

FPPA Pension CHECK

A review of your retirement benefits.

Volume Two 2008

FPPA Board Of Directors



Tim Nash

Governor Bill Ritter has named **Tim Nash** (left) to the Fire and Police Pension Association Board of Directors. Mr. Nash is the Director of Finance for the City of Greeley. He fills the position on the Board calling for a representative from a Colorado municipal employer. Tim began his term on the FPPA Board of Directors at the May 2008 Board meeting. His term will extend until September 2011.

Tim Nash replaces the position previously held by **John Bramble** (right) Brighton City Manager. John served on the FPPA Board of Directors since 2000 and leaves the position with our gratitude for his outstanding service to the membership.



Kirk Miller

During the July 2008 Board Planning Session, the Board elected **Kirk Miller** (left) as FPPA Board Chair. Kirk Miller, is an active Police officer with the Denver Police Department. He fills the position on the Board requiring that a Board member be an active Police Officer.

At the same Board Planning Session, **Mark Sunderhuse** (right) was elected as the FPPA Board Vice Chair. Mark Sunderhuse is currently a principal with Red Rocks Capital. Mark fills the slot on the Board representing the financial community with his experience in corporate administration.

The FPPA Board of Directors conduct their regular meetings at our FPPA Greenwood Village offices. A current schedule of Board meetings are on our web site at www.FPPAco.org and click on the *Calendar* link. **FPPA**



John Bramble



Mark Sunderhuse

Find FPPA Information

Only From FPPA

The very best way to learn about your FPPA benefits is to ask FPPA. We are experts in the specifics of your plan – whether it is defined benefit or money purchase or the newly created Statewide Hybrid Plan. After all, FPPA was created specifically for the Police Officers and Firefighters of Colorado and have administered their pension plans for over 25 years. We understand our members, their benefits and their retirement goals. FPPA staff can give you benefit information specific to your individual situation – and we charge no fees or commissions.

continued on page 7

Annual Rates Announced

Based on the results of recent annual actuarial valuations of the Plans in the FPPA Defined Benefit System and the Statewide Death & Disability Plan, the Board of Directors approved the following SRA, Contribution Rates and COLA's.

Stabilization Reserve Account - SRA

SRA Allocation Rates

For the FPPA Defined Benefit System

An SRA allocation may be made yearly depending on whether contributions payable to a plan fund within the FPPA Defined Benefit System (with the exception of the Statewide Hybrid Plan Tier - see paragraph at the top of the next page) exceed the cost of funding the plan's defined benefits. Any excess may be allocated from employer contributions to an SRA account in each member's name. A member's SRA account only vests and becomes available to the member upon retirement. This account is in addition to a normal, vested, early or deferred retirement pension. For more information on SRA accounts, please refer to the FPPA Member Handbook available on the web or by calling FPPA.

The FPPA Board of Directors has set the following SRA contribution rates for Plans within the FPPA Defined Benefit System.

The SRA rate for the **Statewide Defined Benefit Plan is 0%**. The Board concluded that the entire required 16% combined contribution rate from members and

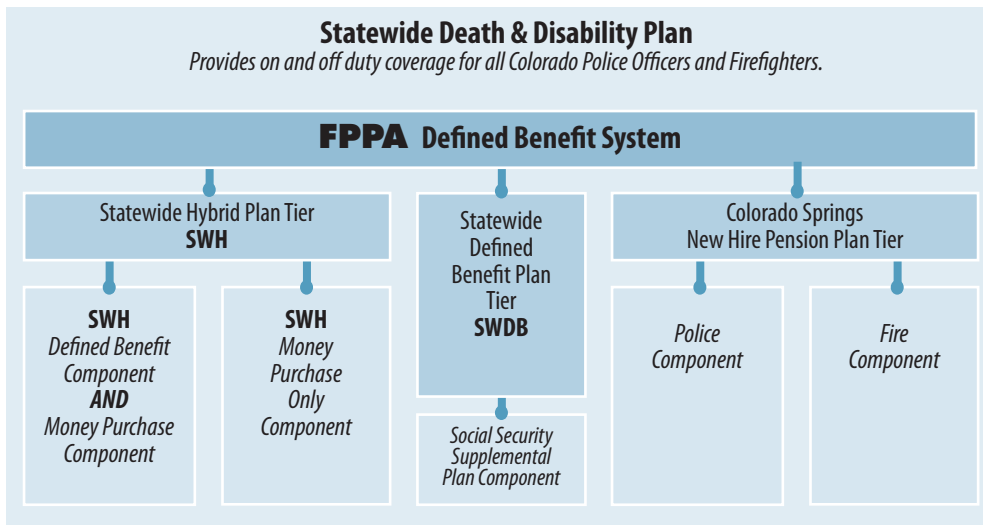
employers should be allocated to the actuarial account in order to ensure appropriate funding of the Plan's defined benefits and to provide funding for future COLA increases. This SRA contribution rate went into effect August 1, 2008.

