



TOPICS

OFFICIAL BULLETIN FOR PERA-AFFILIATED PAYROLL/PERSONNEL STAFF

No. 99-4

PERA Board Election Results Announced

PERA members and retirees elected two new trustees and re-elected one trustee to serve on the 16-member Board of Trustees in May. One incumbent and one candidate ran unopposed.

Members of the School Division re-elected Julie A. Coleman, Mesa County Valley School District, to serve a second four-year term. Her opponents were Amy Nichols, a teacher in the Aurora Public School District, and Michael Donovan, a teacher in the Boulder Valley School District.

State Division members elected Gordon P. East to serve as a Trustee. East is a Lands Unit Supervisor with the Colorado Division of Wildlife. He defeated five other candidates for the four-year term: incumbent Ann Kelly, Colorado Department of Personnel/General Support Services, who had served on the Board for five years; Robert Rossi, State Department of Human Services; Michael Ryan, Department of Corrections; Robert Schantz, Red Rocks Community College; and Russell VanNostrand, Department of Natural Resources.

State, Municipal, and Judicial retirees elected Edward W. Bohac, a retired fiscal administrator from Northeastern Junior College in Sterling, to serve as a PERA Trustee. Bohac defeated incumbent William Maguire Jr., a retiree from the Colorado Mental Health Institute at Pueblo who served as a trustee for 13 years; Bill Jackson, a retiree from the Department of Human Services; Matt Savoren, a retiree from the Department of Corrections; and Kenneth Hutcheson, a Department of Social Services retiree.

A total of 26,156 members and retirees voted in the election.

In addition to the two new elected trustees, James Casebolt, a judge on the Colorado Court of Appeals, will begin a four-year term of office replacing Leonard Plank, also a judge on the Court of Appeals, who decided not to seek re-election to the position after having served six years as a trustee. Also, Patricia Kelly, city attorney for the City of Colorado Springs, ran unopposed for the Municipal Division position she has held for six years. The new Trustees began their four-year terms of office in July.

School Division:	Votes	Percentage	Retiree (State, Municipal, Judicial):	Votes	Percentage
Julie Coleman (incumbent)	5,622	45.96%	Edward Bohac (new Trustee)	2,940	38.79%
Amy Nichols	3,700	30.24%	William Maguire (incumbent)	1,910	25.20%
Michael G. Donovan	2,911	23.80%	Bill Jackson	1,379	18.20%
			Matt Savoren	773	10.20%
			Kenneth Hutcheson	577	7.61%
State Division:					
Gordon P. East (new Trustee)	1,994	31.43%	Robert Schantz	745	11.74%
Ann Kelly (incumbent)	1,454	22.92%	Russell VanNostrand	737	11.62%
Michael J. Ryan	787	12.41%	Robert Rossi	627	9.88%

Natale Elected PERA Board Trustee Chairman; Bottenberg Vice-Chair


Kim Natale, a Jefferson County School District math and science teacher, was elected to be chairman of the PERA Board of Trustees. Natale served as vice-chair for the past four years and has been a Trustee since 1985. He was re-elected to the Board last year by Colorado public school employees to serve another four-year term.

Natale replaces Jack Ehnes, Director, Risk Management and Employee Benefits for the State of Colorado who served as chair for the past four years and continues to serve as a Trustee.

Donna Bottenberg, a professor at the University of Northern Colorado, was elected by the Board to serve as its vice-chair. Bottenberg has been a Trustee for the past six years serving on various committees, including chair of the Investments Committee.


Visit the PERA Web Site... www.copera.org


PERAGraphs


 **Health Care Program Open Enrollment:** PERA's retiree Health Care Program open enrollment period ended in June with another busy year of changes and enrollments. Enrollment forms were received for 516 new enrollees—retirees and other benefit recipients and dependents not previously covered. PERA staff handled 1,725 transfers of participants from one health care plan to another in June. There were 230 participants who canceled their insurance.


Some 38,800 benefit recipients and dependents were covered in the program as of August 1 in the following plans:


Mutual of Omaha	20,111
Kaiser Permanente	8,151
PacifiCare	7,608
Rocky Mountain HMO	2,932


 **Health Care Program for Active Members:** SB 99-90 enacted this year provides for PERA to offer a health care program to PERA-affiliated employers for their active employees with coverage to begin on January 1, 2001. With the relatively short period of time until the program needs to be available, PERA staff is working “full-steam ahead” on this project. Employers interested in providing input into the program development are invited to contact PERA and talk to Wendy Tenzyk, PERA Benefits Director, ext. 6160; Julie Saad, Insurance Team Leader, ext. 6405; or Don Schaefer, Communications Director, ext. 6180. An advisory group of employers and member associations is being formed.

 **Life Insurance Open Enrollment Starts in the Fall:** No changes are being made to the life insurance program. Only minor changes are being made to the copy in the Rocky Mountain Life and Prudential insurance brochures. The open enrollment period is October through November. Employers may continue using any brochures they have on hand. As in the past, brochures will be sent to all PERA members not enrolled in the insurance. Please contact PERA if you need more brochures.


