The Other Postemployment Benefit Plans Summary for Calendar Year 2011

Retiree Health Care Benefits—Premium Subsidy

A monthly subsidy is allocated to each benefit recipient under the PERA benefit structure and each retiree under the DPS benefit structure electing health care coverage. Survivors of retirees under the PERA benefit structure are eligible to receive the subsidy.

The following monthly amounts are allocated per year of credited service, up to a maximum of 20 years of service:

DPS Benefit Structure Retirees Who Retired Prior to July 1, 1994, or DPS Disability Retirees Who Retired Prior to January 1, 2010:

- $230 per month for retirees without Medicare Part A.
- $115 per month for retirees with Medicare Part A.

DPS Benefit Structure Retirees Who Retire On or After July 1, 1994:

- $ 5.75 if age 65 and older and eligible for Medicare Parts A and B.
- $11.50 if not yet age 65, or if age 65 and older and not eligible for premium-free Medicare Part A.

PERA Benefit Structure Benefit Recipients:

- $ 5.75 if age 65 and older or eligible for Medicare Part B.
- $11.50 if not yet age 65 or not eligible for Medicare Part B.

This subsidy is used to determine member premiums, which are the projected full cost of coverage less the premium subsidy. The full costs for claims, administration, premiums, etc. are allocated and paid by the HCTF and the DPS HCTF.

Historically, this has resulted in net costs to the HCTF and the DPS HCTF being very close to the premium subsidy, with all costs of coverage above this subsidy paid by the member. For those benefit recipients who are age 65 or older, the full cost of coverage is considered to be based on the full cost of coverage assuming Medicare Part A eligibility. This is independent of actual Medicare Part A eligibility.

Members not receiving a PERA monthly benefit do not qualify for this subsidy and bear the full cost of coverage.

This premium subsidy is only available to those enrolled in PERACare and meeting the requirements defined by the benefit structure under which they retire.

Special Note on Members Not Qualifying for Medicare Part A—PERA Benefit Structure:

The HCTF and the DPS HCTF pay an implicit subsidy for members not eligible for premium-free Medicare Part A benefits. For members in the fully insured HMOs, this amount is the difference in premiums charged for those without Medicare Part A and for those enrolled in Medicare Part A. For the self-funded plans, this amount is the assumed difference in claims costs for services covered under Medicare Part A between members without Medicare Part A coverage and those enrolled in Medicare Part A.

Special Note on Members Not Qualifying for Medicare Part A—DPS Benefit Structure:

The DPS HCTF pays an explicit subsidy for members eligible to receive the premium subsidy but not eligible for premium-free Medicare Part A coverage. For these members, an additional subsidy of $5.75 per month for each year of credited service (up to a maximum of 20 years of service) is allocated.

Special Note on Members Eligible for Medicare Part D:

For members electing coverage in a plan option that produces a RDS, which is payable to Colorado PERA, under Part D of the Medicare Modernization Act of 2003 (MMA), Colorado PERA has reduced the full cost of coverage by estimated RDS receipts. GASB Statements 43 and 45 do not allow for future assumed RDS payments to be used as a direct offset for future liabilities. Therefore, a liability for these payments has been included in the total HCTF and DPS HCTF liabilities. Plan options producing an RDS for PERA in 2012 are the self-funded Medicare Supplement plans and the Rocky Mountain Health Plan Medicare HMO.

Special Note on Premium Subsidy Funding for Members in Both the HCTF and the DPS HCTF:

For members covered under both the HCTF and the DPS HCTF, the allocation of the subsidy amounts is done via an allocation method set forth in C.R.S. § 24-51-1206.5.

Survivor Retiree Health Care Benefits—Premium Subsidy

Survivors under the PERA benefit structure are eligible for subsidy benefits while survivors under the DPS benefit structure are not.

Disability Retiree Health Care Benefits—Premium Subsidy

Colorado PERA recipients of both short-term and retirement disability benefits are eligible to enroll in PERACare and receive subsidy benefits if eligible.

Schedule of Total Active Member Valuation Data—Health Care Trust Funds

(In Thousands of Dollars)

Health Care Trust Fund

VALUATION DATE	NUMBER OF MEMBERS	ANNUAL PAYROLL	ANNUAL AVERAGE SALARY (IN ACTUAL DOLLARS)	% INCREASE (DECREASE) IN AVERAGE PAY
12/31/2005	180,630	$5,940,132	$32,886	(1.09%)
12/31/2006	182,404	6,135,961	33,639	2.29%
12/31/2007	186,842	6,566,369	35,144	4.47%
12/31/2008	190,684	6,931,404	36,350	3.43%
12/31/2009	190,206	7,048,992	37,060	1.95%
12/31/2010	187,924	7,035,419	37,438	1.02%
12/31/2011	**186,170**	**6,972,596**	**37,453**	**0.04%**

DPS Health Care Trust Fund[1]

VALUATION DATE	NUMBER OF MEMBERS	ANNUAL PAYROLL	ANNUAL AVERAGE SALARY (IN ACTUAL DOLLARS)	% INCREASE (DECREASE) IN AVERAGE PAY
12/31/2010	13,171	$470,774	35,743	–
12/31/2011	**13,571**	**491,646**	**36,228**	**1.36%**

[1] The DPS HCTF was established on January 1, 2010, and received the balance of the Denver Public Schools Retiree Health Benefit Trust.

Solvency Test—Health Care Trust Funds

(In Thousands of Dollars)

Health Care Trust Fund

VALUATION DATE	ACTIVE MEMBER CONTRIBUTIONS (A)	RETIREES, SURVIVORS, AND INACTIVE MEMBERS (B)	EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C)	REPORTED ASSETS	PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS		
					LIABILITY (A)	LIABILITY (B)	LIABILITY (C)
12/31/2005	$–	$666,509	$450,118	$191,264	–	28.7%	0.0%
12/31/2006	–	878,997	368,953	214,816	–	24.4%	0.0%
12/31/2007	–	926,180	377,414	258,775	–	27.9%	0.0%
12/31/2008	–	969,288	399,345	255,976	–	26.4%	0.0%
12/31/2009	–	1,241,349	521,892	260,341	–	21.0%	0.0%
12/31/2010	–	1,179,809	463,184	288,193	–	24.4%	0.0%
12/31/2011	**–**	**1,251,580**	**459,210**	**282,228**	**–**	**22.5%**	**0.0%**

DPS Health Care Trust Fund[1]

VALUATION DATE	ACTIVE MEMBER CONTRIBUTIONS (A)	RETIREES, SURVIVORS, AND INACTIVE MEMBERS (B)	EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C)	REPORTED ASSETS	PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS		
					LIABILITY (A)	LIABILITY (B)	LIABILITY (C)
12/31/2010	$–	$58,432	$20,081	$14,086	–	24.1%	0.0%
12/31/2011	**–**	**57,093**	**20,382**	**14,448**	**–**	**25.3%**	**0.0%**

[1] The DPS HCTF was established on January 1, 2010, and received the balance of the Denver Public Schools Retiree Health Benefit Trust.

Schedule of Retirees, Beneficiaries, and Survivors Added to and Removed from the Benefit Payroll—Health Care Trust Funds

(In Actual Dollars)

Health Care Trust Fund[1]

YEAR ENDED	ADDED TO PAYROLL NO.	ADDED TO PAYROLL ANNUAL SUBSIDY	REMOVED FROM PAYROLL NO.	REMOVED FROM PAYROLL ANNUAL SUBSIDY	PAYROLL—END OF YEAR NO.	PAYROLL—END OF YEAR ANNUAL SUBSIDY	AVERAGE ANNUAL SUBSIDY	INCREASE IN AVERAGE SUBSIDY
12/31/2006					41,421	$72,539,493	$1,751	–
12/31/2007	3,408	$7,714,959	1,710	$2,841,489	43,119	75,263,268	1,745	(0.3%)
12/31/2008	3,479	7,960,047	1,713	2,767,245	44,885	78,323,211	1,745	0.0%
12/31/2009	3,435	7,886,217	1,582	2,442,462	46,738	81,765,552	1,749	0.2%
12/31/2010	3,633	8,290,281	1,653	2,623,104	48,718	85,247,016	1,750	0.1%
12/31/2011	**3,399**	**7,638,162**	**1,900**	**2,999,430**	**50,217**	**86,755,011**	**1,728**	**(1.3%)**

[1] The subsidy benefit is based upon creditable service and varies by attained age. Results do not include benefits valued for RDS subsidies or "No Part A" benefits.

DPS Health Care Trust Fund[1,2]

YEAR ENDED	ADDED TO PAYROLL NO.	ADDED TO PAYROLL ANNUAL SUBSIDY	REMOVED FROM PAYROLL NO.	REMOVED FROM PAYROLL ANNUAL SUBSIDY	PAYROLL—END OF YEAR NO.	PAYROLL—END OF YEAR ANNUAL SUBSIDY	AVERAGE ANNUAL SUBSIDY	INCREASE IN AVERAGE SUBSIDY
12/31/2010	3,944	$6,446,394	–	$–	3,944	$6,446,394	$1,634	–
12/31/2011	**203**	**411,792**	**189**	**292,905**	**3,958**	**6,296,871**	**1,591**	**(2.6%)**

[1] The subsidy benefit is based upon creditable service and varies by attained age. Results do not include benefits valued for RDS subsidies or "No Part A" benefits.