The SRA rate for **members of a money purchase plan who re-entered the Statewide Defined Benefit System is 3.68%**. The required 20% combined contribution rate from members and employers in this tier fully funded this plan with a

total surplus of 3.68% (3.68% for this group + 0% base SRA). This SRA contribution rate went into effect August 1, 2008.

The SRA rate for **members of the Social Security Supplemental Plan Component is 0%**. The Board concluded that the entire required 8% combined contribution rate from members and employers should be allocated to the actuarial account in order to ensure appropriate funding of the Plan's defined benefits and to provide funding for future COLA increases. This SRA contribution rate went into effect August 1, 2008.

The Colorado Springs New Hire Pension Plan became a part of the FPPA Defined



Annual Rates Announced

Continued

Benefit System on October 1, 2006. At that time the SRA rate for **members of the Colorado Springs New Hire Pension Plan - Fire & Police Components** was set at 0% through December 31, 2008. Based on the results of the January 1, 2008 actuarial valuations the FPPA Board of Directors has extended the same 0% rate through December 31, 2009. (See the explanation of combined contribution rates for these plans later in this article.)

For the Statewide Hybrid Plan Tier

Excess contributions, if any, to the Statewide Hybrid Plan are made to the member's money purchase component account and therefore no SRA is awarded.

Contribution Rates

Statewide Death & Disability Plan

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 2006 the Statewide Death & Disability Plan contribution rate was set at 2.6% and is effective from January 1, 2007 through December 31, 2008. **Based on the 2008 actuarial results the FPPA Board of Directors approved contributions of 2.6% rate effective through December 31, 2010.** According to Colorado Revised Statute (C.R.S., 31-31-811(4)) contributions may be increased or decreased by 0.1% every two years as determined by the FPPA Board following an actuarial review.

The Statewide Hybrid Plan - Defined Benefit Component

The FPPA Board of Directors set the **Defined Benefit Component of the Statewide Hybrid Plan contribution rate at 11.0%** effective August 1, 2008. Each department in the Statewide Hybrid Plan establishes a total contribution rate. After the 11.0% is allocated to the Defined Benefit Component, the remainder of the total contribution rate is then directed to the Money Purchase Component.

The Colorado Springs New Hire Pension Plan Tier - Police & Fire

In the July 2008 Board meeting, the Board of Directors set the following contribution rates for the Colorado Springs New Hire Pensions Plans effective January 1, 2009. The **Police Component contribution rate is 20.949%** (12.949% employer + 8% member). The **Fire Component contribution rate is 18.093%** (8.868% member + 9.225% employer).

Editors note:
The Fire Component contribution rates were transposed in the printed & mailed version of this newsletter.

The amounts reported here (8.868% member + 9.225% employer) are correct.

Cost-of-Living - COLA

COLA (Cost-of-Living) Adjustments

Colorado Revised Statutes provide that COLA's to statewide plans administered by FPPA are to be determined by the FPPA Board of Directors each year (with the exception of Colorado Springs - see below). Annual COLA increases are capped by Statute at the higher of 3% or CPI and, except for totally disabled members, may only be granted if actuarially supportable. Announced annual COLA's are effective every year beginning October 1.

A **2.9% COLA for 2008 was granted for all retirees and beneficiaries of the Statewide Defined Benefit Plan** who were retired on or before October 1, 2007. Those who retired after October 1, 2007 will have their benefit adjusted by the COLA percentage announced next October.

continued on next page

Annual Rates Announced

Continued From Page 3

A 3.0% COLA for 2008 was granted for all retirees and beneficiaries of the Statewide Hybrid Plan - Defined Benefit Component who were retired on or before October 1, 2007. Those who retired after October 1, 2007 will have their benefit adjusted by the COLA percentage announced next October.