 **Members with No Addresses:** PERA does not have addresses on file for some 1,800 active members. Currently, we are in the process of reducing this number. We appreciate all the payroll and personnel staff who have provided us with addresses for members or arranged for members to complete a *Member Information Form*. We will continue to send employers a list of your employees (if any) for whom PERA has no address of any kind or for whom a *Member Information Form* is not on file. Help us get this down to zero! If you find an inaccuracy of any kind in the list, please annotate it and return the list to PERA.


 **And, Former Members with No Addresses:** Enclosed with this *TOPICS* for personnel offices is a list of former PERA members (if any) for whom we have no address. You probably don't have address information on these people either, however, one of your employees may know where the former member is today. We want to connect them with their money before we must turn it over the State Unclaimed Property Fund. You may make copies of this notice and post it on your bulletin boards, include a list of names in your employee newspaper or newsletter, or do anything else to help us find these people. Thanks in advance for helping!


 **New PERA Member Orientation Slide Program:** The employer slide presentation and script to orient your employees about PERA has been updated. The slides are available in transparencies or on PowerPoint diskette. If you currently have a set, we will be sending a new one to you; if you want to order a set, contact Tina Cordova at PERA 303-832-9550 ext. 6116.

 **Transportation Equity Act—a New Salary Reduction Plan:** A provision in the Transportation Equity Act for the 21st Century (TEA-21) signed by President Clinton on June 9, 1998, allows employers to provide employees with some savings on commuting expenses. The provision also affects the employees' PERA-includable salary levels and PERA contributions.

The act permits employers to let workers set aside some of their own salary up to \$2,880 per year on a pretax basis to cover the expense of getting to and from work and for parking. Similar to a Section 125 deduction in some ways, there are several areas that set it apart from Section 125 plans. TEA salary reductions are not part of Section 125 plans, no plan document or IRS approval is required for the program, and there are no irrevocable elections or “use it or lose it rules.” Also, the employer can start the program any time during the year and limit enrollment to certain times. But, like Section 125 plan dollars, the TEA reductions are not subject to PERA contributions, and when calculating 401(k) plan limits, the reductions must be added back to the PERA-includable salary. For more information on TEA-21, see www.fhwa.dot.gov/tea21/index.htm.

 **Rumors...Rumors:** Rumors have again surfaced that PERA is offering credit cards and cell phones to PERA members. To set the record straight, PERA does not offer such products and has no plans to offer them; nor does PERA ever provide your name, address, or other personal information for any commercial use.


 **Life Insurance Cancellation Form (10/055):** We have created a form that can be used by members, retirees, and inactive members to cancel their life insurance coverage through PERA. The form requests the name, Social Security number, daytime telephone number, choice of what insurances to cancel, signature, and date. The form specifies that cancellation occurs on the first day of the month and requires a 30-days written notice. Use of the form is optional; a participant may cancel coverage by writing to PERA (the letter must be signed.) An example of the form is included. If you would like to order copies of this form, contact PERA.


 **Revised Forms/Publications:** Personnel and payroll staff are being sent copies of the following forms and publications. As always, contact PERA to order forms or publications through the web page or by calling PERA.

Information for New PERA Members (Spanish) (5/57A rev 6-99)

Refund Request (8/3 rev 7-99)


Important Information for Inactive PERA Members (publication)


 **Employer Training Sessions On the Horizon:** General employer training sessions are being planned for late 1999. The emphasis of these meetings will be a brief review of PERA's employer reporting process, recent PERA program changes, information about matching self-directed, tax-deferred accounts that may be authorized in 2001, and other PERA programs. More information about these meetings will be in the next *TOPICS*.


 **Disability Program Meetings:** In the first six months of the Disability Program, PERA has received 251 disability applications; 129 were approved for short-term disability and 25 were approved for disability retirement. Forty-nine did not qualify for either disability and the remaining are pending. PERA will be holding Disability Program Meetings to review with employers the scope of the program (short-term disability and disability retirement), and employer experience, and to give opportunities for employer feedback. We invite your representatives, especially those who work with the Disability Program to attend one of these meetings. Mike Feuerstein from Standard Insurance will co-present the meetings with Dennis Gatlin, PERA's Field Education Manager.

Here's a listing of meeting dates and cities. Specific locations for the meetings will be included with meeting invitations to be mailed in late August or you may check the Web site in the employer section after August 25.

