

News Release



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Colorado PERA: Cost Effective and Valuable Recruitment Tool

DENVER—In the State of Colorado's *Fiscal Year 2005-2006 Annual Compensation Survey Report* (available online at www.colorado.gov/dpa/dhr/comp/docs/survey.pdf), Colorado PERA benefits were rated as the most effective element of the State's benefit package.

The State's Division of Human Resources (DHR) conducted the electronic survey of State managers, supervisors, and human resources administrators. The 537 respondents evaluated the effectiveness of the state's total compensation package on recruiting and retaining qualified workers.

PERA provides these valued retirement benefits to public employees at a cost lower than many of its peers. Current PERA-affiliated employer contribution rates are below the regional average for both public and private sector retirement plans according to rates surveyed by PERA and the United States Chamber of Commerce (see charts on page 2). Colorado PERA's state and school employers currently contribute 10.15 percent of their employees' salary. The employer contribution rate was as low as 9.9 percent in 2001, down from 11.4 percent in 2000. These reduced employer contribution rates have saved Colorado's public employers and taxpayers over \$250 million more than the past four years.

PERA members contribute a fixed rate of 8 percent of salary (state troopers contribute 10 percent of salary).

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Colorado PERA Employer Contribution Rates Compare Favorably to Other Regional Pension Plans

Other Colorado Public Pension Plans	2004
Arapahoe County	12.2%
City of Fort Collins	13.7%
University of Colorado Faculty	16.2%
Jefferson County*	12.2%
City of Grand Junction	12.2%
Larimer County	10.7%
Denver City & County	14.2%
City of Broomfield	12.2%
City of Lakewood	11.8%
City of Westminster	10.3%
Average Employer Contribution for 10 Colorado Retirement Systems	12.6%

Neighboring States' Public Pension Plans	2004
New Mexico State Retirement System	22.8%
New Mexico School Retirement System	14.9%
Utah Retirement System	19.4%
Wyoming Retirement System	17.5%
Kansas Retirement System	10.8%
Nebraska Retirement System	13.5%
Oklahoma Retirement System	16.2%
Average Employer Contribution for 7 Regional Retirement Systems	16.4%

Public DB Pension Plans in Other States	2004
California State Teachers Retirement System	10.3%
Maryland Retirement System	14.3%
South Carolina Retirement System	13.8%
Ohio State Teachers Retirement System	13.0%
Oregon Public Employees Retirement System	13.4%
Pennsylvania School Retirement System	9.2%
Florida Retirement System	12.5%
Ohio Public Employees Retirement System	9.3%
Georgia Teachers Retirement System	15.4%
California Public Employees Retirement System	18.8%
Average Employer Contribution for 10 Public DB Plans	13.0%
Average Employer Contribution for 33 Public DB Plans	10.9%
Colorado PERA	10.15%

Private Employers	2002
Average Costs for All Private Employers	11.75%
From 2003 Chamber of Commerce Report, January 2004	
Social Security OASDI Contributions are included when applicable.	

* Jefferson County contributions exclude 2% match on employees' voluntary 457 plan contributions in 2004

The statutes that govern Colorado PERA allow the amount the employer pays toward accrued benefit liabilities to float based on the funded status of the pension plan as projected by actuaries. As a result of investment losses suffered in 2000, 2001, and 2002, PERA's actuaries recommended increasing employer contribution rates. A phased-in approach to increasing employer contributions will begin with an increase of 0.5 percent of salary in January 2006, to reach a total of a 3 percent increase by 2012. The new contribution rates will be comparable with other similar pension plans and still below the rates of neighboring states.

The higher employer contribution rate is one of several changes made by the Legislature this year at PERA's request. The PERA Board of Trustees and staff continue to monitor the funded status of the system, and will request legislative changes as necessary over time.

PERA, the state's largest retirement system, has a membership of over 350,000 Colorado public employees. In 2003, 64,000 retirees were paid \$1.6 billion in benefits. Nearly 90 percent of PERA's benefit recipients call Colorado home, so these benefit payments represent a substantial positive impact on the state's economy.

PERA is a defined benefit plan that requires member and employer contributions that are invested and paid to members at retirement for their lifetime. The majority of PERA members do not contribute to Social Security, so for many, PERA is the only retirement benefit they will receive. The average PERA member retires with 22 years of service and is 58 years old. The average monthly benefit in 2003 was \$2,143, for an annual benefit of \$25,716.

Colorado PERA provides retirement and other benefits to the employees of over 390 government entities in the state of Colorado. PERA is the 25th largest public pension fund in the nation with over \$29 billion in assets.

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