Often we inform FPPA Members and Employers of state legislation which may effect them and provide more information to be considered before the legislation comes to a vote. In 2005, the Colorado State Legislature approved two such ballot issues for the fall 2005 election: Referendum C and Referendum D.

Referendum C allows the state to keep certain monies collected that would have previously exceeded the TABOR constitutional limits on taxes. Referendum D provides for a bond issue that would fund certain “critical needs” including capital construction for higher education, highway projects, and $175,000,000 for state-assisted old hire fire and police plans. The lump sum payment, scheduled to be made in 2006 if the referendums pass, would pay the balance of all monies owed by the State to local old hire plans. The funds are currently required to be paid off no later than 2012. The state potentially will have a cost savings by paying these obligations early. The increase in revenues collected and kept by the State that would be approved in Referendum C would be used to pay off the bonds issued in Referendum D. The State will only be able to provide the old hire funding if both referendums pass.

The proposals were made under a joint effort by the legislature and the Governor’s office. To learn more about the actual language of both Referendum C and Referendum D visit our web site at www.FPPAco.org and click on the link under “What’s New” to be directed to the Colorado Legislative Council web site - once there click on the link for “2005 Blue Book Analysis”.

In mid-February 2005, FPPA conducted an election to create The Statewide Health Care Defined Benefit (SWHC) Plan for active police officers and firefighters covered by the Statewide Defined Benefit Plan, the Statewide Money Purchase Plan and the Statewide Hybrid Plan.

Statewide Health Care Election Results

| Percentage of Eligible Voters Approving the Plan | 71% |
| Votes For | 2,928 members |
| Votes Against | 639 members |
| Eligible Members Who Did Not Vote | 536 members |

In order for an election item to pass an affirmative vote of at least 65% of active plan members is required; consequently, the measure passed. Of the 158 departments that were eligible to vote, 109 departments had a 51% or greater affirmative vote. There were 24 departments that voted “no”; and 25 departments that chose not to vote or their votes didn’t count because they mailed them late or were incomplete.

continued on next page
The Statewide Health Care Defined Benefit Plan will provide assistance in paying Covered Medical Care Insurance, defined as insurance premiums for single, two-party, or family coverage for medical care, dental, vision or long term care for a retired Health Care Plan participant.

This election clearly reflected the will of the membership and we are pleased that so many members took the time to read, talk about and understand how this plan will benefit them in the future. Regardless if you voted for or against the plan, we encourage you to visit the FPPA web site at www.FPPAco.org to obtain a copy of the Statewide Health Care Defined Benefit Plan Document and review the specifics of the plan. At this time, the target effective date of the plan implementation will be January 1, 2006 (pending the expected IRS approval of the plan).

The following is a brief timeline of the remaining post-election events.

### 2005 Statewide Health Care Defined Benefit Plan Election Remaining Events

<table>
<thead>
<tr>
<th>Event</th>
<th>Details</th>
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| August                 | Employers submit governing bodies’ decisions whether or not to participate.  
                       | (If less than the majority of members from that department vote in favor.) |
|                        | Final approval by FPPA Board.                                             |
| January 1, 2006        | Effective date of The Statewide Health Care Defined Benefit Plan          |
|                        | (pending IRS approval of the plan).                                      |

The 2005 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 Bellevue exit at 5290 DTC Parkway.

**Or Give Us A Call**

A copy of the Employer Handbook may be mailed to you directly from our offices. Just give us a call at (303) 770-3772 in Metro Denver or (800) 332-3772 toll free nationwide.
House Bill (HB) 05-1002 and Senate Bill (SB) 05-043 which affect both the FPPA Membership as well as some of their Employers have moved successfully through the 2005 Legislative Session and were signed by Governor Owens.

HB05-1002 was signed by the governor March 11, 2005 and SB05-043 was signed by the governor April 14, 2005. Below is a brief summary provided by the Colorado General Assembly of these bills which have now become law.

Also listed below are the many Colorado State Senators and House Representatives who were instrumental in moving our bills through the legislative process. The process often includes attending several committee hearings and fielding questions and concerns from their House and Senate colleagues. FPPA wishes to extend our thanks to the following House and Senate Representatives who have supported our bills as they made their way through the 2005 Colorado Legislative Session.

### HB05-1002
Concerning the confidentiality of information regarding investments made by FPPA for the purpose of protection the fiduciary responsibilities of the Association.

**HB05-1002 Sponsors**

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<thead>
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<th>House Representatives</th>
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<tbody>
<tr>
<td>Stengel</td>
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<tr>
<td>Ragsdale</td>
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<tr>
<td>Rose</td>
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<tr>
<td>Crane</td>
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<th>Senators</th>
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<tr>
<td>Evans</td>
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<tr>
<td>Taylor</td>
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</tbody>
</table>

### SB05-043
Concerning the clarification of Social Security employers’ providing pension benefits to employees under the State-wide Defined Benefit Plan.

