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Upcoming Benefit Changes

When you review your PERA benefit statements in the upcoming months, please keep in mind the following information about benefit changes:

December 31, 2008

Net amount of your benefit will reflect the 2009 PERACare and Medicare Part B premiums (if applicable).

January 30, 2009


Benefit amount will reflect the 2009 tax tables that are used to calculate withholdings.

Message From Meredith Williams, Colorado PERA Executive Director

Recent news articles have reported that PERA retirees will face possible benefit cuts in the midst of the decline in the financial markets. These are difficult times in the financial markets with unprecedented volatility; however, defined benefit plans are built to withstand market cycles. The PERA Board of Trustees and PERA staff have been closely monitoring the impact of the declining markets on PERA. As the markets have continued to decline, the Board directed staff to review all areas for possible ways to improve PERA's funded status after a tumultuous year in the financial markets.

PERA continues efforts to work with other large pension plans and others to ensure that our members' and retirees' retirements are protected and to find a resolution to the current market turmoil. A Colorado Attorney General's (AG) Formal Opinion concerns constitutional limits to the ability of the state General Assembly to alter retirement benefits for public employees under the pension program administered by PERA. The AG's opinion states that when a PERA member retires and begins receiving pension benefits, such member's pension rights have fully vested and such pension benefits may not be reduced. Current members may also have certain pension benefit rights


protected under the Constitution, although the General Assembly may make changes to such benefits if the changes are balanced by corresponding changes of a beneficial nature or are actuarially necessary.

PERA typically does not receive a lot of coverage in the media. However, media outlets like to put a local perspective on what's happening nationwide, and since PERA is the largest retirement system in the state, it's a story that has broad appeal. PERA has been forthright in communicating to its members and retirees the unprecedented financial situation faced by PERA and all retirement plans in the nation. Please remember, the most recent news can always be found on our Web site at www.copera.org under Latest News. 




Meredith Williams
Colorado PERA
Executive Director

Where to Find More Information

Your best place to find breaking news about PERA is the Latest News section of PERA's Web site at www.copera.org. Additional information can be found in the new Ask Meredith blog also on PERA's Web site (a link to the blog is on the left side when on the Latest News page). 

Annual Benefit Increases in March

Colorado PERA retirees should know that despite recent volatile financial markets, PERA has taken steps to ensure that we have readily available liquid assets to pay benefits each month and to pay PERA's operating expenses. Retirees can also expect to receive an annual increase in their benefits as usual in March. 

Mailing Schedule of PERACare Benefits Booklets/ID Cards

Identification (ID) cards and benefits booklets are mailed by the various PERACare plans and not PERA. ID cards are mailed in mid- to late December. Even though the plans attempt to allow sufficient time to have ID cards in your hands by January 1, 2009, holiday or weather-related mail delays may occur. If you need care after January 1 and have not yet received your ID card, your provider can verify coverage through your plan's toll-free number. See the inside front cover of the 2009 PERACare Health Program booklets for phone numbers.

Anthem

Benefits Booklets and ID Cards

- Only new enrollees will receive plan booklets
- Plan booklets are scheduled to mail in January 2009
- Only new enrollees will receive ID cards

Caremark

Benefits Booklets and ID Cards

- Only new enrollees will receive benefits booklets
- Benefits booklets are scheduled to mail in late December 2008
- Only new enrollees will receive ID cards
- ID cards are included in plan booklets; they are not a separate mailing

CIGNA Dental

Benefits Booklets and ID Cards

- Only new enrollees will receive benefits information
- New HMO enrollees will receive information and a schedule of charges in late December 2008
- New PPO enrollees will receive a coverage booklet in early January 2009
- New HMO enrollees will receive ID cards
- PPO ID cards are not issued, but new PPO enrollees will receive a



Watch your mail in December and January for information from PERACare plan providers as noted below.

letter from CIGNA instructing how to access care and obtain an ID number if requested

Kaiser Permanente

Benefits Booklets and ID Cards

- All enrollees will receive new benefits booklets
- Pre-Medicare and Medicare booklets will be mailed by January 31, 2009
- Existing Medicare members should already have received their 2009 booklets, which were mailed in October 2008
- New enrollees in Kaiser Permanente, as well as current members switching plans, will receive ID cards