[2] The DPS HCTF was established January 1, 2010, and received the balance of the Denver Public Schools Retiree Health Benefit Trust.

Analysis of Financial Experience—Health Care Trust Funds

(In Millions of Dollars)

	HCTF	DPS HCTF
From differences between assumed and actual experience on liabilities		
Disability retirements[1]	$0.3	$–
Deaths[2]	(1.2)	0.1
Withdrawals[3]	(4.6)	(0.1)
New members[4]	(3.8)	(0.5)
Other[5]	(21.7)	2.5
Subtotal	(31.0)	2.0
From differences between assumed and actual experience on assets	(19.6)	0.1
From change in plan assumptions[6]	10.0	–
Total actuarial gains/(losses) on 2011 activities	**($40.6)**	**$2.1**
Total actuarial gains/(losses) on 2010 activities	**$192.9**	**$–**

Note: No experience analysis available for DPS HCTF in initial year of creation.

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

[2] *Deaths:* If survivor claims are lower than was assumed, there is a gain. If a higher number of survivor claims is experienced, there is a loss. If retirees die sooner than assumed, there is a gain. If retirees live longer than assumed, there is a loss.

[3] *Withdrawals:* If fewer actuarial liabilities are released by terminations than assumed, there is a loss.

[4] *New members:* If the number of new members entering the plan is lower than assumed, or if they have prior service, there is a loss.

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

[6] *Change in plan assumptions:* The plan assumptions were updated in 2011 as described in the Notes to the Required Supplemental Information on page 86.

Developing Innovative Solutions

Colorado PERA has been a pioneer in constructing state-of-the-art supplemental plans like the PERACare Health Benefits Program, the PERAPlus voluntary investment plan, and the PERA Defined Contribution Plan. These programs provide members with the opportunity to have a comprehensive benefit package.

80 years 1931–2011

Statistical Section

Statistical Section Overview

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 Net Position*
- *Benefits and Refund Deductions from Net Position 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 Statistics*[1]
- *Schedule of Average Retirement Benefits Payable—All Division Trust Funds*[1]
- *Schedule of Average Retirement Benefits Payable*[1]
- *Colorado PERA Benefit Payments—All Division Trust Funds*
- *Schedule of Retirees and Survivors by Types of Benefits*
- *Schedule of Average Benefit Payments*[1]
- *Schedule of Average Benefit Payments—All Division Trust Funds*[1]
- *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.
[1]Schedules and data are provided by the consulting actuary, Cavanaugh Macdonald Consulting, LLC.

Changes in Net Position

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

State and School Division Trust Fund[1]

ADDITIONS	2002	2003	2004	2005
Employer contributions[2]	$315,825	$387,920	$452,997	$491,031
Member contributions[2]	397,315	405,715	411,376	425,657
Purchased service	329,572	695,516	192,033	212,971
Investment income (loss)	(3,099,924)	5,203,073	3,663,632	2,827,871
Other	5	3	30	(9)
Total additions	(2,057,207)	6,692,227	4,720,068	3,957,521
DEDUCTIONS				
Benefit payments	1,307,652	1,469,343	1,677,417	1,872,565
Refunds	88,793	99,039	108,136	114,968
Disability insurance premiums	4,070	3,592	4,186	4,038
Administrative expenses	17,752	19,750	20,949	18,811
Other	1,649	448	13,320	10,373
Total deductions	1,419,916	1,592,172	1,824,008	2,020,755
Change in net position available	(3,477,123)	5,100,055	2,896,060	1,936,766
Net position at beginning of year	25,500,904	22,023,781	27,123,836	30,019,896
Net position at end of year	**$22,023,781**	**$27,123,836**	**$30,019,896**	**$31,956,662**

[1] The State and School Division Trust Funds merged on July 1, 1997, and separated on January 1, 2006.

[2] Employer and Member contribution rate history is shown on pages 174–179.

State Division Trust Fund[1]

ADDITIONS	2006	2007	2008	2009	2010	2011
Employer contributions[2]	$208,795	$232,997	$270,353	$297,240	$287,624	**$283,222**
Member contributions[2]	169,965	179,971	191,481	194,168	223,240	**258,678**
Purchased service	39,480	8,259	13,315	8,830	12,496	**11,277**
Investment income (loss)	1,921,863	1,388,265	(3,745,843)	1,742,571	1,553,142	**232,669**
Other	1	4	7	3	1	**331**
Total additions	2,340,104	1,809,496	(3,270,687)	2,242,812	2,076,503	**786,177**
DEDUCTIONS						
Benefit payments	849,229	925,761	999,279	1,071,725	1,122,435	**1,174,707**
Refunds	65,911	56,578	56,716	58,416	68,844	**70,090**
Disability insurance premiums	1,772	1,833	1,794	2,004	1,661	**1,685**
Administrative expenses	7,889	6,963	8,639	8,729	8,942	**8,685**
Other	3,103	7,592	6,613	(1,519)	(726)	**(4,546)**
Total deductions	927,904	998,727	1,073,041	1,139,355	1,201,156	**1,250,621**
Change in net position available	1,412,200	810,769	(4,343,728)	1,103,457	875,347	**(464,444)**
Net position at beginning of year	12,629,060	14,041,260	14,852,029	10,508,301	11,611,758	**12,487,105**
Net position at end of year	**$14,041,260**	**$14,852,029**	**$10,508,301**	**$11,611,758**	**$12,487,105**	**$12,022,661**

[1] The State and School Division Trust Funds merged on July 1, 1997, and separated on January 1, 2006.

[2] Employer and Member contribution rate history is shown on pages 174–179.

Changes in Net Position

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

School Division Trust Fund[1]

ADDITIONS	2006	2007	2008	2009	2010	2011
Employer contributions[2]	$336,703	$375,480	$430,215	$480,239	$519,044	**$541,962**
Member contributions[2]	272,589	289,231	304,686	314,571	316,446	**315,958**
Purchased service	50,806	14,331	15,020	10,152	13,096	**14,465**
Investment income (loss)	2,954,863	2,145,958	(5,842,787)	2,741,797	2,469,517	**370,045**
Other	23	15	19	12	25	**544**
Total additions	3,614,984	2,825,015	(5,092,847)	3,546,771	3,318,128	**1,242,974**
DEDUCTIONS						
Benefit payments	1,213,875	1,329,803	1,449,907	1,563,315	1,642,350	**1,731,348**
Refunds	68,493	67,710	65,659	70,910	79,012	**78,543**
Disability insurance premiums	2,829	2,983	2,886	3,186	2,802	**2,619**
Administrative expenses	11,523	11,942	12,815	13,226	17,104	**16,322**
Other	9,909	5,348	3,272	9,121	9,396	**9,839**
Total deductions	1,306,629	1,417,786	1,534,539	1,659,758	1,750,664	**1,838,671**
Change in net position available	2,308,355	1,407,229	(6,627,386)	1,887,013	1,567,464	**(595,697)**
Net position at beginning of year	19,327,602	21,635,957	23,043,186	16,415,800	18,302,813	**19,870,277**
Net position at end of year	**$21,635,957**	**$23,043,186**	**$16,415,800**	**$18,302,813**	**$19,870,277**	**$19,274,580**

[1] The State and School Division Trust Funds merged on July 1, 1997, and separated on January 1, 2006.

[2] Employer and Member contribution rate history is shown on pages 174–179.

Changes in Net Position

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

Local Government Division Trust Fund[1]

ADDITIONS	2002	2003	2004	2005	2006
Employer contributions[2]	$21,972	$31,033	$47,104	$54,357	$60,664
Member contributions[2]	35,202	37,584	43,496	48,404	51,047
Purchased service	30,609	68,056	18,566	92,018	14,461
Investment income (loss)	(196,652)	341,545	255,505	206,017	369,181
Other	–	–	–	2	4
Total additions	(108,869)	478,218	364,671	400,798	495,357
DEDUCTIONS					
Benefit payments	57,835	67,458	78,494	90,808	104,156
Refunds	10,426	10,453	13,500	15,052	16,328
Disability insurance premiums	360	326	432	444	529
Administrative expenses	1,539	1,724	1,943	1,848	1,800
Other	(125)	1,965	1,832	2,885	(1,056)
Total deductions	70,035	81,926	96,201	111,037	121,757
Change in net position available	(178,904)	396,292	268,470	289,761	373,600
Net position at beginning of year	1,601,852	1,422,948	1,819,240	2,087,710	2,377,471
Net position at end of year	**$1,422,948**	**$1,819,240**	**$2,087,710**	**$2,377,471**	**$2,751,071**

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

[2] Employer and Member contribution rate history is shown on pages 174–179.

