In the fall of 2006, FPPA of Colorado announced the availability of a new voluntary benefit available to members and their families: Long-Term Care Insurance from John Hancock Life Insurance Company. If you have not yet taken advantage of this important discounted coverage, now is a great time to learn more.

No one knows what the future has in store, but it makes sense to plan for long term care when you’re young and healthy. A serious illness, injury, or disability can strike at any age. If something were to happen, the physical, emotional and financial consequences could potentially be devastating to your family and to your finances.

John Hancock’s Long-Term Care Insurance is designed to help you plan for the unexpected and help protect you against the high cost of care and services associated with a severe illness, injury, or supervision due to a cognitive impairment. If you are unable to care for yourself, this policy will cover the cost of long term care services provided to you in a nursing home, an adult day care center, an assisted living facility, or in your own home. John Hancock is a leader in this field with over 20 years of experience serving nearly 1 million policyholders and paying over 1 billion dollars in claims.

This long term care insurance policy is being offered to eligible members, couples/spouses, parents, parents-in-law, step-parents, and step-parents-in-law, children and step-children between the ages of 18-84 (may vary by state). As a member of FPPA, you and your eligible dependents are being offered this valuable member benefit with an additional premium discount.

For information, please call (303) 996-8856 to speak with a Long-Term Care Insurance Specialist. When calling, please identify yourself as an FPPA member.

In 2006, FPPA joined with other public pension funds and filed a shareholder derivative suit against certain current and former Directors and Officers of UnitedHealth Corporation based on their fraudulent backdating of stock options. The goal of the litigation was to return ill gotten gains to the UnitedHealth Corporation and to establish appropriate corporate governance standards within UnitedHealth to avoid future fraud and manipulation. In December 2007, FPPA announced that these officers and directors had agreed to return more than $920 million in cash and reprised stock option to UnitedHealth. While FPPA will receive no cash in this settlement, FPPA does benefit as it continues to be a stockholder. This settlement far exceeds any amount obtained in any other derivative action and it eclipses by many times the amounts obtained in any other derivative action and it eclipses by many times the amounts.
The following two bills were recommended by FPPA and have been sponsored by members of the Pension Reform Commission during the 2008 session Colorado General Assembly. One bill has successfully made its way though both the House and Senate and has been signed by the Governor. The other bill has recently been passed by both houses and is currently on the Governor’s desk. For complete information and current updates refer to the Colorado State web site at www.colorado.gov.

**House Bill 08-1070 - FPPA Statewide Defined Benefit Cost-of-Living Bill**
Signed by Governor Ritter: February 2, 2008 • Effective date: August 6, 2008

Concerning 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).

**Bill Highlights**
- This Bill changes the limit on Board approved annual discretionary COLAs to be up to the higher of 3.0% or the Consumer Price Index for Urban Wage Earners for the previous year.

**Sponsor** - James Riesberg, Colorado State House Representative, District 50  
**Co-Sponsor** - Lois Tochtrop, Colorado State Senator, District 24

**Senate Bill 08-009 - Overpayment / Fraud Bill**
*Having passed through the Senate and the House this Bill is now being considered by the Governor.*

Concerning measures to ensure the proper payment of Fire & Police Pension Benefits

**Bill Highlights**
- Establishes penalties related to benefits paid to a Member who otherwise required by law, fails to submit to a medical examination or fails to provide pertinent information to the FPPA Board of Directors under the Statewide Death and Disability Plan.
- Permits the FPPA Board to review benefits to determine if there has been fraud, an overpayment, an error, or a mistake and authorizes the Board to take action based on the findings of the review.

**Sponsor** - Lois Tochtrop, Colorado State Senator, District 24  
**Co-Sponsor** - Joe Rice, Colorado State House Representative, District 38

The Statewide Hybrid Plan has been in full operation for over 4 years. The Plan makes it possible for members of local money purchase plans and the Statewide Money Purchase Plan to migrate to a defined benefit plan, and to date, 14 departments have entered members into the plan.

