



Pension Review Commission

August 8, 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 121,000 retired public employees

Voluntary Investment Program

PERAPlus 401(k) and 457 Plans



Defined Contribution Plan

Choice available to State and Local Government employees

Health Benefits Program

Active and retired member coverage



Governance



General Assembly (Per statute)

Sets benefit and contribution structure including direct distribution amount. Provides oversight of PERA via the following committees: Legislative Audit, Joint Budget, Joint Finance, Pension Review Subcommittee and Pension Review Commission



Board of Trustees (Per statute)

Oversees investments, benefits administration, sets and monitors actuarial assumptions



PERA Staff (PERA Governance Manual)

Implements strategy and policy as well as serves as resource for Legislature and Board

2021 Annual Report

BUILDING ON A TRADITION OF SERVICE

Serving Colorado since 1931



Annual Comprehensive Financial Report
Public Employees' Retirement Association of Colorado
For the Year Ended December 31, 2021

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)

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

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

²Funding 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%

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%



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%

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

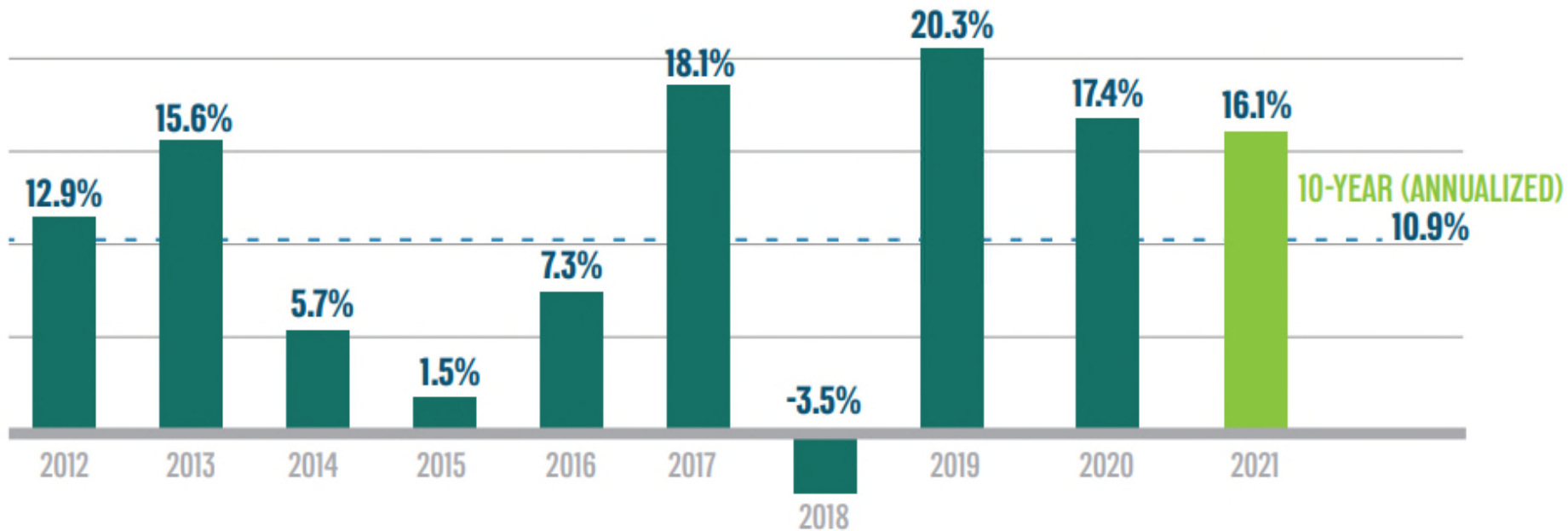
\$65 million



BASIS POINTS OF TOTAL ASSETS SPENT ON MANAGEMENT

30.7

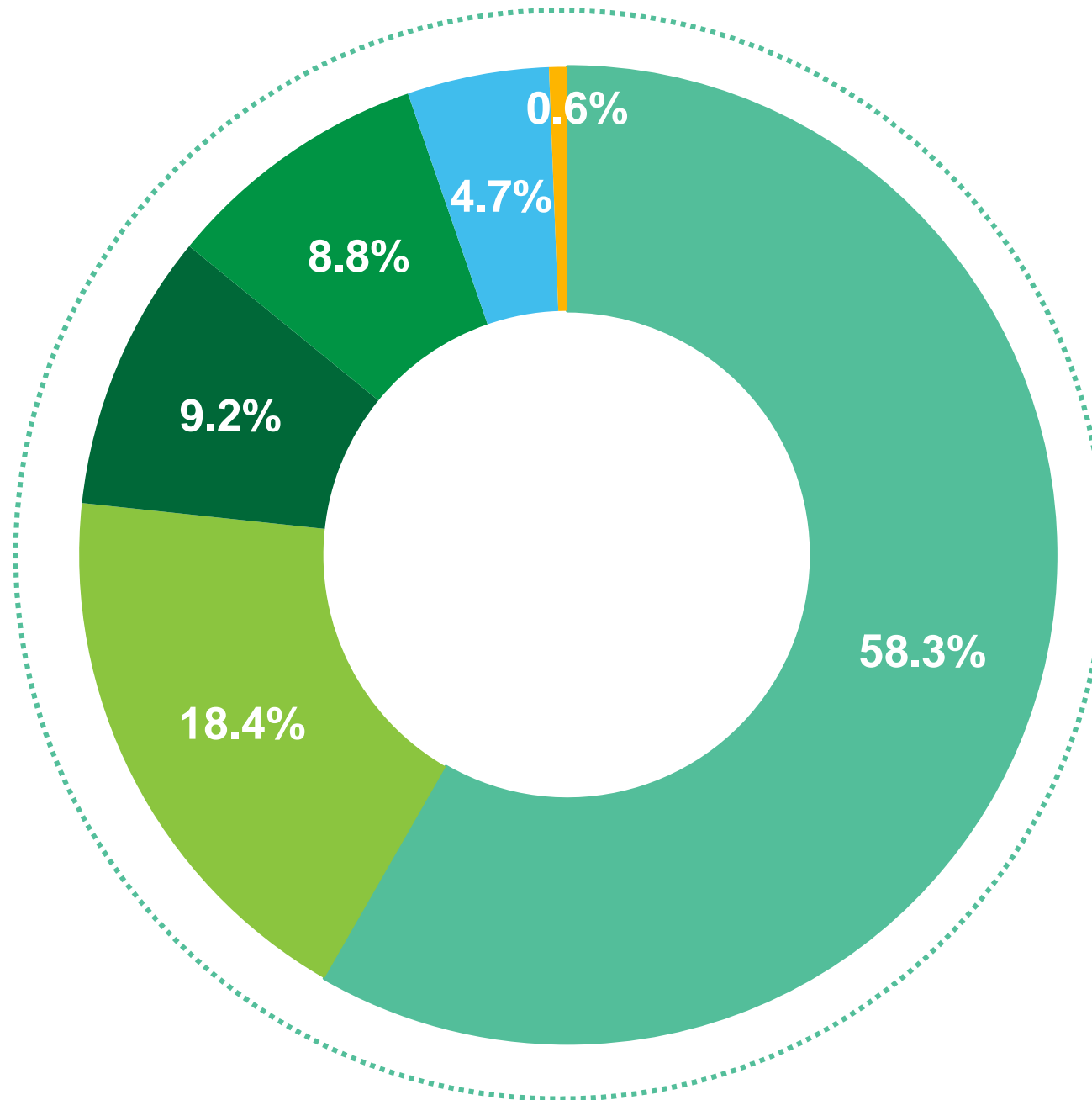
RATES OF RETURN OVER 10 YEARS (NET-OF-FEES)



2021 Investment Performance

PERA's Asset Allocation

As of December 31,
2021



- Global Equity
- Fixed Income
- Private Equity
- Real Estate
- Alternatives
- Cash

Investing for the Future

Colorado PERA's overall approach to investment stewardship is straightforward: Seek out quality investments that are expected to provide the best risk-adjusted returns to PERA's portfolio over the long term. We break down this approach to financial sustainability into four parts.



PROTECT

Protect members' interests by watching costs



INTEGRATE

Integrate relevant factors into PERA's investment strategy



ADVOCATE

Advocate for stronger markets



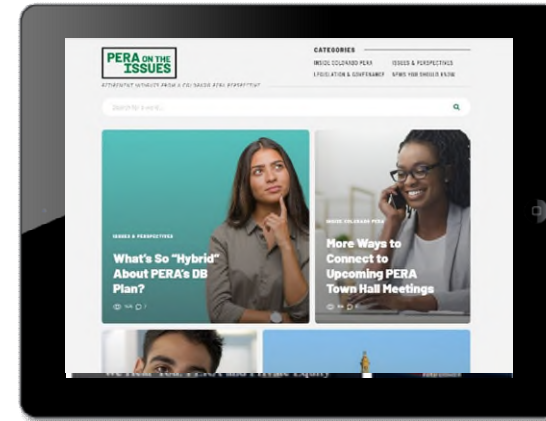
EVALUATE

Evaluate exposures and recognize limitations

Stay in Touch



Website
www.copera.org



Retirement Insights
www.peraontheissues.com

Social Media
[@coloradopera](https://twitter.com/coloradopera)