Rocky Mountain Health Plans Medicare Plan

Benefits Booklets and ID Cards


- 2009 benefits booklets were mailed to existing members in October 2008
- New ID cards will not be issued to existing members, so continue to use your current ID card
- New enrollees will receive benefits booklets and ID cards in mid-December 2008

Secure Horizons Medicare Plan Benefits Booklets and ID Cards

- 2009 benefits booklets were mailed to existing members in October 2008
- New ID cards will be issued to existing members in mid-December 2008
- New enrollees will receive ID cards in mid-December 2008 and benefits booklets in early 2009

VSP

Benefits Booklets and ID Cards

- VSP does not mail booklets or ID cards
- Inform your eye doctor that you are a VSP member and the doctor's office will notify VSP
- Benefits information can be accessed through VSP's Web site (www.vsp.com) or toll-free customer service number (1-800-877-7195) 

To protect your personal information, Social Security Numbers are not displayed on ID cards.

Colorado PERA Creates Retiree Annual Statement

In an effort to educate retirees about their PERA benefits, Colorado PERA has created an annual statement for retirees. Similar to the Annual Member Statement for active members, the Retiree Annual Statement will detail important information about PERA retirement benefits.

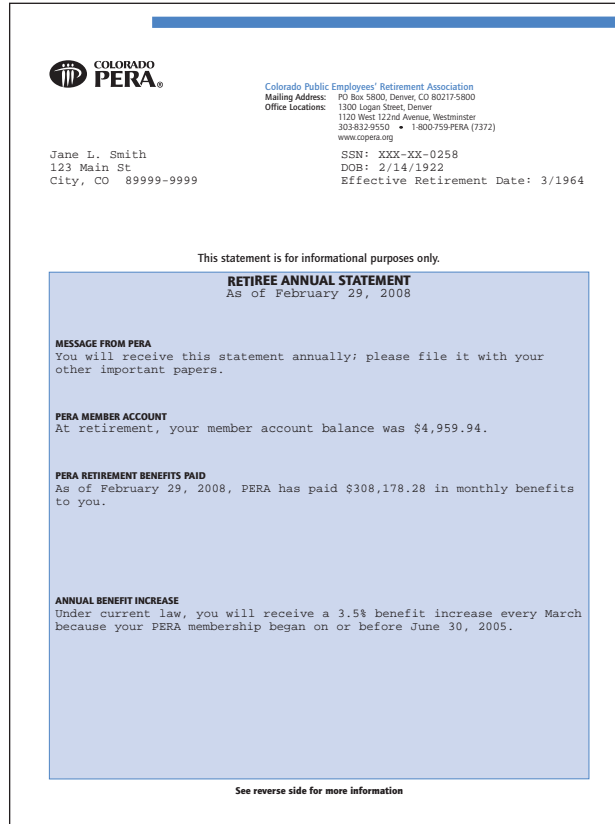
The following information will be included on the Retiree Annual Statement:

- **PERA Member Account**—The total amount you contributed in member contributions as well as matching employer contributions made to Colorado PERA while you were actively employed. This amount includes interest paid on contributions and any service credit you may have purchased.
- **PERA Retirement Benefits Paid**—The total amount of PERA retirement benefits (including annual benefit increases) paid to you as of the statement date.
- **Annual Benefit Increase**—When you will receive your annual benefit increase and how much to expect.
- **Current Benefit Option**—The retirement Option (Option 1, 2, 3, or 4) under which your benefits are being paid to you.
- **Named Beneficiary/Cobeneficiary**—Your named beneficiary or cobeneficiary.
- **Method of Benefit Payment**—The method you selected to receive your PERA benefit, either by electronic funds transfer (EFT) or a monthly check.
- **PERACare Health Benefits Program**—If you are enrolled in PERACare and how much PERA has paid in health care subsidies on your behalf.
- **PERA Life Insurance Program**—If you are enrolled or not enrolled in the PERA Life Insurance Program.

The Retiree Annual Statement is an important document that you should file with your other important financial records.

Statements will be generated for PERA service and disability retirees (cobeneficiaries and survivor benefit recipients will not receive a statement) and will mail one month after the month of your effective date of retirement. For example, if August 1 was your effective date of retirement, you will receive your Retiree Annual Statement in September.

PERA will start mailing statements in January. 



