CCOERA Retirement Plans

Presented by:

Jacob Kuijper
Executive Director

February 7, 2013

Attachment A

Agenda

- CCOERA History & Mission
  - Plan Highlights & Enhancements
  - Current Products & Services
  - The CCOERA Advantage
- CCOERA Plan Facts & Trends
- Individual Participant Service
- Vision for CCOERA Participants
- Questions & Answers

CCOERA History

- CCOERA was created in January 1968 pursuant to Colorado Revised Statute §24-54-101, which allows Colorado Counties, Special Districts, and Municipalities to levy taxpayer dollars for purposes of funding employee retirement plans, and provides for the ability to establish and maintain a statewide "Retirement Association." Initially, twelve Colorado Counties formed CCOERA and began participating in July 1968.
- CCOERA currently administers two retirement plans: the CCOERA 401(a) Retirement Plan, a defined contribution money purchase plan, established in July 1968 in accordance with IRC §401(a) and CRS §24-54: and, the CCOERA 457 Deferred Compensation Plan established in January 1980 in accordance with IRC §457.
- The purpose of creating a non-profit, statewide retirement association is to reduce administrative expenses and employ economies of scale with regard to investment and employee communication expenses.

What Makes CCOERA Unique

Why the CCOERA System Works

- **Participant Elected Board**
  (7 Board Members; 5 county elected)
- **Independent Tax Counsel**
  (Holland & Hart)
- **Independent Record Keeper**
  (Great West Retirement Solutions)
- **Independent Investment Advisor**
  (Innovest Portfolio Solutions)
- **Governmental Retirement Plan Specialist**
  (since 1968; 218 members)

The CCOERA Advantage

Why the CCOERA System Works

- An established Track Record with consistent results
- Colorado Non-Profit Retirement Association (since 1968)
- 216 Colorado employers use CCOERA (118 Special Districts; 51 Counties; 47 Municipalities)
- The key to CCOERA's advantage: the Book Value Fund, custom Pension Portfolios, and individual retirement counseling
- Assets of $1,134,501,645 as of 12/31/12

What Makes CCOERA Unique

Why the CCOERA System Works

- **Plan Highlights & Enhancements**

-Fee Waiver, 2010, 2011 & 2Q 2012 (0.1875% annualized)	- Hueler Annuity Services (Income Annuity option)
- Fund Expense Ratio Reductions	- Hub International Retiree Insurance Services (Delta Dental, Retiree Medical options)
- $300k balances Fee Cap 2007, reduced to $200k, 7/1/11	- Retiree Crossroads Tab (Pre-retirement planning; Retiree money matters; Retirement lifestyles; Planning tools)
- Roth 457 Option, 1/1/2011	- Retirement Readiness Workshop/Worksheet

