

FPPA Pension CHECK

A review of your retirement benefits.

Winter 2003

Review Your Investment Plan

In challenging times like these one has to search hard for positives. World events, the crisis in Corporate America, the drop in consumer confidence, and the market downturn have many people discouraged.

Realistically, what should you do? Your instinct may be to throw up your hands and put a hold on future contributions to your retirement savings plans until the world rights itself. However, many experts caution against that. The reason is that while no one can predict when the downturn will end, you want to have a well diversified portfolio to help minimize your risk exposure, weather market downturns, and maximize your return potential during market upturns. Diversification can help to minimize risks; however, it does not ensure a profit or guarantee against a loss.

Retirement planning is a long-term goal that requires your active participation, through both regular contributions and routine reviews. It is important to know what you own and why and to keep your long-term goals in mind. Creating a portfolio that reflects your time horizon and risk tolerance is a good way for you to gain more control of your retirement goals.

For all FPPA members.

FPPA is committed to supporting your long-term goals and providing you with the information, tools, and support you may need. We have found many helpful articles and general information dealing with the retirement saving needs of tax-exempt, public sector and educational employees on the Fidelity Investments® web site, www.fidelity.com/atwork.

For members of the FPPA Deferred Compensation Plan, Statewide or affiliated money purchase plans or the DROP Plan.

Fidelity provides a link from the above web site to NetBenefitsSM. Once there and after establishing a secure pin number, simple yet sophisticated tools under the *Planning* tab can help you map out a target asset allocation strategy.

Or you can call 1-800-343-0860 and ask to speak with one of Fidelity's Retirement Services Specialists.

The good news? Often troubled times create good opportunities for investors. How can you take advantage?

Dollar Cost Averaging - This is when you continue to purchase shares in both up and down markets—usually resulting in lower costs per share than if you purchase shares at random. While dollar cost averaging does not ensure a profit or guarantee against a loss in a declining market, in order for the strategy to be effective you must continue to purchase shares both in market ups and downs.

Revisiting Your Portfolio - It's always a good practice to periodically review your portfolio, and with recent market fluctuations now may be a great time to do so. Review your mix of stocks, bonds, and short-term investments, and make sure your strategy is still in line with your goals. To help reach your retirement goals, you might consider increasing your contribution rate.

Greater Savings Opportunities - like those outlined in the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 - giving you an opportunity to contribute more to your retirement savings plan than ever before. The Act's new catch-up provisions for the 457 Deferred Compensation Plan allow certain retirement savers over age 50 to increase the annual amount they contribute. For more information about EGTRRA and how you may take advantage of these provisions see the article on Page 3 or check out our web site at www.fppaco.org and click on *Legislation*.

Remember that retirement is a long-term proposition, and in times like these wise investors keep calm, stay focused, think long term, and take the opportunity to review their plan. **FPPA**

Member Search

We're Looking for
These FPPA Members
Who May Be Due
A Refund



The following individuals have separated service from a Colorado fire or police department and are due a refund from FPPA. Unfortunately, we do not have their current addresses. If you are in contact with anyone listed below, please have them contact FPPA immediately so that we might process their refund. **FPPA**

<u>Member Name</u>	<u>Separated Service From</u>
Donoho, Jeffrey K.	Elk Creek Fire
Duncan, Frank S.	La Veta Police
Fischer, David R.	Frisco Police
Fraley, Christopher A.	La Veta Police
Herberg, Thomas M.	Columbine Valley Police
Jackson, Joseph L.	Colorado Springs Fire
James, Louis E.	Granada Police
Miller, Eric N.	Granada Police
Monroe, Fredrick S.	Colorado Springs Fire
Morse, Michael F.	Elk Creek Fire
Rackowski, Karl	Palmer Lake Police
Shefferd, Robert G.	Holly Police
Zebrowski, Gregory S.	Platteville Police

FPPA Expands Purchasing Service Credit Program

For Members of
The Statewide
Defined Benefit Plan

Effective January 1, 2003, active FPPA members covered by the Statewide Defined Benefit Plan may purchase service credit based on any period of verifiable private or public employment not covered by FPPA or another pension plan. Social Security coverage and military pension coverage do not disqualify you from purchasing service credit for the employment period.

Qualified Previous Employment Definitions Expanded

If you wish to purchase service credit, your previous employment must fall into one of the following three categories:

- *Other Public Employment* in the U. S. that is not covered by the Statewide Defined Benefit Plan. This includes:
 - service as an employee of the federal, state, or local government;
 - service as an employee of a secondary or elementary education organization;
 - or
 - service as an employee of an association of government employees.
- *Private Employment*. This includes:
 - any service or employment that does not meet the definition of “other public employment”, except military service.
- *Military Service*. This is defined as acting duty in the Uniformed Services of the United States.

Qualified Rollover Funds Definitions Eased

FPPA has also eased the process for granting service credit for funds rolled over from other eligible retirement plans. Those plans include 401(a), 401(k), 401(c), 457 Governmental Deferred Compensation, 403(b) tax sheltered annuities, and tax-deferred money from a Traditional or a Conduit IRA. (Members will need to contact that plan administrator to ensure that a distribution can be made from that plan and received by FPPA.)

Certain terms and conditions apply for purchasing service. Call the Benefits Department of FPPA at (303) 770-3772 in the Denver Metro, (800) 332-3772 toll free nationwide, or visit our web site at www.fppaco.org for more information on the program. **FPPA**

As you are probably aware, the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) took effect on January of last year and included significant changes to the tax rules governing retirement plans, individual retirement accounts, and other benefit arrangements. EGTRRA provides for substantially increased contribution limits, simplified distribution rules, and eased administrative burdens for retirement plans, other employer-sponsored benefit arrangements, and IRAs. For more information about EGTRRA visit our web site at www.fppaco.org and click on *Legislation*.

Below are listed the 2003 Annual Contribution Limits for the FPPA 457 Deferred Compensation Plan as well as the Statewide Money Purchase Plan and local money purchase plans. **FPPA**

FPPA 457 Deferred Compensation Plan

Contribution Limits

Year	Annual Contribution Limit
------	---------------------------

2003	\$12,000
2004	\$13,000
2005	\$14,000
2006	\$15,000

The limit will be indexed for inflation in \$500 increments after 2006.

Catch-up Contribution Limits for Members Age 50 and Older

Year	Catch Up Contribution Limit
------	-----------------------------

2003	\$2,000
2004	\$3,000
2005	\$4,000
2006	\$5,000

The limit will be indexed for inflation in \$500 increments after 2006.

As an alternative to the age 50 catch-up, a FPPA 457 plan participant is eligible to defer up to twice the contribution limit in effect for the 3 years preceding the employee's normal retirement age.

Statewide Money Purchase Plan and local money purchase plans

2003 Contribution Limits

The annual limit on total employee and employer contributions to a participant's money purchase plan account is the lesser of \$40,000 or 100% of compensation.

The \$40,000 limit may be indexed for inflation in \$1,000 increments.

New Annual Contribution Limits

For Members of

The 457 Deferred Compensation Plan

The Statewide Money Purchase Plan

or

A Local Money Purchase Plan

Contribution Rate

Employers of Statewide Death & Disability Plan Members

For Colorado firefighters and police officers hired on or after January 1, 1997, employers are required to contribute a percentage of each member's base pay for coverage under the Statewide Death & Disability Plan. The employer, in conjunction with its members, decides who actually pays the contribution. In the August FPPA Board meeting, a 2.4% contribution rate was established for 2003 - 2004. According to Colorado State Statute (C.R.S., 31-31-811(4)) contributions may be increased or decreased by 0.1% every two years. The contribution rate for 2001 - 2002 was 2.3%. **FPPA**

FPPA Enhances The Investment Fund Lineup

For Members of
The 457 Deferred
Compensation Plan
The Statewide
Money Purchase Plan
Local
Money Purchase Plans
Affiliated with FPPA
and
The DROP Plan



In an ongoing effort to ensure we have quality investment options available to participants in our 457 Deferred Compensation, Money Purchase Plans, and DROP Plan, FPPA added two new funds to the investment lineup effective January 1, 2003.

PIMCO Total Return Fund - Administrative Class*

Kind of Fund	An income mutual fund.
Goal of Fund	To provide high total return that exceeds general bond market indices.
Fund Investments	All types of bonds, including U.S. government, corporate, mortgage and foreign. While the fund maintains an average portfolio duration of three to six years (approximately equal to an average maturity of five to 12 years), investments may also include short- and long-maturity bonds. Share price, yield, and return will vary.

**Managed by Pacific Investment Management Company, which provided the description for this fund.*

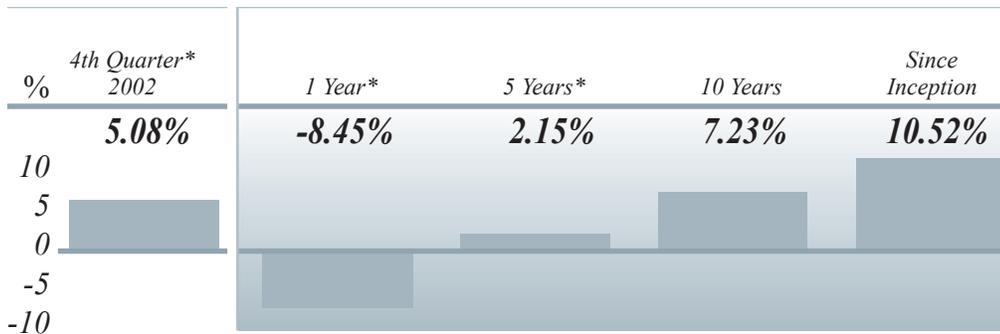
Berger Mid Cap Value Fund *

Kind of Fund	A mid cap value mutual fund.
Goal of Fund	Seeks to provide long-term capital appreciation.
Fund Investments	The fund invests primarily in the common stocks of mid-sized companies whose stock prices are believed to be undervalued. The fund's investment selection focuses on companies that have fallen out of favor with the market or are temporarily misunderstood by the investment community. To a lesser degree, the fund also invests in companies that demonstrate special situations or turnarounds, meaning companies that have experienced significant business problems but are believed to have favorable prospects for recovery. There is a risk that the investment manager's strategy for managing the fund may not achieve the desired results. Mid-sized companies and companies that demonstrate special situations may pose greater market, liquidity and information risk than larger companies. The fund's investments are often focused in a small number of business sectors, which may pose greater market and liquidity risks. The fund's active trading will cause the fund to have an increased portfolio turnover rate. Share price and return will vary.

** Managed by Berger Financial Group LLC, which provided the description for this fund.*

The **Strong Opportunity Fund** will no longer be available for investment through the plan. Any balances or future contributions you had in Strong Opportunity Fund were allocated to Berger Mid Cap Value Fund effective December 31, 2002, unless you contacted Fidelity Investments to move them to an investment option other than the Berger Mid Cap Value Fund.

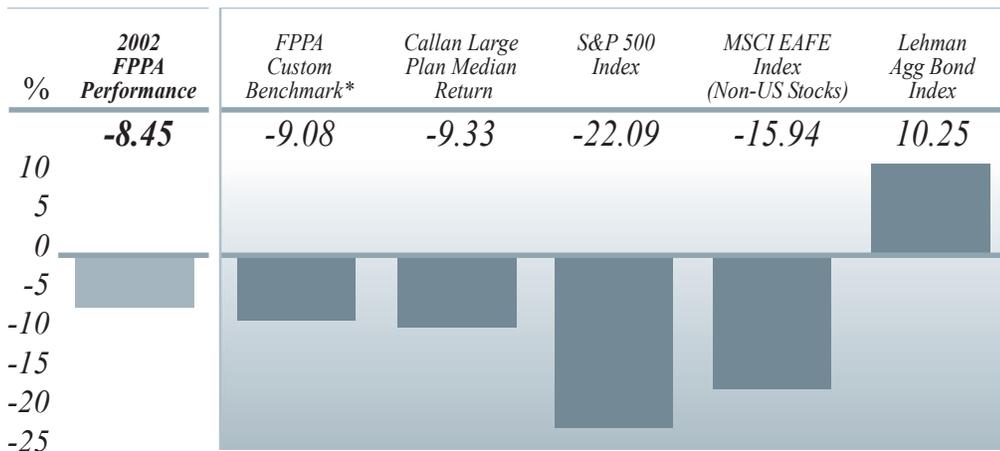
If you would like additional information about the investment options offered through FPPA, or if you would like to make changes to your account, please contact a Fidelity Retirement Services Specialist at **1-800-343-0860** Monday through Friday from 6:00 A.M. to 10:00 P.M. MT. You can also make changes to your account by logging on to Fidelity's NetBenefitsSM Web site at www.fidelity.com/atwork. **FPPA**



* For trailing 5 years, returns are gross of all fees; longer periods are net of private asset fees; 2002 returns are preliminary.

FPPA Investment Returns

As of
December 31, 2002
Total Assets Exceeded
\$2.082 Billion.



* FPPA's custom benchmark uses the target weights and benchmarks for each asset class.