We are pleased to announce that West Metro Fire Protection District has become the most recent department to complete the process and is now part of the FPPA Defined Benefit System. Welcome West Metro!

If your department wishes to arrange an informational meeting to discuss the features of the Statewide Hybrid Plan and the process for entering the FPPA Defined Benefit System, please contact the Communications Department at FPPA.

For additional information on the Statewide Hybrid Plan, visit the FPPA website at www.FPPAco.org. Click on the blue button in the left column for “Benefits”. There you may view or download several brochures explaining the various options available under the Statewide Hybrid Plan. FPPA
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, 2006. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports. 2006 marks the 13th consecutive year FPPA has been given this award.

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. A copy of the comprehensive annual financial report is available on our web site at www.FPPAco.org.

Have you recently married or gone through a divorce? Started a family or celebrated your child’s entrance into adulthood? Or experienced the death of a loved one? Any of these life events could mean that your beneficiary designation form is no longer up to date. And that could create a big headache for those you leave behind.

“Beneficiary-designation forms are easy to complete, even easier to forget, but so important in keeping your financial assets in order,” says William L. Anthes, of the Colorado-based National Endowment for Financial Education* A good rule is to review your beneficiary information at least every two years to ensure that all circumstances are accounted for properly. In addition to reviewing your beneficiary information associated with financial institutions and insurance companies - remember to update your information with FPPA as well.

For active members of the Statewide Defined Benefit Plan or the Statewide Hybrid Plan - Defined Benefit Component.

To learn who you have currently listed as your beneficiary, please refer to your annual member contribution statement. If you wish to update your beneficiary information - request a Statewide Defined Benefit / Statewide Hybrid Membership Form from FPPA. Turning in this information will better serve any active member who dies and leaves no surviving spouse or dependent children who are eligible for benefits under the Statewide Death & Disability Plan.

To receive the form mentioned above call the FPPA office at (303) 770-3772 in the Denver Metro area or toll free statewide at (800) 332-3772. The form is also available on our web site at www.FPPAco.org. The link to the form is on the first page of the web site under “What’s New?” If you have questions when completing this form, please contact the FPPA Benefits Division.

For members having money purchase, DROP or 457 Deferred Compensation assets.

To learn who you have currently listed as your beneficiary, or wish to update your beneficiary information - please contact Fidelity Investments® at 1(800) 343-0860.

On January 1, 2008 House Bill 2007-1030 became effective. This House Bill states that all contributions to plans administered by FPPA are due ten days following the date of payment of salary to the member. Employers must submit the required contribution detail and the contributions required, in order to process the deposit. Payments are subject to a penalty if not submitted when due at a daily rate of one-half of one percent per month on the delinquent amount.

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Who’s Your Beneficiary Now?

Employer Contributions

New House Bill effects due date for Employer contributions.

GFOA Award Given To FPPA

For The 2006 Comprehensive Annual Financial Report
FPPA Reaches Settlement With Qwest

FPPA Legal Counsel Kevin Lindahl announced that FPPA reached a $640,000 settlement with Qwest. The Denver-based telecommunications company announced on January 5, 2006 a class action settlement for alleged securities fraud committed by Qwest officers and directors. The FPPAs recovery in the class action suit would have amounted to less than one cent on the dollar for damages caused by Qwest. In addition the original suit against Qwest included excessive attorney fees to be paid to class counsel. FPPA opted out of the class action settlement in order to pursue a more substantial outcome on behalf of the investment fund held in trust for FPPA members and beneficiaries.

FPPA recovered an additional $636,000 though the separate lawsuit. The original class lawsuit offered a $4,000 recovery.

FPPA Board of Directors Chair, Leo Johnson stated, “FPPA Members and Employers benefited from the diligence exhibited by the FPPA Legal Department in pursuing this separate proceeding. We take the protection of our Members’ retirements very seriously. Going the extra mile to recover this larger settlement proves that point.”