COLORADO PERA
Colorado Public Employees' Retirement Association
Mailing Address: PO Box 5800, Denver, CO 80217-5800
Office Locations: 1300 Logan Street, Denver
1120 West 122nd Avenue, Westminster
303-832-9550 • 1-800-759-PERA (7372)
www.copera.org

Jane L. Smith
123 Main St
City, CO 89999-9999

SSN: XXX-XX-0258
DOB: 2/14/1922
Effective Retirement Date: 3/1964

This statement is for informational purposes only.

RETIREE ANNUAL STATEMENT
As of February 29, 2008

MESSAGE FROM PERA
You will receive this statement annually; please file it with your other important papers.

PERA MEMBER ACCOUNT
At retirement, your member account balance was \$4,959.94.

PERA RETIREMENT BENEFITS PAID
As of February 29, 2008, PERA has paid \$308,178.28 in monthly benefits to you.

ANNUAL BENEFIT INCREASE
Under current law, you will receive a 3.5% benefit increase every March because your PERA membership began on or before June 30, 2005.

See reverse side for more information

Understanding Your 1099-R

Form 1099-R		OMB No. 1545-0119	<input type="checkbox"/> CORRECTED (if checked)	2008	
PAYER'S Federal identification number 84-6220742		RECIPIENT'S identification number 999-99-9999			
PAYER'S name, street address, city, state, ZIP code and phone number PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION (800) 759-7372 1300 LOGAN ST. DENVER CO 80203					
1 Gross distribution 29,231.54	2a Taxable amount 28,294.22	2b Taxable amount not determined	Total Distribution		
3 Capital gain (included in box 2a)	4 Federal income tax withheld 3,600.00	5 Employee contributions or insurance premiums 937.32	6 Net unrealized appreciation in employer's securities		
RECIPIENT'S name, street address (incl. apt. no.), city, state and ZIP code JOHN Q PUBLIC 1300 LOGAN ST DENVER CO 80203-2386				7 Distribution code(s) 7	IRA/SEP/ SIMPLE
9a Your percentage of total distribution	9b Total employee contributions	10 State tax withheld 900.00	11 State/Payer's state no. CO/21-97092		
12 State distribution	13 Local tax withheld	14 Name of locality	Copy 2 File this copy with your state, city, or local income tax return, when required.		
15 Local distribution	Account number (see instructions) 1-999999				
Department of the Treasury-Internal Revenue Service					

Each year, Colorado PERA provides benefit recipients with personalized year-end tax information. This information is provided on IRS Form 1099-R, which is mailed to each PERA benefit recipient by January 31.

A sample 1099-R appears above and the explanations that may be printed on a 1099-R for a PERA benefit recipient are listed below.

Payer's Federal identification number

PERA's tax identification number (84-6220742) with the Internal Revenue Service (IRS).

Recipient's identification number

Your Social Security number; since information is provided to the IRS, your Social Security number must appear in its entirety.

Box 1—Gross distribution

Total benefit amount paid to you by PERA in the tax year noted.

Box 2a—Taxable amount

Total taxable benefits you received from PERA in the tax year noted. If you have previously taxed contributions in your PERA account (regular contributions made before July 1, 1984, and after-tax money used to purchase service credit), PERA uses a cost recovery method recognized by the IRS to amortize the nontaxable dollar amount each year. If you do not have any previously taxed contributions, your entire benefit amount is taxable.

Box 2b—Taxable amount not determined/Total distribution

Unless you took a withdrawal/refund of your PERA member contribution account, which closed out your PERA account from any future benefits being paid to you, these boxes will be blank.

Box 3—Capital gain (included in Box 2a)

This box will have a dollar amount reported if you were born before January 2, 1936, and you took a withdrawal/refund of your PERA account instead of choosing a monthly benefit.

Box 4—Federal income tax withheld

Federal income tax withheld from your PERA benefit in the tax year noted.

Box 5—Employee contributions or insurance premiums

The nontaxable amount of benefits you received in the tax year noted (the difference between Box 1 and Box 2a). If you have previously taxed contributions in your PERA account (regular contributions made before July 1, 1984, and after-tax money used to purchase service credit), PERA uses a cost recovery method recognized by the IRS to amortize the nontaxable dollar amount each year and reports it in Box 5. Do not report this amount on your tax returns. This is not the premiums you paid to PERA for health care or life insurance. If you need the amount of your insurance premiums, refer to your year-end benefit check or EFT statement.