2002 FPPA Comparative Investment Performance



We would like to remind our retirees and members that supplemental insurance benefits are available through The Gemini Group (FPPA's insurance service provider).

A sample of these benefits include:

- **Vision & Dental Benefits**
- **Affordable Life Insurance**
- **Long-Term Care Insurance**

If you are interested in getting more information about these programs or obtaining enrollment forms, call Ginger, the FPPA Insurance Coordinator at The Gemini Group. **FPPA**

Supplemental Insurance Available

The Gemini Group
In the Denver Metro area
(303) 893-0300
Or Toll Free Nationwide
(888) 795-0300

Each year FPPA distributes funds from the state for volunteer fire department pensions. To be eligible for these funds, a Colorado volunteer fire department must have active duty volunteer firefighters and must make a contribution to their pension fund.

Applications for state matching funds are mailed to volunteer fire departments from FPPA in late April of each year. If a volunteer department wishes to apply for state matching funds, the completed application must be returned to FPPA by July 18, 2003. Upon approval of the application, the state funds are transferred at the end of October to the department's account.

If you have any questions or would like to make sure that your department's address is current with our records, please call or e-mail Ali Lone at alone@fppaco.org. **FPPA**

State Matching Funds

Volunteer
Fire Departments

Legislative Update

2003
Legislative
Session

The following three bills introduced by FPPA and sponsored by the Pension Reform Commission are currently moving through the 2003 Colorado General Assembly. The three bills, summarized below, include the names of the legislative sponsors as well as the current bill status (as of the printing of this newsletter). For complete information and current updates refer to the Colorado State web site at www.colorado.gov.

Benefit Plan Alternatives For Members Of Money Purchase Plans Bill - Senate Bill 03-057

Senate Sponsorship

Senator Norma Anderson, Sponsor

Senator Deanna Hanna
Senator Terry Phillips

House Sponsorship

Representative Bill Cadman, Co-Sponsor

Status

Introduced and passed through the Senate.
Introduced to the House.

This proposed bill will accomplish the following:

The creation of a new Statewide Hybrid Plan.

- FPPA Board is authorized to create a new plan.
 - The terms of the plan to be established after a task force of interested members and employers meet and make recommendations.
 - Members earn a defined benefit and a defined contribution account.
 - The plan document will govern:
 - ▶ The accrual of service credit and vesting,
 - ▶ The benefits to be offered based on age and service,
 - ▶ The allocation of contributions between the defined benefit and the defined contribution,
 - ▶ Service credit purchase options, and
 - ▶ The establishment of defined contribution investment alternatives.
 - Contributions are split 8% employer and 8% member; local election available to increase contribution rates.
- Local election into the Statewide Hybrid Plan.
 - Employers with a local money purchase plan, an alternate exempt local money purchase plan, or the Statewide Money Purchase Plan may apply for coverage under the new plan.
 - A department wide election by members is conducted.
 - Members maintain their money purchase balances either within the existing plan or with FPPA.
 - Members vest in money purchase balances based on combined years of service.
 - Members vest in the Statewide Hybrid Plan based on service credit earned or purchased while in the Statewide Hybrid Plan.

Entry allowed into the Statewide Defined Benefit Plan.

- Employers with a local money purchase plan, an alternate exempt local money purchase plan, or the Statewide Money Purchase Plan may apply for coverage under the plan.
- Members maintain their money purchase balances either within the existing plan or with FPPA.
- Members vest in money purchase balances based on combined years of service.
- Members vest in the Statewide Defined Benefit Plan based on service credit earned or purchased while in the Statewide Defined Benefit Plan.
- Based on an actuarial study, the FPPA establishes a continuing rate of contribution for all members who are active upon the date of coverage.

- New members after the date of coverage are treated as new hires under the Statewide Defined Benefit Plan.

Vesting under the Statewide Defined Benefit Plan is changed to five years.

Legislative Update

Continued from the Previous Page

Membership Bill - Senate Bill 03-056

Senate Sponsorship

Senator Terry Phillips, Sponsor

Senator Deanna Hanna

House Sponsorship

Representative Ann Ragsdale, Co-Sponsor

Status

Introduced to the Senate.

This proposed bill will accomplish the following:

- The definition of member may include part-time fire and police officers beginning July 1, 2003.
- Part-time members would have the option to be in the Statewide Money Purchase Plan or a local money purchase plan.
- Clerical or other personnel employed by a fire protection district, fire authority, or county improvement district, whose services are auxiliary to fire protection may participate in the Statewide Defined Benefit Plan or the Statewide Money Purchase Plan.
- County sheriffs are eligible to participate in the FPPA supplemental social security plan for defined benefits or for death and disability.
- Public safety members of the PERA plan are not eligible to participate in the Statewide Death and Disability Plan because they have disability coverage under PERA.

Health Care Defined Benefit Plan Bill - House Bill 03-1009

House Sponsorship

Representative Timothy Fritz, Sponsor

Representative Bill Cadman

Representative Pam Rhodes

Senate Sponsorship

Senator Deanna Hanna, Co-Sponsor

Senator Terry Phillips

Status

Introduced and passed through the House.

Introduced to the Senate.

This proposed bill will accomplish the following:

FPPA is authorized to create a defined benefit plan to provide assistance in paying health care costs after retirement.

- The plan would be based on years of service.
- A task force would be created to recommend terms of the plan.
- The plan would be implemented if 65% of members in the Statewide Defined Benefit Plan, the Statewide Money Purchase Plan, and/or the Statewide Hybrid Plan vote in favor of adopting the plan. The plan would then be mandatory for all participants in the statewide plans electing coverage. If less than the majority of a department's members vote in favor of adopting the plan, the employer may elect not to participate in the plan.
- Member contributions would be 1% of pay. Employers could "pick up" the contribution.

In This Issue

- 1 Review Your Investment Plan
- 2 Member Search
- 2 FPPA Expands Purchasing Service Credit Program
- 3 New Annual Contribution Limits
- 3 Statewide Death & Disability Plan Contribution Rate
- 4 FPPA Enhances The Investment Fund Lineup
- 5 Investment Returns
- 5 Supplemental Insurance Available With The Gemini Group
- 5 State Matching Funds
- 6 Legislative Update
- 8 Upcoming Seminars
- 8 GFOA Award Given To FPPA

www.FPPACO.org

5290 DTC Parkway, Suite 100, Greenwood Village, CO 80111-2721

(303) 770-3772 *in metro Denver*, (800) 332-3772 *toll free nationwide*
 (303) 771-7622 *fax*

PRESORTED
 FIRST-CLASS MAIL
 US POSTAGE

PAID
 Denver, CO
 Permit #152

**return
 service
 requested**

Upcoming Seminars

*Mark Your Calendar
 for These Popular
 FPPA Seminars*



Pre-Retirement Seminar • Saturday March 29th

Registration and Continental Breakfast 8:30 - 9am • Seminar 9am - 3:45pm
(There will be a no host lunch break from 11:45am - 1pm.)

If you are within 10 years of retirement, this seminar is for you. From Social Security issues to financial and long-term care planning, you'll walk away with the most up-to-date retirement information available.

Investment Strategy Workshop • Thursday August 28th

This seminar is specifically for members in the FPPA 457 Deferred Compensation Plan, Statewide or affiliated money purchase plans or the DROP Plan.

FPPA has selected Fidelity Investments® to present this seminar. This workshop will provide important techniques for investing.

For more information about these seminars, call Rory Mammen at the phone numbers listed above, or log on to www.fppaco.org and click on the *Calendar* page. **FPPA**

GFOA Award Given To FPPA

*For The 2001
 Comprehensive
 Annual Financial
 Report*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to FPPA for its Comprehensive Annual Financial Report for the fiscal year ending **December 31, 2001**. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an efficiently organized comprehensive annual financial report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

To request a copy of the report, please contact FPPA at the numbers listed above, or log on to www.fppaco.org to view, download or print the report. **FPPA**

FPPA Pension CHECK

A review of your retirement benefits.

Winter 2003

Review Your Investment Plan

In challenging times like these one has to search hard for positives. World events, the crisis in Corporate America, the drop in consumer confidence, and the market downturn have many people discouraged.

Realistically, what should you do? Your instinct may be to throw up your hands and put a hold on future contributions to your retirement savings plans until the world rights itself. However, many experts caution against that. The reason is that while no one can predict when the downturn will end, you want to have a well diversified portfolio to help minimize your risk exposure, weather market downturns, and maximize your return potential during market upturns. Diversification can help to minimize risks; however, it does not ensure a profit or guarantee against a loss.

Retirement planning is a long-term goal that requires your active participation, through both regular contributions and routine reviews. It is important to know what you own and why and to keep your long-term goals in mind. Creating a portfolio that reflects your time horizon and risk tolerance is a good way for you to gain more control of your retirement goals.

For all FPPA members.

FPPA is committed to supporting your long-term goals and providing you with the information, tools, and support you may need. We have found many helpful articles and general information dealing with the retirement saving needs of tax-exempt, public sector and educational employees on the Fidelity Investments® web site, www.fidelity.com/atwork.

For members of the FPPA Deferred Compensation Plan, Statewide or affiliated money purchase plans or the DROP Plan.

Fidelity provides a link from the above web site to NetBenefitsSM. Once there and after establishing a secure pin number, simple yet sophisticated tools under the *Planning* tab can help you map out a target asset allocation strategy.

Or you can call 1-800-343-0860 and ask to speak with one of Fidelity's Retirement Services Specialists.

The good news? Often troubled times create good opportunities for investors. How can you take advantage?

Dollar Cost Averaging - This is when you continue to purchase shares in both up and down markets—usually resulting in lower costs per share than if you purchase shares at random. While dollar cost averaging does not ensure a profit or guarantee against a loss in a declining market, in order for the strategy to be effective you must continue to purchase shares both in market ups and downs.

Revisiting Your Portfolio - It's always a good practice to periodically review your portfolio, and with recent market fluctuations now may be a great time to do so. Review your mix of stocks, bonds, and short-term investments, and make sure your strategy is still in line with your goals. To help reach your retirement goals, you might consider increasing your contribution rate.

Greater Savings Opportunities - like those outlined in the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 - giving you an opportunity to contribute more to your retirement savings plan than ever before. The Act's new catch-up provisions for the 457 Deferred Compensation Plan allow certain retirement savers over age 50 to increase the annual amount they contribute. For more information about EGTRRA and how you may take advantage of these provisions see the article on Page 3 or check out our web site at www.fppaco.org and click on *Legislation*.

Remember that retirement is a long-term proposition, and in times like these wise investors keep calm, stay focused, think long term, and take the opportunity to review their plan. **FPPA**

Member Search

We're Looking for
These FPPA Members
Who May Be Due
A Refund



The following individuals have separated service from a Colorado fire or police department and are due a refund from FPPA. Unfortunately, we do not have their current addresses. If you are in contact with anyone listed below, please have them contact FPPA immediately so that we might process their refund. **FPPA**

<u>Member Name</u>	<u>Separated Service From</u>
Donoho, Jeffrey K.	Elk Creek Fire
Duncan, Frank S.	La Veta Police
Fischer, David R.	Frisco Police
Fraley, Christopher A.	La Veta Police
Herberg, Thomas M.	Columbine Valley Police
Jackson, Joseph L.	Colorado Springs Fire
James, Louis E.	Granada Police
Miller, Eric N.	Granada Police
Monroe, Fredrick S.	Colorado Springs Fire
Morse, Michael F.	Elk Creek Fire
Rackowski, Karl	Palmer Lake Police
Shefferd, Robert G.	Holly Police
Zebrowski, Gregory S.	Platteville Police

FPPA Expands Purchasing Service Credit Program

For Members of
The Statewide
Defined Benefit Plan

Effective January 1, 2003, active FPPA members covered by the Statewide Defined Benefit Plan may purchase service credit based on any period of verifiable private or public employment not covered by FPPA or another pension plan. Social Security coverage and military pension coverage do not disqualify you from purchasing service credit for the employment period.

Qualified Previous Employment Definitions Expanded

If you wish to purchase service credit, your previous employment must fall into one of the following three categories:

- *Other Public Employment* in the U. S. that is not covered by the Statewide Defined Benefit Plan. This includes:
 - service as an employee of the federal, state, or local government;
 - service as an employee of a secondary or elementary education organization;
 - or
 - service as an employee of an association of government employees.
- *Private Employment*. This includes:
 - any service or employment that does not meet the definition of “other public employment”, except military service.
- *Military Service*. This is defined as acting duty in the Uniformed Services of the United States.

Qualified Rollover Funds Definitions Eased

FPPA has also eased the process for granting service credit for funds rolled over from other eligible retirement plans. Those plans include 401(a), 401(k), 401(c), 457 Governmental Deferred Compensation, 403(b) tax sheltered annuities, and tax-deferred money from a Traditional or a Conduit IRA. (Members will need to contact that plan administrator to ensure that a distribution can be made from that plan and received by FPPA.)

