Meeting the Challenge for Our Members

COLORADO PERA®

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2008

Meeting the Challenge for Our Members

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Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2008

Colorado Public Employees' Retirement Association

Prepared by the Colorado PERA Staff

INTRODUCTORY SECTION

Letter of Transmittal 3–7

Certificate of Achievement 8

Board Chair's Report 9

Board of Trustees 10–11

Administrative Organizational Chart 12

Colorado PERA Executives and Management 13

Consultants 14

FINANCIAL SECTION

Report of the Independent Auditors 16–17

Management's Discussion and Analysis 18–37

Basic Financial Statements

Fund Financial Statements

Statement of Fiduciary Net Assets 38–39

Statement of Changes in Fiduciary Net Assets 40–41

Notes to the Financial Statements 42–62

Required Supplementary Information

Schedule of Funding Progress 63–64

Schedule of Employer Contributions 64-65

Schedule of Contributions from Employers and Other Contributing Entities 65

Notes to the Required Supplementary Information 66–68

Supplementary Schedules

Schedule of Administrative Expenses 69

Schedule of Investment Expenses 70

Schedule of Payments to Consultants 70

Schedule of Other Additions 71

Schedule of Other Deductions/(Transfers) 71

Voluntary Investment Program Statement of Fiduciary Net Assets by Component Plan 72

Voluntary Investment Program Statement of Changes in Fiduciary Net Assets by Component Plan 72

INVESTMENT SECTION

Colorado PERA Report on Investment Activity 75–76

Investment Brokers/Advisers 77

Investment Summary 78

Asset Allocation at Market Value 78

Fund Performance Evaluation 79–81

Schedule of Investment Results 82

Profile of Investments in Colorado 83

Largest Stock Holdings by Market Value 83

Largest Bond Holdings by Market Value 83

INVESTMENT SECTION (continued)

Voluntary Investment Program Report on Investment Activity 84–85

Voluntary Investment Program Schedule of Investment Results 86

Voluntary Investment Program Summary 87

Asset Allocation by Voluntary Investment Program Component Plans 88

ACTUARIAL SECTION

Report of the Independent Actuary 90–92

The Plan Summary for Calendar Year 2008 93–95

Summary of Actuarial Methods and Assumptions 96–101

Schedule of Retirees and Beneficiaries Added to and Removed from Benefit Payroll 102

Member-Retiree Comparison 102

Schedule of Members in Valuation 103–104

Summary of Solvency Test 105

Total Actuarial Liabilities 105

Summary of Unfunded/(Overfunded) Actuarial Accrued Liabilities 106

Unfunded/(Overfunded) Actuarial Accrued Liabilities (UAAL/OAAL) 107

Schedule of Gains and Losses in Accrued Liabilities 107

Schedule of Computed Employer Contribution Rates for Fiscal Years Beginning in 2010 108

Schedule of Active Member Valuation Data 108

STATISTICAL SECTION

Statistical Section Overview 111

Changes in Fiduciary Net Assets 112–118

Benefits and Refund Deductions from Net Assets by Type 119–121

Member and Benefit Recipient Statistics 122

Schedule of Average Retirement Benefits Payable 122

Schedule of Retirees and Survivors by Type of Benefit 123–126

Current Average Monthly Benefit by Year of Retirement 127

Schedule of Average Benefit Payments by Division 128–129

Schedule of Average Benefit Payments—Combined State, School, Local Government, and Judicial Divisions Trust Funds 130

Schedule of Contribution Rate History 131–135

Principal Participating Employers 136–137

Schedule of Affiliated Employers 138–143

INTRODUCTORY SECTION

In 2008, Colorado PERA added two online presentations to its Web site–allowing Colorado PERA members to have access to important information about their retirement benefits at their convenience, without limits of geography or business hours.

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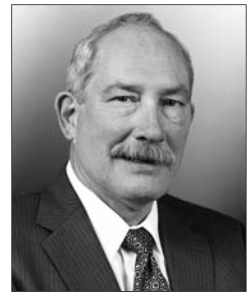
June 19, 2009



Meredith Williams
Executive Director

Dear Colorado PERA Members, Benefit Recipients, Employers, and Members of the Board of Trustees:

I am pleased to present Colorado PERA's *Comprehensive Annual Financial Report (CAFR)* for the f scal year ended December 31, 2008.

Like investors worldwide, Colorado PERA was not exempt from the unprecedented market declines in 2008. Since any changes to Colorado PERA benef ts and contributions require changes to State law, Colorado PERA is developing a plan to present to the Colorado General Assembly in 2010 that will address the impact of the downturn in the economy on the Colorado PERA trust fund. We believe it is in the best interest of both our members and the State's taxpayers to work toward legislation that addresses the dramatic decline in the Colorado PERA investment portfolio.

In the meantime, we will continue to make our way through these uncertain times the same way we have made it through stronger markets. Colorado PERA recognizes the importance of our duties and responsibilities to our membership and the citizens of Colorado. We will continue to be prudent with our members' and employers' contributions and be responsible in making investments on behalf of our membership.

These challenging times present opportunities, and we plan to meet these challenges on behalf of all public employees who depend on Colorado PERA for a safe and secure retirement.

Report Contents and Structure

This *CAFR* is designed to comply with the reporting requirements as stated under Title 24, Article 51, Section 204(8) of the Colorado Revised Statutes.

Overview of Colorado PERA

Established in 1931, Colorado PERA operates by authority of the Colorado General Assembly and is administered under Title 24, Article 51, of the Colorado Revised Statutes. Initially covering only State employees, Colorado PERA has expanded to include all Colorado school districts except Denver, the State's judicial system, many municipalities, and other local government entities.

For most members, Colorado PERA is a substitute for Social Security. Colorado PERA's purpose is to provide benef ts to members at retirement or in the event of disability, or to their survivors upon the member's death. Colorado PERA also administers a cost-sharing multiple-employer def ned benef t other postemployment benef t plan (Health Care Trust Fund), a private purpose trust fund (Life Insurance Reserve), and a multiple-employer def ned contribution plan (Voluntary Investment Program).

Legislation

Only a few bills impacting Colorado PERA went into effect as a result of legislation enacted in the 2008 legislative session.

House Bill 08-1403: The Denver Public Schools Retirement System/PERA Merger

Signed by Governor Ritter on May 28, 2008, this bill enabled the Denver Public Schools (DPS), the Denver Public Schools Retirement System (DPSRS), and Colorado PERA to enter into an agreement to merge into Colorado PERA. The bill has the following provisions:

- The effective date of the merger is January 1, 2009, or a later date as agreed to by the parties.
- Any of the three parties (Colorado PERA, DPS, DPSRS) are allowed to end negotiations if a mutually acceptable agreement is not negotiated.
- DPS and its related employers will become Colorado PERA-aff liated employers subject to Colorado PERA laws and rules and all on-going contributions will be governed by Colorado PERA law and rules.
- As of the effective date of the merger, current DPSRS retirees, benef ciaries, survivors, and disability retirees will not have a reduction in their benef ts because of the merger.
- The parties will negotiate a separate agreement to address health care coverage for retirees, benef ciaries, and members of DPSRS.
- The parties will negotiate portability rules.
- The merger will not result in the involuntary reduction of anyone's benef ts.

- Two valuations, completed by Colorado PERA's actuary will occur:
  - The initial valuation completed within 60 days of the signing of the agreement will be based on December 31, 2007, audited f nancial reports, with consideration of the proceeds to DPSRS for the pension certif cates of participation.
  - The f nal valuation based on December 31, 2008, audited f nancial reports or such later reports as agreed upon by the parties.
- The valuations will establish a single up-front payment that must be transferred from DPSRS to Colorado PERA in order to avoid any subsidy between the parties and equalize the funding status of the systems.
- An Asset Surplus Account (ASA) will be calculated and will consist of the total value of the assets transferred on the date of the merger minus the single up-front payment.
- The ASA monies may be used by DPS as a credit toward their employer contributions, the Amortization Equalization Disbursement (AED), and the Supplemental AED (SAED).
- Colorado PERA will hire the DPSRS staff as of the effective date of the merger as at-will employees, but they will continue to accrue DPSRS benef ts.

Colorado PERA, DPS, and DPSRS negotiated throughout 2008 to try to enter into an agreement that would meet the requirements of the law and be agreeable to all parties. Ultimately the various proposals by the parties were sent to a dispute resolution panel of three actuaries as allowed by House Bill 08-1403. The dispute resolution panel did not accept any of the proposals but offered two possible solutions. The f rst alternative would be for DPSRS to be absorbed into Colorado PERA as a stand-alone division; however this was not allowable under current law. The second approach would be to merge the two pensions with a goal of equalizing the unfunded liabilities based on a percentage of active payrolls, which would have required Colorado PERA to give DPS a credit due to the better funding of DPSRS. Neither of the solutions were acceptable to both parties and led to new legislation being introduced in 2009 to create a separate division in Colorado PERA. For more detail on the 2009 legislation see Note 12 on page 61.

House Bill 08-1179: PERA Funds Subject to Legal Process

This bill was signed by Governor Ritter on March 17, 2008, and it allows the Colorado Department of Revenue to collect Colorado PERA distributions for a member who is required to pay taxes to the State when the member has neglected or refused to pay.

The bill also prohibits Colorado PERA from processing a refund from a member account if the member has been accused of theft, embezzlement, misappropriation, or wrongful conversion of public property. Once Colorado PERA receives an order, injunction, or warrant related to the member account, Colorado PERA would place a hold on the account preventing a refund until a court order releases the account.

House Bill 08-1384: Concerning Improving Retention of Quality Educators

Signed by Governor Ritter on May 27, 2008, this bill provides Colorado PERA-includable pay increases to teachers who receive and maintain a certif cation from the National Board for Professional Teaching Standards.

Senate Bill 08-130: Innovation Schools Act of 2008

This bill was signed by Governor Ritter on May 28, 2008. It allows a school or group of schools within a district to develop an "innovative plan" for items including changes in delivery of educational services, personnel administration and decision-making, and budgeting. Such plans are subject to approval by the State's Board of Education. The bill prohibits the State Board of Education from waiving statutes that mandate automatic participation in the Colorado PERA def ned benef t plan for K-12 school employees or any other provision of statute governing Colorado PERA.

Investments

Investment portfolio income is a signif cant source of revenue to Colorado PERA. The Investment Committee is responsible for assisting the Board in overseeing Colorado PERA's investment program.

In 2008, there was a net investment loss of $11,007,526,000 compared with total contributions by members and employers of $716,982,000 and $863,541,000, respectively.

For the year ended December 31, 2008, the total fund had a rate of return of negative 26.0 percent on a market value basis. Colorado PERA's annualized rate of return over the last three years was negative 2.0 percent, over the last f ve years it was 3.3 percent, and over the last 10 years it was 3.4 percent.

Proper funding and healthy investment returns are important to the f nancial soundness of Colorado PERA. Changes in the composition of the portfolio are ref ected in the "Investment Summary" on page 78.

An integral part of the overall investment policy is the strategic asset allocation policy. The targeted strategic asset allocation is designed to provide appropriate diversif cation and balance expected total rate of return with the volatility of expected returns. Specif cally, the fund is to be broadly diversif ed across and within asset classes to limit the volatility of the total fund investment returns and to limit the impact of large losses on individual investments. Both traditional and nontraditional assets are incorporated into the asset allocation mix.

In addition to asset class targets, the Board of Trustees sets ranges within which asset classes are maintained. The permissible ranges in effect during 2008 were adopted by the Board of Trustees in November 2007. The targeted asset allocation mix and the specif ed ranges for each asset class are presented on page 75. All of the asset classes, with the exception of domestic equity, were within their specif ed ranges at year end as described on page 75. In March 2008, the Board approved combining the domestic and international equity asset classes into a global equity asset class and approved a new asset allocation target. In September 2008, the Board approved a new permissible range for the global equity asset class. The new asset allocation target and specif ed range will be effective January 1, 2009. The new asset allocation target and specif ed range are presented on page 75.

Colorado PERA's investment policy is summarized in the "Colorado PERA Report on Investment Activity" on page 75.

Scrutinized Companies List for Sudan Divestment

Following the 2007 legislative session, Governor Ritter signed into law House Bill 07-1184 (Sudan Divestment Public Pension Funds), which imposes targeted divestment from companies with active business operations in the Sudan. As a result of this legislation, Colorado PERA is required to create a list of scrutinized companies every six months and to prohibit investments in these companies going forward. The establishment of the list requires Colorado PERA to engage the companies on the list to warn them of potential divestment, and to encourage the companies to change their activities in Sudan. Colorado PERA must also engage the managers of indirect investments in companies on the list and request removal of scrutinized companies or ask the manager to create a similar fund that does not contain the identif ed companies. Colorado PERA contacts managers in its def ned benef t plan as well as managers of funds within the Colorado PERA Voluntary Investment Program regarding the Scrutinized Companies List. In 2008, Colorado PERA submitted its Scrutinized Companies List to elected off cials of the State on January 18, 2008, and July 22, 2008.

Iran-Related Investment Policy

On January 18, 2008, the Colorado PERA Board of Trustees adopted an Iran-Related Investment Policy. This policy outlines a phased strategy to address Colorado PERA's direct public investments in foreign companies doing business in the Islamic Republic of Iran. The strategy will address and include a number of actions, up to and including possible divestment. Colorado PERA recognizes the federal government has sole responsibility for the conduct of American foreign policy. Colorado PERA is acting out of a f duciary concern for the welfare of its members' assets, which requires a broad horizon and sensitivity to the potential risks posed by investment in Iran.

During 2008, Colorado PERA investment staff provided to the Board of Trustees its "Report Regarding Iran-Related Policy" on March 21, June 20, September 19, and November 21. In addition to providing these reports to the Board of Trustees, the information was also posted on the Colorado PERA Web site and distributed to elected off cials of the State.

Corporate Governance

Colorado PERA continued to be active in the securities litigation arena, fulf lling the Board's commitment to support corporate governance reforms such as transparency, accountability, and enforcement of shareholder's rights. Colorado PERA has maintained its commitment to corporate governance reform through its participation in the Council of Institutional Investors as well as several coalitions of long-term shareholders. The recent f nancial crisis has presented potential opportunities for federal regulatory reform and Colorado PERA has been actively advocating comprehensive improvements to shareholder rights, rigorous federal oversight, and credit rating agency reform to a broad range of congressional and federal regulatory off cials.

Total Compensation Philosophy

To support the application of Colorado PERA's Total Compensation Philosophy, the Hay Group was again retained in 2008 to conduct the annual market analysis to support the setting of the 2009 Base Pay Ranges. As in past years, Colorado PERA participated in several annual compensation and benef ts surveys, most notable being the Mountain States Employers' Council Front Range Survey and the McLagan Partners Pension Fund Data Exchange Compensation Survey. These surveys, in combination with the market analysis, provide solid comparable compensation data to assist in keeping Colorado PERA's compensation programs competitive, and to ensure Colorado PERA's ability to attract and retain critical talent.

In addition, a Web-based performance management system was used for the third consecutive year to support the establishment of performance objectives, to conduct performance reviews, and to support merit increase awards.

CEM Benchmarking Study

Colorado PERA outperformed similar pension agencies in customer service and cost containment, according to a study conducted by CEM Benchmarking Inc. of Toronto, Canada. Among a universe of 77 national and international pension funds, Colorado PERA scored amongst the highest in service while maintaining a signif cantly lower than average administrative cost. Colorado PERA's high score resulted from higher percentages of good call outcomes, lower call wait times, excellent online capabilities, and 100 percent of pension benef ts starting without a cash f ow interruption to new retirees. The results of this study reinforce Colorado PERA's commitment to serving the needs of our members and retirees.

Accounting System and Reports

This *CAFR* was prepared to conform with the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board (GASB) in Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans;" Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans;" and Statement No. 34, "Basic Financial Statements—Management's Discussion and Analysis—for State and Local Governments" as well as other GASB statements as appropriate.

GASB Statement No. 25 establishes f nancial reporting standards for def ned benef t plans and standards for the notes to the f nancial statements of def ned contribution plans. GASB Statement No. 43 provides f nancial reporting standards for other postemployment benef t plans.

GASB Statement No. 34 requires that management provide a narrative introduction, overview, and analysis to accompany the basic f nancial statements in the form of the Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it.

In June 2007, the GASB issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." The Statement will be effective for periods beginning after June 15, 2009. Colorado PERA has chosen not to adopt this Statement early. Accordingly, the effect of implementing the Statement has not been determined for these f nancial statements and disclosures.

In June 2008, the GASB issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." The Statement will be effective for periods beginning after June 15, 2009. Colorado PERA has chosen not to adopt this Statement early. Accordingly, the effect of implementing the Statement has not been determined for these financial statements and disclosures.

The accompanying financial statements are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which the compensation becomes payable to the member and the employer is statutorily committed to pay these contributions to the appropriate pension trust fund and the Health Care Trust Fund. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

State law requires that the State Auditor perform an annual audit of Colorado PERA. Pursuant to this requirement, the Broomfield Colorado, office of Clifton Gunderson LLP audited Colorado PERA's 2008 financial statements under the control and oversight of the State Auditor. Colorado PERA continues to maintain appropriate controls in all operational areas.

Recognition of Achievements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Colorado PERA for its *Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended December 31, 2007. The GFOA's Certificate of Achievement is the highest form of recognition in the area of public employee retirement system accounting and financial reporting. To receive this award, a government unit must publish an easily readable and efficiently organized CAFR that meets or exceeds program standards, and satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year. Colorado PERA has been awarded this distinction for the past 23 years. We believe this *CAFR* continues to meet GFOA requirements and we are submitting it to the GFOA to determine its eligibility for another Certificate.

The GFOA also awarded Colorado PERA an Award for Outstanding Achievement in Popular Annual Financial Reporting for its *Popular Annual Financial Report* for the fiscal year ended December 31, 2007. This is the sixth year that Colorado PERA has received this prestigious national award recognizing conformance with the highest standards for preparation of state and local government reports. In order to receive this award, a government unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

Economic Condition and Outlook

By the end of 2008, the U.S. economy was contracting significantly. The impact of the decline in the residential housing market that began in earnest in 2007 continued to affect the economy in 2008. The residential housing meltdown and the ensuing crisis have had a serious negative impact on all financial markets; deleveraging has caused declines in the prices of the vast majority of assets. During the year, the unemployment rate rose significantly, ending the year at 7.2 percent. Consumer demand, the engine that has fueled economic growth, has shown significant declines as job losses, declining wealth, and tight credit conditions weigh on consumer sentiment. Deflation, resulting from falling asset prices, is now a major policy consideration of the Federal Reserve (Fed). In response to the distress in the financial markets, the Fed continued to lower the Fed Funds rate during the year. The Fed Funds rate ended the year at a stated range of 0.0 percent to 0.25 percent, 400 basis points lower than at the beginning of the year. In an effort to stabilize the financial markets and the economy, the U.S. Treasury and the Fed have provided substantial support to multiple institutions and to many areas of the markets. The amount of support to be provided is so large that many investors are concerned about the prospects for the U.S. dollar and inflation.

The fundamental factors that underpin the domestic economy's performance have also deteriorated markedly. Corporate earnings, reflecting declining consumer and business demand, are falling and in many sectors are now negative. Residential home prices across the U.S. continued to decline during 2008. Stabilization in the residential real estate market is likely to be important for domestic economic recovery.

The Colorado economy continues to mirror, although to a somewhat muted extent, the national economy. Natural resources and mining are two of the strongest sectors of the State's economy and continued to provide some support during 2008. The Colorado labor market has shown weakness with unemployment levels rising. The residential real estate market continues to experience difficulties and foreclosures continue at historically high levels.

Funding

The Board of Trustees' Statement of Funding Policy dated November 16, 2007, is as follows: "To secure promised and mandated benefits, the funding goal of the Colorado Public Employees' Retirement Association's defined benefit and retiree health care plans is to maintain employer and member contributions into the trust funds sufficient to accumulate assets over a member's term of employment to fully finance the benefits members receive throughout retirement by achieving and maintaining a minimum 100 percent funding ratio of assets to accrued actuarial liabilities. The Board's minimum 100 percent funding ratio goal over time avoids externalizing the costs of amortizing unfunded accrued liabilities onto others in the future, and provides for fairness and intergenerational equity for taxpayers, employers, and employees with respect to the costs of providing benefits."

On December 31, 2008, Colorado PERA's funded ratio equaled 69.8 percent with an unfunded liability of $16.8 billion. (Please see the Management's Discussion and Analysis on pages 18-37 for additional information on Colorado PERA's funding ratio.)

Colorado PERA's funding position is the top concern and priority for the Colorado PERA Board and management.

The Board of Trustees worked extensively in 2004 and 2006 with elected officials to pass Senate Bill 04-257 and Senate Bill 06-235, which were designed to move Colorado PERA toward full funding over the coming decades. Key features of these bills include increased funding through the Amortization Equalization Disbursement (AED) and Supplemental AED (SAED), as well as a new benefit structure for new hires that includes a Rule of 85 and a separate cost-of-living-adjustment (COLA) reserve fund.

With this legislation and its phased 3 percent increases in both the AED and SAED and the projected reductions in normal cost due to benefit adjustments for new hires, Colorado PERA expected to achieve a 30-year amortization period on unfunded liabilities in all trust funds by the end of a 30-year period and eventually achieve a minimum of 100 percent funding.

However, Colorado PERA, along with investors worldwide, suffered through one of the worst financial markets in history. Due to the decline in the value of assets at the end of 2008, the Board requested an actuarial analysis of the impact of different possible benefit and contribution changes which would be considered during the 2010 legislative session so as to achieve long-term sustainability for the trust funds. During 2009, the Board will initiate an actuarial experience study, an actuarial audit and an asset/liability study to assist in determining the best course of action for the various funds. These studies will include a detailed review of all significant actuarial assumptions and methods used in preparing the annual actuarial valuation, including the investment rate of return and discount rate assumption, which currently is 8.5 percent. Investment income is the most significant driver in a defined benefit plan, which can contribute up to 80 percent of the total inflows over the life of a plan. To understand the significance of this investment assumption, a one-half percent sensitivity analysis is included in the Management's Discussion and Analysis on pages 29-30. Actuarial assumptions are studied at least every five years with the last study occurring in 2005 based on the period January 1, 2001, to December 31, 2004. With the impact of the decline in market value that occurred in 2008, a decision was made by the Board to pursue the additional actuarial studies one year earlier than the normal five-year interval.

Colorado PERA believes it is in the best interest of both its members and the State's taxpayers to work toward proposing legislation in the 2010 legislative session to address the dramatic decline in the financial markets and economy and the resulting decline in the Colorado PERA investment portfolio. In the long run, since contributions and investment income must equal benefits and expenses, changes in all four of these categories will be carefully considered. The comprehensive proposal for legislative action in 2010 will be based on thorough calculations and on a thorough picture of how the various possible changes will impact Colorado PERA's funded status and its members.

Board Composition

Colorado PERA is governed by a 15-member Board of Trustees; 11 are elected by the membership for staggered four-year terms and serve without compensation except for necessary expenses. In addition, there are three Governor-appointed Trustees approved by the Senate and the State Treasurer who serves as an ex officio voting member.

On January 25, 2008, Trustee Lynn Turner was confirmed by the Senate to serve as a Colorado PERA Trustee; on February 5, 2008, the Senate confirmed Trustee Susan Murphy; and on March 5, 2009, Howard Crane was reconfirmed by the Senate to serve a full four-year term on the Colorado PERA Board of Trustees.

In the 2008 Board election, Amy Nichols was re-elected to a School Division seat and Richard Delk was newly elected to a State Division seat. Mr. Delk is an Accountant in the Budget Office of the Colorado State Patrol and takes over the seat formerly held by Tamela Long, who chose not to run for re-election.

On June 1, 2008, Trustee Carol Hoglund retired from her position as Chief Business Officer at Aims Community College, which made her ineligible to continue serving on the Board of Trustees. At their August 21, 2008, meeting, the Board of Trustees appointed M. Judy Chavez to this vacant State Division seat. Ms. Chavez is an Assistant Dean of Budget and Human Resources at the University of Colorado Denver Business School. Her term will expire on June 30, 2009.

Employer Affiliations

In 2008, the following public employers affiliated with Colorado PERA: Cucharas Sanitation & Water District, Plains Ground Water Management District, Tri-Lakes Wastewater Treatment Facility, and Urban Renewal Authority of Pueblo.

Acknowledgements

The compilation of this *CAFR* reflects the combined efforts of Colorado PERA staff and is the responsibility of Colorado PERA management. It is intended to provide complete and reliable information as a basis for making management decisions, determining compliance with legal provisions, and determining responsible stewardship of assets contributed by the members and their employers.

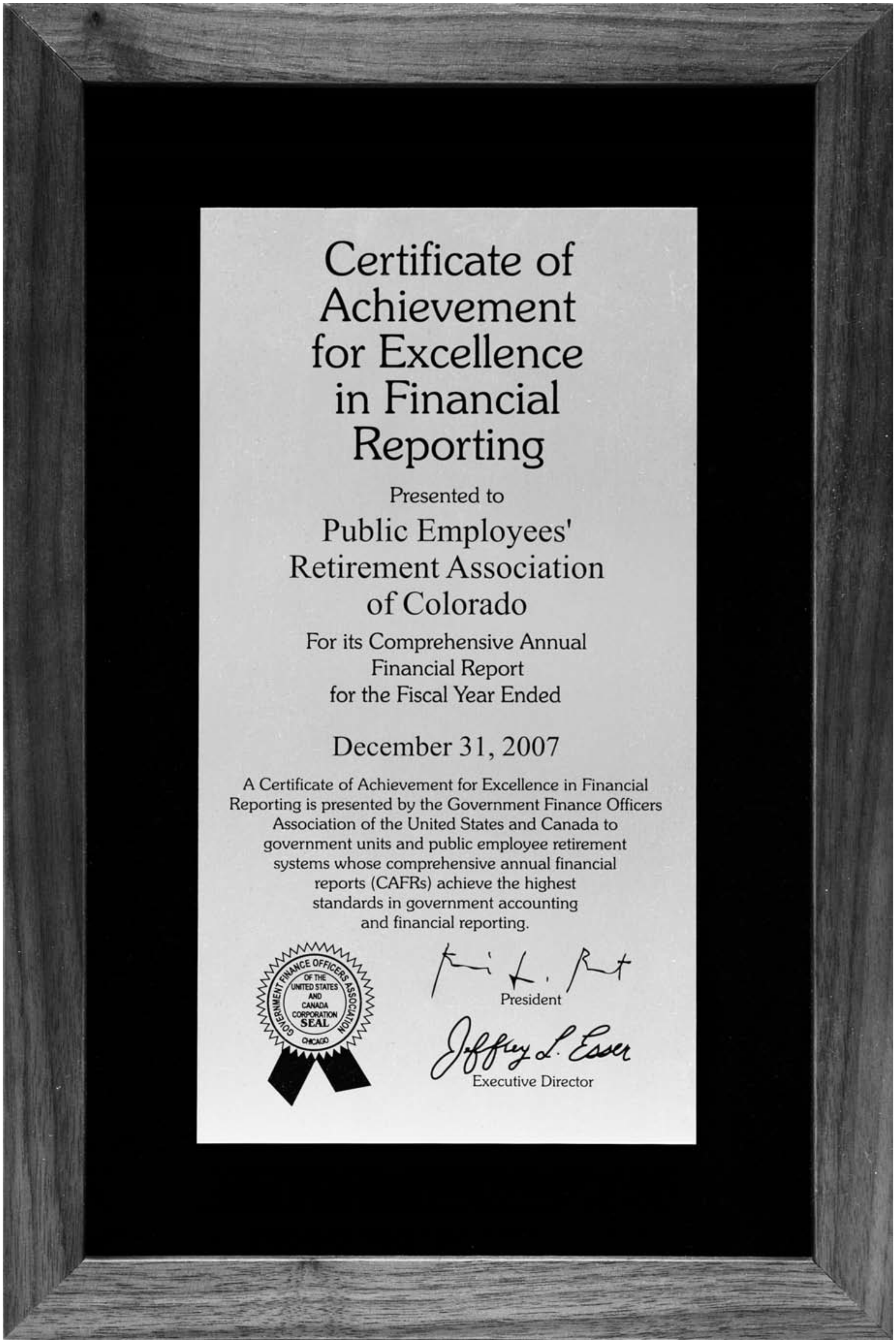
Copies of this *CAFR* are provided to all Colorado PERA-affiliated employers and other interested parties; a summary (Popular Annual Financial Report) will be sent to members and benefit recipients. An electronic version of both publications is available on the Colorado PERA Web site at www.copera.org.

Colorado PERA thanks the staff and management of our affiliated employers for their continuing support. The cooperation of our affiliated employers is significant to the success of Colorado PERA.

Also, I would like to express my thanks for the dedication and tireless efforts of the Colorado PERA staff, Board of Trustees, and consultants who diligently ensured the successful operation of Colorado PERA during 2008.

Respectfully submitted,

Meredith Williams
Colorado PERA Executive Director


Certificate of Achievement for Excellence in Financial Reporting
Presented to
Public Employees' Retirement Association of Colorado
For its Comprehensive Annual Financial Report for the Fiscal Year Ended
December 31, 2007
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.
GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO
President
Executive Director

Colorado Public Employees' Retirement Association
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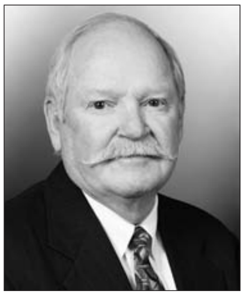
June 19, 2009



Mark J. Anderson
Board Chair

To All Colorado PERA Members, Benefit Recipients, and Employers:

As Chair of the Board of Trustees of the Colorado Public Employees' Retirement Association, I am pleased to present Colorado PERA's 2008 *Comprehensive Annual Financial Report (CAFR)*. This report offers a detailed view of the financial and actuarial status of your retirement system.

Like investors around the globe, Colorado PERA was not exempt from the unprecedented market declines in 2008. In September 2008, the Colorado PERA Board of Trustees acknowledged the seriousness of the situation presented by the largest negative investment market returns seen in decades or more. The Board of Trustees directed the Colorado PERA staff to take the necessary and prudent steps to analyze the long-term consequences to the fund. The research and analysis provided through studies being conducted in 2009, along with input from our membership and others, will serve as the foundation for the comprehensive legislative proposal that the Board will finalize for legislative consideration in 2010.

In addition to vigilantly monitoring the investment markets, the Board also took several significant actions in 2008. In early 2008, the Board adopted the Iran-Related Investment Policy, which avoided legislative mandates on Colorado PERA's investments and placed the responsibility for reviewing Iran-related investments with the Colorado PERA Board of Trustees and Colorado PERA staff. Upon review of a recommendation forwarded by Colorado PERA investment staff and the Board's investment consultant, the Board established a new asset class, effective January 2009. The new Global Equities asset class combines domestic and international equities, acknowledging the increasingly global economy in which we live. Finally, the Board revised its policy on how interest rates are established for member accounts and lowered the rate from 5 to 3 percent effective January 1, 2009.

On behalf of the Board, I want to thank all of Colorado PERA's constituencies for their continued support as we work to ensure Colorado PERA's sustainability. I am reminded that challenges make us stronger and I know we will be successful not only because of the importance of the task ahead, but because so many have entrusted Colorado PERA with their future.

Sincerely,

Mark J. Anderson
Chair, Colorado PERA Board of Trustees

BOARD OF TRUSTEES

By State law, the management of the public employees' retirement fund is vested in the Board of Trustees of the Colorado Public Employees' Retirement Association. The Board is composed of 15 members, which includes the following:

- Eleven members elected by mail ballot by their respective Division members to serve on the Board for four–year terms; four members from the School Division, three from the State Division, one from the Local Government Division, one from the Judicial Division, and two retiree members elected by benef t recipients.
- Three members appointed by the Governor and approved by the State Senate.
- The State Treasurer serves as an ex off cio member.

If a Board member resigns, a new member is appointed from the respective Division for the remainder of the year until the next election.

Mark J. Anderson
Chair

Elected by Local Government Members
Risk Manager, City of Colorado Springs
Current term expires June 30, 2010

Sara R. Alt
Vice Chair

Elected by Retirees
Retired Legislative Liaison, Colorado Department of Personnel and Administration
Current term expires June 30, 2011

Susan Beeman

Elected by School Members
Teacher on special assignment for Exceptional Student Services, Pueblo School District 60
Current term expires June 30, 2009

James Casebolt

Elected by Judicial Members
Judge, Colorado Court of Appeals
Current term expires June 30, 2011

M. Judy Chavez

Appointed to f ll a vacancy in the State Division
Assistant Dean of Budget and Human Resource Services, University of Colorado Denver Business School
Term expires June 30, 2009

Howard M. Crane

Appointed by the Governor
Current term expires July 10, 2012

Richard Delk

Elected by State Members
Accountant, Budget Off ce of the Colorado State Patrol
Term expires June 30, 2012

Carol Hoglund

Elected by State Members
Chief Business Off cer, Aims Community College
Retired June 1, 2008

Cary Kennedy

Ex off cio member
State Treasurer
Continuous term

Tamela Long

Elected by State Members
Business Off cer, Colorado State Patrol
Current term expired June 30, 2008

Maryann Motza

Elected by State Members
Social Security Administrator for the State
Current term expires June 30, 2009

Scott Murphy

Elected by School Members
Superintendent, Littleton Public Schools
Current term expires June 30, 2010

Susan G. Murphy

Appointed by the Governor
Current term expires July 10, 2009

Amy L. Nichols

Elected by School Members
Math Teacher, Aurora Public Schools
Current term expires June 30, 2012

Scott L. Noller

Elected by School Members
Assistant Principal, Colorado Springs School District #11
Current term expires June 30, 2009

Eric Rothaus

Deputy State Treasurer
Delegated Substitute for State Treasurer

Lynn E. Turner

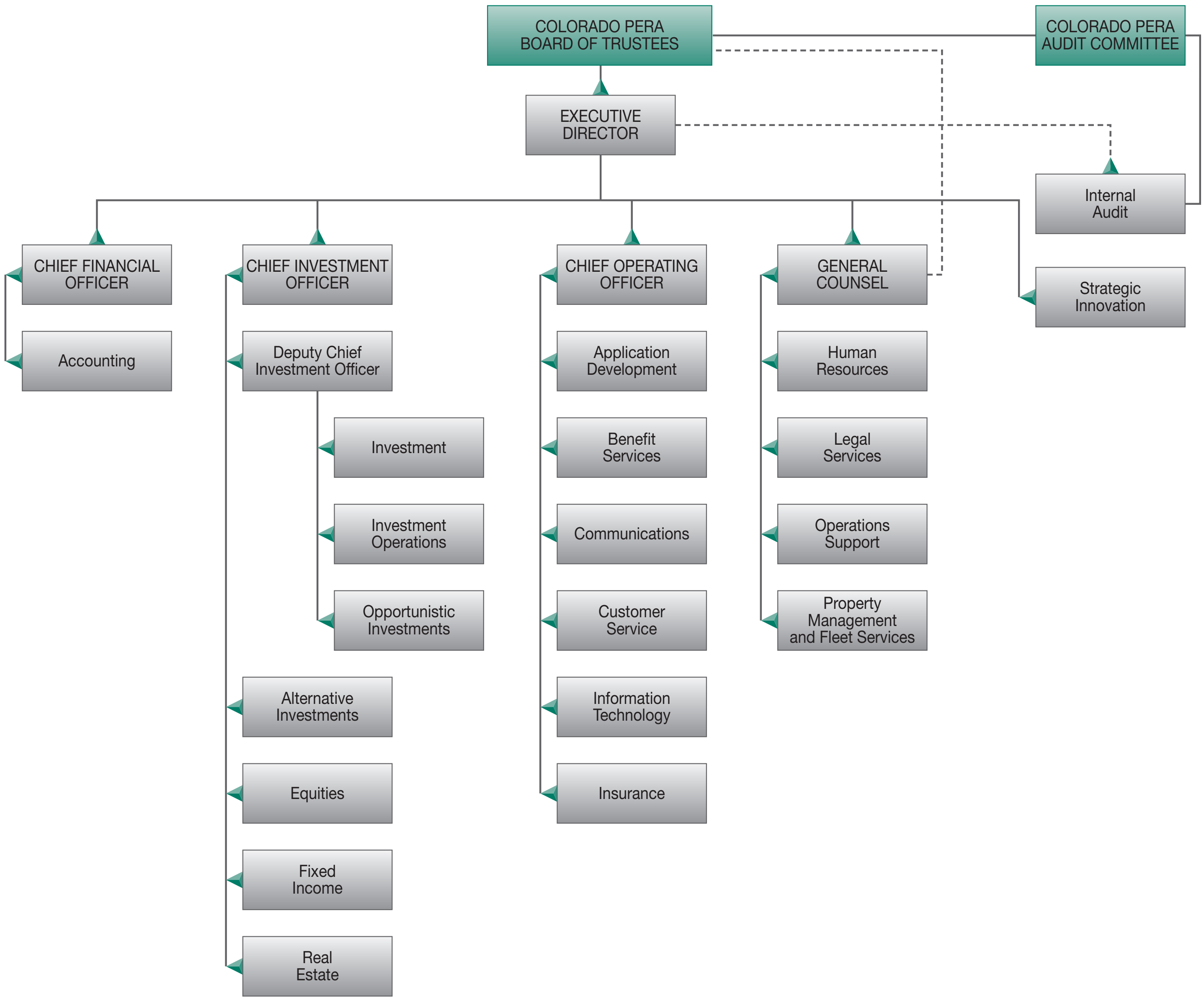
Appointed by the Governor
Current term expires July 10, 2010

Carole Wright

Elected by Retirees
Retired Teacher, Aurora Public Schools
Current term expires June 30, 2009

ADMINISTRATIVE ORGANIZATIONAL CHART

As of June 1, 2009




Diane Ahonen
Director of Legal Services


Martha Argo
Investment Director


Ron Baker
Director of Application Development


Anne Bandy
Director of Customer Service


David Bomberger
Deputy Chief Investment Officer


Kevin Carpenter
Director of Information Technology


Dennis Fischer
Director of Property Management and Fleet Services


Karl Greve
Chief Financial Officer


Sharyl Harston
Director of Human Resources


Katie Kaufmanis
Director of Communications


Bill Koski
Director of Opportunistic Investments


Rick Larson
Director of Benefit Services


Jim Lavan
Director of Real Estate


Tom Liddy
Director of Investment Operations


Jim Liptak
Director of Equities


David Mather
Director of Internal Audit


David Maurek
Chief Operating Officer


Tim Moore
Director of Alternative Investments


Maruti Moré
Director of Fixed Income

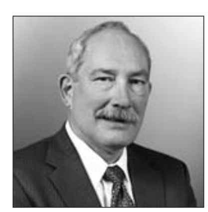

Jennifer Paquette
Chief Investment Officer


Karl Paulson
Manager of Strategic Innovation


Gregory W. Smith
General Counsel


Wendy Tenzyk
Director of Insurance


Donna Trujillo
Director of Operations Support


Meredith Williams
Executive Director

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PO Box 5599
Boston, MA 02206-5599

FINANCIAL SECTION

All Colorado PERA activities undertaken will adhere to the guiding principles of customer focus, ethical conduct, accountability, excellence, and ongoing process improvement.

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

Board of Trustees
Colorado Public Employees' Retirement Association
Denver, Colorado

We have audited the accompanying statement of fiduciary net assets and the related statement of changes in fiduciary net assets of the Colorado Public Employees' Retirement Association as of and for the year ended December 31, 2008 which collectively comprise Colorado Public Employees' Retirement Association's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Colorado Public Employees' Retirement Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative combined information has been derived from the Colorado Public Employees' Retirement Association's December 31, 2007 financial statements, and in our report dated June 19, 2008, we expressed an unqualified opinion on the respective financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Colorado Public Employees' Retirement Association as of December 31, 2008, and related changes in fiduciary net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2009, on our consideration of Colorado Public Employees' Retirement Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is

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to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 18 through 37, and the schedule of funding progress and schedule of employer contributions on pages 63 through 68 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Colorado Public Employees' Retirement Association's basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section, investment section, actuarial section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Denver, Colorado
June 18, 2009

(In Thousands of Dollars)

Management is pleased to provide this overview and analysis of the financial activities of the Colorado Public Employees' Retirement Association (Colorado PERA) for the year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information in the Letter of Transmittal beginning on page 3 of this *CAFR* and in conjunction with the basic financial statements of Colorado PERA on pages 38-41.

In addition to historical information, the Management's Discussion and Analysis includes forward-looking statements, which involve certain risks and uncertainties. Colorado PERA's actual results, performance, and achievements may differ materially from the results, performance, and achievements expressed or implied in such forward-looking statements, due to a wide range of factors, including changes in interest rates, changes in the securities markets, general economic conditions, and legislative changes, as well as other factors.

Colorado PERA administers seven fiduciary funds, including four defined benefit pension trust funds: the State Division Trust Fund, the School Division Trust Fund, the Local Government Division Trust Fund, and the Judicial Division Trust Fund (the Division Trust Funds). Colorado PERA also administers one defined contribution pension trust fund, the Voluntary Investment Program, a cost-sharing multiple-employer defined benefit other postemployment benefit plan, the Health Care Trust Fund (HCTF), and one private purpose trust fund, the Life Insurance Reserve (LIR).

The dramatic and historic drop in virtually all markets and asset classes throughout the world in 2008 affected Colorado PERA as it has affected all retirement funds and long-term investors. The funds of Colorado PERA decreased over $12.3 billion, which will have implications for the future contributions to and benefits provided by these funds. The combination of the dramatic losses due to the financial markets along with the cumulative effect of contribution shortfalls in the last five years and the benefit enhancements in the 1990s, bring into question the long-term sustainability of the Division Trust Funds. The Colorado PERA Board of Trustees will be working throughout 2009 to prepare recommendations for consideration by the Colorado General Assembly in 2010, so that the trust funds are on a path to achieve long-term sustainability.

Basic Retirement Funding Equation

At the most basic level, in the long run a retirement plan must balance the money coming in through contributions and investment earnings against the money going out through benefit and expense payments.

I + C = B + E

Where: I is investment return
C is contribution inflows
B is benefits paid
E is expenses

During any year in the life of a plan, one side of the equation will be greater than the other with the goal that they will balance in the long run. The Statement of Changes in Fiduciary Net Assets on pages 40-41 details the contributions, investment income, benefit payments, and expenses for all seven fiduciary funds Colorado PERA administers.

The results for the past 25 years (January 1, 1984, to December 31, 2008) show that the funds grew by $26.9 billion or 782 percent. During this time, the number of members and benefit recipients grew from 120,437 to 430,619 or 258 percent. The breakdown of the net change in assets is shown below for the 25-year period January 1, 1984, to December 31, 2008:

I – Investment income	$31,637,156
C – Contributions	24,535,890
Subtotal	56,173,046
B – Benefits	28,795,143
E – Expenses	487,157
Subtotal	29,282,300
Net change in assets	**$26,890,746**

The results for the year ended December 31, 2008, show that the funds were reduced by $12.3 billion or 28.6 percent. The decline was principally due to the overall decline in the financial markets where the Dow Jones Wilshire 5000 Index declined 37.2 percent. The breakdown of the net change in assets is shown below for the year ended December 31, 2008:

I – Investment income	($11,007,526)
C – Contributions	1,748,531
Subtotal	(9,258,995)
B – Benefits	3,040,050
E – Expenses	40,874
Subtotal	3,080,924
Net change in assets	**($12,339,919)**

(In Thousands of Dollars)

Financial Highlights

Net Assets—The fair value of the net assets for all funds administered by Colorado PERA decreased $12.3 billion during calendar year 2008.

	2008 CHANGE IN NET ASSETS	2008 ENDING NET ASSETS
State Division Trust Fund	($4,343,728)	$10,508,301
School Division Trust Fund	(6,627,386)	16,415,800
Local Government Division Trust Fund	(792,693)	2,221,581
Judicial Division Trust Fund	(65,970)	174,903
Voluntary Investment Program	(424,674)	1,308,803
Health Care Trust Fund	(79,241)	190,191
Life Insurance Reserve	(6,227)	12,528
Total	**($12,339,919)**	**$30,832,107**

In the Voluntary Investment Program, the decrease in net assets was primarily due to negative investment returns arising from the overall decline in the domestic and international stock markets. In all other funds, the decrease in net assets was primarily due to negative investment returns arising from the overall decline in all financial markets and values of domestic and international stocks, alternative investments, and real estate.

Change in Net Assets

	(C)	+ (I)	− (B) − (E)	= NET CHANGE
	2008 CONTRIBUTIONS AND OTHER ADDITIONS	2008 INVESTMENT (LOSSES)	2008 BENEFITS, EXPENSES AND OTHER DEDUCTIONS	2008 CHANGE IN NET ASSETS
State Division Trust Fund	$475,156	($3,745,843)	$1,073,041	($4,343,728)
School Division Trust Fund	749,940	(5,842,787)	1,534,539	(6,627,386)
Local Government Division Trust Fund	141,783	(778,885)	155,591	(792,693)
Judicial Division Trust Fund	8,303	(61,192)	13,081	(65,970)
Voluntary Investment Program	169,788	(501,703)	92,759	(424,674)
Health Care Trust Fund	201,789	(72,423)	208,607	(79,241)
Life Insurance Reserve	1,772	(4,693)	3,306	(6,227)
2008 change in net assets	**1,748,531**	**(11,007,526)**	**3,080,924**	**(12,339,919)**
2007 change in net assets	**1,615,130**	**3,983,543**	**2,842,809**	**2,755,864**
2006 change in net assets	**1,569,409**	**5,476,054**	**2,662,929**	**4,382,534**
2005 change in net assets	**1,665,716**	**3,166,581**	**2,484,817**	**2,347,480**
2004 change in net assets	**1,583,707**	**4,076,573**	**2,162,767**	**3,497,513**
2004-2008 change in net assets	**$8,182,493**	**$5,695,225**	**$13,234,246**	**$643,472**

Investment Highlights

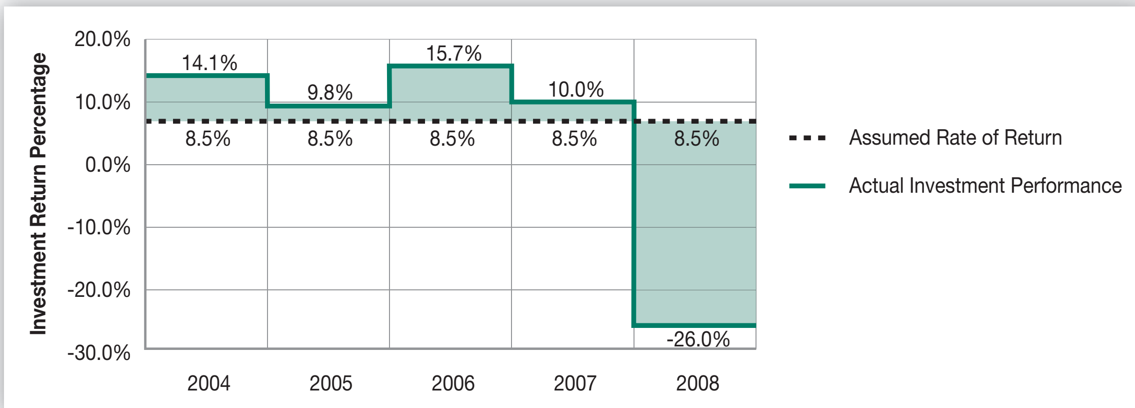
The investment highlights in this section do not include the Voluntary Investment Program unless otherwise noted. This plan is a participant-directed defined contribution plan. Investments for all of the other plans are pooled (the four Division Trust Funds, the HCTF, and the LIR).

	NET APPRECIATION (DEPRECIATION) IN FAIR VALUE	INTEREST AND DIVIDENDS	REAL ESTATE, ALT INVEST, AND OPPTY FUND NET OPERATING INC	INVESTMENT EXPENSES	SECURITIES LENDING INCOME/ (LOSS)	TOTAL INVESTMENT GAIN/(LOSS)
State Division Trust Fund	($4,058,798)	$285,700	$58,476	($38,691)	$7,470	($3,745,843)
School Division Trust Fund	(6,329,836)	444,656	91,010	(60,218)	11,601	(5,842,787)
Local Government Division Trust Fund	(843,002)	58,552	11,984	(7,929)	1,510	(778,885)
Judicial Division Trust Fund	(66,261)	4,630	946	(627)	120	(61,192)
Health Care Trust Fund	(78,282)	5,352	1,096	(725)	136	(72,423)
Life Insurance Reserve	(5,340)	611	77	(51)	10	(4,693)
2008 Total	**($11,381,519)**	**$799,501**	**$163,589**	**($108,241)**	**$20,847**	**($10,505,823)**
2007 Total	**$2,995,089**	**$847,723**	**$173,132**	**($131,452)**	**($26,594)**	**$3,857,898**

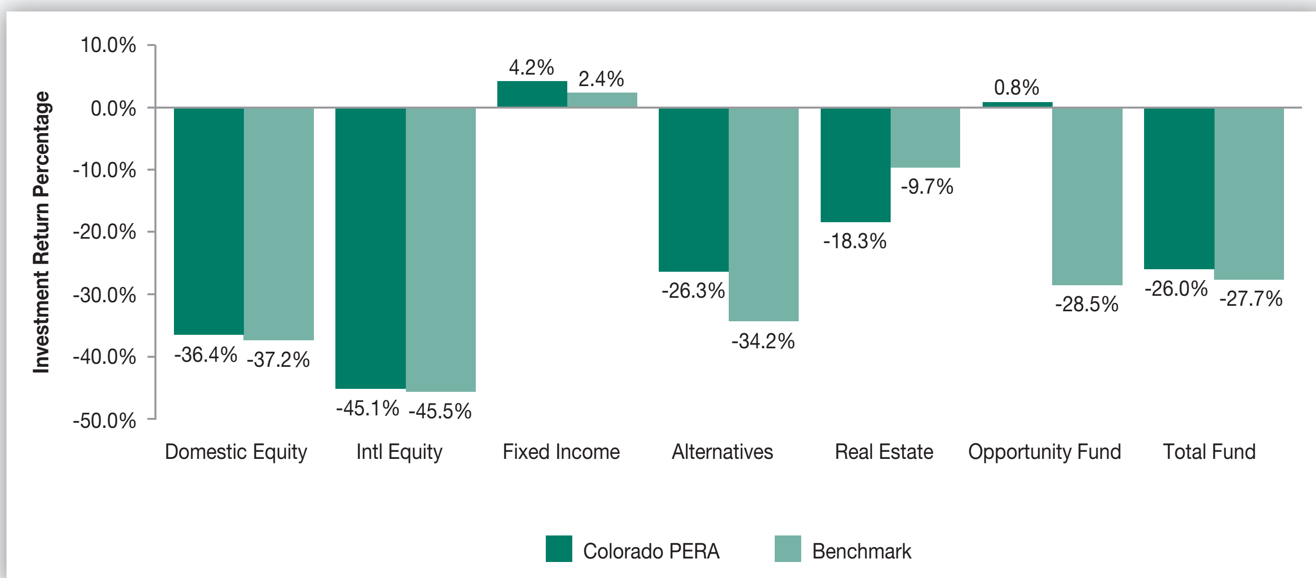
The largest inflow into a retirement plan over the long-term comes from investment income. Over the past 25 years, even with the large losses in 2008, investment income represents 58 percent of the inflows into Colorado PERA.