**SB05-043 Sponsors**

<table>
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<tr>
<th>Senators</th>
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<tbody>
<tr>
<td>Evans</td>
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<td>Hanna</td>
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<td>Wiens</td>
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<td>Berens</td>
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<td>Butcher</td>
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<tr>
<td>Evans</td>
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<td>Tochtrop</td>
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For the specifics on either of the bills listed or to learn more about the above mentioned legislators, visit [www.leg.state.co.us](http://www.leg.state.co.us) on the web.

**By Year** - Your benefit percentage is based on the average of your highest 3 years’ base salaries. If you are planning to retire soon and wish to have this years’ salary figured into that average, you may plan your retirement date for anytime between now and the end of the year. The retirement calculation may use your current salary as long as you retire on or after July 1 of the year you wish to retire.

**By Date** - It is also a good idea to verify your actual date of hire with your employer and plan your exit on the same numeric date. This will insure your benefit will be calculated on a full month of service worked. For example: if you were hired on the 7th of the month, you may want to consider working through the 7th of your final month. Otherwise, your first and last month may be considered partial months and therefore not be considered in the calculation of benefits. Furthermore, if you changed employers throughout your career or had a break in service while in the plan, your target retirement date would be effected.

So when you’re within a few years of that well deserved retirement - contact FPPA’s Benefit Division at (303) 770-3772 in Metro Denver or (800) 322-3772 toll free for assistance in determining your retirement year and date.
Comprehensive Annual Financial Report Highlights
for the Fiscal Year Ended December 31, 2004

Statement of Plan Net Assets

Assets

Cash and Cash Equivalents $ 2,448,275
Total Investments 3,134,343,709
Total Receivables 12,166,543
Properties and Equipment, at Cost,
Net of Accumulated Depreciation 2,582,845
Other Assets 224,559
TOTAL ASSETS $ 3,151,765,931

Liabilities

Payables, Pending Trades & Accrued Expenses 404,704,459
TOTAL LIABILITIES $ 404,704,459

Net Assets Held in Trust for Pension Benefits/
Fund Balance Reserved for Withdrawals $ 2,747,061,472

Statement of Changes in Net Assets

From Investment Activities

Change in Net Assets Derived from Investment Activities $ 289,931,244

From Participant Activities

Funds Invested by Members & Employers 152,717,904
Funds Withdrawn by Members & Employers (191,899,968)
Administrative Expenses (3,654,837)

$ 247,094,343

Net Assets

Beginning of Year $ 2,499,967,129
End of Year $ 2,747,061,472

This Statement of Net Assets which certifies the financial condition of FPPA’s benefit fund at the close of 2004 is based on the official audit report on the fund prepared by Bondi & Co. LLP.
**2004 Asset Allocation As Of December 31, 2004**

<table>
<thead>
<tr>
<th>Investment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Bonds</td>
<td>26.5%</td>
</tr>
<tr>
<td>International Equities</td>
<td>19.2%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>3.8%</td>
</tr>
<tr>
<td>High Yield Bonds</td>
<td>3.1%</td>
</tr>
<tr>
<td>Alternative Investments</td>
<td>5.7%</td>
</tr>
<tr>
<td>US Equities</td>
<td>39.9%</td>
</tr>
<tr>
<td>Cash &amp; Short Term</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

The statements on the previous page and the chart above are highlights taken from the FPPA Comprehensive Annual Financial Report for the year ended 2004. This report includes the year end audit performed on the following funds: The Defined Benefit System, the Statewide Death & Disability Plan, and numerous separate local “old hire” and volunteer fire pension funds. FPPA also administers the Members’ Money Purchase Plan Benefit Fund and the Members’ Statewide Money Purchase Plan Benefit Fund. In addition, for presentation purposes, the IRC 457 Deferred Compensation Plan is also included. All six audits are combined into one report for ease of comparison.

This Report also contains information about the Association, including plan information for the Statewide Plans, investments and returns, actuarial information for the various plans, and statistical data relating to membership and funding.

If you have any questions please contact Shelley Daly, FPPA’s Accounting Supervisor at (303) 770-3772 in the Denver Metro area or (800) 322-3772 toll free.


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.
If you are in or nearing retirement, you want to ensure that the savings you have accumulated through FPPA and other sources will generate the retirement income you need to last a lifetime. After all, you’ve worked hard to get where you are today. Isn’t it important to make sure your savings will last?

As a first step, developing a carefully crafted income plan can help you minimize the key risks you’re likely to face in retirement, including:

- Withdrawing money too fast
- Outliving your assets
- Meeting rising health care costs

In short, an income plan is essential if you want to help secure the retirement you’ve always envisioned.

