



4
Learn the
Truth About
PERA



8
Choose a
Financial
Planner



12-13
Review Your
Beneficiaries

A publication for members of the Colorado Public Employees' Retirement Association

February 2008



Member REPORT

INSIDE

*Subprime Mortgage
Crisis*

Page 2

PERA Meetings

Page 3

*Benefit Calculation
Change*

Page 5

*Colorado PERA Earns
High Service Marks*

Page 6

*Changes to PERA's
401(k) and DC Plans*

Page 7

*Choosing a Financial
Planner*

Page 8

*Life Insurance Open
Enrollment*

Page 10

*Colorado PERA
Reaches Qwest
Settlement*

Page 11

*Get Ready for
Retirement*

Page 14

Iran-Related Investments Resolution Adopted

PERA Board Outlines Phased Strategy

At its January 18 meeting, the PERA Board of Trustees adopted a *Policy on Iran Related Investment*. It contains a number of provisions but one bottom line: PERA serves the singular purpose of protecting the promise of retirement security for more than 410,000 current and former public servants.



*Meredith Williams
Colorado PERA
Executive Director*

In meeting its fiduciary responsibilities to its members, PERA seeks to maximize long-term risk-adjusted investment returns. These investment returns allow PERA to pay out in benefits far more than it collects in contributions from members and their employers.

PERA's investment approach considers specific risks related to direct investments in foreign companies doing business in Iran. Historically, the evaluations of these risks have been performed by PERA's staff and by PERA's external managers. The Board's new policy will provide additional resources for researching and analyzing Iran-related risk. The policy includes phases for identifying a list of public companies doing business in Iran, criteria that will be used to consider the risks, a process for engagement with the identified companies, investment moratorium requirements, and other possible actions including potential divestment. The policy does not require that PERA divest from identified companies, however, divestment is a possible outcome of adherence to the policy.

The PERA Board believes that the additional resources and the centralization of research required by this policy will improve PERA's ability to assess Iran-related risk and improve reporting on Iran-related risk.

The Board stated: "PERA must be managed for the benefit of the members, retirees, and beneficiaries, and this policy is developed to address the potential for risk presented by pension fund investments in companies doing business in Iran."

Summary of the Policy

(Please note: The following is only a summary of the policy; please go to PERA's Web site at www.copera.org to view the policy in its entirety.)

The policy adopted by the Board is a five-phase approach to investigating the potential for risk when investing in foreign companies doing business in Iran.

Phase I: PERA staff will conduct research in order to compile a list of companies that meet certain criteria that includes: (1) foreign companies that have made an investment of more than \$20 million in any of the past 10 years in Iran, (2) foreign companies that are engaged in business or with any Iranian organization identified by the U.S. government as a terrorist organization, and (3) foreign companies that facilitate Iranian acquisition of nuclear, chemical, or biological weapons or military equipment.

Phase II: Thirty days after this list is created, PERA will engage the foreign companies in which PERA is invested and request that the companies provide a detailed description of their activities in Iran. The companies will be asked if their activities are consistent with prudent investment strategies and they will be asked to report on how they are engaging the government of Iran regarding that country's conduct. During this phase, staff will also work with other pension systems and investment organizations and, when possible, work with these other investors in engaging identified companies.

Continued on next page

Phase III: During this phase, the Board will not make any investments in companies that appear on the list that PERA does not already own. The moratorium can be modified or repealed with a 90-day notice to the public, the Governor, and the General Assembly.

Phase IV: Ninety days after a company has been engaged, PERA staff will evaluate the company's responses to determine if sufficient steps have been taken to minimize the risk to PERA. If potential risk to PERA has not been mitigated, staff will determine if there are different strategies available for addressing the risk, assess the viability of working with other parties (pension funds and other investors) to affect the practices of the company in Iran, and determine the extent of the company's operations in Iran in relation to the overall company business. Finally, staff will investigate if other like investments are available for purchase.

Phase V: PERA staff will report findings to the Board at every regularly scheduled meeting. The report will be made available to the public, the Governor, and to the General Assembly, with the first report being made by March 21. If adequate mitigation of risk is not possible, the Board will direct staff to either withhold additional or new investments in non-complying companies and/or divest current direct investments in the companies.

The Board, PERA staff, and I wish to extend our deep appreciation to the many PERA members and retirees who communicated their concerns about proceeding with legislation to their elected officials. Because of you, the parties interested in addressing the seriousness of the situation in Iran were able to come together and draft a resolution that preserves the fiduciary responsibility of the Board to invest on behalf of the PERA membership.

I invite your comments at Meredith@copera.org. 

Colorado PERA and the Subprime Mortgage Crisis

Across the country, the subprime mortgage crisis continues to make headlines as the credit crunch has impacted all major financial markets.

Colorado PERA has limited exposure to the subprime mortgage market. We have actively followed the credit crisis surrounding the subprime mortgage and related markets since it surfaced last summer. PERA recently analyzed its holdings as of October 31, 2007, in the areas most likely impacted including subprime mortgages, equity and debt holdings in subprime lenders, structured investment vehicles (SIVs), and other asset-backed securities. PERA has not experienced significant rating agency downgrades in these directly held or indirectly



held assets. Our exposure is less than one-half of 1 percent of total fund assets. PERA's securities lending program managed by our custodian bank also has limited exposure to these areas.

We will continue to monitor the direct and indirect risks related to the subprime market and expect the potential direct impact on portfolio performance to be minor.

While capital markets have been challenging in recent months, PERA's portfolio is well diversified and expected to perform well over our long-term time horizon. 

"Subprime" is Word of the Year

The American Dialect Society chose "subprime" as the 2007 Word of the Year at its annual convention in January. The Society acknowledged that the word has been familiar with bankers for a while, but now everyone knows the word.



