

FPPA Pension CHECK

A review of your retirement benefits.

Spring 2004

Statewide Election Now Underway!

For Members in the Statewide Defined Benefit Plan & Statewide Money Purchase Plan



FPPA will be conducting an election for Employers and active Members in the Statewide Defined Benefit (SWDB) Plan and the Statewide Money Purchase (SWMP) Plan.

Who Votes

Members in both plans will vote on the *Creation of the Statewide Health Care Defined Benefit (SW Health Care) Plan*. (Employers will not vote on this election item.) There are three additional election items for the Statewide Defined Benefit (SWDB) Plan only. All "New Hire" police officers and firefighters (hired on or after April 8, 1978) covered by the Statewide Defined Benefit Plan and their Employers are eligible to vote for three election items to amend the SWDB Plan.

Who Does Not Vote

Active and retired old hire Members of local pension plans and Members of local money purchase plans are unaffected by the election and will not participate. Additionally, retired Members already receiving benefits under the SWDB Plan do not vote, as their benefits will not change regardless of the outcome of this election. However, SWDB Plan members participating in DROP do vote.

The following is a brief timeline of the election. Specific dates of when materials are due back to FPPA appear in the packets that will soon be mailed or distributed to all Employers.

2004 Statewide Election Timeline

April 29 th - May 28 th	Both Statewide Plans Voting materials mailed or picked up by Employers. Member election commences any time following receipt of materials and concludes on 30 th day after postmark.	
June	Both Statewide Plans Employers certify and deliver election results to FPPA.	
July - August	Statewide Defined Benefit Plan FPPA Board approves SWDB amendments that passed and notifies Employers and Members of election results.	Statewide Health Care Plan FPPA Board certifies results of SW Health Care Plan election and mails certification to Employers.
	October - November	Employers submit governing bodies decisions whether or not to participate. (If less than the majority of members vote in favor.)
December	Final approval by FPPA Board.	
January 1, 2005	Both Statewide Plans Effective date of all election items that pass.	

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Statewide Election Now Underway!

Continued From The Front Page



One Election Item For All Statewide Plans

The Statewide Defined Benefit Plan "New Hires"

The Statewide Money Purchase Plan



Summary of Statewide Health Care Defined Benefit Plan Features

The Statewide Health Care Defined Benefit (SWHC) Plan will provide assistance in paying Covered Medical Care Insurance, defined as insurance for single, two-party, or family coverage for medical care for a retired Health Care Plan participant. A health insurance plan means an individual or group accident or health insurance policy, but does not include dental or vision coverage.

Contributions & Benefit Levels

Each member will contribute 1% of base salary into the Health Care Plan throughout his/her career. No employer contribution would be required, however, employers could "pick up" the contribution. Contributions are made on a pre-tax basis and would be tax-free when distributed. In 2005, the maximum benefit of \$235 per month will be paid to retirees who have 25 years of health care service credit. The benefit amount will be prorated for less than 25 years of service. Benefits after Medicare eligibility will be reduced to the lesser of 1/2 of the pre-Medicare benefit amount or Medicare Part B premium. No survivor benefits are available. The benefit may increase by up to 3% per year based upon the actuarial soundness of the plan and FPPA Board approval.

Vesting and Eligibility

A 5-year vesting schedule applies to the plan. However, members who are active in the Statewide Defined Benefit Plan, the Statewide Hybrid Plan, and Statewide Money Purchase Plan will be vested immediately for all years worked under their current plan/employer. Members currently in DROP will be eligible for the benefit after leaving DROP, however, the benefit calculation only counts years before entering DROP. Eligible members include clerical or other personnel employed by a fire protection district or authority if they also participate in a statewide retirement plan. Part-time members are not included in this plan. Retirees or vested members who have left the plan and will later collect a benefit will not be eligible to participate.

Benefit Payout Period and Other Provisions

The benefit will begin at age 55, or when the member terminates employment, whichever is later, and the benefit will run for a 10-year period. Members may defer commencement of the benefit, but no later than the date they are eligible for Medicare.