Under the Statewide Death & Disability Plan, **totally disabled members are granted a fixed 3.0% COLA** each year on October 1. Occupationally disabled members and survivors of active members are granted a COLA at the discretion of the FPPA Board of Directors. At the May 2008 Board meeting - **occupationally disabled members and survivors of active duty members were granted a 2.2% COLA.**

Effective October 1, 2008 the following COLA's will be granted for certain retirees of the Colorado Springs New Hire Pension Plans: for the Fire Component = 2.5% and for the Police Component = 3.0%. For both components COLA's begin on the October 1st immediately prior to a member turning age 60 (Police) or 65 (Firefighter) or 10 years after benefit payments commence, whichever is earlier. Thereafter the COLA changes are effective October 1st of each year. Per the plan documents of both components, the amount of the COLA is established by the plan administrator and cannot exceed 3.0% per year subject to limitations linked to the consumer price index. **FPPA**

Member APB

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 may process their refund. **FPPA**

Member Name	Separated Service From
Thomas C. Fusetti	Mountain View Police
Garrett Henderson	Cedaredge Police
Mikel L. Houseman (Baker)	Brush Police
Edward Hughes	Colorado Springs Fire
Abelardo M. Magana	Haxtun Police
Eduardo Nilo	Denver Fire
Jerry W. Rigney	Colorado Springs Fire
Michael J. Schengber	Colorado Springs Police

Make Sure We Can Always Find You!

Help us make sure your retirement benefits will always find you and that we won't need to look for you in the list above! Your updated address is very important to us.

Survivors or Retired Members

To protect the receipt of benefits to you, FPPA requires that all address changes be submitted in writing. Request a *Change Of Address Form* by calling (303) 770-3772 in the Denver Metro area or (800) 332-3772 toll free nationwide. You may also find the form on our web site at www.FPPAco.org. Click on *Forms*, then *Retired Members* and there you will find the *Change of Address Form*.

Active Members

Submit any updated address information to your Employer and they will inform FPPA.

In the last issue of *PensionCheck* we gave the status of the following two bills which have made their way through the 2008 session of the Colorado General Assembly.

House Bill 08-1070 - FPPA Statewide Defined Benefit Cost-of-Living Bill was signed by Governor Ritter on February 2, 2008 and will become effective on August 6, 2008. This bill concerned the methodology for determining cost-of-living (COLA) benefits under the FPPA Statewide Defined Benefit Plan for New Hire Members (those hired on or after April 8, 1978).

At press time of our last issue **Senate Bill 08-1070 - Overpayment / Fraud Bill** had been passed by both houses but was still pending the Governor's signature. We can now report that the bill was signed on March 24, 2008 and will also become effective on August 6, 2008. This Senate Bill will put into place measures to ensure the proper payment of Fire & Police Pension Benefits.

For complete information about both of these bills please refer to the Colorado State web site at www.colorado.gov.

Every year we are grateful for the leadership and consideration of our legislation by Colorado legislators. To be specific for the 2008 session of the Colorado General Assembly, FPPA would like to acknowledge the following House Representatives and Senators for their sponsorship of the bills listed above:

- James Riesberg**, Colorado State House Representative, District 50
- Joe Rice**, Colorado State House Representative, District 38
- Lois Tochtrop**, Colorado State Senator, District 24

Legislative News

2008 Legislative Session



continued from the front page...

At some point in your retirement planning you may need information about the bigger retirement picture and you may want to seek advice from a trusted financial advisor. Financial advisors are the generalists in the field of money management. They can assess your overall financial picture with an eye on your investments, savings, debts, insurance, and other big areas of your money life. Some are equipped to offer estate planning advice or input on your tax situation. Many make investment recommendations, such as mutual funds or even specific stocks. The best ones can objectively put your finances into context and help you arrive at the best money moves for your future.

Be cautious of financial planners who infer a relationship with FPPA. While FPPA has a record keeping agreement with Fidelity Investments who can provide retirement advice for FPPA members at no cost, other than that - we do not endorse or have affiliations with financial planning firms. FPPA or Fidelity will never give out private member information without the expressed written consent of our members.

