

# News Release



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## **Colorado PERA Presents Facts on the Proposed Merger with Denver Public Schools Retirement System and the Affiliation of Boulder County**

DENVER—In the State Treasurer's news release of January 28, 2004, in which he "puts the brakes on PERA merger plans," a significant amount of information was inaccurately presented. PERA has no financial reason for allowing Denver Public Schools (DPS) and local governments to join. The following information sets the record straight.

Colorado PERA remains financially sound with assets totaling over \$29 billion and with expected contribution cash flows of over \$900 million a year. PERA will be able to pay benefits for many decades to come and has developed a legislative package to provide financial security for members and retirees in a manner that is cost effective for the taxpayers of the state of Colorado.

At the October 18, 2002, Board of Trustees meeting, the Board passed a motion to support a bill to authorize the Denver Public Schools Retirement System (DPSRS) merger with PERA. The minutes of that meeting reflect that no dissenting vote was offered by the Treasurer. The subsequent legislation that authorizes the merger of DPSRS into PERA specifically prohibits subsidization between PERA and DPSRS and there will be no impact on the funded status of PERA as a result of the anticipated merger. Attorneys and actuaries on both sides of the merger are working to ensure this through a comprehensive merger agreement between PERA, DPSRS, and DPS. Any "greater benefits" that are protected for DPSRS members upon merger into PERA will be funded at 100 percent by DPS or DPSRS at the time of the merger. All other liabilities will be funded at the same level as PERA's funding.

PERA's governing statute authorizes affiliation by political subdivisions of the state and specifies that all benefit entitlements begin at the date of affiliation and go forward.

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Therefore, there would be no impact on PERA's funded status as the result of the affiliation of Boulder County and the PERA Board welcomes the affiliation. The Treasurer's statement that he would pursue legislation absent the PERA Board's agreement to refuse entry to Boulder County disregards the fact that Boulder County conducted its own independent actuarial review of PERA before they made their decision to join. The review concluded that PERA was soundly funded. The fact that Boulder County's 401(k) plan will also be transferred to PERA has some in the private sector upset, because they will lose the commissions and fees on this money that is currently under their management.

The PERA Board has proposed a solution to stabilize funding through a comprehensive legislative package for 2004. The Treasurer appears unaware of this package although he sits as a member of the PERA Board of Trustees. The proposed changes will equitably affect all PERA constituent groups and will stabilize funding for both the near and long term if the legislative package is approved by the General Assembly and signed by the Governor.

The PERA Board agrees with the Treasurer that a 40-year period should be used as a standard for amortizing the unfunded liability. However, there is a disconnect between the amortization standard and the current statutory cap on employer contribution rates. PERA's proposed legislation addresses this by changing benefit provisions for new hires and by gradually increasing the employer contribution rate.

The State Treasurer has "exposed" nothing. PERA's financial statements have always accurately disclosed PERA's financial status and are publicly presented to the Legislature on multiple occasions each year. The statements are also posted on the PERA Web site. Nothing is being "swept under the rug."

PERA does not seek political "clout." Instead, Colorado PERA provides, and will continue to provide, the best retirement plan available to Colorado public servants and retirees in the most cost-effective fashion.

The Chair of the PERA Board of Trustees has invited the Treasurer to personally attend the February Board meeting to communicate his concerns directly to the full Board of Trustees.

Colorado PERA provides retirement and other benefits to the employees of over 390 government and public entities in the state of Colorado. PERA is the 23rd largest public pension fund in the nation with over \$29 billion in assets.

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