The latest edition of the FPPA Employer Handbook is available for distribution. The handbook is available to employers by any one of the following methods.

Visit Our Web Site
Once on our web site at www.FPPAco.org click on the blue button to the left labeled “Employers”. Once on the Employers page there is a highlighted link at the top for the FPPA Employer Handbook. There you will find an opportunity to either view or download and print the entire handbook.

Stop By Our Offices
You are always welcome to stop by our offices in the DTC area of south Denver and request a copy of the handbook. We are located just east of I-25 on the Belleview exit at 5290 DTC Parkway.

Or Give Us A Call
A copy of the Employer Handbook may be mailed to you from our offices. Just give us a call at (303) 770-3772 in Metro Denver or (800) 332-3772 toll free nationwide.

FPPA recovered in all other options backdating cases (even if combined with one another). FPPA was represented in the case by Bernstein Litowitz Berger & Grossmann LLP.

The recoveries are accompanied by further corporate governance reform at UnitedHealth. FPPA, working with the other lead plaintiffs and corporate governance Professor Lucian Bebchuk of Harvard Law School, has developed a comprehensive corporate governance reform plan for the company. This follows a series of corporate governance reforms already instituted by UnitedHealth in response to this litigation.

Bill Morris, the Chief Executive Officer of FPPA said, “This recovery is significant, not simply because of the massive amount of money it brings back into the company for the benefit of its shareholders including our Fund, but also because of the clear message it sends to corporate managers everywhere. Namely, that if they abuse their position of authority at the expense of shareholders, FPPA will take all necessary action to see to it that they are held accountable.”
Long time Board Member and former FPPA Executive Director Johnnie C. Rogers passed away earlier this year.

Rogers grew up in Colorado Springs, served in the United States Navy and graduated from The Colorado College with a degree in Business Administration in 1974. He was a Certified Public Accountant and later served as the City Auditor for Colorado Springs until 1986. In 1980 Johnnie was appointed to the original FPPA Board of Directors. At that time they were given the task of creating a statewide police and fire pension from a legislative mandate. In a 1984 interview, Johnnie stated, “My first year on the FPPA’s Board required a whole lot more work than it currently does. In 1980, the Board met at least twice a month - sometimes more often - simply trying to prepare systems, people, itself for the January 1, 1981 affiliation of nearly 60 local pension plans.”

By mid-1986, FPPA funds were approaching $430 million. Membership was growing and services provided by FPPA to both members and employers were increasing in complexity. The Board of Directors decided to expand the executive staff to include a Deputy Executive Director. The Board of Directors appointed Rogers to that position assisting then Executive Director, David A. Powers. Johnnie later assumed the Executive Director position from 1987 to 1993.

Former FPPA Board Member Fred R. Knowles passed away last fall in Northern California. Fred was also one of the original FPPA Board of Directors appointed by Governor Richard Lamm in 1980 to lead the association. Knowles grew up in Grand Junction and later served in the United States Marine Corps. After returning home from his service in the Corps, Fred joined the Grand Junction Fire Department in 1963. He retired as a Lieutenant from the department in 1985. Knowles position on the FPPA Board of Directors was to represent full time active firefighters during the creation of the association. He held a spot on the Board for five years.

Current Board Chair Leo Johnson reports, “Many benefits that Members enjoy today were carved out of policy established many years ago. We are grateful for the dedication of the FPPA Board of Directors in the early days and specifically for visionary men like Mr. Rogers and Mr. Knowles.”

FPPA mailed out IRS 1099-R Forms to many of our Retiree’s last month. Not all Retiree’s of course will receive the form. Only those Retiree’s having a taxable gross amount greater than zero or having requested to have taxes withheld from their account during the previous year will get an IRS 1099-R Form from FPPA. The statements are provided by FPPA to Retiree’s for their tax purposes.