FPPA staff members are experts in the benefits we provide. We are just a phone call away and are happy to answer any plan or benefit question you have. You may call (303) 770-3772 in the Denver Metro area or (800) 332-3772 toll free nationwide. Our web site at www.FPPAco.org is also available to learn more about your benefits. **FPPA**



Find FPPA Information

Only From FPPA

Comprehensive Annual Financial Report Highlights

For the Fiscal Year Ended December 31, 2007



Statement of Plan Net Assets

Assets

Cash and Cash Equivalents	\$ 7,721,839
Total Investments	4,297,085,007
Total Receivables	70,223,926
Properties and Equipment at Cost, Net of Accumulated Depreciation	4,492,861
Other Assets	131,698

TOTAL ASSETS **\$ 4,379,655,331**

Liabilities

Payables, Pending Trades & Accrued Expenses	666,776,101
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TOTAL LIABILITIES **\$ 666,776,101**

Net Assets Held in Trust for Pension Benefits **\$ 3,712,879,230**

Statement of Changes in Net Assets

From Investment Activities

Change in Net Assets Derived from Investment Activities	\$ 307,987,773
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From Participant Activities

Funds Invested by Members & Employers	270,244,239
Funds Withdrawn by Members & Employers	(221,852,411)
Administrative Expenses	(4,197,336)

Net Increase in Plan Assets **\$ 352,182,265**

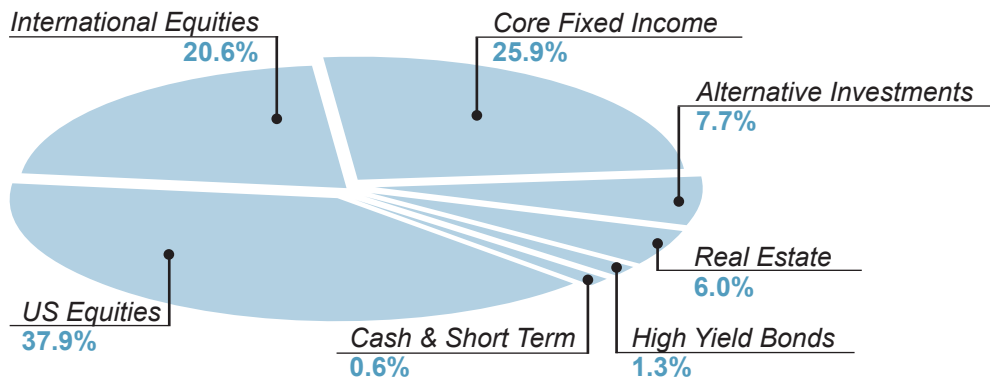
Net Assets Available for Pension Benefits

Beginning of Year	\$ 3,360,696,965
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End of Year **\$ 3,712,879,230**

This Statement of Plan Net Assets which certifies the financial condition of FPPA's benefit fund at the close of 2007 for all Plans administered by FPPA is based on the official audit report on the fund prepared by Bondi & Co. LLP.

2007 Asset Allocation As Of December 31, 2007



2007 Report Available

The statements on this page are highlights taken from the FPPA Comprehensive Annual Financial Report for the year ended 2007.

To request a printed copy of the FPPA Comprehensive Annual Financial Report, contact FPPA by calling (303) 770-3772 in the Denver Metro area or toll free (800)332-3772 nationwide. Or log on to www.FPPAco.org and click on *Publications* to view, download or print a copy of the report. If you have any questions about the report, please contact Melanie Winters, FPPA Accounting Manager at the numbers listed above. **FPPA**

On August 21, 2008, FPPA will hold a public rule-making hearing to consider adoption of proposed amendments to Rules & Regulations, which includes new rules, amendments and the repeal of certain rules. While many of the changes are clerical and technical in nature, the following are some highlights of the proposed amendments and how they may affect the membership.

Amendments to the FPPA Rules & Regulations:

- to relocate survivor benefit rules to one central location in the rules for ease of reference;
- to require that retired SWDB Plan Members' benefits be suspended when returning to active service and to provide for a recalculation of benefits upon separation from service;
- to provide for an administrative hearing process for review of SWD&D occupationally disabled Members who fail to submit required IRS forms, to provide a rule that benefits can be terminated if Member fails to provide recent tax returns and to limit the suspended benefits that can be retroactively paid after compliance.

Amendment to the Statewide Hybrid Plan Rules & Regulations:

- to require that retired Members' benefits be suspended when returning to active service and to provide for a recalculation of benefits upon separation from service;
- to limit the time in which a change in benefit option can be selected, when a member receiving a single life annuity marries, to within 180 days of marriage or remarriage;
- to require that initial benefits be calculated at retirement based on current contribution information in FPPA records and to require that benefits be recalculated once FPPA receives final contributions from employer.