For more information about this election item please visit our web site at www.FPPAco.org. Once there you will find the following documents for viewing and/or downloading:

- Statewide Health Care Defined Benefit Plan Document,
- Statewide Health Care Defined Benefit Executive Summary,
- as well as an Election Summary.



Percentages Required For Passage

In order for the **Statewide Health Care Plan** election item to become effective, it must be approved by an affirmative vote of at least 65% of active plan Members.

For the three **Statewide Defined Benefit Plan** amendments to become effective, they must also be approved by an affirmative vote of at least 65% of active Members AND by more than 50% of their Employers.



Summary of Amendment 1

Members will self-direct the SRA monies in their accounts in any investment option offered by FPPA, once the members have retired (Normal, Early, or Vested Retirement or entered DROP).

Current Plan Provision – SRA monies are commingled for investment purposes in the Fire & Police Members’ Benefit Fund and earn investment return based on the performance of the fund, or members may choose the rate of a short-term investment selected by the FPPA Board.



Summary of Amendment 2

Remove the requirement on the current amendment that a participant in the Statewide Deferred Retirement Option Plan (DROP) who terminates employment and becomes a retiree, or the surviving spouse of a deceased participant, must select a payment option within 30 days of retirement or the lump sum payment method shall be utilized. Minimum distribution would be required as provided by the IRS.

Current Plan Provision – A participant in the DROP who terminates employment and becomes a retiree, or the surviving spouse of a deceased participant, must select a payment option within 30 days of retirement. If no selection is made by the retiree or surviving spouse within 30 days of retirement, the lump sum payment method shall be utilized.



Summary of Amendment 3

This amendment would allow a member who is eligible for normal, deferred, or early retirement to elect to transfer all or part of his/her SRA account and/or DROP account to make a one-time, irrevocable election at retirement or separation of service, whichever comes later, to purchase a monthly benefit. Funds may not be transferred from outside the Statewide Defined Benefit (SWDB) Plan to purchase a monthly benefit.

- The funds transferred to the SWDB Plan are to be considered Member Contributions for purposes of refund of contributions under Colorado Revised Statute (C.R.S.) 31-31-403 (6) and 31-31-404.
- The purchase must be in one lump sum, which must be transferred prior to the distribution of benefits from the Defined Benefit Component.
- Once the Member’s monthly payment amount is calculated, it will be considered to be a portion of the Member’s normal, deferred or early retirement under C.R.S. 31-31-403. It may be reduced if the member elects one of the survivor options offered under the Plan.
- As part of the pension, the purchased monthly benefit may be adjusted for a Cost of Living Adjustment pursuant to C.R.S. 31-31-407.
- Once the monthly benefit is purchased, the Member may not convert back to a lump sum payout.

An application to purchase a monthly benefit shall be filed by the Member with FPPA on the Applicable Form. The Member must provide any documentation that is required by the Board to complete the purchase.

As the election progresses, FPPA will furnish complete information to all participating members and employers.

Statewide Election Now Underway!

Continued

And 3 Additional Election Items For



The Statewide Defined Benefit Plan “New Hires”

FPPA Board Approves The Statewide Hybrid Plan

The FPPA Board approved the Statewide Hybrid (SWH) Plan Document and Rules and Regulations of the Plan at the January 2004 Board meeting. As many of our employers and members are aware, legislation was passed in 2003 to allow FPPA to create a plan that would make it possible for local money purchase plans and the Statewide Money Purchase Plan to migrate to a defined benefit plan.

SWH Plan is one of two tiers of the FPPA Defined Benefit System. The other tier is the Statewide Defined Benefit Plan. One of the purposes of creating one System for these two Plans is for greater portability and flexibility in the benefits under the two tiers.