Investment Performance Trend Information—For the year ended December 31, 2008, the net-of-fees rate of return on the pooled investment assets was a negative 26.0 percent, which was less than the 10.0 percent for the year ended December 31, 2007, and underperformed the actuarial assumed rate of 8.5 percent. The net-of-fees rate of return for the pooled investment assets was 3.3 percent for the past five years and 3.4 percent for the past 10 years. The 25-year annualized gross-of-fees rate of return for the pooled investment assets was 9.0 percent. Market returns and volatility will vary from year to year for the total fund and across the various asset classes. The chart below compares the actual investment performance of the pooled investment assets versus the actuarial assumed rate of return for the last five years.

ACTUAL VS. ASSUMED RATE OF RETURN



ACTUAL RESULTS VS. BENCHMARKS



Note: Ennis Knupp & Associates, the Board's Investment Performance consultant, provides the investment returns based on data made available by Colorado PERA's custodian, The Northern Trust Company. Listed above are the one-year net-of-fee time-weighted rates of return for each asset class and their respective benchmarks.

(In Thousands of Dollars)

While the financial markets were extremely difficult and market performance for the calendar year was one of the worst in history, Colorado PERA's investments outperformed its benchmark by 172 basis points and the Median Public Pension Plan by 80 basis points for the year.

Colorado PERA adopted a policy benchmark, which is a passive representation of the asset allocation policy, as of April 1, 2004. For the year ended December 31, 2008, the total fund returned negative 26.0 percent compared to the policy benchmark return of negative 27.7 percent.

For the year ended December 31, 2008, Colorado PERA's total fund returned negative 26.0 percent, compared to the BNY Mellon Performance and Risk Analytics' Median Public Fund return of a negative 26.8 percent. The BNY Mellon Performance and Risk Analytics' Median Public Fund measure is comprised of 87 public pension funds with assets of approximately $832 billion. Colorado PERA's total fund returned negative 2.0 percent and 3.3 percent on a three- and five-year annualized basis, compared with BNY Mellon Performance and Risk Analytics' Median Public Fund returns of a negative 3.0 percent and 2.1 percent, respectively, for these periods. Colorado PERA's 10-year annualized rate of return was 3.4 percent compared to the BNY Mellon Performance and Risk Analytics' Median Public Fund return of 3.4 percent.

For more detailed information, see the Fund Performance Evaluation in the Investment Section of the *CAFR* on pages 79-81.

Asset Allocation—The Board of Trustees of Colorado PERA (the Board) has the responsibility for the investment of Colorado PERA's funds with the following statutory limitations: the aggregate amount of monies invested in corporate stocks and fixed income securities convertible into stock cannot exceed 65 percent of the book value of the fund, no investment in common and/or preferred stock of any single corporation can exceed 5 percent of the then book value of the fund, and the fund cannot acquire more than 12 percent of the outstanding stocks or bonds of any single corporation. As fiduciaries of the funds, the Board is responsible to carry out their investment functions solely in the interest of the Colorado PERA members and benefit recipients and for the exclusive purpose of providing benefits.

The Board commissioned an Asset/Liability Study in 2005, which was prepared by Ennis Knupp & Associates. The objective of the study was to determine the optimal strategic asset allocation policy that would ultimately allow Colorado PERA to meet its benefit obligations while also ensuring that Colorado PERA incurs appropriate levels of risk. The Board's policy specifies the desired target allocation for each asset class as well as the ranges within which each asset class may operate. As a result of the study, the Board approved the 2007 asset allocation targets and ranges at its December 2005 Board meeting. On November 16, 2007, the Board added the Opportunity Fund asset class and adjusted the targets and ranges to their current level as of January 1, 2008. The purpose of the Opportunity Fund is to provide a framework for including asset categories that do not fit within the traditional asset class structure. Initially, the Opportunity Fund will be entirely comprised of timber assets.

	12/31/2007 ACTUAL %	2007 TARGET %	2007 RANGES	12/31/2008 ACTUAL %	2008 TARGET %	2008 RANGES
Domestic Stocks	43.3%	45%	42%-48%	38.4%	43%	40%-46%
Fixed Income	23.9%	25%	22%-28%	26.6%	25%	22%-28%
International Stocks	15.7%	15%	12%-18%	13.2%	15%	12%-18%
Alternative Investments[1]	7.7%	7%	4%-10%	8.9%	7%	4%-10%
Real Estate	7.6%	7%	4%-10%	8.9%	7%	4%-10%
Timber/Opportunity Fund[2]	1.1%	1%	0%-2%	1.5%	3%	0%-6%
Cash & Short-Term Investments[3]	0.7%	0%		2.5%	0%	

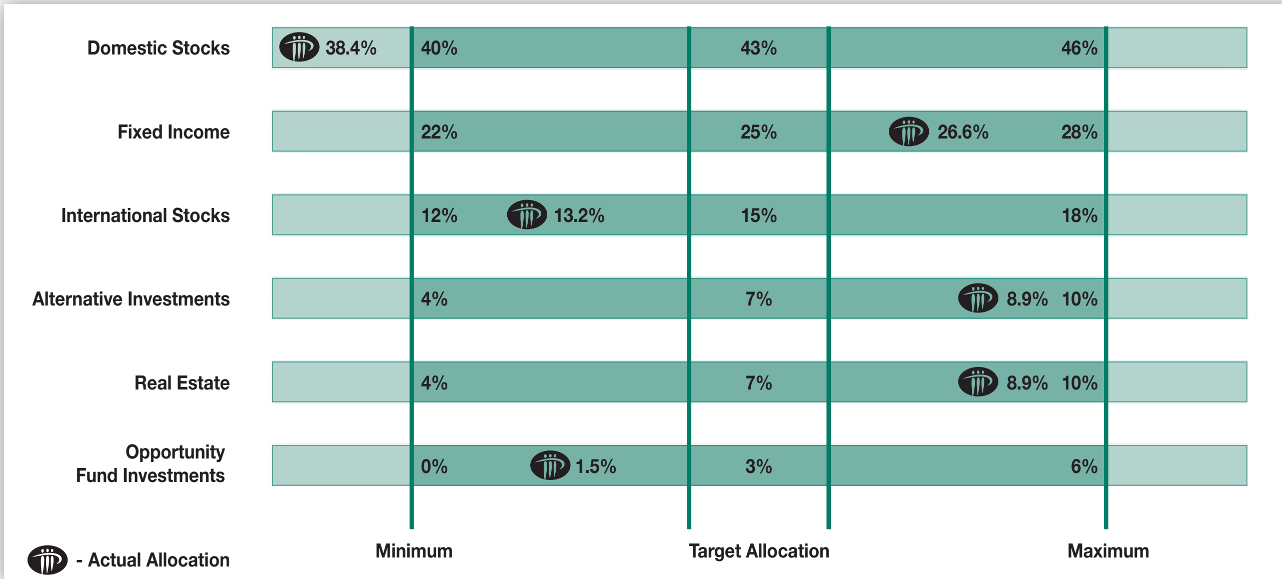
[1] The Alternative Investment asset class is a fund of funds strategy with exposure to private equity, venture capital, secondary interests in private equity funds, and distressed debt.

[2] The Board changed the asset class from Timber to Opportunity Fund (which includes Timber) as of January 1, 2008.

[3] A range has not been set for Cash & Short-Term Investments in the Asset Allocation Policy. The target percentage is zero.

Note: Asset allocation decisions are made based on the total holdings of the portfolios within each asset class. Therefore, the investment receivables, payables, accruals, and cash and short-term investments are allocated back to the investment portfolios that hold them for purposes of the table (above) and chart (page 22).

2008 ASSET ALLOCATION PERMISSIBLE RANGES VS. DECEMBER 31, 2008, ACTUAL ALLOCATION



All of the asset classes, with the exception of domestic equity, were within their specified ranges at year-end. The large and rapid market decline during the fourth quarter of 2008 brought the domestic equity asset class out of range. Due to the illiquidity of the financial markets at year-end, Colorado PERA was unable to bring domestic equities back into range even while allocating more dollars to this asset class during the fourth quarter.

Sudan Divestment—Following the 2007 legislative session, Governor Ritter signed into law House Bill 07-1184 (Sudan Divestment Public Pension Funds), which imposes targeted divestment from companies with active business operations in the Sudan. As a result of this legislation, Colorado PERA is required to create a list of scrutinized companies every six months and to prohibit investments in these companies going forward. The establishment of the list requires Colorado PERA to engage the companies on the list to warn them of potential divestment, and to encourage the companies to change their activities in Sudan. Colorado PERA must also engage the managers of indirect investments in companies on the list and request removal of scrutinized companies or ask the manager to create a similar fund that does not contain the identified companies. Colorado PERA contacts managers in its defined benefit plan as well as managers of funds within the Colorado PERA Voluntary Investment Program regarding the Scrutinized Companies List. In September 2008, Colorado PERA invested in an EAFE Index Fund, which excluded certain securities with ties to Sudan. In 2008, Colorado PERA submitted its Scrutinized Companies List to elected officials of the State on January 18, 2008, and July 22, 2008.

More information regarding the Sudan Divestment can be obtained at the Colorado PERA Web site, www.copera.org.

Iran-Related Investment Policy—On January 18, 2008, the Colorado PERA Board of Trustees adopted an Iran-Related Investment Policy. This policy outlines a phased strategy to address Colorado PERA's direct public investments in foreign companies doing business in the Islamic Republic of Iran. The strategy will address and include a number of actions, up to and including possible divestment. Colorado PERA recognizes the federal government has sole responsibility for the conduct of American foreign policy. Colorado PERA is acting out of a fiduciary concern for the welfare of its members' assets, which requires a broad horizon and sensitivity to the potential risks posed by investment in Iran.

More information regarding the Iran investment policy can be obtained at the Colorado PERA Web site, www.copera.org.

Cash and Short-Term Investments—Holdings of cash and short-term investments increased $392 million to $957 million at the end of 2008. Due to the liquidity crisis at the end of 2008 and to assure the liquidity needs of Colorado PERA, the increase was partially achieved by purchasing and holding U.S. Treasury Bills.

Investment Settlements and Other Receivables and Payables—As of December 31, 2008, Colorado PERA had investment settlements and income receivables of $155 million, a decrease of $44 million. This decrease was primarily due to a $24 million decrease in pending investment sales and a $16 million decrease in accrued interest at the end of the year. As of December 31, 2008, Colorado PERA had investment settlements and other liabilities of $216 million, an increase of $48 million. This increase was due primarily to an increase in pending investment purchases and a payable being set up for the securities lending collateral deficiency (for more information see Note 5 on page 50).

(In Thousands of Dollars)

Securities Lending Collateral and Obligations—As of December 31, 2008, Colorado PERA had securities lending collateral of $2.4 billion, a decrease of $4.9 billion from 2007. The main reason for the decrease in cash collateral was an overall decrease in lendable assets and a decrease in the percentage of assets on loan at the end of the year. The decrease in the percentage of assets on loan was due to the decrease in the worldwide demand for securities and the borrowers being unwilling to put up cash collateral due to their liquidity and capital needs.

Securities Lending Net Income/(Loss)—For the year ended December 31, 2008, Colorado PERA had net income from securities lending of $21 million, which compares to a net loss of $27 million in 2007. Securities lending resulted in net income in 2008 as earnings for the cash collateral pool, which had been less than the borrowers rebates and fees in 2007, exceeded rebates and fees. For more detail on securities lending see Note 5 on pages 50-55.

Investment Expenses—For the year ended December 31, 2008, Colorado PERA had investment expenses of $108 million which compares to $131 million in 2007. The reduction was due to the decrease in asset value used to calculate the outside portfolio management fees and a decrease in an incentive fee related to timber investments.

Commitments—As of December 31, 2008, Colorado PERA had commitments for the future purchase of investments in alternative investments of $1.4 billion and real estate of $985 million.

(C)—Contributions: Analysis of Division Trust Funds and Health Care Trust Fund

TRUST FUND	EMPLOYER CONTRIBUTIONS	MEMBER CONTRIBUTIONS	PURCHASE SERVICE	RETIREE HEALTH AND LIFE PREMIUMS	MEDICARE RETIREE DRUG SUBSIDY	OTHER	TOTAL CONTRIBUTIONS AND OTHER
State Division	$270,353	$191,481	$13,315	$—	$—	$7	$475,156
School Division	430,215	304,686	15,020	—	—	19	749,940
Local Government Division	79,457	58,508	3,820	—	—	(2)	141,783
Judicial Division	5,105	2,806	392	—	—	—	8,303
Health Care	72,599	—	—	102,644	13,743	12,803	201,789
2008 Total	**$857,729**	**$557,481**	**$32,547**	**$102,644**	**$13,743**	**$12,827**	**$1,576,971**
2007 Total	**$749,918**	**$526,561**	**$25,117**	**$96,345**	**$12,397**	**$12,485**	**$1,422,823**

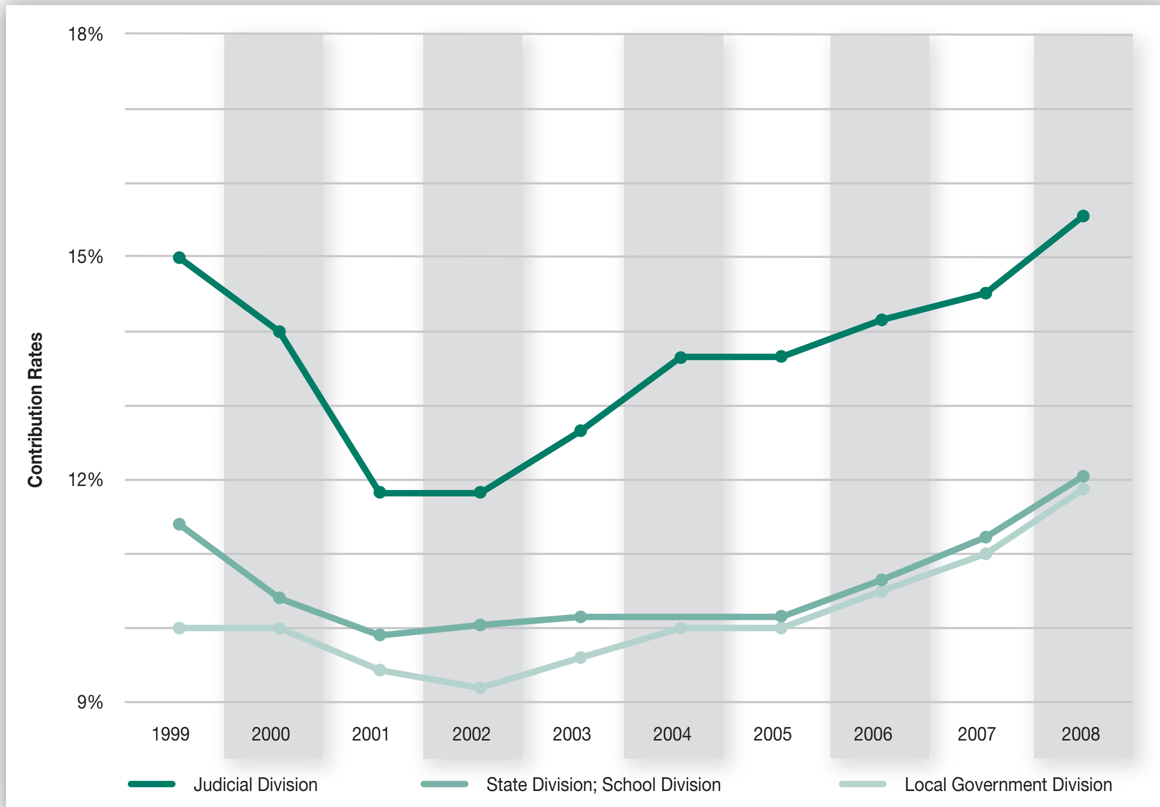
Member Contribution Rates for 2008

TRUST FUND	MEMBER CONTRIBUTION RATE
State Division	8.00%
State Troopers	10.00%
School Division	8.00%
Local Government Division	8.00%
Judicial Division	8.00%
Health Care Trust Fund	0.00%

Member contributions for the Division Trust Funds, which are set in statute, increased from $527 million in 2007 to $557 million in 2008. Over the past 25 years, member contributions represent 21 percent of the inflows into the Division Trust funds and the Health Care Trust Fund.

(In Thousands of Dollars)

EMPLOYER CONTRIBUTION RATES PLUS AMORTIZATION EQUALIZATION DISBURSEMENT (AED) AND THE SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT (SAED) RATES 1999-2008 (INCLUDES HEALTH CARE TRUST FUND CONTRIBUTION)



Employer Contribution Rates for 2008

TRUST FUND	ANNUAL REQUIRED CONTRIBUTION[1]	ACTUAL EMPLOYER CONTRIBUTION RATE	HEALTH CARE CONTRIBUTION RATE	AED	SAED	CONTRIBUTION RATE AVAILABLE FOR FUNDING
State Division	18.45%	10.15%	(1.02%)	1.40%	0.50%	11.03%
State Troopers		12.85%	(1.02%)	1.40%	0.50%	13.73%
School Division	17.18%	10.15%	(1.02%)	1.40%	0.50%	11.03%
Local Government Division	11.95%	10.00%	(1.02%)	1.40%	0.50%	10.88%
Judicial Division	17.66%	13.66%	(1.02%)	1.40%	0.50%	14.54%
Health Care	1.11%	—	1.02%	—	—	1.02%

[1] Annual Required Contribution rate for 2008 contributions is based on the 2006 Actuarial Valuation.

With the passage of Senate Bill 04-257 an "Amortization Equalization Disbursement" (AED) was established and required each Colorado PERA employer to pay 1.0 percent of covered salary for the year beginning January 1, 2007, and to pay 1.4 percent of covered salary for the year beginning January 1, 2008, to help improve funding. The AED is slated to increase 0.40 percent a year, reaching a total of 3 percent in 2012. In addition, the statutory employer contribution rate will increase 0.4 percent in 2013 for the School Division. With the passage of Senate Bill 06-235 a "Supplemental Amortization Equalization Disbursement" (SAED) was established and required each Colorado PERA employer to pay 0.5 percent of covered salary beginning January 1, 2008, and increasing an additional 0.5 percent of covered salary a year until it reaches a total of 3 percent in 2013. The SAED is noted in the statute as foregone compensation increases from employees. The SAED is in addition to the AED and the total contribution increase when they are both fully implemented will be 6.0 percent.

Employer contributions for the Division Trust Funds and the Health Care Trust Fund, which are set in statute, increased from $750 million in 2007 to $858 million in 2008 due to the AED and SAED increase and due to increases in members' covered salaries. Over the past 25 years, employer contributions represented 21 percent of the inflows into the Division Trust Funds and the Health Care Trust Fund.

In 2008, the amount received from employers as contributions, the AED, and the SAED, as defined in statute, was not sufficient to meet the Annual Required Contribution (ARC) rate calculation as specified by Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 43, which assumes a 30-year amortization period for all of the funds. The ARC calculation is based on an estimated 8.5 percent investment rate of return and discount rate. In 2008, the actual contributions to Colorado PERA were $362 million less than the ARC as calculated by the actuaries. During the past six years, this shortfall in funding has been $2.4 billion. The table below shows the yearly ARC shortfall by fund for the past six years:

Yearly ARC Deficiency (Amounts in Millions of Dollars)

VALUATION YEAR	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008
State and School Division	$219.6	$437.7	$—	$—	$—	**$—**
State Division	—	—	221.4	151.9	180.8	**156.7**
School Division	—	—	312.1	201.8	247.5	**203.0**
Local Government Division	14.8	14.7	18.7	10.5	12.6	**0.8**
Judicial Division	1.8	1.5	1.0	0.7	1.3	**1.1**
Total	**$236.2**	**$453.9**	**$553.2**	**$364.9**	**$442.2**	**$361.6**

Note: The State and School Divisions were combined for the years ended December 31, 2003, and 2004.
The Health Care Trust Fund has not had an ARC deficiency.

For more detail on the ARC, see the Required Supplementary Information—Schedule of Employer Contributions for the Division Trust Funds and the Schedule of Contributions from Employers and Other Contributing Entities for the Health Care Trust Fund on pages 64-65.

Using the Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 43 as a guide based on the 2007 valuation, the 2009 annual required employer contributions would need to be as follows:

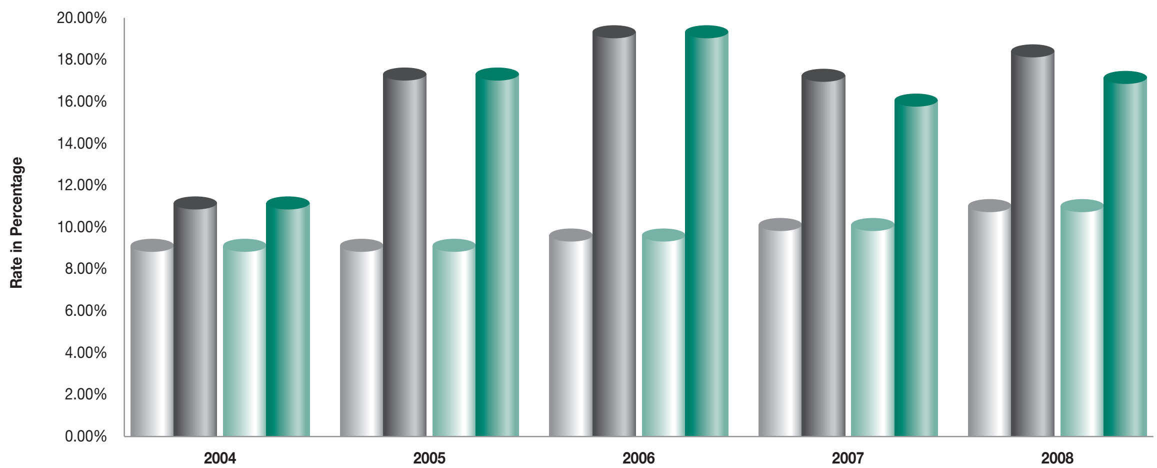
- State Division Trust Fund—17.91 percent
- School Division Trust Fund—16.56 percent
- Local Government Division Trust Fund—11.14 percent
- Judicial Division Trust Fund—17.08 percent
- Health Care Trust Fund—1.12 percent

Additionally, based on the 2008 valuation the 2010 annual required employer contributions would need to be as follows:

- State Division Trust Fund—20.16 percent
- School Division Trust Fund—18.75 percent
- Local Government Division Trust Fund—12.31 percent
- Judicial Division Trust Fund—19.87 percent
- Health Care Trust Fund—1.12 percent

(In Thousands of Dollars)

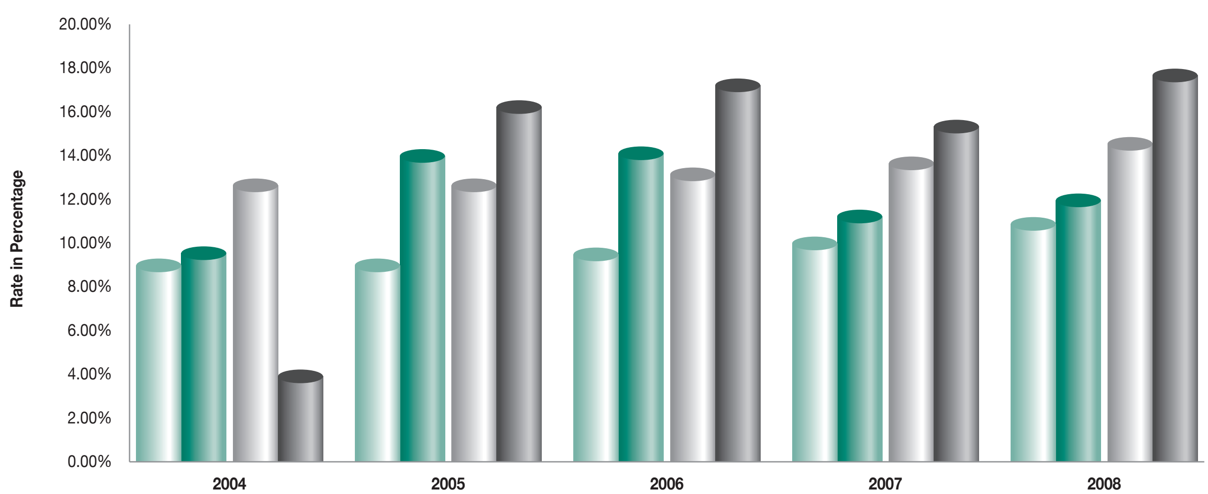
STATE AND SCHOOL DIVISIONS; YEAR-END EMPLOYER CONTRIBUTION/ARC COMPARISON (CONTRIBUTION INCLUDES AED AND SAED LESS HEALTH CARE TRUST FUND ALLOCATION)



	2004	2005	2006	2007	2008
State Actual[1]	9.13%	9.13%	9.63%	10.13%	11.03%
State ARC	11.11%	17.31%	19.33%	17.23%	18.45%
School Actual	9.13%	9.13%	9.63%	10.13%	11.03%
School ARC	11.11%	17.31%	19.33%	16.06%	17.18%

[1]Actual rates are for non-State Troopers

LOCAL GOVERNMENT AND JUDICIAL DIVISIONS; YEAR-END EMPLOYER CONTRIBUTION/ARC COMPARISON (CONTRIBUTION INCLUDES AED AND SAED LESS HEALTH CARE TRUST FUND ALLOCATION)



	2004	2005	2006	2007	2008
Local Govt Actual	8.98%	8.98%	9.48%	9.98%	10.88%
Local Govt ARC	9.53%	13.98%	14.11%	11.21%	11.95%
Judicial Actual	12.64%	12.64%	13.14%	13.64%	14.54%
Judicial ARC	3.98%	16.22%	17.21%	15.33%	17.66%

Cumulative contribution deficiency of our employers—The following chart shows the net pension obligation of all of our employers for each fund. The net pension obligation is a measure that represents an employer's cumulative contribution shortfall versus actuarially determined contributions adjusted to include investment earnings at the actuarial assumed investment rate of return. If the Division Trust Funds of Colorado PERA were sole employer plans or an agent multi-employer plan, these amounts, allocated to each employer, would need to be reported as a liability on our employer's financial statements. As our employers are part of a cost-sharing multi-employer plan, they do not record these amounts as liabilities and only record a liability if they have not paid in the statutorily required contribution rate. This table is being provided to illustrate the overall impact of the contribution deficiency of our employers.

Cumulative Net Pension Obligation at End of Valuation Year (Amounts in Millions of Dollars)

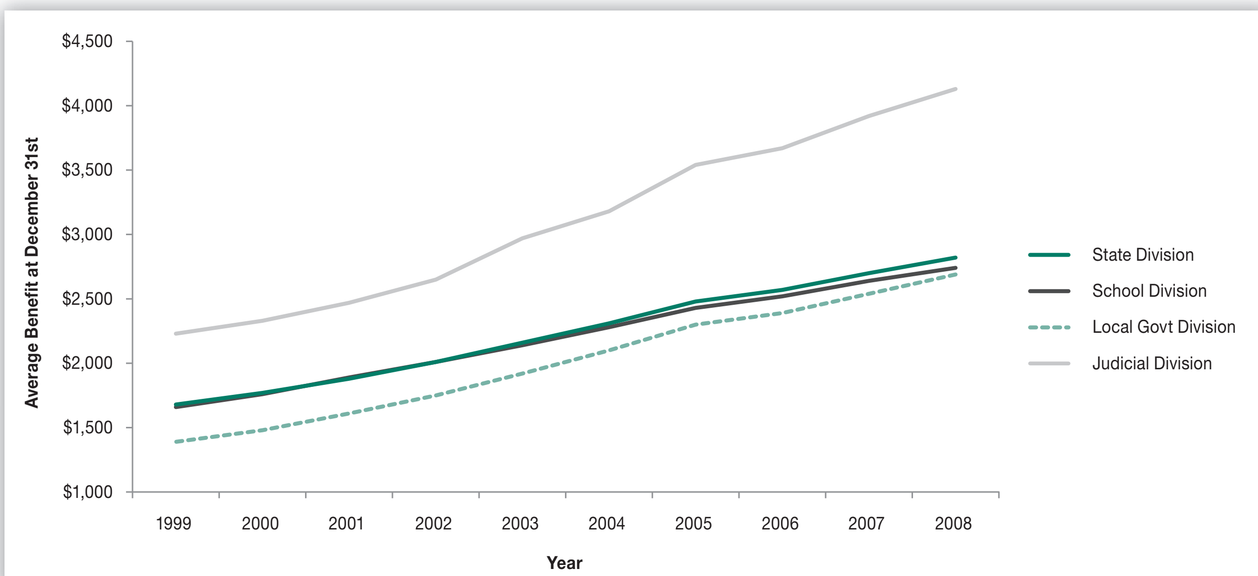
VALUATION YEAR	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008
State Division	$85.0	$256.9	$487.7	$657.5	$857.7	**$1,039.6**
School Division	134.6	408.4	735.5	964.3	1,240.2	**1,479.7**
Local Government Division	14.8	30.1	49.9	62.2	76.6	**79.6**
Judicial Division	1.8	3.4	4.5	5.4	6.9	**8.2**
Total	**$236.2**	**$698.8**	**$1,277.6**	**$1,689.4**	**$2,181.4**	**$2,607.1**

Note: A net pension obligation is not shown for the Health Care Trust Fund as there has not been an ARC deficiency during this period.

(B) & (E)—Benefits and Expenses

TRUST FUND	BENEFIT PAYMENTS	REFUNDS	DISABILITY PREMIUMS	ADMIN EXPENSES	OTHER DEDUCTIONS	TOTAL DEDUCTIONS
State Division	$999,279	$56,716	$1,794	$8,639	$6,613	$1,073,041
School Division	1,449,907	65,659	2,886	12,815	3,272	1,534,539
Local Government Division	132,696	18,219	560	2,102	2,014	155,591
Judicial Division	13,356	—	26	21	(322)	13,081
Health Care	196,769	—	—	11,838	—	208,607
2008 Total	**$2,792,007**	**$140,594**	**$5,266**	**$35,415**	**$11,577**	**$2,984,859**
2007 Total	**$2,545,249**	**$140,975**	**$5,402**	**$31,893**	**$11,358**	**$2,734,877**

AVERAGE BENEFITS PAYABLE PER MONTH (IN ACTUAL DOLLARS)



(In Thousands of Dollars)

Average Monthly Benefit by Division (In Actual Dollars)[1]

YEAR	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION
2004	$2,306	$2,286	$2,097	$3,177
2005	2,486	2,427	2,300	3,544
2006	2,570	2,523	2,395	3,672
2007	2,697	2,636	2,539	3,925
2008	**2,820**	**2,740**	**2,692**	**4,134**

[1] Colorado PERA is a substitute for Social Security for most of the public employees that earn service and receive a benefit.

Actuarial Summary

The December 31, 2008, actuarial valuation was prepared by Cavanaugh Macdonald Consulting, LLC. Actuarial valuations, based on a set of assumptions, examine a fund's assets as compared to liabilities, compare past and future trends, and determine the annual required contribution rates required of each employer in order to pay current and future benefits and compares it to the statutory contribution rate. Actuarial assumptions are studied at least every five years and are set by the Board. All major actuarial assumptions for 2008 remained unchanged. The Board will initiate an actuarial experience study in 2009 and will review all assumptions as part of that process. For more information on the annual valuations, see Note 10 on funded status and actuarial information on page 59, the Required Supplementary Information and the accompanying notes on pages 63-68, and the Actuarial Section of the *CAFR* on pages 90-108.

Actuarial Statistics—As of December 31, 2008, the Funding Ratio, the Unfunded Actuarial Accrued Liabilities (UAAL), and the amortization periods with current funding for each trust fund are shown in the table below, which is based on GASB parameters and does not fully consider future contribution rate increases nor the impact of reduced benefits for those hired in the future as provided for in Colorado law.

TRUST FUND	FUNDING RATIO	UAAL	ARC	ARC AMORTIZATION PERIOD	AMORTIZATION PERIOD WITH CURRENT FUNDING
State Division	67.9%	$6,584,297	20.16%	30 Years	Infinite
School Division	70.1%	9,266,873	18.75%	30 years	Infinite
Local Government Division	76.4%	904,787	12.31%	30 Years	29 Years
Judicial Division	80.2%	57,091	19.87%	30 Years	Infinite
Total Defined Benefit Plans		16,813,048			
Health Care	18.7%	1,112,657	1.12%	30 Years	39 Years
Total		**$17,925,705**			

For calculation of the annual required contribution rate, the amortization period used is 30 years as required by GASB. The amortization period is the number of years it will take to pay off the unfunded actuarial accrued liability, given the current funding and benefits, for each division based on a set of assumptions. If the amortization period is infinite, it means that based on the current funding and benefits, the unfunded actuarial accrued liability cannot be paid off if we were to meet all of our assumptions. See the Required Supplementary Information and the accompanying notes on pages 63-68 for additional information.

The table below shows the amortization periods adjusted to include the additional contributions that are a result of the 2004 legislation which established the Amortization Equalization Disbursement (AED), and the 2006 legislation, which established the Supplemental Amortization Equalization Disbursement (SAED). For more information on the future impact of the 2004 and 2006 legislation, refer to Note 12 of the Financial Statements on page 61.

Based on the December 31, 2008, valuation, the amortization periods for each fund are shown below and include all future estimated AED and SAED contributions.

TRUST FUND	AMORTIZATION PERIOD WITH FUTURE AED AND SAED INCREASES
State Division	Infinite
School Division	75 Years
Local Government Division	19 Years
Judicial Division	48 Years
Health Care	39 Years

(In Thousands of Dollars)

The amortization periods with AED and SAED do not include the full effect of the 2006 legislation. The legislation includes plan changes that will lower the normal cost for future new hires and will allow more of the employer's contribution to be used to amortize past service costs earned. The future AED and SAED have not been taken into consideration in the calculation of the Annual Required Contribution as defined in GASB Statement 25 or in the amortization period based on the current year funding.

Title 24, Article 51, Section 211 of the Colorado Revised Statutes (C.R.S.) states that the amortization period of 30 years shall be deemed actuarially sound. At the end of 2008, given the current contribution rates, all funds except for the Local Government Division exceeded the 30-year amortization period.

As stated by Cavanaugh Macdonald Consulting, LLC, in the Report of the Independent Actuary on pages 90-92:

> "Colorado PERA has a funded ratio of 69% based on the Actuarial Value of Assets. The funded ratio on the Market Value of Assets is lower, at 52%. Current contribution levels are sufficient to finance the promised benefits for the Local Government Division under GASB Nos. 25 and 27. Recent contribution changes under SB 06-235 are expected to stabilize the funding levels of the Judicial Division by attaining a 30-year amortization period within the projected actuarial period of 30 years. In addition, the recent contribution changes combined with the benefit changes of SB 06-235 are expected to improve the funded status of the State and School Divisions. However, if additional gains do not materialize in the future, increases in contributions and/or benefit reductions may be necessary to fund the State and School Divisions."

At the end of 2008, the Board requested an actuarial analysis of the impact of different possible benefit and contribution changes, which will be considered during the 2010 legislative session so as to achieve long-term sustainability for the trust funds. During 2009, the Board has initiated an actuarial experience study, an actuarial audit, and an asset/liability study to assist in determining the best course of action for the various funds. Colorado PERA believes it is in the best interest of both its members and the State's taxpayers to work toward proposing legislation in the 2010 legislative session to address the dramatic decline in the financial markets and economy and the resulting decline in the Colorado PERA investment portfolio. In the long run, since contributions and investment income must equal benefits and expenses, changes in all four of these categories will be carefully considered. The comprehensive proposal for legislative action in 2010 will be based on thorough calculations and a complete picture of how the various possible changes will impact Colorado PERA's funded status and its members.

Sensitivity of Actuarial Valuation to Changes in Assumed Investment Rate of Return and Discount Rate

The most important long-run driver of a pension plan is investment income, which can contribute as much as 80 percent or more of the total inflows into a pension plan over its life. Over the last 25 years, investment income at Colorado PERA represented 58 percent of the inflows into the plans. Currently the investment rate of return and discount rate assumption is 8.5 percent. The investment return assumption (discount rate), as required by GASB, should be based on an estimated long-term investment yield for the plan, with consideration given to the nature and mix of current and expected plan investments and the basis used to determine the actuarial value of assets. To understand the importance of the investment rate of return, which is used to discount the actuarial liabilities of Colorado PERA, a one-half percent fluctuation in the investment rate of return and discount rate would change the funding ratio, UAAL, and ARC (for contributions for fiscal year ended December 31, 2010) as follows:

Investment return assumption (discount rate) equal to 8.0 percent.

TRUST FUND	FUNDING RATIO	UAAL	ARC
State Division	64.0%	$7,817,969	23.35%
School Division	66.0%	11,193,061	22.14%
Local Government Division	71.6%	1,164,438	15.16%
Judicial Division	75.9%	73,205	23.35%
Total Defined Benefit Plans		20,248,673	
Health Care	17.9%	1,173,464	1.15%
Total		$21,422,137	

Current investment return assumption (discount rate) equal to 8.5 percent.

TRUST FUND	FUNDING RATIO	UAAL	ARC
State Division	67.9%	$6,584,297	20.16%
School Division	70.1%	9,266,873	18.75%
Local Government Division	76.4%	904,787	12.31%
Judicial Division	80.2%	57,091	19.87%
Total Defined Benefit Plans		16,813,048	
Health Care	18.7%	1,112,657	1.12%
Total		$17,925,705	

Investment return assumption (discount rate) equal to 9.0 percent.

TRUST FUND	FUNDING RATIO	UAAL	ARC
State Division	71.5%	$5,554,682	17.25%
School Division	73.9%	7,675,234	15.78%
Local Government Division	80.7%	700,340	9.87%
Judicial Division	84.3%	43,077	16.34%
Total Defined Benefit Plans		13,973,333	
Health Care	19.5%	1,056,264	1.11%
Total		$15,029,597	

Note: The net-of-fees rate of return for the pooled investment assets was 3.3 percent for the past five years and 3.4 percent for the past 10 years. The 25-year annualized gross-of-fees rate of return for the pooled investment assets was 9.0 percent.

Current Year Actuarial Gains/(Losses)—To better understand why our UAAL changed for the year for each fund, a summary of the activities that caused gains and losses in the actuarial liability for 2008, which are amortized over 30 years using an open amortization period as allowable by GASB, are shown below by fund and are in millions of dollars:

AMOUNTS IN MILLIONS OF DOLLARS	STATE	SCHOOL	LOCAL GOVERNMENT	JUDICIAL	HCTF
From differences between assumed and actual experience on liabilities					
Service retirements[1]	($14.3)	($23.8)	($9.7)	$0.7	($1.2)
Disability retirements[2]	14.7	9.3	4.7	0.4	0.8
Deaths[3]	(25.4)	(52.9)	0.7	(1.5)	(2.1)
Withdrawals[4]	(33.9)	(74.9)	(4.0)	(0.2)	(2.9)
New entrants[5]	(50.7)	(39.1)	(6.2)	(4.6)	(2.6)
Salary increases[6]	(79.3)	(68.9)	3.1	(2.8)	—
Other[7]	(18.2)	(57.7)	(21.2)	0.0	(5.3)
Subtotal	(207.1)	(308.0)	(32.6)	(8.0)	(13.3)
From differences between assumed and actual experience on assets	(944.4)	(1,472.3)	(200.7)	(15.4)	(18.6)
From change in plan assumptions[8]	—	—	—	—	(17.9)
From change in plan provisions[9]	30.8	83.9	16.3	0.4	—
Total actuarial gains/(losses) on 2008 activities	**($1,120.7)**	**($1,696.4)**	**($217.0)**	**($23.0)**	**($49.8)**
Total actuarial gains/(losses) on 2007 activities	**$58.9**	**$429.7**	**$32.8**	**$6.1**	**$10.2**

1 *Service retirements:* If members retire at younger ages than assumed, there is a loss.

2 *Disability retirements:* If disability claims are lower than assumed, there is a gain.

3 *Deaths:* If survivor claims are higher than assumed or if retirees die later than assumed, there is a loss.

4 *Withdrawals:* If less actuarial liabilities are released by terminations than assumed, there is a loss.

5 *New entrants:* If the number of new members entering the plan is lower than assumed, there is a loss.

6 *Salary increases:* If there are less salary increases than assumed, there is a gain. If there are greater salary increases than assumed, there is a loss.

7 *Other:* Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.

8 *Change in plan assumptions:* The HCTF assumptions were updated as described in the Notes to the Required Supplemental Information on page 66.

9 *Change in plan provisions:* The main provision that changed was the decrease in the interest credit on employee contribution accounts from 5 percent to 3 percent.

Actuarial Trend Information

Funding Ratio—The funding ratio for the plan is determined by dividing the actuarial value of assets by the actuarial accrued liability. The actuarial value of assets is not the current market value but a market-related value, as mandated by GASB, which smoothes changes in the market value over four years. The actuarial value of the assets as of December 31, 2008, was $39.1 billion compared to a market value of assets of $29.5 billion, and to the actuarial accrued liability of $57.0 billion. The funding ratio for each of the funds, based on the actuarial value of assets, at December 31 for each of the last five years is shown on the next page.

(In Thousands of Dollars)

TRUST FUND	2004	2005	2006	2007	2008
State Division	—	71.5%	73.0%	73.3%	**67.9%**
School Division	—	73.9%	74.1%	75.5%	**70.1%**
State and School Division	70.1%	—	—	—	**—**
Local Government Division	77.2%	78.0%	79.5%	81.2%	**76.4%**
Judicial Division	81.0%	86.3%	85.1%	87.5%	**80.2%**
Total Division Trust Funds	**70.6%**	**73.3%**	**74.1%**	**75.1%**	**69.8%**
Health Care	15.1%	17.1%	17.2%	19.9%	**18.7%**
Total all Funds	**69.2%**	**72.0%**	**72.7%**	**73.8%**	**68.5%**

The Board of Trustees' Statement of Funding Policy dated November 16, 2007, is as follows: "To secure promised and mandated benefits, the funding goal of the Colorado Public Employees' Retirement Association's defined benefit and retiree health care plans is to maintain employer and member contributions into the trust funds sufficient to accumulate assets over a member's term of employment to fully finance the benefits members receive throughout retirement by achieving and maintaining a minimum 100 percent funding ratio of assets to accrued actuarial liabilities. The Board's minimum 100 percent funding ratio goal over time avoids externalizing the costs of amortizing unfunded accrued liabilities onto others in the future, and provides for fairness and intergenerational equity for taxpayers, employers and employees with respect to the costs of providing benefits."

The funding ratios listed above give an indication of how well this objective has been met to date. A larger funding ratio indicates that a plan is better funded. As an example, for every $1.00 of the actuarially determined benefits earned for the State Division Trust Fund as of December 31, 2008, approximately $0.68 of assets are available for payment based on the actuarial value of assets. These benefits earned will be payable over the life span of members after their retirement.

At December 31, 2008, Colorado PERA had the following aggregate funding status for all of its Division Trust Funds and the HCTF[1].

	BASED ON 12/31/2008 MARKET VALUE OF ASSETS	BASED ON 12/31/2008 ACTUARIAL VALUE OF ASSETS
Actuarial accrued liability	$57.0 billion	$57.0 billion
Assets held to pay those liabilities[2]	29.5 billion	39.1 billion
Unfunded actuarial accrued liability[3]	27.5 billion	17.9 billion
Funding Ratio	51.8%	68.5%

[1] The data in this table has been aggregated for informational purposes. The assets of each trust fund are for the sole purpose of its members and cannot be used by another fund.

[2] The market value of assets is the fair value of the investments. The actuarial value of assets calculates the value of the assets by spreading any market gains or losses over four years. The market value of the assets is $29.5 billion or $9.6 billion less than the value of assets calculated by the actuaries, as they are recognizing the gains and losses in value over four years, rather than in the year they occurred.

[3] The above funded status is based upon an assumed rate of return on investments of 8.5 percent and an assumed rate of 8.5 percent to discount the liabilities to be paid in the future to a value as of December 31, 2008. Due to the changes in the U.S. and global capital markets in recent years and the changing U.S. and global economy, the Board has chosen to undertake a study to reconsider the rate of return, along with all other significant actuarial assumptions during 2009. That study could result in a different assumption. See pages 29-30 of the Management's Discussion and Analysis for an analysis of the potential impact of a change in the investment rate of return assumption.

Unfunded Actuarial Accrued Liabilities—The table on the next page identifies the components that contributed to the growth in the underfunded status of the Defined Benefit Trust Funds for the period 2004 to 2008. There are many factors that contribute to this complex issue and this table is included to provide a better understanding.

Defined Benefit Pension Trust Funds Changes in Unfunded Actuarial Accrued Liabilities (Amounts in Millions of Dollars)

	2004	2005	2006	2007	2008	2004–2008
UAAL beginning of year	($9,895.4)	($12,814.9)	($12,479.1)	($12,803.6)	**($13,043.6)**	($9,895.4)
Experience Gains and Losses						
Age and service retirements	(436.3)	(32.4)	(60.7)	(56.9)	**(47.1)**	(633.4)
Disability retirements	(0.7)	(5.8)	24.3	26.6	**29.1**	73.5
Deaths	(50.7)	130.7	0.3	9.4	**(79.1)**	10.6
Withdrawal from employment	13.0	104.1	(88.9)	(107.7)	**(113.0)**	(192.5)
New entrants	(66.3)	(129.1)	(136.2)	(113.5)	**(100.6)**	(545.7)
Pay increases	97.4	(332.1)	59.6	(221.3)	**(147.9)**	(544.3)
Investment income	(1,697.7)	89.4	682.7	833.3	**(2,632.8)**	(2,725.1)
Other	(23.0)	70.3	46.3	157.6	**(97.1)**	154.1
Purchase of noncovered service	(215.0)	(73.2)	—	—	**—**	(288.2)
Experience gain/(loss) during year	(2,379.3)	(178.1)	527.4	527.5	**(3,188.5)**	(4,691.0)
Non-recurring Items						
Effect of changes in plan provisions	275.6	—	—	—	**131.4**	407.0
Actuarial assumption changes	—	(126.3)	—	—	**—**	(126.3)
Asset valuation method change	—	1,660.7	—	—	**—**	1,660.7
Non-recurring items	275.6	1,534.4	—	—	**131.4**	1,941.4
Contribution Deficiency from 30-year Amortization[1]						
Contribution loss excluding gainsharing	(392.6)	(576.8)	(380.6)	(461.2)	**(377.1)**	(2,188.3)
Losses due to gainsharing						
Employer contribution reduction	(64.6)	—	—	—	**—**	(64.6)
MatchMaker contributions	(16.0)	—	—	—	**—**	(16.0)
Total gainsharing loss in year	(80.6)	—	—	—	**—**	(80.6)
30-year amortization contribution deficiency[1]	(473.2)	(576.8)	(380.6)	(461.2)	**(377.1)**	(2,268.9)
Expected change in UAAL with 30-year amortization or less[1]	(342.6)	(443.7)	(471.3)	(306.3)	**(335.2)**	(1,899.1)
Total gain/(loss) for year	(2,919.5)	335.8	(324.5)	(240.0)	**(3,769.4)**	(6,917.6)
UAAL end of year	**($12,814.9)**	**($12,479.1)**	**($12,803.6)**	**($13,043.6)**	**($16,813.0)**	**($16,813.0)**

[1] For years 2004 and 2005 the required amortization period was 40 years.

The previous schedule shows where losses and gains occurred over the five-year period compared to what was expected or assumed. These include the following significant gains and losses:

- $2.3 billion loss from contribution deficiencies from the required amortization period of 30 years; 40 years for years 2004 and 2005. (The contribution deficiency is created when the actual contributions flowing into the plans are less than the annual required contribution calculated for accounting purposes.)
- $1.9 billion loss which is the difference between last year's UAAL and the expected UAAL using the normal cost earned, less the required employer contributions all of which is adjusted for interest.
- $1.0 billion loss due to investment income ($2.7 billion investment loss net of the $1.7 billion asset valuation method gain in 2005).
- $0.6 billion loss due to increased early retirements beyond those assumed.
- $0.5 billion loss due to new members entering the plan with a liability.
- $0.5 billion loss due to salary increases above those assumed.

Actuarial Initiatives—In 2009, the Board has initiated an actuarial experience study with Cavanaugh Macdonald Consulting, LLC and an actuarial audit by another independent public pension fund actuary. The purpose of an actuarial experience study is to review the actual experience of the funds in relation to the current actuarial assumptions. The actuary will then develop recommendations to the Board for any changes to the assumptions that are indicated by such review. The last actuarial experience study was completed in 2005. An actuarial audit will be conducted for the purpose of determining if the methodology used by Cavanaugh Macdonald Consulting, LLC was reasonable and that the December 31, 2008, valuation was calculated appropriately. The last actuarial audit was completed in 2005.