Member Report

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Denver, CO 80203

Denver Main Office Hours (Mountain time):
7:30 a.m.—4:30 p.m. Monday—Friday

Customer Service Center Hours (Mountain time):
7:00 a.m.—5:30 p.m.
Monday—Thursday
7:00 a.m.—4:30 p.m. Friday

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Westminster, CO 80234

Westminster Office Hours (Mountain time):
Monday 7:30 a.m.—4:30 p.m.
Tuesday 7:30 a.m.—4:30 p.m.
Wednesday 1:00 p.m.—4:30 p.m.
Thursday 7:30 a.m.—4:30 p.m.
Friday 7:30 a.m.—4:30 p.m.

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Schedule of PERA Meetings



Schedule of Meetings
January-July 2008

In early January, all PERA members were mailed a schedule of PERA meetings from January through July. Since PERA conducts a large number of meetings in Colorado throughout the year, we determined it best to include this information in a separate publication. The schedule will be produced and mailed twice a year to all active PERA members.

All 2008 meetings are available on the PERA Web site in order for members to be better able to plan their attendance at meetings throughout the year. You may search for meetings in your area without having a PERA PIN.


If you are planning to attend a Group Workshop, or meeting requiring a reservation, you may reserve a space online through

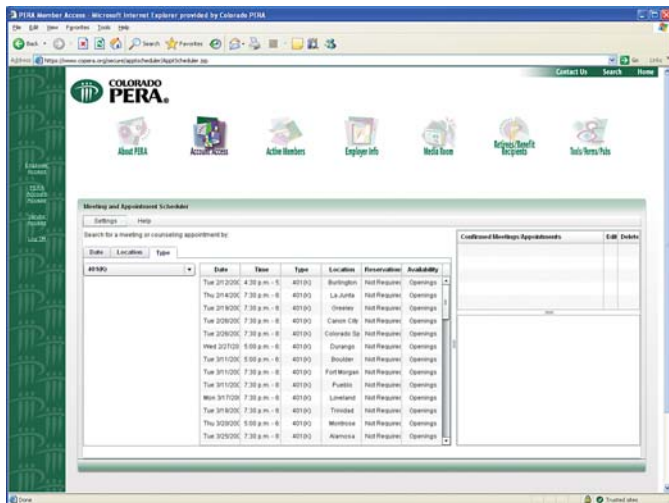
PERA's secured access pages by using your PERA PIN.

- Click on the Active Members icon, then go to Meetings and Appointments and click on the meeting and appointment scheduler link under Meetings Schedule.

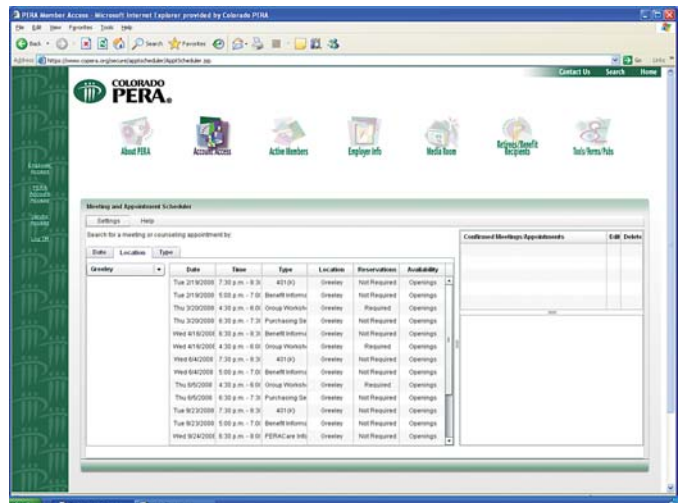
OR

- Click on the Account Access icon and enter your PIN, then select the Appointment Scheduler from the Online Services dropdown menu.

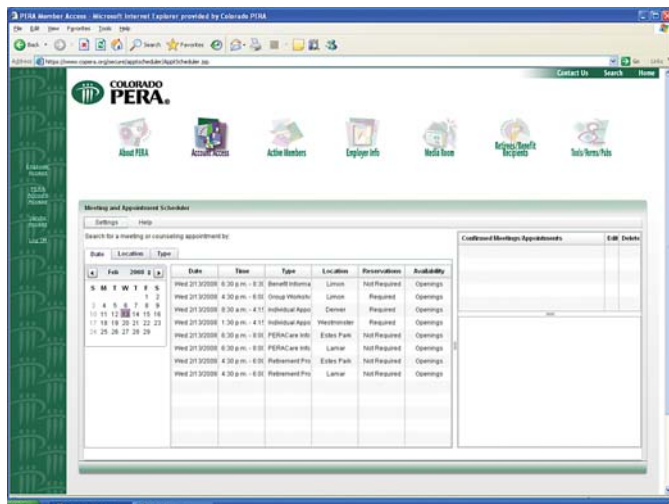
You may also call the PERA Customer Service Center at 1-800-759-7372 or 303-832-9550 to make a reservation if you do not have a PIN. 



Search by Type of meeting



Search by Location of meeting



Search by Date of meeting

Weather Conditions and PERA Meetings

Inclement weather in your area on the date scheduled for a meeting, appointment, or workshop, may require Colorado PERA to cancel the scheduled meeting. Please check PERA's Web site under Latest News or call PERA's Customer Service Center at 1-800-759-7372 or 303-832-9550 to find out the status of the meeting.

The Truth About PERA

As part of an ongoing series we launched in the June 2007 *Member Report*, we hope to dispel some of the myths about PERA, and give you the real truth, which may be different from what you hear about PERA through the grapevine.

Myth

PERA retirees without Social Security quarters have to pay for Medicare Part A or retire early and work in a job covered by Social Security.