The SWH Plan offers a combination of a Defined Benefit Component and a Money Purchase Component. Active members of the Plan on the effective date of transfer may elect to participate in both Components of the Plan or they may choose only to participate in the Money Purchase Component of the plan. The employer may also elect to offer the members a third option to participate in the Statewide Defined Benefit Plan tier.

Staff has begun meeting with employers interested in entering the SWH Plan. Contact the Benefits Department at FPPA if you would like to arrange a meeting to discuss the features of the SWH Plan and the process for entering the Statewide Defined Benefit System.

For additional information on the Statewide Hybrid Plan, visit the FPPA website at www.FPPAco.org. Click on the link for more information under the “What’s New” window. There you will find copies to view and or download of the actual Plan Document, an Executive Summary, the FPPA Rules & Regulations associated with the Statewide Hybrid Plan as well as a plain language document created as a Status Report for the Statewide Hybrid 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**

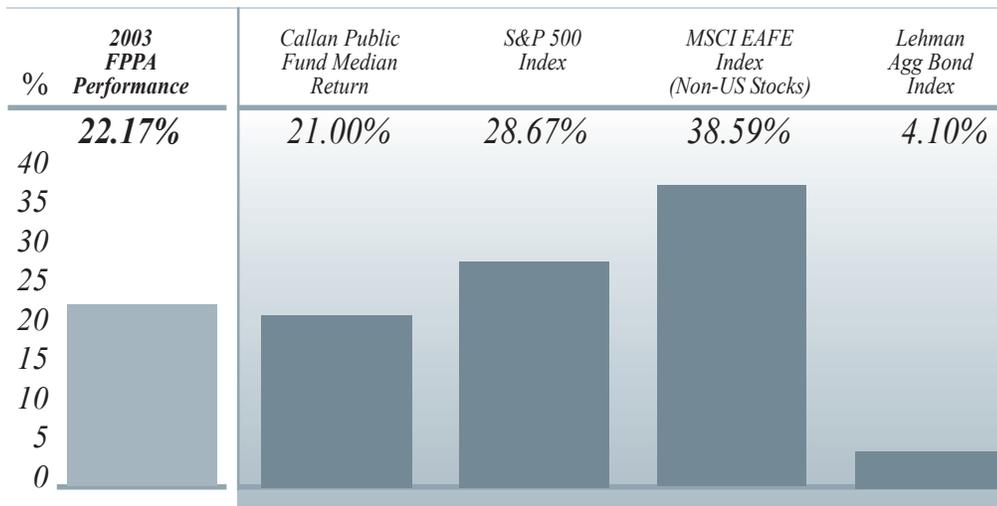
<u>Member Name</u>	<u>Separated Service From</u>
Bell, Charlie H.	Colorado Springs Police
Garza, Cynthia S.	Platteville Police
Hartman, Richard A.	Haxtun Supplemental Police
Isom, Justin G.	Georgetown Police
Kennell, Tisha L.	Cedaredge Supplemental Police
Mustain, Clyde W.	Wiggins Police
Swick, Jay E.	Hugo Police
Weaver, Craig T.	Woodmoor Monument Fire



FPPA Investment Returns

As of
December 31, 2003
Total Assets Exceeded
\$2.389 Billion.

* For trailing 5 years, returns are gross of all fees; longer periods are net of private asset fees; 2003 returns are preliminary.



2003 FPPA Comparative Investment Performance

When you leave DROP (Deferred Retirement Option Plan), you are *not* required to take distribution of your DROP account or move your assets to another carrier.

Many members are under the false impression that you must move your money out of FPPA when you exit DROP. This is not the case. You may continue to invest your DROP assets in the funds offered by FPPA. In fact, this may be a very good choice. FPPA, through Fidelity Investments, offers a variety of funds and very low administrative and money management fees. Since FPPA is a non-profit organization, no sales fees, commissions or loads are charged. As a retiree, you have the same access to Fidelity services that you did as an active member. And you can still reallocate your assets at any time.

