



Annual Update: Pension Review Commission

Mission Statement



The Fire & Police Pension Association of Colorado is committed to our Members. We will prudently invest their retirement funds, administer benefits impartially, and efficiently provide high quality service.

FPPA Membership



Defined Benefit System

- Active: **12,579**
- Retired: **3,181**

Statewide Death & Disability Plan

- Active: **13,757**
- Retired: **1,436**

Statewide Money Purchase Plan

- Active: **174**
- Retired: **176**

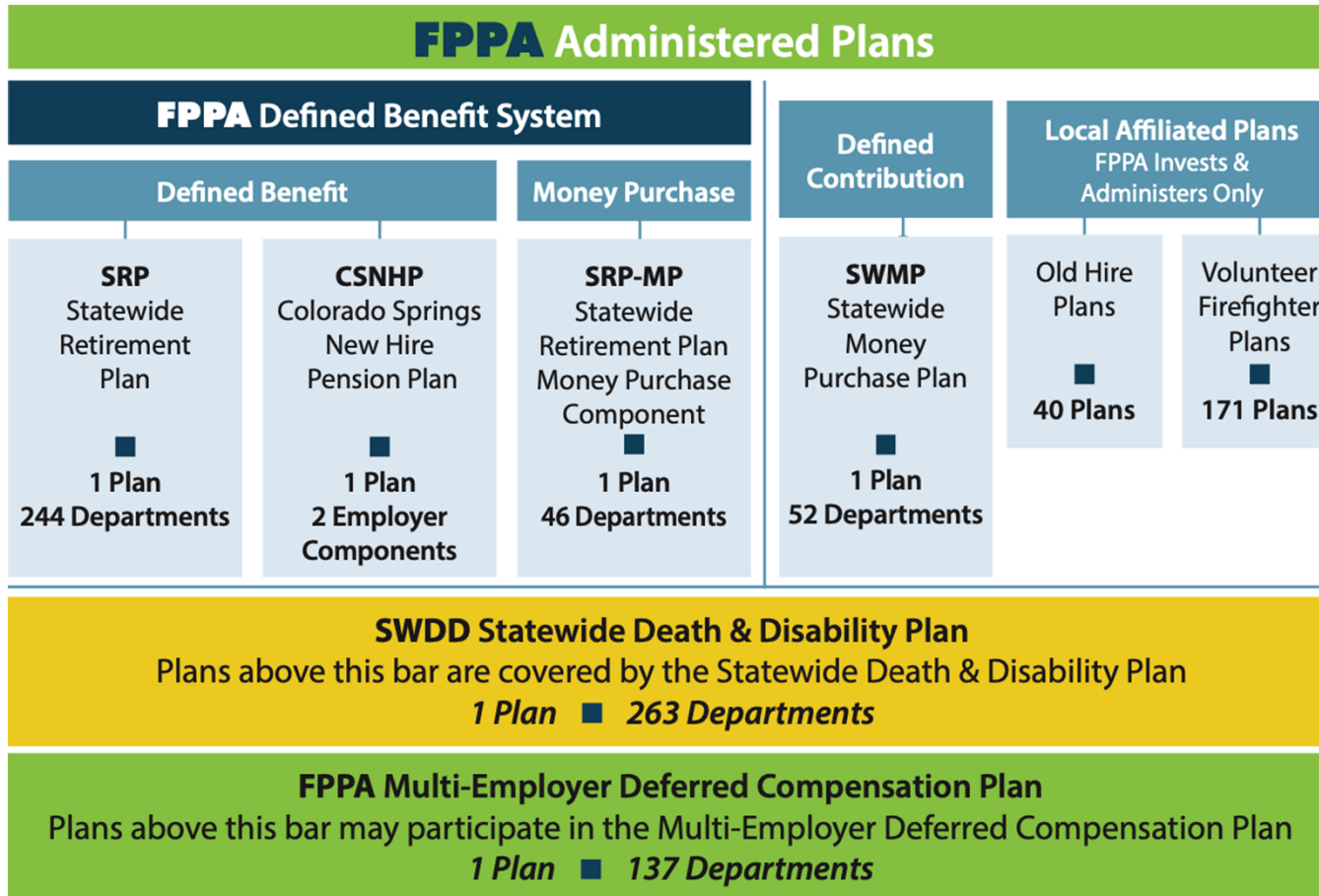
Volunteer Firefighter Plans

- Active: **2,314**
