Joint Finance Committee

February 3, 2021

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

COLORADO PERA®

Public Employees' Retirement Association of Colorado (PERA)

Voluntary Investment Program

PERAPlus 401(k) and 457 Plans

Defined Benefit Plan

Stable benefit payments to over 121,000 retired public employees

Defined Contribution Plan

Choice available to State and Local Government employees

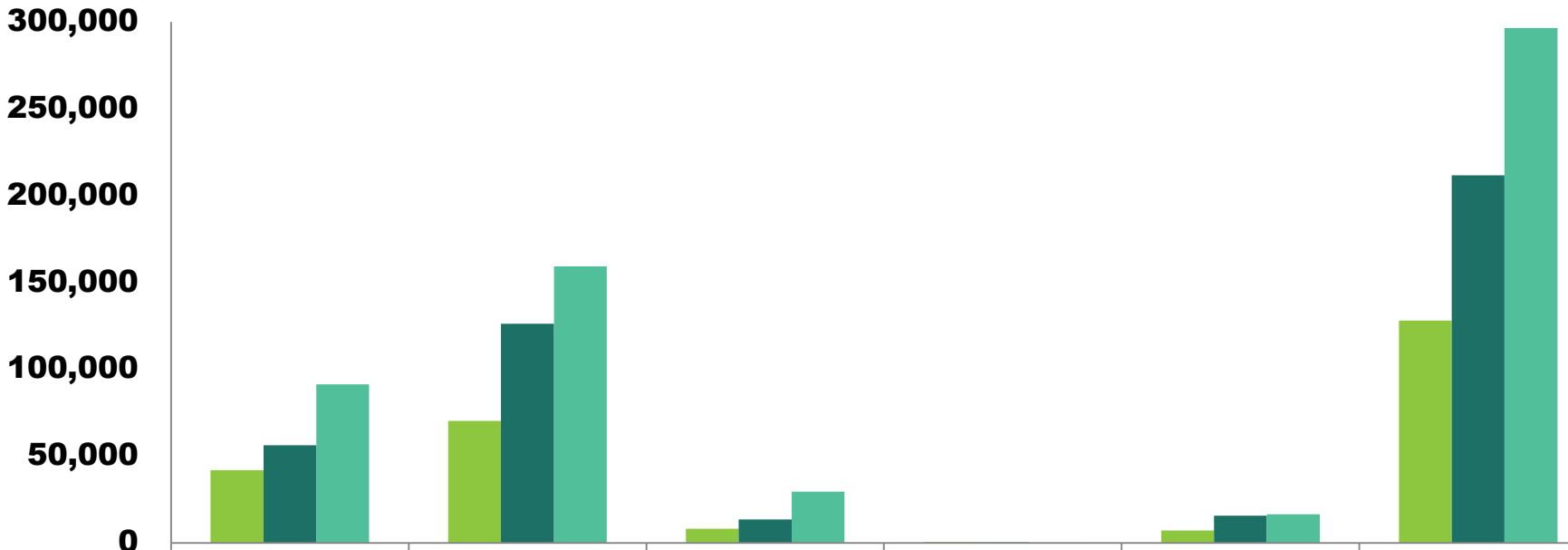
Health Benefits Program

Active and retired member coverage

PERA Provides for 1 in 10 Coloradans

As of November 30, 2020

Total: 636,159



	State	School	Local Gov't	Judicial	DPS	Total
Benefit Recipients	41,918	70,302	8,171	415	7,161	127,967
Active Members	56,181	126,106	13,464	346	15,606	211,703
Inactive Members	91,321	159,144	29,560	19	16,445	296,489

COLORADO PERA

2019 *Comprehensive Annual Financial Report*

» HOW ARE PERA'S INVESTMENTS DOING?

- At the end of 2019, PERA's investment return was 20.3% net-of-fees.

» WHAT IS PERA'S FUNDED STATUS?

- PERA's funded status increased to 61.9%.

Recent Legislation Concerning PERA

» **HB20-1379: Suspend Direct Distribution to PERA for FY 2020-21**

- This bill suspended a $225 million direct distribution of state funds to PERA that was scheduled to take place on July 1, 2020.