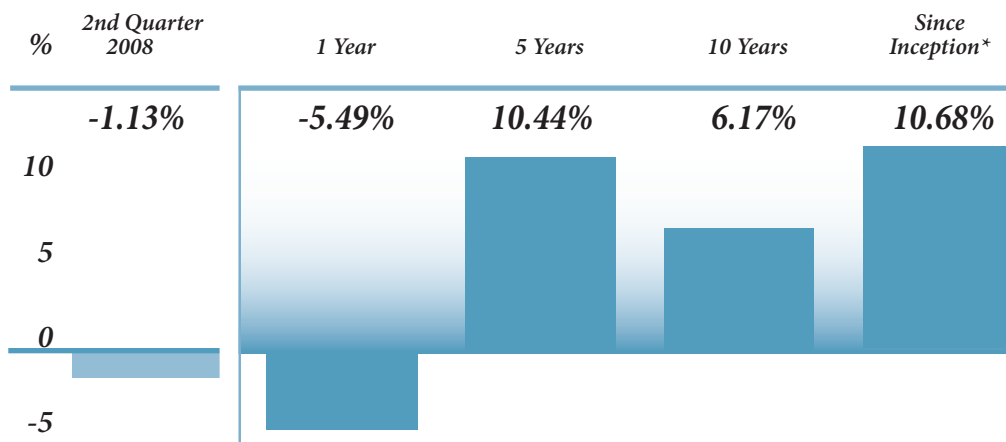
A complete set of current and proposed rules and regulations are available on our website at www.FPPAco.org for viewing and/or downloading. A copy may be obtained by calling the FPPA office at (303) 770-3772 in the Denver Metro area or (800) 332-3772 toll free nationwide. Any questions concerning the amendments to the rules should be directed to Kevin Lindahl, FPPA General Counsel. **FPPA**

FPPA Rules & Regulations Annual Public Hearing



As of June 30, 2008 FPPA announced that total assets of the defined benefit plans are just over the \$3 billion dollar mark for a total of \$3.27 billion. **FPPA**

FPPA Total Assets



FPPA Investment Returns

Of Defined Plans as of June 30, 2008



* For trailing 10 years, returns are gross of all fees; since inception is net of pre-1995 private asset management fees.

In This Issue

1 FPPA Board of DirectorsFind FPPA Information -
Only From FPPA**2** Annual Rates Announced**4** Member APBMake Sure We Can
Always Find You!**5** Legislative News**6** Comprehensive Annual
Financial Report Highlights

2007 Report Available

7 FPPA Rules & Regulations
Annual Public Hearing

FPPA Total Assets

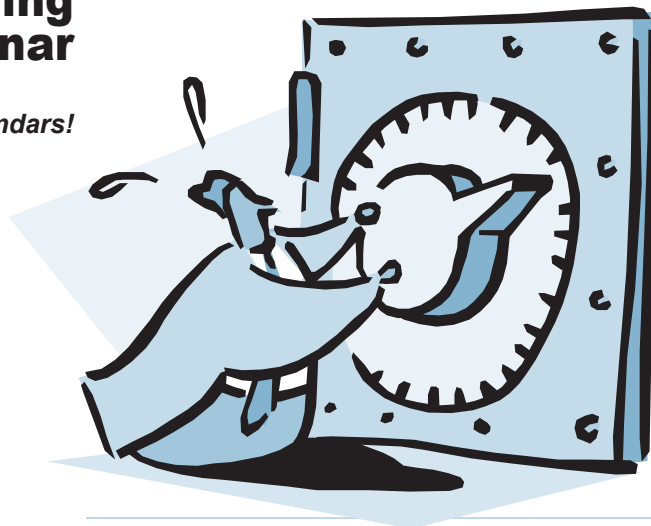
FPPA Investment Returns

8 Upcoming Seminarwww.FPPAco.org

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Upcoming Seminar

Mark your calendars!

FPPA Learn To Protect Your Retirement Seminar

Thursday, October 9th
6 - 8:30 pmDenver Police
Protective Association
Event Center
2105 Decatur Street

This Seminar is for both actives and retirees alike. You've worked hard to accumulate a sound retirement - now learn how to protect it! One of our speakers will be Harley Look. Harley continues to be one of our most popular speakers among our members. He is a highly regarded estate and tax planning attorney and will talk about living wills, powers of attorney, guardians, avoiding probate and issues that are important to your future financial success. Other speakers will be announced later this summer.

For more information, please call the phone numbers listed at the top of this page, or log on to www.FPPAco.org and click on the *Calendar* page. **FPPA**