Certain terms and conditions apply for purchasing service. Call the Benefits Department of FPPA at (303) 770-3772 in the Denver Metro, (800) 332-3772 toll free nationwide, or visit our web site at www.fppaco.org for more information on the program. **FPPA**

As you are probably aware, the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) took effect on January of last year and included significant changes to the tax rules governing retirement plans, individual retirement accounts, and other benefit arrangements. EGTRRA provides for substantially increased contribution limits, simplified distribution rules, and eased administrative burdens for retirement plans, other employer-sponsored benefit arrangements, and IRAs. For more information about EGTRRA visit our web site at www.fppaco.org and click on *Legislation*.

Below are listed the 2003 Annual Contribution Limits for the FPPA 457 Deferred Compensation Plan as well as the Statewide Money Purchase Plan and local money purchase plans. **FPPA**

FPPA 457 Deferred Compensation Plan

Contribution Limits

Year	Annual Contribution Limit
------	---------------------------

2003	\$12,000
2004	\$13,000
2005	\$14,000
2006	\$15,000

The limit will be indexed for inflation in \$500 increments after 2006.

Catch-up Contribution Limits for Members Age 50 and Older

Year	Catch Up Contribution Limit
------	-----------------------------

2003	\$2,000
2004	\$3,000
2005	\$4,000
2006	\$5,000

The limit will be indexed for inflation in \$500 increments after 2006.

As an alternative to the age 50 catch-up, a FPPA 457 plan participant is eligible to defer up to twice the contribution limit in effect for the 3 years preceding the employee's normal retirement age.

Statewide Money Purchase Plan and local money purchase plans

2003 Contribution Limits

The annual limit on total employee and employer contributions to a participant's money purchase plan account is the lesser of \$40,000 or 100% of compensation.

The \$40,000 limit may be indexed for inflation in \$1,000 increments.

New Annual Contribution Limits

For Members of

The 457 Deferred Compensation Plan

The Statewide Money Purchase Plan

or

A Local Money Purchase Plan

Contribution Rate

Employers of Statewide Death & Disability Plan Members

For Colorado firefighters and police officers hired on or after January 1, 1997, employers are required to contribute a percentage of each member's base pay for coverage under the Statewide Death & Disability Plan. The employer, in conjunction with its members, decides who actually pays the contribution. In the August FPPA Board meeting, a 2.4% contribution rate was established for 2003 - 2004. According to Colorado State Statute (C.R.S., 31-31-811(4)) contributions may be increased or decreased by 0.1% every two years. The contribution rate for 2001 - 2002 was 2.3%. **FPPA**

FPPA Enhances The Investment Fund Lineup

For Members of
The 457 Deferred
Compensation Plan
The Statewide
Money Purchase Plan
Local
Money Purchase Plans
Affiliated with FPPA
and
The DROP Plan



In an ongoing effort to ensure we have quality investment options available to participants in our 457 Deferred Compensation, Money Purchase Plans, and DROP Plan, FPPA added two new funds to the investment lineup effective January 1, 2003.

PIMCO Total Return Fund - Administrative Class*

Kind of Fund	An income mutual fund.
Goal of Fund	To provide high total return that exceeds general bond market indices.
Fund Investments	All types of bonds, including U.S. government, corporate, mortgage and foreign. While the fund maintains an average portfolio duration of three to six years (approximately equal to an average maturity of five to 12 years), investments may also include short- and long-maturity bonds. Share price, yield, and return will vary.

**Managed by Pacific Investment Management Company, which provided the description for this fund.*

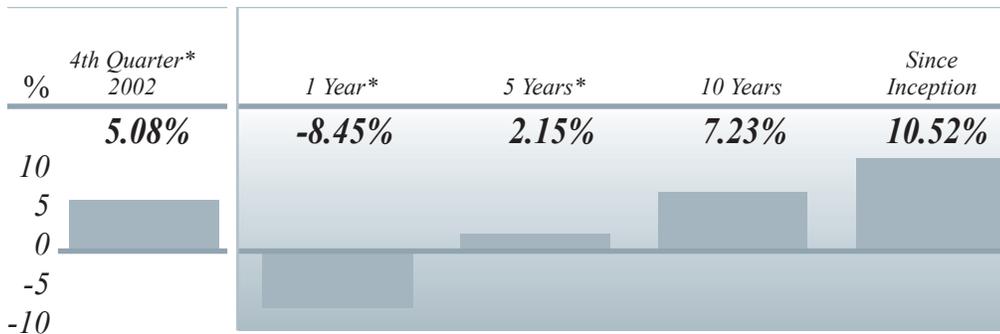
Berger Mid Cap Value Fund *

Kind of Fund	A mid cap value mutual fund.
Goal of Fund	Seeks to provide long-term capital appreciation.
Fund Investments	The fund invests primarily in the common stocks of mid-sized companies whose stock prices are believed to be undervalued. The fund's investment selection focuses on companies that have fallen out of favor with the market or are temporarily misunderstood by the investment community. To a lesser degree, the fund also invests in companies that demonstrate special situations or turnarounds, meaning companies that have experienced significant business problems but are believed to have favorable prospects for recovery. There is a risk that the investment manager's strategy for managing the fund may not achieve the desired results. Mid-sized companies and companies that demonstrate special situations may pose greater market, liquidity and information risk than larger companies. The fund's investments are often focused in a small number of business sectors, which may pose greater market and liquidity risks. The fund's active trading will cause the fund to have an increased portfolio turnover rate. Share price and return will vary.

** Managed by Berger Financial Group LLC, which provided the description for this fund.*

The **Strong Opportunity Fund** will no longer be available for investment through the plan. Any balances or future contributions you had in Strong Opportunity Fund were allocated to Berger Mid Cap Value Fund effective December 31, 2002, unless you contacted Fidelity Investments to move them to an investment option other than the Berger Mid Cap Value Fund.

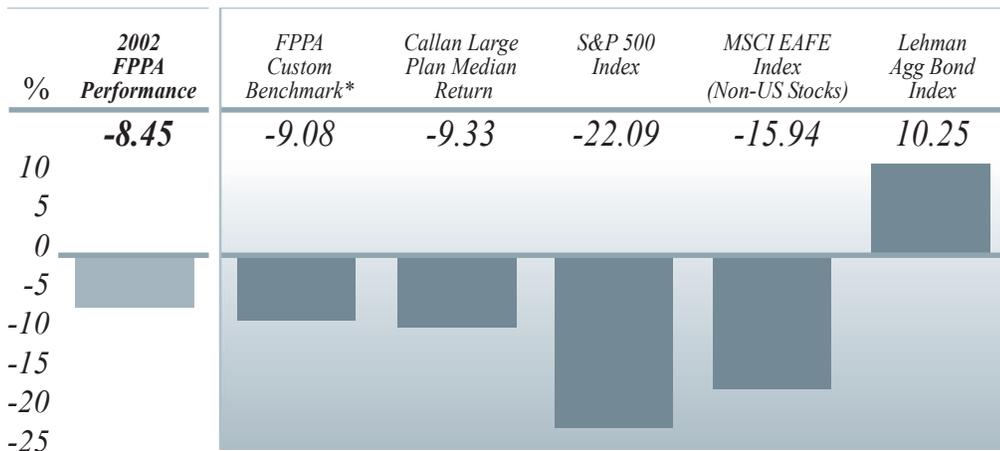
If you would like additional information about the investment options offered through FPPA, or if you would like to make changes to your account, please contact a Fidelity Retirement Services Specialist at **1-800-343-0860** Monday through Friday from 6:00 A.M. to 10:00 P.M. MT. You can also make changes to your account by logging on to Fidelity's NetBenefitsSM Web site at www.fidelity.com/atwork. **FPPA**



* For trailing 5 years, returns are gross of all fees; longer periods are net of private asset fees; 2002 returns are preliminary.

FPPA Investment Returns

As of
December 31, 2002
Total Assets Exceeded
\$2.082 Billion.



* FPPA's custom benchmark uses the target weights and benchmarks for each asset class.

2002 FPPA Comparative Investment Performance



We would like to remind our retirees and members that supplemental insurance benefits are available through The Gemini Group (FPPA's insurance service provider).

A sample of these benefits include:

- **Vision & Dental Benefits**
- **Affordable Life Insurance**
- **Long-Term Care Insurance**

If you are interested in getting more information about these programs or obtaining enrollment forms, call Ginger, the FPPA Insurance Coordinator at The Gemini Group. **FPPA**

Supplemental Insurance Available

The Gemini Group
In the Denver Metro area
(303) 893-0300
Or Toll Free Nationwide
(888) 795-0300

Each year FPPA distributes funds from the state for volunteer fire department pensions. To be eligible for these funds, a Colorado volunteer fire department must have active duty volunteer firefighters and must make a contribution to their pension fund.

Applications for state matching funds are mailed to volunteer fire departments from FPPA in late April of each year. If a volunteer department wishes to apply for state matching funds, the completed application must be returned to FPPA by July 18, 2003. Upon approval of the application, the state funds are transferred at the end of October to the department's account.

If you have any questions or would like to make sure that your department's address is current with our records, please call or e-mail Ali Lone at alone@fppaco.org. **FPPA**

State Matching Funds

Volunteer
Fire Departments

Legislative Update

2003
Legislative
Session

The following three bills introduced by FPPA and sponsored by the Pension Reform Commission are currently moving through the 2003 Colorado General Assembly. The three bills, summarized below, include the names of the legislative sponsors as well as the current bill status (as of the printing of this newsletter). For complete information and current updates refer to the Colorado State web site at www.colorado.gov.

Benefit Plan Alternatives For Members Of Money Purchase Plans Bill - Senate Bill 03-057

Senate Sponsorship

Senator Norma Anderson, Sponsor

Senator Deanna Hanna
Senator Terry Phillips

House Sponsorship

Representative Bill Cadman, Co-Sponsor

Status

Introduced and passed through the Senate.
Introduced to the House.

This proposed bill will accomplish the following:

The creation of a new Statewide Hybrid Plan.

- FPPA Board is authorized to create a new plan.
 - The terms of the plan to be established after a task force of interested members and employers meet and make recommendations.
 - Members earn a defined benefit and a defined contribution account.
 - The plan document will govern:
 - ▶ The accrual of service credit and vesting,
 - ▶ The benefits to be offered based on age and service,
 - ▶ The allocation of contributions between the defined benefit and the defined contribution,
 - ▶ Service credit purchase options, and
 - ▶ The establishment of defined contribution investment alternatives.
 - Contributions are split 8% employer and 8% member; local election available to increase contribution rates.
- Local election into the Statewide Hybrid Plan.
 - Employers with a local money purchase plan, an alternate exempt local money purchase plan, or the Statewide Money Purchase Plan may apply for coverage under the new plan.
 - A department wide election by members is conducted.
 - Members maintain their money purchase balances either within the existing plan or with FPPA.
 - Members vest in money purchase balances based on combined years of service.
 - Members vest in the Statewide Hybrid Plan based on service credit earned or purchased while in the Statewide Hybrid Plan.

Entry allowed into the Statewide Defined Benefit Plan.

- Employers with a local money purchase plan, an alternate exempt local money purchase plan, or the Statewide Money Purchase Plan may apply for coverage under the plan.
- Members maintain their money purchase balances either within the existing plan or with FPPA.
- Members vest in money purchase balances based on combined years of service.
- Members vest in the Statewide Defined Benefit Plan based on service credit earned or purchased while in the Statewide Defined Benefit Plan.
- Based on an actuarial study, the FPPA establishes a continuing rate of contribution for all members who are active upon the date of coverage.

- New members after the date of coverage are treated as new hires under the Statewide Defined Benefit Plan.

Vesting under the Statewide Defined Benefit Plan is changed to five years.

Legislative Update

Continued from the Previous Page

Membership Bill - Senate Bill 03-056

Senate Sponsorship

Senator Terry Phillips, Sponsor

Senator Deanna Hanna

House Sponsorship

Representative Ann Ragsdale, Co-Sponsor

Status

Introduced to the Senate.

This proposed bill will accomplish the following:

- The definition of member may include part-time fire and police officers beginning July 1, 2003.
- Part-time members would have the option to be in the Statewide Money Purchase Plan or a local money purchase plan.
- Clerical or other personnel employed by a fire protection district, fire authority, or county improvement district, whose services are auxiliary to fire protection may participate in the Statewide Defined Benefit Plan or the Statewide Money Purchase Plan.
- County sheriffs are eligible to participate in the FPPA supplemental social security plan for defined benefits or for death and disability.
- Public safety members of the PERA plan are not eligible to participate in the Statewide Death and Disability Plan because they have disability coverage under PERA.

Health Care Defined Benefit Plan Bill - House Bill 03-1009

House Sponsorship

Representative Timothy Fritz, Sponsor

Representative Bill Cadman

Representative Pam Rhodes

Senate Sponsorship

Senator Deanna Hanna, Co-Sponsor

Senator Terry Phillips

Status

Introduced and passed through the House.

Introduced to the Senate.

This proposed bill will accomplish the following:

FPPA is authorized to create a defined benefit plan to provide assistance in paying health care costs after retirement.