**Introducing Fidelity Retirement Income Advantage℠**

FPPA and Fidelity are committed to helping people transition from saving for retirement to using those savings to meet retirement income needs. The Fidelity Retirement Income Advantage℠ is a special suite of services designed to help you create an income plan, invest your savings, and manage your retirement income. This Program will help you:

**Plan** - Over the phone or in person, a Fidelity Retirement Specialist can help you craft an income plan to fit your needs. You can also use our Retirement Income Planner to review and modify your plan at any time. Go to the Retirement Planning Tools area under the Savings & Retirement tab at netbenefits.fidelity.com. Or, call Fidelity toll free at 1 (866) 630-8635.

**Invest** - Being retired doesn’t mean that you should stop making money. In fact, one of the biggest risks you may face is being too conservative as you choose your investments. Fidelity can help you develop an investment strategy that meets your individual needs.

**Manage Your Income** - Once you develop your retirement income plan, Fidelity can help you stay on track. Our Income Management Account℠ can make it easy to monitor your retirement portfolio, and track your income and your spending each month.

Will you have an income shortfall in retirement? Fidelity can help you assess your financial situation; estimate expenses and income; make decisions about your investments that help you generate income; and monitor your plan once it’s in motion.

**Securing your savings will make the difference between retiring and retiring well!**

Take the next steps toward securing the kind of retirement you want by:

1) Scheduling an appointment at a Fidelity Investor Center.
   - There are two convenient Denver locations available to FPPA members.
     - Denver South by Park Meadows Mall - (303) 649-1708
     - Denver Downtown on the 16th Street Mall - (303) 825-7346
   2) Call toll free 1 (866) 630-8635 to speak with a Fidelity Retirement Specialist.
   3) Visit netbenefits.fidelity.com.
   4) Receive your retirement income plan report with action steps to help you put your strategy in motion.
   5) Rest easy that you will be retiring well!
The Statewide Hybrid Plan has been in full operation for a year now. The Plan makes it possible for local money purchase plans and the Statewide Money Purchase Plan to migrate to a defined benefit plan, and to date, nine departments have decided to do so.

Local plan interest level continues to be extremely high. We are pleased to announce that in 2005, seven money purchase plans completed the process and are now part of the FPPA Defined Benefit System. Welcome to Brighton Police, Evans Police, Federal Heights Police and Fire, Lafayette Police, North Metro Fire Rescue, Snake River FPD, and Lake Dillon FPD.

To summarize the plan highlights - see chart to the right. The Statewide Hybrid Plan is one of two tiers of the FPPA Defined Benefit System. The other tier is the Statewide Defined Benefit Plan. The System allows for greater statewide portability and it provides flexibility in the benefits under the two tiers.

The Statewide Hybrid Plan Tier offers a combination of a Defined Benefit Component and a Money Purchase Component. Active members of the Plan on the effective date of coverage may elect to participate in:

- both the Defined Benefit AND Money Purchase Component of the Hybrid Plan Tier, or
- the Money Purchase Component ONLY of the Hybrid Plan Tier.

An employer may also elect to offer their members a third option, the Statewide Defined Benefit Plan Tier.

Contact the Benefits Department at FPPA if you would like to arrange an informational meeting to discuss the features of the Statewide Hybrid Plan and the process for entering the FPPA 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 may view or download copies of the Statewide Hybrid Plan Brochure, the Statewide Hybrid Plan - Money Purchase Component Brochure, a Statewide Hybrid Plan - Q&A Brochure as well as the actual Plan Document and the Statewide Hybrid Plan Rules and Regulations.

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**FPPA Defined Benefit System**

- **Statewide Hybrid Plan Tier (SWH)**
  - Defined Benefit Component
  - Money Purchase Component

- **Statewide Defined Benefit Plan Tier (SWDB)**

**FIRE & POLICE PENSION ASSOCIATION of COLORADO**
In This Issue

1. Legislative News
2. Statewide Health Care Vote Passed
3. Employer Handbook Available
4. Legislative Update... And Thanks to Our Legislative Sponsors
5. Picking Your Retirement Date
7. GFOA Award Given to FPPA
8. Make Sure Your Income Lasts A Lifetime
9. Statewide Hybrid Plan Update
10. FPPA Investment Returns
11. Upcoming Seminar

Upcoming Seminar

Mark your calendar!

Protect Your Identity & Your Estate Seminar

Thursday • October 20th
6pm - 8:45pm
Denver Police Protective Association Event Center

This Seminar is for both actives and retirees alike. Our special speakers will be Harley Look and Lisa Curtis. Harley is a highly regarded estate and tax planning attorney and one of FPPA’s most popular speakers. Harley will talk about living wills, powers of attorney, guardians, avoiding probate and issues that are important to your future financial success. Lisa has been the Director of Consumer Services for the Denver District Attorney since 1996. Her presentation will help you reduce the risk of being a victim of identity theft and other financial crimes.

For more information about this seminar, call Rory Mammen at the phone numbers listed above, or log on to www.FPPAco.org and click on the Calendar page.