» **HB20-1394: PERA Judicial Division Contribution Rate Modification**

- This bill modified employer and employee contribution rates in the Judicial Division of PERA for FY 2020-21 and FY 2021-22 only, with an exception for judges employed by the Denver County Court. Specifically, the bill decreased the employer contribution rate by 5 percent and increased the employee (or member) contribution rate by 5 percent.

» **HB20-1127: Extend Public Employees' Retirement Association Retiree Work After Retirement Limit**

- This bill modified the current PERA working after retirement provisions for certain retirees hired by a BOCES.

» **SB 20-057: Fire Prevention & Control Employee Benefits**

- This bill applied the State Trooper contribution rate and benefits to include certain firefighters under the Division of Fire Prevention and Control in the Department of Public Safety as of July 1, 2020.

Projected Amortization Periods (in years)

For the Year Ended December 31, 2019

Division Trust Fund	2019 Valuation Results Considering HB20-1379 and HB20-1394	2019 Valuation Results	2018 Valuation Results
State	22	22	28
School	24	24	34
Local Government	14	14	29
Judicial	12	12	21
Denver Public Schools (DPS)	11	11	17

COLORADO PERA

Investing for the Future

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	Integrate	Advocate	Evaluate
Protect members' interests by watching costs	Integrate relevant factors into PERA's investment strategy	Advocate for stronger markets	Evaluate exposures and recognize limitations

How PERA Limits Investment Costs to Maximize Returns

$52.1 billion

Assets under management on behalf of PERA membership

$164 million

Internal and external investment management expenses

63%

Assets managed in-house by PERA staff

$55 million

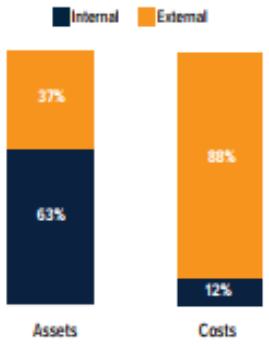
Savings in 2019 due to the use of internal investment management

INTERNAL/EXTERNAL MONEY MANAGEMENT FEES

0.32%

of total assets are spent on management

INTERNAL/EXTERNAL ASSETS AND COSTS



Data as of December 31, 2019
5-168 (REV 6/20)

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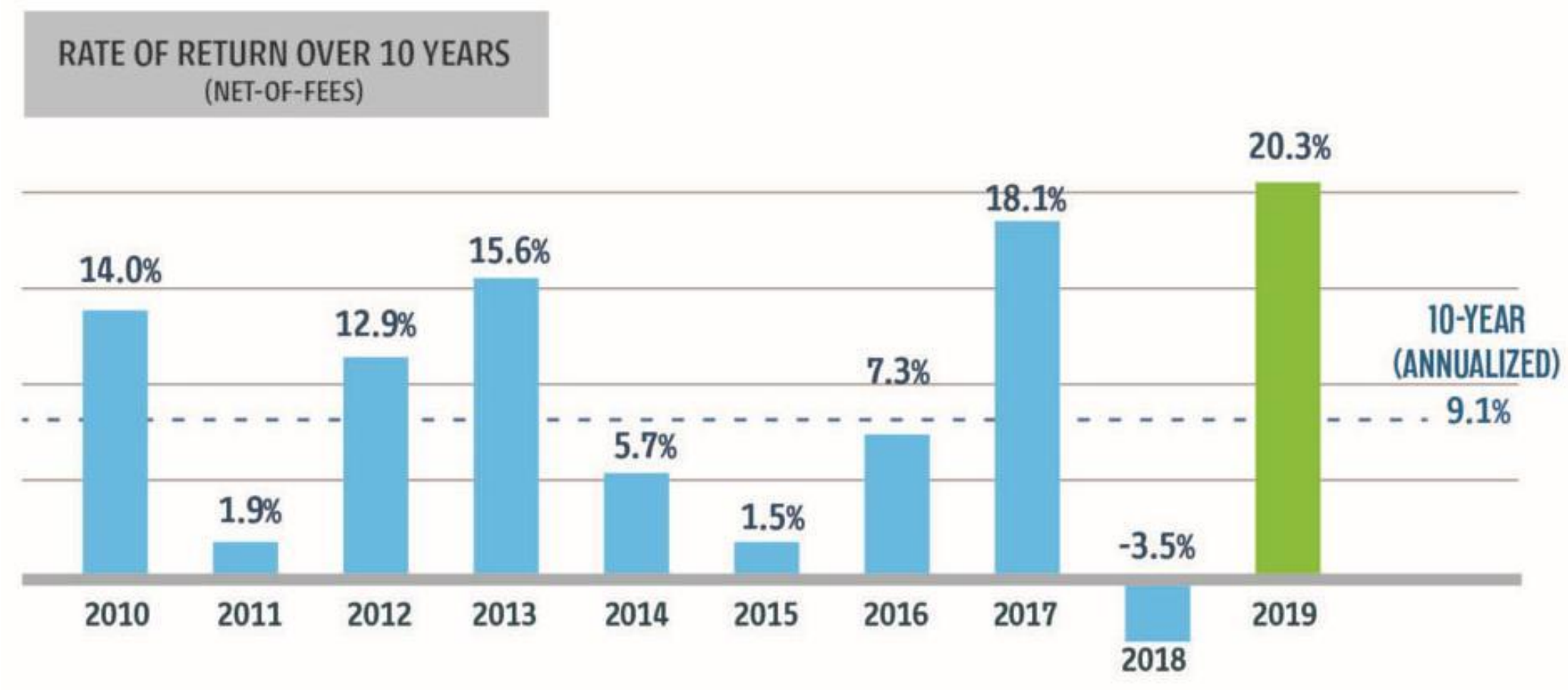
Investing for the Long Term