- The plan would be based on years of service.
- A task force would be created to recommend terms of the plan.
- The plan would be implemented if 65% of members in the Statewide Defined Benefit Plan, the Statewide Money Purchase Plan, and/or the Statewide Hybrid Plan vote in favor of adopting the plan. The plan would then be mandatory for all participants in the statewide plans electing coverage. If less than the majority of a department's members vote in favor of adopting the plan, the employer may elect not to participate in the plan.
- Member contributions would be 1% of pay. Employers could "pick up" the contribution.

In This Issue

- 1 Review Your Investment Plan
- 2 Member Search
- 2 FPPA Expands Purchasing Service Credit Program
- 3 New Annual Contribution Limits
- 3 Statewide Death & Disability Plan Contribution Rate
- 4 FPPA Enhances The Investment Fund Lineup
- 5 Investment Returns
- 5 Supplemental Insurance Available With The Gemini Group
- 5 State Matching Funds
- 6 Legislative Update
- 8 Upcoming Seminars
- 8 GFOA Award Given To FPPA

www.FPPACO.org

5290 DTC Parkway, Suite 100, Greenwood Village, CO 80111-2721

(303) 770-3772 *in metro Denver*, (800) 332-3772 *toll free nationwide*
 (303) 771-7622 *fax*

PRESORTED
 FIRST-CLASS MAIL
 US POSTAGE

PAID
 Denver, CO
 Permit #152

**return
 service
 requested**

Upcoming Seminars

*Mark Your Calendar
 for These Popular
 FPPA Seminars*



Pre-Retirement Seminar • Saturday March 29th

Registration and Continental Breakfast 8:30 - 9am • Seminar 9am - 3:45pm
(There will be a no host lunch break from 11:45am - 1pm.)

If you are within 10 years of retirement, this seminar is for you. From Social Security issues to financial and long-term care planning, you'll walk away with the most up-to-date retirement information available.

Investment Strategy Workshop • Thursday August 28th

This seminar is specifically for members in the FPPA 457 Deferred Compensation Plan, Statewide or affiliated money purchase plans or the DROP Plan.

FPPA has selected Fidelity Investments® to present this seminar. This workshop will provide important techniques for investing.

For more information about these seminars, call Rory Mammen at the phone numbers listed above, or log on to www.fppaco.org and click on the *Calendar* page. **FPPA**

GFOA Award Given To FPPA

*For The 2001
 Comprehensive
 Annual Financial
 Report*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to FPPA for its Comprehensive Annual Financial Report for the fiscal year ending **December 31, 2001**. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an efficiently organized comprehensive annual financial report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

To request a copy of the report, please contact FPPA at the numbers listed above, or log on to www.fppaco.org to view, download or print the report. **FPPA**

FPPA Pension CHECK

A review of your retirement benefits.

Winter 2003

Review Your Investment Plan

In challenging times like these one has to search hard for positives. World events, the crisis in Corporate America, the drop in consumer confidence, and the market downturn have many people discouraged.

Realistically, what should you do? Your instinct may be to throw up your hands and put a hold on future contributions to your retirement savings plans until the world rights itself. However, many experts caution against that. The reason is that while no one can predict when the downturn will end, you want to have a well diversified portfolio to help minimize your risk exposure, weather market downturns, and maximize your return potential during market upturns. Diversification can help to minimize risks; however, it does not ensure a profit or guarantee against a loss.

Retirement planning is a long-term goal that requires your active participation, through both regular contributions and routine reviews. It is important to know what you own and why and to keep your long-term goals in mind. Creating a portfolio that reflects your time horizon and risk tolerance is a good way for you to gain more control of your retirement goals.

For all FPPA members.

FPPA is committed to supporting your long-term goals and providing you with the information, tools, and support you may need. We have found many helpful articles and general information dealing with the retirement saving needs of tax-exempt, public sector and educational employees on the Fidelity Investments® web site, www.fidelity.com/atwork.

For members of the FPPA Deferred Compensation Plan, Statewide or affiliated money purchase plans or the DROP Plan.

Fidelity provides a link from the above web site to NetBenefitsSM. Once there and after establishing a secure pin number, simple yet sophisticated tools under the *Planning* tab can help you map out a target asset allocation strategy.

Or you can call 1-800-343-0860 and ask to speak with one of Fidelity's Retirement Services Specialists.

The good news? Often troubled times create good opportunities for investors. How can you take advantage?

Dollar Cost Averaging - This is when you continue to purchase shares in both up and down markets—usually resulting in lower costs per share than if you purchase shares at random. While dollar cost averaging does not ensure a profit or guarantee against a loss in a declining market, in order for the strategy to be effective you must continue to purchase shares both in market ups and downs.

Revisiting Your Portfolio - It's always a good practice to periodically review your portfolio, and with recent market fluctuations now may be a great time to do so. Review your mix of stocks, bonds, and short-term investments, and make sure your strategy is still in line with your goals. To help reach your retirement goals, you might consider increasing your contribution rate.

Greater Savings Opportunities - like those outlined in the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 - giving you an opportunity to contribute more to your retirement savings plan than ever before. The Act's new catch-up provisions for the 457 Deferred Compensation Plan allow certain retirement savers over age 50 to increase the annual amount they contribute. For more information about EGTRRA and how you may take advantage of these provisions see the article on Page 3 or check out our web site at www.fppaco.org and click on *Legislation*.

Remember that retirement is a long-term proposition, and in times like these wise investors keep calm, stay focused, think long term, and take the opportunity to review their plan. **FPPA**

Member Search

We're Looking for
These FPPA Members
Who May Be Due
A Refund



The following individuals have separated service from a Colorado fire or police department and are due a refund from FPPA. Unfortunately, we do not have their current addresses. If you are in contact with anyone listed below, please have them contact FPPA immediately so that we might process their refund. **FPPA**

<u>Member Name</u>	<u>Separated Service From</u>
Donoho, Jeffrey K.	Elk Creek Fire
Duncan, Frank S.	La Veta Police
Fischer, David R.	Frisco Police
Fraley, Christopher A.	La Veta Police
Herberg, Thomas M.	Columbine Valley Police
Jackson, Joseph L.	Colorado Springs Fire
James, Louis E.	Granada Police
Miller, Eric N.	Granada Police
Monroe, Fredrick S.	Colorado Springs Fire
Morse, Michael F.	Elk Creek Fire
Rackowski, Karl	Palmer Lake Police
Shefferd, Robert G.	Holly Police
Zebrowski, Gregory S.	Platteville Police

FPPA Expands Purchasing Service Credit Program

For Members of
The Statewide
Defined Benefit Plan

Effective January 1, 2003, active FPPA members covered by the Statewide Defined Benefit Plan may purchase service credit based on any period of verifiable private or public employment not covered by FPPA or another pension plan. Social Security coverage and military pension coverage do not disqualify you from purchasing service credit for the employment period.

Qualified Previous Employment Definitions Expanded

If you wish to purchase service credit, your previous employment must fall into one of the following three categories:

- *Other Public Employment* in the U. S. that is not covered by the Statewide Defined Benefit Plan. This includes:
 - service as an employee of the federal, state, or local government;
 - service as an employee of a secondary or elementary education organization;
 - or
 - service as an employee of an association of government employees.
- *Private Employment*. This includes:
 - any service or employment that does not meet the definition of “other public employment”, except military service.
- *Military Service*. This is defined as acting duty in the Uniformed Services of the United States.

Qualified Rollover Funds Definitions Eased

FPPA has also eased the process for granting service credit for funds rolled over from other eligible retirement plans. Those plans include 401(a), 401(k), 401(c), 457 Governmental Deferred Compensation, 403(b) tax sheltered annuities, and tax-deferred money from a Traditional or a Conduit IRA. (Members will need to contact that plan administrator to ensure that a distribution can be made from that plan and received by FPPA.)

Certain terms and conditions apply for purchasing service. Call the Benefits Department of FPPA at (303) 770-3772 in the Denver Metro, (800) 332-3772 toll free nationwide, or visit our web site at www.fppaco.org for more information on the program. **FPPA**

As you are probably aware, the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) took effect on January of last year and included significant changes to the tax rules governing retirement plans, individual retirement accounts, and other benefit arrangements. EGTRRA provides for substantially increased contribution limits, simplified distribution rules, and eased administrative burdens for retirement plans, other employer-sponsored benefit arrangements, and IRAs. For more information about EGTRRA visit our web site at www.fppaco.org and click on *Legislation*.

Below are listed the 2003 Annual Contribution Limits for the FPPA 457 Deferred Compensation Plan as well as the Statewide Money Purchase Plan and local money purchase plans. **FPPA**

FPPA 457 Deferred Compensation Plan

Contribution Limits

Year	Annual Contribution Limit
------	---------------------------

2003	\$12,000
2004	\$13,000
2005	\$14,000
2006	\$15,000

The limit will be indexed for inflation in \$500 increments after 2006.

Catch-up Contribution Limits for Members Age 50 and Older

Year	Catch Up Contribution Limit
------	-----------------------------

2003	\$2,000
2004	\$3,000
2005	\$4,000
2006	\$5,000

The limit will be indexed for inflation in \$500 increments after 2006.

As an alternative to the age 50 catch-up, a FPPA 457 plan participant is eligible to defer up to twice the contribution limit in effect for the 3 years preceding the employee's normal retirement age.

Statewide Money Purchase Plan and local money purchase plans

2003 Contribution Limits

The annual limit on total employee and employer contributions to a participant's money purchase plan account is the lesser of \$40,000 or 100% of compensation.

The \$40,000 limit may be indexed for inflation in \$1,000 increments.

New Annual Contribution Limits

For Members of

The 457 Deferred Compensation Plan

The Statewide Money Purchase Plan

or

A Local Money Purchase Plan

Contribution Rate

Employers of Statewide Death & Disability Plan Members

For Colorado firefighters and police officers hired on or after January 1, 1997, employers are required to contribute a percentage of each member's base pay for coverage under the Statewide Death & Disability Plan. The employer, in conjunction with its members, decides who actually pays the contribution. In the August FPPA Board meeting, a 2.4% contribution rate was established for 2003 - 2004. According to Colorado State Statute (C.R.S., 31-31-811(4)) contributions may be increased or decreased by 0.1% every two years. The contribution rate for 2001 - 2002 was 2.3%. **FPPA**

FPPA Enhances The Investment Fund Lineup

For Members of
The 457 Deferred
Compensation Plan
The Statewide
Money Purchase Plan
Local
Money Purchase Plans
Affiliated with FPPA
and
The DROP Plan



In an ongoing effort to ensure we have quality investment options available to participants in our 457 Deferred Compensation, Money Purchase Plans, and DROP Plan, FPPA added two new funds to the investment lineup effective January 1, 2003.

PIMCO Total Return Fund - Administrative Class*

Kind of Fund	An income mutual fund.
Goal of Fund	To provide high total return that exceeds general bond market indices.
Fund Investments	All types of bonds, including U.S. government, corporate, mortgage and foreign. While the fund maintains an average portfolio duration of three to six years (approximately equal to an average maturity of five to 12 years), investments may also include short- and long-maturity bonds. Share price, yield, and return will vary.

**Managed by Pacific Investment Management Company, which provided the description for this fund.*

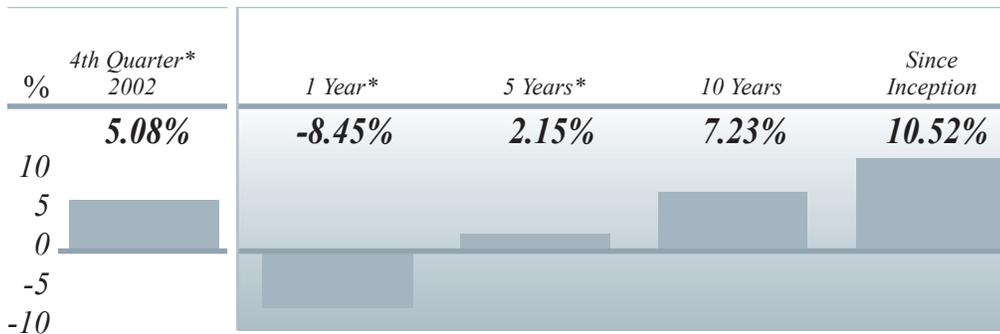
Berger Mid Cap Value Fund *

Kind of Fund	A mid cap value mutual fund.
Goal of Fund	Seeks to provide long-term capital appreciation.
Fund Investments	The fund invests primarily in the common stocks of mid-sized companies whose stock prices are believed to be undervalued. The fund's investment selection focuses on companies that have fallen out of favor with the market or are temporarily misunderstood by the investment community. To a lesser degree, the fund also invests in companies that demonstrate special situations or turnarounds, meaning companies that have experienced significant business problems but are believed to have favorable prospects for recovery. There is a risk that the investment manager's strategy for managing the fund may not achieve the desired results. Mid-sized companies and companies that demonstrate special situations may pose greater market, liquidity and information risk than larger companies. The fund's investments are often focused in a small number of business sectors, which may pose greater market and liquidity risks. The fund's active trading will cause the fund to have an increased portfolio turnover rate. Share price and return will vary.