Reality

This is one of the most common misconceptions we hear from PERA members. It's not true. There are a number of ways for individuals to qualify for Medicare Part A. All PERA members who began their PERA careers after March 31, 1986, have been paying the Medicare tax and earning Medicare quarters. Once they have paid the Medicare tax for 40 quarters (10 years), they have earned eligibility for Medicare Part A. Some PERA members had Social Security-covered work before they began their PERA careers. If they contributed to Social Security for 40 quarters (10 years), they qualify for Medicare Part A. Some PERA members qualify for Medicare Part A through a spouse's or former spouse's work. In all, about 85 percent of PERA retirees will qualify for Part A in one or more of these ways. If you are part of the 15 percent who won't qualify for Part A, state law protects you by requiring PERA to provide a health plan with a Part A (hospital) replacement benefit. There is no extra premium charge to you for this coverage when you are enrolled in a PERACare plan; the cost is paid by PERA.

Myth

The Rule of 80 means you will receive a full benefit from PERA.

Reality

Legislation enacted in 2000 provided for a Rule of 80 that allowed members retiring June 1, 2000, or later whose age (minimum age 55) plus years of service totaled 80 or more could retire without a reduction for early retirement. Subsequently, in 2006 as part of SB 235, the Rule of 80 was eliminated for members hired on or after January 1, 2007, and replaced with a Rule of 85 where age and years of service must equal a minimum of 85 years for PERA members 55 years of age or older to become eligible for a full service retirement benefit. The "80" and "85" in these provisions refer to the total sum of age and years of service. It does not mean that a member would receive 80 or 85 percent of their benefit. Please refer to the



PERA's Customer Service Center provides information about how PERA works.

appropriate Option 1 tables in *Your PERA Benefits* for percentages that apply to your situation.

Myth

HAS is always the last three years of employment.

Reality

For most members, the last three years of employment are usually the highest paid; however, HAS is based on the highest paid three 12-consecutive month periods of service regardless of when they occur during your employment.

Myth

If you have paid off one year of a two-year service credit purchase, you own that one year of service credit and it belongs to you.


Reality

Service credit and payments are credited to your PERA account after you have paid your *Service Credit Purchase Agreement* in full and the purchase amount does not begin accruing interest in your PERA account until it has been paid in full. If you stop making payments after paying off a year of a two-year service credit purchase, PERA will either return the money used for the purchase to you or your financial institution, or you can initiate a new *Service Credit Purchase Agreement* using those funds. The new *Service Credit Purchase Agreement* would be subject to purchasing rates currently in effect.

Myth

Starting with retirements having January 1, 2009, effective dates, PERA will go from a 3-year HAS to a 4-year HAS.

Reality

Beginning with retirements on or after January 1, 2009, HAS will be calculated differently and a base year salary year (your fourth highest salary year) will be used to measure a 15 percent limitation on salary increases. Even if the base year and 15 percent limitations apply to you, the average of your highest paid years will be calculated using only three years. Most PERA members will not be affected by this change. However, if you are planning to retire in the next year or two, and you have or could have salary increases that equal or exceed the 15 percent annual salary increase limit, you should request a benefit estimate from PERA prior to January 2009 for your possible dates of retirement. Please see the "Benefit Calculation Change" article on page 5 for more information. 

Call PERA's Customer Service Center at 1-800-759-7372 if you would like additional information on any of these topics or if you have other questions about how PERA works.

Benefit Calculation Change

Effective January 1, 2009

The Highest Average Salary (HAS) portion of a PERA benefit calculation will change for retirements, disability and survivor benefits, and for purchases of service credit, effective January 1, 2009, and later.

Why did the law change?

The law change concerning Highest Average Salary (HAS) was designed to limit "salary spiking." Some members were able to receive lifetime retirement benefits based upon unusually high salary increases at the end of their careers. While most members do not receive annual salary increases that exceed 15 percent in their last three years prior to retirement, the instances of members whose salaries "spiked" have increased. This hurts the PERA fund since members make contributions based on lower salaries paid over their careers, but will receive a benefit that is based on their last three years of employment.

Currently HAS is one-twelfth of the average of the highest annual salaries on which PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit. The three 12-month periods do not have to be consecutive or your last three years of employment. A 15 percent annual limit in salary increases applies if any salary used in the HAS calculation occurred in the last three years prior to retirement.




The new HAS calculation uses a base salary year (fourth highest salary year) in determining the starting point for the 15 percent annual salary increase limitation and the limitation will apply regardless of when the three annual salaries used in your HAS occurred.

Most members will not be affected by this change.

Because it's rare to have your salary increase by more than 15 percent from one year to the next, most members will see the same results as the HAS calculated on the 3-year basis. Your PERA retirement

benefit will only be affected if you have salary increases that equal or exceed the 15 percent limitation. If you have or could have salary increases that equal or exceed the 15 percent annual salary increase limit and have potential retirement dates that are before and after January 1, 2009, you should request a benefit estimate from PERA prior to January 2009, to determine if the HAS calculation will affect your benefit.

For more information on the HAS calculation change and HAS calculation examples, view the *Highest Average Salary Calculation Change as a Result of Senate Bill 06-235* fact sheet on the PERA Web site at www.copera.org. You may also call PERA's Customer Service Center to request a copy be sent to you via mail. 

Colorado PERA Retiree Indicted for Manipulating Salary


Editor's note: PERA maintains strict confidentiality of member information; however in this case, the source of information is the indictment from the Boulder County District Attorney's Office, which is public information.

The Boulder County District Attorney's Office has announced the indictment of Ann Leslie Kane, a retiree of the Horizons Charter School in Boulder, on five felony counts related to salary "spiking." Kane, the former Lead Teacher (principal) of the school, is alleged to have falsely reported performance-based payments she received to intentionally increase, or to "spike," the salaries upon which her PERA retirement benefit was calculated.