Local Government Division Trust Fund[1]

ADDITIONS	2007	2008	2009	2010	2011
Employer contributions[2]	$68,711	$79,457	$84,456	$89,515	**$91,780**
Member contributions[2]	54,880	58,508	57,598	56,728	**58,590**
Purchased service	2,447	3,820	4,460	3,671	**3,902**
Investment income (loss)	274,991	(778,885)	381,350	355,964	**53,130**
Other	12	(2)	2	9	**78**
Total additions	401,041	(637,102)	527,866	505,887	**207,480**
DEDUCTIONS					
Benefit payments	117,350	132,696	150,036	165,770	**179,449**
Refunds	16,683	18,219	19,648	22,942	**22,686**
Disability insurance premiums	561	560	591	496	**442**
Administrative expenses	1,918	2,102	2,160	2,215	**2,157**
Other	1,326	2,014	2,737	5,235	**2,737**
Total deductions	137,838	155,591	175,172	196,658	**207,471**
Change in net position available	263,203	(792,693)	352,694	309,229	**9**
Net position at beginning of year	2,751,071	3,014,274	2,221,581	2,574,275	**2,883,504**
Net position at end of year	**$3,014,274**	**$2,221,581**	**$2,574,275**	**$2,883,504**	**$2,883,513**

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

[2] Employer and Member contribution rate history is shown on pages 174–179.

Changes in Net Position

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

Judicial Division Trust Fund

ADDITIONS	2002	2003	2004	2005	2006
Employer contributions[1]	$383	$1,011	$2,677	$3,408	$3,767
Member contributions[1]	1,982	2,034	2,071	2,154	2,292
Purchased service	1,928	8,388	2,203	2,993	1,814
Investment income (loss)	(17,521)	29,825	21,789	16,953	29,920
Total additions	(13,228)	41,258	28,740	25,508	37,793
DEDUCTIONS					
Benefit payments	6,731	8,467	8,806	9,868	10,755
Refunds	83	596	98	181	–
Disability insurance premiums	20	18	21	20	24
Administrative expenses	20	22	23	20	19
Other	(460)	(849)	(103)	(742)	(3)
Total deductions	6,394	8,254	8,845	9,347	10,795
Change in net position available	(19,622)	33,004	19,895	16,161	26,998
Net position at beginning of year	145,227	125,605	158,609	178,504	194,665
Net position at end of year	**$125,605**	**$158,609**	**$178,504**	**$194,665**	**$221,663**

[1] Employer and Member contribution rate history is shown on pages 174–179.

Judicial Division Trust Fund

ADDITIONS	2007	2008	2009	2010	2011
Employer contributions[1]	$4,222	$5,105	$5,793	$5,654	**$5,430**
Member contributions[1]	2,479	2,806	3,001	3,465	**4,120**
Purchased service	80	392	(3)	109	**5**
Investment income (loss)	21,965	(61,192)	29,977	27,400	**4,105**
Other	–	–	–	–	**6**
Total additions	28,746	(52,889)	38,768	36,628	**13,666**
DEDUCTIONS					
Benefit payments	12,396	13,356	15,011	15,394	**16,809**
Refunds	4	–	30	104	**513**
Disability insurance premiums	25	26	31	26	**26**
Administrative expenses	19	21	22	61	**61**
Other	(2,908)	(322)	(1,778)	(2,491)	**(1,043)**
Total deductions	9,536	13,081	13,316	13,094	**16,366**
Change in net position available	19,210	(65,970)	25,452	23,534	**(2,700)**
Net position at beginning of year	221,663	240,873	174,903	200,355	**223,889**
Net position at end of year	**$240,873**	**$174,903**	**$200,355**	**$223,889**	**$221,189**

[1] Employer and Member contribution rate history is shown on pages 174–179.

Changes in Net Position

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

Denver Public Schools Division Trust Fund[1]

ADDITIONS	2010	2011
Employer contributions[2]	$6,493	**$12,859**
Member contributions[2]	36,824	**39,422**
Plan transfer	2,750,566	**–**
Purchased service	2,056	**1,792**
Investment income	367,145	**55,081**
Other	5	**77**
Total additions	3,163,089	**109,231**
DEDUCTIONS		
Benefit payments	215,825	**221,113**
Refunds	3,029	**4,412**
Disability insurance premiums	311	**238**
Administrative expenses	2,944	**1,914**
Other	54	**2,409**
Total deductions	222,163	**230,086**
Change in net position available	2,940,926	**(120,855)**
Net position at beginning of year	–	**2,940,926**
Net position at end of year	**$2,940,926**	**$2,820,071**

[1] The Denver Public Schools (DPS) Division Trust Fund was established on January 1, 2010, and received the net assets of the Denver Public Schools Retirement System (DPSRS).

[2] Employer and Member contribution rate history is shown on pages 174–179.

Changes in Net Position

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

Voluntary Investment Program

ADDITIONS	2002	2003	2004	2005	2006[1]
Employer contributions	$68,209	$50,144	$13,494	$2,484	$2,724
Member contributions	179,155	189,054	179,909	182,257	165,641
Plan transfer	–	–	79,329	–	–
Investment income (loss)	(83,012)	157,589	110,598	96,423	166,668
Other	2,001	1,918	2,388	2,964	3,396
Total additions	166,353	398,705	385,718	284,128	338,429
DEDUCTIONS					
Refunds	99,838	219,157	90,618	187,557	108,477
Administrative expenses	3,289	3,382	4,390	4,298	4,706
Other	(5)	–	–	–	–
Total deductions	103,122	222,539	95,008	191,855	113,183
Change in net position available	63,231	176,166	290,710	92,273	225,246
Net position at beginning of year	674,618	737,849	914,015	1,204,725	1,296,998
Net position at end of year	**$737,849**	**$914,015**	**$1,204,725**	**$1,296,998**	**$1,522,244**

[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.

Voluntary Investment Program

ADDITIONS	2007[1]	2008[1]	2009	2010	2011
Employer contributions	$3,252	$3,866	$3,383	$3,827	**$3,610**
Member contributions	171,630	157,937	134,645	132,674	**126,331**
Plan transfer	–	–	18,358	–	**–**
Investment income (loss)	125,576	(500,862)	291,029	194,500	**(5,752)**
Other	6,317	4,472	3,654	3,697	**3,298**
Total additions	306,775	(334,587)	451,069	334,698	**127,487**
DEDUCTIONS					
Refunds	92,607	87,571	75,351	102,056	**133,719**
Administrative expenses	5,482	4,965	4,664	5,178	**4,717**
Other	–	–	–	–	**29**
Total deductions	98,089	92,536	80,015	107,234	**138,465**
Change in net position available	208,686	(427,123)	371,054	227,464	**(10,978)**
Net position at beginning of year	1,522,244	1,730,930	1,303,807	1,674,861	**1,902,325**
Net position at end of year	**$1,730,930**	**$1,303,807**	**$1,674,861**	**$1,902,325**	**$1,891,347**

[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 Net Position

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

Defined Contribution Retirement Plan

ADDITIONS	2006[1]	2007[1]	2008[1]	2009	2010	2011
Employer contributions	$329	$1,104	$1,946	$5,899	$6,428	**$7,034**
Member contributions	260	880	1,564	4,652	6,896	**9,732**
Plan transfer	–	–	–	18,374	11	**–**
Investment income (loss)	14	69	(841)	5,060	5,519	**(1,130)**
Other	–	49	3	14	35	**40**
Total additions	603	2,102	2,672	33,999	18,889	**15,676**
DEDUCTIONS						
Refunds	8	148	215	1,377	2,886	**5,176**
Administrative expenses	–	2	8	143	94	**282**
Other	–	–	–	–	–	**5**
Total deductions	8	150	223	1,520	2,980	**5,463**
Change in net position available	595	1,952	2,449	32,479	15,909	**10,213**
Net position at beginning of year	–	595	2,547	4,996	37,475	**53,384**
Net position at end of year	**$595**	**$2,547**	**$4,996**	**$37,475**	**$53,384**	**$63,597**

[1] To improve trend analysis, the year has been restated to report changes in fiduciary net position 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 Plan[1]

ADDITIONS	2009	2010	2011
Employer contributions	$12	$12	**$51**
Member contributions	23,875	44,203	**42,253**
Plan transfer	336,504	24	**4**
Investment income	40,443	42,232	**10,335**
Other	1,820	917	**984**
Total additions	402,654	87,388	**53,627**
DEDUCTIONS			
Refunds	8,745	20,869	**27,524**
Administrative expenses	507	822	**834**
Other	50	168	**185**
Total deductions	9,302	21,859	**28,543**
Change in net position available	393,352	65,529	**25,084**
Net position at beginning of year	–	393,352	**458,881**
Net position at end of year	**$393,352**	**$458,881**	**$483,965**

[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 SB 09-66.

Changes in Net Position

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

Health Care Trust Fund

ADDITIONS	2002	2003	2004	2005	2006
Employer contributions[1]	$92,562	$64,443	$60,465	$61,193	$64,547
Retiree health care premiums	48,825	55,668	59,453	62,872	85,673
Federal health care subsidies	–	–	–	–	12,481
Investment income (loss)	(17,742)	33,445	23,117	17,665	30,920
Other	1,055	2,118	16,116	13,609	12,997
Total additions	124,700	155,674	159,151	155,339	206,618
DEDUCTIONS					
Benefit payments	113,898	120,814	130,917	135,550	164,755
Administrative expenses	5,409	6,157	6,634	8,216	8,145
Total deductions	119,307	126,971	137,551	143,766	172,900
Change in net position available	5,393	28,703	21,600	11,573	33,718
Net position at beginning of year	125,863	131,256	159,959	181,559	193,132
Net position at end of year	**$131,256**	**$159,959**	**$181,559**	**$193,132**	**$226,850**

[1] Employer contribution rate history is shown on page 179.

