

News Release



Colorado Public Employees' Retirement Association
1300 Logan Street, Denver, CO 80203-2386
303-832-9550 • 303-863-3819 Fax • 1-800-759-7372
www.copera.org

For Immediate Release: August 24, 2007

For more information contact:
Katie Kaufmanis
Director of Communications
303-863-3814
kkaufmanis@copera.org

Colorado PERA: Divestment Effort Well Intentioned But Off Target

DENVER—The Colorado Legislature should resist efforts to impose more divestment mandates on the Colorado Public Employees' Retirement Association (PERA), the pension fund's Board stated at a special meeting on August 23, 2007.

While it is commendable that Colorado legislators would consider addressing global issues, divestment would create a series of unintended but significant consequences, according to a statement approved by the PERA Board of Trustees.

The PERA Board noted that "PERA serves the singular purpose of operating the retirement system serving more than 400,000 current and former public servants." PERA members are current and former state and local employees, including teachers, throughout Colorado.

According to the statement, PERA's concerns with divestment include the following:

- Divestment "comes with significant associated costs," including transaction costs from selling investments, the costs of researching replacement investments, and the costs of reduced investment returns, among others.
- Funds contributed to PERA by members and their employers immediately become part of a trust fund, so this money is no longer the property of the state or any other public employer.

-more-

- PERA's trustees have a "fiduciary duty to invest and expend those funds for the sole and exclusive benefit of the members and beneficiaries. Trustees cannot allow financial decisions that would undermine the funded status of the plan."
- Divestment of companies with significant operations in the United States and even Colorado could jeopardize U.S. jobs.
- A divestment mandate could result in a "slippery slope" that "makes differentiation among the remaining issues contentious and divisive."
- PERA does not have the authority to determine social policy, foreign policy, economic policy, or any other policy beyond the operation of the retirement system.

The PERA Board noted that the Sudan divestment legislation produced widespread agreement that "the standard for triggering divestment is genocide." Referencing the approval of the Sudan bill, the Board said, "The rationale for this step, unique in PERA's 76-year history, was the first recognized campaign of genocide in the new millennium." Further, the Board concluded that "PERA will generally oppose any mandated divestment effort that does not meet the genocide criteria and that fails to account for the concerns identified" in their formal statement. The statement in its entirety may be found on PERA's Web site at www.copera.org/PERA/about/latestnews.stm.

Colorado PERA provides retirement and other benefits to nearly 400,000 current and former employees of over 400 government and public entities in the state of Colorado. Colorado PERA is the 25th largest public pension plan in the U.S. with assets of \$40 billion.

###