PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION

FY 2023-24 JOINT BUDGET COMMITTEE HEARING AGENDA

Wednesday, December 7, 2022

3:30 – 4:30 pm

3:30-3:45 INTRODUCTIONS AND OPENING COMMENTS

Presenter: Ron Baker, PERA Executive Director

3:45-4:30 UPDATE ON THE 2021 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Main Presenters:

- Ron Baker, PERA Executive Director
- Amy C. McGarrity, PERA Chief Investment Officer/Chief Operating Officer

COLORADO PERA

Joint Budget Committee

December 7, 2022

Ron Baker, Executive Director
Amy C. McGarrity, Chief Investment Officer/Chief Operating Officer

Public Employees' Retirement Association of Colorado (PERA)

Defined Benefit Plan

Stable benefit payments to over 132,000 retired public employees

Defined Contribution Plan

Choice available to State and Local Government employees

Voluntary Investment Program

PERAPlus 401(k) and 457 Plans

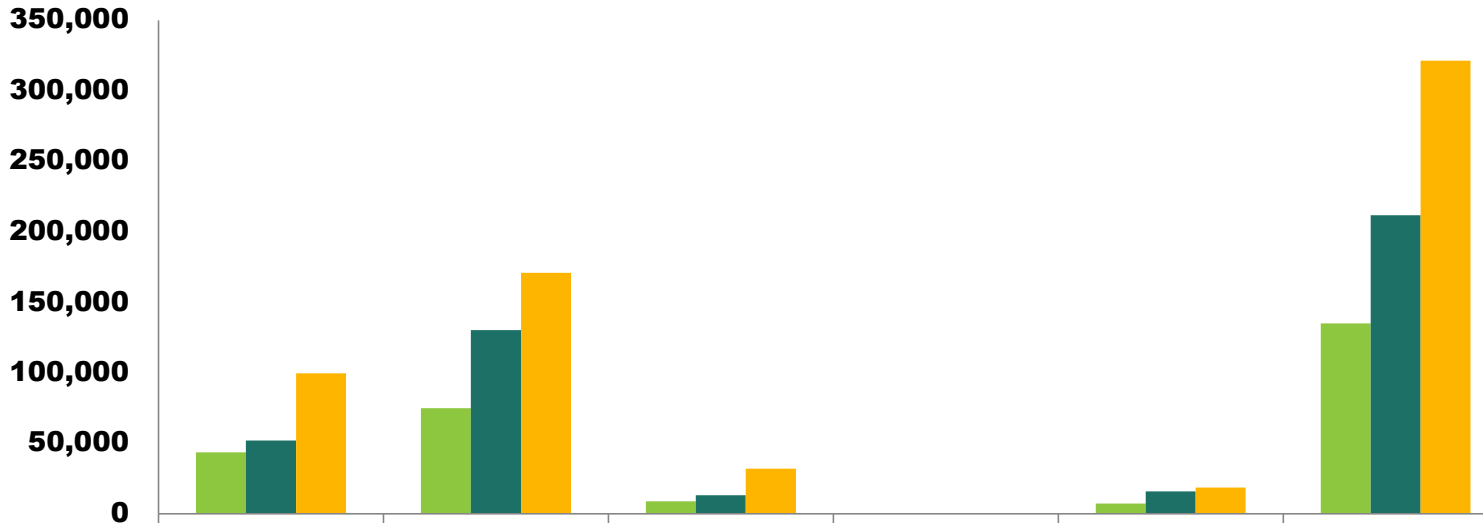
Health Benefits Program

Active and retired member coverage

PERA Provides for 1 in 10 Coloradans

As of September 30, 2022

Total: 667,978



	State	School	Local Gov't	Judicial	DPS	Total
Benefit Recipients	43,613	74,936	8,753	435	7,252	134,989
Active Members	52,025	130,186	13,243	343	15,883	211,680
Inactive Members	99,683	170,948	32,052	34	18,592	321,309

COLORADO PERA

2021 in Review

Facts and Figures as of December 31, 2021

ASSETS UNDER MANAGEMENT (FNP)

$66 billion

(DIVISION TRUST FUNDS)

NET RATE OF RETURN

16.1%

MEMBERS ACTIVELY CONTRIBUTING TO PERA

207,269

EMPLOYERS

409

TOTAL COVERED PARTICIPANTS

(IN PERACARE HEALTH BENEFITS PROGRAM)