Kane initially attempted to characterize these additional payments as experience and longevity pay. When this action was rejected by PERA under a 1999 Board of Trustees determination regarding the treatment of experience and longevity pay, Kane then characterized the payments as performance payments. Based upon Kane's written representations, the performance payments were approved as PERA-includable salary under a policy adopted by the

PERA Board for merit and performance pay. When PERA later discovered that these payments were not approved by the charter school board as performance payments, PERA rescinded its approval and her benefit was recalculated excluding the payments. Contributions made on these payments were returned to her employer.

PERA staff reviews the salary history of all members who apply for retirement benefits before processing a retirement. In the case of Kane, documentation was submitted that falsely reported her longevity pay as approved by the charter school board as merit pay, which is considered salary, when in fact, the charter school board had not taken such action. When overpayment of benefits is detected by PERA staff, PERA reduces the benefit being paid to collect the amount of overpayment.

Colorado PERA staff has cooperated with the Boulder County District Attorney's Office in bringing charges against Kane for knowingly falsifying her salary to increase her PERA benefit. 

Colorado PERA Outperforms Peers in Customer Service and Cost Containment

PERA outperformed similar pension agencies in customer service and cost containment, according to an analysis by CEM Benchmarking, a global company that analyzes pension fund performance.

The analysis compared PERA's performance in customer service areas such as telephone service, Web site capabilities, and initiation of pension payments at retirement. PERA scored well in each of these areas, and achieved an overall service score of 82, which was above the peer median of 78.

PERA accomplished this performance while containing costs and having a per-member cost of \$62 in 2006. This per-member cost was well below the median pension plan cost of \$86 per member.

Key member services that contributed to PERA's high service score included:

- High percentage of good call outcomes
- Lower call wait times
- Excellent online capability
- 100 percent of pensions started without a cash flow interruption from the final paycheck to the first benefit check

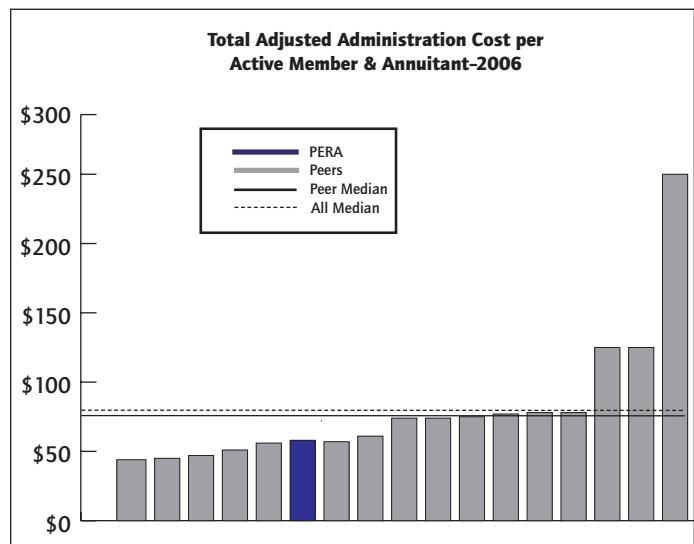
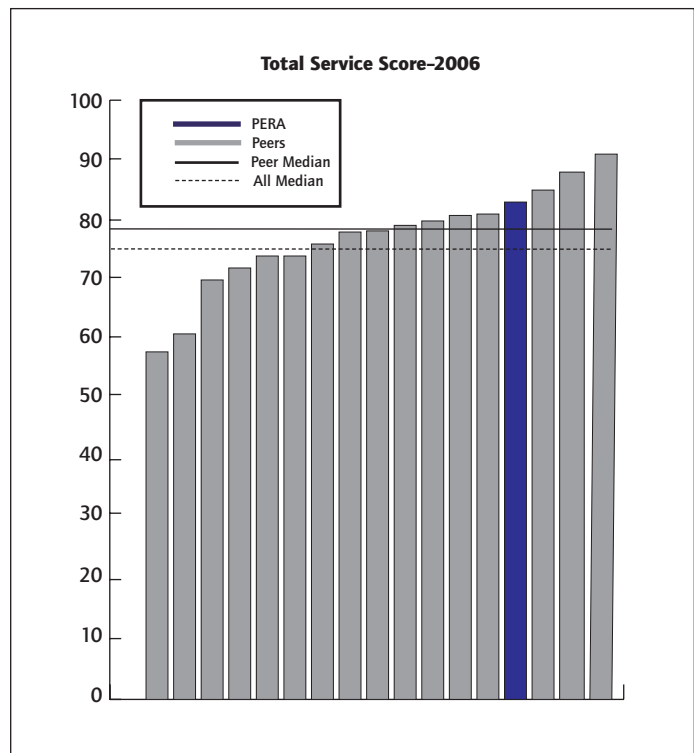
Customer service performance and costs were compared to results from other leading pension systems around the world and broken into results by peer group. Colorado PERA results were compared directly to 16 other U.S. public pension systems of similar size.

PERA saw its customer service improve from 2005 to 2006, while on average, most pension funds saw their customer service capabilities remain static in that timeframe.

CEM also identified the Information Technology capabilities of PERA as the second highest among 63 leading pension systems in the world.

"We are committed to serving the needs of our members and retirees," said Meredith Williams, executive director of Colorado PERA. "We're pleased that the CEM analysis confirmed that our customer service is outstanding. We constantly strive to improve the experiences of our members and retirees and this lets us know that we are on the right track." 

Custom Peer Group for Colorado PERA	Membership (000s)		
	Annuitants	Active Members	Total
Arizona SRS	84	218	301
Colorado PERA	77	200	277
Idaho PERS	28	65	93
Illinois MRF	85	174	259
Indiana State TRF	38	74	112
Iowa PERS	82	163	245
KPERS	64	156	219
LACERA	50	86	136
Nevada PERS	33	98	132
Ohio PERS	156	386	542
Ohio SERS	61	123	184
Oregon PERS	103	165	268
Pennsylvania PSERS	157	256	412
South Carolina RS	111	231	341
STRS Ohio	141	207	348
TRS Louisiana	58	96	153
Washington State DRS	119	293	412
Average	85	176	261
Median	82	165	259



Changes to PERA's 401(k) and DC Plans

PERA's Board of Trustees made two major changes to the 401(k) and DC Plans at the end of 2007: the default investment fund was changed and a new investment fund was added.