<i>Sep 20</i>	8:30 a.m.-10:00 a.m.	Ft. Collins	University Park Holiday Inn
	1:30 p.m.-3:00 p.m.	Ft. Morgan	Quality Inn
<i>Sep 21</i>	8:30 a.m.-10:00 a.m.	Colorado Springs	Best Western LeBaron
	1:30 p.m.-3:00 p.m.	Pueblo	Pueblo Convention Center
<i>Sep 22</i>	8:30 a.m.-10:00 a.m.	Denver	PERA Building
	1:30 p.m.-3:00 p.m.	Denver	PERA Building
<i>Sep 23</i>	8:30 a.m.-10:00 a.m.	Grand Junction	Holiday Inn

 **Group Counseling Sessions Full-Steam Ahead:** In the next *PERA Member Report*, you will notice a large number of PERA Group Counseling Sessions planned around the state this fall. After a pilot program for the last year, we have determined that Group Counseling Sessions are extremely beneficial to members. With eight or ten members in the session, many questions arise that one member meeting with a counselor may not think about asking. With Group Counseling, members still receive an estimate and personal information on a confidential basis. The sessions generally last more than an hour, unlike individual field counseling sessions that are limited to 30 minutes. In addition, these small group workshops make more efficient use of PERA staff. PERA is asking employers to help promote the use of Group Counseling among their employees.

 401(k) Second Quarter 1999 Rates of Return:	2nd Qtr	Last 12 months	5-year Annual Average
Money Market Fund (Northern Trust)	1.22%	5.33%	5.57%
Short-Term Bond Fund (PIMCO)	0.28%	5.16%	7.03%
Long-Term Bond Fund (PIMCO)	(0.74)%	4.12%	8.63%
Balanced Fund (Dodge & Cox)	9.92%	12.99%	17.25%
Growth & Income Stock Fund (PERA)	9.90%	17.85%	25.60%
Growth Stock Fund (Fidelity)	5.47%	25.15%	25.35%
International Stock Fund (American Funds)	8.10%	17.49%	14.85%

 **Reminder For Employers Completing Six-Months' Salary Reports:** PERA has received *Final Six-Months' Salary Reports* that correct previous *Reports* sent in for members about to retire. When PERA receives corrected *Reports*, the benefit must be recalculated; this lengthens the time it takes for the member to receive his or her first retirement benefit. It is very important that the *Reports* be accurate and, if a change is anticipated, please wait until you have all the correct information before submitting one to PERA.

Preparations Begin to Match Voluntary DC Plan Contributions

PERA staff is beginning to prepare for a major change to the PERA retirement program—the matching of member’s voluntary contributions to defined contribution plans. Senate Bill 99-90 enacted this year authorizes PERA, under certain conditions, to authorize employers to use a portion of the employer contributions they normally send to PERA for the matching contributions.

While details will not be finalized until next year, PERA is analyzing and planning how to implement the most difficult aspects of the new program in the contribution reporting process and the communication/education effort. As an illustration of what this may mean to employers and PERA, in the five other states that have implemented a match of amounts ranging from \$150 to \$600 per year, participation rates by employees have zoomed to as high as 69 percent.

Here are some of the questions PERA has already received by members and employers and our responses:

Q. What defined contribution plans may be matched?

A. The law states the match may be sent to any tax-deferred retirement program in which the member participates and is either established under state law or sponsored by the employer and is authorized under sections 401(k), 403(b), 457, or 401(a) of the Internal Revenue Code of 1986.

Q. How will the level of the match be set?

A. The level of the match on voluntary contributions, including the maximum amount, will be set by the PERA Board of Trustees before September 1 each year for each division (State and School, Judicial, and Municipal) and shall apply for the following calendar year. The maximum amount is determined by a formula set in state law and is dependent upon the funded status of each PERA division.

Q. When does the match begin?

A. If the PERA actuary determines that the PERA division is “fully funded,” the earliest date for a match will be in January 2001. Currently, the Judicial Division is fully funded, however, investment returns and benefit changes impact the funding level of all divisions year-to-year.

Q. Does the Legislature have to approve the reduction in the employer contribution when PERA is fully funded?

A. No, the law enacted this year includes the automatic permanent reduction of the employer contribution rate when PERA is fully funded. The contribution rate for the State and School Division and the Judicial Division will be reduced by at least one percent of salary. Also, if a division is overfunded the employer contribution rate is further reduced by one-half of the percent of salary necessary to eliminate this overfunding with the other half provided to members as part of the match.

Q. January 2001 is a long time off. Is there anything we (the employer) need to do now?

A. There are at least three areas that employers probably should begin doing now. First, plan on budgeting costs to change or implement computer programs in the year 2000 to administer the match and report information on the match to PERA. PERA staff is looking at the contribution process to develop ideas about what changes may need to be made. In the fall of 1999, PERA will gather a group of information systems and payroll representatives together to discuss implementation plans.

Second, employers may want to inform their voluntary defined contribution vendors of the law. PERA will develop an education plan for the vendors next year. Third, employers can inform PERA members of the impending voluntary match program and encourage enrollment in authorized voluntary tax-deferred programs.

Q. How will the match affect the IRS limits?

A. PERA’s tax counsel is reviewing the tax implications of the match on the level of voluntary contributions by members. Eleven employers already provide some form of match on the PERA 401(k) Plan and PERA will determine how the match might affect those programs. We will advise you what is determined as soon as possible.

TOPICS on Web Site: Past issues of all *TOPICS* published since January 1, 1997, are now on the PERA Web site at www.copera.org. in the Employer Section if you want to review.