Health Care Trust Fund

ADDITIONS	2007	2008	2009	2010	2011
Employer contributions[1]	$68,508	$72,599	$74,073	$74,047	**$73,449**
Retiree health care premiums	96,345	102,644	106,903	110,158	**108,689**
Federal health care subsidies	12,397	13,743	13,633	25,751	**14,151**
Investment income (loss)	23,868	(72,423)	35,483	34,676	**5,153**
Other	12,454	12,803	12,721	16,035	**10,574**
Total additions	213,572	129,366	242,813	260,667	**212,016**
DEDUCTIONS					
Benefit payments	159,939	196,769	192,656	192,044	**203,419**
Administrative expenses	11,051	11,838	12,170	11,131	**12,481**
Total deductions	170,990	208,607	204,826	203,175	**215,900**
Change in net position available	42,582	(79,241)	37,987	57,492	**(3,884)**
Net position at beginning of year	226,850	269,432	190,191	228,178	**285,670**
Net position at end of year	**$269,432**	**$190,191**	**$228,178**	**$285,670**	**$281,786**

[1] Employer contribution rate history is shown on page 179.

Changes in Net Position

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

Denver Public Schools Health Care Trust Fund[1]

ADDITIONS	2010	2011
Employer contributions[2]	$4,762	**$5,029**
Plan transfer	13,510	–
Retiree health care premium	4,747	**4,529**
Federal health care subsidies	1,252	**499**
Investment income	1,992	**424**
Other	109	**374**
Total additions	26,372	**10,855**
DEDUCTIONS		
Benefit payments	11,012	**10,770**
Administrative expenses	569	**501**
Total deductions	11,581	**11,271**
Change in net position available	14,791	**(416)**
Net position at beginning of year	–	**14,791**
Net position at end of year	**$14,791**	**$14,375**

[1] The Denver Public Schools Health Care Trust Fund (DPS HCTF) was established on January 1, 2010, and received the balance of the Denver Public Schools Retiree Health Benefit Trust.

[2] Employer contribution rate history is shown on page 179.

Changes in Net Position
For the Years Ended December 31
(In Thousands of Dollars)

Life Insurance Reserve

ADDITIONS	2002	2003	2004	2005	2006
Life insurance premiums	$–	$–	$–	$7,351	$8,950
Investment income (loss)	(1,676)	2,991	1,932	1,652	2,625
Total additions	(1,676)	2,991	1,932	9,003	11,575
DEDUCTIONS					
Life insurance premiums and claims	2,726	1,899	1,610	5,571	8,653
Administrative expenses	590	271	(456)	2,486	1,100
Total deductions	3,316	2,170	1,154	8,057	9,753
Change in net position available	(4,992)	821	778	946	1,822
Net position at beginning of year	17,147	12,155	12,976	13,754	14,700
Net position at end of year	**$12,155**	**$12,976**	**$13,754**	**$14,700**	**$16,522**

Life Insurance Reserve

ADDITIONS	2007	2008	2009	2010	2011
Life insurance premiums	$9,075	$1,772	$–	$–	**$–**
Investment income (loss)	2,851	(4,693)	2,496	2,280	**503**
Total additions	11,926	(2,921)	2,496	2,280	**503**
DEDUCTIONS					
Life insurance premiums and claims	7,961	2,820	575	545	**547**
Administrative expenses	1,732	486	576	575	**573**
Total deductions	9,693	3,306	1,151	1,120	**1,120**
Change in net position available	2,233	(6,227)	1,345	1,160	**(617)**
Net position at beginning of year	16,522	18,755	12,528	13,873	**15,033**
Net position at end of year	**$18,755**	**$12,528**	**$13,873**	**$15,033**	**$14,416**

Benefits and Refund Deductions from Net Position by Type

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

State and School Division Trust Fund[1]

TYPE OF BENEFIT	2002	2003	2004	2005
Age and service benefits:				
Retirees	$1,175,082	$1,331,960	$1,535,496	$1,726,569
Disability	112,701	116,770	120,252	123,808
Survivors	19,869	20,613	21,669	22,188
Total benefits	**$1,307,652**	**$1,469,343**	**$1,677,417**	**$1,872,565**
TYPE OF REFUND				
Separation	$83,457	$91,232	$100,608	$109,588
Death	5,336	7,807	7,528	5,380
Total refunds	**$88,793**	**$99,039**	**$108,136**	**$114,968**

[1] The State and School Division Trust Funds merged on July 1, 1997, and separated on January 1, 2006.

State Division Trust Fund[1]

TYPE OF BENEFIT	2006	2007	2008	2009	2010	2011
Age and service benefits:						
Retirees	$764,672	$838,033	$910,475	$979,419	$1,031,628	**$1,083,722**
Disability	72,548	75,212	76,056	78,799	77,830	**77,715**
Survivors	12,009	12,516	12,748	13,507	12,977	**13,270**
Total benefits	**$849,229**	**$925,761**	**$999,279**	**$1,071,725**	**$1,122,435**	**$1,174,707**
TYPE OF REFUND						
Separation	$61,073	$53,220	$51,047	$53,668	59,330	**$65,525**
Death	3,966	2,825	5,014	3,760	9,047	**3,986**
Purchased service	872	533	655	988	467	**579**
Total refunds	**$65,911**	**$56,578**	**$56,716**	**$58,416**	**$68,844**	**$70,090**

[1] The State and School Division Trust Funds merged on July 1, 1997, and separated on January 1, 2006.

School Division Trust Fund[1]

TYPE OF BENEFIT	2006	2007	2008	2009	2010	2011
Age and service benefits:						
Retirees	$1,147,787	$1,261,407	$1,378,531	$1,490,293	$1,568,637	**$1,657,071**
Disability	54,971	57,054	59,019	60,532	60,920	**61,150**
Survivors	11,117	11,342	12,357	12,490	12,793	**13,127**
Total benefits	**$1,213,875**	**$1,329,803**	**$1,449,907**	**$1,563,315**	**$1,642,350**	**$1,731,348**
TYPE OF REFUND						
Separation	$64,239	$62,784	$61,259	$67,330	$74,423	**$74,446**
Death	3,198	4,455	3,530	2,725	4,206	**3,676**
Purchased service	1,056	471	870	855	383	**421**
Total refunds	**$68,493**	**$67,710**	**$65,659**	**$70,910**	**$79,012**	**$78,543**

[1] The State and School Division Trust Funds merged on July 1, 1997, and separated on January 1, 2006.

Benefits and Refund Deductions from Net Position by Type

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

Local Government Division Trust Fund[1]

TYPE OF BENEFIT	2002	2003	2004	2005	2006
Age and service benefits:					
Retirees	$44,916	$54,380	$65,063	$76,586	$89,226
Disability	11,254	11,616	11,957	12,692	13,107
Survivors	1,665	1,462	1,474	1,530	1,823
Total benefits	**$57,835**	**$67,458**	**$78,494**	**$90,808**	**$104,156**
TYPE OF REFUND					
Separation	$10,145	$10,171	$12,610	$14,137	$15,405
Death	281	282	890	915	677
Purchased Service	–	–	–	–	246
Total refunds	**$10,426**	**$10,453**	**$13,500**	**$15,052**	**$16,328**

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

Local Government Division Trust Fund[1]

TYPE OF BENEFIT	2007	2008	2009	2010	2011
Age and service benefits:					
Retirees	$102,239	$116,951	$133,732	$149,260	**$162,681**
Disability	13,376	13,900	14,407	14,572	**14,727**
Survivors	1,735	1,845	1,897	1,938	**2,041**
Total benefits	**$117,350**	**$132,696**	**$150,036**	**$165,770**	**$179,449**
TYPE OF REFUND					
Separation	$15,835	$16,742	$18,703	$21,999	**$21,316**
Death	647	1,399	574	750	**1,283**
Purchased service	201	78	371	193	**87**
Total refunds	**$16,683**	**$18,219**	**$19,648**	**$22,942**	**$22,686**

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

Benefits and Refund Deductions from Net Position by Type

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

Judicial Division Trust Fund

TYPE OF BENEFIT	2002	2003	2004	2005	2006
Age and service benefits:					
Retirees	$5,725	$7,500	$7,795	$8,832	$9,708
Disability	681	651	682	695	696
Survivors	325	316	329	341	351
Total benefits	**$6,731**	**$8,467**	**$8,806**	**$9,868**	**$10,755**
TYPE OF REFUND					
Separation	$83	$596	$98	$181	$–
Total refunds	**$83**	**$596**	**$98**	**$181**	**$–**

Judicial Division Trust Fund

TYPE OF BENEFIT	2007	2008	2009	2010	2011
Age and service benefits:					
Retirees	$11,292	$12,113	$13,734	$14,126	**$15,563**
Disability	746	850	913	917	**889**
Survivors	358	393	364	351	**357**
Total benefits	**$12,396**	**$13,356**	**$15,011**	**$15,394**	**$16,809**
TYPE OF REFUND					
Separation	$–	$–	$30	$104	**$513**
Purchased service	4	–	–	–	**–**
Total refunds	**$4**	**$–**	**$30**	**$104**	**$513**

Denver Public Schools Trust Fund[1]

TYPE OF BENEFIT	2010	2011
Age and service benefits:		
Retirees	$207,398	**$212,524**
Disability	6,886	**7,078**
Survivors	1,541	**1,511**
Total benefits	**$215,825**	**$221,113**
TYPE OF REFUND		
Separation	$2,947	**$4,322**
Death	82	**82**
Purchased service	–	**8**
Total refunds	**$3,029**	**$4,412**

[1] The DPS Division Trust Fund was established on January 1, 2010, and received the net assets of DPSRS.