Box 6—Net unrealized appreciation in employer's securities

This box does not apply to PERA benefit recipients receiving a monthly benefit or who chose a withdrawal/refund.

Box 7—Distribution code

The applicable code as defined by the IRS:

"2" If you are receiving a monthly PERA benefit (service retirement, survivor, or cobeneficiary); you are younger than age 59½; and it is not a disability retirement.

"3" If you are receiving a disability retirement benefit.

"4" Refund of contributions if the retiree and cobeneficiary (if applicable) died before all of the contributions were distributed; the balance of the contributions go to the named beneficiary.

"4G" If the retiree and cobeneficiary (if applicable) died before all of the contributions were distributed; the balance of the contributions are rolled over to a qualified account (a spouse was the only person who could roll over funds prior to 2007).

"7" If you are receiving a monthly PERA service retirement benefit, survivor benefit, or you are a cobeneficiary, and you are age 59½ and over.

Box 8—Other

Does not apply to PERA benefit recipients.

Box 9a—Your percentage of total distribution

Does not apply to PERA benefit recipients.

Box 9b—Total employee contributions

The total tax-paid contributions in the member account at the time of retirement. This will only print for the first year of retirement. This is the figure used to calculate the taxable portion of the benefit based on the IRS's "Simplified General Rule" (prorates the previously taxed dollars of your benefit over a specific number of payments as warranted by the IRS; for more information on this rule, contact the IRS for a copy of its publication 575). See Box 5 description for additional information.

Box 10—State tax withheld

Colorado state tax withheld from your benefit in the tax year noted.


Box 11—State/Payer's state no.

The state in which income tax was withheld. (Note: PERA only withholds state taxes for Colorado.) Payer's State no. is used by PERA for filing purposes with the State Department of Revenue.

Boxes 12-15—Do not apply to PERA benefit

recipients since PERA does not take any withholding for local taxes.


Account number

This is your PERA-assigned account number which appears on your benefit statement or benefit check as well as other correspondence you may receive from PERA. 

1099-R Mailing Information

- PERA mails each benefit recipient a 1099-R by January 31.
- Please allow five business days after January 31 for postal delivery before calling PERA if you have not received your 1099-R.
- Your 1099-R will be sent to your address on file at PERA.
- To have your 1099-R forwarded to another address, PERA must receive your signed request in writing by January 9. You may fax your signed request to 303-863-3822.

PERA Calendar Online

A calendar with important PERA-related dates is available on PERA's Web site at www.copera.org. Go to Retirees/Benefit Recipients, then click on the Calendar of Events link under the row of icons. 

Income Tax Withholding

Every year, Colorado PERA provides you with the following information to help you understand how federal and state income tax rules affect your PERA benefit. This information is not intended as tax advice. Specific questions about your taxes should be directed to the IRS, the Colorado Department of Revenue, or your personal tax consultant.

Federal Income Tax

- Colorado PERA benefits are subject to federal income tax.
- If you had PERA contributions before July 1, 1984, or purchased service credit using tax-paid (after-tax) money, part of your benefit will not be taxable income to you. (This nontaxable amount appears in Box 5 of your 1099-R.)
- PERA determines the taxable amount of your benefit each year by using formulas provided by the IRS and reports that amount to you each January on IRS Form 1099-R.
- If you did not have PERA contributions prior to July 1, 1984, and you did not purchase service credit with tax-paid dollars, your entire benefit is reported as taxable income.
- If you are under age 65 and totally disabled, you may be eligible for a special federal income tax credit (review IRS Schedule R and Publication 524); even if you qualify for this credit, PERA must still report your income.

Federal tax tables change in January; your net benefit amount may be different on your January 2009 benefit payment.

Federal Withholding Choices

- Examine the amount of your income tax withholding each year to make sure you have enough withheld.
- Penalties may be incurred under the estimated tax payment rules if sufficient tax is not withheld from your monthly benefit and your estimated tax payments are not adequate.
- Use the *Withholding Preference Form* in the *Taxes on PERA Benefits* brochure to instruct Colorado PERA how to handle federal income tax withholding. You have the following options:
 - Withhold nothing.
 - Withhold federal income tax based on the federal tax tables using your marital status and the number of withholding exemptions you specify.
 - Withhold an exact dollar amount.
 - Withhold a fixed percent of your benefit.