Default Fund Change

Any participant who does not choose how they want their money invested when they begin participation in either the 401(k) Plan or DC Plan has their money automatically invested in the default fund. At its November meeting, the PERA Board voted to change the default fund from the Northern Trust Short Term Fund to the Dodge & Cox Balanced Fund.

A recent U.S. Department of Labor (DOL) regulation determined that short-term funds such as the Northern Trust Short Term Fund could not be used as default funds. The regulations provided guidance on what funds would serve as the plan's "qualified default investment alternative" or QDIA. Based upon the DOL regulation, the Colorado PERA Board of Trustees changed the default fund.

Participants who had not made any investment elections and had defaulted into the Northern Trust Short Term Fund received a letter in December informing them about the change. Future contributions for these participants will be invested in the Dodge & Cox Balanced Fund. Contributions that had previously defaulted into the Northern Trust Short Term Fund remained in that fund.

Pax World Balanced Institutional Fund

Ticker Symbol: PAXIX

Newspaper Symbol: None

Investment Fee: 0.72%

Investment Strategy:

Seeks to invest in forward-thinking companies with sustainable business models that meet positive environmental, social, and governance standards.

Dodge & Cox Balanced Fund

Ticker Symbol: DODBX

Newspaper Symbol: Dodge & Cox Balanced

Investment Fee: 0.52%

Investment Strategy:

Common stocks provide long-term growth of principal and income, while fixed-income securities are held for stability of principal and as a reserve, which can be used to take advantage of investment opportunities.

New Fund Addition


At its October meeting, the PERA Board approved the addition of a Socially Responsible Investment (SRI) option to the PERA 401(k) Plan and PERA DC Plan. The fund selected was the Pax World Balanced Institutional Fund.

The Pax World Balanced Institutional Fund avoids investment not only in companies active in Sudan but in a more comprehensive array of social issues as well. The fund does not invest in companies significantly involved in the manufacture of weapons or weapons-related products, the manufacture of tobacco products, companies that are involved in gambling as a main line of business, or those that engage in unethical business practices.

PERA's action was, in part, responsive to the divestment requirement established in House Bill 07-1184 and to plan participant requests.

Since the Pax World Balanced Institutional Fund is a balanced fund, investing in stocks and bonds, participants may elect this option as their only investment fund and be considered diversified in their 401(k) and DC Plan portfolio.

For more information on the Pax World Balanced Fund, log on to PERA's Web site at

www.copera.org and click on 401(k) or DC Plan Information and then choose "Investment Information" or call 1-800-759-7372 and select the 401(k)/DC Plan option. 

Choosing a Financial Planner

Colorado PERA staff is knowledgeable on a broad range of topics related to members and retirement planning, and we encourage members to contact us with any inquiry about future PERA retirement benefits. However, we realize that you may need advice in other areas as you plan for retirement, and we encourage you to contact the appropriate resource.

Financial planners can be accountants, attorneys, insurance agents, or even real estate brokers. To help you decide who is best for your situation, the Certified Financial Planner Board of Standards has compiled the following questions.

10 Questions to Ask When Choosing a Financial Planner

1 What experience do you have?

- Find out how long the planner has been in practice and the number and types of companies with which she has been associated.
- Ask the planner to briefly describe her work experience and how it relates to her current practice.
- Choose a financial planner who has experience counseling individuals on their financial needs.

2 What are your qualifications?

- Ask if the planner is recognized as a Certified Financial Planner® (CFP).
- Look for a planner who has proven experience in financial planning areas such as insurance, tax planning, investments, estate planning, or retirement planning.
- Determine how the planner stays current with changes and developments in the financial planning field.
- Check the planner's background with the CFP Board or other relevant professional organizations.

3 What services do you offer?

- The services a financial planner offers depends on the planner's credentials, licenses, and areas of expertise.
- Financial planners cannot sell insurance or securities products such as mutual funds or stocks without proper licenses, or give investment advice unless registered with state or federal authorities.
- Some planners offer financial planning advice but do not sell financial products while others may provide advice only in specific areas such as taxes or estate planning.



4 What is your approach to financial planning?

- Ask the financial planner about the type of clients and financial situations with which she typically likes to work.
- Make sure the planner's viewpoint on investing is not too cautious or overly aggressive for you.
- Keep in mind that some planners require you to have a certain net worth before offering services.
- Find out if the planner will carry out the financial recommendations developed for you or refer you to others who will do so.

5 Will you be the only person working with me?

- Find out if the financial planner will have others working with you.
- Meet everyone who will be working with you.
- Check on the backgrounds of any professionals outside the planner's own practice (such as attorneys, insurance agents, or tax specialists) who might be working with you.

6 How will I pay for your services?

- As part of your financial planning agreement, the financial planner should clearly tell you in writing how she will be paid for the services provided. Planners can be paid in several ways:
 - A salary paid by the company for which the planner works.
 - Fees based on an hourly rate, a flat rate, or on a percentage of your assets and/or income.
 - Commissions paid by a third party from the products sold to you to carry out the financial planning recommendations. Commissions are usually a percentage of the amount you invest in a product.

- A combination of fees and commissions where fees are charged for the amount of work done to develop financial planning recommendations and commissions are received from any products sold. Some planners may offset some portion of the fees you pay if they receive commissions for carrying out their recommendations.