Member and Benefit Recipient Statistics[1]

(In Actual Dollars)

ACTIVE MEMBERS	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	DENVER PUBLIC SCHOOLS DIVISION	TOTAL
Active members as of December 31, 2011	**54,956**	**114,820**	**16,065**	**329**	**13,571**	**199,741**
RETIREMENTS DURING 2011						
Disability retirements	54	64	14	–	16	148
Service retirements	1,383	2,668	306	19	232	4,608
Total	**1,437**	**2,732**	**320**	**19**	**248**	**4,756**
RETIREMENT BENEFITS						
Total receiving disability and service retirement benefits on December 31, 2010	31,470	48,707	4,896	281	6,058	91,412
Total retiring during 2011	1,437	2,732	320	19	248	4,756
Cobeneficiaries continuing after retiree's death	227	233	23	3	44	530
Returning to retirement rolls from suspension	13	41	1	–	–	55
Total	**33,147**	**51,713**	**5,240**	**303**	**6,350**	**96,753**
Retirees and cobeneficiaries deceased during year	951	1,024	103	6	193	2,277
Retirees suspending benefits to return to work	7	14	3	–	1	25
Total receiving retirement benefits	**32,189**	**50,675**	**5,134**	**297**	**6,156**	**94,451**
Annual retirement benefits for retirees as of December 31, 2011	$1,180,533,636	$1,760,603,292	$181,599,936	$16,890,408	$222,297,252	$3,361,924,524
Average monthly benefit on December 31, 2011	$3,056	$2,895	$2,948	$4,739	$3,009	$2,966
Average monthly benefit for all members who retired during 2011	$3,010	$2,527	$2,896	$5,130	$2,665	$2,715
SURVIVOR BENEFITS						
Survivor benefit accounts						
Total survivor being paid on December 31, 2011	888	1,043	162	14	140	2,247
Annual benefits payable to survivors as of December 31, 2011	$17,513,616	$15,935,760	$2,900,832	$430,572	$2,657,580	$39,438,360
FUTURE BENEFITS						
Future retirements to age 60 or 65	4,756	11,250	1,436	8	553	18,003
Total annual future benefits	$45,153,716	$74,149,287	$16,457,924	$275,433	$5,603,459	$141,639,819
Future survivor beneficiaries of inactive members	135	180	24	1	15	355
Total annual future benefits	$1,769,856	$1,802,964	$366,168	$26,004	$167,244	$4,132,236

[1] In addition, as of December 31, 2011, there was a total of 168,670 non-vested terminated members as follows: State Division–58,597; School Division–89,225; Local Government Division–17,725; Judicial Division–5; and DPS Division–3,118.

Schedule of Average Retirement Benefits Payable—All Division Trust Funds[1,2]

(In Actual Dollars)

YEAR ENDED	AVERAGE MONTHLY BENEFIT	AVERAGE AGE AT RETIREMENT	AVERAGE CURRENT AGE OF RETIREES	AVERAGE YEARS OF SERVICE AT RETIREMENT
12/31/2002	$1,997	58.5	68.0	21.6
12/31/2003	2,140	58.2	68.4	22.0
12/31/2004	2,288	57.9	68.7	22.4
12/31/2005	2,447	58.0	68.7	23.0
12/31/2006	2,538	58.1	68.8	22.9
12/31/2007	2,658	58.0	68.9	23.1
12/31/2008	2,772	58.0	69.0	23.2
12/31/2009	2,885	58.0	69.3	23.3
12/31/2010	2,905	58.1	69.7	23.6
12/31/2011	**2,966**	**58.1**	**69.9**	**23.6**

[1] Includes disability retirements, but not survivor benefits.

[2] Data prior to December 31, 2010, does not include the DPS Division.

Schedule of Average Retirement Benefits Payable[1]

(In Actual Dollars)

	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	DENVER PUBLIC SCHOOLS DIVISION
Year Ended 12/31/2011					
Average Monthly Benefit	**$3,056**	**$2,895**	**$2,948**	**$4,739**	**$3,009**
Average Age at Retirement	**58.0**	**58.2**	**57.5**	**61.0**	**58.7**
Average Age of Current Retiree	**70.3**	**69.5**	**67.8**	**73.7**	**73.2**
Average Years of Service at Retirement	**23.0**	**23.8**	**22.3**	**22.4**	**26.0**

[1] Includes disability retirements, but not survivor benefits.

Colorado PERA Benefit Payments—All Division Trust Funds

As of December 31, 2011
(In Actual Dollars)

At of the end of 2011, Colorado PERA was paying benefits to more than 96,000 retired public employees and their beneficiaries who received an average benefit of $2,931[1] per month. For most benefit recipients, this is the only source of income in retirement as most Colorado PERA benefit recipients and their beneficiaries do not qualify for Social Security payments. The median monthly Colorado PERA benefit is $2,721[1] ($32,652 a year), which means that half of all monthly benefits paid are lower than $2,721 and half are higher than that amount.

The Colorado PERA service retirement formula for calculating benefits, specified in State law, is 2.5 percent multiplied by years of service multiplied by Highest Average Salary (HAS). HAS[2] is also defined in State law as one-twelfth of the average of the highest annual salaries on which 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.

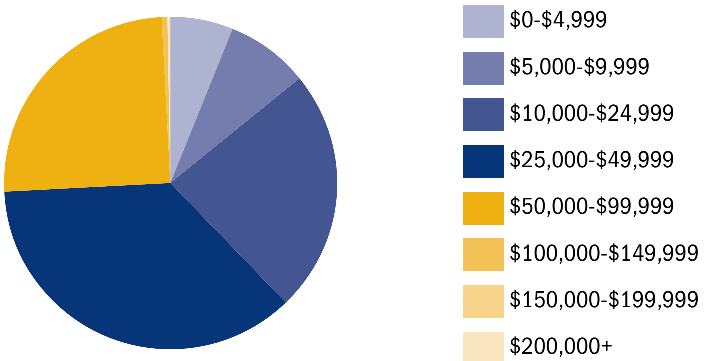
These three periods are tied to a fourth 12-month period which becomes the base year for the year-to-year salary increase limitation for HAS calculation purposes. The year-to-year limit for members who were eligible to retire on January 1, 2011, and hired before January 1, 2006, is 15 percent. All other members are subject to an 8 percent year-to-year limit in their HAS calculation. This annual limit applied to salaries in the HAS years is designed to moderate salary "spiking."

Approximately three out of every four Colorado PERA benefit recipients receive less than $50,000 a year in retirement, as the graph below demonstrates. Less than 1 percent (696) of Colorado PERA benefit recipients receive an annual benefit payment of $100,000 or more. Generally, these benefit recipients had high salaries and a significant number of years of service credit.

[1] Does not include benefits that ended in 2011 or retirements suspended in 2011. Includes only benefits being paid at the end of 2011.

[2] Some members of the DPS benefit structure and members in the Judicial Division have different HAS calculations.