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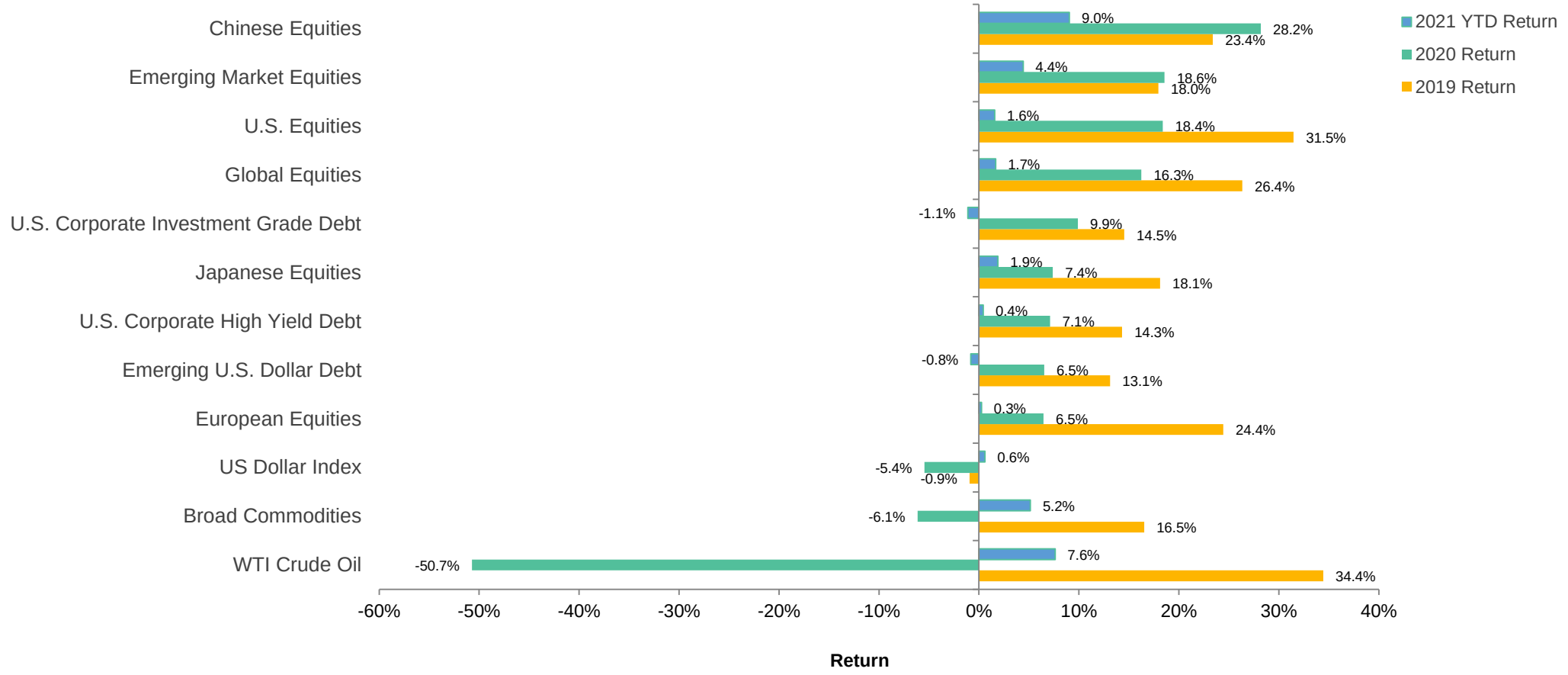
Market Performance
2021 YTD* vs. 2020 and 2019 Calendar Years