59,568

FUNDED STATUS

67.8%

RETIREES AND BENEFIT RECIPIENTS

132,111

ANNUAL RETIREMENT BENEFIT PAYMENTS

$5.0 billion

(DIVISION TRUST FUNDS)

INVESTED IN COLORADO-BASED COMPANIES, PARTNERSHIPS, AND ASSETS

$898.9 million

30-YEAR RATE OF RETURN

9.0%

(ANNUALIZED, GROSS-OF-FEES)

COLORADO PERA

Funded Period Progress (In Years)

As of December 31

Division Trust Fund	2020 Funding Periods[1]	2021 Funding Periods[1]	2021 Projected Funding Periods[2]
State	33	23	16
School	43	26	16
Local Government	29	12	2
Judicial	13	7	3
Denver Public Schools (DPS)	16	9	2

[1]Funding periods are determined on a closed-group basis and shown as of prior and current valuation dates.

[2]Funding periods are determined on an open-group basis and shown as of the current valuation date only.

Valuation Highlights

- **Actuarially Determined Contribution Rates**

Trust Fund	December 31, 2021 (ADC for 2023)	December 31, 2020 (ADC for 2022)
State Division	20.71%	23.45%
School Division	21.13%	24.54%
Local Government Division	9.20%	12.72%
Judicial Division	13.83%	15.56%
DPS Division	6.77%	9.25%

Segal

Automatic Adjustment Provision

	Item	State Division	School Division	Local Government Division	Judicial Division	Denver Public Schools Division	Total Weighted Average
1	Unfunded actuarial accrued liability as of December 31, 2021 ($ in millions)	$9,780.3	$16,083.6	$654.4	$68.8	$608.8	$27,195.9
2	Member contribution rate	11.08%	11.00%	9.01%	11.00%	11.00%	10.98%
3	Employer contribution rate	19.99%	19.80%	13.06%	23.33%	9.00%	19.47%
4	Actuarially determined employer contribution rate	20.71%	21.13%	9.20%	13.83%	6.77%	20.35%
5	Direct distribution rate						0.32%
6	Blended total contribution rate: **2 + 3 + 5**						30.77%
7	Blended total required contribution: **2 + 4**						31.33%
8	Ratio of blended total contribution rate to blended total required contribution: **6 ÷ 7**						**98.21%**

Segal

Automatic changes are triggered when the ratio of the Blended Total Contribution Rate to the Blended Total Required Contribution is less than 98% (or greater than 120%)

» As of December 31, 2021, this ratio is equal to 98.21%

COLORADO PERA

PERA Annual Increases vs National Inflation

	SB 2010 - 001 & SB 2018-200 - AS OF 2022									
	Increase for 2010		Increase for 2011		Increase for 2012		Increase for 2013		Increase for 2014	
	PERA	CPI-W*	PERA	CPI-W	PERA	CPI-W	PERA	CPI-W	PERA	CPI-W
Applicable Annual Increase	0.0%	-0.7%	2.0%	2.1%	2.0%	3.6%	2.0%	2.1%	2.0%	1.4%
Cumulative Increase	0.0%	-0.7%	2.0%	1.4%	4.0%	5.0%	6.1%	7.2%	8.2%	8.7%
Average Increase	0.0%	-0.7%	1.0%	0.7%	1.3%	1.7%	1.5%	1.8%	1.6%	1.7%

	SB 2010 - 001 & SB 2018-200 - AS OF 2022									
	Increase for 2015		Increase for 2016		Increase for 2017		Increase for 2018		Increase for 2019	
	PERA	CPI-W	PERA	CPI-W*	PERA	CPI-W	PERA	CPI-W	PERA	CPI-W
Applicable Annual Increase	2.0%	1.5%	2.0%	-0.4%	2.0%	1.0%	0.0%	2.1%	0.0%	2.5%
Cumulative Increase	10.4%	10.4%	12.6%	9.9%	14.9%	11.0%	14.9%	13.4%	14.9%	16.2%
Average Increase	1.7%	1.7%	1.7%	1.4%	1.7%	1.3%	1.6%	1.4%	1.4%	1.5%