Colorado PERA Benefit Payments by Dollar Amount of Annual Benefit/Number of Benefit Recipients in that Range



BENEFIT RANGE	NUMBER OF BENEFIT RECIPIENTS
$0–$4,999	5,943
$5,000–$9,999	7,762
$10,000–$24,999	23,071
$25,000–$49,999	35,099
$50,000–$99,999	24,127
$100,000–$149,999	655
$150,000–$199,999	38
$200,000+	3
Total Benefit Recipients	96,698

Colorado PERA Benefit Payments—All Division Trust Funds

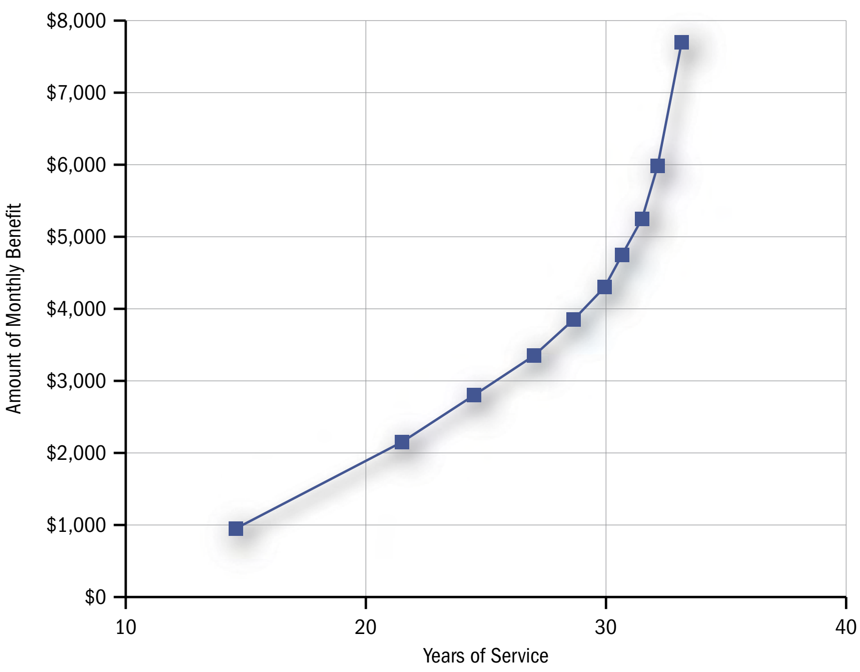
As of December 31, 2011
(In Actual Dollars)

Benefit Payments by Decile

Another way to examine the data is to group benefit recipients and the benefits they receive into benefit payment ranges as a percentage of the total. The table below shows that, for the one-third of Colorado PERA benefit recipients (31,476) in the lowest decile, the average benefit is $11,364 a year. This group retired at an average age of 59 with over 14½ years of service credit. For the top decile, on the other end of the scale, the average benefit is $92,808 a year. However, this group, on average, had over 33 years of service credit, which is more than twice the length of the average service credit of those in the lowest decile. For the 4,756 new retirees in 2011, the average monthly benefit was $2,715. These members retired at an average age of 60 with 22 years of service credit.

DECILE	NUMBER OF BENEFIT RECIPIENTS	PERCENT OF BENEFIT RECIPIENTS	AVERAGE MONTHLY BENEFIT	AVERAGE AGE AT RETIREMENT	AVERAGE SERVICE CREDIT
1%–10%	31,476	32.55%	$947	59	14.68
11%–20%	13,154	13.60%	2,157	57	21.74
21%–30%	10,127	10.47%	2,801	57	24.77
31%–40%	8,481	8.77%	3,340	57	27.04
41%–50%	7,373	7.63%	3,840	57	28.74
51%–60%	6,570	6.80%	4,311	57	29.92
61%–70%	5,938	6.14%	4,778	57	30.74
71%–80%	5,370	5.55%	5,272	56	31.43
81%–90%	4,727	4.89%	5,992	57	32.19
91%–100%	3,482	3.60%	7,734	57	33.11
Totals	**96,698**	**100.00%**	**$2,931**	**58**	**23.33**

Average Monthly Benefit Payment by Years of Service Credit



Schedule of Retirees and Survivors by Types of Benefits

As of December 31, 2011

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

TYPES OF BENEFITS

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	TOTAL (COLUMNS 1–5)	1	2	3	4	5	6
$1–$1,000	4,584	3,826	375	22	290	71	3,557
$1,001–$2,000	7,050	4,935	1,738	39	283	55	909
$2,001–$3,000	7,086	5,837	1,106	22	118	3	197
$3,001–$4,000	5,537	5,264	197	25	46	5	61
$4,001–$5,000	3,916	3,841	48	17	10	–	20
$5,001+	5,039	5,006	16	13	3	1	12
Totals	**33,212**	**28,709**	**3,480**	**138**	**750**	**135**	**4,756**

OPTION SELECTED

AMOUNT OF BENEFIT[1] (IN ACTUAL DOLLARS)	1	2	3	4	SURVIVING COBENEFICIARY	SURVIVING RETIREE
$1–$1,000	2,563	259	567	10	720	82
$1,001–$2,000	3,682	742	1,128	12	952	157
$2,001–$3,000	3,660	1,067	1,417	21	663	115
$3,001–$4,000	2,709	1,056	1,303	9	320	64
$4,001–$5,000	1,843	824	999	9	185	29
$5,001+	2,256	1,175	1,407	7	150	27
Totals	**16,713**	**5,123**	**6,821**	**68**	**2,990**	**474**

[1] For Types of Benefits 1 and 2 above.

Schedule of Retirees and Survivors by Types of Benefits

As of December 31, 2011

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)	TYPES OF BENEFITS 1	2	3	4	5	6
$1–$1,000	10,763	9,206	884	41	504	128	9,870
$1,001–$2,000	9,034	7,566	1,139	22	269	38	1,120
$2,001–$3,000	8,691	7,933	626	17	107	8	196
$3,001–$4,000	8,244	7,930	257	17	34	6	49
$4,001–$5,000	7,969	7,859	89	11	10	–	8
$5,001+	7,197	7,169	17	8	3	–	7
Totals	51,898	47,663	3,012	116	927	180	11,250

AMOUNT OF BENEFIT[1] (IN ACTUAL DOLLARS)	OPTION SELECTED 1	2	3	4	SURVIVING COBENEFICIARY	SURVIVING RETIREE
$1–$1,000	6,920	721	1,353	11	940	145
$1,001–$2,000	5,301	1,151	1,302	21	776	154
$2,001–$3,000	5,114	1,476	1,356	16	494	103
$3,001–$4,000	4,806	1,683	1,392	15	242	49
$4,001–$5,000	4,535	1,836	1,384	10	154	29
$5,001+	4,579	1,543	965	12	81	6
Totals	31,255	8,410	7,752	85	2,687	486

[1] For Types of Benefits 1 and 2 above.

Schedule of Retirees and Survivors by Types of Benefits

As of December 31, 2011

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

TYPES OF BENEFITS

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	TOTAL (COLUMNS 1–5)	1	2	3	4	5	6
$1–$1,000	907	755	78	3	59	12	991
$1,001–$2,000	1,253	826	363	6	50	8	300
$2,001–$3,000	1,031	801	197	12	18	3	97
$3,001–$4,000	782	736	38	4	4	–	30
$4,001–$5,000	561	551	7	2	–	1	9
$5,001+	786	780	2	3	1	–	9
Totals	5,320	4,449	685	30	132	24	1,436

OPTION SELECTED

AMOUNT OF BENEFIT[1] (IN ACTUAL DOLLARS)	1	2	3	4	SURVIVING COBENEFICIARY	SURVIVING RETIREE
$1–$1,000	508	61	118	1	132	13
$1,001–$2,000	606	160	254	6	155	8
$2,001–$3,000	519	160	225	2	75	17
$3,001–$4,000	365	175	204	–	26	4
$4,001–$5,000	253	131	156	–	18	–
$5,001+	320	194	252	–	14	2
Totals	2,571	881	1,209	9	420	44

[1] For Types of Benefits 1 and 2 above.

Schedule of Retirees and Survivors by Types of Benefits

As of December 31, 2011

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

		TYPES OF BENEFITS					
AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	TOTAL (COLUMNS 1–5)	1	2	3	4	5	6
$1–$1,000	17	16	1	–	–	–	1
$1,001–$2,000	34	27	2	–	5	–	2
$2,001–$3,000	33	26	2	–	4	1	–
$3,001–$4,000	39	34	2	–	3	–	4
$4,001–$5,000	48	38	8	1	1	–	1
$5,001+	141	137	4	–	–	–	–
Totals	**312**	**278**	**19**	**1**	**13**	**1**	**8**

	OPTION SELECTED					
AMOUNT OF BENEFIT[1] (IN ACTUAL DOLLARS)	1	2	3	4	SURVIVING COBENEFICIARY	SURVIVING RETIREE
$1–$1,000	6	1	1	–	9	–
$1,001–$2,000	9	1	7	–	12	–
$2,001–$3,000	4	6	9	–	8	1
$3,001–$4,000	8	4	11	1	11	1
$4,001–$5,000	7	8	21	1	9	–
$5,001+	47	35	52	–	7	–
Totals	**81**	**55**	**101**	**2**	**56**	**2**

[1] For Types of Benefits 1 and 2 above.

Schedule of Retirees and Survivors by Types of Benefits

As of December 31, 2011

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.

Denver Public Schools Division

TYPES OF BENEFITS

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	TOTAL (COLUMNS 1–5)	1	2	3	4	5	6
$1–$1,000	717	538	111	–	57	11	395
$1,001–$2,000	1,214	1,040	131	7	33	3	133
$2,001–$3,000	1,260	1,161	70	13	15	1	23
$3,001–$4,000	1,452	1,409	33	6	4	–	2
$4,001–$5,000	1,128	1,120	4	2	2	–	–
$5,001+	540	536	3	1	–	–	–
Totals	**6,311**	**5,804**	**352**	**29**	**111**	**15**	**553**

OPTION SELECTED[2]

AMOUNT OF BENEFIT[1] (IN ACTUAL DOLLARS)	1	2	3	4	SURVIVING COBENEFICIARY	SURVIVING RETIREE	COBENEFICIARIES BOTH DECEASED
$1–$1,000	382	28	133	–	83	23	–
$1,001–$2,000	642	84	260	–	135	44	6
$2,001–$3,000	587	106	362	–	116	58	2
$3,001–$4,000	655	108	493	–	114	69	3
$4,001–$5,000	493	100	414	–	68	47	2
$5,001+	235	48	204	–	34	17	1
Totals	**2,994**	**474**	**1,866**	**–**	**550**	**258**	**14**

[1] For Types of Benefits 1 and 2 above.