"Risk assets" continue moving higher YTD with commodities and oil reversing course from last year

2020 Highest Performers

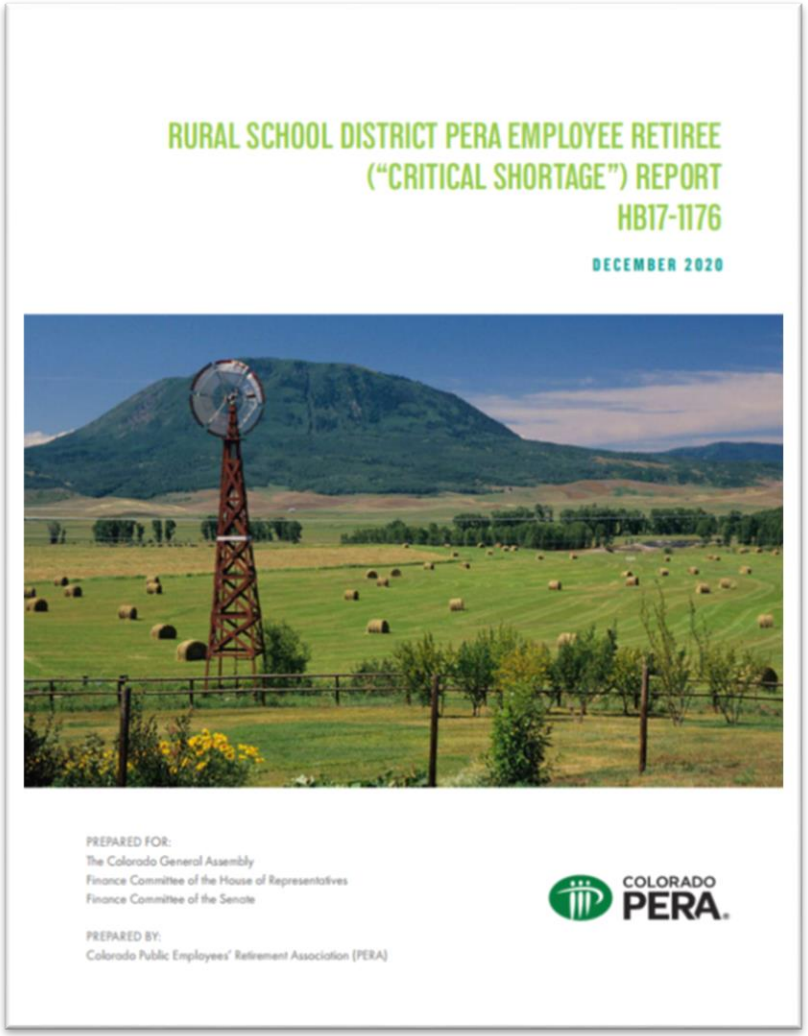


All returns are presented in unhedged USD terms
*YTD performance as of 1/28/2021

“Critical Shortage” Report

» House Bill 17-1176 modified working after retirement provisions for certain retirees hired by a rural school district under certain conditions and required a report to include:

- The number of teachers, school bus drivers, and school food services cooks who have been employed after service retirement under these provisions;
- The extent to which these provisions have helped employers in the school division address critical shortages of these positions; and
- The costs associated to PERA.