- Retired: **3,805**

Old Hire Plans

- Active: **2**
- Retired: **2,509**

Plan Organization



Funded Status and Contribution Rates



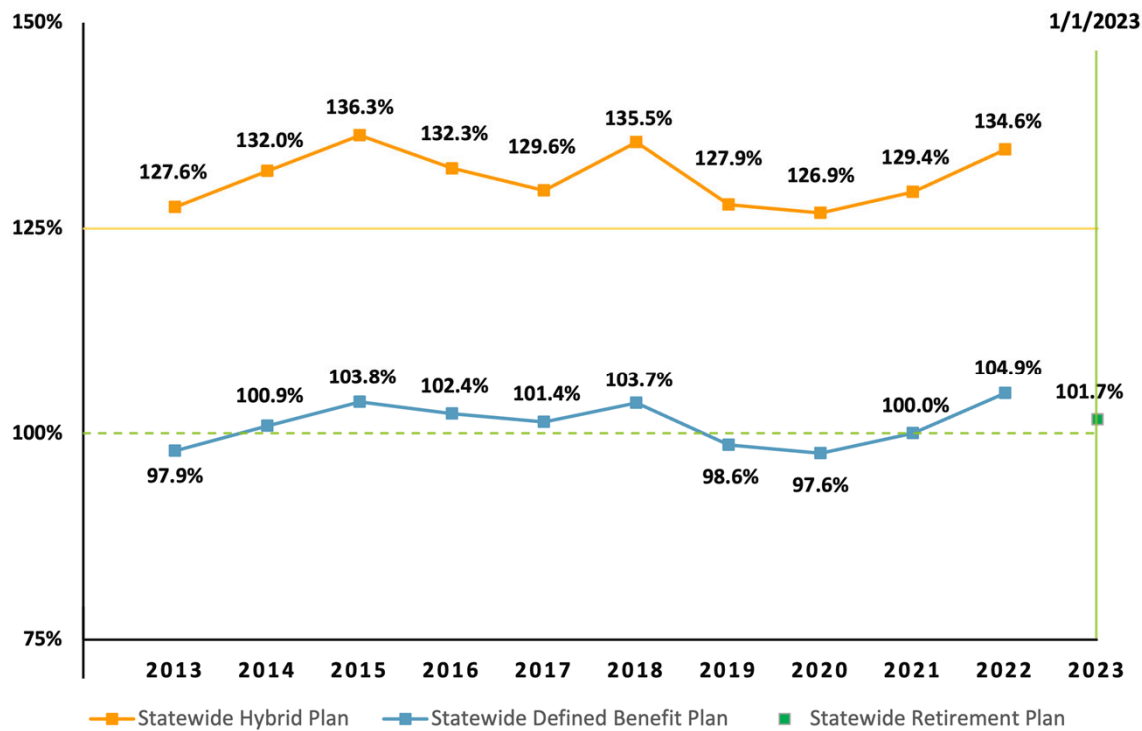
Statewide Retirement Plan

- **101.7%** funded
- Member contribution: **12%** / Employer Contribution: **9.5%**

Statewide Death & Disability Plan

- **81.7%** funded
- Required contribution: **3.4%**

Funded Status: Statewide Retirement Plan



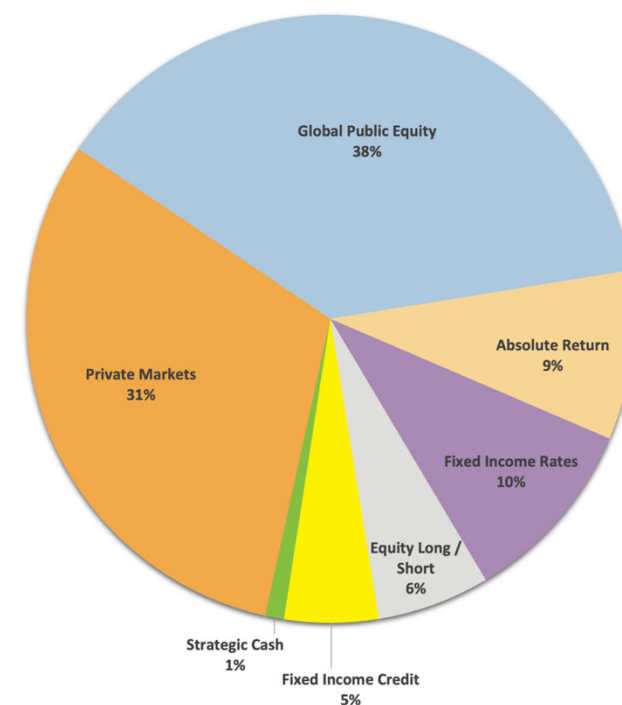
The Statewide Hybrid Plan merged with the Statewide Defined Benefit Plan effective January 1, 2023 to create the Statewide Retirement Plan.