Initiatives to Improve Funding—In 2003, the Board pursued legislation, which would stabilize the contribution rates and allow for increases or decreases in the rates when certain funding thresholds were reached. This legislation passed, but was ultimately vetoed by then Governor Owens.

In 2004, the Board again pursued legislation to improve funding, revise benefits, and move the funds back toward achieving the then 40-year amortization period goal. The Board proposed major legislation (Senate Bill 04-132 and Senate Bill 04-257) that would help to address Colorado PERA's funding needs in a cost-effective and equitable manner. Both pieces of legislation were enacted into law.

In 2005, Senate Bill 05-73 was enacted to provide for an employer contribution for Colorado PERA retirees who return to work after retirement.

In 2006, Senate Bill 06-235 improved funding, revised benefits, made changes to Board governance, and expanded retirement plan choice to institutions of higher education.

In 2007, House Bill 07-1377 repealed a provision of SB 06-235 that would have expanded retirement plan choice to eligible new employees of higher educational institutions. The legislation was amended in the House to allow new employees of community colleges the ability to choose between the Colorado PERA defined benefit program and the Colorado PERA defined contribution program.

The Board has also acted to address funding concerns by raising the cost to purchase service credit effective November 1, 2003, and raising it again effective November 1, 2005, to the full actuarial cost.

At the November 2008 Board meeting, the Board approved a new interest rate credit policy allowing the Board to modify the calculated member credit interest rate, reducing it up to 2 percent in whole numbers at their discretion in any future year where the year-to-date investment returns experienced by Colorado PERA are negative after three quarters. The interest rate was then set to 3 percent in 2009, a decrease from the rate of 5 percent in 2008. This rate is used in calculating interest on refunds and in determining the money purchase formula benefit in the Division Trust Funds. For more information on benefit provisions, refer to Note 1 of the Financial Statements on page 42.

The combination of the dramatic losses due to the financial markets along with the cumulative effect of contribution shortfalls in the last five years and the benefit enhancements in the 1990s, bring into question the long-term sustainability of the Division Trust Funds. At the end of 2008, the Board began studying revisions to the funds' plans to analyze changes, which could lead the funds back on a path to long-term sustainability.

House Bill 08-1403: Concerning the Merger of a School District Retirement System—Passed by the Legislature and signed into law by Governor Ritter on May 28, 2008, this bill modified the existing law that authorizes the Denver Public Schools Retirement System (DPSRS) and Denver Public Schools (DPS) to enter into an agreement to merge into Colorado PERA. Colorado PERA, DPS, and DPSRS negotiated throughout 2008 to try to enter into an agreement that would meet the requirements of the law and be agreeable to all parties. Ultimately the various proposals by the parties were sent to a dispute resolution panel of three actuaries as allowed in House Bill 08-1403. The dispute resolution panel did not accept any of the proposals, but offered two possible solutions. The first alternative would be for DPSRS to be absorbed into Colorado PERA as a stand-alone division; however this was not allowable under current law. The second approach would be to merge the two pensions with a goal of equalizing the unfunded liabilities based on a percentage of active payrolls, which would have required Colorado PERA to give DPS a credit due to the better funding of DPSRS. Neither of the solutions were acceptable to both parties and led to new legislation being introduced in 2009 to create a separate division in Colorado PERA. For more detail on the 2009 legislation, see Note 12 on page 61.

Service Purchases—For the year ended December 31, 2008, Colorado PERA had purchased service of $33 million, which compares to purchased service of $25 million in 2007. The increase was due to increased activity and purchasing by the membership in 2008.

Other Changes

Voluntary Investment Program—For the Voluntary Investment Program, investment assets decreased primarily due to investment returns in domestic and international stocks. The Dow Jones Wilshire 5000 Index showed a return of negative 37.2 percent in 2008 and 5.6 percent in 2007 while the Morgan Stanley Capital International All Country World ex US (MSCI ACWI ex US) stock market index showed a return of negative 45.5 percent in 2008 and 11.6 percent in 2007. Cash and short-term investments increased from $129.2 million in 2007 to $177.6 million in 2008 as members elected to move their funds to more conservative investment options.

Total employer contributions to the fund increased from $4.4 million in 2007 to $5.8 million in 2008. Of that increase, $0.8 million was due to statutorily defined matching employer contributions in the Colorado PERA DC Plan, with the remaining increase coming from additional discretionary employer contributions in the 401(k) Plan. The decrease in other additions was mainly due to a $2 million transfer for the recovered rollover distributions from AXA Equitable in 2007 with no similar transfer in 2008.

Health Care Trust Fund—Health care benefit payments increased $36.8 million to $196.8 million in 2008. These increases were a result of health care cost inflation, and an increase in the estimated incurred but not yet reported accrual of claims, combined with more people selecting Anthem Blue Cross Blue Shield (Anthem), an insurance option where the Fund bears some risk. If the Fund bears risk, all premiums collected are recorded as contributions and all claims or premiums paid are accounted for as benefit payments and direct administrative expenses are broken out separately. When there is no health coverage risk, premiums paid by the retiree are not shown as contributions and the only benefit payment or direct expense recorded is the subsidy benefit, which is equal to the difference between the premiums collected from the enrollees and the full premium due to the insurance company.

Life Insurance Reserve Program—Unum Life Insurance Company of America (Unum) is the current carrier and administrator for Colorado PERA's life insurance program. On April 1, 2008, the contract with Unum was changed, which affected the accounting for life insurance premiums, claims and administrative expenses. Prior to April 1, 2008, Colorado PERA's payment to Unum was based on a flexible funding premium agreement which limits the payments to the lesser of (1) the actual cumulative premiums collected or (2) an administrative fee plus actual claims paid, which shifted some of the risk to Colorado PERA. This required the premium inflows and outflows to be accounted for as additions and deductions in the Statement of Changes in Fiduciary Net Assets. With the change in the contract, premiums now flow through a liability account in the Statement of Fiduciary Net Assets. As a result, life insurance premium payments dropped from $9.1 million in 2007 to $1.8 million in 2008 and life insurance claims dropped from $8.0 million in 2007 to $2.8 million in 2008. Additionally, in the previous contract, due to the limits built into the contract in years when claims are lower, administrative expenses could increase as they did in 2007. With the modification in the contract, administrative expense dropped from $1.7 million in 2007, down to $0.5 million in 2008.

(In Thousands of Dollars)

COMPARATIVE FINANCIAL INFORMATION

Defined Benefit Pension Trust Funds. The four defined benefit funds provide retirement, survivor, and disability benefits to the employees of affiliated State, School, Local Government, and Judicial employers. Benefits are funded by member and employer contributions and by earnings on investments.

Defined Benefit Pension Trust Funds Fiduciary Net Assets

ASSETS	DECEMBER 31, 2008	DECEMBER 31, 2007	% CHANGE
Cash and short-term investments	$949,659	$560,570	69.4%
Securities lending collateral	2,418,934	7,322,617	(67.0%)
Receivables	261,568	313,981	(16.7%)
Investments, at fair value	28,268,412	40,394,015	(30.0%)
Capital assets, net of accumulated depreciation	18,614	16,554	12.4%
Total assets	31,917,187	48,607,737	(34.3%)
LIABILITIES			
Securities lending obligations	2,418,934	7,322,617	(67.0%)
Investment settlements and other liabilities	177,668	134,758	31.8%
Total liabilities	2,596,602	7,457,375	(65.2%)
Net assets available for benefits	$29,320,585	$41,150,362	(28.7%)

Defined Benefit Pension Trust Funds Changes in Fiduciary Net Assets

ADDITIONS	DECEMBER 31, 2008	DECEMBER 31, 2007	% CHANGE
Employer contributions	$785,130	$681,410	15.2%
Member contributions	557,481	526,561	5.9%
Purchased service	32,547	25,117	29.6%
Investment income	(10,428,707)	3,831,179	(372.2%)
Other	24	31	(22.6%)
Total additions	(9,053,525)	5,064,298	(278.8%)
DEDUCTIONS			
Benefit payments	2,595,238	2,385,310	8.8%
Refunds	140,594	140,975	(0.3%)
Disability insurance premiums	5,266	5,402	(2.5%)
Administrative expenses	23,577	20,842	13.1%
Other	11,577	11,358	1.9%
Total deductions	2,776,252	2,563,887	8.3%
Changes in net assets available for benefits	(11,829,777)	2,500,411	(573.1%)
Net assets available for benefits			
Beginning of year	41,150,362	38,649,951	6.5%
End of year	$29,320,585	$41,150,362	(28.7%)

(In Thousands of Dollars)

Defined Contribution Pension Trust Fund. The Voluntary Investment Program provides retirement benefits to members of the Defined Benefit Pension Trust Funds who have voluntarily made contributions during their employment and to eligible State of Colorado choice members who have selected the Colorado PERA DC Plan as their retirement plan.

Voluntary Investment Program Fiduciary Net Assets

ASSETS	DECEMBER 31, 2008	DECEMBER 31, 2007	% CHANGE
Cash and short-term investments	$177,596	$129,204	37.5%
Receivables	61,276	59,644	2.7%
Investments, at fair value	1,073,626	1,546,023	(30.6%)
Total assets	1,312,498	1,734,871	(24.3%)
LIABILITIES			
Investment settlements and other liabilities	3,695	1,394	165.1%
Total liabilities	3,695	1,394	165.1%
Net assets available for benefits	**$1,308,803**	**$1,733,477**	**(24.5%)**

Voluntary Investment Program Changes in Fiduciary Net Assets

ADDITIONS	DECEMBER 31, 2008	DECEMBER 31, 2007	% CHANGE
Employer contributions	$5,812	$4,356	33.4%
Member contributions	159,501	172,510	(7.5%)
Investment income	(501,703)	125,645	(499.3%)
Other	4,475	6,366	(29.7%)
Total additions	(331,915)	308,877	(207.5%)
DEDUCTIONS			
Refunds	87,786	92,755	(5.4%)
Administrative expenses	4,973	5,484	(9.3%)
Total deductions	92,759	98,239	(5.6%)
Changes in net assets available for benefits	(424,674)	210,638	(301.6%)
Net assets available for benefits			
Beginning of year	1,733,477	1,522,839	13.8%
End of year	**$1,308,803**	**$1,733,477**	**(24.5%)**

(In Thousands of Dollars)

Other Postemployment Benefit Fund. The Health Care Trust Fund provides a health care premium subsidy to participating Colorado PERA benefit recipients and their eligible beneficiaries who choose to enroll in the Program. The Health Care Trust Fund is funded by amounts contributed by employers during an employee's working life based on a percentage of pay and by earnings on investments.

Health Care Trust Fund Fiduciary Net Assets

ASSETS	DECEMBER 31, 2008	DECEMBER 31, 2007	% CHANGE
Cash and short-term investments	**$7,116**	$3,928	81.2%
Securities lending collateral	**18,125**	51,306	(64.7%)
Receivables	**7,919**	14,359	(44.8%)
Investments, at fair value	**211,811**	283,018	(25.2%)
Total assets	**244,971**	352,611	(30.5%)
LIABILITIES			
Securities lending obligations	**18,125**	51,306	(64.7%)
Investment settlements and other liabilities	**36,655**	31,873	15.0%
Total liabilities	**54,780**	83,179	(34.1%)
Net assets available for benefits	**$190,191**	**$269,432**	**(29.4%)**

Health Care Trust Fund Changes in Fiduciary Net Assets

ADDITIONS	DECEMBER 31, 2008	DECEMBER 31, 2007	% CHANGE
Employer contributions	**$72,599**	$68,508	6.0%
Retiree health care premium payments	**102,644**	96,345	6.5%
Medicare retiree drug subsidy	**13,743**	12,397	10.9%
Investment income	**(72,423)**	23,868	(403.4%)
Other	**12,803**	12,454	2.8%
Total additions	**129,366**	213,572	(39.4%)
DEDUCTIONS			
Benefit payments	**196,769**	159,939	23.0%
Administrative expenses	**11,838**	11,051	7.1%
Total deductions	**208,607**	170,990	22.0%
Changes in net assets available for benefits	**(79,241)**	42,582	(286.1%)
Net assets available for benefits			
Beginning of year	**269,432**	226,850	18.8%
End of year	**$190,191**	**$269,432**	**(29.4%)**

(In Thousands of Dollars)

Private Purpose Trust Fund. The Life Insurance Reserve (LIR) is an accumulation of dividends received from an insurance company as a return on the premiums paid by those members who have voluntarily enrolled in life insurance programs, adjusted for actual historical experience. The proceeds received from LIR are used to pay the administrative costs of the plan.

Life Insurance Reserve Fiduciary Net Assets

ASSETS	DECEMBER 31, 2008	DECEMBER 31, 2007	% CHANGE
Cash and short-term investments	**$451**	$254	77.6%
Securities lending collateral	**1,149**	3,324	(65.4%)
Receivables	**73**	951	(92.3%)
Investments, at fair value	**13,432**	18,338	(26.8%)
Total assets	**15,105**	22,867	(33.9%)
LIABILITIES			
Securities lending obligations	**1,149**	3,324	(65.4%)
Investment settlements and other liabilities	**1,428**	788	81.2%
Total liabilities	**2,577**	4,112	(37.3%)
Net assets available for benefits	**$12,528**	**$18,755**	**(33.2%)**

Life Insurance Reserve Changes in Fiduciary Net Assets

ADDITIONS	DECEMBER 31, 2008	DECEMBER 31, 2007	% CHANGE
Life insurance premium payments	**$1,772**	$9,075	(80.5%)
Investment income	**(4,693)**	2,851	(264.6%)
Total additions	**(2,921)**	11,926	(124.5%)
DEDUCTIONS			
Life insurance claims	**2,820**	7,961	(64.6%)
Administrative expenses	**486**	1,732	(71.9%)
Total deductions	**3,306**	9,693	(65.9%)
Changes in net assets available for benefits	**(6,227)**	2,233	(378.9%)
Net assets available for benefits			
Beginning of year	**18,755**	16,522	13.5%
End of year	**$12,528**	**$18,755**	**(33.2%)**

STATEMENT OF FIDUCIARY NET ASSETS

As of December 31, 2008, With Comparative Combined Totals for 2007
(In Thousands of Dollars)

ASSETS	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	JUDICIAL DIVISION TRUST FUND	TOTAL DEFINED BENEFIT PLANS
Cash and short-term investments					
Cash and short-term investments	$339,991	$532,060	$71,994	$5,614	$949,659
Securities lending collateral	866,011	1,355,241	183,381	14,301	2,418,934
Total cash and short-term investments	1,206,002	1,887,301	255,375	19,915	3,368,593
Receivables					
Benefit	50,472	47,686	7,545	2,190	107,893
Interfund	16	26	4	—	46
Investment settlements and income	55,001	86,073	11,647	908	153,629
Total receivables	105,489	133,785	19,196	3,098	261,568
Investments, at fair value:					
Fixed income	2,735,000	4,280,066	579,147	45,163	7,639,376
Domestic stocks	3,996,175	6,253,711	846,205	65,989	11,162,080
International stocks	1,374,725	2,151,339	291,103	22,701	3,839,868
Alternative investments	928,065	1,452,351	196,521	15,325	2,592,262
Real estate investments	927,978	1,452,216	196,503	15,324	2,592,021
Opportunity fund	158,530	248,088	33,569	2,618	442,805
Total investments, at fair value	10,120,473	15,837,771	2,143,048	167,120	28,268,412
Capital assets, at cost, net of accumulated depreciation of $24,384 and $23,452 at December 31, 2008, and 2007, respectively	5,900	10,897	1,799	18	18,614
Total assets	11,437,864	17,869,754	2,419,418	190,151	31,917,187
LIABILITIES					
Investment settlements and other liabilities	63,552	98,713	14,456	947	177,668
Securities lending obligations	866,011	1,355,241	183,381	14,301	2,418,934
Interfund	—	—	—	—	—
Total liabilities	929,563	1,453,954	197,837	15,248	2,596,602
Commitments and contingencies (Note 7)					
Net assets held in trust for pension plan benefits, other postemployment benefits, and Life Insurance Reserve participants	**$10,508,301**	**$16,415,800**	**$2,221,581**	**$174,903**	**$29,320,585**
NET ASSETS HELD FOR:					
Defined benefit pension plan benefits[1]	$10,508,301	$16,415,800	$2,221,581	$174,903	$29,320,585
Defined contribution pension plan benefits	—	—	—	—	—
Other postemployment benefits[1]	—	—	—	—	—
Private purpose trust fund participants	—	—	—	—	—
Net assets held in trust for pension plan benefits, other postemployment benefits, and Life Insurance Reserve participants	**$10,508,301**	**$16,415,800**	**$2,221,581**	**$174,903**	**$29,320,585**

[1] A schedule of funding progress is presented for each plan on pages 63–64.

The accompanying notes are an integral part of these financial statements.

(In Thousands of Dollars)

VOLUNTARY INVESTMENT PROGRAM	TOTAL PENSION TRUST FUNDS	HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE	COMBINED TOTALS 2008	COMBINED TOTALS 2007
$177,596	$1,127,255	$7,116	$451	**$1,134,822**	$693,956
—	2,418,934	18,125	1,149	**2,438,208**	7,377,247
177,596	3,546,189	25,241	1,600	**3,573,030**	8,071,203
58,654	166,547	6,768	—	**173,315**	188,694
—	46	—	—	**46**	24
2,622	156,251	1,151	73	**157,475**	200,217
61,276	322,844	7,919	73	**330,836**	388,935
254,068	7,893,444	57,240	3,630	**7,954,314**	9,912,935
694,091	11,856,171	83,636	5,304	**11,945,111**	18,947,477
125,467	3,965,335	28,772	1,825	**3,995,932**	6,666,104
—	2,592,262	19,423	1,232	**2,612,917**	3,110,309
—	2,592,021	19,422	1,231	**2,612,674**	3,134,798
—	442,805	3,318	210	**446,333**	469,771
1,073,626	29,342,038	211,811	13,432	**29,567,281**	42,241,394
—	18,614	—	—	**18,614**	16,554
1,312,498	33,229,685	244,971	15,105	**33,489,761**	50,718,086
3,649	181,317	36,655	1,428	**219,400**	168,789
—	2,418,934	18,125	1,149	**2,438,208**	7,377,247
46	46	—	—	**46**	24
3,695	2,600,297	54,780	2,577	**2,657,654**	7,546,060
$1,308,803	$30,629,388	$190,191	$12,528	**$30,832,107**	$43,172,026
$—	$29,320,585	$—	$—	**$29,320,585**	$41,150,362
1,308,803	1,308,803	—	—	**1,308,803**	1,733,477
—	—	190,191	—	**190,191**	269,432
—	—	—	12,528	**12,528**	18,755
$1,308,803	$30,629,388	$190,191	$12,528	**$30,832,107**	$43,172,026

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the Year Ended December 31, 2008, With Comparative Combined Totals for 2007
(In Thousands of Dollars)

ADDITIONS	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	JUDICIAL DIVISION TRUST FUND	TOTAL DEFINED BENEFIT PLANS
Contributions					
Employers	$270,353	$430,215	$79,457	$5,105	$785,130
Members	191,481	304,686	58,508	2,806	557,481
Purchased service	13,315	15,020	3,820	392	32,547
Retiree health care and life premiums	—	—	—	—	—
Medicare retiree drug subsidy	—	—	—	—	—
Total contributions	475,149	749,921	141,785	8,303	1,375,158
Investment income					
Net appreciation/(depreciation) in fair value of investments	(4,058,798)	(6,329,836)	(843,002)	(66,261)	(11,297,897)
Interest	147,155	229,028	30,158	2,385	408,726
Dividends	138,545	215,628	28,394	2,245	384,812
Real estate, alternative investment, and opportunity fund net operating income	58,476	91,010	11,984	946	162,416
Less investment expense	(38,691)	(60,218)	(7,929)	(627)	(107,465)
Net income (loss) from investing activities	(3,753,313)	(5,854,388)	(780,395)	(61,312)	(10,449,408)
Securities lending income	42,606	66,285	8,711	689	118,291
Less securities lending borrower rebates	(33,701)	(52,451)	(6,907)	(546)	(93,605)
Less securities lending agent rebates/fees	(1,435)	(2,233)	(294)	(23)	(3,985)
Net income (loss) from securities lending	7,470	11,601	1,510	120	20,701
Net investment income (loss)	(3,745,843)	(5,842,787)	(778,885)	(61,192)	(10,428,707)
Other additions	7	19	(2)	—	24
Total additions	(3,270,687)	(5,092,847)	(637,102)	(52,889)	(9,053,525)
DEDUCTIONS					
Benefits					
Benefits paid to retirees/cobeneficiaries	986,531	1,437,550	130,851	12,963	2,567,895
Benefits paid to survivors	12,748	12,357	1,845	393	27,343
Benefits paid to health care participants	—	—	—	—	—
Total benefits	999,279	1,449,907	132,696	13,356	2,595,238
Refunds of contribution accounts, including match and interest	56,716	65,659	18,219	—	140,594
Disability premiums and life insurance claims	1,794	2,886	560	26	5,266
Administrative expenses	8,639	12,815	2,102	21	23,577
Other deductions/(transfers)	6,613	3,272	2,014	(322)	11,577
Total deductions	1,073,041	1,534,539	155,591	13,081	2,776,252
Net increase (decrease) in assets available	**(4,343,728)**	**(6,627,386)**	**(792,693)**	**(65,970)**	**(11,829,777)**
Net assets available for pension plan benefits, other postemployment benefits and Life Insurance Reserve participants					
Beginning of year	14,852,029	23,043,186	3,014,274	240,873	41,150,362
End of year	$10,508,301	$16,415,800	$2,221,581	$174,903	$29,320,585

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the Year Ended December 31, 2008, With Comparative Combined Totals for 2007
(In Thousands of Dollars)

VOLUNTARY INVESTMENT PROGRAM	TOTAL PENSION TRUST FUNDS	HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE	COMBINED TOTALS 2008	COMBINED TOTALS 2007
$5,812	$790,942	$72,599	$—	**$863,541**	$754,274
159,501	716,982	—	—	**716,982**	699,071
—	32,547	—	—	**32,547**	25,117
—	—	102,644	1,772	**104,416**	105,420
—	—	13,743	—	**13,743**	12,397
165,313	1,540,471	188,986	1,772	**1,731,229**	1,596,279
(535,560)	(11,833,457)	(78,282)	(5,340)	**(11,917,079)**	3,084,304
12,117	420,843	2,757	193	**423,793**	456,408
21,783	406,595	2,595	418	**409,608**	427,859
—	162,416	1,096	77	**163,589**	173,132
—	(107,465)	(725)	(51)	**(108,241)**	(131,452)
(501,660)	(10,951,068)	(72,559)	(4,703)	**(11,028,330)**	4,010,251
525	118,816	794	56	**119,666**	346,146
(554)	(94,159)	(631)	(44)	**(94,834)**	(375,643)
(14)	(3,999)	(27)	(2)	**(4,028)**	2,789
(43)	20,658	136	10	**20,804**	(26,708)
(501,703)	(10,930,410)	(72,423)	(4,693)	**(11,007,526)**	3,983,543
4,475	4,499	12,803	—	**17,302**	18,851
(331,915)	(9,385,440)	129,366	(2,921)	**(9,258,995)**	5,598,673
—	2,567,895	—	—	**2,567,895**	2,359,359
—	27,343	—	—	**27,343**	25,951
—	—	196,769	—	**196,769**	159,939
—	2,595,238	196,769	—	**2,792,007**	2,545,249
87,786	228,380	—	—	**228,380**	233,730
—	5,266	—	2,820	**8,086**	13,363
4,973	28,550	11,838	486	**40,874**	39,109
—	11,577	—	—	**11,577**	11,358
92,759	2,869,011	208,607	3,306	**3,080,924**	2,842,809
(424,674)	**(12,254,451)**	**(79,241)**	**(6,227)**	**(12,339,919)**	**2,755,864**
1,733,477	42,883,839	269,432	18,755	43,172,026	40,416,162
$1,308,803	$30,629,388	$190,191	$12,528	$30,832,107	$43,172,026

(In Thousands of Dollars)

Note 1—Plan Description

Organization

Colorado PERA was established in 1931; the statute relating to Colorado PERA is Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.). Colorado PERA administers cost-sharing multiple-employer defined benefit plans for the State Division Trust Fund, School Division Trust Fund, Local Government Division Trust Fund, and Judicial Division Trust Fund (Division Trust Funds). Colorado PERA also administers a cost-sharing multiple-employer defined benefit other postemployment benefit plan (Health Care Trust Fund, see Note 9), a private purpose trust fund (Life Insurance Reserve), and a multiple-employer defined contribution plan (Voluntary Investment Program, see Note 8). The Voluntary Investment Program administers two defined contribution plans: the 401(k) Defined Contribution Plan (401(k) Plan) and the Colorado PERA Defined Contribution Plan (Colorado PERA DC Plan). The purpose of the Division Trust Funds is to provide benefits to members at retirement or disability, or to their beneficiaries in the event of death. Members of Colorado PERA are employed by public employers (most of whom do not participate under Social Security) located in the State of Colorado and affiliated with Colorado PERA.

Responsibility for the organization and administration of the Division Trust Funds, Health Care Trust Fund (HCTF), Voluntary Investment Program, and Life Insurance Reserve is placed with the Board of Trustees (the Board) of Colorado PERA. The State Division Trust Fund was established in 1931, the School and Local Government Division Trust Funds in 1944, and the Judicial Division Trust Fund in 1949. The State and School Division Trust Funds were combined in 1997 and separated in 2006.

The number of active affiliated employers for the four Divisions is as follows:

DIVISION	AS OF DECEMBER 31, 2008
State	69
School	197
Local Government	141
Judicial	6
Total employers	413

Membership—Division Trust Funds-Defined Benefit Pension Plans

Benefit recipients and members of Colorado PERA consisted of the following as of December 31, 2008, and with comparative combined totals for 2007:

	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	2008	2007
Retirees and beneficiaries (including deferred survivors)	30,650	45,919	4,396	283	**81,248**	78,244
Terminated employees entitled to benefits but not yet receiving benefits	4,630	9,760	1,148	11	**15,549**	14,779
Inactive members	51,374	76,616	15,143	5	**143,138**	133,465
Active members						
Vested general employees	28,461	60,589	7,385	242	**96,677**	95,504
Vested State Troopers	568	—	—	—	**568**	573
Non-vested general employees	25,167	57,958	9,994	75	**93,194**	90,536
Non-vested State Troopers	245	—	—	—	**245**	229
Total Actives	54,441	118,547	17,379	317	**190,684**	186,842
Grand Totals	**141,095**	**250,842**	**38,066**	**616**	**430,619**	**413,330**

Membership—Voluntary Investment Program

See Note 8.

Membership—Health Care Trust Fund

See Note 9.

Benefit Provisions—Division Trust Funds

Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly.

Plan Eligibility

All employees of Colorado PERA-affiliated employers who work in a position eligible for Colorado PERA membership must be covered by Colorado PERA, except for those positions eligible for retirement plan choice as described below:

- Effective January 1, 2006, certain new employees of State Agencies and Departments are eligible to select a retirement plan in which to participate. Eligible state employees may choose between the State Division Trust Fund, the Colorado PERA DC Plan and the State of Colorado Defined Contribution Plan. If an eligible employee does not elect a plan within 60 days of the starting date of employment, the employee is automatically enrolled in the plan to which he last contributed or the State Division Trust Fund if there was no prior participation.
- Effective January 1, 2008, certain new employees of State Higher Education are also eligible for retirement plan choice. Eligible community college employees may choose between the State Division Trust Fund and the Colorado PERA DC Plan. If an eligible employee does not elect a plan within 60 days of the starting date of employment, the employee is automatically enrolled in the plan to which he last contributed or the State Division Trust Fund if there was no prior participation.

After one year of participation in their plan of choice, employees who elected to participate in the Colorado PERA DC Plan or the State Division Trust fund may make a one-time election to switch from their plan of choice to the other Colorado PERA Plan. However, the switch must be made before completing the fifth year of participation in the plan of choice. State Defined Contribution Plan participants do not have this option.

Some positions of Colorado PERA-affiliated employers are not eligible for Colorado PERA membership but may be covered by another separate retirement program.

Benefit Provisions

The Division Trust Funds have various benefit provisions depending upon the member's date of hire or upon the member's date of retirement. Where there are differences in plan benefit provisions, they are noted below.

Member Accounts

Members contribute 8 percent of their Colorado PERA-includable salary to their individual accounts; State Troopers and Colorado Bureau of Investigation agents contribute 10 percent. State law authorizes the Colorado PERA Board to annually determine the interest to be credited to member accounts. Beginning July 1, 2004, the Board set the interest rate at 5 percent compounded annually. The rate remained at 5 percent for calendar year 2008; however, effective January 1, 2009, the rate will be 3 percent. In no event shall the Board specify a rate that exceeds 5 percent.

Service Credit

Members earn service credit for each month of work performed and for salary earned from a Colorado PERA-affiliated employer. A full month of service credit is earned for each month of work and salary equal to 80 multiplied by the federal minimum hourly wage in effect for that month. Earned salary which is less than this amount results in a partial month of service credit.

Eligible members may purchase additional service credit based upon (1) other employment that is not covered by another retirement program or (2) the service credit forfeited as the result of a withdrawn account. Such service credit purchases are subject to limits in State and federal law. The amounts used to purchase service credit are credited to the member's account and are eligible for interest, but no match.

Highest Average Salary

The plan benefits described below are generally calculated as a percentage of the member's highest average salary (HAS).

For all members, except judges, who were hired before January 1, 2007, and who retire before January 1, 2009:

- HAS is one-twelfth of the average of the highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit. The three 12–month periods do not have to be consecutive nor do they have to be the last three years of employment.
- A 15 percent annual limit in actual salary increases applies if any salary used in the HAS calculation is from the last three years of membership.

(In Thousands of Dollars)

For all members, except judges, who were hired before January 1, 2007, and who retire on or after January 1, 2009:

- HAS is one-twelfth of the average of the highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit.
- In calculating the HAS, Colorado PERA determines the highest annual salaries associated with four periods of 12 consecutive months. The four 12-month periods selected do not have to be consecutive nor do they have to include the last three years of employment. The lowest of the four periods becomes a base year used as a starting point for a 15 percent annual limit on salary increases. The annual limit will apply regardless of when the annual salaries used in the HAS occurred.

For all members, except judges, who are hired on or after January 1, 2007, regardless of the date of retirement:

- HAS is one-twelfth of the average of the highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit.
- In calculating the HAS, Colorado PERA determines the highest annual salaries associated with four periods of 12 consecutive months. The four 12-month periods selected do not have to be consecutive nor do they have to include the last three years of employment. The lowest of the four periods becomes a base year used as a starting point for a 15 percent annual limit on salary increases. The annual limit will apply regardless of when the annual salaries used in the HAS occurred.

For Judicial Division members (judges) regardless of the date of hire or the date of retirement:

- HAS is one-twelfth of the highest annual salary associated with one period of 12 consecutive months of service credit.

Refund or Withdrawal Provisions
Upon termination of Colorado PERA-covered employment, members have the following options concerning their member contribution account:

- Leave the money invested in the Division Trust Funds for a future distribution or retirement benefit; however, a distribution must begin by April 1 following the year in which the member reaches age 70½.
- Request a distribution to be rolled over to another qualified plan, 403(b) plan, governmental 457 plan, or an IRA. Such a distribution cancels a member's service credit and benefit entitlements.
- Request a distribution as cash with the resulting tax consequences. Such a distribution cancels a member's service credit and benefit entitlements.

Members who request a distribution before reaching retirement eligibility, as described below, receive a refund of their member account, plus interest plus a 50 percent match. Members who withdraw their accounts upon reaching retirement eligibility or age 65 receive their member account, plus interest plus a 100 percent match.

State law specifies the amounts credited to a member account upon which the match is determined.

Service Retirement Benefits
Upon termination of Colorado PERA-covered employment and reaching eligibility for service retirement benefits, a member may begin receipt of benefits as shown below:

Service Retirement Eligibility for Members (other than State Troopers) hired before July 1, 2005

AGE REQUIREMENT (IN YEARS)	SERVICE CREDIT REQUIREMENT (IN YEARS)
50	30
55	Age and Service = 80 or more
60	20
65	5
65	Less than 5 but 60 payroll postings

(In Thousands of Dollars)

Service Retirement Eligibility for Members (other than State Troopers) hired on or after July 1, 2005, but before January 1, 2007

AGE REQUIREMENT (IN YEARS)	SERVICE CREDIT REQUIREMENT (IN YEARS)
Any Age	35
55	30
55	Age and Service = 80 or more
60	20
65	5
65	Less than 5 but 60 payroll postings

Service Retirement Eligibility for Members (other than State Troopers) hired on or after January 1, 2007

AGE REQUIREMENT (IN YEARS)	SERVICE CREDIT REQUIREMENT (IN YEARS)
Any Age	35
55	30
55	Age and Service = 85 or more
60	25
65	5
65	Less than 5 but 60 payroll postings

Service Retirement Eligibility for State Troopers

AGE REQUIREMENT (IN YEARS)	SERVICE CREDIT REQUIREMENT (IN YEARS)
Any Age	30
50	25
55	20
65	5
65	Less than 5 but 60 payroll postings

A service retirement benefit is the higher of the defined benefit formula or the money purchase formula. The two benefit calculation formulas are shown below:

- *Defined Benefit Formula*
  HAS multiplied by 2.5 percent multiplied by Years of Service Credit
- *Money Purchase Formula*
  The retiring member's account balance is annuitized into a monthly benefit using the retiring member's life expectancy, expected rates of return and other actuarial factors. The retiring member's account balance is valued as of the member's retirement date and equals the amounts credited to the member contribution account, interest on those amounts, and a 100 percent match on eligible amounts in the member contribution account plus interest on the match.

Other benefit calculations apply as described:

- Members with less than five years of service credit and less than 60 payroll postings are eligible at age 65 for the money purchase formula only.
- Members in the Judicial Division who were on the bench on or before July 1, 1973, will receive the higher of the benefit calculation above or the following:

  [(4% × Years of Service Credit 1-10) × (1.66% × Years of Service Credit Over 10-16) + (1.5% × Years of Service Credit Over 16-20) + (2.5% × Years of Service Credit over 20)]

In all cases, a service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit amount allowed by federal law.

(In Thousands of Dollars)

Reduced Service Retirement
Upon termination of Colorado PERA-covered employment and reaching eligibility for reduced service retirement benefits, a member may begin receipt of benefits as shown below:

Reduced Service Retirement Eligibility

AGE REQUIREMENT (IN YEARS)		SERVICE CREDIT REQUIREMENT (IN YEARS)
50		25
50	— (State Troopers only) —	20
55		20
60		5

Reduced service retirement benefits are calculated in the same manner as a service retirement benefit with a reduction for each month prior to the member's first eligible date for a service retirement. The benefit calculation reduction factors are specified in C.R.S. §24-51-605.

Disability Program
Members with five or more years of earned service credit, with at least six months of this credit earned in the most recent period of membership, are covered by the Colorado PERA Disability Program. Medical determinations are made by a separate Disability Program Administrator, Standard Insurance Company.

- Short-Term Disability (STD): Disability applicants who are found to be mentally or physically incapacitated from performance of essential job duties after reasonable accommodation, but who are not totally and permanently incapacitated from regular and substantial gainful employment are eligible for STD payments. These payments are an insurance product paid by Standard Insurance Company. The maximum income replacement is 60 percent of the member's pre-disability Colorado PERA salary for up to 22 months.

- Disability Retirement Benefits: Disability applicants who are found to be totally and permanently mentally or physically incapacitated from regular and substantial gainful employment are eligible for disability retirement benefits. These benefits are paid by Colorado PERA for as long as the disability retiree remains disabled. The benefit is calculated as a percentage of the disabled member's HAS using accrued, and in some cases projected, service credit.

Benefit Options
Service retirees and disability retirees may elect to receive their retirement or disability benefits in the form of a single-life benefit payable for the retiree's lifetime only or one of two joint-life benefits payable for the lifetime of the retiree with a continuing benefit paid upon the retiree's death to the retiree's cobeneficiary. Such option designations may only be changed under limited conditions specified in State law.

Survivor Benefits Program
Members who have at least one year of earned service credit are covered by the Colorado PERA Survivor Benefits Program. The one-year requirement is waived if a member's death is job-incurred.

In the event of the covered member's death, monthly survivor benefits may be paid to the qualified survivors of the deceased. Qualified survivors generally include minor children, a surviving spouse, dependent parents, or a cobeneficiary (for deceased members who were eligible for retirement at the time of death).

Benefits are specified in statute and vary based upon the deceased's HAS, years of service credit, the qualified survivor to whom benefits are to be paid, and the number of qualified survivors receiving benefits.

If a member dies with less than one year of earned service credit or with no qualified survivors, the deceased's named beneficiary or the estate receives a lump-sum payment of the member's contribution account plus a matching amount equal to 100 percent of the member's contributions and interest.

Annual Benefit Increases
On an annual basis, retirement benefits, disability retirement benefits, and survivor benefits are increased. The amount and timing of the annual increase is determined by the date the retiree or deceased member began membership in Colorado PERA.

For service and disability retirees who were hired on or before June 30, 2005, and for survivor benefit recipients of deceased members who were hired on or before June 30, 2005, the annual increase is 3.5 percent, compounded annually. The first annual increase occurs in the March that immediately follows the calendar year in which the benefit recipient began receiving benefits. If benefits have been payable for less than a full year, but at least three months, a prorated annual increase is made.

For service and disability retirees who were hired on or after July 1, 2005, but before January 1, 2007, and for survivor benefit recipients of deceased members who were hired on or after July 1, 2005, but before January 1, 2007, the annual increase is the lower of 3 percent or the actual change in the Consumer Price Index, compounded annually. The first annual increase occurs in the March that immediately follows the calendar year in which the benefit recipient began receiving benefits. If benefits have been payable for less than a full year, but at least three months, a prorated annual increase is made.

For service and disability retirees who were hired on or after January 1, 2007, and for survivor benefit recipients of deceased members who were hired on or after January 1, 2007, the annual increase is the lower of 3 percent or the actual change in the Consumer Price Index, compounded annually. For service retirees, the annual increase does not begin until the retiree has been receiving benefits for one year and in addition has either reached age 60 or years of service plus age equal to 85 or more. For disability retirees or survivor benefit recipients, the annual increase does not begin until the benefit recipient has been receiving benefits for one year. Annual increases to all benefit recipients in this group are limited to 10 percent of the total funds available in the Annual Increase Reserve in the Division from which they retired or were a member before death. The first annual increase is payable in July following the first full calendar year of retirement.

Benefit Provisions—Voluntary Investment Program

See Note 8.

Benefit Provisions—Health Care Trust Fund

See Note 9.

Pension Plan Disclosure Statements for Colorado PERA Employees

All employees of Colorado PERA, an affiliated employer, are members of the State Division Trust Fund and earn and accrue benefits as would any other member as described above. Colorado PERA, as an affiliated employer, contributes to the State Division Trust Fund (see Note 4); Colorado PERA also contributes to the Health Care Trust Fund (see Note 9) and employees are able to voluntarily participate in the 401(k) component of the Voluntary Investment Program (see Note 8).

Colorado PERA's employer contributions to the State Division Trust Fund for the years ending December 31, 2008, 2007, and 2006, were $1,957, $1,688, and $1,518, respectively, equal to its required contributions for each year. Colorado PERA's member contributions to the State Division Trust Fund for the years ended December 31, 2008, 2007, and 2006, were $1,403, $1,323, and $1,254, respectively. Colorado PERA's contributions to the Health Care Trust Fund for the years ending December 31, 2008, 2007, and 2006, were $181, $170, and $161, respectively, equal to its required contributions for each year. The 401(k) Plan member contributions from Colorado PERA for the years ended December 31, 2008, 2007, and 2006, were $1,566, $1,721, and $1,513, respectively. Colorado PERA also provides its employees with an employer partial match to their contributions to the 401(k) Plan, and the totals for the years ended December 31, 2008, 2007, and 2006, were $295, $280, and $277, respectively.

Life Insurance Reserve

The Life Insurance Reserve (LIR) is an accumulation of dividends received from an insurance company as a return on the premiums paid by those members who have voluntarily enrolled in life insurance programs, adjusted for actual historical experience. The proceeds received from LIR are used to pay the administrative costs of the plan.

Termination of Colorado PERA

If Colorado PERA is partially or fully terminated for any reason, State law (C.R.S. § 24-51-217) provides that the rights of all members and benefit recipients to all benefits on the date of termination, to the extent then funded, will become nonforfeitable.

Note 2—Summary of Significant Accounting Policies

Reporting Entity

The Board oversees all funds included in the financial statements of Colorado PERA and has the ability to influence operations. The Board's responsibilities include designation of management, membership eligibility, investment of funds, and accountability for fiscal matters.

Colorado PERA is an Instrumentality of the State; it is not an Agency of State government. Also, it is not subject to administrative direction by any department, commission, board, bureau, or agency of the State. Accordingly, Colorado PERA's financial statements are not included in the financial statements of any other organization.

Basis of Presentation

The accompanying financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statements numbers 25, 28, 34, 37, and 43 as well as generally accepted accounting principles that apply to governmental accounting for fiduciary funds.

In June 2007, the GASB issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." The Statement will be effective for periods beginning after June 15, 2009. Colorado PERA has chosen not to adopt this Statement early. Accordingly, the effect of implementing the Statement has not been determined for these financial statements and disclosures.

(In Thousands of Dollars)

In June 2008, the GASB issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." The Statement will be effective for periods beginning after June 15, 2009. Colorado PERA has chosen not to adopt this Statement early. Accordingly, the effect of implementing the Statement has not been determined for these financial statements and disclosures.

Basis of Accounting

The accompanying financial statements for the pension trust funds, the private purpose trust fund, and the other postemployment benefit plan are prepared using the economic resources measurement focus and the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Colorado PERA to use estimates and assumptions that affect the accompanying financial statements and disclosures. Actual results could differ from those estimates. Member and employer contributions are recognized as revenues in the period in which the compensation becomes payable to the member and the employer is statutorily committed to pay these contributions to the pension trust funds and the HCTF. Benefits and refunds are recognized when due and payable.

Fund Accounting

The financial activities of the State Division Trust Fund, the School Division Trust Fund, the Local Government Division Trust Fund, the Judicial Division Trust Fund, the HCTF, the LIR, and the Voluntary Investment Program are recorded in separate Funds. The State, School, Local Government, and Judicial Divisions maintain separate accounts, and all actuarial determinations are made using separate Division-based information.

The Division Trust Funds, the HCTF, and the LIR pool their investments into a combined investment portfolio. Investment value and earnings of the investment pool are allocated among the Funds based on each Fund's percentage ownership. As of December 31, 2008, the ownership percentages of each Fund were as follows:

	OWNERSHIP PERCENTAGE AS OF DECEMBER 31, 2008
State	35.52%
School	55.58%
Local Government	7.52%
Judicial	0.59%
HCTF	0.74%
LIR	0.05%
Total	100.00%

The administrative activities and operating assets and liabilities are pooled and recorded in a Common Operating Fund. Expenses incurred and net operating assets are allocated from the Common Operating Fund to the Division Trust Funds based on the ratio of the number of members in each Division to the total for all the Division Trust Funds. Expenses are allocated to the HCTF, the LIR, and the Voluntary Investment Program based on transactional volumes and resources devoted to these Funds.

Fair Value of Investments

Plan investments are presented at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Fixed income securities not traded on a national or international exchange are based on equivalent values of comparable securities with similar yield and risk. The fair value of directly-owned real estate investments and open-end commingled funds and timber are based on periodic independent appraisals. Closed-end commingled real estate equity and alternative investment funds are valued based on the capital account balances at the closest available reporting period, as communicated by the general partner, adjusted for subsequent contributions, distributions, management fees, and reserves, if applicable. The fair value could differ significantly if a ready market for these assets existed. Real estate debt is valued on the basis of future principal and interest payments and is discounted at prevailing interest rates for similar instruments. Short-term investments are carried at cost, which approximates fair value.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation. All costs of major building additions and leasehold improvements are capitalized, all other property and equipment $3,000 or greater is capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation is calculated using the straight-line method, with estimated lives ranging from three to 40 years in the following major classes: vehicles, five years; computer and office equipment, three years to five years; office furniture and leasehold improvements, five to 10 years; and building and building additions, 40 years.

Health Care Trust Fund Specific Policies

See Note 9.

(In Thousands of Dollars)

Note 3—Interfund Transfers and Balances

Interfund transfers of assets take place on a regular recurring basis between the Trust Funds. The transfers take place when a benefit is initiated where the member earned or purchased service in another Trust Fund in addition to the Fund that is paying the benefit. The transfers for the year ended December 31, 2008, consisted of the following amounts:

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	JUDICIAL DIVISION TRUST FUND	HEALTH CARE TRUST FUND
Transfers in from other Funds for retirements	$16,595	$17,003	$4,645	$1,003	$—
Transfers out to other Funds for retirements	(18,746)	(14,867)	(4,984)	(648)	—
Transfers in from other Funds for survivor benefits	313	179	—	—	—
Transfers out to other Funds for survivor benefits	(158)	(115)	(220)	—	—
Transfers out to Health Care Trust Fund	(4,572)	(5,445)	(1,458)	(33)	—
Transfer in from purchased service credit	—	—	—	—	11,508

As of December 31, 2008, interfund balances existed between funds due to unreimbursed internal operating expenses. All December 31, 2008, interfund balances will be reimbursed in 2009. The Interfund Balance at December 31, 2008, consisted of the following amounts:

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	VOLUNTARY INVESTMENT PROGRAM
Interfund balances	$16	$26	$4	($46)

Note 4—Contributions

Division Trust Funds—Defined Benefit Pension Plans

Members and employers are required to contribute to Colorado PERA at a rate set by statute. The contribution requirements of plan members and affiliated employers are established under C.R.S. §§ 24-51-401 *et seq*. Colorado State law provisions may be amended from time to time by the Colorado General Assembly.

Members are required to contribute 8 percent of their Colorado PERA-includable salary, except for State Troopers and Colorado Bureau of Investigation officers, who contribute 10 percent. These contributions are placed in individual member accounts. Member contributions are tax-deferred for federal and Colorado income tax purposes, effective July 1, 1984, and January 1, 1987, respectively. Prior to those dates, contributions were made on an after-tax basis.

Colorado PERA-affiliated employers also contribute a percentage of active member payroll. Also, employers that rehire a Colorado PERA retiree as an employee or under any other work arrangement, are required to report and pay employer contributions on the amounts paid for the retiree. The contribution rates for the combined retirement benefits and health care benefits from January 1, 2008, through December 31, 2008, were as follows:

Total Employer Contributions as a Percent of Members' Salaries

DIVISION	MEMBERSHIP	EMPLOYER CONTRIBUTION RATE	AMORTIZATION EQUALIZATION DISBURSEMENT	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT	TOTAL EMPLOYER CONTRIBUTION RATE
State	All members (except State Troopers)	10.15%	1.40%	0.50%	12.05%
State	State Troopers	12.85%	1.40%	0.50%	14.75%
School	All members	10.15%	1.40%	0.50%	12.05%
Local Government	All members	10.00%	1.40%	0.50%	11.90%
Judicial	All members	13.66%	1.40%	0.50%	15.56%

Beginning January 1, 2006, employers were required to pay an "Amortization Equalization Disbursement" (AED). In addition, beginning January 1, 2008, employers were required to pay a "Supplemental Amortization Equalization Disbursement" (SAED). These amounts are paid on the Colorado PERA-includable salary for all employees working for the employers who are members of the Association, or who were eligible to elect to become members of the Association on or after January 1, 2006, including any amounts paid in connection with the employment of a retiree by an employer. These payments will be used to help amortize Colorado PERA's unfunded liability. At such time as a Division Trust Fund is determined in the annual actuarial valuation to have reached a 30-year or less amortization period of its unfunded liabilities, the Board shall commission an actuarial study to assess the AED and SAED and the Board may make appropriate recommendations to the General Assembly. The AED and SAED shall continue until the actuarial funded ratio of a particular Division Trust Fund is 100 percent as determined in the annual actuarial study of the Association. The actuary shall determine the amount by which the AED and SAED can be reduced and still maintain the actuarial funded ratio of 100 percent.

Colorado PERA-affiliated employers forward the contributions to Colorado PERA for deposit. A portion of these contributions (1.02 percent of the reported salary) is transferred to the HCTF for health care benefits, with the remainder of these contributions being transferred to a Trust Fund established for each Division for the purpose of creating actuarial reserves for future benefits.

Replacement Benefit Arrangements

IRC §415 limits the amount of the benefit payable to a retiree or survivor in a defined benefit plan. In some cases, the IRC limit is lower than the benefit that would normally be calculated under the plan provisions. IRC §415(m) allows a government plan to set up a "qualified governmental excess benefit arrangement" to pay the difference to those retirees. To accomplish this, Colorado PERA has entered into agreements with the employers who last employed the affected retirees. Under the agreement, a portion of current employer contributions are used by employers to pay the retiree to make up the benefit difference. In 2008, employers under these agreements used the following current employer contributions to pay retirees: $732 in the State Division; $424 in the School Division; $600 in the Local Government Division; and $0 in the Judicial Division.

Contributions—Voluntary Investment Program

See Note 8.

Contributions—Health Care Trust Fund

See Note 9.

Note 5—Investments

Investment Authority

Under C.R.S. § 24-51-206, the Board has responsibility for the investment of Colorado PERA's funds, with the following investment limitations:

- The aggregate amount of monies invested in corporate stocks or corporate bonds, notes, or debentures that are convertible into stock or in investment trust shares cannot exceed 65 percent of the then book value of the fund.
- No investment of the fund in common or preferred stock (or both) of any single corporation can exceed 5 percent of the then book value of the fund.
- The fund cannot acquire more than 12 percent of the outstanding stocks or bonds of any single corporation.