RURAL SCHOOL DISTRICT PERA EMPLOYEE RETIREE
(“CRITICAL SHORTAGE”) REPORT
HB17-1176

DECEMBER 2020

PREPARED FOR:
The Colorado General Assembly
Finance Committee of the House of Representatives
Finance Committee of the Senate

PREPARED BY:
Colorado Public Employees’ Retirement Association (PERA)

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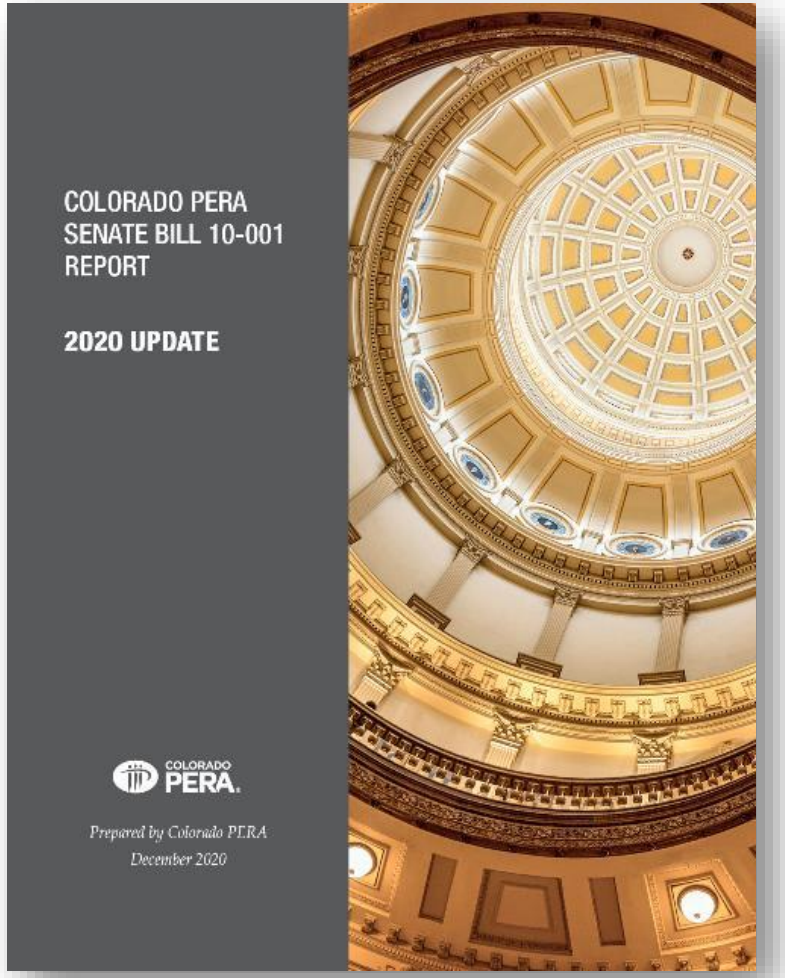


Senate Bill 10-001 Report

» The General Assembly passed Senate Bill 10-001, which made structural changes to PERA and required a report every five years to include:

- The economic impact of the 2010 legislative changes to the annual increase provisions for retirees and benefit recipients relative to the actual rate of inflation, and
- The progress made toward eliminating the unfunded liabilities of each division of the Association.