7 How much do you typically charge?

- The financial planner should be able to provide you with an estimate of possible costs based on the work to be performed.
- Costs should include the planner's hourly rates or flat fees or the percentages he would receive as commission on products you may purchase as part of the financial planning recommendation.

8 Could anyone besides me benefit from your recommendations?


- Ask the planner to provide you with a description of her conflicts of interest in writing. For example, financial planners who sell insurance policies, securities, or mutual funds may have a business relationship with the companies that provide these financial products.
- The planner may also have relationships or partnerships that should be disclosed to you, such as business she receives for referring you to an insurance agent, accountant, or attorney.

9 Have you ever been publicly disciplined for any unlawful or unethical actions in your professional career?

- Ask what organizations the planner is regulated by and contact these groups to conduct a background check; several government and professional regulatory organizations keep records on the disciplinary history of financial planners and advisers.
- Request a disclosure form called Form ADV Part II (or the state equivalent of this form) from the planner if the planner has registered as an investment adviser with the Securities and Exchange Commission or state securities agencies.

10 Can I have it in writing?

- Ask the planner to provide you with a written agreement that details the services that will be provided.
- Keep this document in your files for future reference.


For more information about choosing a financial planner, visit the Certified Financial Planner Web site at www.cfp.net. 

Financial Adviser Pleads Guilty

In early January, Colorado Attorney General John Suthers announced that Gordon Robert Moore, 30, of Longmont, pleaded guilty for his role in soliciting improper distributions from the Colorado PERA 401(k) Plan to AXA Advisors, LLC. Moore, a former employee of AXA Advisors, illegally transferred over \$1 million from 401(k) Plan accounts of public school teachers into accounts he controlled.

The Special Prosecutions Unit of the Attorney General's Office sought the indictment against Moore as a result of the discovery by Colorado PERA officials that improper distributions from the PERA 401(k) Plan had occurred. The investigation was a joint effort between Colorado PERA staff and investigators with the Attorney General's Office. PERA's General Counsel Gregory Smith said, "Colorado PERA works to ensure the integrity of all its programs, and this is an effort that demonstrates PERA's commitment to providing safe and secure retirements to our members."

The Internal Revenue Code requires that a "distributable event" occur before participants in a 401(k) plan may rollover their accounts to another plan or receive their account as a refund. A distributable event requires, among other things, that an employee no longer be employed before a roll over or refund can happen. In this case, Moore told PERA 401(k) Plan participants that they could roll over their accounts to AXA Advisors even though the employees were still working. The employers were not aware that PERA 401(k) accounts were being rolled over as Moore falsified distribution forms that require employer signatures.

Moore's investment scheme involved over 140 public school teachers working in several school districts including Adams 12 Five Star Schools, St. Vrain School District, and Weld County School District RE-5J. 

PERA Life Insurance

Open Enrollment April 1–May 31, 2008


PERA offers members a voluntary group decreasing-term life insurance plan administered by Unum. During the upcoming annual open enrollment period, members have the chance to purchase this insurance without evidence of insurability (evidence of good health). Members can purchase 1, 2, 3, or 4 units of this insurance.



Enrollment

- If you are not already enrolled for the maximum of 4 units, Unum will mail you an enrollment form and details about plan benefits and rates at the end of March.
- You may enroll online if you have a PERA PIN.
- You may also enroll by completing and returning the paper enrollment forms to Unum by May 31, 2008.
- If you do not enroll during the annual open enrollment period, you may apply for coverage at any time while you're an active PERA member, but evidence of insurability will be required.

Coverage

- Accidental Death and Dismemberment (AD&D) benefits are included in your coverage.
- Coverage for your spouse and dependent children is included with your coverage.
- You may continue your life insurance coverage if you leave PERA-covered employment and leave your member account at PERA.
- Your coverage will automatically continue if you retire unless you cancel it in writing.
- You may not begin coverage after you retire.
- You may purchase additional units of coverage (up to 4 units) without evidence of insurability if you are already enrolled.
- If you have any questions about the Life Insurance Program, you may call Unum toll-free at 1-866-277-1649. 

Seeking Board Candidates

Upcoming PERA Board Election in May

In May 2008, Colorado PERA will hold an election for seats on the Board of Trustees for the following positions:

- **One State Division position**
- **One School Division position**




To be placed on the ballot, a candidate must fulfill the requirements explained in the candidacy packet. Requests for candidacy packets should include the name, Social Security number, PERA Division of membership, mailing address, daytime telephone number, and signature of the candidate. Members from the State Division who are interested in being a candidate should also indicate whether they are a member of the PERA Defined Benefit Plan or the PERA Defined Contribution Plan.

Candidacy packets may be obtained by writing to:

**Colorado PERA
Internal Audit Director
1300 Logan Street
Denver, CO 80203-2386**

The Board of Trustees meets at least five times per year and is responsible for adopting the rules and policies for the administration of PERA. Elected Board members serve without pay, but are reimbursed for necessary expenses.

PERA members from the State and School Divisions will be sent ballots in early May. Returned ballots must be postmarked by May 31, 2008.

PERA will be holding elections for the seats currently held by Tamela Long from the State Division and Amy Nichols from the School Division, whose terms expire June 30, 2008. 

Colorado PERA Reaches \$15.5 Million Settlement with Qwest

In November 2007, Colorado PERA reached a \$15.5 million settlement with Qwest, the Denver-based telecommunications company. A class-action settlement with Qwest was announced on January 5, 2006, but PERA elected to forego the class recovery and pursue its own action against Qwest citing excessive attorney fees and an inadequate recovery.

Colorado PERA General Counsel Greg Smith stated, "the recovery in the class action amounted to less than one cent on the dollar of damages caused by Qwest's massive financial fraud. The strength of our case warranted a more substantial recovery on behalf of our members and beneficiaries." Retirement systems from the states of Alaska, Florida, New York, and Texas joined with Colorado PERA in initiating this successful separate proceeding.