	SB 2010 - 001 & SB 2018-200 - AS OF 2022									
	Increase for 2020		Increase for 2021		Increase for 2022		Increase for 2023		Increase for 2024	
	PERA	CPI-W	PERA	CPI-W	PERA	CPI-W	PERA	CPI-W	PERA	CPI-W
Applicable Annual Increase	1.25%	1.7%	1.25%	1.2%	1.0%	5.3%				
Cumulative Increase	16.3%	18.2%	17.8%	19.6%	18.9%	25.9%				
Average Increase	1.4%	1.5%	1.4%	1.5%	1.3%	1.8%				

* For purposes of determining purchasing power, CPI-W was allowed to reflect a negative value in these calculations even though PERA would never apply a reduction to benefits.

PERA's Investment Program

INTERNAL AND EXTERNAL MANAGEMENT EXPENSES

$203.0 million

ASSETS MANAGED IN-HOUSE BY PERA STAFF

62%

SAVINGS IN 2021 DUE TO INTERNAL INVESTMENT MANAGEMENT

$65 million

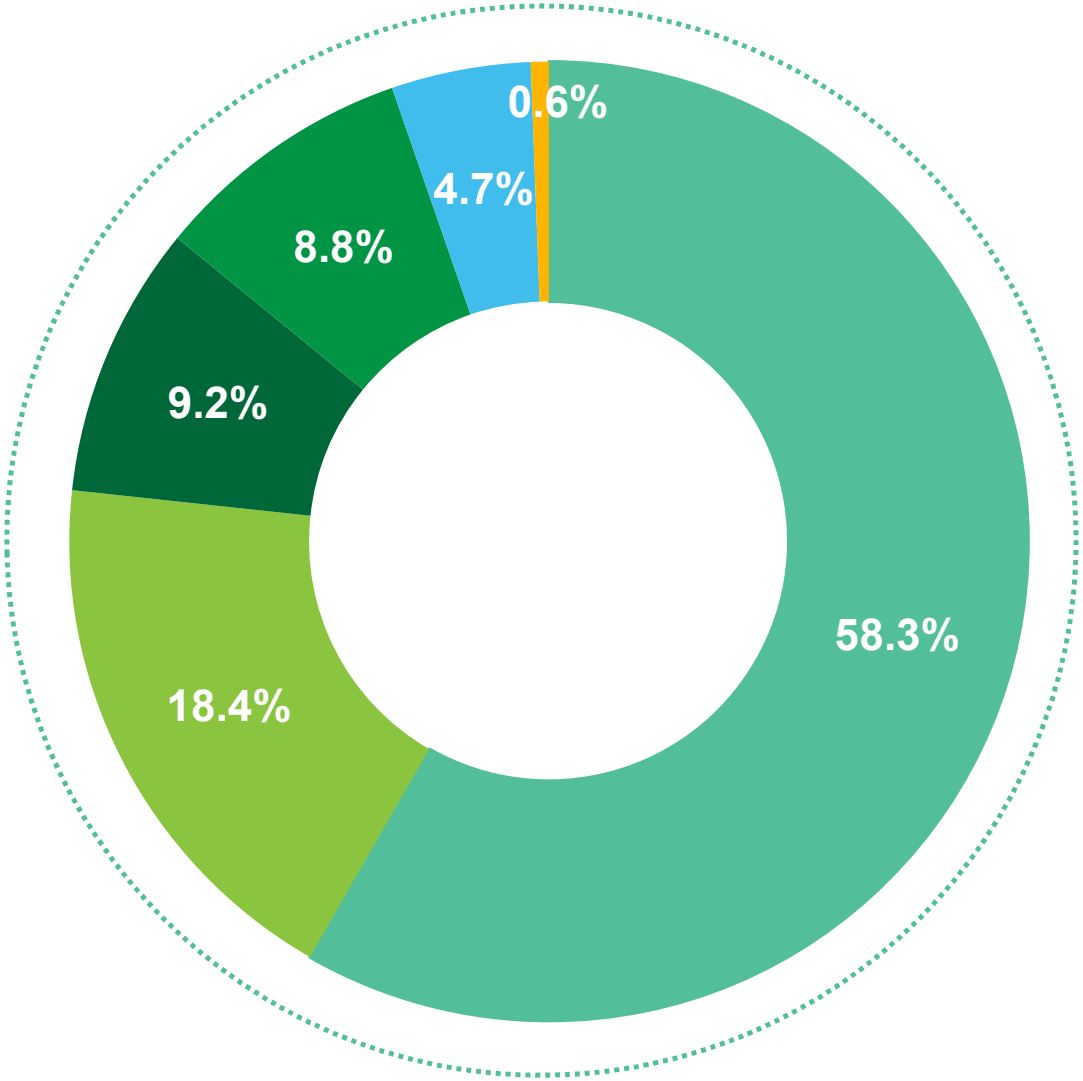
BASIS POINTS OF TOTAL ASSETS SPENT ON MANAGEMENT