Call us at
800-759-7372



Appendix



Summary of Valuation Highlights

» Effective Amortization Periods

Trust Fund	December 31, 2021	December 31, 2020
State Division	23 years	33 years
School Division	26 years	43 years
Local Government Division	12 years	29 years
Judicial Division	7 years	13 years
DPS Division*	9 years	16 years

 Segal

» Asset Return

- Market value of assets returned approximately 16.1% for the year ended December 31, 2021

» Unfunded Actuarial Accrued Liability (UAAL)

- The actuarial accrued liability (AAL) increased from \$83.3 billion (as of December 31, 2020) to \$84.4 billion (as of December 31, 2021)
- The UAAL decreased from \$31.0 billion to \$27.2 billion. The \$3.8 billion decrease includes:
 - » An expected increase of \$0.3 and demographic loss of \$0.5 billion, net of \$3.0 billion gain from investments and \$1.6 decrease in AAL from changes in plan provisions.

Membership – Active Pension

Item	State Division General	State Division Troopers	School Division	Local Government Division	Local Government Division State Troopers	Judicial Division	Denver Public Schools Division
December 31, 2021:							
Number	51,886	1,592	125,007	12,716	29	345	15,695
Average age	45.4	38.0	44.7	44.7	37.0	54.1	40.9
Average service	9.0	7.3	8.8	7.8	1.3	12.2	7.2
Average payroll	\$57,185	\$78,807	\$43,724	\$56,780	\$59,750	\$161,681	\$52,462
December 31, 2020:							
Number	52,152	1,491	119,421	12,743	14	344	14,693
Average age	45.6	39.0	44.7	44.7	37.5	54.6	41.0
Average service	9.1	7.8	9.1	7.7	1.2	12.7	7.2
Average payroll	\$56,950	\$79,896	\$43,092	\$54,713	\$60,678	\$159,244	\$52,498
Change							
Number	-0.5%	+6.8%	+4.7%	-0.2%	+107.1%	+0.3%	+6.8%
Average payroll	+0.4%	-1.4%	+1.5%	+3.8%	-1.5%	+1.5%	-0.1%

Funded Status

As of December 31, 2021

Total Unfunded Liability: \$27.2 billion
Funded Status: 67.8%



STATE UNFUNDED LIABILITY
\$9.8 billion

FUNDED STATUS
64.0%



SCHOOL UNFUNDED LIABILITY
\$16.1 billion

FUNDED STATUS
65.3%



LOCAL GOVT. UNFUNDED LIABILITY
\$654 million

FUNDED STATUS
88.6%



JUDICIAL UNFUNDED LIABILITY
\$69 million

FUNDED STATUS
85.9%



DPS UNFUNDED LIABILITY
\$609 million

FUNDED STATUS
86.9%

Schedule of Computed Employer Contribution Rates for the 2023 Plan Year
Based upon the Results of the December 31, 2021 Actuarial Funding Valuation

Item	State Division	School Division	Local Government Division	Judicial Division	Denver Public Schools Division
Normal cost rates					
Service retirement benefits	8.09%	10.17%	8.20%	14.79%	8.74%
Disability retirement benefits	0.31%	0.21%	0.30%	0.39%	0.21%
Survivor benefits	0.25%	0.20%	0.27%	0.49%	0.18%
Termination withdrawals	2.84%	2.87%	2.66%	1.01%	3.37%
Refunds	0.87%	0.72%	0.88%	0.07%	0.42%
Administrative expense load	0.40%	0.40%	0.40%	0.40%	0.40%
Total normal cost	12.76%	14.57%	12.71%	17.15%	13.32%
Member contributions	(11.08%)	(11.00%)	(9.01%)	(11.00%)	(11.00%)
Employer normal cost	1.68%	3.57%	3.70%	6.15%	2.32%
Percentage available to amortize unfunded actuarial accrued liabilities	18.14%	16.23%	9.30%	17.18%	6.68%

*PERA Actuarial Valuation and Review as of December 31, 2021 -
<https://www.copera.org/financial-reports-and-studies>*