If you are about to leave DROP and are considering alternatives for the investment of your account give FPPA a call and ask to speak to an FPPA Field Educator about your options. **FPPA**

Leaving DROP?

*Options For
Your Assets
When You
Leave DROP*

AFLAC Insurance Supplemental Benefits

We have all seen the duck on TV representing the American Family Life Assurance Company of Columbus (AFLAC). Traditional insurance pays the health provider, the doctor, or hospital. AFLAC pays benefits directly to you. These benefits can be used to help reduce the financial impact of deductibles, co-pays, and other out-of-pocket expenses while recuperating from an accident or illness. The following is a brief overview of the products available at this time.

- If you get in an accident – in the car or tripping over a garden hose - AFLAC pays you cash to offset your co-pays, deductibles and weekly family expenses.
- If you are diagnosed with cancer – AFLAC pays you \$5,000 up front and cash for everything you go through during treatment.
- If you suffer a heart attack or stroke – AFLAC pays you \$5,000 up front and then cash during your course of treatment.
- While you are in intensive care, AFLAC pays you \$650 for the first 7 days and \$1,000 for the days to follow.
- How about long-term care? It is more affordable than you think with an upfront cash payment and no waiting period to qualify for benefits. It goes beyond what Medicare will cover to include home care visits and assisted living benefits.

To join in a virtual telephone conference, with a personal AFLAC associate, and learn about all the programs and their costs, please send an email to: sheila_bailey@us.aflac.com or call 720-887-6232 and leave your name and phone number. She will let you know the dates and times available.

Vision Service Plan (VSP)

Effective April 1, 2004, VSP has decreased their monthly insurance premium rates through March 31, 2006. They have also created a new plan that allows the frame frequency to not be affected by the purchase of contact lenses, and have begun using retail allowances when describing the in-network frame allowance.

Fortis Group Dental Plan

The Fortis Dental Plan continues to get excellent reviews from members! The plan offers true freedom of choice, you may go to any dentist you want, nationwide. There are two plans to choose from, and there is a PPO network of dentists available to save even more out of pocket expenses.

Group Plan Contact Information

Premiums for all group plans are paid by a monthly payroll deduction from your FPPA retirement check.

- ***Primary Contact***

FPPA's Payroll Specialist - (303)770-3772 in the Denver Metro area or toll free (800)332-3772 nationwide, for general information and enrollment applications

- ***Secondary Contact***

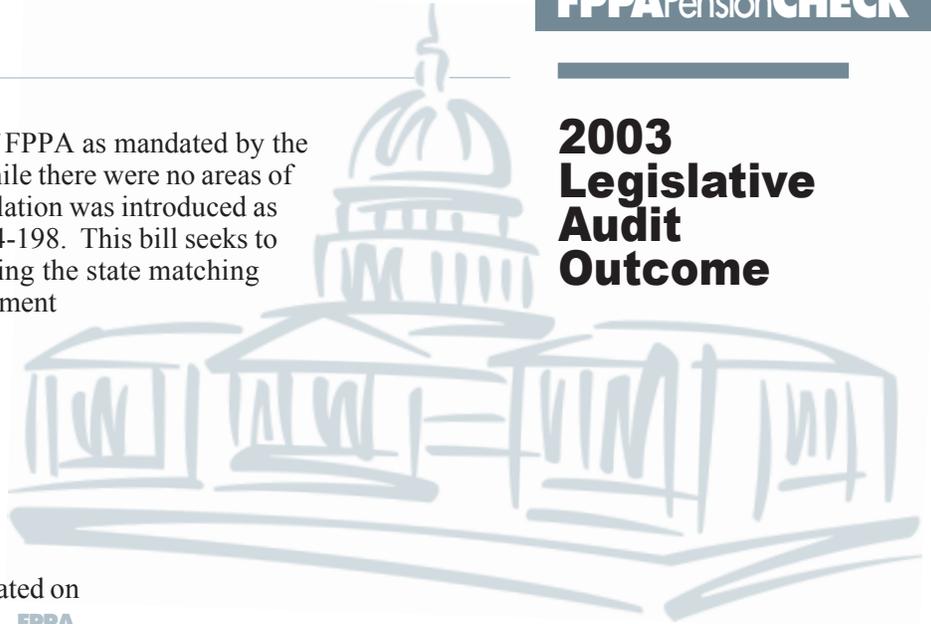
The Gemini Group (See contact information below.)