** Managed by Berger Financial Group LLC, which provided the description for this fund.*

The **Strong Opportunity Fund** will no longer be available for investment through the plan. Any balances or future contributions you had in Strong Opportunity Fund were allocated to Berger Mid Cap Value Fund effective December 31, 2002, unless you contacted Fidelity Investments to move them to an investment option other than the Berger Mid Cap Value Fund.

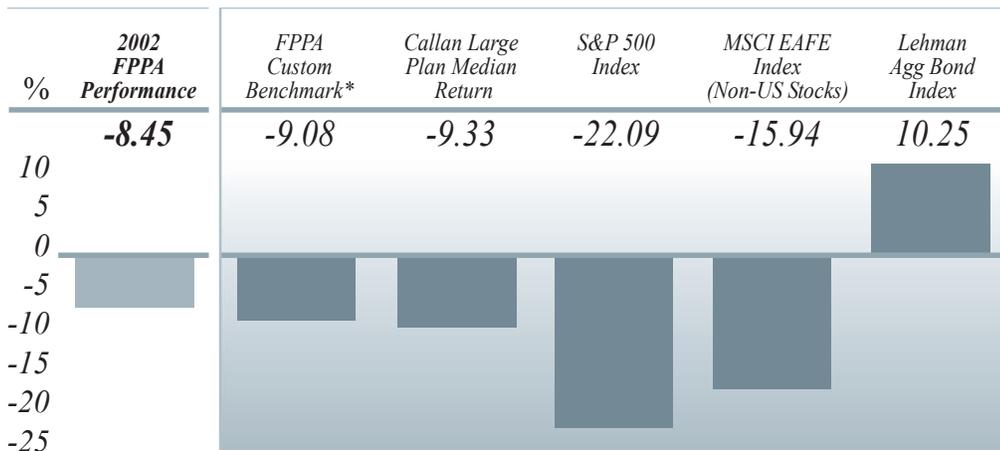
If you would like additional information about the investment options offered through FPPA, or if you would like to make changes to your account, please contact a Fidelity Retirement Services Specialist at **1-800-343-0860** Monday through Friday from 6:00 A.M. to 10:00 P.M. MT. You can also make changes to your account by logging on to Fidelity's NetBenefitsSM Web site at www.fidelity.com/atwork. **FPPA**



* For trailing 5 years, returns are gross of all fees; longer periods are net of private asset fees; 2002 returns are preliminary.

FPPA Investment Returns

As of
December 31, 2002
Total Assets Exceeded
\$2.082 Billion.



* FPPA's custom benchmark uses the target weights and benchmarks for each asset class.

2002 FPPA Comparative Investment Performance



We would like to remind our retirees and members that supplemental insurance benefits are available through The Gemini Group (FPPA's insurance service provider).

A sample of these benefits include:

- **Vision & Dental Benefits**
- **Affordable Life Insurance**
- **Long-Term Care Insurance**

If you are interested in getting more information about these programs or obtaining enrollment forms, call Ginger, the FPPA Insurance Coordinator at The Gemini Group. **FPPA**

Supplemental Insurance Available

The Gemini Group
In the Denver Metro area
(303) 893-0300
Or Toll Free Nationwide
(888) 795-0300

Each year FPPA distributes funds from the state for volunteer fire department pensions. To be eligible for these funds, a Colorado volunteer fire department must have active duty volunteer firefighters and must make a contribution to their pension fund.

Applications for state matching funds are mailed to volunteer fire departments from FPPA in late April of each year. If a volunteer department wishes to apply for state matching funds, the completed application must be returned to FPPA by July 18, 2003. Upon approval of the application, the state funds are transferred at the end of October to the department's account.

If you have any questions or would like to make sure that your department's address is current with our records, please call or e-mail Ali Lone at alone@fppaco.org. **FPPA**

State Matching Funds

Volunteer
Fire Departments

Legislative Update

2003
Legislative
Session

The following three bills introduced by FPPA and sponsored by the Pension Reform Commission are currently moving through the 2003 Colorado General Assembly. The three bills, summarized below, include the names of the legislative sponsors as well as the current bill status (as of the printing of this newsletter). For complete information and current updates refer to the Colorado State web site at www.colorado.gov.

Benefit Plan Alternatives For Members Of Money Purchase Plans Bill - Senate Bill 03-057

Senate Sponsorship

Senator Norma Anderson, Sponsor

Senator Deanna Hanna
Senator Terry Phillips

House Sponsorship

Representative Bill Cadman, Co-Sponsor

Status

Introduced and passed through the Senate.
Introduced to the House.

This proposed bill will accomplish the following:

The creation of a new Statewide Hybrid Plan.

- FPPA Board is authorized to create a new plan.
 - The terms of the plan to be established after a task force of interested members and employers meet and make recommendations.
 - Members earn a defined benefit and a defined contribution account.
 - The plan document will govern:
 - ▶ The accrual of service credit and vesting,
 - ▶ The benefits to be offered based on age and service,
 - ▶ The allocation of contributions between the defined benefit and the defined contribution,
 - ▶ Service credit purchase options, and
 - ▶ The establishment of defined contribution investment alternatives.
 - Contributions are split 8% employer and 8% member; local election available to increase contribution rates.
- Local election into the Statewide Hybrid Plan.
 - Employers with a local money purchase plan, an alternate exempt local money purchase plan, or the Statewide Money Purchase Plan may apply for coverage under the new plan.
 - A department wide election by members is conducted.
 - Members maintain their money purchase balances either within the existing plan or with FPPA.
 - Members vest in money purchase balances based on combined years of service.
 - Members vest in the Statewide Hybrid Plan based on service credit earned or purchased while in the Statewide Hybrid Plan.

Entry allowed into the Statewide Defined Benefit Plan.

- Employers with a local money purchase plan, an alternate exempt local money purchase plan, or the Statewide Money Purchase Plan may apply for coverage under the plan.
- Members maintain their money purchase balances either within the existing plan or with FPPA.
- Members vest in money purchase balances based on combined years of service.
- Members vest in the Statewide Defined Benefit Plan based on service credit earned or purchased while in the Statewide Defined Benefit Plan.
- Based on an actuarial study, the FPPA establishes a continuing rate of contribution for all members who are active upon the date of coverage.

- New members after the date of coverage are treated as new hires under the Statewide Defined Benefit Plan.

Vesting under the Statewide Defined Benefit Plan is changed to five years.

Legislative Update

Continued from the Previous Page

Membership Bill - Senate Bill 03-056

Senate Sponsorship

Senator Terry Phillips, Sponsor

Senator Deanna Hanna

House Sponsorship

Representative Ann Ragsdale, Co-Sponsor

Status

Introduced to the Senate.

This proposed bill will accomplish the following:

- The definition of member may include part-time fire and police officers beginning July 1, 2003.
- Part-time members would have the option to be in the Statewide Money Purchase Plan or a local money purchase plan.
- Clerical or other personnel employed by a fire protection district, fire authority, or county improvement district, whose services are auxiliary to fire protection may participate in the Statewide Defined Benefit Plan or the Statewide Money Purchase Plan.
- County sheriffs are eligible to participate in the FPPA supplemental social security plan for defined benefits or for death and disability.
- Public safety members of the PERA plan are not eligible to participate in the Statewide Death and Disability Plan because they have disability coverage under PERA.

Health Care Defined Benefit Plan Bill - House Bill 03-1009

House Sponsorship

Representative Timothy Fritz, Sponsor

Representative Bill Cadman

Representative Pam Rhodes

Senate Sponsorship

Senator Deanna Hanna, Co-Sponsor

Senator Terry Phillips

Status

Introduced and passed through the House.

Introduced to the Senate.

This proposed bill will accomplish the following:

FPPA is authorized to create a defined benefit plan to provide assistance in paying health care costs after retirement.

- The plan would be based on years of service.
- A task force would be created to recommend terms of the plan.
- The plan would be implemented if 65% of members in the Statewide Defined Benefit Plan, the Statewide Money Purchase Plan, and/or the Statewide Hybrid Plan vote in favor of adopting the plan. The plan would then be mandatory for all participants in the statewide plans electing coverage. If less than the majority of a department's members vote in favor of adopting the plan, the employer may elect not to participate in the plan.
- Member contributions would be 1% of pay. Employers could "pick up" the contribution.

In This Issue

- 1 Review Your Investment Plan
- 2 Member Search
- 2 FPPA Expands Purchasing Service Credit Program
- 3 New Annual Contribution Limits
- 3 Statewide Death & Disability Plan Contribution Rate
- 4 FPPA Enhances The Investment Fund Lineup
- 5 Investment Returns
- 5 Supplemental Insurance Available With The Gemini Group
- 5 State Matching Funds
- 6 Legislative Update
- 8 Upcoming Seminars
- 8 GFOA Award Given To FPPA

www.FPPACO.org

5290 DTC Parkway, Suite 100, Greenwood Village, CO 80111-2721

(303) 770-3772 *in metro Denver*, (800) 332-3772 *toll free nationwide*
 (303) 771-7622 *fax*

PRESORTED
 FIRST-CLASS MAIL
 US POSTAGE

PAID
 Denver, CO
 Permit #152

**return
 service
 requested**

Upcoming Seminars

*Mark Your Calendar
 for These Popular
 FPPA Seminars*



Pre-Retirement Seminar • Saturday March 29th

Registration and Continental Breakfast 8:30 - 9am • Seminar 9am - 3:45pm
(There will be a no host lunch break from 11:45am - 1pm.)

If you are within 10 years of retirement, this seminar is for you. From Social Security issues to financial and long-term care planning, you'll walk away with the most up-to-date retirement information available.

Investment Strategy Workshop • Thursday August 28th

This seminar is specifically for members in the FPPA 457 Deferred Compensation Plan, Statewide or affiliated money purchase plans or the DROP Plan.

FPPA has selected Fidelity Investments® to present this seminar. This workshop will provide important techniques for investing.

For more information about these seminars, call Rory Mammen at the phone numbers listed above, or log on to www.fppaco.org and click on the *Calendar* page. **FPPA**

GFOA Award Given To FPPA

*For The 2001
 Comprehensive
 Annual Financial
 Report*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to FPPA for its Comprehensive Annual Financial Report for the fiscal year ending **December 31, 2001**. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an efficiently organized comprehensive annual financial report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

To request a copy of the report, please contact FPPA at the numbers listed above, or log on to www.fppaco.org to view, download or print the report. **FPPA**

FPPA Pension CHECK

A review of your retirement benefits.

Winter 2003

Review Your Investment Plan

In challenging times like these one has to search hard for positives. World events, the crisis in Corporate America, the drop in consumer confidence, and the market downturn have many people discouraged.

Realistically, what should you do? Your instinct may be to throw up your hands and put a hold on future contributions to your retirement savings plans until the world rights itself. However, many experts caution against that. The reason is that while no one can predict when the downturn will end, you want to have a well diversified portfolio to help minimize your risk exposure, weather market downturns, and maximize your return potential during market upturns. Diversification can help to minimize risks; however, it does not ensure a profit or guarantee against a loss.

Retirement planning is a long-term goal that requires your active participation, through both regular contributions and routine reviews. It is important to know what you own and why and to keep your long-term goals in mind. Creating a portfolio that reflects your time horizon and risk tolerance is a good way for you to gain more control of your retirement goals.

For all FPPA members.

FPPA is committed to supporting your long-term goals and providing you with the information, tools, and support you may need. We have found many helpful articles and general information dealing with the retirement saving needs of tax-exempt, public sector and educational employees on the Fidelity Investments® web site, www.fidelity.com/atwork.

For members of the FPPA Deferred Compensation Plan, Statewide or affiliated money purchase plans or the DROP Plan.

Fidelity provides a link from the above web site to NetBenefitsSM. Once there and after establishing a secure pin number, simple yet sophisticated tools under the *Planning* tab can help you map out a target asset allocation strategy.

Or you can call 1-800-343-0860 and ask to speak with one of Fidelity's Retirement Services Specialists.

The good news? Often troubled times create good opportunities for investors. How can you take advantage?

Dollar Cost Averaging - This is when you continue to purchase shares in both up and down markets—usually resulting in lower costs per share than if you purchase shares at random. While dollar cost averaging does not ensure a profit or guarantee against a loss in a declining market, in order for the strategy to be effective you must continue to purchase shares both in market ups and downs.

Revisiting Your Portfolio - It's always a good practice to periodically review your portfolio, and with recent market fluctuations now may be a great time to do so. Review your mix of stocks, bonds, and short-term investments, and make sure your strategy is still in line with your goals. To help reach your retirement goals, you might consider increasing your contribution rate.

Greater Savings Opportunities - like those outlined in the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 - giving you an opportunity to contribute more to your retirement savings plan than ever before. The Act's new catch-up provisions for the 457 Deferred Compensation Plan allow certain retirement savers over age 50 to increase the annual amount they contribute. For more information about EGTRRA and how you may take advantage of these provisions see the article on Page 3 or check out our web site at www.fppaco.org and click on *Legislation*.