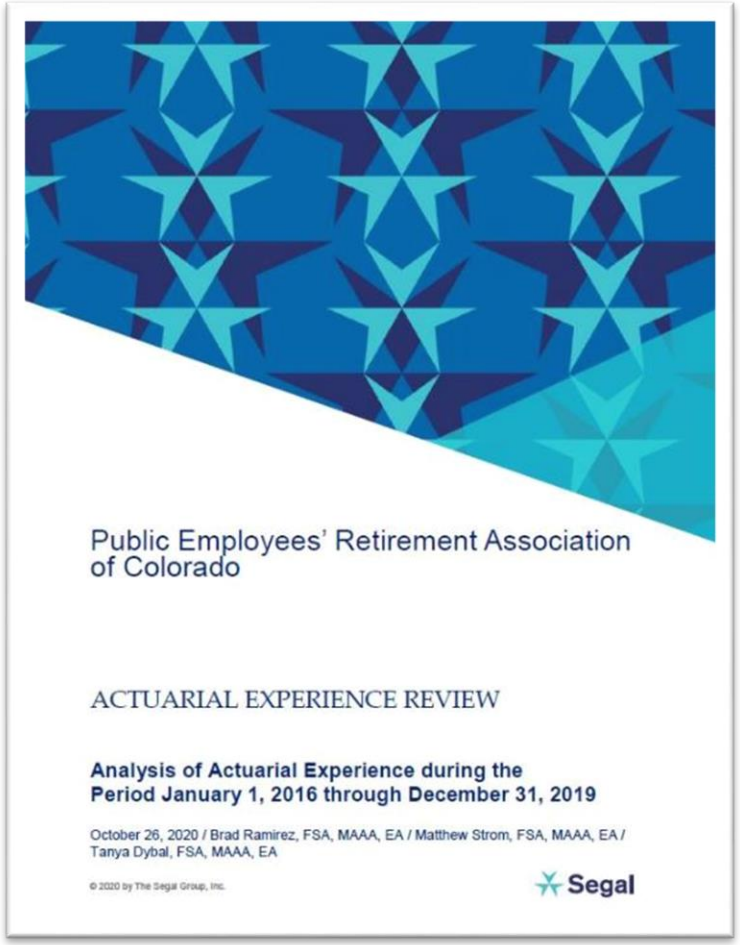
Experience Study: Periodic and Comprehensive Review

» Overview

- Purpose
- How assumptions are set
- Actuarial Assumptions: Economic and Demographic

» Recent Board Action

- Adopted new assumptions
  - ✓ Mortality tables
  - ✓ Salary scale
  - ✓ Headcount growth



Public Employees' Retirement Association of Colorado

ACTUARIAL EXPERIENCE REVIEW

Analysis of Actuarial Experience during the Period January 1, 2016 through December 31, 2019

October 26, 2020 / Brad Ramirez, FSA, MAAA, EA / Matthew Strom, FSA, MAAA, EA / Tanya Dybal, FSA, MAAA, EA