Cash

Cash balances represent both operating cash accounts held by the banks and investment cash on deposit with the investment custodian. To maximize investment income, the float caused by outstanding checks is invested, thus causing a possible negative book balance. Negative book balances are reflected in the liabilities section of the Statement of Fiduciary Net Assets.

The carrying value of cash and short-term investments at December 31, 2008, on the Statement of Fiduciary Net Assets includes short-term fixed income securities of $617,369, and deposit and money market funds of $517,453 for a total of $1,134,822. Colorado PERA considers fixed income securities with a maturity of 12 months or less to be short-term investments.

The table on the next page presents the Colorado PERA combined total deposits and money market funds as of December 31, 2008.

(In Thousands of Dollars)

	CARRYING VALUE	BANK BALANCE
Deposits with banks (fully insured by federal depository insurance)	$3,296	$3,252
Deposits held at bank (fully collateralized by underlying securities, held by Colorado PERA's agent in Colorado PERA's name)	3,595	3,595
Short-term investment funds held at bank (shares in commingled funds, held by Colorado PERA's agent in Colorado PERA's name)	510,562	510,562
Total deposits and money market funds	**$517,453**	**$517,409**

Securities Lending Transactions

C.R.S. § 24-51-206 and Board policies permit Colorado PERA to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Colorado PERA utilized two lending agents in 2008, their custodian, The Northern Trust Company and Dresdner Bank.

The Northern Trust Company primarily lends international stocks and fixed income securities for cash collateral. In 2008, The Northern Trust Company accepted cash, U.S. government securities, and irrevocable letters of credit as collateral. U.S. securities are loaned versus collateral valued at 102 percent of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105 percent of the market value of the securities plus any accrued interest. Collateral is marked to market daily if price movements exceed certain minimal thresholds.

The Northern Trust Company invests cash collateral related to Colorado PERA's loaned securities in a commingled collateral pool, Northern Trust's Global Core Collateral Section (Global Core). In September 2008, The Northern Trust Company determined a collateral deficiency existed (per the Securities Lending Authorization Agreement) in certain collateral pools, including Global Core. The amount of the collateral deficiency was calculated based on the difference between book value and fair value of the underlying securities in the pool. Colorado PERA's assigned share of the collateral deficiency, based on its percentage interest in the pool, was $21,099. In October 2008, The Northern Trust Company made a voluntary cash payment of $2,504 to partially offset the collateral deficiency. At the same time the collateral deficiency was declared, The Northern Trust Company also restricted withdrawals from Global Core. As a result, in October 2008, Colorado PERA elected to participate in a staged withdrawal program from Global Core. As of December 31, 2008, the total market value of securities on loan with Northern Trust cannot exceed $1,470,783.

In 2008, Colorado PERA hired Dresdner Bank as its third-party lending agent. Dresdner Bank lends domestic stocks for cash collateral. U.S. securities are loaned versus collateral valued at a minimum of 102 percent of the market value of the securities. Collateral is marked to market daily. Borrower credit limits are assigned by Dresdner Bank's Global Credit Risk Department. Colorado PERA has limited the total market value of securities outstanding to one borrower to 25 percent of the total market value of all securities outstanding in the program.

The following table represents the balances relating to the securities lending transactions at December 31, 2008.

SECURITIES LENT FOR CASH COLLATERAL	UNDERLYING SECURITIES	SECURITIES COLLATERAL VALUE	CASH COLLATERAL INVESTMENT VALUE
Fixed income	$1,214,166	$—	$1,240,900
Domestic stocks	1,022,459	—	1,063,697
International stocks	125,998	—	133,611
Subtotal	2,362,623	—	2,438,208
SECURITIES LENT FOR SECURITIES COLLATERAL			
Fixed income	—	—	—
Domestic stocks	—	—	—
International stocks	—	—	—
Subtotal	—	—	—
Grand Total	**$2,362,623**	**$—**	**$2,438,208**

As of December 31, 2008, Colorado PERA had no credit risk exposure to borrowers because the associated value of the collateral held exceeds the value of the securities amount borrowed. The contract with Colorado PERA's lending agents provides that the lending agents will indemnify Colorado PERA if loaned securities are not returned and Colorado PERA suffers direct losses due to a borrower's default or the lending agent's noncompliance with the contract. On September 15, 2008, Lehman Brothers International Europe (LBIE) and on September 18, 2008, Lehman Brothers Inc. (LBI) were called into default on obligations under the terms of one or more of The Northern Trust Company Securities Borrowing Agreements and under the terms of Dresdner Bank's Borrowing Agreements. Colorado PERA had all securities on loan with LBIE and LBI returned or the securities were purchased by the lending agent. Colorado PERA had no losses on securities lending transactions resulting from the default of a borrower or the lending agent for the year ended December 31, 2008.

(In Thousands of Dollars)

Colorado PERA or the borrower can terminate any security loan on demand. At Northern Trust and Dresdner, all loans were done on an overnight (one day) basis as of December 31, 2008. Cash collateral at Northern Trust is invested in a custom collateral account, The Northern Trust Company's Global Core Collateral Section. The weighted average maturity of this fund as of December 31, 2008, was 22 days. Dresdner Bank invests Colorado PERA's cash collateral in a separate account. As of December 31, 2008, the weighted average maturity of the separate account was 19 days. Since the majority of securities loans are done on an overnight basis, there is usually a difference between the weighted average maturity of the investments made with the cash collateral provided by the borrower and the maturities of the securities loans. Colorado PERA cannot pledge or sell non-cash collateral unless the borrower defaults.

The following table represents the balances relating to the securities lending transactions as of December 31, 2008, and December 31, 2007.

	CARRYING AMOUNT OF UNDERLYING SECURITIES DECEMBER 31, 2008	CARRYING AMOUNT OF UNDERLYING SECURITIES DECEMBER 31, 2007
Fixed income	**$1,214,166**	$4,728,051
Domestic stocks	**1,022,459**	2,421,265
International stocks	**125,998**	720,874
Total	**$2,362,623**	**$7,870,190**

As of December 31, 2008, the fair value of lent securities was $2,362,623. The value of associated collateral was $2,438,208. Of this amount, $2,438,208 represents the value of cash collateral and $0 represents the value of the non-cash collateral. Non-cash collateral, which Colorado PERA does not have the ability to pledge or sell unless the borrower defaults, is not reported in the balance sheet. Colorado PERA's income net of expenses from securities lending was $20,804 for the year ended December 31, 2008. Included in net securities lending income is $577 from commingled funds. As of December 31, 2007, the fair value of lent securities was $7,870,190. The value of associated collateral was $8,075,736. Of this amount, $7,377,247 represents the value of cash collateral and $698,489 represents the value of the non-cash collateral. Colorado PERA's loss net of expenses from securities lending was ($26,708) for the year ended December 31, 2007. Colorado PERA's 2007 net securities lending income was a loss due to borrower rebates exceeding income earned in the cash collateral pool. Included in net securities lending income is $818 from commingled funds.

In accordance with GASB 40, Colorado PERA discloses investments that are subject to custodial credit risk, concentration of credit risk, credit risk, interest rate risk, and foreign currency risk.

Custodial Credit Risk

Colorado PERA has no formal policy for custodial credit risk for investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, Colorado PERA would not be able to recover the value of investment or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in Colorado PERA's name and are held by either a counterparty or the counterparty's trust department or agent, but not in Colorado PERA's name. The Northern Trust Company is the master custodian for the majority of Colorado PERA's securities. At December 31, 2008, there were no investments or collateral securities subject to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of Colorado PERA's investment in a single issuer. C.R.S. § 24-51-206 (3) requires that no investment of the fund in common or preferred stock, or both, of any single corporation shall be of an amount which exceeds 5 percent of the then book value of the fund, nor shall the fund acquire more than 12 percent of the outstanding stock or bonds of any single corporation. The 12 percent requirement does not apply to governmental securities (U.S. Treasuries, sovereigns, etc.), GSE securities (agencies including FNMA, FHLMC, etc.), mortgage-backed securities (agency or non-agency), commercial mortgage-backed securities (CMBS), asset-backed securities, or municipal securities. There is no single issuer exposure that comprises 5 percent of the then book value of the fund and no holdings greater than 12 percent of the outstanding stock or bonds of any single corporation at December 31, 2008.

Reconciliation of Credit and Interest Rate Risk Disclosures to Financial Statements

	AS OF DECEMBER 31, 2008
Fixed income	$7,954,314
Real estate debt	11,590
Fixed-income securities classified as short-term	617,369
Less 401(k) domestic corporate bonds	(254,068)
Total fixed income securities	$8,329,205

Note: All Voluntary Investment Program domestic corporate bonds are held in commingled mutual fund investment vehicles.

(In Thousands of Dollars)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Colorado PERA's credit risk policy is as follows: Colorado PERA has established policies and guidelines for each fixed income portfolio specifying (1) the types of securities that can be acquired and (2) the appropriate ratings for securities that are acquired. In addition, portfolios have limits on the amount of securities that can be held below certain specified ratings. The table below provides Colorado PERA's Standard & Poor's (S&P) credit quality ratings at December 31, 2008:

Credit Quality Rating Dispersion Schedule

QUALITY RATING S & P	GRAND TOTAL	U.S. GOVT MORTGAGE-BACKED SECURITIES (MBS)	U.S. CORPORATE BONDS	NON-U.S. CORPORATE BONDS	IMPLICIT U.S. GOVT AGENCIES	NON-U.S. GOVT AGENCIES	NON-U.S. GOVT BONDS	NON-AGENCY MBS	U.S. MUNICIPAL BONDS	REAL ESTATE DEBT
Agency[1,2]	$2,320,435	$2,192,625	$—	$—	$127,810	$—	$—	$—	$—	$—
AAA	587,671	—	52,770	—	318,577	133,471	16,849	66,004	—	—
AA+	88,900	—	—	83,489	—	—	5,411	—	—	—
AA	49,347	—	27,935	5,220	—	—	10,849	5,343	—	—
AA-	48,871	—	25,189	23,682	—	—	—	—	—	—
A+	187,969	—	127,427	18,067	—	1,626	40,849	—	—	—
A	309,162	—	268,314	—	—	31,613	—	9,235	—	—
A-	128,241	—	103,269	24,972	—	—	—	—	—	—
BBB+	258,094	—	181,533	46,366	—	11,626	18,569	—	—	—
BBB	197,215	—	106,117	57,035	—	477	24,576	9,010	—	—
BBB-	146,027	—	74,977	22,830	—	—	48,220	—	—	—
BB+	50,837	—	36,902	6,046	—	—	7,889	—	—	—
BB	64,540	—	50,751	9,799	—	—	3,990	—	—	—
BB-	147,310	—	76,563	10,940	—	—	59,807	—	—	—
B+	66,861	—	53,022	4,213	—	—	—	9,626	—	—
B	67,540	—	42,310	4,311	—	—	1,237	19,682	—	—
B-	30,838	—	26,229	4,609	—	—	—	—	—	—
CCC+	8,628	—	8,628	—	—	—	—	—	—	—
CCC	1,601	—	1,601	—	—	—	—	—	—	—
CCC-	1,826	—	1,826	—	—	—	—	—	—	—
CC	229	—	229	—	—	—	—	—	—	—
C	1,286	—	1,286	—	—	—	—	—	—	—
D	3,011	—	3,011	—	—	—	—	—	—	—
SD	4,026	—	4,026	—	—	—	—	—	—	—
Not Rated[1]	154,115	18,841	24,114	12,930	36,983	2,413	1,900	10,478	34,866	11,590
Subtotal	$4,924,580	$2,211,466	$1,298,029	$334,509	$483,370	$181,226	$240,146	$129,378	$34,866	$11,590
U.S. Govts	1,817,031									
Explicit U.S. Govt Agencies[3]	230,429									
U.S.Barclays Capital Aggregate Pooled Investment[4]	1,357,165									
Total	**$8,329,205**									

[1] Not rated by S&P.

[2] Bonds issued by government-sponsored agencies.

[3] Bonds issued by the Government National Mortgage Association (GNMA).

[4] Commingled fund not rated by S&P. The quality ratings of the securities within this commingled account are as follows: AAA or equivalent 80.91 percent, AA 3.07 percent, A 9.30 percent, BBB 6.72 percent, and below BBB 0.01 percent.

(In Thousands of Dollars)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Colorado PERA has no overall formal investment policy for interest rate risk. Colorado PERA utilizes effective duration as the primary measure of interest rate risk within its fixed income investments. Duration estimates the sensitivity of a bond's price to interest rate changes. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds, mortgage-backed securities, and variable-rate debt. Colorado PERA manages its exposure to fair value losses arising from changes in interest rates by requiring that the duration of individual portfolios stay within defined bands of the duration of each portfolio's benchmark. Additionally, for all active fixed income portfolios, Colorado PERA has placed duration risk constraints on each manager.

Effective duration for Colorado PERA fixed income holdings as of December 31, 2008, is disclosed in the following table:

Interest Rate Risk—Effective Duration

	FAIR VALUE TOTAL	DURATION NOT AVAILABLE	FAIR VALUE NET	EFFECTIVE WEIGHTED DURATION (IN YEARS)
U.S. government mortgage-backed securities	$2,441,895	$—	$2,441,895	2.8
U.S. governments	1,817,031	—	1,817,031	4.2
U.S. Barclays Capital aggregate pooled investment	1,357,165	—	1,357,165	4.1
U.S. corporate bonds	1,298,029	19,956	1,278,073	5.3
U.S. government agencies	483,370	—	483,370	3.1
Non-U.S. corporate bonds	334,509	—	334,509	5.5
Non-U.S. government bonds	240,146	—	240,146	4.6
Non-U.S. government agencies	181,226	—	181,226	6.7
Non-agency mortgage-backed securities	129,378	5,057	124,321	1.1
U.S. municipal bonds	34,866	34,866	—	N/A
Real estate debt	11,590	11,590	—	N/A
Total	**$8,329,205**	**$71,469**	**$8,257,736**	**3.9**

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment or a deposit. Colorado PERA's currency risk exposures reside primarily within the externally managed international equity holdings. Colorado PERA has no formal policy regarding foreign currency risk, but has set the following guidelines. Currency exposure is managed actively in the international equity portfolios. Colorado PERA's external managers may buy and sell futures, forwards and options contracts and enter into swap transactions and non-deliverable forwards to hedge Colorado PERA's investments against currency fluctuations. In addition, there is currency risk exposure in the alternative and real estate investments that are non-U.S. dollar denominated.

Colorado PERA's exposure to foreign currency risk in U.S. dollars as of December 31, 2008, is disclosed in the following table on page 55.

(In Thousands of Dollars)

Foreign Currency Risk

CURRENCY	TOTAL	INTERNATIONAL STOCKS	CASH AND SHORT-TERM INVESTMENTS	ALTERNATIVE INVESTMENTS	REAL ESTATE EQUITY	INCOME RECEIVABLE	PENDING TRADES
Euro	$584,153	$411,027	$265	$167,567	$2,684	$1,989	$621
British pound sterling	320,973	295,829	505	23,536	—	999	104
Japanese yen	271,372	248,900	1,712	—	20,273	487	—
Swiss franc	111,676	108,713	11	—	—	2,952	—
Australian dollar	76,609	76,221	365	—	—	23	—
Hong Kong dollar	72,870	72,816	54	—	—	—	—
South African rand	34,122	33,925	196	—	—	1	—
South Korean won	28,706	28,359	—	—	—	347	—
Mexican peso	20,619	8,800	—	—	11,819	—	—
Singapore dollar	18,614	18,381	—	—	—	233	—
New Taiwan dollar	17,373	17,277	143	—	—	—	(47)
Brazilian real	14,915	14,832	—	—	—	83	—
Norwegian krone	11,962	11,953	8	—	—	1	—
Danish krone	8,531	8,524	7	—	—	—	—
Swedish krona	7,937	7,805	132	—	—	—	—
Canadian dollar	7,768	4,180	47	3,516	—	25	—
Turkish lira	7,691	7,689	2	—	—	—	—
Czech koruna	7,406	7,398	8	—	—	—	—
Indonesian rupiah	6,559	6,559	—	—	—	—	—
Indian rupee	4,072	4,072	—	—	—	—	—
New Zealand dollar	3,007	3,007	—	—	—	—	—
Malaysian ringgit	2,469	2,317	142	—	—	10	—
Polish zloty	2,234	2,192	—	—	—	42	—
Thai baht	2,042	2,042	—	—	—	—	—
Egyptian pound	1,644	1,644	—	—	—	—	—
New Israeli shekel	1,099	1,099	—	—	—	—	—
Hungarian forint	8	—	—	—	—	8	—
Grand Total	$1,646,431	$1,405,561	$3,597	$194,619	$34,776	$7,200	$678

Note 6—Financial Instruments with Off-Balance Sheet Risk

Forward Foreign Exchange Contracts

A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry credit risk due to the possible nonperformance by one of the counterparties. The maximum potential loss is the aggregate face value in U.S. dollars at the time the contract was opened; however, the likelihood of such loss is remote. No losses occurred in 2008. Forwards are usually traded over-the-counter. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuation and to facilitate trade settlement of foreign security transactions. Forwards carry market risk resulting from adverse fluctuations in foreign exchange rates. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, Colorado PERA records the unrealized currency translation gain or loss based on the applicable forward exchange rates.

At December 31, 2008, Colorado PERA had outstanding forward foreign exchange contracts to purchase foreign currencies with a fair value of $622 and outstanding contracts to sell foreign currencies with a fair value of ($624).

The financial instruments discussed above involve, to varying degrees, elements of market risk to the extent of future market movements in excess of the amounts recognized in the Statement of Fiduciary Net Assets. Market risk arises from the potential unfavorable change in the value of the underlying instruments. The following contract or notional amounts of these instruments reflect the extent of Colorado PERA's involvement in each class of financial instrument as of December 31, 2008. The contract or notional amounts do not represent the exposure to market loss.

(In Thousands of Dollars)

CONTRACTS	DESCRIPTION	CONTRACT OR NOTIONAL VALUE
2	Long forward foreign exchange contracts	$624
2	Short forward foreign exchange contracts	(624)

Mortgage-Backed Securities

A mortgage-backed security depends on the underlying pool of mortgage loans to provide the cash flow to make principal and interest payments on the security. A decline in interest rates can result in prepayments, which reduces the weighted average life of the security. Alternatively, an increase in interest rates results in decreased prepayments, which may cause the weighted average life of a mortgage investment to be longer than anticipated. A collateralized mortgage obligation (CMO) is a mortgage-backed security that is comprised of classes of bonds created by prioritizing the cash flows of the underlying mortgage pool. This redistributes prepayment risk and/or credit risk among the various bond classes in the CMO structure.

Colorado PERA invests in mortgage-backed securities for diversification and to enhance fixed income returns. Mortgage-backed securities are subject to credit risk, the risk that the borrower will be unable to meet its obligations. These securities are also subject to prepayment risk, which is the risk that a payment will be made in excess of the regularly scheduled principal payment. Prepayment risk is comprised of two risks: call risk, the risk that prepayments will increase when interest rates have declined, and extension risk, the risk that prepayments will decrease when interest rates have increased.

As of December 31, 2008, the fair value of mortgage-backed securities was $2,571,273. This does not include the fair value of mortgage-backed securities held in commingled funds.

Note 7—Commitments and Contingencies

As of December 31, 2008, Colorado PERA had commitments for the future purchase of investments in alternative investments of $1,410,425, and real estate of $985,317.

Note 8—Voluntary Investment Program—Colorado PERA's Defined Contribution Pension Trust Fund

Colorado PERA through the Voluntary Investment Program administers two defined contribution plans: the 401(k) Defined Contribution Plan and the Colorado PERA Defined Contribution Plan (collectively, "the Plans"). The Board has the authority to establish and amend the Plans pursuant to C.R.S. §24-51-1401 and C.R.S. §24-51-1501. The complete provisions of both Plans are incorporated into Colorado PERA's *401(k) Plan Document*. The two Plans vary significantly in their purpose, contribution provisions, and participation.

401(k) Plan

The 401(k) Defined Contribution Pension Plan was established January 1, 1985, and is an Internal Revenue Code §401(k) plan that allows for voluntary participation to provide additional benefits at retirement for Colorado PERA members. All Colorado PERA members and retirees working for a Colorado PERA-affiliated employer may contribute to the Colorado PERA 401(k) Plan. In 2008, participants could contribute the lesser of $15,500 (actual dollars) or 100 percent of compensation less Colorado PERA contributions and employer contributions. Catch-up contributions up to $5,000 (actual dollars) in 2008 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). Employer matching and discretionary contributions are allowable with total participant and employer contributions limited to $46,000 (actual dollars) per participant in 2008.

In-service withdrawals are allowed by 401(k) Plan participants while employed with a Colorado PERA-affiliated employer through loans, hardship withdrawals or by a trustee-to-trustee transfer to Colorado PERA's defined benefit plan to purchase service. As of December 31, 2008, there were 72,353 participants with balances and 36,646 actively contributing within the last three months of the year. There were 10,859 terminated participants with balances and 12,085 retirees with balances. During 2008, the 401(k) Plan had a total of 3,392 terminated participants take full distributions.

DC Plan

The Colorado PERA Defined Contribution (DC) Plan was established January 1, 2006, and is an Internal Revenue Code §401(a) governmental profit-sharing plan. Its purpose is to offer a defined contribution alternative to Colorado PERA's defined benefit plan. Participation is available to new State employees hired on or after January 1, 2006 (except for certain employees of State colleges and universities). The eligible employees have the option to choose Colorado PERA's defined benefit plan, Colorado PERA's DC Plan, or a defined contribution plan administered by the State of Colorado.

During the second to fifth year of participation in Colorado PERA's DC Plan, a participant may elect to terminate membership in the plan and become a member of Colorado PERA's defined benefit plan. Similarly, an eligible employee of the Colorado PERA defined benefit plan may elect, during the second to fifth year of membership, to terminate membership in Colorado PERA's defined benefit plan and become a participant of Colorado PERA's DC Plan. Either election is irrevocable.

Participants in the Colorado PERA DC Plan are required to contribute 8 percent and employers are required to contribute 10.15 percent of includable salary (for State Troopers, the rates are 10 percent and 12.85 percent, respectively). Employers also contribute the 1.4 percent Amortization Equalization Disbursement and 0.5 percent Supplemental Amortization Equalization Disbursement (see Note 4) to the Division Trust Fund where the employer is affiliated. DC Plan participants are immediately vested in 50 percent of their employer contributions, together with accumulated investment earnings on the vested portion. For each full year of participation, vesting increases by 10 percent. Contribution requirements are established under C.R.S. § 24-51-1505.

In-service withdrawals are prohibited from Colorado PERA's DC Plan, although the election to purchase service is available to those who have made the one-time irrevocable election to transfer to Colorado PERA's defined benefit plan. As of December 31, 2008, the DC Plan had 864 participants with balances and 532 participants actively contributing within the last three months of the year. There were 261 terminated participants with balances and one retiree with a balance. During the year, 97 participants took full distributions of their accounts.

Both Plans

The following investment, distribution, and fee provisions are the same under both Plans.

The Board has authorized an Investment Advisory Committee comprised of Colorado PERA staff to review, monitor, and recommend to the Board the investments available to the Plans. Participants have the choice of contributing to 18 different investment funds. Participants may also make transfers among the investment funds at any time. The investment funds are: Northern Trust Institutional Government Select Fund, PIMCO Low Duration Fund, PIMCO Total Return Fund, Dodge & Cox Balanced Fund, Pax World Balanced Institutional Fund, Vanguard Institutional Index Fund, Dodge & Cox Stock Fund, Colorado PERA Growth & Income Stock Fund, Fidelity Contrafund, Rainier Large Cap Growth Fund, American Funds EuroPacific Growth Fund, Vanguard Small Cap Index Fund, Fidelity Freedom Income Fund, Fidelity Freedom 2000 Fund, Fidelity Freedom 2010 Fund, Fidelity Freedom 2020 Fund, Fidelity Freedom 2030 Fund, and Fidelity Freedom 2040 Fund.

The participant's entire account balance in either Plan becomes available for distribution upon termination from a Colorado PERA-affiliated employer. All distribution requirements are made in accordance with Colorado PERA's *401(k) Plan Document* and Internal Revenue Code requirements.

The recordkeeping for all participant transactions is administered by ING (formerly CitiStreet). The custodian is Northern Trust. The custodial agent of the investments carries no custodial credit risk as all deposits are insured and/or collateralized by the securities held by Northern Trust in Colorado PERA's name. All investments are presented at fair value. Cash balances represent both operating cash accounts and investment cash on deposit held by the custodian. Plan administration expenses are paid through monthly administrative fees charged to participant accounts. In addition, each investment fund charges an investment management fee, which is paid directly from each investment's earnings.

Note 9—Health Care Trust Fund—Colorado PERA's Cost-Sharing Multiple-Employer Defined Benefit Healthcare Plan

Plan Description and Benefit Provisions

The Health Care Trust Fund (HCTF) is a cost-sharing multiple-employer defined benefit other postemployment benefit plan that provides a health care premium subsidy to participating Colorado PERA benefit recipients who choose to enroll in one of Colorado PERA's health care plans. As of December 31, 2008, there were 190,684 Colorado PERA members in active service who were earning a potential future subsidy benefit if they retire from Colorado PERA and enroll in the plan. There were 14,810 inactive members who had accumulated a potential subsidy benefit, but were not yet receiving benefits. There were 36,363 retired members who had accumulated a potential subsidy benefit, but had not elected to enroll in the plan, and there were 45,888 retirees and beneficiaries enrolled in the plan of whom 15,937 were under age 65 and 29,951 were age 65 or older.

C.R.S. §§ 24-51-1201 *et seq.* specifies the eligibility for enrollment and the amount of the premium subsidy. The maximum monthly subsidy is $230 (actual dollars) per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the subsidy is $115 (actual dollars) per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is for benefit recipients whose retirement benefits are based on 20 years or more of service credit. For those with less service credit, the subsidy is reduced by 5 percent for each year less than 20 years. The benefit recipient pays the remaining portion of the premium if the subsidy does not cover the entire amount. An additional subsidy exists for retirees who have not participated in Social Security and are not otherwise eligible for Medicare Part A for hospital-related services. C.R.S. § 24-51-1206(4) states that the HCTF cannot charge premiums to retirees without Part A that are greater than premiums charged to retirees with Part A for the same plan option, coverage level, and service credit. Currently for each individual retiree, the total premium for Medicare coverage is determined assuming plan participants have both

Medicare Parts A and B. Implicit in this process, an additional subsidy is paid by the HCTF on behalf of retirees who are not covered by Medicare Part A.

The HCTF offers two general types of health plans—fully insured plans offered through healthcare organizations and self-insured plans administered by third party vendors. The plan designs offered include HMO, PPO, Medicare Supplement, Medicare Advantage, and Medicare Cost plans.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries under Medicare Part D. One of the provisions of Medicare Part D provides sponsors of postemployment healthcare plans the opportunity to receive a payment—referred to as a retiree drug subsidy (RDS)—if the sponsor's plan provides a prescription drug benefit that is actuarially equivalent to the Medicare Part D benefit. The RDS is equal to 28 percent of the amount of eligible prescription drug benefit costs of retirees who are eligible for, but not enrolled in, Medicare Part D, by virtue of continuing to be covered by the sponsor's plan. The provisions of Medicare Part D became effective on January 1, 2006. The HCTF receives the Medicare RDS payment for the self-insured plans administered by Anthem Blue Cross Blue Shield (Anthem) and the insured plan offered by Rocky Mountain Health Plans. The HCTF uses the anticipated RDS payments to reduce the required premiums collected from the enrollees. The HCTF then pays for the full premiums or claims during the year, and recoups the additional cost when the RDS payment is received from the federal government. For the year ended December 31, 2008, the HCTF received $13,743 in Medicare RDS payments.

In addition, all of the fully insured pre-Medicare health plans are available to any Colorado PERA-affiliated employer who voluntarily elects to provide health care coverage through the Health Care Program for its employees who are Colorado PERA members. The program acts as a purchaser of private insurance to obtain economies of scale for the employers that elect to join in the joint purchasing arrangement. The insurance companies who provide coverage through the program set custom rates for each employer group. There is no transfer of risk to the HCTF, to Colorado PERA, or between the participating employers. The insurance companies providing the benefits bear the risk for the plan. The employers and/or participants pay the full premiums for the coverage and no subsidy is provided by the HCTF. Colorado PERA collects the premiums and deposits them into the HCTF and then pays these premiums to the insurance companies who provide the coverage. As of December 31, 2008, there were 21 employers in the program with 415 active members enrolled.

Dental and vision plans are also available to participants. These plans are all fully insured and no subsidy is provided by the HCTF; the risk is borne by the insurance companies that are contracted to provide the coverage. The participants and/or employers pay the premiums for the coverage. Colorado PERA collects the premiums and deposits them into the HCTF and then pays these premiums to the insurance companies who provide the coverage. As of December 31, 2008, there were 30,112 participants enrolled in the dental plans and 24,101 participants enrolled in the vision plans.

The Board has the authority to contract, self-insure, and make disbursements necessary to carry out the purposes of the Program. Colorado PERA contracts with a major national insurance carrier to administer claims for the self-insured plans, with a national prescription benefit manager to administer a pharmacy benefit for the self-insured plans, and with health insurance companies to provide fully insured health plans providing services within Colorado.

Membership

Enrollment in the Health Care Program is voluntary and available to the following eligible individuals. Only those enrollees who are also Colorado PERA Division Trust Fund retiree or survivor benefit recipients receive the subsidy.

- Benefit recipients and their dependents.
- Guardians of children receiving Colorado PERA survivor benefits if the children are enrolled in the Program.
- Surviving spouses of deceased retirees who are not receiving Colorado PERA benefits, but were enrolled in the Program when death occurred.
- Divorced spouses of retirees who are not receiving Colorado PERA benefits, but were enrolled in the Program when the divorce occurred.
- Members while receiving short-term disability program payments.
- Members whose employers have elected to provide coverage through the Health Care Program and such members' dependents.

Summary of HCTF Specific Significant Accounting Policies

Following the applicable recognition requirements of Statement 33, the HCTF recognizes an asset and contribution for the RDS payment. The HCTF applies the measurement requirements of Statement 43 to determine the actuarial accrued liabilities, the annual required contribution of the employer (ARC), and the annual OPEB cost without reduction for RDS payments.

(In Thousands of Dollars)

Premiums collected and payments made are handled in two ways, depending on whether or not the plan bears any level of risk with regard to the health coverage. Where the plan bears risk, all premiums collected are recorded as contributions and all claims or premiums paid are accounted for as benefit payments. Where there is no risk transfer to the plan, the premiums collected are held by the plan as a liability and the liability is relieved when the premiums are transferred to the health insurance company that provides the fully insured health plan. When there is no health coverage risk, the only benefit payment recorded is the subsidy benefit which is equal to the difference between the premiums collected from the enrollees and the full premium due to the insurance company.

The first health plan that involves risk to the HCTF is the self-insured plan which is administered by Anthem. Colorado PERA uses an outside consultant to determine the premiums required to cover anticipated health claims less the anticipated Medicare Part D retiree drug subsidy. The cost to the enrollee is further reduced by the amount of the enrollee's calculated subsidy, if applicable. Implicit in this process is the risk that actual claims experience and the Medicare RDS could be different from the estimates resulting in either a gain or a loss to the HCTF.

The second health plan that involves risk to the HCTF is Rocky Mountain Health Plans' (RMHP) Medicare plan where the HCTF directly receives the Medicare RDS payment from the federal government. Using an outside consultant, Colorado PERA estimates in advance the amount of the Medicare RDS payment that the HCTF will receive based on an estimate of the amount of claims that will be paid by RMHP. The anticipated savings is passed on to the enrollees through a premium reduction. The HCTF pays RMHP the full premium payment, which includes the amounts collected from enrollees, the HCTF subsidy, as well as an additional amount for the anticipated Medicare RDS payment which reduced the enrollees' premiums. The inherent risk is that the actual Medicare RDS could be different from the estimate resulting in either a gain or a loss to the HCTF.

Contributions

Contribution requirements are established by statute under C.R.S. § 24-51-208. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Affiliated employers must submit contributions for all Colorado PERA members equal to 1.02 percent of covered salaries.

Note 10—Funded Status and Actuarial Information

Funding Status and Funding Progress

The funded status of each plan as of December 31, 2008, the most recent actuarial valuation date, is as follows:

	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	HEALTH CARE TRUST FUND
Actuarial value of assets (a)	$13,914,371	$21,733,329	$2,933,296	$230,967	$255,976
Actuarial accrued liability (b)	20,498,668	31,000,202	3,838,083	288,058	1,368,633
Total unfunded actuarial accrued liability (UAAL) (b-a)	6,584,297	9,266,873	904,787	57,091	1,112,657
Funded ratio (a/b)	67.9%	70.1%	76.4%	80.2%	18.7%
Covered payroll	2,371,639	3,804,927	718,902	35,937	6,931,405
UAAL as a percentage of covered payroll	277.6%	243.5%	125.9%	158.9%	16.1%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. A schedule of funding progress immediately follows the notes to the financial statements. It presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between each Fund and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Actuarial calculations reflect a long-term perspective. In addition, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Additional information as of the latest actuarial valuation follows on the next page.

(In Thousands of Dollars)

	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	HEALTH CARE TRUST FUND
Valuation date	12/31/2008	12/31/2008	12/31/2008	12/31/2008	12/31/2008
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent, Open	Level percent, Open	Level percent, Open	Level percent, Open	Level percent, Open
Remaining amortization period used in ARC calculation	30 years	30 years	30 years	30 years	30 years
Asset valuation method	4-year smoothed market	4-year smoothed market	4-year smoothed market	4-year smoothed market	4-year smoothed market
Actuarial assumptions:					
Investment rate of return[1] and discount rate	8.50%	8.50%	8.50%	8.50%	8.50%
Projected salary increases[1]	4.50%–10.17%	4.50%–10.70%	4.50%–11.47%	5.00%–6.00%	4.50% in aggregate
Post-retirement benefit increases:					
Members hired prior to 7/1/05	3.50% compounded annually	3.50% compounded annually	3.50% compounded annually	3.50% compounded annually	None
Members hired on or after 7/1/05 but before 1/1/07	3.00% compounded annually	3.00% compounded annually	3.00% compounded annually	3.00% compounded annually	None
Members hired on or after 1/1/07	None[2]	None[2]	None[2]	None[2]	None
Health Care Inflation Factor	Not applicable	Not applicable	Not applicable	Not applicable	4.50% applicable to Medicare Part A costs

[1] Includes inflation at 3.75 percent and productivity at 0.75 percent.

[2] Post-retirement benefit increases are provided by a separate reserve within the Fund, called the Annual Increase Reserve, subject to monies being available.

Beginning in 2007, a new reserve was created within each Division Trust Fund ("Annual Increase Reserve") for the purpose of funding future benefit increases for members hired on or after January 1, 2007. Funding for this reserve comes from the employer contributions and is calculated at 1 percent of the salary reported for members hired after January 1, 2007. Post-retirement benefit increases for these members are limited to a maximum of 3 percent compounded annually subject to the availability of assets in the Annual Increase Reserve for each Division. As of December 31, 2008, the value of the Annual Increase Reserve was $3,126 in the State Division, $3,628 in the School Division, $1,263 in the Local Government Division, and $30 in the Judicial Division. Since these assets are earmarked for the specific purpose of providing future benefit increases for members hired after January 1, 2007, they are not included in the Actuarial Value of Assets used in the calculation of the ARC or the funded status and funding progress of the plans shown above.

(In Thousands of Dollars)

Note 11—Sensitivity of Actuarial Valuation to Changes in Assumed Investment Rate of Return and Discount Rate

The most important long-run driver of a pension plan is investment income, which can contribute as much as 80 percent or more of the total inflows into a pension plan over its life. The investment return assumption (discount rate), as required by GASB, should be based on an estimated long-term investment yield for the plan, with consideration given to the nature and mix of current and expected plan investments and the basis used to determine the actuarial value of assets. To illustrate the importance of the investment rate of return, which is used to discount the actuarial liabilities of Colorado PERA, the funding ratio, UAAL, and ARC (for contributions for fiscal year ended December 31, 2010) are shown below at 8.0 percent (a one-half percent decrease), at 8.5 percent (the current assumption), and at 9.0 percent (a one-half percent increase):

FUNDING RATIO	ONE-HALF PERCENT DECREASE 8.0 PERCENT	CURRENT ASSUMPTION 8.5 PERCENT	ONE-HALF PERCENT INCREASE 9.0 PERCENT
State Division Trust Fund	64.0%	**67.9%**	71.5%
School Division Trust Fund	66.0%	**70.1%**	73.9%
Local Government Division Trust Fund	71.6%	**76.4%**	80.7%
Judicial Division Trust Fund	75.9%	**80.2%**	84.3%
Health Care Trust Fund	17.9%	**18.7%**	19.5%
UNFUNDED ACCRUED ACTUARIAL LIABILITY			
State Division Trust Fund	$7,817,969	**$6,584,297**	$5,554,682
School Division Trust Fund	11,193,061	**9,266,873**	7,675,234
Local Government Division Trust Fund	1,164,438	**904,787**	700,340
Judicial Division Trust Fund	73,205	**57,091**	43,077
Health Care Trust Fund	1,173,464	**1,112,657**	1,056,264
ANNUAL REQUIRED CONTRIBUTION			
State Division Trust Fund	23.35%	**20.16%**	17.25%
School Division Trust Fund	22.14%	**18.75%**	15.78%
Local Government Division Trust Fund	15.16%	**12.31%**	9.87%
Judicial Division Trust Fund	23.35%	**19.87%**	16.34%
Health Care Trust Fund	1.15%	**1.12%**	1.11%

Note 12—Subsequent Events

Legislation Impacting Future Years

During the 2009 legislative session, several bills that impacted Colorado PERA were passed by the Legislature and were signed into law. Below are listed a summary of the bills that could potentially impact the financial statements to the greatest extent:

Senate Bill 09-282: The Denver Public Schools Retirement System/PERA Merger

The Colorado PERA Board of Trustees, at their April 13, 2009, Board meeting, approved the following motion after reviewing Senate Bill 09-282: "The Board recognizes the valuable provisions of Senate Bill 09-282 relating to statewide portability for all educators and support personnel, expanded investment diversification, efficiencies in administration, improved opportunities for health care coverage, and the separate division approach that eliminates the risk of subsidy between the divisions. At the same time, the Board recognizes the authority of the General Assembly to establish contribution rates and notes that the funding provisions contained in the legislation for the Denver Public Schools Division are inadequate and will lead to the actuarial deterioration of the funded status of the Division, ultimately requiring substantially increased contributions to provide for the retirement security of the members and beneficiaries of the Denver Public Schools Division. The Board also states that upon the passage of Senate Bill 09-282 that the Colorado PERA Board and staff will implement the bill's provisions in a prudent, productive, and professional fashion. Accordingly, the Board of Trustees endorses all aspects of the bill, with the exception of the funding provisions, which the Board opposes."

Senate Bill 09-282 was passed by the Legislature and signed by Governor Ritter on May 21, 2009, this bill mandates the merging of the Denver Public Schools Retirement System (DPSRS) and the Denver Public Schools Retiree Health Care Plan into Colorado PERA on January 1, 2010. The major provisions of the bill include the following:

- Creates the Denver Public Schools (DPS) Division as a separate division within Colorado PERA containing all of the assets and liabilities of the DPSRS.
- Creates a separate health care trust fund for DPS and allows DPS retirees to participate in PERACare.
- Appoints a non-voting ex officio Board member from the DPS Division to serve on the Colorado PERA Board as of the effective date of the bill.
- Repeals the Statutory provisions regarding previous merger attempts between Colorado PERA and DPSRS.
- Sets the employer contribution rate for the DPS Division at 13.75 percent from January 1, 2010, to December 31, 2012, and at 14.15 percent from January 1, 2013, and thereafter. Requires DPS Division employers to contribute the AED and SAED.
- Sets the member contribution rate for the DPS Division at 8.00 percent.
- Beginning January 1, 2015, and every fifth year thereafter, a true-up will be calculated to determine whether the DPS employer rate must be adjusted to assure the equalization of the DPS Division's ratio of unfunded actuarial accrued liability over payroll to the Colorado PERA School Division's ratio of unfunded actuarial accrued liability over payroll at the end of the 30-year period.

- Allows the DPS to subtract the amount of principal and interest payments in any year on its Pension Certificates of Participation notes from the employer contributions owed in any year except to the extent necessary to pay the contributions to the Health Care Trust Fund and the Annual Reserve Fund until the DPS Division's ratio of unfunded actuarial accrued liabilities to payroll equals the School Division's.
- Determines how purchasing service credit, interest credit, distributions, refunds, cost-of-living increases, benefits and other administrative measures shall be calculated and determined.
- Creates portability of member benefits between the DPS Division and the other Colorado PERA Divisions.

Additional information on this bill may be found online at http://www.leg.state.co.us.

The DPSRS' Board of Trustees has the exclusive authority to invest and manage the assets of DPSRS, pay benefits, and otherwise administer DPSRS until January 1, 2010. To view the *Comprehensive Annual Financial Report* for DPSRS, go to their Web site at http://www.dpsrs.org.

Senate Bill 09-66: Consolidation of State Defined Contribution Plans Under PERA
Signed by Governor Ritter on March 31, 2009, this bill transfers the administration of the State of Colorado's Public Officials' and Employees' Defined Contribution plan and State of Colorado's 457 plan to Colorado PERA on July 1, 2009. The major provisions of this bill include the following:

- Certain employees of the State Division who are new hires would have a choice between the Colorado PERA Defined Benefit Plan and the Colorado PERA Defined Contribution Plan.
- Members of the current State Defined Contribution Plan would retain their current vesting schedule on employer contributions. Going forward, all new Colorado PERA Defined Contribution participants would be subject to the Colorado PERA vesting schedule and provisions.
- Allows certain elected officials and their employees who were eligible to participate in the State's Defined Contribution Plan prior to January 1, 2006, to elect to change between Colorado PERA's Defined Contribution Plan and Colorado PERA's Defined Benefit Plan during the annual open enrollment period.
- Colorado PERA becomes the administrator of the State's 457 Plan.

Additional information on this bill may be found online at http://www.leg.state.co.us.

Senate Bill 09-157: University of Colorado Retirement Plan Eligibility PERA
Signed by Governor Ritter on April 20, 2009, this bill clarifies the retirement plan choices for certain employees of the University of Colorado. It would allow new employees who are members of Colorado PERA to choose to continue their Colorado PERA membership or join the University's Defined Contribution Plan. This choice would be irrevocable. New employees who do not actively make a choice and have a Colorado PERA account would be placed into the Colorado PERA plan.

Senate Bill 09-56: Trinidad State Nursing Home
Signed by Governor Ritter on April 22, 2009, this bill would permit the Executive Director of the Colorado Department of Human Services to transfer the Trinidad State Nursing Home to a nonprofit corporation after a feasibility study and if certain conditions are met. If transferred, it allows current Colorado PERA members who are employees of the nursing home to continue earning Colorado PERA service credit given the Colorado PERA Board's approval. Employees hired after the transfer would not be covered by Colorado PERA. In addition, the bill applies the same provisions to any similar transfer, sale or lease of any other state nursing home.

During the 2006 legislative session, a bill that impacted Colorado PERA was passed by the Legislature and signed into law by Governor Owens on May 25, 2006. The features of the bill that will be implemented in future years that could potentially impact the financial statements to the greatest extent are listed below:

Senate Bill 06-235: Concerning Public Employees' Retirement Benefit Plans
The addition of a Supplemental Amortization Equalization Disbursement (SAED) that began January 1, 2008, at 0.5 percent of covered salary and will increase by 0.5 percent per year until an additional 3 percent is implemented. The SAED will be discontinued when each Division Trust Fund reaches 100 percent funding. The SAED is noted in the statute as foregone compensation increases from employees. The General Assembly must contract for an independent actuarial study before any future benefit enhancements can occur.

During the 2004 legislative session, a bill that impacted Colorado PERA was passed by the Legislature and signed into law by Governor Owens on June 4, 2004. The features of the bill that will be implemented in future years that could potentially impact the financial statements to the greatest extent are listed below:

Senate Bill 04-257: Public Employee Retirement Plans
This bill will provide additional employer funding for Colorado PERA and will expand the defined contribution plan option beyond elected officials to new hire State government employees. Major provisions of this bill that will be implemented after the year ended December 31, 2005, include the following:

- An "Amortization Equalization Disbursement" (AED) will be established and will require each Colorado PERA employer to pay 0.5 percent of salary to Colorado PERA, beginning January 1, 2006, increasing by 0.5 percent of salary in 2007 and by 0.4 percent of salary each subsequent year, reaching a maximum of 3 percent of salary in 2012 and thereafter. This payment will be used to help amortize Colorado PERA's unfunded liability. If Colorado PERA reaches 100 percent funded status, the AED will be repealed.
- The School employer contribution rate to Colorado PERA will increase by 0.4 percent of salary, beginning January 1, 2013.

For the Years Ended December 31
(In Thousands of Dollars)

STATE DIVISION[1]	2008	2007	2006	2005
Actuarial valuation date	**12/31/2008**	12/31/2007	12/31/2006	12/31/2005
Actuarial value of assets (a)	**$13,914,371**	$14,220,681	$13,327,290	$12,536,916
Actuarial accrued liability (b)	**20,498,668**	19,390,296	18,246,010	17,541,744
Total unfunded actuarial accrued liability (UAAL) (b-a)	**6,584,297**	5,169,615	4,918,720	5,004,828
Funded ratio (a/b)	**67.9%**	73.3%	73.0%	71.5%
Covered payroll	**2,371,639**	2,236,518	2,099,325	2,064,764
UAAL as a percentage of covered payroll	**277.6%**	231.1%	234.3%	242.4%

[1] The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006.

SCHOOL DIVISION[1]	2008	2007	2006	2005
Actuarial valuation date	**12/31/2008**	12/31/2007	12/31/2006	12/31/2005
Actuarial value of assets (a)	**$21,733,329**	$22,070,769	$20,535,733	$19,184,225
Actuarial accrued liability (b)	**31,000,202**	29,241,428	27,708,682	25,963,972
Total unfunded actuarial accrued liability (UAAL) (b-a)	**9,266,873**	7,170,659	7,172,949	6,779,747
Funded ratio (a/b)	**70.1%**	75.5%	74.1%	73.9%
Covered payroll	**3,804,927**	3,618,258	3,371,186	3,241,214
UAAL as a percentage of covered payroll	**243.5%**	198.2%	212.8%	209.2%

[1] The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006.

STATE AND SCHOOL DIVISION[1]	2004	2003
Actuarial valuation date	12/31/2004	12/31/2003
Actuarial value of assets (a)	$28,594,699	$28,522,222
Actuarial accrued liability (b)	40,783,531	37,914,502
Total unfunded actuarial accrued liability (UAAL) (b-a)	12,188,832	9,392,280
Funded ratio (a/b)	70.1%	75.2%
Covered payroll	5,303,439	5,140,918
UAAL as a percentage of covered payroll	229.8%	182.7%

[1] The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006.

The accompanying notes are an integral part of the Required Supplementary Information.

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF FUNDING PROGRESS

For the Years Ended December 31
(In Thousands of Dollars)

LOCAL GOVERNMENT DIVISION[1]	2008	2007	2006	2005	2004	2003
Actuarial valuation date	**12/31/2008**	12/31/2007	12/31/2006	12/31/2005	12/31/2004	12/31/2003
Actuarial value of assets (a)	**$2,933,296**	$2,892,847	$2,613,386	$2,358,719	$1,990,652	$1,907,786
Actuarial accrued liability (b)	**3,838,083**	3,563,199	3,288,421	3,022,624	2,576,988	2,379,229
Total unfunded actuarial accrued liability (UAAL) (b-a)	**904,787**	670,352	675,035	663,905	586,336	471,443
Funded ratio (a/b)	**76.4%**	81.2%	79.5%	78.0%	77.2%	80.2%
Covered payroll	**718,902**	680,442	636,300	607,217	549,607	479,098
UAAL as a percentage of covered payroll	**125.9%**	98.5%	106.1%	109.3%	106.7%	98.4%

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

JUDICIAL DIVISION	2008	2007	2006	2005	2004	2003
Actuarial valuation date	**12/31/2008**	12/31/2007	12/31/2006	12/31/2005	12/31/2004	12/31/2003
Actuarial value of assets (a)	**$230,967**	$231,228	$210,633	$193,305	$170,111	$166,654
Actuarial accrued liability (b)	**288,058**	264,210	247,491	223,955	209,954	198,377
Total unfunded actuarial accrued liability (UAAL) (b-a)	**57,091**	32,982	36,858	30,650	39,843	31,723
Funded ratio (a/b)	**80.2%**	87.5%	85.1%	86.3%	81.0%	84.0%
Covered payroll	**35,937**	31,150	29,151	26,937	26,309	25,452
UAAL as a percentage of covered payroll	**158.9%**	105.9%	126.4%	113.8%	151.4%	124.6%

HEALTH CARE TRUST FUND	2008	2007	2006	2005	2004	2003
Actuarial valuation date	**12/31/2008**	12/31/2007	12/31/2006	12/31/2005	12/31/2004	12/31/2003
Actuarial value of assets (a)	**$255,976**	$258,775	$214,816	$191,264	$166,619	$160,416
Actuarial accrued liability (b)	**1,368,633**	1,303,594	1,247,950	1,116,627	1,102,597	897,461
Total unfunded actuarial accrued liability (UAAL) (b-a)	**1,112,657**	1,044,819	1,033,134	925,363	935,978	737,045
Funded ratio (a/b)	**18.7%**	19.9%	17.2%	17.1%	15.1%	17.9%
Covered payroll	**6,931,405**	6,566,368	6,617,218	5,940,132	5,879,355	5,645,468
UAAL as a percentage of covered payroll	**16.1%**	15.9%	15.6%	15.6%	15.9%	13.1%

The accompanying notes are an integral part of the Required Supplementary Information.