By participating in the separate proceeding, Colorado PERA recovered an amount 38 times greater than it would have if it had remained a part of the class action lawsuit. PERA's approximate recovery as a part of the class would have been only \$400,000.


"Colorado's public employees should take comfort in the fact that PERA continues to be vigilant in protecting their retirement and securing their financial future." Cary Kennedy, Colorado State Treasurer

The law firm of Entwistle & Cappucci LLP of New York, which was used by the pension systems in the separate proceeding, charged a fee of only 5 percent of the recovery while the legal counsel to the class ultimately had their requested fee of 24 percent reduced by the Court to 15 percent of the class recovery.

Colorado PERA has been on the forefront in shareholder rights and corporate governance issues and actively participates in securities



litigation brought against companies that have defrauded their investors. Colorado PERA Trustee and State Treasurer Cary Kennedy stated, "Colorado's public employees should take comfort in the fact that PERA continues to be vigilant in protecting their retirement and securing their financial future." She further noted that "PERA has been a leader in actions that protect the retirement investments made on behalf of the state's public employees."

Mark Anderson, Chair of the Colorado PERA Board of Trustees, said "the PERA Board and staff take fulfilling their fiduciary responsibility to PERA's members and retirees very seriously; being involved in cases such as the separate proceeding against Qwest demonstrates our ongoing commitment to protecting the benefits of our current and future retirees." 

Review Your Beneficiaries

As you start the new year and make plans and resolutions, you might want to consider reviewing your beneficiary designations, especially if it has been several years since you updated any of your beneficiaries.

PERA NAMED BENEFICIARY

Review Your PERA Named Beneficiary

- Go to the PERA Web site at www.copera.org and click on the Account Access icon
- Select Colorado PERA Account Log On
- Enter your Social Security number and PERA PIN
- Select Account Beneficiaries from the Inquiry drop-down menu
- Call the PERA Customer Service Center at 1-800-759-7372 to verify your PERA named beneficiary if you do not have computer access



Change Your PERA Named Beneficiary

Complete the PERA *Member Information Form* (using one of three ways below)

- Complete the form online using your PERA PIN (Under Online Services drop-down menu, select Forms, then Beneficiary Change, and follow the instructions)
- Download the form from PERA's Web site and mail the completed form to PERA

- Call the PERA Customer Service Center at 1-800-759-7372 to request a form and mail the completed form to PERA
- Receive a *Change of Beneficiary Confirmation* that PERA will mail to you; your changes will be effective when PERA receives a completed form from you

PERA LIFE INSURANCE BENEFICIARY

Review Your PERA Life Insurance Beneficiary

- Go to the PERA Web site at www.copera.org and click on the Account Access icon
- Select Colorado PERA Account Log On
- Enter your Social Security number and PERA PIN
- Select Life Insurance from the Inquiry drop-down menu
- Click on the link(s) for the policy(ies) to review your beneficiary information
- Call the PERA Customer Service Center at 1-800-759-7372 to verify your PERA life insurance beneficiary if you are in a life insurance plan still administered by PERA (New York Life paid-up or waiver plans, or Anthem Life and Prudential waiver plans) and you do not have Internet/computer access
- Call Unum at 1-866-277-1649 to verify beneficiary information if you are in a plan administered by Unum and you do not have Internet/computer access

Change Your PERA Life Insurance

Beneficiary—Plans still administered by PERA (New York Life paid-up or waiver, or Anthem Life and Prudential waiver plans)

- Print a pdf of the *Life Insurance Beneficiary Change Form* from the PERA Web site at www.copera.org under Tools/Forms/Pubs or call the PERA Customer Service Center at 1-800-759-7372 to request a form be sent to you

- Complete the form and send to PERA; your changes will be effective when PERA receives the completed signed form

Change Your PERA Life Insurance Beneficiary—Plan administered by Unum

- Go to the PERA Web site at www.copera.org and click on the Account Access icon
- Select the Colorado PERA Account Log On
- Enter your Social Security number and PERA PIN
- Select Life Insurance from the Inquiry drop-down menu and click on the Unum link under Policies and then go to Manage Beneficiaries
- Call Unum at 1-866-277-1649 and request that a beneficiary form be mailed to you if you do not have computer access

PERA 401(k) PLAN/DC PLAN BENEFICIARY


Review Your PERA 401(k) Plan/DC Plan Beneficiary

- Go to the PERA Web site at www.copera.org and click on the Account Access icon
- Select the Colorado PERA Account Log On
- Enter your Social Security number and PERA PIN
- Click on 401(k) or DC Plan Account Access on the right side of the screen or under the Inquiry menu to go to the 401(k) Web site
- Select Colorado PERA 401(k) Plan or Colorado PERA DC Plan and click on Personal Information
- Select Beneficiary Information from the left side of the screen
- Call 1-800-759-7372 and select the 401(k)/DC option if you do not have Internet/computer access

Change Your PERA 401(k) Plan/DC Plan Beneficiary

- Go to the PERA Web site at www.copera.org and click on 401(k) Information or DC Plan Information
- Click on Forms and print the *Beneficiary Designation* form
- Complete the *Beneficiary Designation* form and mail it to the address at the top of the form
- Call 1-800-759-7372 and select the 401(k)/DC option if you do not have Internet/computer access to request that a *Beneficiary Designation* form be mailed to you

OR

- Go to the PERA Web site at www.copera.org and click on the Account Access icon
- Select the Colorado PERA Account Log On
- Enter your Social Security number and PERA PIN
- Click on 401(k) Plan or DC Plan Account Access on the right side of the screen or under the Inquiry menu
- Select Colorado PERA 401(k) Plan Details or Colorado PERA DC Plan details
- Select Personal Information, then Beneficiary Information, then select Add/Edit Beneficiary
- Receive in the mail a confirmation notice acknowledging your change; your change will be effective when the form is received or when you make the change online 

Don't Forget PERA

Often members will update certain information with their employers, but not PERA. Don't forget to notify PERA if you update any of the information listed below with your employer:

- *Beneficiary changes*
- *Name changes*
- *Home phone number changes*
- *Address changes*

Get Ready for Retirement

If you're planning to retire with a retirement date effective July 1, 2008, now is the time to finalize details of your upcoming retirement.