Remember that retirement is a long-term proposition, and in times like these wise investors keep calm, stay focused, think long term, and take the opportunity to review their plan. **FPPA**

Member Search

We're Looking for
These FPPA Members
Who May Be Due
A Refund



The following individuals have separated service from a Colorado fire or police department and are due a refund from FPPA. Unfortunately, we do not have their current addresses. If you are in contact with anyone listed below, please have them contact FPPA immediately so that we might process their refund. **FPPA**

<u>Member Name</u>	<u>Separated Service From</u>
Donoho, Jeffrey K.	Elk Creek Fire
Duncan, Frank S.	La Veta Police
Fischer, David R.	Frisco Police
Fraley, Christopher A.	La Veta Police
Herberg, Thomas M.	Columbine Valley Police
Jackson, Joseph L.	Colorado Springs Fire
James, Louis E.	Granada Police
Miller, Eric N.	Granada Police
Monroe, Fredrick S.	Colorado Springs Fire
Morse, Michael F.	Elk Creek Fire
Rackowski, Karl	Palmer Lake Police
Shefferd, Robert G.	Holly Police
Zebrowski, Gregory S.	Platteville Police

FPPA Expands Purchasing Service Credit Program

For Members of
The Statewide
Defined Benefit Plan

Effective January 1, 2003, active FPPA members covered by the Statewide Defined Benefit Plan may purchase service credit based on any period of verifiable private or public employment not covered by FPPA or another pension plan. Social Security coverage and military pension coverage do not disqualify you from purchasing service credit for the employment period.

Qualified Previous Employment Definitions Expanded

If you wish to purchase service credit, your previous employment must fall into one of the following three categories:

- *Other Public Employment* in the U. S. that is not covered by the Statewide Defined Benefit Plan. This includes:
 - service as an employee of the federal, state, or local government;
 - service as an employee of a secondary or elementary education organization;
 - or
 - service as an employee of an association of government employees.
- *Private Employment*. This includes:
 - any service or employment that does not meet the definition of “other public employment”, except military service.
- *Military Service*. This is defined as acting duty in the Uniformed Services of the United States.

Qualified Rollover Funds Definitions Eased

FPPA has also eased the process for granting service credit for funds rolled over from other eligible retirement plans. Those plans include 401(a), 401(k), 401(c), 457 Governmental Deferred Compensation, 403(b) tax sheltered annuities, and tax-deferred money from a Traditional or a Conduit IRA. (Members will need to contact that plan administrator to ensure that a distribution can be made from that plan and received by FPPA.)

Certain terms and conditions apply for purchasing service. Call the Benefits Department of FPPA at (303) 770-3772 in the Denver Metro, (800) 332-3772 toll free nationwide, or visit our web site at www.fppaco.org for more information on the program. **FPPA**

As you are probably aware, the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) took effect on January of last year and included significant changes to the tax rules governing retirement plans, individual retirement accounts, and other benefit arrangements. EGTRRA provides for substantially increased contribution limits, simplified distribution rules, and eased administrative burdens for retirement plans, other employer-sponsored benefit arrangements, and IRAs. For more information about EGTRRA visit our web site at www.fppaco.org and click on *Legislation*.

Below are listed the 2003 Annual Contribution Limits for the FPPA 457 Deferred Compensation Plan as well as the Statewide Money Purchase Plan and local money purchase plans. **FPPA**

FPPA 457 Deferred Compensation Plan

Contribution Limits

Year	Annual Contribution Limit
------	---------------------------

2003	\$12,000
2004	\$13,000
2005	\$14,000
2006	\$15,000

The limit will be indexed for inflation in \$500 increments after 2006.

Catch-up Contribution Limits for Members Age 50 and Older

Year	Catch Up Contribution Limit
------	-----------------------------

2003	\$2,000
2004	\$3,000
2005	\$4,000
2006	\$5,000

The limit will be indexed for inflation in \$500 increments after 2006.

As an alternative to the age 50 catch-up, a FPPA 457 plan participant is eligible to defer up to twice the contribution limit in effect for the 3 years preceding the employee's normal retirement age.

Statewide Money Purchase Plan and local money purchase plans

2003 Contribution Limits

The annual limit on total employee and employer contributions to a participant's money purchase plan account is the lesser of \$40,000 or 100% of compensation.

The \$40,000 limit may be indexed for inflation in \$1,000 increments.

New Annual Contribution Limits

For Members of

The 457 Deferred Compensation Plan

The Statewide Money Purchase Plan

or

A Local Money Purchase Plan

Contribution Rate

Employers of Statewide Death & Disability Plan Members

For Colorado firefighters and police officers hired on or after January 1, 1997, employers are required to contribute a percentage of each member's base pay for coverage under the Statewide Death & Disability Plan. The employer, in conjunction with its members, decides who actually pays the contribution. In the August FPPA Board meeting, a 2.4% contribution rate was established for 2003 - 2004. According to Colorado State Statute (C.R.S., 31-31-811(4)) contributions may be increased or decreased by 0.1% every two years. The contribution rate for 2001 - 2002 was 2.3%. **FPPA**

FPPA Enhances The Investment Fund Lineup

For Members of
The 457 Deferred
Compensation Plan
The Statewide
Money Purchase Plan
Local
Money Purchase Plans
Affiliated with FPPA
and
The DROP Plan



In an ongoing effort to ensure we have quality investment options available to participants in our 457 Deferred Compensation, Money Purchase Plans, and DROP Plan, FPPA added two new funds to the investment lineup effective January 1, 2003.

PIMCO Total Return Fund - Administrative Class*

Kind of Fund	An income mutual fund.
Goal of Fund	To provide high total return that exceeds general bond market indices.
Fund Investments	All types of bonds, including U.S. government, corporate, mortgage and foreign. While the fund maintains an average portfolio duration of three to six years (approximately equal to an average maturity of five to 12 years), investments may also include short- and long-maturity bonds. Share price, yield, and return will vary.

**Managed by Pacific Investment Management Company, which provided the description for this fund.*

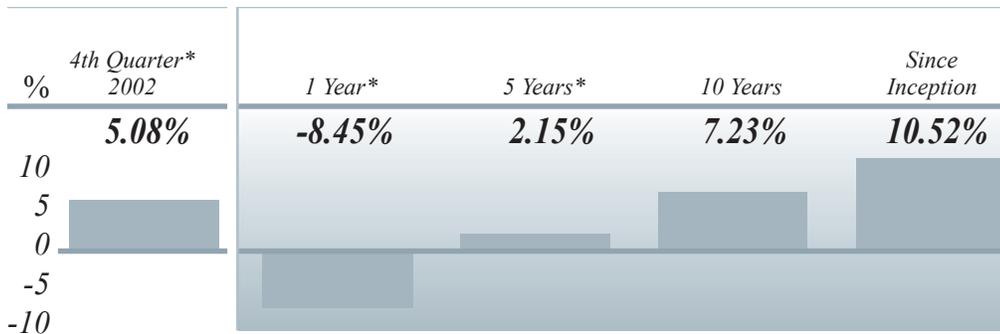
Berger Mid Cap Value Fund *

Kind of Fund	A mid cap value mutual fund.
Goal of Fund	Seeks to provide long-term capital appreciation.
Fund Investments	The fund invests primarily in the common stocks of mid-sized companies whose stock prices are believed to be undervalued. The fund's investment selection focuses on companies that have fallen out of favor with the market or are temporarily misunderstood by the investment community. To a lesser degree, the fund also invests in companies that demonstrate special situations or turnarounds, meaning companies that have experienced significant business problems but are believed to have favorable prospects for recovery. There is a risk that the investment manager's strategy for managing the fund may not achieve the desired results. Mid-sized companies and companies that demonstrate special situations may pose greater market, liquidity and information risk than larger companies. The fund's investments are often focused in a small number of business sectors, which may pose greater market and liquidity risks. The fund's active trading will cause the fund to have an increased portfolio turnover rate. Share price and return will vary.

** Managed by Berger Financial Group LLC, which provided the description for this fund.*

The **Strong Opportunity Fund** will no longer be available for investment through the plan. Any balances or future contributions you had in Strong Opportunity Fund were allocated to Berger Mid Cap Value Fund effective December 31, 2002, unless you contacted Fidelity Investments to move them to an investment option other than the Berger Mid Cap Value Fund.

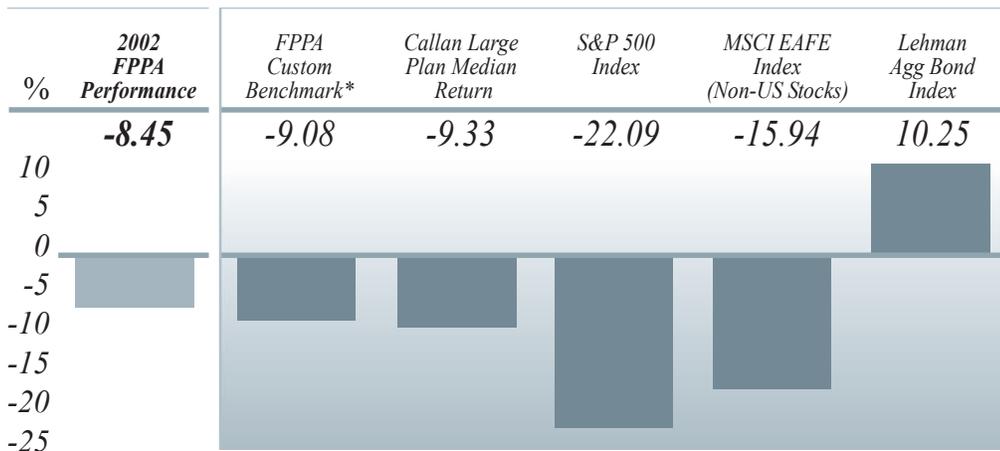
If you would like additional information about the investment options offered through FPPA, or if you would like to make changes to your account, please contact a Fidelity Retirement Services Specialist at **1-800-343-0860** Monday through Friday from 6:00 A.M. to 10:00 P.M. MT. You can also make changes to your account by logging on to Fidelity's NetBenefitsSM Web site at www.fidelity.com/atwork. **FPPA**



* For trailing 5 years, returns are gross of all fees; longer periods are net of private asset fees; 2002 returns are preliminary.

FPPA Investment Returns

As of
December 31, 2002
Total Assets Exceeded
\$2.082 Billion.



* FPPA's custom benchmark uses the target weights and benchmarks for each asset class.

2002 FPPA Comparative Investment Performance



We would like to remind our retirees and members that supplemental insurance benefits are available through The Gemini Group (FPPA's insurance service provider).

A sample of these benefits include:

- **Vision & Dental Benefits**
- **Affordable Life Insurance**
- **Long-Term Care Insurance**

If you are interested in getting more information about these programs or obtaining enrollment forms, call Ginger, the FPPA Insurance Coordinator at The Gemini Group. **FPPA**

Supplemental Insurance Available

The Gemini Group
In the Denver Metro area
(303) 893-0300
Or Toll Free Nationwide
(888) 795-0300

Each year FPPA distributes funds from the state for volunteer fire department pensions. To be eligible for these funds, a Colorado volunteer fire department must have active duty volunteer firefighters and must make a contribution to their pension fund.

Applications for state matching funds are mailed to volunteer fire departments from FPPA in late April of each year. If a volunteer department wishes to apply for state matching funds, the completed application must be returned to FPPA by July 18, 2003. Upon approval of the application, the state funds are transferred at the end of October to the department's account.

If you have any questions or would like to make sure that your department's address is current with our records, please call or e-mail Ali Lone at alone@fppaco.org. **FPPA**

State Matching Funds

Volunteer
Fire Departments

Legislative Update

2003
Legislative
Session

The following three bills introduced by FPPA and sponsored by the Pension Reform Commission are currently moving through the 2003 Colorado General Assembly. The three bills, summarized below, include the names of the legislative sponsors as well as the current bill status (as of the printing of this newsletter). For complete information and current updates refer to the Colorado State web site at www.colorado.gov.

Benefit Plan Alternatives For Members Of Money Purchase Plans Bill - Senate Bill 03-057

Senate Sponsorship

Senator Norma Anderson, Sponsor

Senator Deanna Hanna
Senator Terry Phillips

House Sponsorship

Representative Bill Cadman, Co-Sponsor

Status

Introduced and passed through the Senate.
Introduced to the House.

This proposed bill will accomplish the following:

The creation of a new Statewide Hybrid Plan.

- FPPA Board is authorized to create a new plan.
 - The terms of the plan to be established after a task force of interested members and employers meet and make recommendations.
 - Members earn a defined benefit and a defined contribution account.
 - The plan document will govern:
 - ▶ The accrual of service credit and vesting,
 - ▶ The benefits to be offered based on age and service,
 - ▶ The allocation of contributions between the defined benefit and the defined contribution,
 - ▶ Service credit purchase options, and
 - ▶ The establishment of defined contribution investment alternatives.
 - Contributions are split 8% employer and 8% member; local election available to increase contribution rates.
- Local election into the Statewide Hybrid Plan.
 - Employers with a local money purchase plan, an alternate exempt local money purchase plan, or the Statewide Money Purchase Plan may apply for coverage under the new plan.
 - A department wide election by members is conducted.
 - Members maintain their money purchase balances either within the existing plan or with FPPA.
 - Members vest in money purchase balances based on combined years of service.
 - Members vest in the Statewide Hybrid Plan based on service credit earned or purchased while in the Statewide Hybrid Plan.