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF EMPLOYER CONTRIBUTIONS

For the Years Ended December 31
(In Thousands of Dollars)

STATE DIVISION[1]	2008	2007	2006	2005
Dollar amount of annual required contribution (ARC)	**$424,761**	$412,638	$361,714	$398,919
ARC[2]	**17.91%**	18.45%	17.23%	19.33%
% ARC contributed	**63%**	56%	58%	48%

[1] The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006.

[2] As a percent of covered payroll. ARC based on prior year-end actuarial study.

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF EMPLOYER CONTRIBUTIONS

For the Years Ended December 31
(In Thousands of Dollars)

SCHOOL DIVISION[1]	2008	2007	2006	2005
Dollar amount of annual required contribution (ARC)	**$630,096**	$621,617	$541,412	$627,082
ARC[2]	**16.56%**	17.18%	16.06%	19.33%
% ARC contributed	**68%**	60%	62%	48%

[1] The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006.

[2] As a percent of covered payroll. ARC based on prior year-end actuarial study.

STATE AND SCHOOL DIVISION[1]	2004	2003
Dollar amount of annual required contribution (ARC)	$918,025	$571,156
ARC[2]	17.31%	11.11%
% ARC contributed	51%	69%

[1] The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006.

[2] As a percent of covered payroll. ARC based on prior year-end actuarial study.

LOCAL GOVERNMENT DIVISION[1]	2008	2007	2006	2005	2004	2003
Dollar amount of annual required contribution (ARC)	**$80,086**	$81,313	$71,329	$85,372	$76,835	$45,658
ARC[2]	**11.14%**	11.95%	11.21%	14.11%	13.98%	9.53%
% ARC contributed	**98%**	84%	85%	64%	62%	69%

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

[2] As a percent of covered payroll. ARC based on prior year-end actuarial study.

JUDICIAL DIVISION[1]	2008	2007	2006	2005	2004	2003
Dollar amount of annual required contribution (ARC)	**$6,138**	$5,501	$4,469	$4,634	$4,267	$1,013
ARC[1]	**17.08%**	17.66%	15.33%	17.21%	16.22%	3.98%
% ARC contributed	**83%**	77%	84%	74%	64%	100%

[1] As a percent of covered payroll. ARC based on prior year-end actuarial study.

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

For the Years Ended December 31
(In Thousands of Dollars)

HEALTH CARE TRUST FUND	2008	2007	2006	2005	2004	2003
Dollar amount of annual required contribution (ARC)	**$73,283**	$73,346	$70,688	$67,793	$59,969	$65,487
ARC[1]	**1.12%**	1.10%	1.09%	1.13%	1.02%	1.16%
% ARC contributed by Employer	**99%**	93%	91%	90%	100%	100%
% ARC contributed by Medicare	**19%**	17%	18%	—	—	—

[1] As a percent of covered payroll. ARC based on prior year-end actuarial study.

The accompanying notes are an integral part of the Required Supplementary Information.

Note 1—Description

The historical trend information about the State Division Trust Fund, School Division Trust Fund, Local Government Division Trust Fund, Judicial Division Trust Fund, and the Health Care Trust Fund is presented as required supplementary information. This information is intended to help users assess the funding status on a going-concern basis and to assess progress made in accumulating assets to pay benefits when due.

Note 2—Actuarial Assumptions and Methods

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	JUDICIAL DIVISION TRUST FUND	HEALTH CARE TRUST FUND
Valuation date	12/31/2008	12/31/2008	12/31/2008	12/31/2008	12/31/2008
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent, Open	Level percent, Open	Level percent, Open	Level percent, Open	Level percent, Open
Remaining amortization period used in ARC calculation	30 years	30 years	30 years	30 years	30 years
Remaining amortization period with current funding	Infinite[1]	Infinite[1]	29 years[1]	Infinite[1]	39 years
Asset valuation method[1]	4–year smoothed market	4–year smoothed market	4–year smoothed market	4–year smoothed market	4–year smoothed market
Actuarial assumptions:					
Investment rate of return[2] and discount rate	8.50%	8.50%	8.50%	8.50%	8.50%
Projected salary increases[2]	4.50%–10.17%	4.50%–10.70%	4.50%–11.47%	5.00%–6.00%	4.50% in aggregate
Post-retirement benefit increases:					
Members hired prior to 7/1/05	3.50% compounded annually	3.50% compounded annually	3.50% compounded annually	3.50% compounded annually	None
Members hired on or after 7/1/05 but before 1/1/07	3.00% compounded annually	3.00% compounded annually	3.00% compounded annually	3.00% compounded annually	None
Members hired on or after 1/1/07	None[3]	None[3]	None[3]	None[3]	None
Health care inflation factor	Not applicable	Not applicable	Not applicable	Not applicable	4.50% applicable to Medicare Part A costs

[1] See Management's Discussion and Analysis on unfunded actuarial accrued liabilities on page 31.

[2] Includes inflation at 3.75 percent and productivity at 0.75 percent.

[3] Post-retirement benefit increases are provided by a separate reserve within the Fund, called the Annual Increase Reserve, subject to monies being available.

Note 3—Significant Factors Affecting Trends in Actuarial Information

Pension Plans—State, School, Local Government[1], and Judicial Division Trust Funds

2008 Changes in Plan Provisions Since 2007:

- The interest credit on employee contribution accounts was changed from 5 percent to 3 percent, effective January 1, 2009.

2007 Changes in Plan Provisions Since 2006:

- No material changes.

2006 Changes in Plan Provisions Since 2005:

- No material changes.

2005 Changes in Plan Provisions Since 2004:

- Senate Bill 04-257 provides that the State and School Divisions will be split beginning January 1, 2006, and the 2005 actuarial information has been shown separately.
- Fully recognized the transitional amount of unrealized gains from the 1992 actuarial change from cost value to smoothed market value.
- Changed the method of calculating the actuarial value of assets such that the expected rate of investment return going forward will be based on the beginning of year market value, with annual differences between the actual and expected market value of assets smoothed over a four-year period.
- Reset the actuarial value of assets to be equal to the market value of assets as of December 31, 2004.
- Mortality, withdrawal, retirement, disability, and salary increase assumptions were changed based on the actuarial experience study performed in 2005.

2004 Changes in Plan Provisions Since 2003:

- Suspension of MatchMaker contributions on June 1, 2004.
- Reduction in the interest rate credited to member contribution accounts from 80 percent of the actuarial valuation interest rate to a rate determined by the Colorado PERA Board, such rate not to exceed 5 percent per annum beginning July 1, 2004.
- A reduction in the allocation of the employer contribution rate to the Health Care Trust Fund from 1.10 percent to 1.02 percent of salary on or after July 1, 2004, with the difference increasing pension funding.
- Gradual increases in payments toward Colorado PERA's unfunded liability starting January 1, 2006, at 0.5 percent of salary, increasing 0.5 percent in 2007 and by 0.4 percent of salary each subsequent year, reaching a maximum of 3 percent of salary by 2012 and thereafter known as the Amortization Equalization Disbursement (AED). If Colorado PERA reaches 100 percent of funded status, the AED will be repealed.
- School Division employer contribution rate is increased from 10.15 percent to 10.55 percent in 2013.

2003 Changes in Plan Provisions Since 2002:

- The actuarial investment assumption rate was changed from 8.75 percent to 8.50 percent, the rate of inflation assumption was changed from 4.50 percent to 3.75 percent, and the payroll growth rate assumption was changed from 5.50 percent to 4.50 percent.

Health Care Trust Fund

2008 Changes in Plan Provisions Since 2007:

- The following changes have been made to certain health care assumptions since the previous valuation:
  - Expected costs for retirees who are age 65 and older, do not have Medicare Part A, and participate in the Kaiser Permanente, Rocky Mountain Health Plans, and Secure Horizons plans have been updated to reflect their change in costs for the 2009 plan year.
  - The starting per capita payments estimated to be made by the Centers for Medicare & Medicaid Services (CMS) under the Retiree Drug Subsidy Program (RDS) have been updated based upon the most recent attestation of actuarial equivalence.
  - The assumed level of spousal participation was updated to better match plan experience.

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

- The year in which the prescription drug benefit provided to those members eligible for Medicare Part D ceases to be Actuarially Equivalent (by failing the net test component of the Actuarial Equivalency Attestation) was extended to 2018 based upon the most recent attestation of actuarial equivalence.
- The Medicare Part A coverage for CMS was updated to reflect the change in cost for 2009.

2007 Changes in Plan Provisions Since 2006:

- The following changes have been made to certain health care assumptions since the previous valuation:
  - Future plan election rates for retirees age 65 and older have been adjusted to reflect recent election patterns, incorporating the addition of the Secure Horizons (HMO) option.
  - Expected inpatient hospital claims cost for retirees age 65 and older who do not have Medicare Part A have been updated to better reflect anticipated changes in the various coverage categories, based on the most recent "no Medicare Part A" report presented to the Board of Trustees in March 2008.

2006 Changes in Plan Provisions Since 2005:

- The following changes have been made to certain health care assumptions since the previous valuation:
  - Based on the results of surveys conducted by Colorado PERA staff, the percentage of actives hired before April 1, 1986, and pre-Medicare retirees assumed to not have Part A Medicare coverage was changed to 20 percent.
  - Future plan election rates for retirees age 65 and older have been adjusted to reflect recent election patterns.
  - Expected inpatient hospital claims costs for retirees age 65 and older who do not have Medicare Part A have been updated and associated trend assumptions for future increases in medical costs were amended to better reflect anticipated changes in the various coverage categories.
- The following methodology change has been implemented since the previous valuation:
  - Members electing coverage in a qualified plan option produce a Retiree Drug Subsidy (RDS) which is payable to the HCTF under Part D of the Medicare Modernization Act of 2003. The HCTF has reduced the full cost of coverage by the estimated RDS. GASB Statement 43, GASB Technical Bulletin 2006-1, and GASB Statement 45 do not allow for future assumed RDS payments to be used as a direct offset for future liabilities. Therefore, the total HCTF actuarially accrued liability has been increased for future RDS premium offsets to members.

2005 Changes in Plan Provisions Since 2004:

- Changed the method of calculating the actuarial value of assets such that the expected rate of investment return going forward will be based on the beginning of year market value, with annual differences between the actual and expected market value of assets smoothed over a four-year period.
- Reset the actuarial value of assets to be equal to the market value of assets as of December 31, 2004.
- Mortality, withdrawal, retirement, disability, and expected rates of participation in the Health Care Trust Fund programs were changed based on the actuarial experience study performed in 2005.

2004 Changes in Plan Provisions Since 2003:

- A reduction in the allocation of the employer contribution rate to the Health Care Trust Fund from 1.10 percent to 1.02 percent of salary on or after July 1, 2004, with the difference increasing pension funding.
- The valuation considers the implicit subsidy provided to retired members over age 65 who are not fully covered by Medicare Part A.

2003 Changes in Plan Provisions Since 2002:

- The actuarial investment assumption rate was changed from 8.75 percent to 8.50 percent, the rate of inflation assumption was changed from 4.50 percent to 3.75 percent, the real rate of return assumption was changed from 4.25 percent to 4.75 percent, and the payroll growth rate assumption was changed from 5.50 percent to 4.50 percent.

For the Years Ended December 31
(In Thousands of Dollars)

PERSONNEL SERVICES	2008	2007
Salaries	$18,787	$16,603
Employee benefits	5,183	4,914
Total personnel services	23,970	21,517
PROFESSIONAL CONTRACTS		
Actuarial contracts	406	260
Audits	168	160
Investment services	1,249	1,153
Legal and legislative counsel	1,589	1,023
Computer services and consulting	388	494
Management consulting	1,171	1,033
Health care consultants	95	110
Other	350	385
Total professional contracts	5,416	4,618
MISCELLANEOUS		
Equipment rental and services	905	795
Memberships	206	157
Publications and subscriptions	53	70
Travel and local expense	660	572
Auto expense	19	18
Telephone	263	298
Postage	1,407	1,007
Insurance	264	262
Printing	577	542
Office supplies	998	434
Building rent, supplies, and utilities	1,091	806
Total miscellaneous	6,443	4,961
Total budgeted expense	35,829	31,096
Depreciation expense	769	910
Life Insurance Reserve direct expenses	314	1,585
Health Care Trust Fund direct expenses	7,841	7,349
Voluntary Investment Program direct expenses	4,599	5,122
Total expense	49,352	46,062
Interfund–tenant and other expense	899	1,018
Interfund–internal investment manager expenses	(9,377)	(7,971)
Total administrative expense	$40,874	$39,109
ALLOCATION OF ADMINISTRATIVE EXPENSE		
State Division Trust Fund	$8,639	$6,963
School Division Trust Fund	12,815	11,942
Local Government Division Trust Fund	2,102	1,918
Judicial Division Trust Fund	21	19
Voluntary Investment Program	4,973	5,484
Health Care Trust Fund	11,838	11,051
Life Insurance Reserve	486	1,732
Total allocation	$40,874	$39,109

SUPPLEMENTARY SCHEDULES—SCHEDULE OF INVESTMENT EXPENSES

For the Years Ended December 31
(In Thousands of Dollars)

	2008	2007
External manager expenses		
Fixed income	$3,693	$3,963
Domestic stocks	2,763	3,171
International stocks	12,940	17,396
Alternative investments	50,601	48,195
Real estate investments	28,822	39,028
Opportunity fund investments	(916)	11,025
Total external manager expenses	97,903	122,778
Internal manager expenses	9,377	7,971
Other investment expenses and custody fees	961	703
Total investment expenses	$108,241	$131,452

SUPPLEMENTARY SCHEDULES—SCHEDULE OF PAYMENTS TO CONSULTANTS

For the Years Ended December 31
(In Thousands of Dollars)

	2008	2007
Professional contracts		
Actuarial contracts	$406	$260
Audits	168	160
Legal and legislative counsel	1,589	1,023
Computer services and consulting	388	494
Management consulting	1,171	1,033
Healthcare consulting	95	110
Other	350	385
Total payments to consultants[1]	$4,167	$3,465

[1] Excludes investment services.

SUPPLEMENTARY SCHEDULES—SCHEDULE OF OTHER ADDITIONS

For the Years Ended December 31
(In Thousands of Dollars)

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT TRUST FUND	JUDICIAL DIVISION TRUST FUND	TOTAL DEFINED BENEFIT PLANS	VOLUNTARY INVESTMENT PROGRAM	TOTAL PENSION TRUST FUNDS	HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE	TOTAL 2008	TOTAL 2007
Administrative fee income	$—	$—	$—	$—	$—	$—	$—	$1,295	$—	**$1,295**	$1,266
Alliance fees	—	—	—	—	—	1,198	1,198	—	—	**1,198**	1,434
401(k) participant loan interest	—	—	—	—	—	3,129	3,129	—	—	**3,129**	2,825
Purchase service transfer to HCTF	—	—	—	—	—	—	—	11,508	—	**11,508**	11,188
Transfer in of recovered distributions	—	—	—	—	—	122	122	—	—	**122**	2,035
Miscellaneous	7	19	(2)	—	24	26	50	—	—	**50**	103
Total other additions	$7	$19	($2)	$—	$24	$4,475	$4,499	$12,803	$—	**$17,302**	$18,851

SUPPLEMENTARY SCHEDULES—SCHEDULE OF OTHER DEDUCTIONS/(TRANSFERS)

For the Years Ended December 31
(In Thousands of Dollars)

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT TRUST FUND	JUDICIAL DIVISION TRUST FUND	TOTAL DEFINED BENEFIT PLANS	VOLUNTARY INVESTMENT PROGRAM	TOTAL PENSION TRUST FUNDS	HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE	TOTAL 2008	TOTAL 2007
Interfund transfers at retirement	$1,996	($2,200)	$559	($355)	$—	$—	$—	$—	$—	**$—**	$—
Purchase service transfer to HCTF	4,572	5,445	1,458	33	11,508	—	11,508	—	—	**11,508**	11,188
Miscellaneous	45	27	(3)	—	69	—	69	—	—	**69**	170
Total other deductions (transfers)	$6,613	$3,272	$2,014	($322)	$11,577	$—	$11,577	$—	$—	**$11,577**	$11,358

SUPPLEMENTARY SCHEDULES— VOLUNTARY INVESTMENT PROGRAM STATEMENT OF FIDUCIARY NET ASSETS BY COMPONENT PLAN

For the Year Ended December 31, 2008
(In Thousands of Dollars)

ASSETS	401(k) PLAN	COLORADO PERA DC PLAN	VOLUNTARY INVESTMENT PROGRAM
Cash and short-term investments	$175,509	$2,087	$177,596
Receivables			
Benefit	58,354	300	58,654
Investment settlements and income	2,624	(2)	2,622
Total receivables	60,978	298	61,276
Investments, at fair value			
Fixed income	253,396	672	254,068
Domestic stocks	692,584	1,507	694,091
International stocks	125,029	438	125,467
Total investments, at fair value	1,071,009	2,617	1,073,626
Total assets	1,307,496	5,002	1,312,498
LIABILITIES			
Investment settlements and other liabilities	3,643	6	3,649
Interfund	46	—	46
Total liabilities	3,689	6	3,695
Net assets held in trust for pension plan benefits	**$1,303,807**	**$4,996**	**$1,308,803**

SUPPLEMENTARY SCHEDULES— VOLUNTARY INVESTMENT PROGRAM STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS BY COMPONENT PLAN

For the Year Ended December 31, 2008
(In Thousands of Dollars)

ADDITIONS	401(k) PLAN	COLORADO PERA DC PLAN	VOLUNTARY INVESTMENT PROGRAM
Contributions			
Employers	$3,866	$1,946	$5,812
Members	157,937	1,564	159,501
Total contributions	161,803	3,510	165,313
Investment income			
Net depreciation in fair value of investments	(534,626)	(934)	(535,560)
Interest	12,075	42	12,117
Dividends	21,732	51	21,783
Net loss from investing activities	(500,819)	(841)	(501,660)
Securities lending income	525	—	525
Less securities lending borrower rebates	(554)	—	(554)
Less securities lending agent fees	(14)	—	(14)
Net loss from securities lending	(43)	—	(43)
Net investment loss	(500,862)	(841)	(501,703)
Other additions	4,472	3	4,475
Total additions	(334,587)	2,672	(331,915)
DEDUCTIONS			
Refunds of contribution accounts	87,571	215	87,786
Administrative expenses	4,965	8	4,973
Total deductions	92,536	223	92,759
Net increase/(decrease) in assets available	**(427,123)**	**2,449**	**(424,674)**
Net assets held in trust for pension plan benefits			
Beginning of year	**1,730,930**	**2,547**	**1,733,477**
End of year	**$1,303,807**	**$4,996**	**$1,308,803**

INVESTMENT SECTION

Colorado PERA's staff manages over 50 percent of investments in-house, providing cost savings in investment fees annually.

State Law

State law gives complete responsibility for the investment of Colorado PERA's funds to the Board of Trustees, with some stipulations including:

- The aggregate amount of monies invested in corporate stocks or corporate bonds, notes, or debentures, which are convertible into stock or in investment trust shares cannot exceed 65 percent of the then book value of the fund.
- No investment of the fund in common or preferred stock (or both) of any single corporation can exceed 5 percent of the then book value of the fund.
- The fund cannot acquire more than 12 percent of the outstanding stock or bonds of any single corporation.

Board of Trustees' Statutory Fiduciary Responsibility

By State law, the management of Colorado PERA's retirement fund is vested in the Colorado PERA Board of Trustees who are held to the standard of conduct of f duciaries in discharging their responsibilities. According to C.R.S. § 24-51-207(2), Colorado PERA's Trustees, as f duciaries, must carry out their functions solely in the interest of Colorado PERA members and benef t recipients and for the exclusive purpose of providing benef ts.

Goal

The function of Colorado PERA is to provide present and future retirement or survivor benefits for its members. The investment function is managed in a manner to promote long-term financial security for our membership while maintaining the stability of the fund.

Outline of Investment Policy

Colorado PERA's investment policy outlines the investment philosophy and guidelines within which the fund's investments will be managed.

The investment philosophy of Colorado PERA includes the following:

- Strategic asset allocation is the most signif cant factor inf uencing long-term investment performance and asset volatility.
- The fund's liabilities are long-term and the investment strategy will therefore be long-term in nature.
- The asset allocation policy will be periodically re-examined to ensure its appropriateness to the then-prevailing liability considerations.
- As a long-term investor, Colorado PERA will invest across a wide spectrum of investments in a prudent manner.
- Active management may be expected to add value over passive investment alternatives under appropriate conditions.

The Board of Trustees determines the strategic asset allocation policy for the fund. The Board's policy specif es the desired target allocation for each asset class as well as the ranges within which each asset class may operate. The targeted asset allocation mix in effect during 2008 and the specif ed ranges for each asset class are as follows:

ASSET CLASS	TARGET ALLOCATION	PERMISSIBLE RANGE
Domestic Equity	43%	40% – 46%
International Equity	15%	12% – 18%
Fixed Income	25%	22% – 28%
Real Estate	7%	4% – 10%
Alternative Investments	7%	4% – 10%
Opportunity Fund	3%	0% – 6%
Total	100%	

The asset allocation policy is determined by an intensive asset/liability analysis. Expected investment returns, risks, and correlations of returns are considered. The characteristics of the fund's liabilities are analyzed in conjunction with expected investment risks and returns. The targeted strategic asset allocation is designed to provide appropriate diversif cation and balance expected total rate of return with the volatility of expected returns. The asset allocation targets are adhered to through the implementation of a rebalancing policy.

In March 2008, the Board approved combining the domestic and international equity asset classes into a global equity asset class and approved a new asset allocation target. In September 2008, the Board approved a new permissible range for the global equity asset class. The new asset allocation target and specif ed range will be effective January 1, 2009. The new allocation targets and the specif ed ranges are as follows:

ASSET CLASS	TARGET ALLOCATION	PERMISSIBLE RANGE
Global Equity	58%	52% – 64%
Fixed Income	25%	22% – 28%
Real Estate	7%	4% – 10%
Alternative Investments	7%	4% – 10%
Opportunity Fund	3%	0% – 6%
Total	100%	

Investments are managed and monitored in a manner which seeks to balance return and risk within the asset/liability framework. The Chief Investment Off cer is authorized to execute investment transactions on behalf of the Board. Assets are managed both internally and externally. In making investment decisions, the Board and staff utilize external experts in various f elds including risk and performance analysis, portfolio construction, rebalancing techniques, and other important investment functions and issues.

Corporate Governance

General Policy

Although Colorado PERA is not subject to the Employee Retirement Income Security Act of 1974 (ERISA), the Colorado PERA Board complies with the position taken by the U.S. Department of Labor (DOL) in February 1988. The DOL has stated that the right to vote shares of stock owned by a pension plan is, in itself, an asset of the plan, and therefore the f duciary's responsibility to manage the assets includes proxy voting. Colorado PERA regularly joins with other pension plans to directly engage companies to encourage the implementation of sound principles of corporate governance and works with various federal oversight and legislative committees to promote and support national standards of corporate governance that protect long-term investor interests.

Board of Trustees Shareholder Responsibility Committee
To assist the Board of Trustees in carrying out its f duciary responsibilities in voting proxies, the Board established a Shareholder Responsibility Committee. The Colorado PERA General Counsel serves as an adviser to the Committee. The Board and the Shareholder Responsibility Committee have delegated to the Legal Department the authority to execute and vote all domestic proxies according to the Board Proxy Voting Policy. All proxy issues are reviewed by staff on a case-by-case basis and then voted according to guidelines established by the Policy. Colorado PERA retains proxy voting analysts to assist in the proxy voting process.

Proxy Voting Policy
The Board's Proxy Voting Policy sets forth directives on the following nine issues: Board of Directors, Proxy Contests and Corporate Defenses, Tender Offers and Corporate Defenses, Corporate Restructurings, State of Incorporation, Proxy System, Executive Compensation, Corporate Governance, and Social Issues. The voting of proxy ballots for international stocks is delegated to Colorado PERA's external international equity managers consistent with certain requirements established by the Board. Colorado PERA regularly reviews and revises the Policy to keep it up to date with established corporate governance standards. Colorado PERA's Proxy Voting Policy can be viewed on Colorado PERA's Web site at www.copera.org.

(Colorado PERA's Report on Investment Activity was prepared by internal staff.)

Alignment Capital Group, LLC
Banc of America Securities LLC
Bank of New York
Barclays Capital Inc.
BB&T Capital Markets
Bear Stearns & Co. Inc.
BNP Paribas Securities Services
Broadpoint Capital, Inc.
B-Trade Services LLC
Cantor, Fitzgerald & Co.
Capital Institutional Services, Inc.
Citigroup Global
Credit Suisse First Boston Corporation
D.A. Davidson & Co.
Deutsche Bank Securities Inc.
Dresdner Kleinwort Securities, LLC
Ennis Knupp & Associates
First Tennessee Capital Markets
Goldman, Sachs & Co.
Greenwich Capital Markets, Inc.
Heitman Capital Management Corp.
HSBC Securities (USA) Inc.
INVESCO Realty Advisors
ITG—Investment Technology Group
Jefferies & Co., Inc.
Jones Lang LaSalle
J.P. Morgan Chase
Keefe, Bruyette & Woods
La Branche Financial Services, Inc.
Lehman Brothers Inc.
Liquidnet, Inc.
Merrill Lynch Pierce Fenner & Smith, Inc.
Mizuho Securities USA, Inc.
Morgan Stanley & Co. Inc.
Northern Trust
Pipeline Trading Systems, Inc.
Piper Jaffray & Co.
Putnam Lovell NBF Securities, Inc.
Robert W. Baird & Co. Inc.
RREEF Real Estate Investment Managers
R.V. Kuhns & Associates, Inc.
Sanford C. Bernstein & Co. LLC
Stifel Nicolaus & Company, Inc.
UBS Warburg Securities LLC
Wachovia Securities Financial

Certain broker agreements include provisions for commission recapture.

INVESTMENT SUMMARY

Does not include the Voluntary Investment Program
(In Thousands of Dollars)

	MARKET VALUE PER FINANCIAL STATEMENT DECEMBER 31, 2008	REALLOCATION[1]	MARKET VALUE PER INVESTMENT PORTFOLIO DECEMBER 31, 2008	TARGET[2]	PERCENT OF TOTAL MARKET VALUE 2008	2007	2006
Domestic Equity	$11,251,020	$60,486	$11,311,506	43.0%	**38.4%**	43.3%	43.3%
Fixed Income	7,700,246	142,866	7,843,112	25.0%	**26.6%**	23.9%	23.5%
International Equity	3,870,465	31,820	3,902,285	15.0%	**13.2%**	15.7%	16.2%
Alternative Investments	2,612,917	18,405	2,631,322	7.0%	**8.9%**	7.7%	8.3%
Real Estate Investments	2,612,674	(9,165)	2,603,509	7.0%	**8.9%**	7.6%	6.9%
Opportunity Fund[3]	446,333	—	446,333	3.0%	**1.5%**	1.1%	1.1%
Cash and Short-Term Investments							
Operating Cash	1,834	(1,834)	—				
Investment Cash and Short-Term	955,392	(208,860)	746,532	0.0%	**2.5%**	0.7%	0.7%
Net Investment Receivables and Payables	35,552	(35,552)	—				
Total Investments	**$29,486,433**	**($1,834)**	**$29,484,599**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

[1] Investment receivables, payables, accruals, and cash and short-term have been reallocated back to the investment portfolios that hold them.

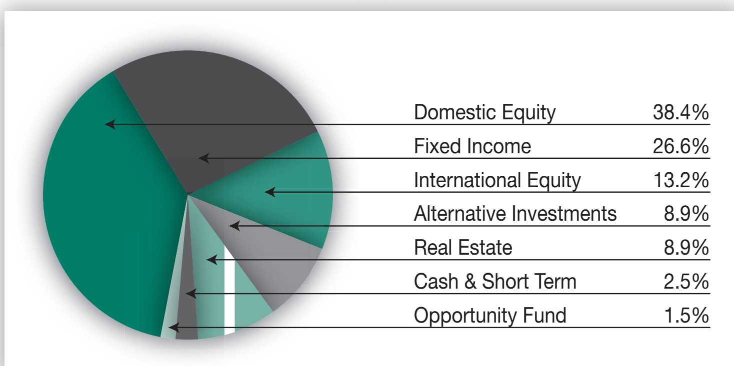
[2] An Asset/Liability Study was undertaken in 2002 and in 2005 with the objective of determining the optimal strategic asset allocation policy. The 2005 Study ref ned the targets and ranges set in 2002. On November 15, 2007, the Board added the Opportunity Fund asset class and adjusted the targets and ranges to their current level as of January 1, 2008.

[3] The Board changed the asset class from Timber to Opportunity Fund (which includes Timber) as of January 1, 2008.

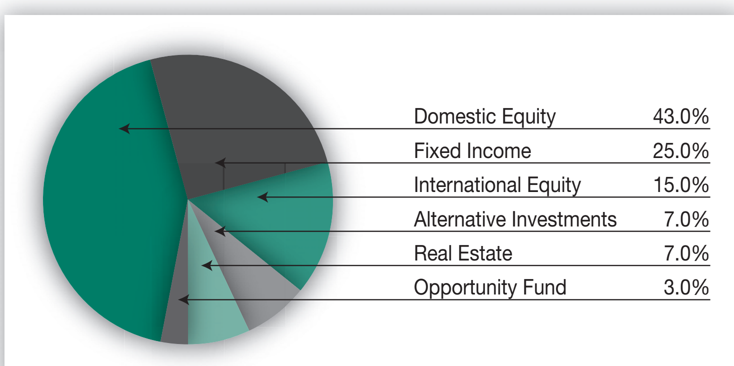
ASSET ALLOCATION AT MARKET VALUE

Does not include the Voluntary Investment Program
Year End December 31, 2008

ASSET ALLOCATION AT MARKET VALUE



TARGET ALLOCATIONS



Evaluation

Ennis Knupp and Associates and The Northern Trust Company are retained by Colorado PERA to evaluate fund performance. Ennis Knupp and Associates is also used for the real estate portfolio performance evaluation and industry comparisons. In their analysis, Ennis Knupp and The Northern Trust include all investments within the portfolio, including cash and accrued income. They also compute the annual rates of return. In order to provide fund returns inclusive of all asset classes, performance calculations were prepared using time-weighted rates of return.

Asset Allocation

Colorado PERA's long-term strategic asset allocation policy sets forth specif c portfolio targets. Asset allocation targets effective during 2008, approved by the Colorado PERA Board of Trustees in 2007, are as follows: domestic equity 43 percent, international equity 15 percent, f xed income 25 percent, alternative investments 7 percent, real estate investments 7 percent, and opportunity fund 3 percent. The Colorado PERA Board has approved new asset allocation targets effective January 1, 2009, as follows: global equity 58 percent, f xed income 25 percent, alternative investments 7 percent, real estate investments 7 percent, and opportunity fund 3 percent.

Total Portfolio Results

For the year ended December 31, 2008, Colorado PERA's total fund returned negative 26.0 percent, compared to the BNY Mellon Performance and Risk Analytics' Median Public Fund return of negative 26.8 percent. The BNY Mellon Performance and Risk Analytics' Median Public Fund universe consists of 87 public pension funds compiled by BNY Mellon Performance & Risk Analytics with aggregate assets of $832 billion. Colorado PERA's total fund returned negative 2.0 percent and 3.3 percent on a three– and f ve–year annualized basis, compared with BNY Mellon Performance and Risk Analytics' Median Public Fund returns of negative 3.0 percent and 2.1 percent, respectively, for these periods. Colorado PERA's 10–year annualized rate of return was 3.4 percent compared to the BNY Mellon Performance and Risk Analytics' Median Public Fund return of 3.4 percent.

Colorado PERA adopted a policy benchmark, which is a passive representation of the asset allocation policy, as of April 1, 2004. For the one-year and three–year periods ending December 31, 2008, the total fund returned negative 26.0 percent and negative 2.0 percent, respectively, compared to the policy benchmark return of negative 27.7 percent and negative 3.4 percent, respectively.

Domestic Stocks

The U.S. stock market ended 2008 down sharply, making the calendar year performance one of the worst in the history of the U.S. market. Battered by swiftly deteriorating macroeconomic data, equity investors f ed stocks of all capitalization sizes and investment styles. At the beginning of the fourth quarter, frozen credit markets intensif ed risk aversion, which caused stock market volatility to increase to record levels. The broad stock market sell-off intensif ed, fueled by signif cant selling from hedge funds and mutual funds struggling to meet investor redemptions.

By late October, the two-year old mortgage lending crisis had grown into a global systemic meltdown, which required unprecedented, coordinated f scal intervention to stabilize capital markets. As the turmoil in the f nancial system threatened to lead the world into a deep and prolonged recession, the U.S. economy continued to stumble and equity markets crashed. On top of the rapidly deteriorating economic news, multiple f nancial institutions failed or received government support, Iceland's f nancial system collapsed, a multi-billion dollar Ponzi scheme unraveled, and the U.S. auto industry received a partial bailout.

In addition to the extreme levels of volatility that prevailed in the fourth quarter, correlations across major asset classes rose substantially, as did the correlations across U.S. market capitalization segments and equity styles. Every sector of the U.S. market declined signif cantly in 2008, with the traditionally defensive consumer staples sector decreasing the least. More cyclically sensitive sectors, such as f nancials, basic materials, and information technology, fared the worst. From a style perspective, growth stocks outperformed value stocks for a second year in a row. U.S. small cap stocks noticeably outperformed larger cap stocks in 2008, principally due to a smaller relative exposure to the f nancial sector.

In 2008, Colorado PERA's total domestic equity portfolio returned negative 36.4 percent, compared to its benchmark's total return of negative 37.2 percent. Colorado PERA's three–year annualized domestic equity portfolio total return was negative 8.0 percent, exceeding the benchmark's return of negative 8.4 percent. The f ve–year annualized total return for Colorado PERA's domestic portfolio was negative 1.4 percent, compared to the benchmark's total return of negative 1.8 percent.

International Stocks

In 2008, the global equity market suffered from the combination of frozen banking systems, recession fears, and forced liquidations. Foreign stock markets were pummeled for much of the second half of 2008 as non-U.S. stock markets underperformed their U.S. counterparts. Alarmed by the world's impaired financial systems and the emergence of the fi st global recession in decades, investors hastily sold shares of international companies. The MSCI EAFE Index and MSCI Emerging Markets Index, two well-known indicators of the performance of foreign stocks in developed and emerging markets, skidded negative 20.0 percent and negative 27.6 percent, respectively, during the fourth quarter. The relative strength of the U.S. dollar was a key factor contributing to the underperformance of international equities. The U.S. dollar, despite weakening against many currencies in the fourth quarter, ended the year stronger which negatively impacted U.S.-based equity investors' returns.

During the latter half of 2008, economies slowed sharply in every major region of the globe, including emerging markets such as China and India, which had been acting as key growth drivers for the world. Despite aggressive intervention by central banks to provide liquidity, stimulate credit markets, and reduce interest rates, fears of a global recession and the uncertain outlook for near-term corporate profits kept international equity markets under severe pressure.

In 2008, economically sensitive emerging market stocks underperformed developed market stocks due to heightened concerns about global financial and economic conditions. Falling commodity prices were a particular negative for several emerging market countries which are net exporters of commodities. The benchmark for the international equity asset class is the MSCI All-Country World Ex-U.S. Index. This index is a free float-adjusted capitalization weighted index of stocks representing 22 developed stock markets (approximately 82 percent of index weighting) and 23 emerging stock markets (approximately 18 percent of index weighting) from around the world. Among the major developed markets, a noticeable relative outperformer was Japan, which benefited from the strength of the Japanese yen. The U.S. dollar weakened 19 percent against the yen in 2008, as investors reversed trades involving borrowed yen.

Colorado PERA's international equity return in 2008 was negative 45.1 percent, outperforming the negative 45.5 percent return for its benchmark. Colorado PERA's three–year annualized international equity portfolio total return figure was negative 6.6 percent, ahead of the benchmark's return of negative 7.0 percent. The five–year annualized total return for Colorado PERA's international portfolio was 3.0 percent, compared to the benchmark's total return of 2.4 percent.

Fixed Income

The U.S. economy officially entered a recession at the beginning of 2008, two years after the initial subprime lending problems surfaced. Following the bankruptcy of Lehman in mid-September, which was a pivotal turning point, the turmoil in financial markets accelerated and the economy suffered its worst decline since 1982. Real gross domestic product plunged by 3.8 percent during the fourth quarter after a 0.5 percent decline in the third quarter of 2008. Most developed economies also entered a recession during the year and began to slow abruptly. The realization that the global economic cycle may be far worse than previously feared caused investors to seek liquidity. Global financial intermediation came to a halt during the last quarter of the year as banks, fearful of their own solvency, stopped lending. New issuance of corporate bonds and commercial paper largely ceased and credit creation came to a standstill. Securitization and structured credit transactions halted and counterparty risk was elevated.

To underscore the seriousness of the deepening recession and to forestall deflation, the Federal Reserve cut the Federal Funds rate seven times during the year from 4.25 percent at the beginning of the year to a range of 0.0 percent to 0.25 percent with the intention to keep it there "for some time." In a coordinated move, many central banks also cut short-term interest rates to bolster their markets. Governments around the world injected approximately $16 trillion in potential liquidity through various rescue plans to stabilize financial institutions, of which approximately $11 trillion was provided by the U. S. Government and the Federal Reserve. For the first time the Fed also indicated its willingness to consider purchasing longer-term Treasury securities, in addition to buying agency and mortgage-backed debt. The Federal Reserve's extension of credit to financial institutions more than doubled its balance sheet in 2008 to more than $2 trillion.

As the massive flight-to-liquidity and safety continued during the second half of the year, the three-month Treasury bill yield declined to 8 basis points at the end of the year and touched a historic low of 0 percent on several days in December. Treasury yields of all maturities declined markedly during 2008 and, accordingly, U.S. Treasury securities out-performed all other fixed income securities. The worst performing sectors during the year were corporate high yield bonds, commercial mortgage-backed securities, and emerging market debt.

Colorado PERA's fixed income portfolio returned 4.2 percent during 2008, which exceeded the benchmark's return of 2.4 percent. Colorado PERA's three–year and five–year returns for the fixed income portfolio were 5.2 percent and 4.6 percent, respectively, compared to the benchmark's returns of 4.6 percent and 4.3 percent, respectively.

Alternatives

The crisis in the financial markets also impacted the private equity markets in 2008. Through September, fundraising and deal-making metrics in the private equity industry were on pace with volumes a year earlier, despite a slowdown in the amount of debt being issued for large buyouts. The events in September 2008 created additional concerns for the private equity industry. Investment banking activities dwindled and the lack of available debt financing created an extremely difficult environment for new investment opportunities. Consequently, private equity firms retrenched and focused on their current portfolios, emphasizing operational improvements and cost controls, with the intent of coming out of the current recession in a position of relative strength. The deterioration in the public equity markets caused private equity allocations for large institutional investors to rise. Rising allocations and liquidity constraints caused many institutional investors to put a hold on new investment activity. Other investors considered the secondary market to relieve allocation pressure or decrease their commitment obligations. Fundraising was difficult for private equity firms given the market conditions. Estimates show private equity firms raising $266 billion in 2008, down almost 20 percent from 2007 totals.

2008 was the year of distressed opportunities. Sponsors that focused on distressed debt, restructurings, and turnarounds found plenty of investment opportunities. Many financial institutions seeking balance-sheet relief looked to private firms with mandates in the distressed area for solutions. Given the market conditions during the year, many institutional investors, including Colorado PERA, found this an attractive area of opportunity and tactically allocated capital here.

While the venture capital industry is not as reliant on the debt markets, venture firms were not immune to the difficult environment in 2008. It was a lackluster year for exits. Merger and acquisition activity was light and the initial public offering window was virtually closed with only a few venture-backed companies taken public during the year.

Colorado PERA's alternative investment portfolio returned negative 26.3 percent in 2008 compared with the custom alternatives benchmark return of negative 34.2 percent. Colorado PERA's alternative investment portfolio returned 3.0 percent and 10.0 percent for the three– and f ve–year annualized periods compared with the annualized custom benchmark returns of negative 5.4 percent and 1.3 percent, respectively, for the same periods. The alternative investment program's net, since inception internal rate of return as of December 31, 2008, is 9.7 percent compared to the custom benchmark's since inception internal rate of return of 8.7 percent.

Real Estate

The deterioration in the global economy and the crisis of conf dence across all f nancial markets has had a signif cant impact on real estate market values and fundamentals. Leasing activity slowed and landlords reduced rents and increased incentives in order to maintain occupancy. Although supply remains contained in most markets, vacancy rates are rising and are expected to continue to do so.

Retail and industrial property rents are expected to suffer through this downturn, while off ce rents and occupancy are expected to experience the greatest declines. Apartments are also expected to experience net rent declines.

The commercial capital markets were seriously impacted by the credit liquidity crisis and recent job losses. This signif cantly slowed the acquisition and sales activity in the commercial property markets in 2008. The commercial mortgage-backed security public debt market was effectively closed in 2008, so debt f nancing was left to the commercial banks and insurance companies, whose lending capacity was limited. Until the f nancing/lending markets return and employment begins to rise, transaction volume will likely remain muted.

In 2008, the real estate portfolio had a total return of negative 18.3 percent, compared to its custom benchmark return of negative 9.7 percent. The real estate portfolio returned 6.2 percent and 13.1 percent for the three- and f ve-year annualized periods, respectively, compared to the custom benchmark returns of 6.7 percent and 10.4 percent, respectively. The custom benchmark is the net of fees NCREIF Open-End Fund Index plus 100 basis points premium (Net NFI + 100). At December 31, 2008, real estate was principally comprised of U.S. private equity and international private equity investments.

Opportunity Fund

Colorado PERA's Opportunity Fund returned 0.8 percent versus its benchmark return of negative 28.5 percent for the year ended December 31, 2008. Colorado PERA's timber portfolio currently comprises all of the Opportunity Fund. In 2008, no acquisitions were made by the timberland manager on behalf of Colorado PERA and sales totaled $5.0 million. Colorado PERA's timber portfolio produced one–, three–, and f ve–year annualized returns of 0.8 percent, 10.6 percent, and 13.1 percent, respectively compared with the NCREIF Timberland Index returns of 9.5 percent, 13.8 percent and 14.4 percent, respectively, for these periods.

SCHEDULE OF INVESTMENT RESULTS

Does not include the Voluntary Investment Program
As of December 31, 2008

Ennis Knupp & Associates, the Board's Investment Performance consultant, provides the investment returns for the fund based on data made available by the fund's custodian, The Northern Trust Company. Listed below are the one–, three–, f ve–, and 10–year net-of-fee time-weighted rates of return for each asset class and their respective benchmarks.

	2008	3–YEAR	5–YEAR	10–YEAR
Colorado PERA Total Portfolio	**(26.0%)**	(2.0%)	3.3%	3.4%
Total Fund Policy Benchmark	**(27.7%)**	(3.4%)	—	—
Median Plan (BNY Mellon Performance and Risk Analytics' Median Public Fund Universe)	**(26.8%)**	(3.0%)	2.1%	3.4%
Domestic Stocks	**(36.4%)**	(8.0%)	(1.4%)	(0.1%)
DJ Wilshire 5000 Index[1]	**(37.2%)**	(8.4%)	(1.8%)	(0.7%)
International Stocks	**(45.1%)**	(6.6%)	3.0%	2.9%
MSCI ACWI Ex-U.S.[1]	**(45.5%)**	(7.0%)	2.4%	1.3%
Fixed Income	**4.2%**	5.2%	4.6%	5.3%
Barclays Capital Universal[1]	**2.4%**	4.6%	4.3%	5.5%
Barclays Capital Aggregate	**5.2%**	5.5%	4.7%	5.6%
Alternative Investments	**(26.3%)**	3.0%	10.0%	9.4%
Custom Alternative Benchmark[2]	**(34.2%)**	(5.4%)	1.3%	2.4%
Real Estate	**(18.3%)**	6.2%	13.1%	11.9%
Custom Real Estate Benchmark[3]	**(9.7%)**	6.7%	10.4%	10.2%
Opportunity Fund	**0.8%**	—	—	—
Public Markets Benchmark[4]	**(28.5%)**	—	—	—

Note: Performance calculations were prepared using net-of-fee time-weighted rates of return.

[1] The Colorado PERA Board of Trustees adopted new benchmarks for domestic stock, international stock, and f xed income as of April 1, 2004. Accordingly, the benchmark returns presented represent a blend, as follows:

- The Total Fund benchmark is a combination of 43 percent of the DJ Wilshire 5000 Stock Index; 15 percent of the Morgan Stanley Capital International All Country World Ex-U.S. Index; 25 percent of the Barclays Capital Universal Bond Index; 7 percent of the Colorado PERA Real Estate Index; 7 percent of the Colorado PERA Alternatives Index; and 3 percent of the Public Markets Benchmark. Prior to January 1, 2008, the weight for the DJ Wilshire 5000 was 45 percent and the NCREIF Timber Index (which was replaced by the Public Markets Benchmark in 2008) was 1 percent. Prior to January 1, 2006, the weight for the MSCI ACWI excluding-U.S. Index was 14 percent and the Custom Alternative Benchmark was 8 percent.
- Domestic Stocks—DJ Wilshire 5000 Index beginning April 1, 2004; S&P 1500 prior to April 1, 2004.
- International Stocks—MSCI ACWI excluding U.S. beginning April 1, 2004; EAFE Custom Index (75 percent MSCI EAFE Index and 25 percent MSCI EAFE excluding Japan) prior to April 1, 2004.
- Fixed Income—Barclays Capital Universal (formerly Lehman Universal) beginning April 1, 2004; Barclays Capital Aggregate (formerly Lehman Aggregate) prior to April 1, 2004.

[2] DJ Wilshire 5000 plus 300 basis points annually.

[3] Beginning January 1, 2006: NFI (NCREIF Open-End Core Fund Index) plus 100 basis points annually; prior to January 1, 2006: 15 percent NAREIT, 45 percent NCREIF Property, 20 percent CITI Mortgage, and 20 percent Global Property Research.

[4] Beginning January 1, 2008: 51.8 percent DJ Wilshire 5000, 18.1 percent MSCI ACWI excluding U.S., and 30.1 percent Barclays Capital Universal.

PROFILE OF INVESTMENTS IN COLORADO

Does not include the Voluntary Investment Program
As of December 31, 2008
(In Thousands of Dollars)

	MARKET VALUE
Common stock of companies headquartered in Colorado	$122,775
Funds under management of Colorado companies[1]	97,909
Real Estate equity	59,752
Committed to future funding	14,484
Colorado PERA portion of general partnerships investing in Colorado companies[2]	60,921
Bonds and notes of companies headquartered in Colorado	29,082
Total	**$384,923**

[1] Venture capital partnerships and private placements domiciled in Colorado.
[2] General Partners based outside of Colorado.

LARGEST STOCK HOLDINGS BY MARKET VALUE

Does not include the Voluntary Investment Program
As of December 31, 2008
(In Thousands of Dollars)

	SHARES	MARKET VALUE
Exxon Mobil Corp.	4,912,000	$392,125
Procter & Gamble Co.	3,421,647	211,526
AT&T Inc.	6,637,532	189,170
Chevron Corp.	2,449,660	181,201
Microsoft Corp.	9,113,900	177,174
Johnson & Johnson Co.	2,940,600	175,936
Wal-Mart Stores Inc.	2,751,100	154,227
General Electric Co.	8,382,700	135,800
International Business Machines Corp.	1,605,000	135,077
Hewlett Packard Co.	3,397,200	123,284

The top ten holdings do not include commingled funds.
A complete list of holdings is available upon request.

LARGEST BOND HOLDINGS BY MARKET VALUE

Does not include the Voluntary Investment Program
As of December 31, 2008
(In Thousands of Dollars)

	PAR VALUE	INCOME RATE	MATURITY DATE	MARKET VALUE
US Treasury Notes	$240,000	4.625%	10/31/2011	$264,937
US Treasury Notes	115,000	1.500%	10/31/2010	116,716
US Treasury Notes	88,000	4.250%	8/15/2014	101,145
US Treasury Notes	75,000	4.875%	8/15/2016	89,619
FNMA Pool #745418	86,586	5.500%	4/1/2036	88,862
US Treasury Bonds	65,000	6.250%	8/15/2023	88,654
US Treasury Notes	77,300	4.125%	5/15/2015	88,653
US Treasury Notes	85,000	1.250%	11/30/2010	85,913
US Treasury Bonds	52,000	8.125%	8/15/2019	76,854
US Treasury Bonds	50,000	4.500%	5/15/2038	68,242

The top ten holdings do not include commingled funds.
A complete list of holdings is available upon request.

(In Thousands of Dollars)

Overview

The Colorado PERA Voluntary Investment Program was established on January 1, 1985, under Section 401(k) of the Internal Revenue Code. This section includes information about the Voluntary Investment Program; however, a separate *Annual Report for Colorado PERA's 401(k) and DC Plans* is published and mailed to all plan participants.

The Voluntary Investment Program has two components. The f rst component includes voluntary contributions made by Colorado PERA members in the State, School, Local Government, and Judicial Division Trust Funds. These contributions are entirely separate from those that members make to the def ned benef t plans each month. The second component was added January 1, 2006, and is made up of contributions from participants in the Colorado PERA Def ned Contribution Plan (Colorado PERA DC).

On December 31, 2008, the 401(k) Plan had net assets of $1,303,807 and 72,353 accounts, a net decrease of 25 percent in the total plan value in one year, and a 1 percent decrease in the number of participants.

On December 31, 2008, the Colorado PERA DC Plan had net assets of $4,996 and 864 accounts, a net increase of 96 percent in the total plan value in the year, and a 77 percent increase in the number of participants with an account.