[2] Below are the equivalent DPS benefit structure options:
PERA Option 1 = Options A, B, and D (D is discontinued)
PERA Option 2 = Options P2 and E (E is discontinued)
PERA Option 3 = Options P3 and C (C is discontinued)

Schedule of Average Benefit Payments

(In Actual Dollars)

State Division[1]

			YEARS OF SERVICE CREDIT			
YEAR RETIRED	0–10	10–15	15–20	20–25	25–30	30+
Period 1/1/2011 to 12/31/2011						
Average monthly benefit	**$571**	**$1,214**	**$1,956**	**$2,863**	**$4,096**	**$5,307**
Average highest average salary	**$3,163**	**$4,027**	**$4,413**	**$5,181**	**$6,002**	**$6,661**
Number of service retirees	**237**	**130**	**143**	**237**	**331**	**305**
Period 1/1/2010 to 12/31/2010						
Average monthly benefit	$559	$1,089	$2,200	$2,816	$4,011	$5,156
Average highest average salary	$3,105	$3,504	$4,923	$5,102	$5,983	$6,394
Number of service retirees	205	127	164	305	430	362
Period 1/1/2009 to 12/31/2009						
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 1/1/2008 to 12/31/2008						
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 1/1/2007 to 12/31/2007						
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 1/1/2006 to 12/31/2006						
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 Division[1]

			YEARS OF SERVICE CREDIT			
YEAR RETIRED	0–10	10–15	15–20	20–25	25–30	30+
Period 1/1/2011 to 12/31/2011						
Average monthly benefit	**$419**	**$806**	**$1,625**	**$2,430**	**$3,617**	**$4,632**
Average highest average salary	**$2,461**	**$2,683**	**$3,526**	**$4,344**	**$5,235**	**$5,804**
Number of service retirees	**407**	**273**	**334**	**506**	**651**	**497**
Period 1/1/2010 to 12/31/2010						
Average monthly benefit	$424	$780	$1,543	$2,393	$3,603	$4,602
Average highest average salary	$2,512	$2,500	$3,336	$4,243	$5,207	$5,722
Number of service retirees	353	252	305	585	755	601
Period 1/1/2009 to 12/31/2009						
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 1/1/2008 to 12/31/2008						
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 1/1/2007 to 12/31/2007						
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 1/1/2006 to 12/31/2006						
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.

Schedule of Average Benefit Payments

(In Actual Dollars)

Local Government Division[1]

	YEARS OF SERVICE CREDIT					
YEAR RETIRED	0–10	10–15	15–20	20–25	25–30	30+
Period 1/1/2011 to 12/31/2011						
Average monthly benefit	**$596**	**$1,011**	**$1,985**	**$2,908**	**$4,093**	**$5,337**
Average highest average salary	**$4,408**	**$3,469**	**$4,616**	**$5,333**	**$6,070**	**$6,712**
Number of service retirees	**61**	**33**	**32**	**42**	**78**	**60**
Period 1/1/2010 to 12/31/2010						
Average monthly benefit	$677	$1,053	$1,955	$2,776	$4,540	$5,024
Average highest average salary	$4,102	$3,516	$4,482	$5,184	$6,476	$6,414
Number of service retirees	54	32	41	73	116	124
Period 1/1/2009 to 12/31/2009						
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 1/1/2008 to 12/31/2008						
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 1/1/2007 to 12/31/2007						
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 1/1/2006 to 12/31/2006						
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 Division[1]

	YEARS OF SERVICE CREDIT					
YEAR RETIRED	0–10	10–15	15–20	20–25	25–30	30+
Period 1/1/2011 to 12/31/2011						
Average monthly benefit	**$962**	**$2,332**	**$3,156**	**$5,642**	**$4,768**	**$7,974**
Average highest average salary	**$8,192**	**$10,487**	**$8,704**	**$10,430**	**$7,818**	**$9,925**
Number of service retirees	**1**	**2**	**3**	**5**	**3**	**5**
Period 1/1/2010 to 12/31/2010						
Average monthly benefit	$–	$2,246	$–	$5,734	$7,313	$8,959
Average highest average salary	$–	$7,685	$–	$10,717	$10,602	$10,999
Number of service retirees	–	1	–	1	4	4
Period 1/1/2009 to 12/31/2009						
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 1/1/2008 to 12/31/2008						
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 1/1/2007 to 12/31/2007						
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 1/1/2006 to 12/31/2006						
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
(In Actual Dollars)

Denver Public Schools Division[1]

	YEARS OF SERVICE CREDIT					
YEAR RETIRED	0–10	10–15	15–20	20–25	25–30	30+
Period 1/1/2011 to 12/31/2011						
Average monthly benefit	**$1,060**	**$1,479**	**$2,060**	**$3,373**	**$4,188**	**$4,290**
Average highest average salary	**$4,360**	**$4,956**	**$4,948**	**$5,910**	**$6,046**	**$5,198**
Number of service retirees	**38**	**35**	**38**	**57**	**38**	**26**
Period 1/1/2010 to 12/31/2010						
Average monthly benefit	$943	$1,386	$1,943	$2,870	$3,971	$4,710
Average highest average salary	$4,372	$4,335	$5,151	$5,312	$5,893	$5,944
Number of service retirees	22	20	25	42	33	30

[1] The DPS Division Trust Fund was established on January 1, 2010, and received the net assets of DPSRS.

Schedule of Average Benefit Payments—All Division Trust Funds[1]

(In Actual Dollars)

	YEARS OF SERVICE CREDIT					
YEAR RETIRED	0–10	10–15	15–20	20–25	25–30	30+
Period 1/1/2011 to 12/31/2011						
Average monthly benefit	**$515**	**$989**	**$1,770**	**$2,657**	**$3,817**	**$4,919**
Average highest average salary	**$2,727**	**$2,941**	**$3,605**	**$4,371**	**$5,351**	**$6,012**
Number of service retirees	**744**	**473**	**550**	**847**	**1,101**	**893**
Period 1/1/2010 to 12/31/2010[2]						
Average monthly benefit	$507	$922	$1,795	$2,572	$3,836	$4,846
Average highest average salary	$2,752	$2,767	$3,754	$4,401	$5,454	$5,881
Number of service retirees	634	432	535	1,006	1,338	1,121
Period 1/1/2009 to 12/31/2009						
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 1/1/2008 to 12/31/2008						
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 1/1/2007 to 12/31/2007						
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 1/1/2006 to 12/31/2006						
Average monthly benefit	$386	$697	$1,299	$2,027	$3,049	$4,245
Average highest average salary	$2,400	$2,422	$3,204	$3,238	$4,754	$5,523
Number of service retirees	371	265	251	822	922	1,804
Period 1/1/2005 to 12/31/2005						
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 1/1/2004 to 12/31/2004						
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 1/1/2003 to 12/31/2003						
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 1/1/2002 to 12/31/2002						
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

[1] Data prior to December 31, 2010, does not include the DPS Division.

[2] The DPS Division Trust Fund was established on January 1, 2010, and received the net assets of DPSRS.

Schedule of Contribution Rate History

State Division (Members Other Than State Troopers)[1]

YEARS			PERCENT OF PAYROLL MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[2]	AMORTIZATION EQUALIZATION DISBURSEMENT	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT
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%
1/1/2010	to	6/30/2010	8.00%	10.15%	2.20%	1.50%
7/1/2010	to	12/31/2010	10.50%	7.65%	2.20%	1.50%
1/1/2011	**to**	**12/31/2011**	**10.50%**	**7.65%**	**2.60%**	**2.00%**

[1] State and School Divisions merged July 1, 1997, and separated on January 1, 2006.

[2] All employer contribution rates shown since July 1, 1985, include the Health Care Trust Fund allocation.

[3] Legislation created an annual reduction equal to 1.0 percent of salary retroactive to July 1, 1991, to be taken during May and June of 1992.

Schedule of Contribution Rate History

State Troopers[1]

			PERCENT OF PAYROLL			
YEARS			MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[2]	AMORTIZATION EQUALIZATION DISBURSEMENT	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT
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%
1/1/2010	to	6/30/2010	10.00%	12.85%	2.20%	1.50%
7/1/2010	to	12/31/2010	12.50%	10.35%	2.20%	1.50%
1/1/2011	**to**	**12/31/2011**	**12.50%**	**10.35%**	**2.60%**	**2.00%**

[1] State and School Divisions merged July 1, 1997, and separated on January 1, 2006.

[2] All employer contribution rates shown since July 1, 1985, include the Health Care Trust Fund allocation.

[3] Legislation created an annual reduction equal to 1.0 percent of salary retroactive to July 1, 1991, to be taken during May and June of 1992.