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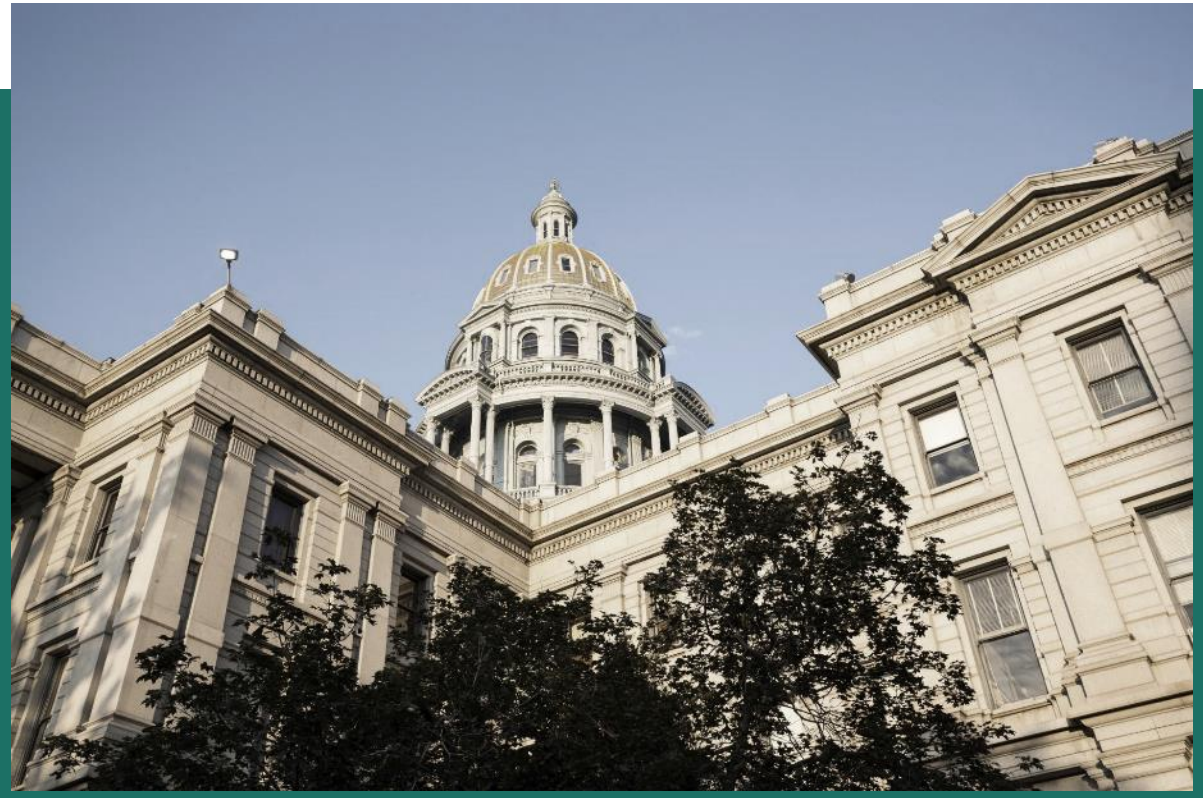
Legislative Agenda

No active legislative agenda items for 2021 have been identified



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What to Expect in 2021

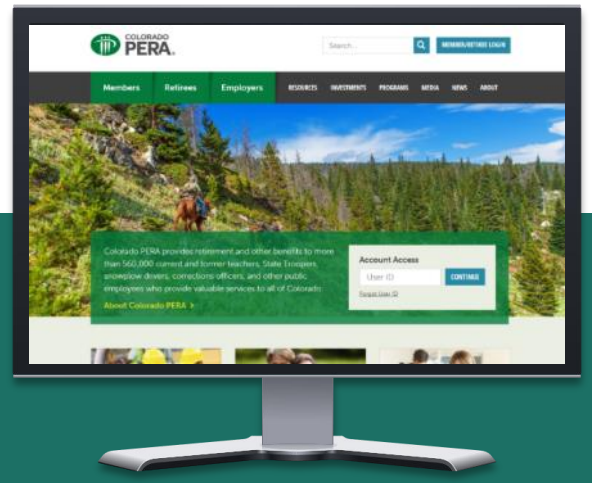
» 3rd and final year of member (employee) contribution increase phase-in from Senate Bill 18-200

- 10.5% member contribution rate effective July 1, 2021

» Financial Results for 2020 will be calculated as of December 31, 2020

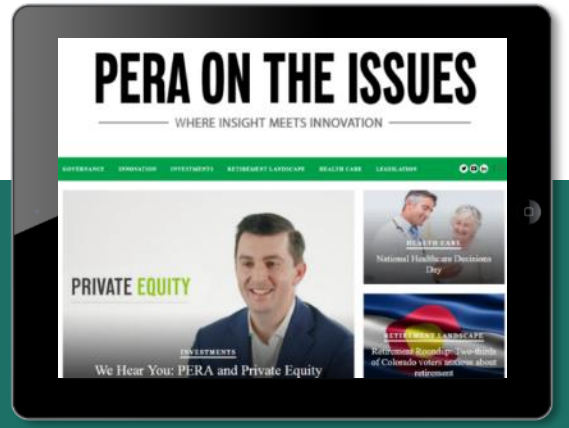
- Automatic Adjustment determination made in June 2021 for July 2022

Stay Informed



Website
www.copera.org

Twitter & Facebook
@coloradopera



Retirement News
www.peraontheissues.com