- If you did not provide PERA with withholding instructions, PERA was required to withhold federal income tax if your gross taxable monthly benefit was \$1,542 in 2008. (The required federal withholding was at a rate for a married individual claiming three exemptions.)

- Your December PERA benefit statement will include your current federal withholding status.
- Even if PERA did not withhold taxes for you, you still may owe income tax and should complete the appropriate federal tax forms.

Colorado State Income Tax

- Colorado residents who are age 55 through 64 can take advantage of a Colorado state income tax exclusion for up to \$20,000 of pension income received each year; Colorado residents who are age 65 and over have a \$24,000 pension income exclusion. Pension income includes PERA benefits and any other retirement income you may receive.
- If you made PERA contributions between July 1, 1984, and December 31, 1986, please review the Colorado Department of Revenue's publication, *FYI—For Your Information: Subtraction from Income for Recipients of PERA or Denver Public Schools Retirement Benefits*.
- If you live outside of Colorado, you will need to check with your state's revenue agency to obtain details about any state income taxes you may owe.

Colorado State Withholding Choices

Colorado PERA will withhold Colorado state income tax (if requested) and your withholding options are similar to federal withholding options. PERA does not withhold income tax for other states due to the variety of tax regulations for each state. 

Reminder

The Withholding Preference Form is available to complete online using your PERA PIN if you would like to make any changes to your tax withholdings.

Trustee Position Opening to Retirees

Retirees of the Local Government, Judicial, and School Divisions will elect a Trustee for a four-year term in the May 2009 Board election. Any retiree from one of these divisions is eligible to be elected to the Board for the retiree Trustee position.

Candidacy packets are available beginning January 5, 2009. To obtain a packet, write to:

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

In your request, include your name, Social Security number, Division and employer from which you retired, mailing address, and daytime telephone number. Information in the packet includes biographical and petition forms. To be placed on the ballot, a candidate must fulfill the requirements explained in the candidacy packet.




The PERA 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.

Ballots will be mailed to retirees in early May. 

Tax Benefits Available for Retired Public Safety Officers


Editor's note: PERA cannot give tax advice and is providing the article below for information purposes only. Please consult a tax adviser for information specific to your situation.

The Pension Protection Act of 2006 permits eligible retired public safety officers to exclude up to \$3,000 of their qualified health insurance premiums from their gross federal taxable income each year, as long as the premiums are deducted from their retirement benefits. To be eligible for this tax savings, you must have retired as a public safety officer through a disability or at the normal retirement age as outlined by PERA provisions. The premiums can be for coverage for you, your spouse, or dependents. It is your responsibility to claim the premium payments that were subtracted from your PERA benefit as a reduction in taxable income on your Form 1040. If you are eligible and make this election, you can reduce the otherwise taxable amount of your pension or annuity by the amount excluded. Refer to the Form 1040 instructions to properly claim this exclusion on your Form 1040.

PERA will not be making any additional reporting on 1099-Rs. The amount shown in Box 2 of your 1099-R from PERA will not reflect the exclusion. According to federal requirements, the responsibility of claiming the tax deduction is up to the benefit recipient or retiree. 

HIPAA Privacy Notice Available

Federal law requires PERA to notify participants in the PERA self-insured plans (Anthem Blue Cross and Blue Shield and Caremark) of the HIPAA Privacy Notice or "Notice of Privacy Practices of PERA's Self-Insured Plans." This Privacy Notice is available on PERA's Web site at www.copera.org on the PERACare Information page or a copy may be ordered by calling PERA's Customer Service Center at 1-800-759-7372 or 303-832-9550. It is also included in your Anthem benefits booklet for reference.

This notice is required as part of the privacy provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). It does not require any action; it is a legal notice that we must provide to you periodically. 



Go green

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).

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

Sign Up for EFT

There are about 5,000 Colorado PERA retirees who are still receiving benefit checks in the mail every month. An excellent alternative to paper checks is electronic funds transfer (EFT) or direct deposit.

It's a safe and easy way to get your PERA benefit each month, and there's no chance your check will be stolen, lost, or delayed in the mail.

Complete an *Authorization for Direct Deposit of Benefit* form today. The *Authorization for Direct Deposit of Benefit* form is in the *Direct Deposit by Electronic Transfer (EFT)* brochure on the PERA Web site or call PERA's Customer Service Center to order the brochure and form.

Sign up for EFT today, and stop waiting at the mailbox! 