The State of FPPA

FPPA has been busy in 2018. We have been researching, studying, planning, and discussing various ways to ensure the continued soundness of your retirement plans.

The funding status of the retirement plans remains among the top in the country. As of the 2018 valuation reporting, the current funding statuses are as follows:

- Statewide Defined Benefit Plan: 103.7%
- Statewide Hybrid Plan: 135.5%
- Statewide Death & Disability Plan: 100.1%

The Board of Directors created a task force in September 2018 to study—and potentially recommend—possible changes to the Statewide Pension System. Read more about the task force on page 7.

Our actuarial firm, Gabriel, Roeder, Smith & Company (GRS) has recently completed a draft Actuarial Experience Investigation Study for our retirement plans. The purpose of the study is to examine the recent experience of FPPA’s Pension System; an example would be comparing previous assumptions about member life expectancy to how long these members actually live. Based on the results, GRS then produces new recommendations for actuarial assumptions and methods, and makes projections regarding the potential impact of these recommendations on the health and stability of the System. These recommendations will more accurately measure the soundness of the System, and provide the task force with information necessary to analyze the options before them.

The operations team is upgrading our computer systems to allow for online enrollment of new members. More information about FPPA e-onboarding can be found on page 6.

Reentry into FPPA remains very popular. We continue to receive inquiries from members and employers regarding Partial Entry into the FPPA Defined Benefit System. We are excited to announce that Fountain Police Department, Montrose Police Department, Broomfield Police Department, Littleton Police Department, and Grand Junction Fire Department will all complete the Partial Entry process in 2018. For fire and police departments interested in learning more about Partial Entry into the FPPA Defined Benefit System, please visit JoinFPPA.org.

As the year comes to a close and we reflect on 2018, we are thankful as ever for the trust our members and employers place in us to manage their retirement plans. With that in mind, we look forward to another productive year in 2019.
The Fire & Police Members’ Benefit Investment Fund
Financial Statements for the fiscal year ended December 31, 2017.

Statement of Fiduciary Net Position*

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Short Term Investments</td>
<td>$287,372,773</td>
</tr>
<tr>
<td>Total Investments</td>
<td>4,667,422,154</td>
</tr>
<tr>
<td>Other Assets</td>
<td>69,154,096</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$5,023,949,023</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>(83,514,402)</td>
</tr>
<tr>
<td><strong>Fiduciary Net Position Restricted for Member Benefits</strong></td>
<td>$4,940,434,621</td>
</tr>
</tbody>
</table>

Statement of Changes in Fiduciary Net Position

<table>
<thead>
<tr>
<th>From Investment Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Fiduciary Net Position from Investment Activities</td>
<td>$632,798,309</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>From Participant Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds Invested by Members &amp; Employers</td>
<td>300,342,599</td>
</tr>
<tr>
<td>Funds Withdrawn by Members &amp; Employers</td>
<td>(287,515,366)</td>
</tr>
<tr>
<td>Administrative and Other Expenses</td>
<td>(13,986,735)</td>
</tr>
<tr>
<td><strong>Net Increase in Fiduciary Net Position</strong></td>
<td><strong>$631,638,807</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiduciary Net Position</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of Year</td>
<td>$4,308,795,814</td>
</tr>
<tr>
<td>End of Year</td>
<td>$4,940,434,621</td>
</tr>
</tbody>
</table>

*The Statement of Fiduciary Net Position certifies the financial condition of FPPA’s Members’ Benefit Investment Fund is based on the official report audited by Eide Bailly LLP.


- **Global Equity**: 38.3%
- **Equity Long/Short**: 8.9%
- **Fixed Income**: 15.3%
- **Cash**: 1.8%
- **Managed Futures**: 4.0%
- **Illiquid Alternatives**: 22.3%
- **Absolute Return**: 9.4%

The Fire & Police Members’ Benefit Investment Fund (the Fund) includes the assets of the following plans:
- Statewide Defined Benefit Plan,
- Statewide Hybrid Plan,
- Colorado Springs New Hire Pension Plan,
- Statewide Death & Disability Plan,
- certain Local “Old Hire”, and
- Volunteer Fire pension plans.

The Statement of Fiduciary Net Position (top right) is a snapshot of account balances and reflects the Funds net assets available to pay future pension benefits.

The Statement of Changes in Fiduciary Net Position (middle right) reflect the activities of the Fund that occurred during the year and the impact of those activities as additions to or deductions from the Fund.

A complete copy of the Comprehensive Annual Financial Report may be found at FPPAco.org.
By state statute, the management of the Fire & Police Members’ Benefit Investment Fund and the Fire & Police Members’ Self-Directed Investment Fund is the responsibility of the Board of Directors of the Fire and Police Pension Association of Colorado. The nine members shown on this page have been appointed by the Governor to serve the members of FPPA.

An annual schedule, agenda and minutes of Board meetings may be found on FPPAco.org.

Snapshot: 2018 Employer Summit

Thank You Employers for Joining Us Friday, October 5th at the Hilton Garden Inn!