What Makes CCOERA Unique

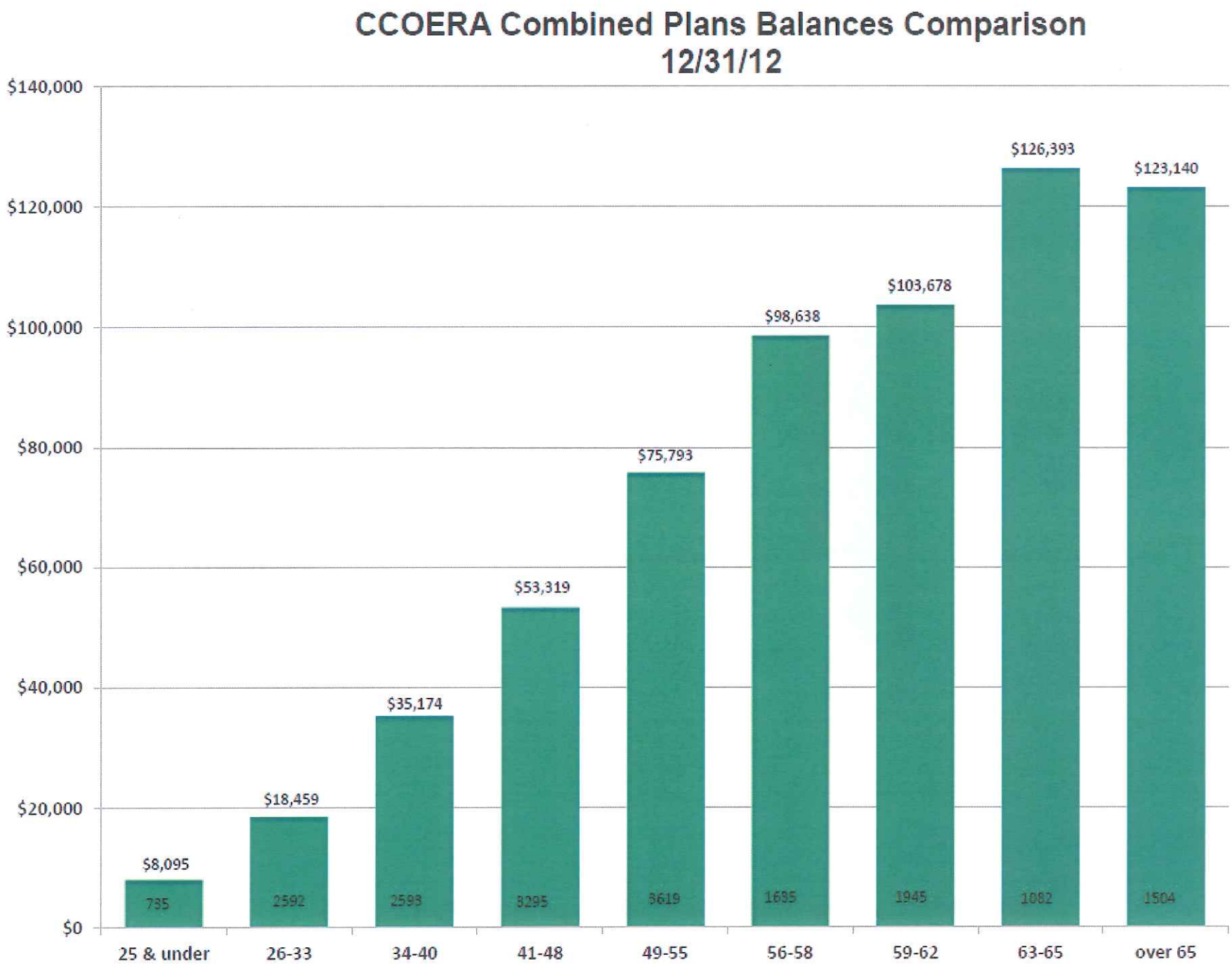
Why the CCOERA System Works

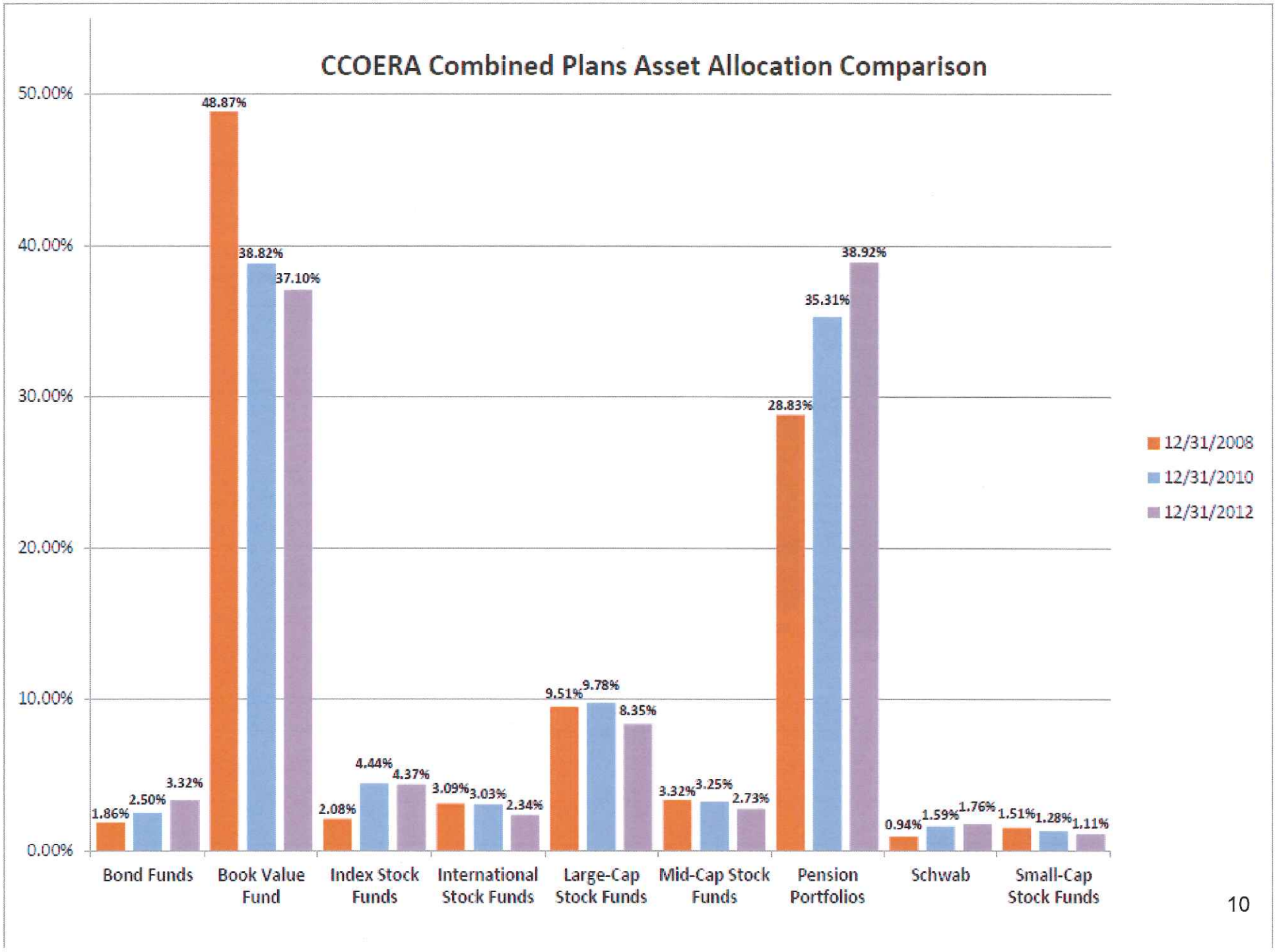
- **Quality Products & Services**
  - Book Value Fund (current yield of 2.54%, & ave. ann. of 3.59% last 5 years)
  - Custom Pension Portfolios (Professionally Allocated & Rebalanced)
  - Select Mutual Funds (Open Architecture – No Proprietary Mutual Funds)
  - Self-Directed Brokerage Account (Schwab – Individual Stock & Most Fund Options)
  - Web site account access & tracking
  - High quality educational seminars

