Colorado PERA: One of Colorado’s Best Investments

Gregory W. Smith, Executive Director
Contributions

550,000 members and 500 employers contribute to PERA from each paycheck

Investments

PERA invests the money and leverages economies of scale and investment expertise to generate returns
PERA Contributes to the State Economy

$6.1 billion economic output  32,800 jobs statewide

Total Colorado Distributions = $3.8 Billion

Annual benefit payments and percentage of payroll data from latest County Business Patterns and U.S. Census Bureau, calculation from Pacey & McNulty.
PERA Contributes to the Denver Area

PERA provides $2 billion in retirement distributions to 47,238 Denver Metro region residents.

The economic impact to state/local governments amounts to $139 million in tax revenue, which supports schools, roads, and other important services.

PERA retirement distributions result in $3.1 billion in total economic output and help sustain 16,103 jobs in the Denver Metro region.

Creates $828 million in labor income.

Adds $1.46 billion to the total value of goods and services in the Denver Metro region.
PERA’s Governance Structure

Board of Trustees
Oversees investments, benefits administration, and monitors actuarial assumptions and performance

General Assembly
Sets benefit and contribution structure
Investment Asset Allocation

$43.0 Billion Market Value
As of November 30, 2016

- Global Equities 55.2%
- Private Equity 8.3%
- Cash & Short-Term 2.5%
- Fixed Income 9.0%
- Real Estate 9.0%
- Opportunity Fund 2.7%
- Global Equities 55.2%

Asset allocation policy unanimously approved by Board on June 21, 2016

More than 55 percent of assets managed directly by PERA staff

As of November 30, 2016
Investing for Long Term

Annualized investment returns for period ending December 31, 2015*

* 1-, 3-, 5-, and 10-year returns are net of fees
20-, 25-, 30-, and 35-year returns are gross of fees
## 2016 PERA Financial Recap

$42,968,674 net position as of December 31, 2015  
(in thousands of dollars; does not include defined contribution plans)

<table>
<thead>
<tr>
<th>December 2016</th>
<th>Contributions</th>
<th>Investments</th>
<th>Benefits Paid</th>
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<tbody>
<tr>
<td></td>
<td>$2,421,360</td>
<td>$2,772,469</td>
<td>($4,757,372)</td>
</tr>
<tr>
<td>Employer – Pension – Regular</td>
<td>$737,065</td>
<td>$1,895,314</td>
<td>Pension Benefits</td>
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<td>Employer – Pension – AED</td>
<td>$352,071</td>
<td>Interest</td>
<td>Health Care Benefits</td>
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<tr>
<td>Employer – Pension – SAED</td>
<td>$344,534</td>
<td>Dividends</td>
<td>Disability/Life Insurance</td>
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<td>Employer – Health Care</td>
<td>$87,509</td>
<td>Real Estate/Opportunity Fund/ Private Equity</td>
<td>Refunds</td>
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<td>Member</td>
<td>$686,901</td>
<td>Net Change in Fair Value</td>
<td>Other</td>
</tr>
<tr>
<td>Purchased Service</td>
<td>$59,420</td>
<td>Securities Lending</td>
<td>Administrative Expense</td>
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<td>Retiree Health Care Premiums</td>
<td>$144,462</td>
<td>Investment Expense</td>
<td></td>
</tr>
<tr>
<td>Other Additions</td>
<td>$9,398</td>
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$43,405,131 net position as of December 31, 2016  
(unaudited)
Percentage of School District Budgets
FY 2014-15

PERA Employer Contributions as a Percent of Total Expenditures

- All Other: 93%
- PERA: 7%

PERA Employer Contributions as a Percent of Total Compensation Cost

- All Other: 88%
- PERA: 12%
SB14-214: Total Compensation Study

• Commissioned by the General Assembly in 2014

• Conducted by Milliman, Inc. (hired by DPA)

• Conclusions:
  • State total compensation is slightly below market (.2%)
  • Retirement package is 15.7% of pay relative to market media of 14.7% of pay
  • Changes to benefits were not recommended
Additional Savings Opportunities

**Tax Diversification Options**
- Traditional (pre-tax) and Roth (tax-paid) contributions available

**Voluntary Investment Program**
- PERAPlus 401(k) and 457 Plans

**Member Education**
- Online investment advice at no additional cost and in-person meetings
Planning for the Future

Address Legacy Issues
- Long-term reduction to the unfunded liability

Reduce the Risk Profile
- Decrease the amortization period
- Increase funded status

Plan for Modern Environment
- Leverage best practices and economies of scale
- Update the plan design to reflect economic and demographic realities
Where Do We Start?

Contributions + Investments

Benefits
Based on service and age, retirees qualify for a monthly lifetime benefit used in combination with personal savings
Positive and Sustainable Changes

**Contribution Changes**
- Employee contributions
- Employer contributions

**Benefit Changes**
- Retirement eligibility
- Benefit calculation
- Annual increase
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<td>High-Touch</td>
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<td>Sept</td>
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Join the Conversation

www.copera.org

PERA on the Issues
www.peraontheissues.com

The Dime
www.thedimecolorado.com