We *swear* everyone had a great time at the 2018 Employer Summit...

In this photo, body language expert and keynote speaker Jan L. Hargrave (hilariously) explains how people give away their true intentions while swearing in to testify in court.
Based on the results of recent annual actuarial valuations of FPPA Plans, the Board of Directors approved the following SRA Allocation, Contribution Rates and Benefit Adjustments.

**Glossary of Plan Annual Rates**

**Separate Retirement Account (SRA)** is a feature limited to defined benefit plans. In a given year, if more money is paid into a plan than it costs for that plan to be fully funded, then the extra money may be added to an SRA in the member’s name.

**Contribution Rates** are the percentage of a member’s salary that are contributed to the plan by both the member and their employer. The total rate and how it is split between member and employer is decided by the rules of each plan.

**Benefit Adjustments** (sometimes referred to as Cost of Living Adjustments or COLAs) are percentage increases to existing retirement benefits to counteract the effects of economic inflation. They are determined by the FPPA Board of Directors. Within the Statewide plans, those who retired on or before October 1, 2017, had their benefit adjustment take effect in their October retirement payment.

For more information about any of these plans or annual rates please refer to FPPAco.org.

<table>
<thead>
<tr>
<th>Statewide Defined Benefit Plan</th>
<th>SRA Allocation</th>
<th>Contribution Rate</th>
<th>Benefit Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWDB</td>
<td>0% effective 7/1/2018. The entire required 18% combined member and employer contributions are needed to appropriately fund this plan.</td>
<td>18% (10% member / 8% employer) effective 1/1/2018.</td>
<td>0.39% to retirees and beneficiaries effective 10/1/2018.</td>
</tr>
<tr>
<td>Reentry Group</td>
<td>3.7% effective 7/1/2018.</td>
<td>22% combined member and employer contribution rate with the split determined by each employer effective 1/1/2018.</td>
<td></td>
</tr>
<tr>
<td>Supplemental Social Security Group</td>
<td>0% effective 7/1/2018.</td>
<td>9% (5% member / 4% employer) effective 1/1/2018.</td>
<td></td>
</tr>
<tr>
<td>Statewide Death &amp; Disability Plan</td>
<td></td>
<td>2.8% effective 1/1/2019 - 12/31/2020</td>
<td>Totally disabled members &amp; their beneficiaries receive a fixed 3% annually.</td>
</tr>
<tr>
<td>SWD&amp;D</td>
<td></td>
<td></td>
<td>Occupationally disabled members, their beneficiaries &amp; survivors of active duty members receive 0% effective 10/1/2018.</td>
</tr>
<tr>
<td>Plan Type</td>
<td>SRA Allocation</td>
<td>Contribution Rate</td>
<td>Benefit Adjustment</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Statewide Hybrid Plan</td>
<td>Defined Benefit &amp; Money Purchase Components</td>
<td>No SRA is granted as any excess defined benefit contributions are made to the member’s money purchase component.</td>
<td>DB Component: 13.4% effective 7/1/2018. MP Component: After the DB Component % is allocated the remainder of the total contribution is made to the MP component.</td>
</tr>
<tr>
<td>SWH</td>
<td>Money Purchase Component Only</td>
<td>16% member and employer combined contribution rate with split determined by employer resolution.</td>
<td></td>
</tr>
<tr>
<td>Statewide Money Purchase Plan</td>
<td>N/A</td>
<td>16% minimum. (8% member / 8% employer)</td>
<td>N/A</td>
</tr>
<tr>
<td>SWMP</td>
<td>Fire Component</td>
<td>10% member / employer pays the remainder of the following annual required contribution effective 1/1/2019 - $4,519,669.</td>
<td>2% effective 10/1/2018. *</td>
</tr>
<tr>
<td>CSNHP</td>
<td>Police Component</td>
<td>8% member / employer pays the remainder of the following annual required contribution effective 1/1/2019 - $8,037,168.</td>
<td>2.5% effective 10/1/2018. *</td>
</tr>
</tbody>
</table>

* For both components - adjustments are directed by their plan documents and are linked to the CPI-W from the previous year.

**FPPA Administered Plans**

**FPPA Defined Benefit System**

- **Defined Benefit Tier**
  - SWDB Statewide Defined Benefit Plan
    - Re-Entry Group
    - Supplemental Social Security Employers
  - CSNHP Colorado Springs New Hire Pension Plan
    - Police
    - Fire

- **Hybrid Tier**
  - SWH Statewide Hybrid Plan
    - Defined Benefit AND Money Purchase Components
    - Money Purchase Component Only

- **SWMP Statewide Money Purchase Plan**

**SWD&D Statewide Death & Disability Plan**

*Plans above this bar are covered by the Statewide Death & Disability Plan.*
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, 2017. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This marks the 22nd consecutive year FPPA has been given this award.

To view or print a copy of the FPPA Comprehensive Annual Financial Report, visit FPPAco.org/annual-reports.html.