RETIREMENT

- Request a benefit estimate from PERA (see sidebar on Benefit Estimates).
- Notify your employer of your retirement date and review your employer's retirement procedures.
- Request a PERA *Retirement Application* kit and review the material thoroughly.
- Pay off any outstanding service credit purchases before your retirement date.
- Attend a PERA Retirement Planning Meeting (see schedule on PERA Web site).

HEALTH CARE

- Review your options for health care coverage available after retirement and consider costs and needs. (Remember that the trend in recent years is for the cost of health care to outpace inflation.)
- Attend a PERACare Information Meeting (see schedule on PERA Web site).
- Complete a *PERACare Enrollment/Change Form* if you decide to enroll in the PERACare Health Benefits Program (submit the form within 30 days after the date of your first benefit payment).


LIFE INSURANCE

- Review your options for life insurance coverage after retirement and consider costs and needs.
- Continue your life insurance coverage through PERA when you retire (if currently enrolled), unless you choose to cancel it by writing to Unum, PERA's life insurance administrator.
- Decide if you should enroll in the PERA life insurance program during the open enrollment period (April 1 through May 31) prior to retirement, especially if you will be losing life insurance that you currently have with your employer when you retire.



PERA 401(k) PLAN/DC PLAN

- Review your options if you have a PERA 401(k)/DC account:
 - Leave your account with PERA, where it will remain tax-deferred. You may continue to authorize transfers between investment funds or request a loan.
 - Leave your account with PERA, and if you work for a PERA-affiliated employer after retirement you may continue contributing to your account.
 - Request a distribution of the entire account as payment to you.
 - Request a monthly payment of a set dollar amount.
 - Roll over the entire account to an IRA or other tax-deferred plan. (DC Plan members can do a rollover to any qualified tax-deferred plan except the PERA 401(k) Plan.)
- Request a combination of both a payment to you and a direct rollover.
- To distribute all or part of your 401(k) Plan/DC Plan balance, or to roll over the balance to another plan, log onto your 401(k)/DC account and request a withdrawal or you can call 1-800-759-7372, select the 401(k)/DC option, and speak to a Participant Service Representative. Requests for monthly payments cannot be done online and must be done by speaking with a Participant Service Representative.

- Keep in mind, except for certain limited situations, you must wait until after age 59½ to withdraw all or part of your account or you will have to pay a 10 percent early withdrawal penalty tax to the IRS when you file your income tax return.
- Remember that you must begin to withdraw from your 401(k)/DC account by April 1, following the year in which you reach age 70½ if you are not working.
- Keep in mind, once you are eligible for Medicare, you must be enrolled in Medicare Part B (medical insurance) to receive coverage in PERACare. You are not required to have Medicare Part A (hospital insurance) coverage; all PERACare plans provide replacement Part A coverage. 

MEDICARE

- If you will be age 65 or older when you retire, contact Social Security now regarding your Medicare eligibility and enrollment; you will need to enroll in Medicare before you retire if you are not already enrolled.

Benefit Estimates

- Request a benefit estimate from PERA by calling PERA at 1-800-759-7372 or e-mail us through the "Contact Us" link on the PERA home page.
- Include your anticipated retirement date and your cobeneficiary's date of birth (if you need an estimate for a benefit Option 2 or 3) if you are e-mailing your request.
- Receive your benefit estimate at your address on record at PERA; estimates are not given over the telephone or sent via e-mail to protect confidentiality of your information.

Long-Time PERA Employee Retires

One of Colorado PERA's long-time employees is joining the retirement ranks in February. Dan Metzler, PERA Benefits Counselor, is retiring from PERA after 31 years of service. "I want to join my wife in retirement. We hope to relocate to southwestern Colorado within the next few years," says Dan.

Dan started working for PERA in January 1976 as a mail clerk. A couple of years later, he took a six-month hiatus from PERA, but later came back and worked in a variety of positions. Other positions he held include a Records Control Auditor where he worked with active members' records; an Annuity Analyst in which he set up benefit payments and assisted retired members; an Insurance Counselor where he counseled members about PERA's insurance programs; a Field Education Representative in which he traveled the state and conducted member meetings; and his current position as a Benefits Counselor where he meets with members and calculates their PERA retirement benefits.

Throughout his career, Dan has met many PERA members. "One of my favorite memories of working here has been meeting members and educating them on the excellent benefits that we have as PERA members," says Dan.

Dan's retirement plans include skiing, golfing, and hiking, as well as volunteer work. "I'll miss working with a great team of dedicated employees for the very worthy cause of



Dan Metzler meets with a PERA member

providing very good benefits for Colorado's public employees," says Dan.

Those of us who work with Dan will miss his friendliness and sincerity. "Dan set the gold standard for 'nice' and we all wish we could be like him. He's a great example of how we hope our kids will act when they are adults," says Meredith Williams, Colorado PERA Executive Director.

We wish Dan well as a PERA retiree. 

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www.copera.org

Personal. Innovative. Secure.



Receive your PERA information electronically and you'll have your PERA news faster than if we mailed it to you, plus you'll help PERA reduce printing and mailing costs (and conserve paper).

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Signing up for Electronic Delivery is easy

- Go to www.copera.org and click on Account Access
- Enter your Social Security number and PERA PIN
- Select Electronic Delivery from the Online Services drop-down menu
- Follow the prompts as indicated