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Editor  
*Colorado Springs Business Journal*  
Via E-mail

Dear Editor:

John Hazlehurst's article in the Sept. 1 edition of the *Colorado Springs Business Journal*, ("Is state pension fund really 'fixed?' ") presented a one-sided and unfairly negative view of the Colorado Public Employees' Retirement Association.

It's always a bad sign when a reporter drafting a more than 2,500-word article on a very complex subject waits until two days before his deadline to contact the subject of the piece. Cynical observers might surmise that he had already reported and written most of the article and was simply going through the motions of requesting comment.

We present this response in hopes that the *Colorado Springs Business Journal* will want to present its readers with both sides of this important story.

Mr. Hazlehurst effectively presented PERA's leading critic's opinion on the state's largest retirement fund's health. He did a less good job of elaborating on the views of others, including Gov. Bill Owens, who believe that the reform package supported by PERA's board, enacted with overwhelming majorities by the Colorado General Assembly and signed by the Governor was an effective solution.

Predictions of PERA's future funded status are just that – predictions. All of PERA's projections include scenarios where assumptions (including investment returns, retiree mortality, active member salary increases and length of employment tenure, and inflation) are exceeded, met or not met. These various scenarios are developed in conjunction with world-renowned experts. I think your readers would agree that even experts sometimes don't agree. That's why we've used reasonable projections, such as the investment return assumption of 8.5 percent, to guide the Board and elected officials in creating public pension policy. (PERA's actual annual investment returns, as Mr. Hazlehurst noted, have been nearly 11 percent over the past 25 years.)

Mr. Hazlehurst implies that PERA responded poorly to the market downturn at the beginning of this decade. We do not market time. Our investment objective is to pay benefits, not simply maximize return. PERA did reduce some exposure to stocks and increased bonds in order to both modestly reduce risk and better align assets with future liabilities. Since that time, PERA's investment performance has been in the top quartile of all public pension plans (2003 through 2005).

But the notion that the PERA Board of Trustees, staff, and elected officials stuck their heads in the sand is false. The PERA Board of Trustees sought legislation to address PERA's funded status before 2006. Some of this legislation was enacted, some of it wasn't.

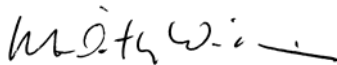
PERA is used to taking its lumps, especially from some ideologically motivated critics who want to scrap the current retirement system altogether. But I feel compelled to come to the defense of Colorado's public servants when Mr. Hazlehurst says that PERA's benefits are "generous."

PERA was created 75 years ago, four years before Social Security, and most PERA members do not qualify for Social Security payments. But PERA was designed to be more than Social Security – it's also the retirement plan for its members. In contrast, many Social Security beneficiaries also enjoy private pensions or other employer-sponsored retirement plans. Therefore, to compare PERA benefits to Social Security payments misrepresents what role PERA plays for our 380,000 members.

Mr. Hazlehurst is critical of PERA's use of member/retiree experience in developing estimates for mortality. In fact, PERA's mortality table, because it is based on actual member/retiree life spans is the *most accurate* database we could use. It is highly appropriate to do so, regardless of what mortality rates are in the United Kingdom.

Mr. Hazlehurst also repeats a common misconception about the PERA Board of Trustees. The current PERA Board of Trustees has 16 members, 14 who are elected by the membership, and two ex-officio and voting members (the State Treasurer and the State Auditor). The Board's makeup will change in 2007 to include gubernatorial appointees and the State Auditor will leave the PERA Board. But Trustees set neither contribution nor benefit levels, a fact that is conveniently ignored by those claiming conflicts of interest.

The PERA staff and Board of Trustees, in conjunction with highly respected consultants are vigilant in making sure that the promises made to Colorado's public employees and taxpayers are kept. They review PERA's unique asset mix against PERA's unique membership every few years and adjust assumptions and seek legislation when necessary. We've been protecting this promise to Colorado for the last 75 years and we'll be continuing to do so for the next 75 years and beyond.



Meredith Williams  
Executive Director