30.7

2021 Investment Performance

PERA's Asset Allocation

As of December 31, 2021

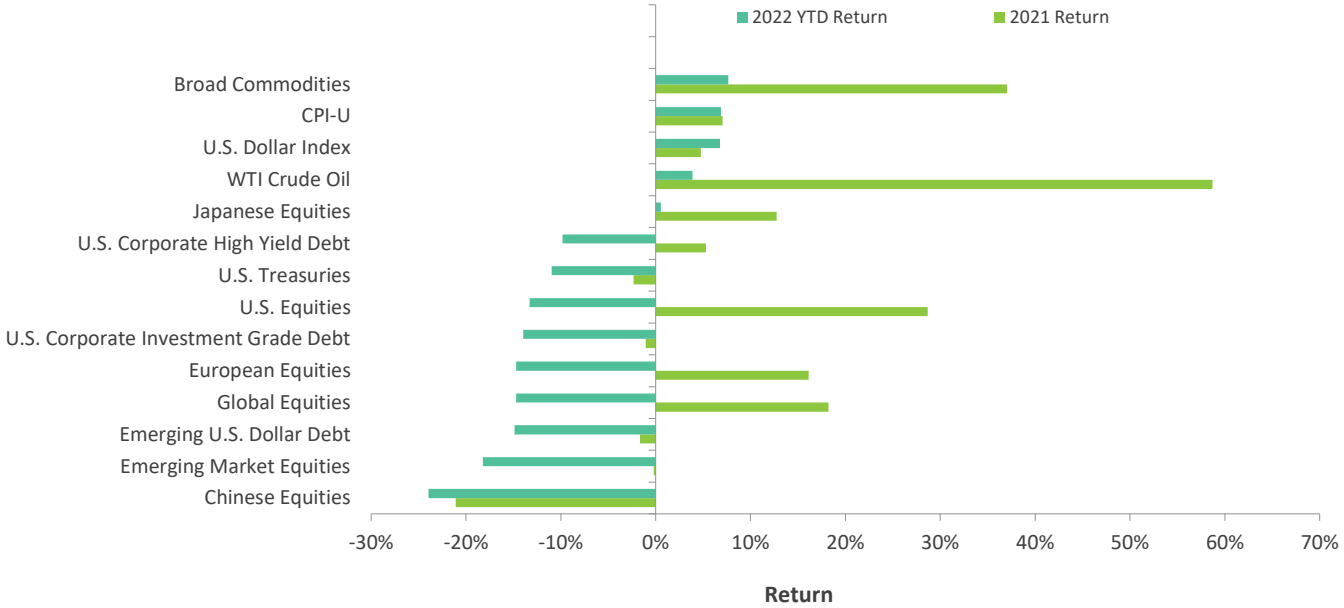


Market Performance: 2022 YTD* vs. 2021 Calendar Year

Oil and commodities are moving higher but are off recent highs

Stock and bond markets are broadly selling off YTD although are off recent lows

2022 Highest Performers



All returns are presented in unhedged USD terms
CPI-U YTD is as of previous month end (10/31/2022)
*YTD as of 12/02/2022

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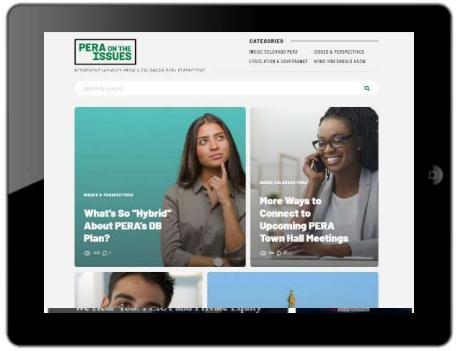
Website
www.copera.org



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