Entry allowed into the Statewide Defined Benefit Plan.

- Employers with a local money purchase plan, an alternate exempt local money purchase plan, or the Statewide Money Purchase Plan may apply for coverage under the plan.
- Members maintain their money purchase balances either within the existing plan or with FPPA.
- Members vest in money purchase balances based on combined years of service.
- Members vest in the Statewide Defined Benefit Plan based on service credit earned or purchased while in the Statewide Defined Benefit Plan.
- Based on an actuarial study, the FPPA establishes a continuing rate of contribution for all members who are active upon the date of coverage.

- New members after the date of coverage are treated as new hires under the Statewide Defined Benefit Plan.

Vesting under the Statewide Defined Benefit Plan is changed to five years.

Legislative Update

Continued from the Previous Page

Membership Bill - Senate Bill 03-056

Senate Sponsorship

Senator Terry Phillips, Sponsor

Senator Deanna Hanna

House Sponsorship

Representative Ann Ragsdale, Co-Sponsor

Status

Introduced to the Senate.

This proposed bill will accomplish the following:

- The definition of member may include part-time fire and police officers beginning July 1, 2003.
- Part-time members would have the option to be in the Statewide Money Purchase Plan or a local money purchase plan.
- Clerical or other personnel employed by a fire protection district, fire authority, or county improvement district, whose services are auxiliary to fire protection may participate in the Statewide Defined Benefit Plan or the Statewide Money Purchase Plan.
- County sheriffs are eligible to participate in the FPPA supplemental social security plan for defined benefits or for death and disability.
- Public safety members of the PERA plan are not eligible to participate in the Statewide Death and Disability Plan because they have disability coverage under PERA.

Health Care Defined Benefit Plan Bill - House Bill 03-1009

House Sponsorship

Representative Timothy Fritz, Sponsor

Representative Bill Cadman

Representative Pam Rhodes

Senate Sponsorship

Senator Deanna Hanna, Co-Sponsor

Senator Terry Phillips

Status

Introduced and passed through the House.

Introduced to the Senate.

This proposed bill will accomplish the following:

FPPA is authorized to create a defined benefit plan to provide assistance in paying health care costs after retirement.

- The plan would be based on years of service.
- A task force would be created to recommend terms of the plan.
- The plan would be implemented if 65% of members in the Statewide Defined Benefit Plan, the Statewide Money Purchase Plan, and/or the Statewide Hybrid Plan vote in favor of adopting the plan. The plan would then be mandatory for all participants in the statewide plans electing coverage. If less than the majority of a department's members vote in favor of adopting the plan, the employer may elect not to participate in the plan.
- Member contributions would be 1% of pay. Employers could "pick up" the contribution.

In This Issue

- 1 Review Your Investment Plan
- 2 Member Search
- 2 FPPA Expands Purchasing Service Credit Program
- 3 New Annual Contribution Limits
- 3 Statewide Death & Disability Plan Contribution Rate
- 4 FPPA Enhances The Investment Fund Lineup
- 5 Investment Returns
- 5 Supplemental Insurance Available With The Gemini Group
- 5 State Matching Funds
- 6 Legislative Update
- 8 Upcoming Seminars
- 8 GFOA Award Given To FPPA

www.FPPACO.org

5290 DTC Parkway, Suite 100, Greenwood Village, CO 80111-2721

(303) 770-3772 in metro Denver, (800) 332-3772 toll free nationwide
(303) 771-7622 fax

PRESORTED
FIRST-CLASS MAIL
US POSTAGE

PAID
Denver, CO
Permit #152

return
service
requested

Upcoming Seminars

Mark Your Calendar
for These Popular
FPPA Seminars



Pre-Retirement Seminar • Saturday March 29th

Registration and Continental Breakfast 8:30 - 9am • Seminar 9am - 3:45pm
(There will be a no host lunch break from 11:45am - 1pm.)

If you are within 10 years of retirement, this seminar is for you. From Social Security issues to financial and long-term care planning, you'll walk away with the most up-to-date retirement information available.

Investment Strategy Workshop • Thursday August 28th

This seminar is specifically for members in the FPPA 457 Deferred Compensation Plan, Statewide or affiliated money purchase plans or the DROP Plan.

FPPA has selected Fidelity Investments® to present this seminar. This workshop will provide important techniques for investing.

For more information about these seminars, call Rory Mammen at the phone numbers listed above, or log on to www.fppaco.org and click on the *Calendar* page. **FPPA**

GFOA Award Given To FPPA

For The 2001
Comprehensive
Annual Financial
Report

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to FPPA for its Comprehensive Annual Financial Report for the fiscal year ending **December 31, 2001**. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an efficiently organized comprehensive annual financial report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

To request a copy of the report, please contact FPPA at the numbers listed above, or log on to www.fppaco.org to view, download or print the report. **FPPA**

FPPA Pension CHECK

A review of your retirement benefits.

Winter 2003

Review Your Investment Plan

In challenging times like these one has to search hard for positives. World events, the crisis in Corporate America, the drop in consumer confidence, and the market downturn have many people discouraged.

Realistically, what should you do? Your instinct may be to throw up your hands and put a hold on future contributions to your retirement savings plans until the world rights itself. However, many experts caution against that. The reason is that while no one can predict when the downturn will end, you want to have a well diversified portfolio to help minimize your risk exposure, weather market downturns, and maximize your return potential during market upturns. Diversification can help to minimize risks; however, it does not ensure a profit or guarantee against a loss.

Retirement planning is a long-term goal that requires your active participation, through both regular contributions and routine reviews. It is important to know what you own and why and to keep your long-term goals in mind. Creating a portfolio that reflects your time horizon and risk tolerance is a good way for you to gain more control of your retirement goals.

For all FPPA members.

FPPA is committed to supporting your long-term goals and providing you with the information, tools, and support you may need. We have found many helpful articles and general information dealing with the retirement saving needs of tax-exempt, public sector and educational employees on the Fidelity Investments® web site, www.fidelity.com/atwork.

For members of the FPPA Deferred Compensation Plan, Statewide or affiliated money purchase plans or the DROP Plan.

Fidelity provides a link from the above web site to NetBenefitsSM. Once there and after establishing a secure pin number, simple yet sophisticated tools under the *Planning* tab can help you map out a target asset allocation strategy.

Or you can call 1-800-343-0860 and ask to speak with one of Fidelity's Retirement Services Specialists.

The good news? Often troubled times create good opportunities for investors. How can you take advantage?

Dollar Cost Averaging - This is when you continue to purchase shares in both up and down markets—usually resulting in lower costs per share than if you purchase shares at random. While dollar cost averaging does not ensure a profit or guarantee against a loss in a declining market, in order for the strategy to be effective you must continue to purchase shares both in market ups and downs.

Revisiting Your Portfolio - It's always a good practice to periodically review your portfolio, and with recent market fluctuations now may be a great time to do so. Review your mix of stocks, bonds, and short-term investments, and make sure your strategy is still in line with your goals. To help reach your retirement goals, you might consider increasing your contribution rate.

Greater Savings Opportunities - like those outlined in the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 - giving you an opportunity to contribute more to your retirement savings plan than ever before. The Act's new catch-up provisions for the 457 Deferred Compensation Plan allow certain retirement savers over age 50 to increase the annual amount they contribute. For more information about EGTRRA and how you may take advantage of these provisions see the article on Page 3 or check out our web site at www.fppaco.org and click on *Legislation*.

Remember that retirement is a long-term proposition, and in times like these wise investors keep calm, stay focused, think long term, and take the opportunity to review their plan. **FPPA**

Member Search

We're Looking for
These FPPA Members
Who May Be Due
A Refund



The following individuals have separated service from a Colorado fire or police department and are due a refund from FPPA. Unfortunately, we do not have their current addresses. If you are in contact with anyone listed below, please have them contact FPPA immediately so that we might process their refund. **FPPA**

<u>Member Name</u>	<u>Separated Service From</u>
Donoho, Jeffrey K.	Elk Creek Fire
Duncan, Frank S.	La Veta Police
Fischer, David R.	Frisco Police
Fraley, Christopher A.	La Veta Police
Herberg, Thomas M.	Columbine Valley Police
Jackson, Joseph L.	Colorado Springs Fire
James, Louis E.	Granada Police
Miller, Eric N.	Granada Police
Monroe, Fredrick S.	Colorado Springs Fire
Morse, Michael F.	Elk Creek Fire
Rackowski, Karl	Palmer Lake Police
Shefferd, Robert G.	Holly Police
Zebrowski, Gregory S.	Platteville Police

FPPA Expands Purchasing Service Credit Program

For Members of
The Statewide
Defined Benefit Plan

Effective January 1, 2003, active FPPA members covered by the Statewide Defined Benefit Plan may purchase service credit based on any period of verifiable private or public employment not covered by FPPA or another pension plan. Social Security coverage and military pension coverage do not disqualify you from purchasing service credit for the employment period.

Qualified Previous Employment Definitions Expanded

If you wish to purchase service credit, your previous employment must fall into one of the following three categories:

- *Other Public Employment* in the U. S. that is not covered by the Statewide Defined Benefit Plan. This includes:
 - service as an employee of the federal, state, or local government;
 - service as an employee of a secondary or elementary education organization;
 - or
 - service as an employee of an association of government employees.
- *Private Employment*. This includes:
 - any service or employment that does not meet the definition of “other public employment”, except military service.
- *Military Service*. This is defined as acting duty in the Uniformed Services of the United States.

Qualified Rollover Funds Definitions Eased

FPPA has also eased the process for granting service credit for funds rolled over from other eligible retirement plans. Those plans include 401(a), 401(k), 401(c), 457 Governmental Deferred Compensation, 403(b) tax sheltered annuities, and tax-deferred money from a Traditional or a Conduit IRA. (Members will need to contact that plan administrator to ensure that a distribution can be made from that plan and received by FPPA.)

Certain terms and conditions apply for purchasing service. Call the Benefits Department of FPPA at (303) 770-3772 in the Denver Metro, (800) 332-3772 toll free nationwide, or visit our web site at www.fppaco.org for more information on the program. **FPPA**

As you are probably aware, the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) took effect on January of last year and included significant changes to the tax rules governing retirement plans, individual retirement accounts, and other benefit arrangements. EGTRRA provides for substantially increased contribution limits, simplified distribution rules, and eased administrative burdens for retirement plans, other employer-sponsored benefit arrangements, and IRAs. For more information about EGTRRA visit our web site at www.fppaco.org and click on *Legislation*.

Below are listed the 2003 Annual Contribution Limits for the FPPA 457 Deferred Compensation Plan as well as the Statewide Money Purchase Plan and local money purchase plans. **FPPA**

FPPA 457 Deferred Compensation Plan

Contribution Limits

Year	Annual Contribution Limit
2003	\$12,000
2004	\$13,000
2005	\$14,000
2006	\$15,000

The limit will be indexed for inflation in \$500 increments after 2006.

Catch-up Contribution Limits for Members Age 50 and Older

Year	Catch Up Contribution Limit
2003	\$2,000
2004	\$3,000
2005	\$4,000
2006	\$5,000

The limit will be indexed for inflation in \$500 increments after 2006.

As an alternative to the age 50 catch-up, a FPPA 457 plan participant is eligible to defer up to twice the contribution limit in effect for the 3 years preceding the employee's normal retirement age.

Statewide Money Purchase Plan and local money purchase plans

2003 Contribution Limits

The annual limit on total employee and employer contributions to a participant's money purchase plan account is the lesser of \$40,000 or 100% of compensation.

The \$40,000 limit may be indexed for inflation in \$1,000 increments.

New Annual Contribution Limits

For Members of

The 457 Deferred Compensation Plan

The Statewide Money Purchase Plan

or

A Local Money Purchase Plan

Contribution Rate

Employers of Statewide Death & Disability Plan Members

For Colorado firefighters and police officers hired on or after January 1, 1997, employers are required to contribute a percentage of each member's base pay for coverage under the Statewide Death & Disability Plan. The employer, in conjunction with its members, decides who actually pays the contribution. In the August FPPA Board meeting, a 2.4% contribution rate was established for 2003 - 2004. According to Colorado State Statute (C.R.S., 31-31-811(4)) contributions may be increased or decreased by 0.1% every two years. The contribution rate for 2001 - 2002 was 2.3%. **FPPA**

FPPA Enhances The Investment Fund Lineup

For Members of
The 457 Deferred
Compensation Plan
The Statewide
Money Purchase Plan
Local
Money Purchase Plans
Affiliated with FPPA
and
The DROP Plan



In an ongoing effort to ensure we have quality investment options available to participants in our 457 Deferred Compensation, Money Purchase Plans, and DROP Plan, FPPA added two new funds to the investment lineup effective January 1, 2003.

