



Public Employees' Retirement Association of Colorado  
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Dear PERA Member:

A story that appeared on television has alarmed some PERA members and benefit recipients because the story suggested that your benefits could be threatened. You may also be worried that in light of Enron's collapse and its relationship with Arthur Andersen, PERA's funds are in jeopardy.

First, we want you to know that this is not accurate. Your retirement benefits and accounts are safe at PERA. Like other pension funds, PERA suffered some financial loss as a result of Enron's collapse. However, the loss does not substantially affect PERA's investment return and does not affect our ability to pay guaranteed, lifetime benefits to you.

The news also reported that Arthur Andersen audits PERA. State law requires that the State Auditor's Office perform an annual audit of PERA. Arthur Andersen is in the process of an audit of PERA under the control of the State Auditor's Office. The Denver employees of Andersen audit PERA, and none of them have been involved with Enron.

Enron's story could not be more different than PERA's success story. Unlike Enron, PERA regularly reviews its investment policy, and state laws emphasize diversification of investments among many different companies and types of assets. In addition, PERA has strong internal controls in place in all areas of PERA's operations. PERA's actuarial soundness is measured each year, and reviewed by a separate actuary every five years. The result of the care and expertise exercised by the PERA Board and staff has been legislation that has increased PERA benefits at the same time that costs to taxpayers have been reduced.

As a comprehensive retirement plan, PERA benefits are guaranteed for life. PERA remains committed to full public disclosure of its operating results through our regular communications with you.

Sincerely,

J. Kim Natale  
Board Chair  
On behalf of the PERA Board of Trustees