- ***Individual Plans And Group Plans Contact Information***

Contact **The Gemini Group** (FPPA's service provider) - (303)893-0300 in the Denver Metro area or toll free (888)795-0300 nationwide, for an analysis of your needs, the options available to you, and on-line quotes.

You may also visit FPPA's web site at www.FPPAco.org to download a copy of the *Optional Retiree Insurance Benefit Programs Brochure*. Just click on the sidebar, *Retiree Insurance*. Once there click on the direct link to the Gemini Group to be connected directly to their web site. **FPPA**

The State Auditor completed the audit of FPPA as mandated by the Legislative Audit Committee in 2003. While there were no areas of major concern reported, one piece of legislation was introduced as a result of the audit which is Senate Bill 04-198. This bill seeks to transfer the responsibilities of administering the state matching funds program for the volunteer fire department pension plans from FPPA to the Division of Local Affairs. FPPA supports this change and is currently working with DOLA on how the program might be transferred in the most efficient way possible. At this time there are no major changes in the processing of applications anticipated. FPPA would continue to work with those volunteer departments who are affiliated on completing the required actuarial studies. **FPPA**



2003 Legislative Audit Outcome

Imagine having the power to control your finances, to help create the retirement you really want. Well you do, and it's right at your fingertips. Through Fidelity NetBenefitsSM you can access your retirement account, set goals, select investment options, and take advantage of planning tools. You can do it all from your computer virtually any time. It's easy, convenient, and makes managing your retirement plan as simple as possible.

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As you plan for retirement, access to valuable information is essential. Go on line and experience the ease and convenience of NetBenefits at www.fidelity.com/atwork. It makes sense to see how it can help you today as you prepare for tomorrow. Or call a Fidelity Retirement Services Specialist Monday - Friday, 6:00 am to 10:00 pm Mountain Standard Time at (800) 343-0860.

Unless otherwise noted, transaction requests confirmed after the close of the market, normally 4:00 P.M. ET, or on weekends or holidays, will receive the next available closing prices.

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You don't need to be invested with Fidelity Investments[®] in order to access and enjoy the advantages of the www.fidelity.com/atwork web site.

However the Fidelity NetBenefitsSM link from the "At Work" section of the website is reserved for those FPPA members who are currently participating in the 457 Deferred Compensation Plan, an affiliated money purchase plan or a DROP plan.

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Employer Summits Announced

Pueblo
Wednesday, June 2nd

Denver
Thursday, June 3rd

Grand Junction
Wednesday, Sept 8th.

FPPA will be holding three Employer Summits to present information on the NEW benefit plan alternatives now available.

Topics will include:

- The eligibility of plans for entry into the newly formed Statewide Hybrid Plan which include local money purchase plans, alternative exempt money purchase plans and Statewide Money Purchase Plans.
- The process for the entry into the Statewide Defined Benefit Plan or the Statewide Hybrid Plan
- And the eligibility of Chiefs who previously opted out of the Statewide Defined Benefit Plan may now (during a designated timeframe) enter the Statewide Hybrid Plan or Statewide Defined Benefit Plan.

We've also asked Fidelity Investments® to present just a few of the services they offer FPPA Members as well as more information about the funds available for investing.

Dates are set for the locations listed to the left. More information and invitations will be mailed to Employers as well as being posted on the Employer Web Page later this summer. We look forward to this opportunity to meet with as many Employers as possible to answer questions about the new benefit plans available to FPPA Members. So mark your calendars now! **FPPA**