Schedule of Contribution Rate History

School Division[1]

YEARS			PERCENT OF PAYROLL			
			MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[2]	AMORTIZATION EQUALIZATION DISBURSEMENT	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT
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%
1/1/2010	to	12/31/2010	8.00%	10.15%	2.20%	1.50%
1/1/2011	**to**	**12/31/2011**	**8.00%**	**10.15%**	**2.60%**	**2.00%**

[1] State and School Divisions merged July 1, 1997, and separated on January 1, 2006.

[2] All employer contribution rates shown since July 1, 1985, include the Health Care Trust Fund allocation.

State and School Division[1]

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 merged July 1, 1997, and separated on January 1, 2006.

[2] The employer contribution rates shown include the Health Care Trust Fund allocation.

Schedule of Contribution Rate History

Local Government Division[1]

YEARS			PERCENT OF PAYROLL			
			MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[2]	AMORTIZATION EQUALIZATION DISBURSEMENT	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT
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%
1/1/2010	to	**12/31/2011**	**8.00%**	**10.00%**	**2.20%**	**1.50%**

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

[2] All employer contribution rates shown since July 1, 1985, include the Health Care Trust Fund allocation.

Schedule of Contribution Rate History

Judicial Division

YEARS			MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[1]	AMORTIZATION EQUALIZATION DISBURSEMENT	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT
			PERCENT OF PAYROLL			
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%
1/1/2010	to	6/30/2010	8.00%	13.66%	2.20%	1.50%
7/1/2010	to	**12/31/2011**	**10.50%**	**11.16%**	**2.20%**	**1.50%**

[1] All employer contribution rates shown since July 1, 1985, include the Health Care Trust Fund allocation.

Denver Public Schools Division[1]

YEARS			MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[2]	AMORTIZATION EQUALIZATION DISBURSEMENT	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT	EMPLOYER CONTRIBUTION PCOP OFFSET[3]
			PERCENT OF PAYROLL				
1/1/2010	to	12/31/2010	8.00%	13.75%	2.20%	1.50%	(15.04%)
1/1/2011	**to**	**12/31/2011**	**8.00%**	**13.75%**	**2.60%**	**2.00%**	**(14.72%)**

[1] The DPS Division Trust Fund was established on January 1, 2010, and received the net assets of DPSRS.

[2] All employer contribution rates shown include the DPS HCTF allocation.

[3] An offset to the DPS Division rate is provided for in SB 09-282. See Note 4—Contributions.

Schedule of Contribution Rate History

Employer Contributions to Health Care Trust Funds

DIVISION/YEARS	PERCENT OF PAYROLL ALLOCATED FROM EMPLOYER CONTRIBUTION TO HEALTH CARE TRUST FUNDS
STATE AND SCHOOL DIVISION[1]	
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%
STATE DIVISION[1]	
1/1/2006 to **12/31/2011**	**1.02%**
SCHOOL DIVISION[1]	
1/1/2006 to **12/31/2011**	**1.02%**
LOCAL GOVERNMENT DIVISION[2]	
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 **12/31/2011**	**1.02%**
JUDICIAL DIVISION	
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 **12/31/2011**	**1.02%**
DENVER PUBLIC SCHOOLS DIVISION[3]	
1/1/2010 to **12/31/2011**	**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 the Municipal Division Trust Fund prior to January 1, 2006.

[3] The DPS HCTF was established on January 1, 2010, and received the balance of the Denver Public Schools Health Benefit Trust.

Employer Contributions to MatchMaker[1]

DIVISION/YEARS	PERCENT OF PAYROLL AVAILABLE FROM EMPLOYER CONTRIBUTION FOR MATCHMAKER (MAXIMUM MATCH)
STATE AND SCHOOL DIVISION[2]	
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%
LOCAL GOVERNMENT DIVISION[3]	
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%
JUDICIAL DIVISION	
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 the Municipal Division Trust Fund prior to January 1, 2006.

Principal Participating Employers

Current Year and Five Years Prior

State Division Trust Fund[1]

	2011			2006		
EMPLOYER	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Department of Corrections	6,263	1	11.40%	5,644	1	10.68%
University of Colorado	6,056	2	11.02%	5,432	2	10.28%
Department of Transportation	2,985	3	5.43%	3,102	3	5.87%
District Courts	2,984	4	5.43%	2,936	5	5.55%
Colorado State University	2,961	5	5.39%	3,065	4	5.80%
Front Range Community College	1,643	6	2.99%	1,256	8	2.38%
Department of Natural Resources	1,555	7	2.83%	1,567	6	2.96%
Metropolitan State College	1,370	8	2.49%	1,222	9	2.31%
Department of Human Services	1,223	9	2.23%	1,367	7	2.59%
Department of Public Health and Environment	1,188	10	2.16%	–	–	–
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 Fund[1]

	2011			2006		
EMPLOYER	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Jefferson County School District	12,088	1	10.53%	12,168	1	10.74%
Cherry Creek School District	7,236	2	6.30%	6,869	2	6.06%
Douglas County Schools	5,369	3	4.68%	6,663	3	5.88%
Adams 12 Five Star Schools	4,942	4	4.30%	4,684	4	4.13%
Aurora Public Schools	4,736	5	4.12%	4,348	7	3.84%
Boulder Valley School District	4,620	6	4.02%	4,573	5	4.04%
Colorado Springs Public Schools	4,400	7	3.83%	4,462	6	3.94%
Poudre School District RE-1	3,934	8	3.43%	3,774	8	3.33%
St. Vrain School District	3,761	9	3.28%	3,207	9	2.83%
Academy School District 20	2,985	10	2.60%	–	–	–
Mesa Valley School District	–	–	–	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 Fund[1]

	2011			2006		
EMPLOYER	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Memorial Health System	4,068	1	25.32%	3,779	1	23.68%
Boulder County Government	1,992	2	12.40%	1,847	4	11.57%
Colorado Springs Public Utilities	1,806	3	11.24%	1,917	3	12.01%
City of Colorado Springs	1,469	4	9.14%	1,958	2	12.27%

[1] Data for the number of members by employer for years prior to 2006 is not available.

Principal Participating Employers

Current Year and Five Years Prior

Judicial Division Trust Fund[1]

	2011			2006		
EMPLOYER	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Judicial Department[2]	310	1	94.22%	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.

Denver Public Schools Division Trust Fund[1]

	2011			2010		
EMPLOYER	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Denver Public Schools	12,067	–	88.92%	12,248	–	92.99%

[1] The DPS Division Trust Fund was established on January 1, 2010, and received the net assets of DPSRS.

Health Care Trust Fund[1]

	2011			2006		
EMPLOYER	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Jefferson County School District	12,088	1	6.49%	12,168	1	6.58%
Cherry Creek School District	7,236	2	3.89%	6,869	2	3.72%
Department of Corrections	6,263	3	3.36%	5,644	4	3.05%
University of Colorado	6,056	4	3.25%	5,432	5	2.94%
Douglas County Schools	5,369	5	2.88%	6,663	3	3.60%
Adams 12 Five Star Schools	4,942	6	2.65%	4,684	6	2.53%
Aurora Public Schools	4,736	7	2.54%	4,348	9	2.35%
Boulder Valley School District	4,620	8	2.48%	4,573	7	2.47%
Colorado Springs Public Schools	4,400	9	2.36%	4,462	8	2.41%
Memorial Health System	4,068	10	2.19%	3,779	10	2.04%

[1] Data for the number of members by employer for years prior to 2006 is not available.

Denver Public Schools Health Care Trust Fund[1]

	2011			2010		
EMPLOYER	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Denver Public Schools	12,067	–	88.92%	12,248	–	92.99%

[1] The DPS HCTF was established on January 1, 2010, and received the balance of the Denver Public Schools Retiree Health Benefit Trust.

Schedule of Affiliated Employers

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
Pinnacol 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 Mesa University
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
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[1]

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

[1] The list of employers in the School Division does not include charter schools operating within the respective public school districts and under the Colorado Charter School Institute.

Schedule of Affiliated Employers

School Division[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

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

[1] The list of employers in the School Division does not include charter schools operating within the respective public school districts and under the Colorado Charter School Institute.

Schedule of Affiliated Employers

School Division[1]

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

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Schedule of Affiliated Employers

School Division[1]

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)
Uncompahgre BOCS

Vocational Schools
Delta-Montrose Area Vocational School

Other
Colorado Consortium for Earth and Space Science Education

[1] The list of employers in the School Division does not include charter schools operating within the respective public school districts and under the Colorado Charter School Institute.

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 Castle Pines
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 Libraries
Douglas County Housing Partnership
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
El Paso-Teller County Emergency Telephone Service Authority

Schedule of Affiliated Employers

Local Government Division

Estes Valley Fire Protection 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 Arriba
Housing Authority of the City of Boulder
Housing Authority of the City of Colorado Springs
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
Pikes Peak Regional Building Department
Pine Drive Water District
Plains Ground Water Management District
Prowers Conservation District
Pueblo City-County Health Department
Pueblo Library District
Pueblo Transit Authority
Pueblo Urban Renewal 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
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

Schedule of Affiliated Employers

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

Denver Public Schools Division[1]

Denver Public School District No. 1

[1] The list of employers in the Denver Public Schools Division does not include charter schools operating within the Denver Public Schools school district.

Colorado Public Employees' Retirement Association

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