There are many well-documented types of service credit that FPPA members can purchase, but here are a few you might not know about: USERRA, sick leave or workers’ compensation leave. Members who miss work for these types of leave may be eligible to purchase the time they missed. However, there are a few requirements and some specific deadlines to adhere to if you wish to purchase this time.

Members who have been on military leave covered by the federal Uniformed Services Employment and Reemployment Rights Act (USERRA) can purchase Service Credits for this time. To qualify, members must resume work with the same employer after their military leave concludes and purchase that time within one year of re-employment if the leave period was less than three months in length, or five years if the leave period was over three months.

Members may also be eligible to purchase service lost because of unpaid sick leave or workers’ compensation leave, which could include time spent on maternity or paternity leave. In these cases, members must complete the service purchase within one year of returning to work.

Please note that certain conditions may apply. To learn more about eligibility as well as the cost to purchase service for leave time, please contact FPPA.

FPPA will soon introduce online enrollment, a new tool designed to assist in the onboarding of new members. This upgrade comes at the request of several FPPA employers and will greatly reduce the amount of time and effort required to complete new member registration.

Once complete, this enhancement will allow new members to safely and securely submit enrollment information electronically, replacing the current paper forms. This process will minimize errors, allow FPPA to capture the necessary documentation all at once, and assist us in administering benefits timely and accurately.

Look for these changes to the FPPA Employer Portal to take effect in late December 2018. If you have any questions about the new onboarding procedures, please contact your contributions specialist.
Colorado State Legislation
Certain FPPA administered plans have a provision for plan changes or enhancements to be made through the passage of State Legislation. Such legislative efforts are first drafted by staff then presented to the State Legislative Council Committee called the Pension Review Commission (PRC). Bills with favorable approval from the PRC are then introduced to the Colorado General Assembly for a vote. The Assembly is generally in session from January to May of each year. The progress of bills drafted by FPPA and sponsored by the PRC may be followed at colorado.gov/lcs. Once on that web page you will find the PRC listed under “Committees” as an “Interim Committee”.

FPPA Plan Rules & Regulations and FPPA Plan Documents
These documents provide more detail for the administration of FPPA plans. Proposed amendments to both Rules & Regulations and the Plan Documents are considered each year during the August FPPA Board Meeting followed by discussion and adoption during the September meeting. Announcements for both meetings as well as the proposed & adopted amendments are posted at FPPAco.org then follow the link for ‘Governing Documents’.

In September 2018 the FPPA Board of Directors created a task force to evaluate FPPA’s Statewide Pension System. The task force will evaluate various possible changes aimed at improving system benefits.

The decision to create a task force was born out of FPPA’s commitment to provide high quality benefits to our active and retired members. Per Board directive, the task force will be co-chaired by Board members Pamela Feely and Todd Bower, and will be comprised of Employer representatives, Plan Members, and related associations.

Over the next several months, this group will evaluate several ideas related to the Statewide Pension System and its individual plans. Examples of topics to be explored include:
- Increased contributions
- Possible enhancements to Plan benefits
- Sustainable administration and funding of the Statewide Death & Disability Plan
- Contribution splits between the Defined Benefit and Money Purchase components of the Hybrid Plan

After studying the individual plans and evaluating the potential impact of any proposed modifications, the task force will present recommendations to the FPPA Board of Directors regarding any changes they believe to be in the best interest of the Statewide Pension System.

FPPA plans to finish the task force selection process in the coming weeks, with a kickoff meeting of all participants in the next few months.

Per the requirements in the Colorado Revised Statutes, FPPA annually provides Employers with copies of the actuarial valuation reports for the FPPA Defined Benefit System and Statewide Death & Disability Plan. These reports were posted in July and are available on our website at FPPAco.org. You will find these reports by clicking the Employers green button on the first page of the website.
... Mailed IRS Form 1099-R Opt-Out

For those who do not opt-out, your IRS Form 1099-R will be mailed by January 31, 2019

In preparation for the upcoming tax season, FPPA has rolled out a new feature for retirees and survivors: These members are now able to opt-out of receiving a printed copy of their Form 1099-R via US mail. This is especially beneficial to members who e-file their taxes, or otherwise do not require printed copies to do their taxes.

In lieu of a printed copy, members who opt-out are able to download a 1099-R tax statement from the Member Account Portal. Please note that while this statement does contain all the information present on a Form 1099-R, it does not qualify as an official tax document. If you require an official IRS Form 1099-R, please do not elect this option.

This feature has been developed at the request of FPPA members who prefer to e-file their annual taxes and did not want to receive an extra copy of their Form 1099-R in the mail each year. FPPA automatically sends 1099-R and other necessary tax information to the IRS, so for those that prefer electronic filing, there is no specific need for a printed copy.

To access this new feature, or to print copies of current or previous tax documents, click on the “Tax Statements” tab of the FPPA Member Account Portal. If you have questions about this or any other MAP feature, please contact FPPA.