401(k) Plan Year-End Statistics

YEAR	ASSETS	NUMBER OF ACCOUNTS
1999	$514,115	24,224
2000	557,670	35,162
2001	674,618	64,632
2002	737,849	70,664
2003	914,015	72,185
2004	1,204,725	73,634
2005	1,296,998	72,867
2006	1,522,244	72,707
2007	1,730,930	72,832
2008	**1,303,807**	**72,353**

Colorado PERA DC Plan Year-End Statistics

YEAR	ASSETS	NUMBER OF ACCOUNTS
2006	$595	225
2007	2,547	489
2008	**4,996**	**864**

Outline of Investment Policies

Objectives

The Board of Trustees is responsible for approving an appropriate range of investments that address the risk/return spectrum available to the Voluntary Investment Program's participants. It is the objective of the plan to:

- Provide suff cient variety among the investment categories so that participants may choose from a range of investment opportunities having different expected risks and different expected returns within a reasonably limited number of choices.
- Provide investment funds that have investment returns comparable to returns for funds having similar objectives and risk within the particular investment categories.
- Control management costs within reasonable and prudent levels.

Responsibilities

The Board of Trustees is responsible for:

- The oversight of the Voluntary Investment Program and portfolio composition.
- Approving changes to the plan document.
- Approving the investment policy and amendments thereto.
- Accepting or rejecting the Investment Advisory Committee's recommendations with regard to policy, objectives and specif c investment categories and funds.

The Investment Advisory Committee (IAC), a committee of internal management staff, monitors and evaluates the plan's investment asset mix and funds, and the performance of fund managers. R.V. Kuhn's & Associates, Inc. serves as the consultant to the IAC.

Recommendations of the IAC are presented to the Chief Investment Off cer and the Chief Operating Off cer of Colorado PERA. Upon concurrence of the Chief Investment Off cer and the Chief Operating Off cer, the recommendations are presented to the Benef ts Committee of the Board for its consideration.

Investment Options

The Voluntary Investment Program's assets can be invested in one or more of the following investments:

- **Northern Trust Institutional Government Select Fund (formerly the Northern Trust Short Term Fund):** The fund invests exclusively in securities issued or guaranteed as to principal and interest by the U.S. government, its agencies or instrumentalities. Managed by The Northern Trust Company.
- **PIMCO Low Duration Fund:** Primarily invests in domestic corporate and government f xed income securities of varying maturities with a portfolio duration ranging between one and three years, and some foreign securities. Managed by PIMCO.
- **PIMCO Total Return Fund:** Primarily invests in U.S. government and corporate securities based on an analysis of major changes in the direction of long-term interest rates. Managed by PIMCO.
- **Dodge & Cox Balanced Fund:** The fund is a combination of common stocks and f xed income securities (primarily high quality bonds), with no more than 75 percent of the assets in stocks. Managed by Dodge & Cox.

- **Pax World Balanced Institutional Fund:** The fund seeks to invest in forward-thinking companies with sustainable business models that meet positive environmental, social and governance standards. Management avoids investing in companies signif cantly involved in the manufacture of weapons or weapons-related products, the manufacture of tobacco products, companies involved in gambling as a main line of business, or those that engage in unethical business practices. Managed by Pax World.
- **Vanguard Institutional Index Fund:** The fund employs a passive management strategy designed to track the performance of the Standard & Poor's 500 Index, which is dominated by the stocks of large U.S. companies. The fund attempts to replicate the target index by investing all or substantially all of its assets in the stocks that make up the index. Managed by Vanguard.
- **Dodge & Cox Stock Fund:** The fund seeks long-term growth of principal and income. A secondary objective is to achieve a reasonable current income. Managed by Dodge & Cox.
- **Colorado PERA Growth & Income Stock Fund:** Primarily invests in common stocks of high-quality companies with a broad range of capitalization. Managed by Colorado PERA investment staff.
- **Fidelity Contrafund:** Primarily invests in common stocks and securities convertible into common stocks of companies with high growth potential. Managed by Fidelity Investments.
- **Rainier Large Cap Growth Fund:** The fund invests primarily in the common stock of U.S. growth companies, with the majority of the companies owned having a market capitalization of over $5 billion. Stock selection focuses on companies that are likely to demonstrate superior earnings, revenue or cash f ow growth relative to their industry peers. Managed by Rainier Investment Management.
- **American Funds EuroPacific Growth Fund:** Primarily invests in equity securities of issuers domiciled in Europe or the Pacif c Basin. This fund may also invest in securities through depository receipts, securities convertible into common stocks, straight debt securities, government securities, or non-convertible preferred stocks. Managed by The American Funds Group.
- **Vanguard Small-Cap Index Fund:** The fund seeks to track the performance of a benchmark index that measures the investment return of small capitalization stocks. It holds all 1,750 stocks that make up the MSCI U.S. Small Cap 1,750 Index in proportion to their weighting in the index. Managed by Vanguard.
- **Fidelity Freedom Funds:** Six funds with varying asset mixes and risk levels based on the retirement dates of participants that are designed for those who do not wish to actively manage their portfolios. Managed by Fidelity Investments.

2008 Changes

Effective July 1, 2008, the Rainier Large Cap Growth Fund replaced the GMO U.S. Growth Fund. The Rainier Large Cap Growth Fund has investment objectives, strategies, and risk characteristics similar to the GMO U.S. Growth Fund, but it is formed as a collective trust rather than as a mutual fund. Also, effective July 1, 2008, the Northern Trust Institutional Government Select Fund replaced the Northern Trust Short Term Fund. The Northern Trust Institutional Government Select Fund is more conservative than the Northern Trust Short Term Fund and is designed to protect investors in the fund from unexpected valuation risk. It accomplishes this by using an investment strategy that invests only in U.S. government securities. All participants were automatically transferred to the new funds.

Loans

Participants in the 401(k) Plan may access their funds through loans as allowed under plan policy and the Internal Revenue Service.

Administrative Fees

An administrative fee pays for recordkeeping, communications, education, consulting, staff, and other overhead expenses. In 2008, the fees (in actual dollars) were as follows:

ACCOUNT BALANCE	MONTHLY FEE	TOTAL FEE PER YEAR
$0–$25,000	$2.00	$24.00
$25,000.01–$50,000	$2.25	$27.00
$50,000.01–$75,000	$2.50	$30.00
$75,000.01–$100,000	$2.75	$33.00
$100,000.01–$125,000	$3.00	$36.00
$125,000.01 or greater	$3.25	$39.00

Expenses are offset by a partial return of investment fees by some funds.

VOLUNTARY INVESTMENT PROGRAM SCHEDULE OF INVESTMENT RESULTS

FUND/BENCHMARK	2008	3–YEAR	5–YEAR
Northern Trust Institutional Government Select Fund[1]	2.0%	3.9%	3.2%
Merrill Lynch 90 Day T-Bills	2.1%	4.0%	3.3%
PIMCO Low Duration Fund	(1.3%)	3.4%	2.8%
Merrill Lynch Treasury 1-3 Year	6.6%	6.0%	4.1%
PIMCO Total Return Fund	4.8%	6.0%	5.2%
Barclays Capital Aggregate	5.2%	5.5%	4.7%
Dodge & Cox Balanced Fund	(33.6%)	(8.4%)	(1.5%)
60% S&P 500/40% Barclays Capital Aggregate	(22.1%)	(2.8%)	0.7%
Pax World Balanced Institutional Fund[2]	(30.6%)	—	—
60% S&P 500/40% Barclays Capital Aggregate	(22.1%)	—	—
Vanguard Institutional Index Fund	(37.0%)	(8.4%)	(2.2%)
S&P 500	(37.0%)	(8.4%)	(2.2%)
Dodge & Cox Stock Fund	(43.3%)	(12.4%)	(2.6%)
Russell 1000 Value	(36.9%)	(8.3%)	(0.8%)
Colorado PERA Growth & Income Fund	(31.7%)	(4.5%)	1.3%
S&P 500	(37.0%)	(8.4%)	(2.2%)
Fidelity Contrafund	(37.2%)	(5.7%)	2.3%
S&P 500	(37.0%)	(8.4%)	(2.2%)
Rainier Large Cap Growth Fund[3]	(41.2%)	—	—
Russell 1000 Growth	(38.4%)	—	—
American Funds EuroPacific Growth Fund	(40.4%)	(4.6%)	4.8%
MSCI ACWI Ex USA (Net)	(45.5%)	(7.0%)	2.6%
Vanguard Small-Cap Index Fund[4]	(36.0%)	(9.1%)	—
MSCI Small Cap 1750 Index	(36.2%)	(9.2%)	—
Fidelity Freedom Income Fund	(12.1%)	(0.7%)	1.1%
FID Freedom Income Custom Index	(7.2%)	1.6%	2.6%
Fidelity Freedom 2000 Fund	(14.0%)	(1.1%)	1.0%
FID Freedom 2000 Custom Index	(9.4%)	1.1%	2.4%
Fidelity Freedom 2010 Fund	(25.3%)	(4.2%)	(0.1%)
FID Freedom 2010 Custom Index	(20.5%)	(2.1%)	1.4%
Fidelity Freedom 2020 Fund	(32.1%)	(6.3%)	(0.6%)
FID Freedom 2020 Custom Index	(27.8%)	(4.3%)	0.7%
Fidelity Freedom 2030 Fund	(36.9%)	(8.0%)	(1.3%)
FID Freedom 2030 Custom Index	(33.3%)	(6.3%)	(0.2%)
Fidelity Freedom 2040 Fund	(38.8%)	(8.8%)	(1.6%)
FID Freedom 2040 Custom Index	(35.4%)	(7.2%)	(0.6%)

Performance is net of management fees, except for Colorado PERA Growth & Income Fund, which is shown gross of fees. Performance is measured using time-weighted rates of return and is calculated by R.V. Kuhns & Associates. Performance for periods greater than one year is annualized.

[1] Northern Trust Institutional Government Select Fund replaced the Northern Trust Short Term Fund effective July 1, 2008. Performance for all periods is for the Northern Trust Institutional Government Select Fund.

[2] This fund joined the Voluntary Investment Program effective January 1, 2008.

[3] This fund joined the Voluntary Investment Program effective June 30, 2008.

[4] This fund joined the Voluntary Investment Program effective June 30, 2005.

In Thousands of Dollars)

	MARKET VALUE DECEMBER 31, 2008	PERCENT OF TOTAL MARKET VALUE 2008	2007	2006
Northern Trust Institutional Government Select Fund[1]	$167,892	12.9%	7.1%	6.6%
PIMCO Low Duration Fund	44,655	3.4%	2.2%	2.2%
PIMCO Total Return Fund	137,373	10.5%	5.7%	5.7%
Dodge & Cox Balanced Fund	168,793	13.0%	14.9%	16.6%
Pax World Balanced Institutional Fund[2]	1,830	0.1%	—	—
Vanguard Institutional Index Fund	49,727	3.8%	4.5%	4.5%
Dodge & Cox Stock Fund	84,524	6.5%	9.3%	10.4%
Colorado PERA Growth & Income Fund	230,463	17.7%	20.2%	21.1%
Fidelity Contrafund	157,709	12.1%	14.6%	13.4%
Rainier Large Cap Growth Fund[3]	45,178	3.5%	—	—
American Funds EuroPacif c Growth Fund	97,821	7.5%	10.2%	8.4%
Vanguard Small-Cap Index Fund	14,376	1.1%	1.1%	1.0%
Fidelity Freedom Income Fund	5,404	0.4%	0.2%	0.2%
Fidelity Freedom 2000 Fund	5,875	0.5%	0.3%	0.3%
Fidelity Freedom 2010 Fund	11,881	0.9%	0.8%	0.7%
Fidelity Freedom 2020 Fund	13,441	1.0%	0.9%	0.7%
Fidelity Freedom 2030 Fund	8,589	0.7%	0.6%	0.5%
Fidelity Freedom 2040 Fund	4,795	0.4%	0.4%	0.3%
GMO U.S. Growth Fund[4]	—	—	4.2%	4.5%
Member Loans	51,904	4.0%	2.8%	2.9%

[1] This fund replaced the Northern Trust Short Term Fund effective July 1, 2008.

[2] This fund joined the Voluntary Investment Program effective January 1, 2008.

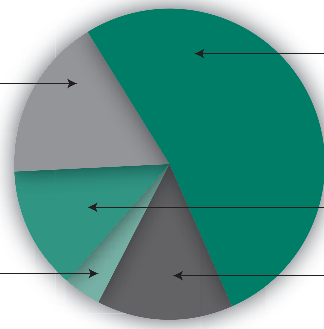
[3] This fund joined the Voluntary Investment Program effective June 30, 2008.

[4] This fund was removed from the Voluntary Investment Program effective June 30, 2008.

ASSET ALLOCATION BY VOLUNTARY INVESTMENT PROGRAM COMPONENT PLANS

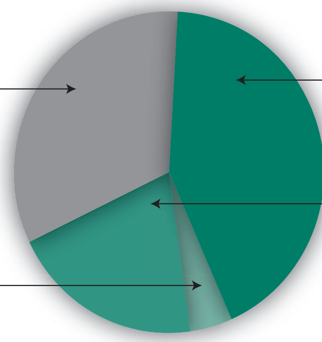
As of December 31, 2008

401(k) PLAN



BALANCED AND LIFESTYLE FUNDS	**16.9%**
Dodge & Cox Balanced Fund	12.9%
Pax World Balanced Institutional Fund	0.1%
Fidelity Freedom Income Fund	0.4%
Fidelity Freedom 2000 Fund	0.5%
Fidelity Freedom 2010 Fund	0.9%
Fidelity Freedom 2020 Fund	1.0%
Fidelity Freedom 2030 Fund	0.7%
Fidelity Freedom 2040 Fund	0.4%
MEMBER LOANS	**4.0%**
STOCK FUNDS	**52.3%**
Vanguard Institutional Index Fund	3.8%
Dodge & Cox Stock Fund	6.5%
Colorado PERA Growth & Income Stock Fund	17.8%
Fidelity Contrafund	12.1%
Rainier Large Cap Growth Fund	3.5%
American Funds EuroPacific Growth Fund	7.5%
Vanguard Small-Cap Index Fund	1.1%
SHORT-TERM FUNDS	**12.8%**
Northern Trust Institutional Government Select Fund	12.8%
BOND FUNDS	**14.0%**
PIMCO Low Duration Fund	3.4%
PIMCO Total Return Fund	10.6%

COLORADO PERA DC PLAN



BALANCED AND LIFESTYLE FUNDS	**33.2%**
Dodge & Cox Balanced Fund	27.7%
Pax World Balanced Institutional Fund	0.1%
Fidelity Freedom Income Fund	0.4%
Fidelity Freedom 2000 Fund	0.2%
Fidelity Freedom 2010 Fund	0.6%
Fidelity Freedom 2020 Fund	0.7%
Fidelity Freedom 2030 Fund	1.9%
Fidelity Freedom 2040 Fund	1.6%
BOND FUNDS	**4.4%**
PIMCO Low Duration Fund	0.5%
PIMCO Total Return Fund	3.9%
SHORT-TERM FUNDS	**42.5%**
Northern Trust Institutional Government Select Fund	42.5%
STOCK FUNDS	**19.9%**
Vanguard Institutional Index Fund	1.8%
Dodge & Cox Stock Fund	4.9%
Colorado PERA Growth & Income Stock Fund	2.7%
Fidelity Contrafund	3.2%
Rainier Large Cap Growth Fund	0.4%
American Funds EuroPacific Growth Fund	5.1%
Vanguard Small-Cap Index Fund	1.8%

ACTUARIAL SECTION

Every year, Colorado PERA's executive staff travels throughout the State for "shareholder" meetings. In 2008, 15 meetings were held, allowing Colorado PERA's membership to provide feedback to Colorado PERA staff.

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

June 4, 2009

Board of Trustees
Public Employees' Retirement Association of Colorado
1300 Logan Street
Denver, CO 80203

RE: ACTUARIAL CERTIFICATION OF DEFINED BENEFIT PLANS

Dear Members of the Board:

Colorado PERA's basic financial goal is to establish contributions which, as a percentage of payroll, remain level for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

The most recent valuations are based on the plan provisions and assumptions in effect on December 31, 2008. In completing the valuation of these systems, Cavanaugh Macdonald Consulting, LLC (CMC) relied on membership and financial data provided by Colorado PERA. We have reviewed this data for reasonableness, and made some general edit checks to impute certain information that may not have been provided with the original employee data. We have not audited this data, but we have reconciled the data used in the prior year's valuation with this current valuation data.

There were no changes in the economic or demographic actuarial assumptions used in the pension valuations since the prior valuation. The assumptions are based on an experience investigation performed over the four-year period ending December 31, 2004. The new assumptions were adopted by the Board in July 2005. The following change was made to the plan provisions since the previous valuation:

- The interest credit on employee contribution accounts was changed from 5% to 3%.

The following changes have been made to certain health care assumptions since the previous valuation:

- Expected costs for retirees who are age 65 and older, do not have Medicare Part A, and participate in the Kaiser Permanente, Rocky Mountain Health Plans, and Secure Horizons plans have been updated to reflect their change in costs for the 2009 plan year.
- The starting per capita payments estimated to be made by the Centers for Medicare & Medicaid Services (CMS) under the Retiree Drug Subsidy Program (RDS) have been updated based upon the most recent attestation of actuarial equivalence.
- The assumed level of spousal participation was updated to better match plan experience.

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Board of Trustees
Public Employees' Retirement Association of Colorado
June 4, 2009
Page 2

- The last year in which the prescription drug benefit provided to those members eligible for Medicare Part D is deemed to be Actuarially Equivalent (passes the net test component of the Actuarial Equivalency Attestation) was extended to 2018 based upon the most recent attestation of actuarial equivalence.
- The premium payable to CMS for Medicare Part A coverage was updated to reflect the change in cost for 2009.

In our opinion, the assumptions are internally consistent and produce results which are reasonable in the aggregate. We also believe the assumptions and actuarial methods meet the requirements of Governmental Accounting Standards Board Statements No. 25 and No. 43.

CMC updated the following schedules for the December 31, 2008 CAFR:

FINANCIAL SECTION

- Actuarial Statistics
- Current Year Actuarial Gains / (Losses)
- Funding Ratios
- Defined Benefit Pension Trust Funds Changes in Overfunded/(Unfunded) Actuarial Accrued Liabilities
- Required Supplementary Information - Schedule of Funding Progress
- Required Supplementary Information - Schedule of Employer Contributions
- Notes to Required Supplementary Information
- Net Pension Obligation for all Funds
- Funding Ratio, Unfunded Actuarial Accrued Liability and Annual Required Contributions for all Funds using 8% and 9% investment assumptions.

ACTUARIAL SECTION

- Schedule of Retirees and Beneficiaries Added to and Removed from Benefit Payroll
- Member – Retiree Comparison
- Schedule of Members in Valuation
- Total Actuarial Liabilities
- Unfunded / (Overfunded) Actuarial Accrued Liabilities
- Schedule of Gains and Losses in Accrued Liabilities
- Schedule of Computed Employer Contribution Rates for Fiscal Years Beginning in 2010
- Schedule of Contribution Rate History
- Schedule of Active Member Valuation Data

Board of Trustees
Public Employees' Retirement Association of Colorado
June 4, 2009
Page 3

STATISTICAL SECTION

- Member and Benefit Recipient Statistics
- Schedule of Average Retirement Benefits Payable
- Current Average Monthly Benefit by Year of Retirement
- Schedule of Retirees and Survivors by Type of Benefit
- Schedule of Average Benefit Payments

We certify that this valuation was performed in accordance with standards of practice and by qualified actuaries as prescribed by the Actuarial Standards Board. Both of the consultants listed below have experience in performing valuations for large statewide public retirement systems.

Colorado PERA has a funded ratio of 69% based on the Actuarial Value of Assets. The funded ratio on Market Value of Assets is lower, at 52%. Current contribution levels are sufficient to finance the promised benefits for the Local Government Division under GASB Nos. 25 and 27. Recent contribution changes under SB 06-235 are expected to stabilize the funding levels of the Judicial Division by attaining a 30-year amortization period within the projected actuarial period of 30 years. In addition, the recent contribution changes combined with the benefit changes of SB 06-235 are expected to improve the funded status of the State and School Divisions. However, if additional gains do not materialize in the future, increases in contributions and/or benefit reductions may be necessary to fund the State and School Divisions.

Sincerely,

Thomas J Cavanaugh

Thomas J. Cavanaugh, FSA, FCA, EA, MAAA
Chief Executive Officer

Edward Koebel

Edward J. Koebel, EA, FCA, MAAA
Senior Actuary

TJC/EJK:kc

S:\Colorado PERA\2009 Correspondence\CAFR Letter Final.doc

The Colorado Public Employees' Retirement Association was established in 1931 by the Colorado General Assembly as an Instrumentality of the State. It initially covered only State employees, but membership has expanded to include all school districts except Denver, numerous municipalities, special districts, public health departments and other local government entities, as well as the State's judicial system.

The plan's purpose is to provide benefits to members and their dependents at retirement or in the event of death or disability. The plan is funded on an actuarial reserve basis, with money being set aside for benefits while the benefits are being earned and before they are paid.

Administration of the Plan

The plan operates by the authority of the Colorado General Assembly, with benefits and administration defined under Title 24, Article 51, of the Colorado Revised Statutes. Colorado PERA is governed by a Board of Trustees.

The Board appoints an Executive Director who is responsible for the daily administration of Colorado PERA. The Board retains an actuary to make annual valuations of the funding adequacy of the liabilities accrued under the plan. The Board also retains other consultants as necessary.

Member Contributions

All members except State Troopers and Colorado Bureau of Investigation agents contribute 8 percent of their gross salary to a member contribution account. State Troopers and Colorado Bureau of Investigation agents contribute 10 percent of salary. Generally, salary is compensation for services rendered and is specifically defined in State law.

Member contributions have been tax-deferred for federal income tax purposes since July 1, 1984, and for state income tax purposes since January 1, 1987. Therefore, contributions are not considered as income for federal or state income tax purposes until they are withdrawn through a refund or a benefit.

Employer Contributions

Colorado PERA-affiliated employers contribute a percentage of their total payroll to the fund. Respective employer contribution rates are shown on the Schedule of Contribution Rate History on pages 131-135.

The Schedule of Computed Employer Contribution Rates on page 108 shows a detailed explanation of how the employer contributions are determined. These contributions are credited to the respective Division for the purpose of creating actuarial reserves, so each member's benefits are fully provided for at retirement. Colorado PERA is exempt from federal income taxes under the Internal Revenue Code.

Termination

A member who terminates Colorado PERA-covered employment may request a member contribution account refund or leave the account with Colorado PERA; a refund cancels a former Colorado PERA member's rights to future Colorado PERA benefits.

A member who has not attained age 65 or is not eligible to retire and who wishes to refund his or her account will receive his or her Colorado PERA contributions, a matching amount equal to 50 percent of the member contributions and interest, and any payments made to purchase service. A member who withdraws his or her account upon or after reaching age 65 or retirement eligibility receives a 100 percent matching amount.

State law authorizes the Colorado PERA Board to determine the interest to be credited to member accounts. The interest rate for 2008 is 5 percent compounded annually. At the November 2008 Board meeting, the Board set this rate to 3 percent for 2009. In no event shall the Board specify a rate that exceeds 5 percent.

Any member who leaves a member account with Colorado PERA until reaching age 65 or meeting Colorado PERA's age and service requirements may apply for lifetime monthly benefits instead of withdrawing their account.

Retirement Benefits

Service Retirement Benefits

Members are eligible to receive monthly retirement benefits when they reach age and service retirement requirements as noted below:

SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED BEFORE JULY 1, 2005

Age Requirement (in years)	*Service Credit Requirement (in years)*
50	30
55	Age and Service = 80 or more
60	20
65	5
65	Less than 5 but 60 payroll postings

SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED ON OR AFTER JULY 1, 2005, BUT BEFORE JANUARY 1, 2007

Age Requirement (in years)	*Service Credit Requirement (in years)*
Any Age	35
55	30
60	20
65	5
65	Less than 5 but 60 payroll postings

SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED ON OR AFTER JANUARY 1, 2007

Age Requirement (in years)	*Service Credit Requirement (in years)*
Any Age	35
55	30
55	Age and Service = 85 or more
60	25
65	5
65	Less than 5 but 60 payroll postings

SERVICE RETIREMENT ELIGIBILITY FOR STATE TROOPERS

Age Requirement (in years)	*Service Credit Requirement (in years)*
Any Age	30
50	25
55	20
65	5
65	Less than 5 but 60 payroll postings

A service retirement benefit is the higher of either the defined service benefit formula or a money purchase retirement benefit. However, members who apply for a monthly retirement benefit at age 65 with less than five years of service or 60 months on the payroll are eligible for a money purchase retirement benefit only.

Defined Retirement Benefits

Defined service retirement benefits are based on the member's years of service, age, and Highest Average Salary (HAS).

For all members, except judges, who became members before January 1, 2007, and who retire before January 1, 2009:

- HAS is one-twelfth of the average of highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit. The three 12-month periods do not have to be consecutive nor do they have to be the last three years of employment.
- A 15 percent annual limit in salary increases applies if any salary used in the HAS calculation is from the three years prior to retirement.

For all members, except judges, who were hired before January 1, 2007, and who retire on or after January 1, 2009:

- HAS is one-twelfth of the average of the highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit.
- In calculating the HAS, Colorado PERA determines the highest annual salaries associated with four periods of 12 consecutive months. The four 12-month periods selected do not have to be consecutive nor do they have to include the last three years of employment. The lowest of the four periods becomes a base year used as a starting point for a 15 percent annual limit on salary increases. The annual limit will apply regardless of when the annual salaries used in the HAS occurred.

For all members, except judges, who were hired on or after January 1, 2007:

- HAS is one-twelfth of the average of the highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit.
- In calculating the HAS, Colorado PERA determines the highest annual salaries associated with four periods of 12 consecutive months. The four 12-month periods selected do not have to be consecutive nor do they have to include the last three years of employment. The lowest of the four periods becomes a base year used as a starting point for a 15 percent annual limit on salary increases. The annual limit will apply regardless of when the annual salaries used in the HAS occurred.

For Judicial Division members (judges):

- HAS is the highest salary associated with one period of 12 consecutive months of service credit.

Defined retirement benefits equal 2.5 percent of HAS for each year of service credit up to a maximum of 100 percent of HAS. In all cases, a service retirement benefit is limited to 100 percent of HAS and also cannot exceed the maximum benefit amount allowed by federal law.

Reduced Service Retirement Benefits

The age and service requirements to be eligible for a reduced service retirement benefit are listed below:

Age Requirement (in years)		*Service Credit Requirement (in years)*
50		25
50	— (State Troopers only) —	20
55		20
60		5

Reduced service retirement benefits are based on the member's years of service, age, and Highest Average Salary (HAS).

Reduced defined service retirement benefits available to members at age 60 with five years of service are reduced 4 percent per year (0.333 percent per month) before the eligible date for service retirement. Members who retire at age 55 with 20 years of service receive reduced defined service retirement benefits; the reduction factor equals 3 percent per year (0.25 percent per month).

Members also are eligible for reduced service retirement benefits at age 50 with 25 years of service. Benefits for these members are reduced 6 percent for each year that members retire before they would have become eligible for service retirement benefits.

Retirement benefits for State Troopers and members of the Judicial Division differ slightly.

Money Purchase Retirement Benefit

A money purchase retirement benefit is also calculated and paid to the retiree if it is higher than the defined service retirement benefit. This benefit is determined by the member's life expectancy and the value of the member's contribution account, plus a matching amount equal to 100 percent of the member's contributions and interest.

Survivor Benefits

The benefit amount that qualified survivors receive is specified in State statute and varies based upon the deceased member's HAS, years of service, the qualified survivors to whom benefits are to be paid, and the number of qualified survivors receiving benefits.

If a member dies with less than one year of Colorado PERA service credit, or with no survivors qualified to receive a monthly benefit, the named beneficiary or the estate will receive a lump-sum payment of the member's contribution account plus a matching amount equal to 100 percent of the member's contributions and earned interest.

If a member had more than one year of service and qualified survivors at the time of death, a monthly benefit may be payable to qualified survivors. If the member is not eligible for retirement, children receive a benefit first, but if the member is eligible for retirement, the cobeneficiary receives the benefit first.

Children are eligible to receive survivor benefits if under age 18, or if enrolled full-time in an accredited school within six months of the member's death, until they reach age 23. If there are no eligible children, or after benefits to children have ceased, the member's surviving spouse receives a monthly benefit at age 60 if the member had less than 10 years of service credit or immediately if the member had more than 10 years of service at the time of death. If there is no eligible spouse, financially dependent parents will receive a survivor benefit.

Disability Benefits

Colorado PERA provides a two-tiered disability program. Short-term disability payments are provided to members who are mentally or physically incapacitated from performance of essential job duties with reasonable accommodation, but who are not totally and permanently incapacitated from regular and substantial gainful employment. Colorado PERA provides reasonable income replacement, or rehabilitation or retraining services. Disability retirement benefits are provided to members who are totally and permanently mentally or physically incapacitated from regular and substantial gainful employment.

Annual Benefit Increases

Colorado PERA benefits are increased annually each March. The amount and timing of the annual increase is determined by the Colorado PERA membership date of the retiree or deceased Colorado PERA member.

For service and disability retirees who were hired before June 30, 2005, and for survivor benefit recipients of deceased members who were hired before June 30, 2005, the annual increase is 3.5 percent, compounded annually. The first annual increase occurs in the March that immediately follows the calendar year in which the benefit recipient began receiving benefits. If benefits have been payable for less than a full year, but at least three months, a prorated annual increase is made.

For service and disability retirees who were hired on or after July 1, 2005, but before January 1, 2007, and for survivor benefit recipients of deceased members who were hired on or after July 1, 2005, but before January 1, 2007, the annual increase is the lower of 3 percent or the actual change in the Consumer Price Index, compounded annually. If benefits have been payable for less than a full year, but at least three months, a prorated annual increase is made.

For service and disability retirees who were hired on or after January 1, 2007, and for survivor benefit recipients of deceased members who were hired on or after January 1, 2007, the annual increase is the lower of 3 percent or the actual change in the Consumer Price Index, compounded annually. For service retirees, the annual increase does not begin until the retiree has been receiving benefits for one year and in addition has either reached age 60 or years of service plus age equal 85 or more. For disability retirees or survivor benefit recipients, the annual increase does not begin until the benefit recipient has been receiving benefits for one year. Annual increases to all benefit recipients in this group are limited to 10 percent of the total funds available in the Annual Increase Reserve in the Division from which they retired or were a member before death.

Actuarial Methods

The cost that a retirement plan such as Colorado PERA incurs equals benefits paid plus administration and financing expenses. These costs are paid through contributions to the plan and investment earnings on the plan's assets.

Using the plan's schedule of benefits, the member data, and a carefully selected set of actuarial assumptions, the plan's actuary estimates the cost of the benefits that will be paid. Then, using a particular actuarial funding method, the actuary allocates these costs and determines a systematic manner to fund for future plan benefits. For Colorado PERA (as well as most public sector plans), the objective is to fund in a manner that keeps contribution rates approximately level from generation to generation. The funding method best designed to keep annual costs level as a percent of pay is the "Entry Age Actuarial Cost Method." This method is described below.

Entry Age Actuarial Cost Method

Under the Entry Age Actuarial Cost Method, projected service retirement, termination, disability, and death benefits are determined for all active members. Cost factors, which are developed to produce level annual costs in each year from the age at hire (entry age) to the assumed retirement age, are applied to the projected benefits to determine the "normal cost." The normal cost is the portion of the total cost of the plan allocated to the current year. The normal cost for contribution refunds is assumed to end in the last year of assumed eligibility, and is spread over all years of service.

The "actuarial accrued liability" for active members is then calculated as the portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for inactive members entitled to future benefits, is equal to the present value of the benefits expected to be paid. No normal costs are now payable for these participants.

The excess of the total actuarial accrued liability over the value of the plan assets is called the "unfunded actuarial accrued liability." Funding requirements under the Entry Age Actuarial Cost Method are determined by adding the normal cost and the cost to amortize the unfunded liability.

The actuarial assumptions are used to determine the projected benefits and cost factors. The effect of differences between these assumptions and the actual experience of the plan is calculated each year when the annual actuarial valuation is performed. These differences produce either actuarial gains or losses that result in an adjustment of the unfunded liability.

Asset Valuation Method

In 1992, the Colorado PERA Board of Trustees adopted a method for valuing assets that recognizes a "smoothed" market value of those assets. The smoothed value of assets recognizes the differences between actual and expected asset performance for each year in equal amounts over a four–year period. The actuarial value of assets was reinitialized at market value as of December 31, 2004. There will be four years of smoothing in the December 31, 2008, valuation.

Actuarial Assumptions

Colorado PERA's actuarial assumptions are used to project the plan's future experience. At least every five years, the actuarial assumptions are studied and an actuarial audit is performed by an external actuarial consulting firm to verify the following:

- Accuracy of membership data, financial data, actuarial and benefit calculations, and employer contributions.
- Consistency of calculations with respect to statutory requirements.
- Consistency and reasonableness of assumptions and methods.
- Valuation of all significant benefits.
- A review of the valuation report content.

In January 2005, the Board voted to have an actuarial audit performed in 2005, rather than in 2006, to confirm that Colorado PERA's funding status was being evaluated appropriately. Mercer Human Resource Consulting conducted the actuarial audit of Colorado PERA's actuarial valuation and processes; the actuarial audit completed the following:

- Conducted a valuation of liabilities for the pension trust funds and the Health Care Trust Fund based on the same year-end 2004 data, funding method, and assumptions used by the retained actuary.
- Examined and commented on the 2001–2004 experience study conducted by the retained actuary.
- Provided an opinion on specific issues, including the Colorado PERA trust funds' current and projected funded status, and what steps are needed to maintain actuarial soundness over the long term.

Based upon Mercer's review of the December 31, 2004, actuarial valuation, they believed that the results as presented in the valuation report were reasonable and performed by fully qualified actuaries in accordance with generally accepted actuarial principles and practices. Colorado PERA will contract to have an actuarial audit performed in 2009 to review the December 31, 2008, actuarial valuation and the 2005-2008 actuarial experience study.

In November 2008, the Board voted to change the interest credited on member accounts to 3.0 percent from 5.0 percent, which will reduce future liabilities.

Economic Assumptions

In 2008, based on the actuary's recommendation, the Board continued to use an assumed investment rate of return of 8.5 percent per year, compounded annually, net after administrative expenses. The inflation assumption is 3.75 percent per year.

The overall member payroll was assumed to increase 4.5 percent annually in 2008. Pay increase assumptions for individual members in 2008 are shown for sample ages in Exhibits A, B, and C. Judicial Division pay increases (Exhibit D) are determined by the State Legislature. Benefits are assumed to increase at a rate of 3.5 percent after payments begin.

Non-Economic Assumptions

The mortality table, last updated in 2005, is based on Colorado PERA experience and is used to estimate the value of benefits expected to be paid. Related values are shown in Exhibit F. For disability retirement, impaired longevity is recognized by basing benefit values on an adjusted age midway between attained age and normal retirement age.

The probabilities of age and service retirement are shown in Exhibits G and H. The probabilities of withdrawal from service, disability, and death-in-service are shown for sample ages in Exhibits A, B, C, and D. It is assumed that 35 percent of the vested members who terminate will elect to withdraw their accounts while the remaining 65 percent will elect to leave their accounts in the plan to be eligible for a benefit at their retirement date.

2009 Actuarial Studies

During 2009, the Board will initiate an actuarial experience study, an actuarial audit, and an asset/liability study to assist in determining the best course of action for the various funds. These studies will include a detailed review of all significant actuarial assumptions and methods used in preparing the annual actuarial valuation, including the investment rate of return and discount rate assumption, which currently is 8.5 percent. Investment income is the most significant driver in a defined benefit plan, which can contribute up to 80 percent of the total inflows over the life of a plan. To understand the significance of this investment assumption, a one-half percent sensitivity analysis is included in the Management's Discussion and Analysis on pages 29-30. Actuarial assumptions are studied at least every five years with the last study occurring in 2005 based on the period January 1, 2001, to December 31, 2004. With the impact of the decline in market value that occurred in 2008, a decision was made by the Board to pursue the additional actuarial studies one year earlier than the normal five-year interval.

SEPARATIONS FROM EMPLOYMENT BEFORE RETIREMENT AND INDIVIDUAL PAY INCREASE ASSUMPTIONS

Exhibit A—State Division

	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL[1]		DEATH[2]		DISABILITY		MERIT AND	INFLATION AND	TOTAL INCREASE
SAMPLE AGES	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	SENIORITY	PRODUCTIVITY	(NEXT YEAR)
State Members (Other Than State Troopers)									
20	21.00%	18.00%	0.025%	0.015%	0.01%	0.01%	5.67%	4.50%	10.17%
25	7.20%	7.60%	0.030%	0.015%	0.04%	0.03%	3.75%	4.50%	8.25%
30	6.30%	6.90%	0.040%	0.025%	0.05%	0.05%	2.80%	4.50%	7.30%
35	5.40%	6.20%	0.055%	0.035%	0.18%	0.16%	2.05%	4.50%	6.55%
40	4.40%	5.60%	0.095%	0.058%	0.24%	0.22%	1.50%	4.50%	6.00%
45	4.30%	5.00%	0.200%	0.097%	0.39%	0.34%	0.85%	4.50%	5.35%
50	4.20%	5.00%	0.383%	0.158%	0.55%	0.50%	0.50%	4.50%	5.00%
55	4.20%	5.00%	0.538%	0.227%	0.90%	0.84%	0.10%	4.50%	4.60%
60	4.20%	5.00%	0.680%	0.345%	1.06%	0.94%	0.00%	4.50%	4.50%
65	4.20%	5.00%	1.061%	0.603%	1.08%	0.96%	0.00%	4.50%	4.50%
State Troopers									
20	5.00%	5.00%	0.025%	0.015%	0.02%	0.02%	5.50%	4.50%	10.00%
25	5.00%	5.00%	0.030%	0.015%	0.08%	0.08%	3.75%	4.50%	8.25%
30	3.80%	3.80%	0.040%	0.025%	0.12%	0.12%	2.80%	4.50%	7.30%
35	2.50%	2.50%	0.055%	0.035%	0.40%	0.40%	2.05%	4.50%	6.55%
40	1.60%	1.60%	0.095%	0.058%	0.54%	0.54%	1.50%	4.50%	6.00%
45	1.10%	1.10%	0.200%	0.097%	0.86%	0.86%	1.20%	4.50%	5.70%
50	1.00%	1.00%	0.383%	0.158%	1.28%	1.28%	0.80%	4.50%	5.30%
55	1.00%	1.00%	0.538%	0.227%	1.85%	1.85%	0.40%	4.50%	4.90%
60	1.00%	1.00%	0.680%	0.345%	2.00%	2.00%	0.00%	4.50%	4.50%
65	1.00%	1.00%	1.061%	0.603%	2.00%	2.00%	0.00%	4.50%	4.50%

[1] There are no select withdrawal assumptions for State Troopers.
[2] Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.

Exhibit B—School Division

	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL		DEATH[1]		DISABILITY		MERIT AND	INFLATION AND	TOTAL INCREASE
SAMPLE AGES	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	SENIORITY	PRODUCTIVITY	(NEXT YEAR)
20	21.00%	18.00%	0.025%	0.015%	0.01%	0.01%	6.20%	4.50%	10.70%
25	7.63%	8.99%	0.030%	0.015%	0.01%	0.02%	4.10%	4.50%	8.60%
30	5.24%	7.79%	0.040%	0.025%	0.01%	0.03%	2.95%	4.50%	7.45%
35	4.36%	6.80%	0.055%	0.035%	0.04%	0.05%	2.50%	4.50%	7.00%
40	3.59%	5.40%	0.095%	0.058%	0.11%	0.08%	1.95%	4.50%	6.45%
45	3.27%	5.00%	0.200%	0.097%	0.18%	0.11%	1.35%	4.50%	5.85%
50	3.90%	4.60%	0.383%	0.158%	0.30%	0.20%	0.80%	4.50%	5.30%
55	3.90%	4.60%	0.538%	0.227%	0.55%	0.36%	0.35%	4.50%	4.85%
60	3.90%	4.60%	0.680%	0.345%	0.70%	0.40%	0.00%	4.50%	4.50%
65	3.90%	4.60%	1.061%	0.603%	0.70%	0.40%	0.00%	4.50%	4.50%

[1] Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.

Exhibit C—Local Government Division

	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL		DEATH[1]		DISABILITY		MERIT AND	INFLATION AND	TOTAL INCREASE
SAMPLE AGES	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	SENIORITY	PRODUCTIVITY	(NEXT YEAR)
20	12.00%	15.00%	0.025%	0.015%	0.01%	0.01%	6.97%	4.50%	11.47%
25	9.50%	12.35%	0.030%	0.015%	0.04%	0.04%	4.31%	4.50%	8.81%
30	7.20%	9.58%	0.040%	0.025%	0.07%	0.07%	2.65%	4.50%	7.15%
35	4.40%	8.00%	0.055%	0.035%	0.18%	0.18%	1.72%	4.50%	6.22%
40	3.90%	7.10%	0.095%	0.058%	0.27%	0.24%	1.23%	4.50%	5.73%
45	3.40%	6.30%	0.200%	0.097%	0.41%	0.39%	0.99%	4.50%	5.49%
50	3.40%	6.30%	0.383%	0.158%	0.61%	0.65%	0.79%	4.50%	5.29%
55	3.40%	6.30%	0.538%	0.227%	1.02%	0.90%	0.60%	4.50%	5.10%
60	3.40%	6.30%	0.680%	0.345%	1.10%	1.03%	0.25%	4.50%	4.75%
65	3.40%	6.30%	1.061%	0.603%	1.10%	1.03%	0.00%	4.50%	4.50%

[1] Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.

Exhibit D—Judicial Division

	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL[1]		DEATH[2]		DISABILITY		MERIT AND	INFLATION AND	TOTAL INCREASE
SAMPLE AGES	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	SENIORITY[3]	PRODUCTIVITY	(NEXT YEAR)
30	2.70%	2.70%	0.040%	0.025%	0.06%	0.06%	1.50%	4.50%	6.00%
35	2.70%	2.70%	0.055%	0.035%	0.07%	0.07%	1.50%	4.50%	6.00%
40	2.70%	2.70%	0.095%	0.058%	0.10%	0.10%	0.67%	4.50%	5.17%
45	2.70%	2.70%	0.200%	0.097%	0.17%	0.17%	0.50%	4.50%	5.00%
50	2.70%	2.70%	0.383%	0.158%	0.31%	0.31%	0.50%	4.50%	5.00%
55	2.70%	2.70%	0.538%	0.227%	0.63%	0.63%	0.50%	4.50%	5.00%
60	2.70%	2.70%	0.680%	0.345%	1.22%	1.22%	0.50%	4.50%	5.00%
65	2.70%	2.70%	1.061%	0.603%	1.48%	1.48%	0.50%	4.50%	5.00%

[1] There are no select withdrawal assumptions for the Judicial Division.
[2] Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.
[3] Pay raises are subject to legislative approval. Percentages shown are based on prior experience.

Exhibit E

PERCENT OF MEMBERS WITH LESS THAN FIVE YEARS OF SERVICE WITHDRAWING FROM EMPLOYMENT NEXT YEAR[1]

	STATE DIVISION		SCHOOL DIVISION		LOCAL GOVERNMENT DIVISION	
COMPLETED YEARS OF SERVICE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
0	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
1	18.0%	20.0%	16.0%	16.5%	16.0%	18.0%
2	12.0%	14.0%	12.0%	12.5%	12.0%	12.0%
3	9.0%	11.0%	9.0%	10.5%	9.0%	9.0%
4	8.0%	10.0%	8.0%	10.0%	7.0%	7.0%

[1] There are no select withdrawal assumptions for State Troopers or Judicial Division members.

SINGLE LIFE RETIREMENT VALUE ASSUMPTIONS

Exhibit F—State, School, Local Government, and Judicial Divisions
(In Actual Dollars)

SAMPLE ATTAINED AGES	PRESENT VALUE OF $1 MONTHLY FOR LIFE		PRESENT VALUE OF $1 MONTHLY INCREASING 3.5% ANNUALLY		FUTURE LIFE EXPECTANCY IN YEARS	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
40	$138.39	$141.51	$206.81	$214.96	41.93	45.71
45	134.80	139.02	197.32	207.10	37.19	40.86
50	130.42	135.64	186.57	197.55	32.65	36.09
55	125.29	131.12	174.65	186.07	28.35	31.41
60	118.37	124.79	160.31	171.98	24.11	26.78
65	109.07	116.45	143.22	155.38	19.98	22.32
70	98.28	105.86	125.02	136.43	16.22	18.08
75	86.47	93.08	106.56	115.73	12.91	14.19
80	74.16	79.29	88.65	95.06	10.08	10.82
85	62.15	63.82	72.23	73.84	7.76	7.84

PERCENT OF MEMBERS ELIGIBLE FOR REDUCED RETIREMENT BENEFITS RETIRING NEXT YEAR

Exhibit G

RETIREMENT AGES	STATE DIVISION		STATE TROOPERS	SCHOOL DIVISION		LOCAL GOVERNMENT DIVISION		JUDICIAL DIVISION
	MALE	FEMALE		MALE	FEMALE	MALE	FEMALE	
50	10%	10%	20%	10%	12%	12%	15%	10%
51	10%	10%	20%	10%	12%	12%	15%	10%
52	10%	10%	20%	10%	12%	12%	15%	10%
53	10%	10%	20%	10%	12%	12%	15%	10%
54	15%	15%	20%	18%	20%	12%	15%	10%
55	15%	15%	10%	18%	20%	12%	15%	10%
56	15%	15%	10%	18%	20%	15%	15%	10%
57	15%	15%	10%	18%	20%	15%	15%	10%
58	15%	15%	10%	18%	20%	15%	15%	10%
59	15%	15%	10%	18%	20%	15%	15%	10%
60	12%	15%	25%	14%	15%	15%	10%	10%
61	12%	12%	25%	14%	15%	15%	10%	10%
62	15%	18%	25%	14%	15%	15%	12%	10%
63	25%	12%	25%	14%	15%	15%	12%	10%
64	25%	12%	25%	14%	15%	15%	12%	10%
65	0%	0%	0%	0%	0%	0%	0%	10%
66	0%	0%	0%	0%	0%	0%	0%	10%
67	0%	0%	0%	0%	0%	0%	0%	10%
68	0%	0%	0%	0%	0%	0%	0%	15%
69	0%	0%	0%	0%	0%	0%	0%	20%
70	0%	0%	0%	0%	0%	0%	0%	40%
71	0%	0%	0%	0%	0%	0%	0%	40%
72 and over	0%	0%	0%	0%	0%	0%	0%	100%

Exhibit H

	STATE DIVISION			SCHOOL DIVISION		LOCAL GOVERNMENT DIVISION		JUDICIAL
RETIREMENT AGES	MALE	FEMALE	STATE TROOPERS	MALE	FEMALE	MALE	FEMALE	DIVISION
50	40%	40%	30%	40%	40%	15%	15%	10%
51	35%	35%	30%	40%	40%	15%	15%	10%
52	30%	30%	30%	35%	35%	15%	15%	10%
53	30%	25%	30%	35%	35%	15%	15%	10%
54	30%	25%	25%	35%	35%	15%	25%	10%
55	20%	25%	25%	25%	25%	15%	25%	10%
56	20%	20%	15%	25%	25%	25%	25%	10%
57	20%	20%	15%	25%	22%	25%	25%	10%
58	20%	20%	35%	25%	22%	25%	25%	10%
59	20%	20%	35%	25%	22%	25%	25%	10%
60	20%	20%	35%	25%	22%	20%	12%	10%
61	18%	16%	35%	22%	17%	20%	12%	10%
62	20%	20%	50%	22%	17%	20%	15%	10%
63	17%	16%	50%	22%	17%	20%	15%	10%
64	17%	16%	50%	22%	17%	20%	15%	10%
65	30%	25%	100%	30%	25%	25%	30%	10%
66	25%	22%	100%	19%	17%	30%	25%	10%
67	25%	22%	100%	19%	17%	30%	25%	10%
68	25%	22%	100%	19%	17%	30%	25%	15%
69	25%	22%	100%	19%	17%	30%	25%	20%
70	100%	100%	100%	100%	100%	100%	100%	40%
71	100%	100%	100%	100%	100%	100%	100%	40%
72 and over	100%	100%	100%	100%	100%	100%	100%	100%

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM BENEFIT PAYROLL[1]

(In Actual Dollars)

	ADDED TO PAYROLL		REMOVED FROM PAYROLL		PAYROLL—END OF YEAR		AVERAGE	INCREASE IN
YEAR ENDED	NO.	ANNUAL BENEFITS	NO.	ANNUAL BENEFITS	NO.[2]	ANNUAL BENEFITS	ANNUAL BENEFITS	AVERAGE BENEFITS
12/31/99	4,212	$115,746,756	1,562	$22,867,068	52,458	$1,026,797,016	$19,574	5.2%
12/31/00	4,369	123,249,792	1,680	28,151,484	55,147	1,142,638,708	20,720	5.9%
12/31/01	4,016	118,919,172	1,247	16,325,628	57,860	1,281,834,264	22,154	6.9%
12/31/02	4,064	123,812,748	1,376	19,675,356	60,548	1,427,278,692	23,573	6.4%
12/31/03	5,145	172,028,340	1,508	23,550,024	63,988	1,620,754,488	25,329	7.4%
12/31/04	5,522	191,924,148	1,610	28,105,056	67,900	1,839,310,356	27,089	6.9%
12/31/05	5,320	175,538,520	1,819	25,819,464	71,401	2,045,457,000	28,647	5.8%
12/31/06	5,251	169,081,084	1,945	27,505,200	74,698	2,246,234,376	30,071	5.0%
12/31/07	4,715	158,411,892	1,514	26,239,776	77,899	2,453,921,412	31,501	4.8%
12/31/08	**4,616**	**155,932,548**	**1,593**	**28,977,276**	**80,922**	**2,660,025,072**	**32,871**	**4.3%**

[1] Numbers derived on an accrual basis.