Funded statuses reported prior to 2023 are for the Statewide Hybrid Plan (orange) and the Statewide Defined Benefit Plan (blue).

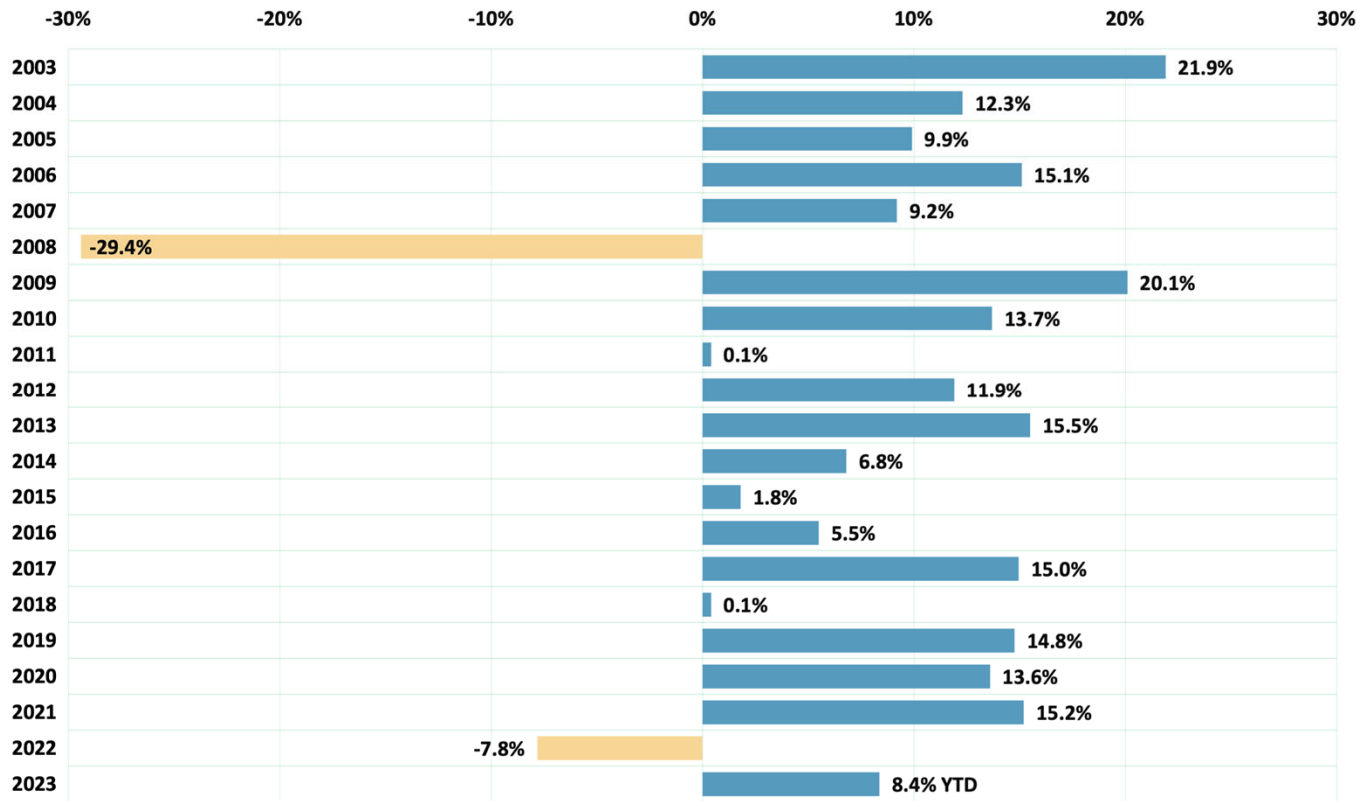
Investment Assets and Allocations

FPPA Long-Term Pool Assets: \$5.485 Billion

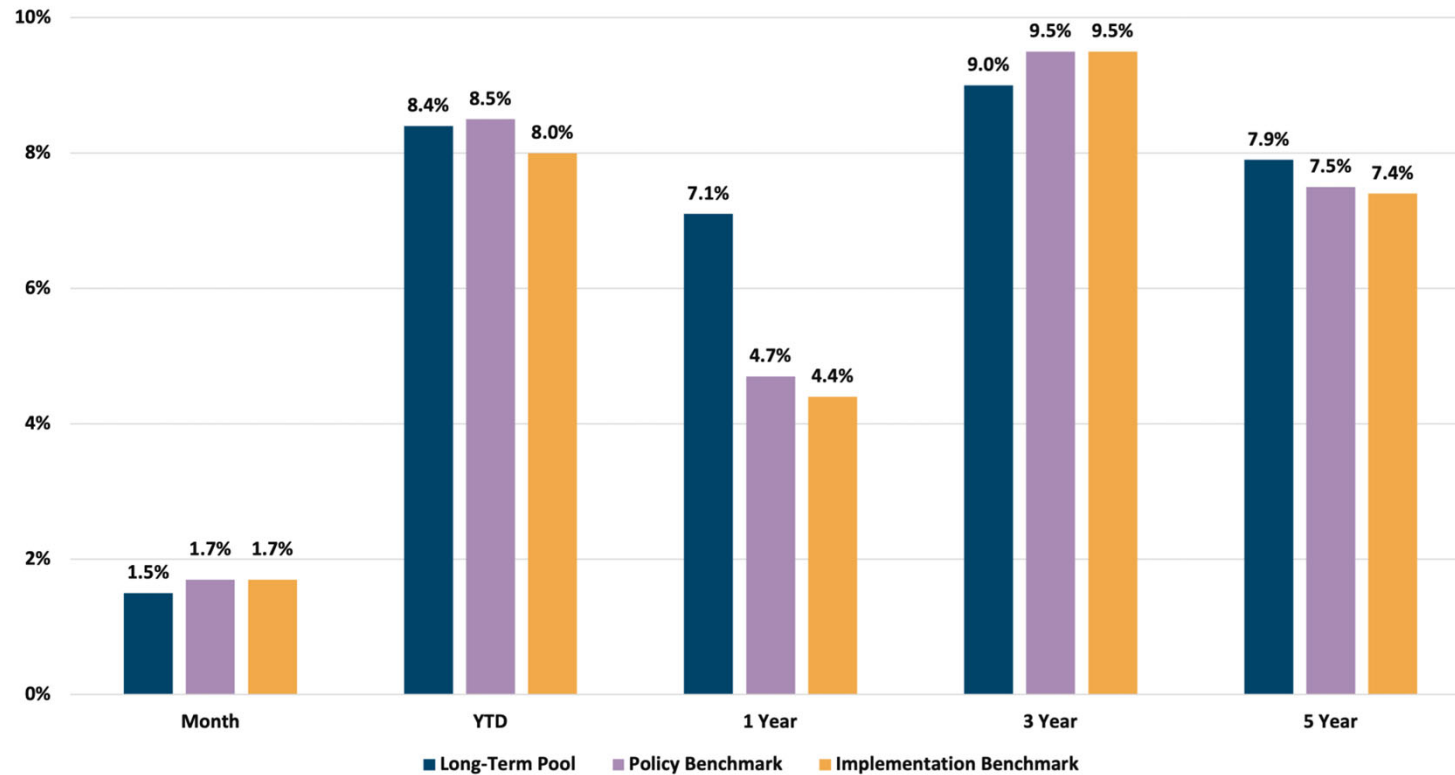
Asset Class	Target Allocation	\$(000's) Actual
Global Public Equity	38%	\$2,161,136
Equity Long / Short	6%	\$312,652
Fixed Income Rates	10%	\$543,027
Fixed Income Credit	5%	\$235,860
Absolute Return	9%	\$455,265
Strategic Cash	1%	\$60,336
Private Markets	31%	\$1,716,842
Total Pool	100%	\$5,485,118



Annual Returns: Last 20 Years



Performance vs. Benchmarks



2023 COLA legislation and Updated COLA Policy

- House Bill 23-1106
 - FPPA Board's Non-Compounding Authorization
 - Signed Into Law (March 23, 2023)
 - Gives the FPPA Board the authority to pay non-compounding COLAs under certain circumstances
- COLA policy now has two components:
 - 1) A compounded COLA percentage and:
 - 2) A One-Time Lump Sum payment under certain conditions:
 - If compounded COLA is less than 1%, and
 - The Long-Term Investment Pool (where FPPA invests Plan assets) has achieved an average return of 6.5% over the last five years, then....