If you have any questions about the 1099-R Form you received or believe you qualified to receive the form but didn’t, please call (303) 770-3772 in Metro Denver or (800) 332-3772 toll free nationwide.
New Annual Contribution Limits

For Members of
The 457 Deferred Compensation Plan
The Statewide Money Purchase Plan
The Statewide Hybrid Plan - Money Purchase Component
and
A Local Money Purchase Plan

Below are the 2008 Annual Contribution Limits for the FPPA 457 Deferred Compensation Plan as well as the Statewide Money Purchase Plan and local money purchase plans.

### FPPA 457 Deferred Compensation Plan

<table>
<thead>
<tr>
<th>Year</th>
<th>Contribution Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$15,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Catch Up Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

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, Statewide Hybrid Plan - Money Purchase Component and local money purchase plans

### 2008 Contribution Limits

The annual limit on total employee and employer contributions to a participant’s money purchase plan account is the lesser of $46,000 or 100% of compensation.

The HELPS component of the Pension Protection Act (PPA) grants eligible retired public safety officers an annual federal income tax exclusion of up to $3000 for amounts paid to cover the cost of qualified health insurance premiums on behalf of the member, his or her spouse, or dependents.

Retired public safety officers taking advantage of the PPA by having their eligible insurance premiums deducted from their taxable pension benefit in 2007 have, by now, received a Notice of Distributions for Insurance Premiums for 2007 from FPPA. This statement indicates the total amount of distributions FPPA has recorded from 2007.

Information about member eligibility, and how the tax exclusions are claimed with the IRS are covered in the publication Pension Protection Act of 2006 Q&A found on our web site at FPPAco.org. (Click on the link under “What’s New” associated with the headline “The Healthcare Provision of the Pension Protection Act of 2006”.) In addition, FPPA has placed on our website (in the same section listed above) a link to the specific page of the IRS website having to do with claiming this provision.

For the 2007 tax year the IRS updated its website to include new tax forms, instructions and publications having to do with this tax exclusion. Complete instructions may be found in the IRS publication 1040 Instructions for 2007. These instructions will be important in learning which of the three IRS Form 1040’s to use for a particular tax reporting situation.
On August 29, 2007, FPPA held a public rule-making hearing to consider adoption and amendment of Rules & Regulations, which includes certain new rules, amendments and the repeal of certain rules. While many of the changes are clerical and technical in nature, the following is a brief overview of just some of the amendments to the rules and how they may affect the membership.

**Amendments to the FPPA Rules & Regulations:**

- to provide a formula and calculation methodology for the purchase of service credit under the Statewide Defined Benefit Plan for part-time employment;
- to establish procedures for the submission of contributions by employers within 10 days following the date on which salaries are paid to the member.

**Amendment to the Statewide Hybrid Plan Rules & Regulations:**

- to allow members of the Statewide Hybrid Plan - Money Purchase Component to engage a third party investment advisor.

**Amendment to the Colorado Springs New Hire Pension Plan Rules & Regulations:**

- to allow members of the Colorado Springs New Hire Pension Plan who participate in the Statewide Money Purchase Plan as part-time employees to combine service for vesting and to purchase service credit for part time employment.

A current copy of all of the adopted 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.

As of December 31, 2007 FPPA announced that total assets of the defined benefit plans continues to grow over the $3 billion dollar mark to a total of $3.51 billion.

<table>
<thead>
<tr>
<th>% 4th Quarter 2007</th>
<th>1 Year</th>
<th>5 Years</th>
<th>10 Years</th>
<th>Since Inception*</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.55%</td>
<td>9.68%</td>
<td>13.88%</td>
<td>7.86%</td>
<td>11.16%</td>
</tr>
</tbody>
</table>

*For trailing 10 years, returns are gross of all fees; since inception is net of pre-1995 private asset management fees.*
If you are within 10 years of retirement, this seminar is for you. We’ve put together a group of industry experts to cover a wealth of topics including: Social Security, retiree medical insurance, identity theft, retirement income planning as well as estate & tax planning.

As with all of our FREE seminars, members and their families are welcome to attend.

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