[2] The number includes retirees and beneficiaries not being paid at the end of the year (e.g., future spousal benefits).

MEMBER-RETIREE COMPARISON[1]

(In Actual Dollars)

The number of persons receiving monthly retirement benefits has grown steadily in relation to membership. This trend will likely continue for many years into the future. The retirement benefit disbursements shown in the right-hand column include cost-of-living increases paid in years since 1970. Prior to 1981, figures are for years ended June 30.

YEAR	NUMBER OF RETIREE ACCOUNTS ON 12/31	NUMBER OF MEMBER ACCOUNTS ON 12/31[2]	RETIREE ACCOUNTS AS % OF MEMBERS ON 12/31	TOTAL BENEFITS PAID– YEAR ENDED 12/31
1940	93	3,715	2.5%	$72,588
1945	171	5,585	3.1%	137,442
1950	280	11,853	2.4%	237,866
1955	747	21,185	3.5%	745,679
1960	1,775	33,068	5.4%	2,055,139
1965	3,631	49,701	7.3%	5,486,225
1970	6,308	65,586	9.6%	13,115,234
1975	11,650	84,781	13.7%	32,820,433
1980	17,301	96,473	17.9%	71,289,456
1985	24,842	101,409	24.5%	192,456,029
1990	32,955	115,350	27.4%	350,398,094
1995	41,909	203,102	20.6%	639,501,796
1999	50,344	238,111	21.1%	989,536,328
2000	53,015	248,104	21.4%	1,093,779,068
2001	55,733	263,712	21.1%	1,228,730,063
2002	58,357	271,989	21.5%	1,372,219,187
2003	62,029	278,841	22.2%	1,545,267,772
2004	65,943	292,861	22.5%	1,764,716,331
2005	69,416	306,139	22.7%	1,973,240,491
2006	72,737	319,137	22.8%	2,178,014,767
2007	75,915	335,086	22.7%	2,385,309,488
2008	**78,955**	**349,371**	**22.6%**	**2,595,236,759**

[1] Numbers derived on a cash basis.

[2] Includes inactive member accounts.

State Division

Members included in the State Division valuation totaled 54,441 and involved annual salaries totaling $2,371,638,806. The average age for these members (excluding State Troopers) was 45.5 years, and the average service was 8.8 years. The average age for State Troopers was 39.5 years, and the average service was 10.4 years.

	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
ATTAINED AGE	0–4	5–9	10–14	15–19	20–24	25–29	30+	NO.	VALUATION PAYROLL
Up to 20	342	—	—	—	—	—	—	342	$2,419,403
20–24	1,910	16	—	—	—	—	—	1,926	40,294,500
25–29	3,774	463	11	—	—	—	—	4,248	134,021,978
30–34	3,299	1,403	312	7	—	—	—	5,021	192,631,979
35–39	3,049	1,586	1,077	309	15	—	—	6,036	264,561,981
40–44	2,651	1,461	1,093	833	394	44	—	6,476	300,123,333
45–49	4,493	1,542	1,161	1,011	855	642	105	9,809	435,194,342
50–54	2,434	1,509	1,083	1,052	971	893	377	8,319	418,480,957
55–59	1,879	1,272	962	976	880	600	436	7,005	347,559,217
60	263	193	121	124	114	78	72	965	46,744,956
61	261	193	114	139	115	88	67	977	48,159,263
62	205	164	117	95	76	62	50	769	35,432,338
63	164	115	70	58	57	56	50	570	27,761,190
64	122	83	57	77	46	31	39	455	22,365,714
65	105	60	52	43	40	25	28	353	15,392,240
66	93	61	30	39	19	13	32	287	11,841,422
67	51	30	21	15	20	12	17	166	7,064,019
68	49	26	12	13	17	6	8	131	5,452,266
69	52	8	16	14	7	6	12	115	3,853,558
70+	216	100	55	42	18	18	22	471	12,284,150
Totals	**25,412**	**10,285**	**6,364**	**4,847**	**3,644**	**2,574**	**1,315**	**54,441**	**$2,371,638,806**

School Division

Members included in the School Division valuation totaled 118,547 and involved annual salaries totaling $3,804,926,777. The average age for these members was 44.0 years, and the average service was 7.8 years.

	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
ATTAINED AGE	0–4	5–9	10–14	15–19	20–24	25–29	30+	NO.	VALUATION PAYROLL
Up to 20	1,374	—	—	—	—	—	—	1,374	$8,683,678
20–24	4,819	85	—	—	—	—	—	4,904	86,810,192
25–29	9,537	1,529	38	—	—	—	—	11,104	314,890,625
30–34	7,074	4,540	676	16	—	—	—	12,306	404,530,572
35–39	7,348	3,766	2,677	556	18	—	—	14,365	473,453,733
40–44	8,634	3,708	2,202	1,748	490	35	—	16,817	523,217,900
45–49	6,722	4,348	2,642	1,804	1,696	811	64	18,087	611,267,129
50–54	4,888	3,469	2,585	1,996	1,752	1,743	532	16,965	626,609,643
55–59	3,614	2,350	1,722	1,857	1,476	1,116	657	12,792	481,771,830
60	562	338	202	232	227	159	104	1,824	65,989,284
61	578	297	215	182	187	120	72	1,651	54,641,095
62	462	256	164	149	148	106	58	1,343	43,213,605
63	328	195	108	87	92	69	45	924	28,721,966
64	314	154	84	73	63	57	25	770	21,180,603
65	291	122	62	60	49	33	26	643	15,868,520
66	234	104	52	33	26	24	16	489	10,988,241
67	200	88	39	33	22	15	11	408	7,660,354
68	180	48	30	28	17	14	7	324	5,686,575
69	153	66	28	15	9	8	10	289	4,566,232
70+	646	268	97	62	32	27	36	1,168	15,175,000
Totals	**57,958**	**25,731**	**13,623**	**8,931**	**6,304**	**4,337**	**1,663**	**118,547**	**$3,804,926,777**

SCHEDULE OF MEMBERS IN VALUATION

By Attained Age and Years of Service As of December 31, 2008
(In Actual Dollars)

Local Government Division

Members included in the Local Government Division valuation totaled 17,379 and involved annual salaries totaling $718,901,763. The average age for these members was 43.2 years, and the average service was 7.1 years.

	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
ATTAINED AGE	0–4	5–9	10–14	15–19	20–24	25–29	30+	NO.	VALUATION PAYROLL
Up to 20	593	—	—	—	—	—	—	593	$2,896,982
20–24	1,036	25	—	—	—	—	—	1,061	19,362,589
25–29	1,320	210	12	—	—	—	—	1,542	47,573,845
30–34	1,183	360	86	—	—	—	—	1,629	62,203,966
35–39	1,237	466	224	84	5	—	—	2,016	88,388,664
40–44	1,246	455	300	147	79	10	—	2,237	96,855,519
45–49	1,061	502	368	251	212	200	39	2,633	133,546,859
50–54	897	426	295	262	223	195	94	2,392	124,324,513
55–59	661	303	231	200	156	123	92	1,766	89,303,898
60	96	50	31	28	18	9	12	244	12,190,942
61	95	33	23	27	24	10	15	227	10,717,569
62	84	36	14	16	18	11	13	192	8,389,881
63	56	27	16	10	13	10	5	137	5,808,475
64	60	30	8	7	5	6	10	126	4,445,985
65	62	24	10	9	7	5	5	122	4,513,519
66	51	15	2	4	5	9	5	91	2,740,428
67	34	2	3	3	2	1	—	45	1,052,655
68	28	9	8	6	1	1	—	53	1,105,297
69	26	9	2	2	—	2	1	42	582,050
70+	168	35	13	11	—	—	4	231	2,898,127
Totals	**9,994**	**3,017**	**1,646**	**1,067**	**768**	**592**	**295**	**17,379**	**$718,901,763**

Judicial Division

Members included in the Judicial Division valuation totaled 317 and involved annual salaries totaling $35,937,094. The average age for Judicial Division members was 55.0 years, and the average service was 13.9 years.

	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
ATTAINED AGE	0–4	5–9	10–14	15–19	20–24	25–29	30+	NO.	VALUATION PAYROLL
30–34	1	—	—	—	—	—	—	1	$25,977
35–39	5	3	—	1	—	—	—	9	933,747
40–44	16	9	—	1	—	—	—	26	2,901,248
45–49	14	10	10	7	5	2	—	48	5,403,862
50–54	14	13	10	7	5	2	1	52	6,012,618
55–59	15	13	11	15	14	10	9	87	9,763,767
60	4	5	2	8	6	3	1	29	3,345,821
61	—	1	—	2	2	2	1	8	955,895
62	3	3	3	2	2	1	1	15	1,656,529
63	—	—	1	1	3	1	4	10	1,246,065
64	1	1	3	—	—	—	1	6	641,418
65	—	1	2	—	2	1	2	8	926,504
66	2	—	—	2	—	1	2	7	767,505
67	—	1	—	1	2	—	2	6	742,059
68	—	—	—	—	2	—	1	3	346,322
69	—	—	—	—	—	—	—	—	—
70+	—	—	1	—	1	—	—	2	267,757
Totals	**75**	**60**	**43**	**47**	**44**	**23**	**25**	**317**	**$35,937,094**

The Colorado PERA funding objective, to paraphrase the Board's Statement of Funding Policy, is to be able to pay long-term benefit promises through contributions that remain approximately level from year to year as a percent of salaries earned by members. In this way, members and employers in each year pay their fair share for retirement service accrued in that year by Colorado PERA members.

Over the years, Colorado PERA's contribution rates were occasionally increased to fund benefit improvements, or temporarily decreased at the State Legislature's direction. (See Schedule of Contribution Rate History on pages 131–135.)

Since 2000, Colorado PERA's funding ratio has declined from a high of 105.2 percent to 69.8 percent at the end of 2008. The results of Colorado PERA's annual valuation on December 31, 2008, showed that the funding ratio for the retirement trust funds had decreased to 69.8 percent. Legislation enacted in 2005 and 2006 that will strengthen Colorado PERA's future funded status included the following provisions:

- Payment of employer contributions on salary paid to Colorado PERA retirees who work for Colorado PERA-affiliated employers, effective July 1, 2005.
- Phase-in of increased funding called the Amortization Equalization Disbursement (AED) from Colorado PERA employers through a contribution that will remain in effect until Colorado PERA's unfunded liabilities are actuarially amortized beginning in January 2006 and increasing through 2012.
- A gradual increase of 0.5 percent per year in contributions called the Supplemental AED over six years to be paid by employers from foregone employee wage increases, effective January 1, 2008. The main provisions of the SAED are similar to the AED provisions.
- Implementation of new hire provisions for members hired on or after January 1, 2007, which includes changing the Rule of 80 to a Rule of 85 with a minimum retirement age of 55 and implementing a new Annual Increase Reserve fund dedicated for new hire retirement COLAs.
- In an action that did not require legislation, the Board increased the cost to purchase prior non-covered service to the full actuarial cost effective November 1, 2005. In 2006, legislation was passed to make all future purchase of service credit at the actuarially determined rate.

The following solvency test is one means of checking Colorado PERA's funding progress. In this test, the retirement plan's present assets (investments and cash) are compared with: (A) member contributions (with interest) on deposit, (B) the liabilities for future benefits to persons who have retired or terminated service with the right to a future benefit, and (C) the liabilities for service already rendered by active members. In a system that has been following the discipline of level contribution rate financing, the liabilities for member contributions on deposit (liability A) and the liabilities for future benefits to present retirees (liability B) will be fully covered by present assets, except in rare circumstances. The actuarial valuation of December 31, 2008, shows that liability A is fully covered by Colorado PERA assets.

In addition, the remainder of present assets covers a large portion of the liabilities for future benefits to persons who have retired or terminated service with the right to a future benefit (liability B). Generally, if the system has been using level contribution rate financing, the funded portion of liability B and C will increase over time.

TOTAL ACTUARIAL LIABILITIES

(In Actual Dollars)

VALUATION DATE	MEMBER CONTRIBUTIONS (A)[1]	RETIREES AND BENEFICIARIES (B)	EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C)	VALUATION ASSETS	PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS		
					LIABILITY (A)	LIABILITY (B)	LIABILITY (C)
12/31/99	$4,631,541,543	$12,650,882,161	$8,564,267,296	$26,643,394,180	100%	100%	100%
12/31/00	4,833,143,560	14,162,593,257	9,170,504,492	29,625,878,179	100%	100%	100%
12/31/01	5,562,390,361	16,301,486,412	9,503,435,639	30,935,478,756	100%	100%	95%
12/31/02	6,118,094,036	18,208,961,462	10,268,677,964	30,554,140,114	100%	100%	61%
12/31/03	6,316,579,440	20,884,057,920	13,291,470,411	30,596,661,957	100%	100%	26%
12/31/04	6,365,516,299	23,833,957,690	13,370,998,194	30,755,462,303	100%	100%	4%
12/31/05	5,755,118,042	26,382,911,449	14,614,266,949	34,273,165,233	100%	100%	15%
12/31/06	6,742,437,218	29,674,681,921	13,073,484,732	36,687,041,642	100%	100%	2%
12/31/07	6,834,260,809	32,017,760,257	13,607,111,905	39,415,525,136	100%	100%	4%
12/31/08	**6,992,382,016**	**34,524,824,473**	**14,107,804,695**	**38,811,962,066**	**100%**	**92%**	**0%**

[1] Includes accrued interest on member contributions.

Unfunded/(overfunded) actuarial accrued liabilities are the difference between actuarially calculated liabilities for service already rendered and the assets of the retirement fund. It is natural for unfunded liabilities to exist for Colorado PERA and other defined benefit retirement plans.

The ratio of Colorado PERA's assets to accrued liabilities exceeded 100 percent for the first time on December 31, 1999, and again exceeded 100 percent in 2000. The ratio fell to a low of 71 percent in 2004 and increased by 2007 to 75 percent. However, in 2008 the ratio fell to 70 percent.

The decrease (or losses) in the 2008 funded status over 2007 can be attributed mainly to the following factors:

- Recognition of investment losses experienced from 2008.
- Fewer members terminated Colorado PERA-covered employment and withdrew their accounts than had been assumed during 2008, increasing future liabilities.
- New Colorado PERA members had some service resulting in accrued liabilities.
- Member pay increases were higher than expected.
- Current retirees are living longer than expected.

The following factors resulted in lower liabilities (or gains) to Colorado PERA during 2008:

- Recognition of investment gains experienced from 2005-2007.
- Fewer members retired with a disability retirement than assumed.

Effective November 1, 2005, the cost to purchase non-covered service was increased to the actuarial cost, further limiting the plan's liabilities going forward. Legislation passed and signed into law in 2003 limited the number of years for non-covered service purchases to a total of 10 years. Legislation supported by the Board in 2004, 2005, and 2006 contained moderate and balanced provisions that improve Colorado PERA's financial soundness.

A brief description of this legislation follows:

Senate Bill 04-132 ("Modification of Existing Benefit Plans for Colorado PERA Members") as amended was signed by Governor Owens. The bill contained the following provisions that went into effect during 2005:

- Reduced the annual post-retirement increase to the lower of 3 percent or the actual increase in the Consumer Price Index for new employees hired on or after July 1, 2005.
- Eliminated the unreduced service retirement eligibility requirement at age 50 with 30 or more years of service, for new employees hired on or after July 1, 2005.

Senate Bill 04-257 ("Modifications to Retirement Plans for Public Employees") as amended was signed by Governor Owens and included provisions that will phase-in increased funding from Colorado PERA employers with an amortization equalization disbursement beginning in January 2006 through 2012. The bill also required employer contributions on salary paid to Colorado PERA retirees who return to work for Colorado PERA-affiliated employers.

Senate Bill 05-73 ("Employment After Retirement for Colorado PERA Retirees") was signed by Governor Owens and ensured that the amortization equalization disbursement will be paid by employers on the salary they pay to Colorado PERA retirees. SB 05-73 also provides for employer contributions to be paid on compensation paid to Colorado PERA retirees who are working as independent contractors or in certain other arrangements, and who are performing services for Colorado PERA employers.

Senate Bill 06-235 ("Concerning Public Employees' Retirement Benefit Plans") was signed by Governor Owens on May 25, 2006. This legislation provided the following:

- Added a supplemental amortization equalization disbursement payment that is slated to come from salary increases that would have otherwise been awarded to employees over a six–year period. The collection of 0.5 percent of salaries began on January 1, 2008.
- Modified retirement provisions for new employees hired on or after January 1, 2007.
- Specified a 30–year amortization period in statute.
- Required that an actuarial study be commissioned by the General Assembly before any benefit enhancements can be made.
- Modified the structure of the Colorado PERA Board of Trustees.
- Expanded defined contribution and defined benefit choice to new employees of institutions of higher education who did not previously have access to both types of plans.

Benefits to retirees are funded at 92.2 percent, that is, assets reserved for benefits currently being paid are less than the liabilities for those benefits. Liabilities for members are based on service rendered toward their retirement benefits payable in the future. Unfunded actuarial accrued liabilities exist because liabilities for such service by members exceed assets currently on hand for such future benefits.

Since inflation decreases the dollar's value, it is important to examine more than only the dollar amounts of assets, benefits paid, member salaries, and unfunded/(overfunded) actuarial accrued liabilities when assessing the plan's financial status. The ratio of unfunded/(overfunded) actuarial accrued liability dollars divided by member salary dollars can provide a meaningful index. The smaller the ratio, the stronger the system. Observation of this relative index over a period of years will give an indication of the financial strength of the system. This ratio has decreased at times over the last decade, but increased sharply in years 2002 through 2004. This increase reflects the poor investment environment of 2001 and 2002, as well as increased liabilities. The UAAL/OAAL as a percent of member salaries was reduced in 2007, which is evidence of a moderation in Colorado PERA's liabilities and recognition of investment gains in the past few years. However, in 2008 the ratio increased to levels significantly above those experienced in 2002 through 2004.

UNFUNDED/(OVERFUNDED) ACTUARIAL ACCRUED LIABILITIES (UAAL/OAAL)

(In Actual Dollars)

VALUATION DATE	TOTAL ACTUARIAL ACCRUED LIABILITIES	VALUATION ASSETS	ASSETS AS A % OF ACCRUED LIABILITIES	UNFUNDED/(OVERFUNDED) ACTUARIAL ACCRUED LIABILITIES	MEMBER SALARIES	UAAL/(OAAL) AS A % OF MEMBER SALARIES
12/31/99	$25,846,691,306	$26,643,394,180	103.1%	($796,702,874)	$4,709,759,629	(16.9%)
12/31/00	28,166,241,309	29,625,878,179	105.2%	(1,459,636,870)	4,982,542,964	(29.3%)
12/31/01	31,367,312,412	30,935,478,756	98.6%	431,833,656	5,415,327,493	8.0%
12/31/02	34,595,733,462	30,554,140,114	88.3%	4,041,593,348	5,779,703,602	69.9%
12/31/03	40,492,107,771	30,596,661,957	75.6%	9,895,445,814	5,645,468,380	175.3%
12/31/04	43,570,472,183	30,755,462,303	70.6%	12,815,009,880	5,879,355,179	218.0%
12/31/05	46,752,296,440	34,273,165,233	73.3%	12,479,131,207	5,940,132,036	210.1%
12/31/06	49,490,603,871	36,687,041,642	74.1%	12,803,562,229	6,135,961,050	208.7%
12/31/07	52,459,132,971	39,415,525,136	75.1%	13,043,607,835	6,566,368,545	198.6%
12/31/08	**55,625,011,184**	**38,811,962,066**	**69.8%**	**16,813,049,118**	**6,931,404,440**	**242.6%**

SCHEDULE OF GAINS AND LOSSES IN ACCRUED LIABILITIES

TYPE OF ACTIVITY	$ GAIN (OR LOSS) FOR YEARS ENDED DECEMBER 31 (IN MILLIONS OF DOLLARS) 2008	2007	2006	2005	2004	2003
Age and service retirements[1]	**($47.1)**	($56.9)	($60.7)	($32.4)	($436.3)	($435.7)
Disability retirements[2]	**29.1**	26.6	24.3	(5.8)	(0.7)	(19.7)
Deaths[3]	**(79.1)**	9.4	0.3	130.7	(50.7)	(26.0)
Withdrawal from employment[4]	**(113.0)**	(107.7)	(88.9)	104.1	13.0	18.1
New entrants[5]	**(100.6)**	(113.5)	(136.2)	(129.1)	(66.3)	(110.7)
Pay increases[6]	**(147.9)**	(221.3)	59.6	(332.1)	97.4	716.4
Investment income[7]	**(2,632.8)**	833.3	682.7	89.4	(1,697.7)	(2,612.1)
Service purchases	**—**	—	—	(73.2)	(215.0)	(1,241.6)
Other	**(97.1)**	157.6	46.3	70.3	(23.0)	(753.1)
Gain (or loss) during year	**(3,188.5)**	527.5	527.4	(178.1)	(2,379.3)	(4,464.4)
Non-recurring items (assumption change)[8]	**131.4**	—	—	(126.3)	275.6	(981.3)
Non-recurring items (asset method change)[8]	**—**	—	—	1,660.7	—	—
Composite gain (or loss) during year	**($3,057.1)**	**$527.5**	**$527.4**	**$1,356.3**	**($2,103.7)**	**($5,445.7)**

[1] *Age and service retirements:* If members retire at older ages than assumed, there is a gain. If members retire at younger ages, a loss occurs.

[2] *Disability retirements:* If disability claims are lower than was assumed, there is a gain. If a higher number of disability claims was experienced, there is a loss.

[3] *Deaths:* If survivor claims are lower than was assumed, there is a gain. If a higher number of survivor claims was experienced, there is a loss. If retirees live longer than assumed, there is a loss; if retirees die sooner than assumed, there is a gain.

[4] *Withdrawal from employment:* If more members terminate and more liabilities are released by withdrawals than are assumed, there is a gain. If fewer liabilities are released, a loss occurs.

[5] *New entrants:* If the number of new members entering the plan is lower than was assumed, there is a loss. If a higher number of new members entered the plan than was assumed, there is a gain.

[6] *Pay increases:* If there are smaller salary increases than assumed, there is a gain. If greater increases occur, a loss results.

[7] *Investment income:* If there is greater investment income than assumed, there is a gain. If less income is received, a loss occurs.

[8] *Non-recurring items:* Include changes in actuarial assumptions or method and changes to plan benefits.

SCHEDULE OF COMPUTED EMPLOYER CONTRIBUTION RATES FOR FISCAL YEARS BEGINNING IN 2010

	EXPRESSED AS A PERCENTAGE OF MEMBER PAYROLL			
	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION
Contributions:				
Service retirement benefits	8.30%	9.32%	8.07%	12.66%
Disability retirement benefits	0.91%	0.39%	0.98%	1.66%
Survivor benefits	0.43%	0.36%	0.43%	1.19%
Termination withdrawals	2.96%	3.08%	3.13%	2.99%
Refunds	0.85%	0.65%	1.01%	0.92%
Total normal cost	13.45%	13.80%	13.62%	19.42%
Less member contributions	8.05%[1]	8.00%	8.00%	8.00%[2]
Employer normal cost	**5.40%**	**5.80%**	**5.62%**	**11.42%**
Percentage available to amortize unfunded actuarial accrued liabilities	7.35%	6.91%	6.88%	4.82%
Amortization period	Infinite	Infinite	29 years	Infinite
Total employer contribution rate for actuarially funded benefits	10.22%	10.15%	10.00%	13.66%
Amortization Equalization Disbursement	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement	1.50%	1.50%	1.50%	1.50%
Less Health Care Trust Fund	1.02%	1.02%	1.02%	1.02%
Less Annual Increase Reserve	0.15%	0.12%	0.18%	0.10%
Employer contribution rate for defined benefit plan	**12.75%**	**12.71%**	**12.50%**	**16.24%**

[1] Weighted average of more than one statutory rate.

[2] Assumes no judge will elect a refund of contributions made for the 17th through the 20th year of service.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

(In Actual Dollars)

YEAR	NUMBER OF EMPLOYERS	NUMBER OF MEMBERS	ANNUAL PAYROLL	AVERAGE ANNUAL SALARY	% INCREASE (DECREASE) IN AVERAGE PAY
1999	375	157,967	$4,709,759,629	$29,815	2.71%
2000	379	162,106	4,982,542,964	30,736	3.09%
2001	385	169,833	5,415,327,493	31,886	3.74%
2002	393	172,761	5,779,703,602	33,455	4.92%
2003	399	170,991	5,645,468,380	33,016	(1.31%)
2004	401	176,840	5,879,355,179	33,247	0.70%
2005	405	180,630	5,940,132,036	32,886	(1.09%)
2006	405	182,404	6,135,961,050	33,639	2.29%
2007	409	186,842	6,566,368,545	35,144	4.47%
2008	**413**	**190,684**	**6,931,404,440**	**36,350**	**3.43%**

STATISTICAL SECTION

PERACare, Colorado PERA's health benefits program, serves more than 56,000 members, retirees, and eligible dependents. PERACare has four health carriers offering 12 plans to its retirees; two health carriers offer seven plans to active members. PERACare also has two dental plans and three vision plans available to all participants.

The Statistical Section presents detailed information that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of Colorado PERA.

Contents

Financial Trends—These schedules show trend information about the changes and growth in Colorado PERA's net assets over the past 10 years.

- *Changes in Fiduciary Net Assets*
- *Benefits and Refund Deductions from Net Assets by Type*

Operating Information—These schedules contain information related to the services that Colorado PERA provides and the activities it performs.

- *Member and Benefit Recipient Statistics*[1]
- *Schedule of Average Retirement Benefits Payable*[1]
- *Schedule of Retirees and Survivors by Type of Benefit*
- *Current Average Monthly Benefit by Year of Retirement*[1]
- *Schedule of Average Benefit Payments by Division*[1]
- *Schedule of Average Benefit Payments*[1]*—Combined State, School, Local Government, and Judicial Divisions Trust Funds*
- *Schedule of Contribution Rate History*
- *Principal Participating Employers*
- *Schedule of Affiliated Employers*

Schedules and information are derived from Colorado PERA internal sources unless otherwise noted.

[1]Schedules and data are provided by the consulting actuary, Cavanaugh Macdonald Consulting, LLC.

CHANGES IN FIDUCIARY NET ASSETS

Last Ten Calendar Years
(In Thousands of Dollars)

State and School Division Trust Fund[1]

ADDITIONS	1999	2000	2001	2002
Employer contributions[2]	$422,025	$420,031	$314,649	$315,825
Member contributions[2]	324,504	343,040	368,968	397,315
Purchased service	69,775	96,023	119,719	329,572
Investment income (loss)	4,130,854	(30,817)	(2,287,062)	(3,099,924)
Other	—	—	—	5
Total additions	4,947,158	828,277	(1,483,726)	(2,057,207)
DEDUCTIONS				
Benefit payments	943,112	1,042,905	1,171,996	1,307,652
Refunds	89,684	124,096	90,898	88,793
Disability insurance premiums	8,054	4,824	3,228	4,070
Administrative expenses	15,794	15,245	16,363	17,752
Other	1,873	973	1,409	1,649
Total deductions	1,058,517	1,188,043	1,283,894	1,419,916
Changes in net assets available for benefits	**3,888,641**	**(359,766)**	**(2,767,620)**	**(3,477,123)**
Net assets held at beginning of year	**24,739,649**	**28,628,290**	**28,268,524**	**25,500,904**
Net assets held at end of year	**$28,628,290**	**$28,268,524**	**$25,500,904**	**$22,023,781**

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

[2] Employer and Member contribution rate history is shown on pages 131–135.

State and School Division Trust Fund[1]

ADDITIONS	2003	2004	2005
Employer contributions[2]	$387,920	$452,997	$491,031
Member contributions[2]	405,715	411,376	425,657
Purchased service	695,516	192,033	212,971
Investment income	5,203,073	3,663,632	2,827,871
Other	3	30	(9)
Total additions	6,692,227	4,720,068	3,957,521
DEDUCTIONS			
Benefit payments	1,469,343	1,677,417	1,872,565
Refunds	99,039	108,136	114,968
Disability insurance premiums	3,592	4,186	4,038
Administrative expenses	19,750	20,949	18,811
Other	448	13,320	10,373
Total deductions	1,592,172	1,824,008	2,020,755
Changes in net assets available for benefits	**5,100,055**	**2,896,060**	**1,936,766**
Net assets held at beginning of year	**22,023,781**	**27,123,836**	**30,019,896**
Net assets held at end of year	**$27,123,836**	**$30,019,896**	**$31,956,662**

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

[2] Employer and Member contribution rate history is shown on pages 131–135.

(In Thousands of Dollars)

State Division Trust Fund[1]

ADDITIONS	2006	2007	2008
Employer contributions[2]	$208,795	$232,997	$270,353
Member contributions[2]	169,965	179,971	191,481
Purchased service	39,480	8,259	13,315
Investment income (loss)	1,921,863	1,388,265	(3,745,843)
Other	1	4	7
Total additions	2,340,104	1,809,496	(3,270,687)
DEDUCTIONS			
Benefit payments	849,229	925,761	999,279
Refunds	65,911	56,578	56,716
Disability insurance premiums	1,772	1,833	1,794
Administrative expenses	7,889	6,963	8,639
Other	3,103	7,592	6,613
Total deductions	927,904	998,727	1,073,041
Changes in net assets available for benefits	**1,412,200**	**810,769**	**(4,343,728)**
Net assets held at beginning of year	**12,629,060**	**14,041,260**	**14,852,029**
Net assets held at end of year	**$14,041,260**	**$14,852,029**	**$10,508,301**

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

[2] Employer and Member contribution rate history is shown on pages 131-135.

School Division Trust Fund[1]

ADDITIONS	2006	2007	2008
Employer contributions[2]	$336,703	$375,480	$430,215
Member contributions[2]	272,589	289,231	304,686
Purchased service	50,806	14,331	15,020
Investment income (loss)	2,954,863	2,145,958	(5,842,787)
Other	23	15	19
Total additions	3,614,984	2,825,015	(5,092,847)
DEDUCTIONS			
Benefit payments	1,213,875	1,329,803	1,449,907
Refunds	68,493	67,710	65,659
Disability insurance premiums	2,829	2,983	2,886
Administrative expenses	11,523	11,942	12,815
Other	9,909	5,348	3,272
Total deductions	1,306,629	1,417,786	1,534,539
Changes in net assets available for benefits	**2,308,355**	**1,407,229**	**(6,627,386)**
Net assets held at beginning of year	**19,327,602**	**21,635,957**	**23,043,186**
Net assets held at end of year	**$21,635,957**	**$23,043,186**	**$16,415,800**

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

[2] Employer and Member contribution rate history is shown on pages 131-135.

CHANGES IN FIDUCIARY NET ASSETS

Last Ten Calendar Years
(In Thousands of Dollars)

Local Government Division Trust Fund[1]

ADDITIONS	1999	2000	2001	2002	2003
Employer contributions[2]	$31,418	$32,639	$25,435	$21,972	$31,033
Member contributions[2]	27,893	29,392	32,451	35,202	37,584
Purchased service	3,630	4,678	6,916	30,609	68,056
Investment income (loss)	249,209	(2,134)	(141,466)	(196,652)	341,545
Total additions	312,150	64,575	(76,664)	(108,869)	478,218
DEDUCTIONS					
Benefit payments	40,903	44,957	50,294	57,835	67,458
Refunds	10,210	14,619	10,645	10,426	10,453
Disability insurance premiums	692	418	283	360	326
Administrative expenses	1,391	1,339	1,437	1,539	1,724
Other	(1,118)	(131)	(721)	(125)	1,965
Total deductions	52,078	61,202	61,938	70,035	81,926
Changes in net assets available for benefits	**260,072**	**3,373**	**(138,602)**	**(178,904)**	**396,292**
Net assets held at beginning of year	**1,477,009**	**1,737,081**	**1,740,454**	**1,601,852**	**1,422,948**
Net assets held at end of year	**$1,737,081**	**$1,740,454**	**$1,601,852**	**$1,422,948**	**$1,819,240**

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

[2] Employer and Member contribution rate history is shown on pages 131-135.

Local Government Division Trust Fund[1]

ADDITIONS	2004	2005	2006	2007	2008
Employer contributions[2]	$47,104	$54,357	$60,664	$68,711	**$79,457**
Member contributions[2]	43,496	48,404	51,047	54,880	**58,508**
Purchased service	18,566	92,018	14,461	2,447	**3,820**
Investment income (loss)	255,505	206,017	369,181	274,991	**(778,885)**
Other	—	2	4	12	**(2)**
Total additions	364,671	400,798	495,357	401,041	**(637,102)**
DEDUCTIONS					
Benefit payments	78,494	90,808	104,156	117,350	**132,696**
Refunds	13,500	15,052	16,328	16,683	**18,219**
Disability insurance premiums	432	444	529	561	**560**
Administrative expenses	1,943	1,848	1,800	1,918	**2,102**
Other	1,832	2,885	(1,056)	1,326	**2,014**
Total deductions	96,201	111,037	121,757	137,838	**155,591**
Changes in net assets available for benefits	**268,470**	**289,761**	**373,600**	**263,203**	**(792,693)**
Net assets held at beginning of year	**1,819,240**	**2,087,710**	**2,377,471**	**2,751,071**	**3,014,274**
Net assets held at end of year	**$2,087,710**	**$2,377,471**	**$2,751,071**	**$3,014,274**	**$2,221,581**

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

[2] Employer and Member contribution rate history is shown on pages 131-135.

(In Thousands of Dollars)

Judicial Division Trust Fund

ADDITIONS	1999	2000	2001	2002	2003
Employer contributions[1]	$2,689	$2,726	$637	$383	$1,011
Member contributions[1]	1,552	1,630	1,806	1,982	2,034
Purchased service	121	732	748	1,928	8,388
Investment income (loss)	23,539	(200)	(13,089)	(17,521)	29,825
Total additions	27,901	4,888	(9,898)	(13,228)	41,258
DEDUCTIONS					
Benefit payments	5,521	5,917	6,440	6,731	8,467
Refunds	683	—	282	83	596
Disability insurance premiums	38	23	16	20	18
Administrative expenses	37	20	19	20	22
Other	1	(130)	281	(460)	(849)
Total deductions	6,280	5,830	7,038	6,394	8,254
Changes in net assets available for benefits	**21,621**	**(942)**	**(16,936)**	**(19,622)**	**33,004**
Net assets held at beginning of year	**141,484**	**163,105**	**162,163**	**145,227**	**125,605**
Net assets held at end of year	**$163,105**	**$162,163**	**$145,227**	**$125,605**	**$158,609**

[1] Employer and Member contribution rate history is shown on pages 131-135.

Judicial Division Trust Fund

ADDITIONS	2004	2005	2006	2007	2008
Employer contributions[1]	$2,677	$3,408	$3,767	$4,222	**$5,105**
Member contributions[1]	2,071	2,154	2,292	2,479	**2,806**
Purchased service	2,203	2,993	1,814	80	**392**
Investment income (loss)	21,789	16,953	29,920	21,965	**(61,192)**
Total additions	28,740	25,508	37,793	28,746	**(52,889)**
DEDUCTIONS					
Benefit payments	8,806	9,868	10,755	12,396	**13,356**
Refunds	98	181	—	4	**—**
Disability insurance premiums	21	20	24	25	**26**
Administrative expenses	23	20	19	19	**21**
Other	(103)	(742)	(3)	(2,908)	**(322)**
Total deductions	8,845	9,347	10,795	9,536	**13,081**
Changes in net assets available for benefits	**19,895**	**16,161**	**26,998**	**19,210**	**(65,970)**
Net assets held at beginning of year	**158,609**	**178,504**	**194,665**	**221,663**	**240,873**
Net assets held at end of year	**$178,504**	**$194,665**	**$221,663**	**$240,873**	**$174,903**

[1] Employer and Member contribution rate history is shown on pages 131-135.

CHANGES IN FIDUCIARY NET ASSETS

Last Ten Calendar Years
(In Thousands of Dollars)

Voluntary Investment Program

ADDITIONS	1999	2000	2001	2002	2003
Employer contributions	$495	$719	$58,037	$68,209	$50,144
Member contributions	76,469	102,130	165,001	179,155	189,054
Investment income (loss)	102,823	(13,139)	(52,070)	(83,012)	157,589
Other	—	—	—	2,001	1,918
Total additions	179,787	89,710	170,968	166,353	398,705
DEDUCTIONS					
Refunds	28,574	45,678	52,909	99,838	219,157
Administrative expenses	984	1,835	2,946	3,289	3,382
Other	(1,012)	(1,358)	(1,835)	(5)	—
Total deductions	28,546	46,155	54,020	103,122	222,539
Changes in net assets available for benefits	**151,241**	**43,555**	**116,948**	**63,231**	**176,166**
Net assets held at beginning of year	**362,874**	**514,115**	**557,670**	**674,618**	**737,849**
Net assets held at end of year	**$514,115**	**$557,670**	**$674,618**	**$737,849**	**$914,015**

Voluntary Investment Program

ADDITIONS	2004	2005	2006	2007	2008
Employer contributions	$13,494	$2,484	$3,053	$4,356	**$5,812**
Member contributions	179,909	182,257	165,901	172,510	**159,501**
New affiliate transfer	79,329	—	—	—	**—**
Investment income (loss)	110,598	96,423	166,682	125,645	**(501,703)**
Other	2,388	2,964	3,396	6,366	**4,475**
Total additions	385,718	284,128	339,032	308,877	**(331,915)**
DEDUCTIONS					
Refunds	90,618	187,557	108,485	92,755	**87,786**
Administrative expenses	4,390	4,298	4,706	5,484	**4,973**
Total deductions	95,008	191,855	113,191	98,239	**92,759**
Changes in net assets available for benefits	**290,710**	**92,273**	**225,841**	**210,638**	**(424,674)**
Net assets held at beginning of year	**914,015**	**1,204,725**	**1,296,998**	**1,522,839**	**1,733,477**
Net assets held at end of year	**$1,204,725**	**$1,296,998**	**$1,522,839**	**$1,733,477**	**$1,308,803**

(In Thousands of Dollars)

Health Care Trust Fund

ADDITIONS	1999	2000	2001	2002	2003
Employer contributions[1]	$43,136	$51,351	$74,324	$92,562	$64,443
Member contributions	25,611	28,751	43,960	48,825	55,668
Investment income (loss)	17,891	(94)	(10,818)	(17,742)	33,445
Other	—	—	—	1,055	2,118
Total additions	86,638	80,008	107,466	124,700	155,674
DEDUCTIONS					
Benefit payments	64,979	77,332	103,472	113,898	120,814
Administrative expenses	483	1,134	679	5,409	6,157
Other	—	—	(368)	—	—
Total deductions	65,462	78,466	103,783	119,307	126,971
Changes in net assets available for benefits	**21,176**	**1,542**	**3,683**	**5,393**	**28,703**
Net assets held at beginning of year	**99,462**	**120,638**	**122,180**	**125,863**	**131,256**
Net assets held at end of year	**$120,638**	**$122,180**	**$125,863**	**$131,256**	**$159,959**

[1] Employer and Member contribution rate history is shown on pages 131-135.

Health Care Trust Fund

ADDITIONS	2004	2005	2006	2007	2008
Employer contributions[1]	$60,465	$61,193	$64,547	$68,508	**$72,599**
Member contributions	59,453	62,872	85,673	96,345	**102,644**
Medicare retiree drug subsidy	—	—	12,481	12,397	**13,743**
Investment income (loss)	23,117	17,665	30,920	23,868	**(72,423)**
Other	16,116	13,609	12,997	12,454	**12,803**
Total additions	159,151	155,339	206,618	213,572	**129,366**
DEDUCTIONS					
Benefit payments	130,917	135,550	164,755	159,939	**196,769**
Administrative expenses	6,634	8,216	8,145	11,051	**11,838**
Total deductions	137,551	143,766	172,900	170,990	**208,607**
Changes in net assets available for benefits	**21,600**	**11,573**	**33,718**	**42,582**	**(79,241)**
Net assets held at beginning of year	**159,959**	**181,559**	**193,132**	**226,850**	**269,432**
Net assets held at end of year	**$181,559**	**$193,132**	**$226,850**	**$269,432**	**$190,191**

[1] Employer and Member contribution rate history is shown on pages 131-135.

CHANGES IN FIDUCIARY NET ASSETS

Last Ten Calendar Years
(In Thousands of Dollars)

Life Insurance Reserve

ADDITIONS	1999	2000	2001	2002	2003
Investment income (loss)	$3,717	($6)	($1,659)	($1,676)	$2,991
Total additions	3,717	(6)	(1,659)	(1,676)	2,991
DEDUCTIONS					
Life insurance premiums and claims	1,196	1,366	793	2,726	1,899
Administrative expenses	424	491	726	590	271
Total deductions	1,620	1,857	1,519	3,316	2,170
Changes in net assets available for benefits	**2,097**	**(1,863)**	**(3,178)**	**(4,992)**	**821**
Net assets held at beginning of year	**20,091**	**22,188**	**20,325**	**17,147**	**12,155**
Net assets held at end of year	**$22,188**	**$20,325**	**$17,147**	**$12,155**	**$12,976**

Life Insurance Reserve

ADDITIONS	2004	2005	2006	2007	2008
Life insurance premiums	$—	$7,351	$8,950	$9,075	**$1,772**
Investment income (loss)	1,932	1,652	2,625	2,851	**(4,693)**
Total additions	1,932	9,003	11,575	11,926	**(2,921)**
DEDUCTIONS					
Life insurance premiums and claims	1,610	5,571	8,653	7,961	**2,820**
Administrative expenses	(456)	2,486	1,100	1,732	**486**
Total deductions	1,154	8,057	9,753	9,693	**3,306**
Changes in net assets available for benefits	**778**	**946**	**1,822**	**2,233**	**(6,227)**
Net assets held at beginning of year	**12,976**	**13,754**	**14,700**	**16,522**	**18,755**
Net assets held at end of year	**$13,754**	**$14,700**	**$16,522**	**$18,755**	**$12,528**

(In Thousands of Dollars)

State and School Division Trust Fund[1]

TYPE OF BENEFIT	1999	2000	2001	2002	2003	2004	2005
Age and service benefits:							
Retirees	$819,598	$919,816	$1,043,863	$1,175,082	$1,331,960	$1,535,496	$1,726,569
Disability	102,897	104,871	109,197	112,701	116,770	120,252	123,808
Survivors	20,617	18,218	18,936	19,869	20,613	21,669	22,188
Total benefits	**$943,112**	**$1,042,905**	**$1,171,996**	**$1,307,652**	**$1,469,343**	**$1,677,417**	**$1,872,565**
TYPE OF REFUND							
Separation	$84,365	$117,663	$84,842	$83,457	$91,232	$100,608	$109,588
Death	5,319	6,433	6,056	5,336	7,807	7,528	5,380
Total refunds	**$89,684**	**$124,096**	**$90,898**	**$88,793**	**$99,039**	**$108,136**	**$114,968**

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

State Division Trust Fund[1]

TYPE OF BENEFIT	2006	2007	2008
Age and service benefits:			
Retirees	$764,672	$838,033	**$910,475**
Disability	72,548	75,212	**76,056**
Survivors	12,009	12,516	**12,748**
Total benefits	**$849,229**	**$925,761**	**$999,279**
TYPE OF REFUND			
Separation	$61,073	$53,220	**$51,047**
Death	3,966	2,825	**5,014**
Purchased service	872	533	**655**
Total refunds	**$65,911**	**$56,578**	**$56,716**

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

School Division Trust Fund[1]

TYPE OF BENEFIT	2006	2007	2008
Age and service benefits:			
Retirees	$1,147,787	$1,261,407	**$1,378,531**
Disability	54,971	57,054	**59,019**
Survivors	11,117	11,342	**12,357**
Total benefits	**$1,213,875**	**$1,329,803**	**$1,449,907**
TYPE OF REFUND			
Separation	$64,239	$62,784	**$61,259**
Death	3,198	4,455	**3,530**
Purchased service	1,056	471	**870**
Total refunds	**$68,493**	**$67,710**	**$65,659**

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

BENEFITS AND REFUND DEDUCTIONS FROM NET ASSETS BY TYPE

Last Ten Calendar Years
(In Thousands of Dollars)

Local Government Division Trust Fund[1]

TYPE OF BENEFIT	1999	2000	2001	2002	2003
Age and service benefits:					
Retirees	$29,389	$33,318	$38,097	$44,916	$54,380
Disability	9,909	10,235	10,739	11,254	11,616
Survivors	1,605	1,404	1,458	1,665	1,462
Total benefits	**$40,903**	**$44,957**	**$50,294**	**$57,835**	**$67,458**
TYPE OF REFUND					
Separation	$9,318	$13,970	$10,379	$10,145	$10,171
Death	892	649	266	281	282
Total refunds	**$10,210**	**$14,619**	**$10,645**	**$10,426**	**$10,453**

Local Government Division Trust Fund[1]

TYPE OF BENEFIT	2004	2005	2006	2007	2008
Age and service benefits:					
Retirees	$65,063	$76,586	$89,226	$102,239	**$116,951**
Disability	11,957	12,692	13,107	13,376	**13,900**
Survivors	1,474	1,530	1,823	1,735	**1,845**
Total benefits	**$78,494**	**$90,808**	**$104,156**	**$117,350**	**$132,696**
TYPE OF REFUND					
Separation	$12,610	$14,137	$15,405	$15,835	**$16,742**
Death	890	915	677	647	**1,399**
Purchased service	—	—	246	201	**78**
Total refunds	**$13,500**	**$15,052**	**$16,328**	**$16,683**	**$18,219**

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

(In Thousands of Dollars)

Judicial Division Trust Fund

TYPE OF BENEFIT	1999	2000	2001	2002	2003
Age and service benefits:					
Retirees	$4,598	$4,972	$5,350	$5,725	$7,500
Disability	575	633	776	681	651
Survivors	348	312	314	325	316
Total benefits	**$5,521**	**$5,917**	**$6,440**	**$6,731**	**$8,467**
TYPE OF REFUND					
Separation	$683	$—	$282	$83	$596
Total refunds	**$683**	**$—**	**$282**	**$83**	**$596**

Judicial Division Trust Fund

TYPE OF BENEFIT	2004	2005	2006	2007	2008
Age and service benefits:					
Retirees	$7,795	$8,832	$9,708	$11,292	**$12,113**
Disability	682	695	696	746	**850**
Survivors	329	341	351	358	**393**
Total benefits	**$8,806**	**$9,868**	**$10,755**	**$12,396**	**$13,356**
TYPE OF REFUND					
Separation	$98	$181	$—	$—	$—
Purchased service	—	—	—	4	—
Total refunds	**$98**	**$181**	**$—**	**$4**	**$—**

MEMBER AND BENEFIT RECIPIENT STATISTICS[1]

(In Actual Dollars)

ACTIVE MEMBERS	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	TOTAL
Active members as of December 31, 2008	**54,441**	**118,547**	**17,379**	**317**	**190,684**
RETIREMENTS DURING 2008					
Disability retirements	48	60	10	—	118
Service retirements	1,465	2,516	342	7	4,330
Total	**1,513**	**2,576**	**352**	**7**	**4,448**
RETIREMENT BENEFITS					
Total receiving disability and service retirement benefits on December 31, 2007	28,775	42,941	3,936	263	75,915
Total retiring during 2008	1,513	2,576	352	7	4,448
Cobeneficiaries continuing after retiree's death	241	215	34	5	495
Returning to retirement rolls from suspension	35	63	6	—	104
Total	**30,564**	**45,795**	**4,328**	**275**	**80,962**
Retirees and cobeneficiaries deceased during year	892	941	105	8	1,946
Retirees suspending benefits to return to work	13	48	—	—	61
Total receiving retirement benefits	**29,659**	**44,806**	**4,223**	**267**	**78,955**
Annual retirement benefits for retirees as of December 31, 2008	$1,003,720,524	$1,473,190,320	$136,427,592	$13,246,284	$2,626,584,720
Average monthly benefit on December 31, 2008	$2,820	$2,740	$2,692	$4,134	$2,772
Average monthly benefit for all members who retired during 2008	$3,063	$2,703	$3,295	$6,474	$2,878
SURVIVOR BENEFITS					
Survivor benefit accounts					
Total survivors being paid on December 31, 2008	855	948	150	14	1,967
Annual benefits payable for survivors as of December 31, 2008	$16,302,900	$14,139,780	$2,584,860	$412,812	$33,440,352
FUTURE BENEFITS					
Future retirements to age 60 or 65	4,630	9,760	1,148	11	15,549
Total annual future benefits	$44,731,988	$63,212,083	$12,414,419	$185,347	$120,543,837
Future survivor beneficiaries of inactive members	136	165	23	2	326
Total annual future benefits	$1,706,460	$1,665,204	$380,292	$65,412	$3,817,368

[1] In addition, as of December 31, 2008, there was a total of 143,138 non-vested terminated members—State Division: 51,374; School Division: 76,616; Local Government Division: 15,143; and Judicial Division: 5.

SCHEDULE OF AVERAGE RETIREMENT BENEFITS PAYABLE[1]

(In Actual Dollars)

YEAR ENDED	AVERAGE MONTHLY BENEFIT	AVERAGE AGE AT RETIREMENT	AVERAGE CURRENT AGE OF RETIREES	AVERAGE YEARS OF SERVICE AT RETIREMENT
12/31/99	$1,657	59.0	69.4	20.5
12/31/00	1,755	58.8	69.3	20.9
12/31/01	1,876	58.6	69.1	21.2
12/31/02	1,997	58.5	68.0	21.6
12/31/03	2,140	58.2	68.4	22.0
12/31/04	2,288	57.9	68.7	22.4
12/31/05	2,447	58.0	68.7	23.0
12/31/06	2,538	58.1	68.8	22.9
12/31/07	2,658	58.0	68.9	23.1
12/31/08	**2,772**	**58.0**	**69.0**	**23.2**

[1] Includes disability retirements, but not survivor benefits.