PIMCO Total Return Fund - Administrative Class*

Kind of Fund	An income mutual fund.
Goal of Fund	To provide high total return that exceeds general bond market indices.
Fund Investments	All types of bonds, including U.S. government, corporate, mortgage and foreign. While the fund maintains an average portfolio duration of three to six years (approximately equal to an average maturity of five to 12 years), investments may also include short- and long-maturity bonds. Share price, yield, and return will vary.

**Managed by Pacific Investment Management Company, which provided the description for this fund.*

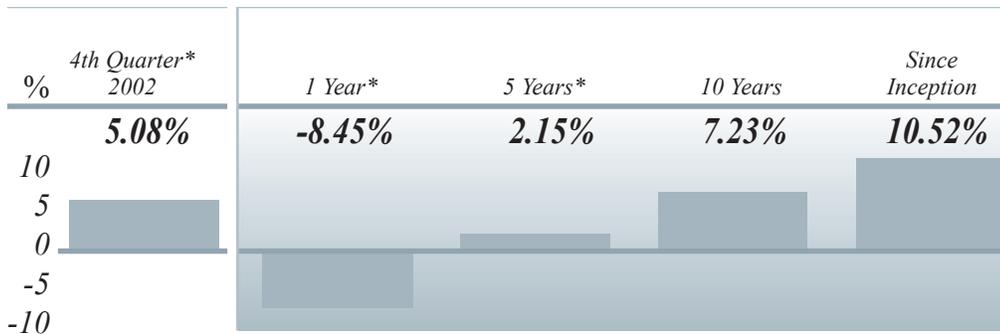
Berger Mid Cap Value Fund *

Kind of Fund	A mid cap value mutual fund.
Goal of Fund	Seeks to provide long-term capital appreciation.
Fund Investments	The fund invests primarily in the common stocks of mid-sized companies whose stock prices are believed to be undervalued. The fund's investment selection focuses on companies that have fallen out of favor with the market or are temporarily misunderstood by the investment community. To a lesser degree, the fund also invests in companies that demonstrate special situations or turnarounds, meaning companies that have experienced significant business problems but are believed to have favorable prospects for recovery. There is a risk that the investment manager's strategy for managing the fund may not achieve the desired results. Mid-sized companies and companies that demonstrate special situations may pose greater market, liquidity and information risk than larger companies. The fund's investments are often focused in a small number of business sectors, which may pose greater market and liquidity risks. The fund's active trading will cause the fund to have an increased portfolio turnover rate. Share price and return will vary.

** Managed by Berger Financial Group LLC, which provided the description for this fund.*

The **Strong Opportunity Fund** will no longer be available for investment through the plan. Any balances or future contributions you had in Strong Opportunity Fund were allocated to Berger Mid Cap Value Fund effective December 31, 2002, unless you contacted Fidelity Investments to move them to an investment option other than the Berger Mid Cap Value Fund.

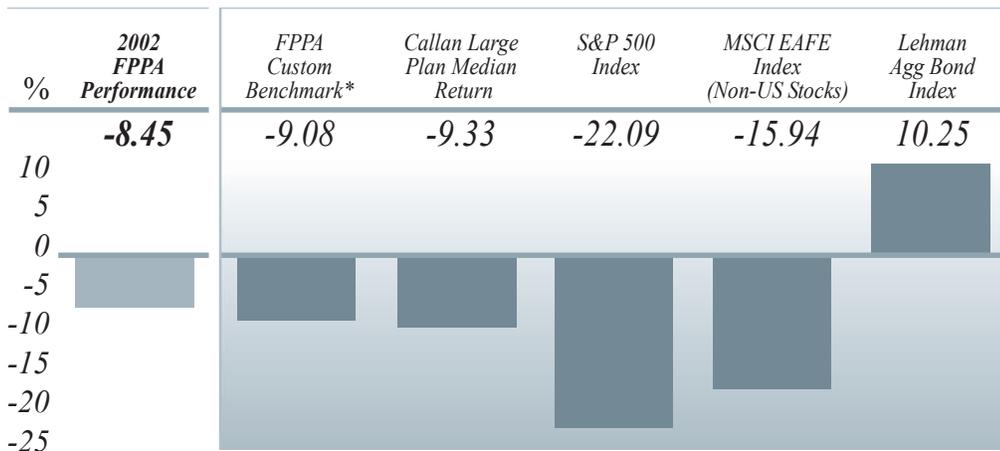
If you would like additional information about the investment options offered through FPPA, or if you would like to make changes to your account, please contact a Fidelity Retirement Services Specialist at **1-800-343-0860** Monday through Friday from 6:00 A.M. to 10:00 P.M. MT. You can also make changes to your account by logging on to Fidelity's NetBenefitsSM Web site at www.fidelity.com/atwork. **FPPA**



* For trailing 5 years, returns are gross of all fees; longer periods are net of private asset fees; 2002 returns are preliminary.

FPPA Investment Returns

As of
December 31, 2002
Total Assets Exceeded
\$2.082 Billion.



* FPPA's custom benchmark uses the target weights and benchmarks for each asset class.

2002 FPPA Comparative Investment Performance



We would like to remind our retirees and members that supplemental insurance benefits are available through The Gemini Group (FPPA's insurance service provider).

A sample of these benefits include:

- **Vision & Dental Benefits**
- **Affordable Life Insurance**
- **Long-Term Care Insurance**

If you are interested in getting more information about these programs or obtaining enrollment forms, call Ginger, the FPPA Insurance Coordinator at The Gemini Group. **FPPA**

Supplemental Insurance Available

The Gemini Group
In the Denver Metro area
(303) 893-0300
Or Toll Free Nationwide
(888) 795-0300

Each year FPPA distributes funds from the state for volunteer fire department pensions. To be eligible for these funds, a Colorado volunteer fire department must have active duty volunteer firefighters and must make a contribution to their pension fund.

Applications for state matching funds are mailed to volunteer fire departments from FPPA in late April of each year. If a volunteer department wishes to apply for state matching funds, the completed application must be returned to FPPA by July 18, 2003. Upon approval of the application, the state funds are transferred at the end of October to the department's account.

If you have any questions or would like to make sure that your department's address is current with our records, please call or e-mail Ali Lone at alone@fppaco.org. **FPPA**

State Matching Funds

Volunteer
Fire Departments

Legislative Update

2003
Legislative
Session

The following three bills introduced by FPPA and sponsored by the Pension Reform Commission are currently moving through the 2003 Colorado General Assembly. The three bills, summarized below, include the names of the legislative sponsors as well as the current bill status (as of the printing of this newsletter). For complete information and current updates refer to the Colorado State web site at www.colorado.gov.

Benefit Plan Alternatives For Members Of Money Purchase Plans Bill - Senate Bill 03-057

Senate Sponsorship

Senator Norma Anderson, Sponsor

Senator Deanna Hanna
Senator Terry Phillips

House Sponsorship

Representative Bill Cadman, Co-Sponsor

Status

Introduced and passed through the Senate.
Introduced to the House.

This proposed bill will accomplish the following:

The creation of a new Statewide Hybrid Plan.

- FPPA Board is authorized to create a new plan.
 - The terms of the plan to be established after a task force of interested members and employers meet and make recommendations.
 - Members earn a defined benefit and a defined contribution account.
 - The plan document will govern:
 - ▶ The accrual of service credit and vesting,
 - ▶ The benefits to be offered based on age and service,
 - ▶ The allocation of contributions between the defined benefit and the defined contribution,
 - ▶ Service credit purchase options, and
 - ▶ The establishment of defined contribution investment alternatives.
 - Contributions are split 8% employer and 8% member; local election available to increase contribution rates.
- Local election into the Statewide Hybrid Plan.
 - Employers with a local money purchase plan, an alternate exempt local money purchase plan, or the Statewide Money Purchase Plan may apply for coverage under the new plan.
 - A department wide election by members is conducted.
 - Members maintain their money purchase balances either within the existing plan or with FPPA.
 - Members vest in money purchase balances based on combined years of service.
 - Members vest in the Statewide Hybrid Plan based on service credit earned or purchased while in the Statewide Hybrid Plan.

Entry allowed into the Statewide Defined Benefit Plan.

- Employers with a local money purchase plan, an alternate exempt local money purchase plan, or the Statewide Money Purchase Plan may apply for coverage under the plan.
- Members maintain their money purchase balances either within the existing plan or with FPPA.
- Members vest in money purchase balances based on combined years of service.
- Members vest in the Statewide Defined Benefit Plan based on service credit earned or purchased while in the Statewide Defined Benefit Plan.
- Based on an actuarial study, the FPPA establishes a continuing rate of contribution for all members who are active upon the date of coverage.

- New members after the date of coverage are treated as new hires under the Statewide Defined Benefit Plan.

Vesting under the Statewide Defined Benefit Plan is changed to five years.

Legislative Update

Continued from the Previous Page

Membership Bill - Senate Bill 03-056

Senate Sponsorship

Senator Terry Phillips, Sponsor

Senator Deanna Hanna

House Sponsorship

Representative Ann Ragsdale, Co-Sponsor

Status

Introduced to the Senate.

This proposed bill will accomplish the following:

- The definition of member may include part-time fire and police officers beginning July 1, 2003.
- Part-time members would have the option to be in the Statewide Money Purchase Plan or a local money purchase plan.
- Clerical or other personnel employed by a fire protection district, fire authority, or county improvement district, whose services are auxiliary to fire protection may participate in the Statewide Defined Benefit Plan or the Statewide Money Purchase Plan.
- County sheriffs are eligible to participate in the FPPA supplemental social security plan for defined benefits or for death and disability.
- Public safety members of the PERA plan are not eligible to participate in the Statewide Death and Disability Plan because they have disability coverage under PERA.

Health Care Defined Benefit Plan Bill - House Bill 03-1009

House Sponsorship

Representative Timothy Fritz, Sponsor

Representative Bill Cadman

Representative Pam Rhodes

Senate Sponsorship

Senator Deanna Hanna, Co-Sponsor

Senator Terry Phillips

Status

Introduced and passed through the House.

Introduced to the Senate.

This proposed bill will accomplish the following:

FPPA is authorized to create a defined benefit plan to provide assistance in paying health care costs after retirement.

- The plan would be based on years of service.
- A task force would be created to recommend terms of the plan.
- The plan would be implemented if 65% of members in the Statewide Defined Benefit Plan, the Statewide Money Purchase Plan, and/or the Statewide Hybrid Plan vote in favor of adopting the plan. The plan would then be mandatory for all participants in the statewide plans electing coverage. If less than the majority of a department's members vote in favor of adopting the plan, the employer may elect not to participate in the plan.
- Member contributions would be 1% of pay. Employers could "pick up" the contribution.

In This Issue

- 1 Review Your Investment Plan
- 2 Member Search
- 2 FPPA Expands Purchasing Service Credit Program
- 3 New Annual Contribution Limits
- 3 Statewide Death & Disability Plan Contribution Rate
- 4 FPPA Enhances The Investment Fund Lineup
- 5 Investment Returns
- 5 Supplemental Insurance Available With The Gemini Group
- 5 State Matching Funds
- 6 Legislative Update
- 8 Upcoming Seminars
- 8 GFOA Award Given To FPPA

www.FPPACO.org

5290 DTC Parkway, Suite 100, Greenwood Village, CO 80111-2721

(303) 770-3772 *in metro Denver*, (800) 332-3772 *toll free nationwide*
 (303) 771-7622 *fax*

PRESORTED
 FIRST-CLASS MAIL
 US POSTAGE

PAID
 Denver, CO
 Permit #152

**return
 service
 requested**

Upcoming Seminars

*Mark Your Calendar
 for These Popular
 FPPA Seminars*



Pre-Retirement Seminar • Saturday March 29th

Registration and Continental Breakfast 8:30 - 9am • Seminar 9am - 3:45pm
(There will be a no host lunch break from 11:45am - 1pm.)

If you are within 10 years of retirement, this seminar is for you. From Social Security issues to financial and long-term care planning, you'll walk away with the most up-to-date retirement information available.

Investment Strategy Workshop • Thursday August 28th

This seminar is specifically for members in the FPPA 457 Deferred Compensation Plan, Statewide or affiliated money purchase plans or the DROP Plan.

FPPA has selected Fidelity Investments® to present this seminar. This workshop will provide important techniques for investing.

For more information about these seminars, call Rory Mammen at the phone numbers listed above, or log on to www.fppaco.org and click on the *Calendar* page. **FPPA**

GFOA Award Given To FPPA

*For The 2001
 Comprehensive
 Annual Financial
 Report*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to FPPA for its Comprehensive Annual Financial Report for the fiscal year ending **December 31, 2001**. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an efficiently organized comprehensive annual financial report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

To request a copy of the report, please contact FPPA at the numbers listed above, or log on to www.fppaco.org to view, download or print the report. **FPPA**