Updated COLA Policy

- If the conditions are met:
 - Pay a One-Time Lump Sum according to this calculation:

CPI-W inflation rate – compounding COLA percentage = One-Time Lump Sum Percentage

- Then multiply the One-Time Lump Sum Percentage by the Member's annual benefit to determine the One-Time Lump Sum:

One-Time Lump Sum Percentage x Member's annual benefit = One-Time Lump Sum amount

2023 Example

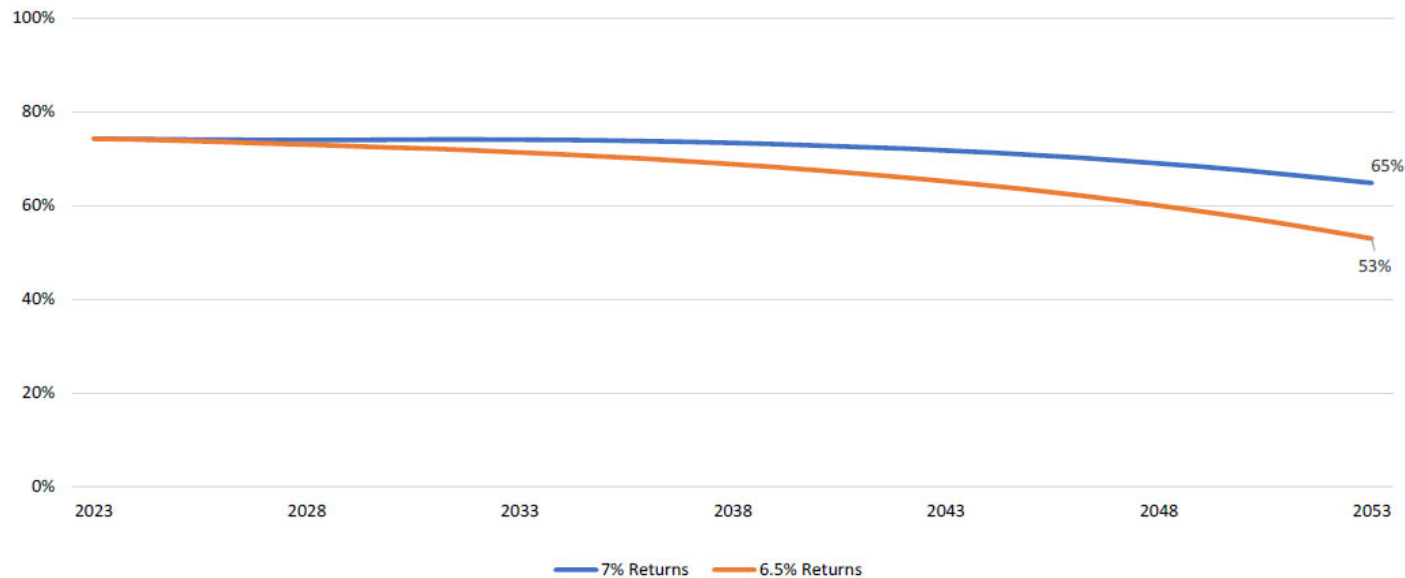
- 2022 Annual Benefit: \$50,000
- 2023 Inflation: 8.5%
- 2023 COLA: 0.15%
- 5-Year Avg Returns At Least 6.5%? Yes
- 2023 Annual Benefit: \$50,075
 - $\$50,000 * (1.0015) = \75
- 2023 Lump Sum: \$4,175
 - $\$50,000 * (8.5\% - 0.15\%)$

2024 Example: Normal Inflation

- 2023 Annual Benefit: \$50,075
- 2024 Inflation: 2.5%
- 2024 COLA: 0.20%
- 5-Year Avg Returns: 6.5%+
- 2024 Annual Benefit: \$50,175
 - $\$50,075 * (1.0020) = \100
- 2024 Lump Sum: \$1,150
 - $\$50,075 * (2.5\% - 0.20\%)$

Cost of Living Adjustments (COLAs)

- 3% ongoing compounded COLA starting today is NOT sustainable
 - Plan goes from 101.7% funded down immediately to under 80% funded
 - After initial drop in funded status, Plan funded ratio continues to decline
 - Plan would require a 34% contribution rate to fund immediate 3% COLAs
 - Current contribution rate is 21.5%



Additional Retirement Savings Opportunities

- The Statewide Retirement Plan offers additional savings opportunities for Members and their Employers:
 - 457(b) Deferred Compensation Plan
 - Voluntary savings
 - Excess contributions into the Plan
 - Members and/or Employers may contribute additional funds into self-directed account
 - Employer DROP contributions
 - Deferred Retirement Option Plan (DROP) allows Members to create a cash account during final working years
 - Employers can now continue to make contributions on behalf of Members in DROP

2024 Legislation: Clean-Up Bill + D&D Funding Bill

- Clean-Up bill
 - Fixing incorrect references and inconsistent language in C.R.S. Title 31: Articles 30, 30.5, 31 & 31.5
- Remaining Death & Disability Plan funding bill
 - State obligation to pay benefit costs for Members hired prior to 1997
 - SB22-036 paid \$13.3 Million
 - This bill seeks the remainder of the unfunded liability, which is \$25.6 million as of January 1, 2024

Questions?

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