Types of Benefits:

1—Age and service retirement.
2—Disability retirement.
3—Survivor payment—Option 3.
4—Survivor payment—children, spouse, or dependent parent.
5—Surviving spouse with future benefit.
6—Former member with future benefit.

Option Selected:

Retirees select one of the following options at retirement:
1—Single life benefit.
2—Joint benefit with 1/2 to surviving cobeneficiary.
3—Joint and survivor benefit.
4—Joint benefit with 1/2 to either survivor. (No longer offered to members retiring.)

Surviving Cobeneficiary:

Retiree has predeceased the cobeneficiary.

Surviving Retiree:

Cobeneficiary has predeceased the retiree.

State Division

TYPE OF BENEFIT

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	TOTAL (COLUMNS 1–5)	1	2	3	4	5	6
$1–$250	548	498	3	5	34	8	720
$251–$500	1,166	1,011	60	5	70	20	1,170
$501–$750	1,394	1,117	152	9	93	23	913
$751–$1,000	1,495	1,107	262	7	91	28	639
$1,001–$1,250	1,741	1,175	449	10	80	27	364
$1,251–$1,500	1,840	1,271	475	9	78	7	256
$1,501–$1,750	1,930	1,296	546	9	71	8	150
$1,751–$2,000	1,989	1,459	474	5	47	4	127
$2,000+	18,547	17,107	1,197	72	160	11	291
Totals	**30,650**	**26,041**	**3,618**	**131**	**724**	**136**	**4,630**

OPTION SELECTED

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	1	2	3	4	SURVIVING COBENEFICIARY	SURVIVING RETIREE
$1–$250	330	26	75	3	52	15
$251–$500	674	55	133	2	175	32
$501–$750	716	82	155	3	267	46
$751–$1,000	735	100	209	7	284	34
$1,001–$1,250	906	156	229	7	265	61
$1,251–$1,500	940	207	287	6	252	54
$1,501–$1,750	1,005	194	360	5	236	42
$1,751–$2,000	1,041	229	385	11	236	31
$2,000+	8,685	3,575	4,664	60	1,079	241
Totals	**15,032**	**4,624**	**6,497**	**104**	**2,846**	**556**

SCHEDULE OF RETIREES AND SURVIVORS BY TYPE OF BENEFIT

As of December 31, 2008

Types of Benefits:

1—Age and service retirement.
2—Disability retirement.
3—Survivor payment—Option 3.
4—Survivor payment—children, spouse, or dependent parent.
5—Surviving spouse with future benefit.
6—Former member with future benefit.

Option Selected:

Retirees select one of the following options at retirement:
1—Single life benefit.
2—Joint benefit with 1/2 to surviving cobeneficiary.
3—Joint and survivor benefit.
4—Joint benefit with 1/2 to either survivor. (No longer offered to members retiring.)

Surviving Cobeneficiary:

Retiree has predeceased the cobeneficiary.

Surviving Retiree:

Cobeneficiary has predeceased the retiree.

School Division

TYPE OF BENEFIT

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	TOTAL (COLUMNS 1–5)	1	2	3	4	5	6
$1–$250	1,929	1,735	47	9	106	32	2,575
$251–$500	2,793	2,385	217	9	145	37	3,393
$501–$750	2,685	2,178	359	9	114	25	1,866
$751–$1,000	2,499	2,050	311	9	103	26	799
$1,001–$1,250	2,280	1,822	362	6	77	13	440
$1,251–$1,500	2,098	1,693	330	4	63	8	243
$1,501–$1,750	2,091	1,753	272	4	58	4	148
$1,751–$2,000	2,010	1,737	223	4	43	3	101
$2,000+	27,534	26,405	927	49	136	17	195
Totals	**45,919**	**41,758**	**3,048**	**103**	**845**	**165**	**9,760**

OPTION SELECTED

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	1	2	3	4	SURVIVING COBENEFICIARY	SURVIVING RETIREE
$1–$250	1,252	78	252	6	166	28
$251–$500	1,764	165	351	6	255	61
$501–$750	1,744	190	292	1	270	40
$751–$1,000	1,560	222	290	10	233	46
$1,001–$1,250	1,347	265	301	8	217	46
$1,251–$1,500	1,206	251	318	9	185	54
$1,501–$1,750	1,177	286	356	8	153	45
$1,751–$2,000	1,157	284	331	4	140	44
$2,000+	16,096	5,703	4,485	70	775	203
Totals	**27,303**	**7,444**	**6,976**	**122**	**2,394**	**567**

Types of Benefits:

1—Age and service retirement.
2—Disability retirement.
3—Survivor payment—Option 3.
4—Survivor payment—children, spouse, or dependent parent.
5—Surviving spouse with future benefit.
6—Former member with future benefit.

Option Selected:

Retirees select one of the following options at retirement:
1—Single life benefit.
2—Joint benefit with 1/2 to surviving cobeneficiary.
3—Joint and survivor benefit.
4—Joint benefit with 1/2 to either survivor. (No longer offered to members retiring.)

Surviving Cobeneficiary:

Retiree has predeceased the cobeneficiary.

Surviving Retiree:

Cobeneficiary has predeceased the retiree.

Local Government Division

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	TOTAL (COLUMNS 1–5)	TYPE OF BENEFIT 1	2	3	4	5	6
$1–$250	131	120	1	1	8	1	118
$251–$500	196	171	10	—	12	3	291
$501–$750	212	165	26	—	19	2	258
$751–$1,000	273	200	50	3	15	5	163
$1,001–$1,250	262	178	65	1	15	3	93
$1,251–$1,500	357	194	138	3	21	1	53
$1,501–$1,750	307	193	103	2	7	2	32
$1,751–$2,000	283	186	91	1	4	1	31
$2,000+	2,375	2,135	197	17	21	5	109
Totals	**4,396**	**3,542**	**681**	**28**	**122**	**23**	**1,148**

AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	OPTION SELECTED 1	2	3	4	SURVIVING COBENEFICIARY	SURVIVING RETIREE
$1–$250	86	7	14	—	12	2
$251–$500	103	11	30	—	33	4
$501–$750	89	11	34	1	51	5
$751–$1,000	136	21	33	—	55	5
$1,001–$1,250	130	25	44	1	42	1
$1,251–$1,500	154	41	79	4	49	5
$1,501–$1,750	142	51	65	2	31	5
$1,751–$2,000	139	39	69	2	22	6
$2,000+	1,052	478	662	7	108	25
Totals	**2,031**	**684**	**1,030**	**17**	**403**	**58**

Types of Benefits:

1—Age and service retirement.
2—Disability retirement.
3—Survivor payment—Option 3.
4—Survivor payment—children, spouse, or dependent parent.
5—Surviving spouse with future benefit.
6—Former member with future benefit.

Option Selected:

Retirees select one of the following options at retirement:
1—Single life benefit.
2—Joint benefit with 1/2 to surviving cobeneficiary.
3—Joint and survivor benefit.
4—Joint benefit with 1/2 to either survivor. (No longer offered to members retiring.)

Surviving Cobeneficiary:

Retiree has predeceased the cobeneficiary.

Surviving Retiree:

Cobeneficiary has predeceased the retiree.

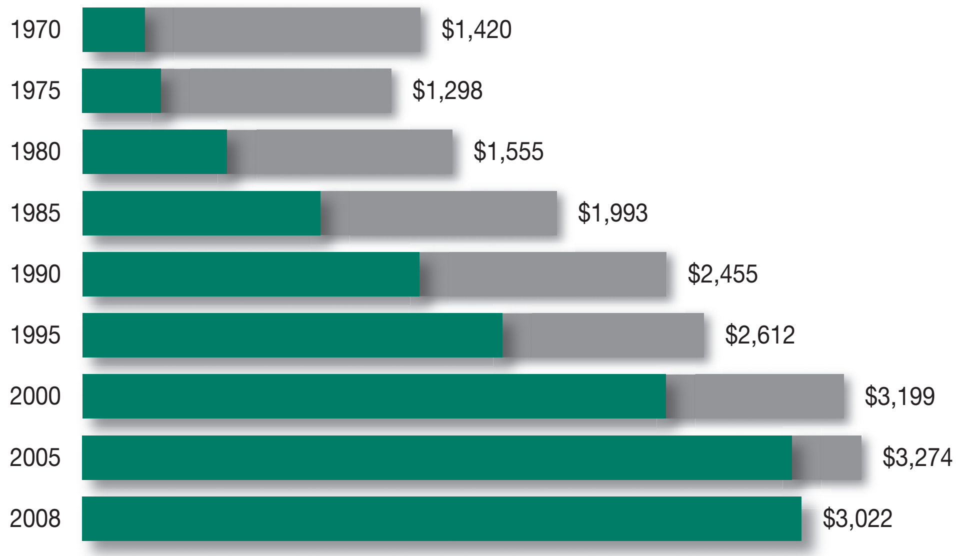
Judicial Division

		TYPE OF BENEFIT					
AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	TOTAL (COLUMNS 1–5)	1	2	3	4	5	6
$1–$250	1	1	—	—	—	—	—
$251–$500	9	9	—	—	—	—	1
$501–$750	6	5	1	—	—	—	1
$751–$1,000	5	5	—	—	—	—	2
$1,001–$1,250	6	3	—	—	3	—	2
$1,251–$1,500	4	4	—	—	—	—	3
$1,501–$1,750	14	9	4	—	1	—	—
$1,751–$2,000	14	12	1	—	1	—	—
$2,000+	224	198	15	1	8	2	2
Totals	**283**	**246**	**21**	**1**	**13**	**2**	**11**

			OPTION SELECTED			
AMOUNT OF BENEFIT (IN ACTUAL DOLLARS)	1	2	3	4	SURVIVING COBENEFICIARY	SURVIVING RETIREE
$1–$250	—	—	1	—	—	—
$251–$500	3	1	—	—	5	—
$501–$750	2	—	—	—	3	1
$751–$1,000	1	1	1	—	2	—
$1,001–$1,250	3	—	—	—	—	—
$1,251–$1,500	1	—	1	—	2	—
$1,501–$1,750	4	—	2	—	7	—
$1,751–$2,000	—	3	6	—	4	—
$2,000+	49	41	80	3	37	3
Totals	**63**	**46**	**91**	**3**	**60**	**4**

CURRENT AVERAGE MONTHLY BENEFIT BY YEAR OF RETIREMENT

Service Retiree Accounts as of December 31, 2008
(In Actual Dollars)



	1970	1975	1980	1985	1990	1995	2000	2005	2008
ORIGINAL BENEFIT AT RETIREMENT	$262	$330	$607	$999	$1,416	$1,765	$2,452	$2,982	$3,022
BENEFIT INCREASES	$1,158	$968	$948	$994	$1,039	$847	$747	$292	$—

SCHEDULE OF AVERAGE BENEFIT PAYMENTS BY DIVISION
(In Actual Dollars)

State Division[1]

YEAR RETIRED	YEARS OF SERVICE CREDIT 0–10	10–15	15–20	20–25	25–30	30+
Period 1/1/08 to 12/31/08						
Average monthly benefit	**$461**	**$1,049**	**$1,774**	**$2,437**	**$3,499**	**$4,672**
Average highest average salary	**$2,691**	**$3,608**	**$4,319**	**$4,716**	**$5,428**	**$6,031**
Number of service retirees	**137**	**122**	**106**	**276**	**294**	**530**
Period 1/1/07 to 12/31/07						
Average monthly benefit	$482	$978	$1,576	$2,415	$3,267	$4,469
Average highest average salary	$2,924	$3,477	$3,848	$4,631	$5,088	$5,748
Number of service retirees	147	105	100	272	321	583
Period 1/1/06 to 12/31/06						
Average monthly benefit	$442	$889	$1,568	$2,235	$3,224	$4,391
Average highest average salary	$2,748	$3,097	$3,927	$4,319	$5,150	$5,694
Number of service retirees	147	82	86	266	327	658

[1] Information not available for years prior to 2006.

School Division[1]

YEAR RETIRED	YEARS OF SERVICE CREDIT 0–10	10–15	15–20	20–25	25–30	30+
Period 1/1/08 to 12/31/08						
Average monthly benefit	**$382**	**$706**	**$1,238**	**$2,183**	**$2,994**	**$4,313**
Average highest average salary	**$2,427**	**$2,534**	**$2,948**	**$4,125**	**$4,567**	**$5,554**
Number of service retirees	**240**	**197**	**156**	**523**	**553**	**847**
Period 1/1/07 to 12/31/07						
Average monthly benefit	$339	$729	$1,143	$2,046	$2,980	$4,198
Average highest average salary	$2,190	$2,593	$2,789	$3,871	$4,553	$5,409
Number of service retirees	240	170	156	499	567	961
Period 1/1/06 to 12/31/06						
Average monthly benefit	$353	$561	$1,131	$1,892	$2,924	$4,120
Average highest average salary	$2,169	$1,948	$2,765	$2,561	$4,488	$5,382
Number of service retirees	207	167	151	510	531	1,024

[1] Information not available for years prior to 2006.

Local Government Division[1]

	YEARS OF SERVICE CREDIT					
YEAR RETIRED	0–10	10–15	15–20	20–25	25–30	30+
Period 1/1/08 to 12/31/08						
Average monthly benefit	**$584**	**$1,072**	**$1,625**	**$2,867**	**$3,453**	**$5,245**
Average highest average salary	**$3,897**	**$3,832**	**$4,043**	**$5,522**	**$5,503**	**$7,011**
Number of service retirees	**51**	**25**	**27**	**45**	**59**	**135**
Period 1/1/07 to 12/31/07						
Average monthly benefit	$484	$1,205	$2,061	$2,388	$3,437	$4,627
Average highest average salary	$3,104	$4,358	$5,220	$4,593	$5,463	$6,010
Number of service retirees	42	26	21	58	55	118
Period 1/1/06 to 12/31/06						
Average monthly benefit	$312	$1,135	$1,451	$2,042	$3,053	$4,470
Average highest average salary	$2,203	$3,913	$3,505	$3,930	$4,708	$5,727
Number of service retirees	17	16	14	41	61	118

[1] Information not available for years prior to 2006.

Judicial Division[1]

	YEARS OF SERVICE CREDIT					
YEAR RETIRED	0–10	10–15	15–20	20–25	25–30	30+
Period 1/1/08 to 12/31/08						
Average monthly benefit	**$—**	**$—**	**$—**	**$5,148**	**$8,780**	**$7,031**
Average highest average salary	**$—**	**$—**	**$—**	**$9,636**	**$11,871**	**$9,982**
Number of service retirees	**—**	**—**	**—**	**3**	**1**	**3**
Period 1/1/07 to 12/31/07						
Average monthly benefit	$714	$1,853	$—	$3,764	$6,020	$6,631
Average highest average salary	$3,898	$9,312	$—	$7,676	$9,227	$8,678
Number of service retirees	3	1	—	4	6	8
Period 1/1/06 to 12/31/06						
Average monthly benefit	$—	$—	$—	$4,648	$5,977	$5,679
Average highest average salary	$—	$—	$—	$9,104	$9,667	$7,425
Number of service retirees	—	—	—	5	3	4

[1] Information not available for years prior to 2006.

SCHEDULE OF AVERAGE BENEFIT PAYMENTS
COMBINED STATE, SCHOOL, LOCAL GOVERNMENT, AND JUDICIAL DIVISIONS TRUST FUNDS

(In Actual Dollars)

	YEARS OF SERVICE CREDIT					
YEAR RETIRED	0–10	10–15	15–20	20–25	25–30	30+
Period 1/1/08 to 12/31/08						
Average monthly benefit	**$431**	**$854**	**$1,471**	**$2,313**	**$3,194**	**$4,527**
Average highest average salary	**$2,687**	**$3,009**	**$3,553**	**$4,411**	**$4,915**	**$5,859**
Number of service retirees	**428**	**344**	**289**	**847**	**907**	**1,515**
Period 1/1/07 to 12/31/07						
Average monthly benefit	$404	$860	$1,369	$2,199	$3,123	$4,335
Average highest average salary	$2,540	$3,075	$3,356	$4,188	$4,816	$5,585
Number of service retirees	432	302	277	833	949	1,670
Period 1/1/06 to 12/31/06						
Average monthly benefit	$390	$669	$1,290	$2,024	$3,045	$4,086
Average highest average salary	$2,409	$2,326	$3,187	$3,200	$4,756	$5,410
Number of service retirees	354	249	237	782	862	1,951
Period 1/1/05 to 12/31/05						
Average monthly benefit	$376	$661	$1,101	$1,954	$2,684	$4,063
Average highest average salary	$2,456	$2,467	$2,945	$3,893	$4,337	$5,318
Number of service retirees	296	173	244	720	859	2,331
Period 1/1/04 to 12/31/04						
Average monthly benefit	$421	$629	$919	$1,729	$2,443	$3,944
Average highest average salary	$2,178	$2,543	$2,679	$3,572	$4,110	$5,168
Number of service retirees	265	140	188	649	823	2,987
Period 1/1/03 to 12/31/03						
Average monthly benefit	$337	$538	$901	$1,725	$2,357	$3,851
Average highest average salary	$1,956	$2,100	$2,609	$3,576	$3,992	$5,072
Number of service retirees	231	164	200	627	755	2,725
Period 1/1/02 to 12/31/02						
Average monthly benefit	$322	$653	$1,175	$1,834	$2,649	$3,769
Average highest average salary	$1,961	$2,303	$2,909	$3,565	$4,150	$5,015
Number of service retirees	187	219	178	747	639	1,712
Period 1/1/01 to 12/31/01						
Average monthly benefit	$361	$738	$1,121	$1,796	$2,660	$3,646
Average highest average salary	$2,181	$2,591	$2,777	$3,504	$4,193	$4,872
Number of service retirees	158	193	137	824	708	1,559
Period 1/1/00 to 12/31/00						
Average monthly benefit	$334	$746	$1,042	$1,770	$2,527	$3,468
Average highest average salary	$2,004	$2,680	$2,567	$3,466	$4,018	$4,652
Number of service retirees	160	201	168	819	615	1,599
Period 1/1/99 to 12/31/99						
Average monthly benefit	$351	$659	$1,039	$1,591	$2,387	$3,385
Average highest average salary	$2,117	$2,495	$2,836	$3,278	$3,934	$4,551
Number of service retirees	149	193	162	820	553	1,513

State Division (Members Other Than State Troopers)[1]

YEARS			MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[2]	AMORTIZATION EQUALIZATION DISBURSEMENT (AED)	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT (SAED)
			PERCENT OF PAYROLL			
8-1-1931	to	6-30-1938	3.50%	0.00%	—	—
7-1-1938	to	6-30-1949	3.50%	3.50%	—	—
7-1-1949	to	6-30-1958	5.00%	5.00%	—	—
7-1-1958	to	6-30-1969	6.00%	6.00%	—	—
7-1-1969	to	6-30-1970	7.00%	7.00%	—	—
7-1-1970	to	6-30-1971	7.00%	8.00%	—	—
7-1-1971	to	6-30-1973	7.00%	8.50%	—	—
7-1-1973	to	6-30-1974	7.75%	9.50%	—	—
7-1-1974	to	6-30-1975	7.75%	10.50%	—	—
7-1-1975	to	8-31-1980	7.75%	10.64%	—	—
9-1-1980	to	12-31-1981	7.75%	12.20%	—	—
1-1-1982	to	6-30-1987	8.00%	12.20%	—	—
7-1-1987	to	6-30-1988	8.00%	10.20%	—	—
7-1-1988	to	6-30-1991	8.00%	12.20%	—	—
7-1-1991	to	4-30-1992	8.00%	11.60%	—	—
5-1-1992	to	6-30-1992	8.00%	5.60%[3]	—	—
7-1-1992	to	6-30-1993	8.00%	10.60%	—	—
7-1-1993	to	6-30-1997	8.00%	11.60%	—	—
1-1-2006	to	12-31-2006	8.00%	10.15%	0.50%	—
1-1-2007	to	12-31-2007	8.00%	10.15%	1.00%	—
1-1-2008	**to**	**12-31-2008**	**8.00%**	**10.15%**	**1.40%**	**0.50%**

[1] State and School Divisions were merged July 1, 1997, and separated on January 1, 2006.
[2] All employer contribution rates shown for the Divisions between July 1, 1985, to December 31, 2008, include the Health Care Trust Fund allocation.
[3] Legislation created an annual reduction equal to 1 percent of salary retroactive to July 1, 1991, to be taken during May and June of 1992.

SCHEDULE OF CONTRIBUTION RATE HISTORY

State Troopers[1]

			PERCENT OF PAYROLL			
YEARS			MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[2]	AMORTIZATION EQUALIZATION DISBURSEMENT (AED)	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT (SAED)
7-1-1945	to	6-30-1969	7.00%	7.00%	—	—
7-1-1969	to	6-30-1970	8.00%	8.00%	—	—
7-1-1970	to	6-30-1971	8.00%	9.00%	—	—
7-1-1971	to	6-30-1973	8.00%	9.50%	—	—
7-1-1973	to	6-30-1974	8.75%	10.50%	—	—
7-1-1974	to	6-30-1975	8.75%	11.50%	—	—
7-1-1975	to	8-31-1980	8.75%	11.64%	—	—
9-1-1980	to	12-31-1981	8.75%	13.20%	—	—
1-1-1982	to	6-30-1987	9.00%	13.20%	—	—
7-1-1987	to	6-30-1988	9.00%	11.20%	—	—
7-1-1988	to	6-30-1989	9.00%	13.20%	—	—
7-1-1989	to	4-30-1992	12.30%	13.20%	—	—
5-1-1992	to	6-30-1992	12.30%	7.20%[3]	—	—
7-1-1992	to	6-30-1993	11.50%	12.20%	—	—
7-1-1993	to	6-30-1997	11.50%	13.20%	—	—
7-1-1997	to	6-30-1999	11.50%	13.10%	—	—
7-1-1999	to	6-30-2001	10.00%	13.10%	—	—
7-1-2001	to	6-30-2002	10.00%	12.60%	—	—
7-1-2002	to	6-30-2003	10.00%	12.74%	—	—
7-1-2003	to	12-31-2005	10.00%	12.85%	—	—
1-1-2006	to	12-31-2006	10.00%	12.85%	0.50%	—
1-1-2007	to	12-31-2007	10.00%	12.85%	1.00%	—
1-1-2008	**to**	**12-31-2008**	**10.00%**	**12.85%**	**1.40%**	**0.50%**

[1] State and School Divisions were merged July 1, 1997, and separated on January 1, 2006.
[2] All employer contribution rates shown for the Divisions between July 1, 1985, to December 31, 2008, include the Health Care Trust Fund allocation.
[3] Legislation created an annual reduction equal to 1 percent of salary retroactive to July 1, 1991, to be taken during May and June of 1992.

School Division[1]

YEARS			MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[2]	AMORTIZATION EQUALIZATION DISBURSEMENT (AED)	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT (SAED)
			PERCENT OF PAYROLL			
1-1-1944	to	12-31-1949	3.50%	3.50%	—	—
1-1-1950	to	6-30-1958	5.00%	5.00%	—	—
7-1-1958	to	6-30-1969	6.00%	6.00%	—	—
7-1-1969	to	12-31-1969	7.00%	6.00%	—	—
1-1-1970	to	12-31-1970	7.00%	7.50%	—	—
1-1-1971	to	12-31-1971	7.00%	8.50%	—	—
1-1-1972	to	6-30-1973	7.00%	9.25%	—	—
7-1-1973	to	12-31-1973	7.75%	9.25%	—	—
1-1-1974	to	12-31-1974	7.75%	10.25%	—	—
1-1-1975	to	12-31-1975	7.75%	11.25%	—	—
1-1-1976	to	12-31-1980	7.75%	12.10%	—	—
1-1-1981	to	12-31-1981	7.75%	12.50%	—	—
1-1-1982	to	6-30-1987	8.00%	12.50%	—	—
7-1-1987	to	6-30-1988	8.00%	11.50%	—	—
7-1-1988	to	6-30-1991	8.00%	12.50%	—	—
7-1-1991	to	6-30-1992	8.00%	12.20%	—	—
7-1-1992	to	6-30-1997	8.00%	11.60%	—	—
1-1-2006	to	12-31-2006	8.00%	10.15%	0.50%	—
1-1-2007	to	12-31-2007	8.00%	10.15%	1.00%	—
1-1-2008	**to**	**12-31-2008**	**8.00%**	**10.15%**	**1.40%**	**0.50%**

[1] State and School Divisions were merged July 1, 1997, and separated on January 1, 2006.
[2] All employer contribution rates shown for the Divisions between July 1, 1985, to December 31, 2008, include the Health Care Trust Fund allocation.

State and School Division[1]

YEARS			MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[2]
			PERCENT OF PAYROLL	
7-1-1997	to	6-30-1998	8.00%	11.50%
7-1-1998	to	6-30-2000	8.00%	11.40%
7-1-2000	to	6-30-2001	8.00%	10.40%
7-1-2001	to	6-30-2002	8.00%	9.90%
7-1-2002	to	6-30-2003	8.00%	10.04%
7-1-2003	to	12-31-2005	8.00%	10.15%

[1] State and School Divisions were merged July 1, 1997, and separated on January 1, 2006.
[2] All employer contribution rates shown for the Divisions between July 1, 1985, to December 31, 2005, include the Health Care Trust Fund allocation.

SCHEDULE OF CONTRIBUTION RATE HISTORY

Local Government Division[1]

YEARS			MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[2]	AMORTIZATION EQUALIZATION DISBURSEMENT (AED)	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT (SAED)
			PERCENT OF PAYROLL			
1-1-1944	to	12-31-1949	3.50%	3.50%	—	—
1-1-1950	to	6-30-1958	5.00%	5.00%	—	—
7-1-1958	to	6-30-1969	6.00%	6.00%	—	—
7-1-1969	to	12-31-1969	7.00%	6.00%	—	—
1-1-1970	to	12-31-1970	7.00%	7.00%	—	—
1-1-1971	to	6-30-1973	7.00%	7.50%	—	—
7-1-1973	to	12-31-1973	7.75%	7.50%	—	—
1-1-1974	to	12-31-1974	7.75%	8.50%	—	—
1-1-1975	to	12-31-1975	7.75%	9.50%	—	—
1-1-1976	to	12-31-1980	7.75%	9.86%	—	—
1-1-1981	to	12-31-1981	7.75%	10.20%	—	—
1-1-1982	to	6-30-1991	8.00%	10.20%	—	—
7-1-1991	to	12-31-2000	8.00%	10.00%	—	—
1-1-2001	to	12-31-2001	8.00%	9.43%	—	—
1-1-2002	to	12-31-2002	8.00%	9.19%	—	—
1-1-2003	to	12-31-2003	8.00%	9.60%	—	—
1-1-2004	to	12-31-2005	8.00%	10.00%	—	—
1-1-2006	to	12-31-2006	8.00%	10.00%	0.50%	—
1-1-2007	to	12-31-2007	8.00%	10.00%	1.00%	—
1-1-2008	**to**	**12-31-2008**	**8.00%**	**10.00%**	**1.40%**	**0.50%**

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.
[2] Employer contribution rates shown between July 1, 1985, to December 31, 2008, include the Health Care Trust Fund allocation.

Judicial Division

YEARS			MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[1]	AMORTIZATION EQUALIZATION DISBURSEMENT (AED)	SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT (SAED)
			PERCENT OF PAYROLL			
7-1-1949	to	6-30-1957	5.00%	5.00%	—	—
7-1-1957	to	6-30-1973	6.00%	12.00%	—	—
7-1-1973	to	6-30-1980	7.00%	12.00%	—	—
7-1-1980	to	8-30-1980	7.00%	13.00%	—	—
9-1-1980	to	12-31-1981	7.00%	15.00%	—	—
1-1-1982	to	6-30-1987	8.00%	15.00%	—	—
7-1-1987	to	6-30-1988	8.00%	13.00%	—	—
7-1-1988	to	6-30-2000	8.00%	15.00%	—	—
7-1-2000	to	6-30-2001	8.00%	14.00%	—	—
7-1-2001	to	6-30-2003	8.00%	11.82%	—	—
7-1-2003	to	6-30-2004	8.00%	12.66%	—	—
7-1-2004	to	12-31-2004	8.00%	13.66%	—	—
1-1-2005	to	12-31-2005	8.00%	13.66%	—	—
1-1-2006	to	12-31-2006	8.00%	13.66%	0.50%	—
1-1-2007	to	12-31-2007	8.00%	13.66%	1.00%	—
1-1-2008	**to**	**12-31-2008**	**8.00%**	**13.66%**	**1.40%**	**0.50%**

[1] Employer contribution rates shown between July 1, 1985, to December 31, 2008, include the Health Care Trust Fund allocation.

Employer Contributions to Health Care Trust Fund

DIVISION/YEARS			PERCENT OF PAYROLL ALLOCATED FROM EMPLOYER CONTRIBUTION TO HEALTH CARE TRUST FUND
State and School Division[1]			
7-1-1985	to	6-30-1999	0.80%
7-1-1999	to	12-31-2000	1.10%
1-1-2001	to	12-31-2001	1.42%
1-1-2002	to	12-31-2002	1.64%
1-1-2003	to	6-30-2004	1.10%
7-1-2004	to	12-31-2005	1.02%
State Division[1]			
1-1-2006	to	**12-31-2008**	**1.02%**
School Division[1]			
1-1-2006	to	**12-31-2008**	**1.02%**
Local Government Division[2]			
7-1-1985	to	6-30-1999	0.80%
7-1-1999	to	12-31-2000	1.10%
1-1-2001	to	12-31-2001	1.96%
1-1-2002	to	12-31-2002	2.31%
1-1-2003	to	12-31-2003	1.69%
1-1-2004	to	6-30-2004	1.10%
7-1-2004	to	**12-31-2008**	**1.02%**
Judicial Division			
7-1-1985	to	6-30-1999	0.80%
7-1-1999	to	12-31-2000	1.10%
1-1-2001	to	12-31-2002	4.37%
1-1-2003	to	12-31-2003	3.11%
1-1-2004	to	6-30-2004	1.10%
7-1-2004	to	**12-31-2008**	**1.02%**

[1] State and School Divisions merged July 1, 1997, and separated on January 1, 2006.
[2] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

Employer Contributions to MatchMaker[1]

DIVISION/YEARS			PERCENT OF PAYROLL AVAILABLE FROM EMPLOYER CONTRIBUTION FOR MATCHMAKER (MAXIMUM MATCH)
State and School Division[2]			
1-1-2001	to	12-31-2002	3.00%
1-1-2003	to	12-31-2003	2.00%
1-1-2004	to	5-31-2004	1.00%
Local Government Division[3]			
1-1-2001	to	12-31-2001	2.00%
1-1-2002	to	12-31-2002	3.00%
1-1-2003	to	12-31-2003	2.00%
1-1-2004	to	5-31-2004	1.00%
Judicial Division			
1-1-2001	to	12-31-2002	7.00%
1-1-2003	to	12-31-2003	6.00%
1-1-2004	to	5-31-2004	5.00%

[1] Legislation enacted in 2004 ended MatchMaker contributions by June 1, 2004.
[2] State and School Divisions merged July 1, 1997, and separated on January 1, 2006.
[3] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

PRINCIPAL PARTICIPATING EMPLOYERS

Current Year and Two Years Prior

State Division Trust Fund[1]

EMPLOYER	2008 COVERED ACTIVE MEMBERS DECEMBER 31	2008 RANK	2008 PERCENTAGE OF TOTAL SYSTEM	2006 COVERED ACTIVE MEMBERS DECEMBER 31	2006 RANK	2006 PERCENTAGE OF TOTAL SYSTEM
Department of Corrections	6,303	1	11.58%	5,644	1	10.68%
University of Colorado	5,900	2	10.84%	5,432	2	10.28%
Colorado State University	3,135	3	5.76%	3,065	4	5.80%
Department of Transportation	3,130	4	5.75%	3,102	3	5.87%
District Courts	3,086	5	5.67%	2,936	5	5.55%
Department of Natural Resources	1,610	6	2.96%	1,567	6	2.96%
Department of Human Services	1,424	7	2.62%	1,367	7	2.59%
Front Range Community College	1,407	8	2.58%	1,256	8	2.38%
Metropolitan State College	1,237	9	2.27%	1,222	9	2.31%
Department of Revenue	1,185	10	2.18%	1,171	10	2.22%

[1] Data for the number of members by employer for years prior to 2006 is not available.

School Division Trust Fund[1]

EMPLOYER	2008 COVERED ACTIVE MEMBERS DECEMBER 31	2008 RANK	2008 PERCENTAGE OF TOTAL SYSTEM	2006 COVERED ACTIVE MEMBERS DECEMBER 31	2006 RANK	2006 PERCENTAGE OF TOTAL SYSTEM
Jefferson County School District	12,659	1	10.68%	12,168	1	10.74%
Douglas County Schools	7,596	2	6.41%	6,663	3	5.88%
Cherry Creek School District	7,344	3	6.20%	6,869	2	6.06%
Adams 12 Five Star Schools	4,895	4	4.13%	4,684	4	4.13%
Boulder Valley School District	4,819	5	4.07%	4,573	5	4.04%
Colorado Springs Public Schools	4,612	6	3.89%	4,462	6	3.94%
Aurora Public Schools	4,457	7	3.76%	4,348	7	3.84%
Poudre School District RE-1	3,856	8	3.25%	3,774	8	3.33%
St. Vrain School District	3,372	9	2.84%	3,207	9	2.83%
Mesa Valley School District	3,202	10	2.70%	3,042	10	2.69%

[1] Data for the number of members by employer for years prior to 2006 is not available.

Local Government Division Trust Fund[1]

EMPLOYER	2008 COVERED ACTIVE MEMBERS DECEMBER 31	2008 RANK	2008 PERCENTAGE OF TOTAL SYSTEM	2006 COVERED ACTIVE MEMBERS DECEMBER 31	2006 RANK	2006 PERCENTAGE OF TOTAL SYSTEM
Memorial Health System	4,539	1	26.12%	3,779	1	23.68%
Boulder County Government	1,973	2	11.35%	1,847	4	11.57%
City of Colorado Springs	1,874	3	10.78%	1,958	2	12.27%
Colorado Springs Public Utilities	1,850	4	10.65%	1,917	3	12.01%

[1] Data for the number of members by employer for years prior to 2006 is not available.

Judicial Division Trust Fund[1]

EMPLOYER	2008 COVERED ACTIVE MEMBERS DECEMBER 31	2008 RANK	2008 PERCENTAGE OF TOTAL SYSTEM	2006 COVERED ACTIVE MEMBERS DECEMBER 31	2006 RANK	2006 PERCENTAGE OF TOTAL SYSTEM
Judicial Department[2]	301	1	94.95%	266	1	91.41%

[1] Data for the number of members by employer for years prior to 2006 is not available.
[2] With the exception of the Denver County Court, all of the Judicial members for all other courts are reported to Colorado PERA on a single contribution report by the State's central payroll office. Member counts for each separate court are not available.

Health Care Trust Fund[1]

EMPLOYER	2008 COVERED ACTIVE MEMBERS DECEMBER 31	2008 RANK	2008 PERCENTAGE OF TOTAL SYSTEM	2006 COVERED ACTIVE MEMBERS DECEMBER 31	2006 RANK	2006 PERCENTAGE OF TOTAL SYSTEM
Jefferson County School District	12,659	1	6.64%	12,168	1	6.58%
Douglas County Schools	7,596	2	3.98%	6,663	3	3.60%
Cherry Creek School District	7,344	3	3.85%	6,869	2	3.72%
Department of Corrections	6,303	4	3.31%	5,644	4	3.05%
University of Colorado	5,900	5	3.09%	5,432	5	2.94%
Adams 12 Five Star Schools	4,895	6	2.57%	4,684	6	2.53%
Boulder Valley School District	4,819	7	2.53%	4,573	7	2.47%
Colorado Springs Public Schools	4,612	8	2.42%	4,462	8	2.41%
Memorial Health System	4,539	9	2.38%	3,779	10	2.04%
Aurora Public Schools	4,457	10	2.34%	4,348	9	2.35%

[1] Data for the number of members by employer for years prior to 2006 is not available.

State Division

Agencies and Instrumentalities

CollegeInvest
College Assist
Colorado Association of School Boards
Colorado Association of School Executives
Colorado Council on the Arts
Colorado High School Activities Association
Colorado Public Employees' Retirement Association
Colorado Water Resources & Power Development Authority
CoverColorado
Department of Agriculture
Department of Corrections
Department of Education
Department of Health Care Policy and Financing
Department of Human Services
Department of Labor and Employment
Department of Law
Department of Local Affairs
Department of Military and Veterans Affairs
Department of Natural Resources
Department of Personnel and Administration
Department of Public Health and Environment
Department of Public Safety
Department of Regulatory Agencies
Department of Revenue
Department of State
Department of the Treasury
Department of Transportation
Fire and Police Pension Association
General Assembly
Joint Budget Committee
Judicial Department
Legislative Council
Office of the District Attorneys
Office of the Governor
Office of Legislative Legal Services
Office of the Lieutenant Governor
Office of the State Auditor
Pinnacol Assurance
School for the Deaf and the Blind
Special District Association of Colorado
State Historical Society

Institutions of Higher Education

Adams State College
Aims Community College
Arapahoe Community College
Auraria Higher Education Center
Aurora Community College
Colorado Mountain College
Colorado Northwestern Community College
Colorado School of Mines
Colorado State University
Colorado State University at Pueblo
Commission on Higher Education
Denver Community College
Fort Lewis College
Front Range Community College
Lamar Community College
Mesa State College
Metropolitan State College of Denver
Morgan Community College
Northeastern Junior College
Otero Junior College
Pikes Peak Community College
Pueblo Vocational Community College
Red Rocks Community College
State Board for Community Colleges and Occupational Education
Trinidad State Junior College
University of Colorado
University of Northern Colorado
Western State College

School Division

Adams County
Adams 12 Five Star Schools
Adams County School District 14
Bennett School District 29J
Brighton School District 27J
Mapleton School District 1
Strasburg School District 31J
Westminster School District 50

Alamosa County
Alamosa County School District Re-11J
Sangre de Cristo School District Re-22J

Arapahoe County
Adams-Arapahoe School District 28J
Byers School District 32J
Cherry Creek School District 5
Deer Trail School District 26J
Englewood School District 1
Littleton School District 6
Sheridan School District 2

Archuleta County
Archuleta County School District 50 Jt

Baca County
Campo School District RE-6
Pritchett School District RE-3
Springfield School District RE-4
Vilas School District RE-5
Walsh School District RE-1

Bent County
Las Animas School District RE-1
McClave School District RE-2

Boulder County
Boulder Valley School District RE2
St. Vrain Valley School District RE1J

Chaffee County
Buena Vista School District R-31
Salida School District R-32(J)

Cheyenne County
Cheyenne County School District Re-5
Kit Carson School District R-1

Clear Creek County
Clear Creek School District RE-1

Conejos County
North Conejos School District RE1J
Sanford School District 6J
South Conejos School District RE 10

Costilla County
Centennial School District R-1
Sierra Grande School District R-30

Crowley County
Crowley County School District RE-1

Custer County
Custer County Consolidated School District C-1

Delta County
Delta County School District 50(J)

Dolores County
Dolores County School District Re No. 2

Douglas County
Douglas County School District Re 1

Eagle County
Eagle County School District Re 50

Elbert County
Agate School District 300
Big Sandy School District 100J
Elbert School District 200
Elizabeth School District C-1
Kiowa School District C-2

El Paso County
Academy School District #20
Calhan School District RJ1
Cheyenne Mountain School District 12
Colorado Springs School District 11
Edison School District 54 Jt
Ellicott School District 22
Falcon School District 49
Fountain School District 8
Hanover School District 28
Harrison School District 2
Lewis-Palmer School District 38
Manitou Springs School District 14
Miami/Yoder School District 60 Jt
Peyton School District 23 Jt
Widefield School District 3

Fremont County
Canon City School District Re-1
Cotopaxi School District Re-3
Florence School District Re-2

Garfield County
Garfield School District 16
Garfield School District Re-2
Roaring Fork School District Re-1

Gilpin County
Gilpin County School District Re-1

Grand County
East Grand School District 2
West Grand School District 1

Gunnison County
Gunnison Watershed School District Re1J

Hinsdale County
Hinsdale County School District Re-1

Huerfano County
Huerfano School District Re-1
La Veta School District Re-2

Jackson County
North Park School District R-1

Jefferson County
Jefferson County School District R-1

Kiowa County
Eads School District Re-1
Plainview School District Re-2

Kit Carson County
Arriba-Flagler Consolidated School District No. 20
Bethune School District R-5
Burlington School District Re-6J
Hi-Plains School District R-23
Stratton School District R-4

Lake County
Lake County School District R-1

La Plata County
Bayfield School District 10Jt-R
Durango School District 9-R
Ignacio School District 11 Jt

Larimer County
Park School District R-3
Poudre School District R-1
Thompson School District R-2J

Las Animas County
Aguilar Reorganized School District 6
Branson Reorganized School District 82
Hoehne Reorganized School District 3
Kim Reorganized School District 88
Primero Reorganized School District 2
Trinidad School District 1

Lincoln County
Genoa/Hugo School District C-113
Karval School District Re 23
Limon School District Re 4J

Logan County
Buffalo School District Re-4
Frenchman School District Re-3
Plateau School District Re-5
Valley School District Re-1

Mesa County
De Beque School District 49 Jt
Mesa County Valley School District 51
Plateau Valley School District 50

Mineral County
Creede Consolidated School District 1

Moffat County
Moffat County School District Re No. 1

Montezuma County
Dolores School District RE 4A
Mancos School District Re-6
Montezuma-Cortez School District Re 1

Montrose County
Montrose County School District Re-1J
West End School District Re-2

Morgan County
Brush School District Re-2 (J)
Fort Morgan School District Re-3
Weldon Valley School District Re-20 (J)
Wiggins School District Re-50 (J)

Otero County
Cheraw School District 31
East Otero School District R1
Fowler School District R4J
Manzanola School District 3J
Rocky Ford School District R2
Swink School District 33

Ouray County
Ouray School District R-1
Ridgway School District R-2

Park County
Park County School District Re-2
Platte Canyon School District 1

Phillips County
Haxtun School District Re-2J
Holyoke School District Re-1J

Pitkin County
Aspen School District 1

Prowers County
Granada School District Re-1
Holly School District Re-3
Lamar School District Re-2
Wiley School District Re-13 Jt

Pueblo County
Pueblo City School District 60
Pueblo County Rural School District 70

Rio Blanco County
Meeker School District RE1
Rangely School District RE4

Rio Grande County
Del Norte School District C-7
Monte Vista School District C-8
Sargent School District Re-33J

Routt County
Hayden School District Re 1
South Routt School District Re 3
Steamboat Springs School District Re 2

Saguache County
Center Consolidated School District 26 Jt
Moffat School District 2
Mountain Valley School District Re 1

San Juan County
Silverton School District 1

San Miguel County
Norwood School District R-2J
Telluride School District R-1

Sedgwick County
Julesburg School District Re 1
Platte Valley School District Re3

Summit County
Summit School District Re 1

Teller County
Cripple Creek-Victor School District Re-1
Woodland Park School District RE-2

Washington County
Akron School District R-1
Arickaree School District R-2
Lone Star School District 101
Otis School District R-3
Woodlin School District R-104

Weld County
Ault-Highland School District Re-9
Briggsdale School District Re-10
Eaton School District Re-2
Fort Lupton School District Re-8
Gilcrest School District Re-1
Greeley School District 6
Johnstown-Milliken School District Re-5J
Keenesburg School District Re-3
Pawnee School District Re-12
Platte Valley School District Re-7
Prairie School District Re-11
Windsor School District Re-4

Yuma County
Idalia School District RJ-3
Liberty School District J-4
Wray School District RD-2
Yuma School District 1

Boards of Cooperative Educational Services (BOCES)
Centennial BOCES
East Central BOCES
Expeditionary Learning School BOCES
Grand Valley BOCES
Mountain BOCES
Northeast BOCES
Northwest Colorado BOCES
Pikes Peak BOCES
Rio Blanco BOCES
Santa Fe Trail BOCES
South Central BOCES
Southeastern BOCES
Uncompahgre BOCES
Ute Pass BOCES

Boards of Cooperative Services (BOCS)
San Juan BOCS
San Luis Valley BOCS
Southwest BOCS

Vocational Schools
Delta-Montrose Area Vocational School
San Juan Basin Technical College

Other
Colorado Consortium for Earth and Space Science Education

Local Government Division

Adams and Jefferson County Hazardous Response Authority
Alamosa Housing Authority
Arapahoe Park and Recreation District
Aurora Housing Authority
Baca Grande Water & Sanitation District
Beulah Water Works District
Black Hawk-Central City Sanitation District
Blanca-Fort Garland Metropolitan District
Boulder County
Boulder County Public Trustee's Office
Boxelder Sanitation District
Brush Housing Authority
Carbon Valley Park & Recreation District
Castle Pines Metropolitan District
Castle Pines North Metropolitan District
Center Housing Authority
Central Colorado Water Conservancy District
City of Alamosa
City of Boulder
City of Colorado Springs
City of Fort Morgan
City of Las Animas
City of Lone Tree
City of Manitou Springs
City of Pueblo
City of Wray
City of Yuma
Collbran Conservancy District
Colorado District Attorneys' Council
Colorado First Conservation District
Colorado Health Facilities Authority
Colorado Housing and Finance Authority
Colorado Library Consortium
Colorado School District Self Insurance Pool
Colorado Springs Utilities
Columbine Knolls-Grove Metropolitan Recreation District
Costilla Housing Authority
County Technical Services
Crown Mountain Park & Recreation District
Cucharas Sanitation & Water District
Cunningham Fire Protection District
Douglas County Housing Partnership
Douglas Public Library District
Durango Fire and Rescue Authority
East Cheyenne Groundwater Management District
East Larimer County Water District
Eastern Rio Blanco Metropolitan Recreation & Park District
Eaton Housing Authority
Elbert County Library District
Elizabeth Park and Recreation District
Estes Valley Public Library District
Forest Lakes Metropolitan District
Fremont Conservation District
Fremont Sanitation District
Garfield County Housing Authority
Grand Junction Regional Airport Authority
Grand Valley Fire Protection District
Green Mountain Water and Sanitation District
GVR Metropolitan District
Housing Authority of the City of Boulder
Housing Authority of the County of Adams
Housing Authority of the Town of Limon
Lamar Housing Authority
Lamar Utilities Board
Left Hand Water District
Longmont Housing Authority
Longs Peak Water District
Louisville Fire Protection District
Meeker Cemetery District
Meeker Regional Library District
Meeker Sanitation District
Memorial Health System
Montrose Fire Protection District
Montrose Recreation District
Monument Sanitation District
Morgan Conservation District
Morgan County Quality Water District
Mountain View Fire Protection District
Mountain Village Metropolitan District
Mountain Water and Sanitation District
Niwot Sanitation District
North Carter Lake Water District
North Chaffee County Regional Library
Northeast Colorado Health Department
Northeastern Colorado Association of Local Governments
Park Center Water District
Pine Drive Water District
Plains Ground Water Management District
Prowers Conservation District
Pueblo City-County Health Department
Pueblo Library District
Pueblo Transit Authority
Rampart Regional Library District
Rangely Regional Library District
Red Feather Mountain Library District
Red, White & Blue Fire Protection District
Republican River Water Conservation District
Rifle Fire Protection District
Rio Blanco Fire Protection District
Rio Blanco Water Conservancy District
Routt County Conservation District
Sable-Altura Fire Protection District
San Luis Valley Development Resources Group
San Luis Valley Water Conservancy District
San Miguel County Public Library

San Miguel Regional and Telluride Housing Authority
Scientific and Cultural Facilities District
Sheridan Sanitation District #1
Soldier Canyon Filter Plant
Steamboat II Water and Sanitation District
St. Vrain Sanitation District
Tabernash Meadows Water and Sanitation District
Town of Alma
Town of Bayfield
Town of Crawford
Town of Dinosaur
Town of Eckley
Town of Estes Park
Town of Firestone
Town of Lake City
Town of Lochbuie
Town of Mountain Village
Town of Platteville
Town of Rico
Town of Rye
Town of Seibert
Town of Silver Plume
Town of Timnath
Tri-County Health Department
Tri-Lakes Wastewater Treatment Facility
Upper Colorado Environmental Plant Center
Urban Renewal Authority of Pueblo
Washington-Yuma Counties Combined Communications Center
Weld County Department of Public Health and Environment
West Greeley Conservation District
Western Rio Blanco Metropolitan Recreation and Park District
White River Conservation District
Windsor-Severance Library District
Wray Housing Authority
Yuma Housing Authority
Y-W Well Testing Association

Judicial Division

1st-22nd District Court
Adams County Court
Alamosa County Court
Arapahoe County Court
Archuleta County Court
Baca County Court
Bent County Court
Boulder County Court
Broomfield County Court
Chaffee County Court
Cheyenne County Court
Clear Creek County Court
Conejos County Court
Costilla County Court
Court of Appeals
Crowley County Court
Custer County Court
Delta County Court
Denver County Court
Denver Juvenile Court
Denver Probate Court
Dolores County Court
Douglas County Court
Eagle County Court
Elbert County Court
El Paso County Court
Fremont County Court
Garfield County Court
Gilpin County Court
Grand County Court
Gunnison County Court
Hinsdale County Court
Huerfano County Court
Jackson County Court
Jefferson County Court
Kiowa County Court
Kit Carson County Court
Lake County Court
La Plata County Court
Larimer County Court
Las Animas County Court
Lincoln County Court
Logan County Court
Mesa County Court
Mineral County Court
Moffat County Court
Montezuma County Court
Montrose County Court
Morgan County Court
Otero County Court
Ouray County Court
Park County Court
Phillips County Court
Pitkin County Court
Prowers County Court
Pueblo County Court
Rio Blanco County Court
Rio Grande County Court
Routt County Court
Saguache County Court
San Juan County Court
San Miguel County Court
Sedgwick County Court
Summit County Court
Supreme Court
Teller County Court
Washington County Court
Weld County Court
Yuma County Court

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5/20 (REV 6-09) 2M