The CCOERA Advantage

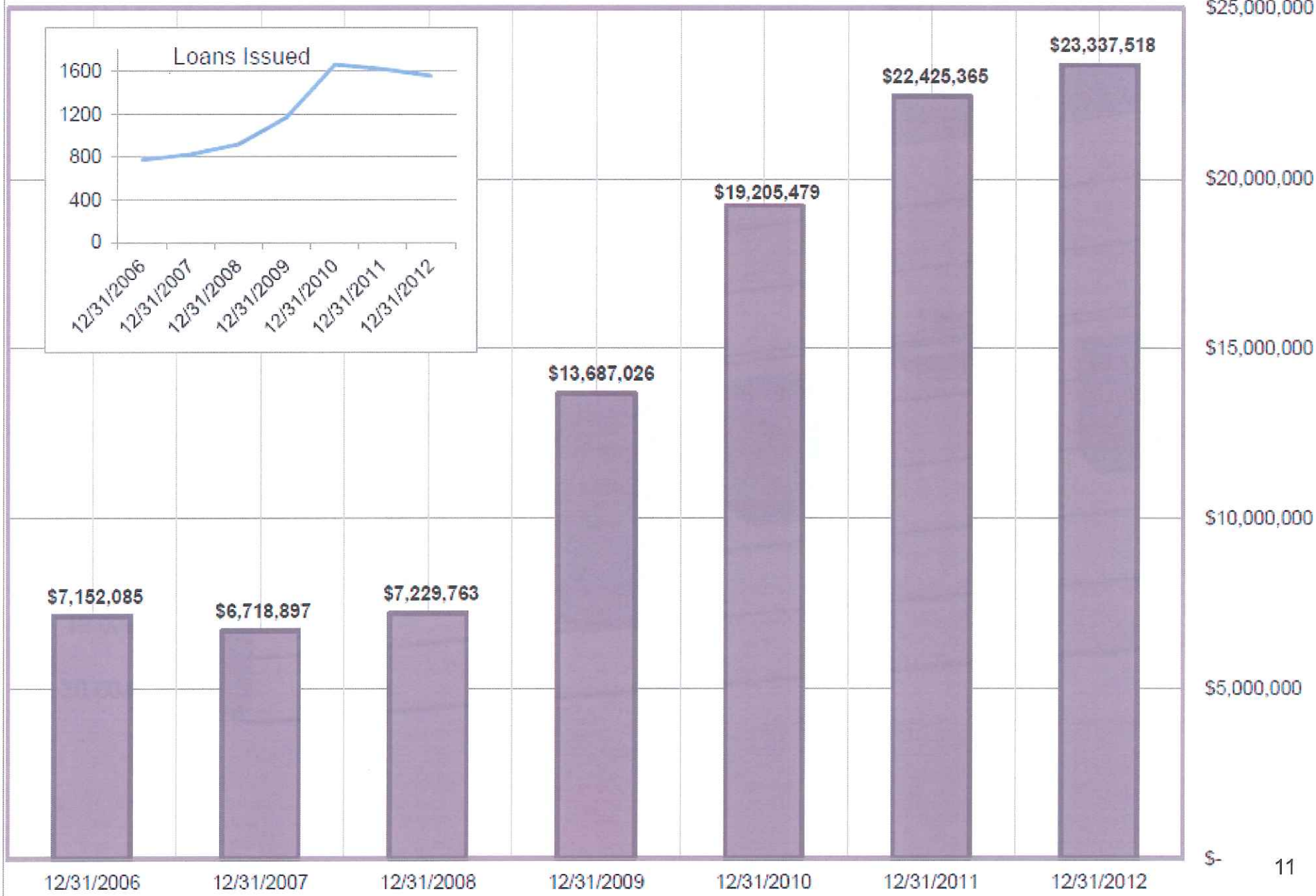
Why the CCOERA System Works

- **Lower Costs**
  - A Non-profit Retirement Association
  - CCOERA pays no dividends, no profit sharing, no employee bonuses/commissions
  - Annual budget is based on a .25% Administration Fee, which is eliminated on the amount of combined account balances that exceeds $200,000)
  - Nonprofit means savings are passed on to all CCOERA participants, thereby allowing us to reduce fees when possible
  - Employers pay no plan document, administration, nor ongoing service fees.

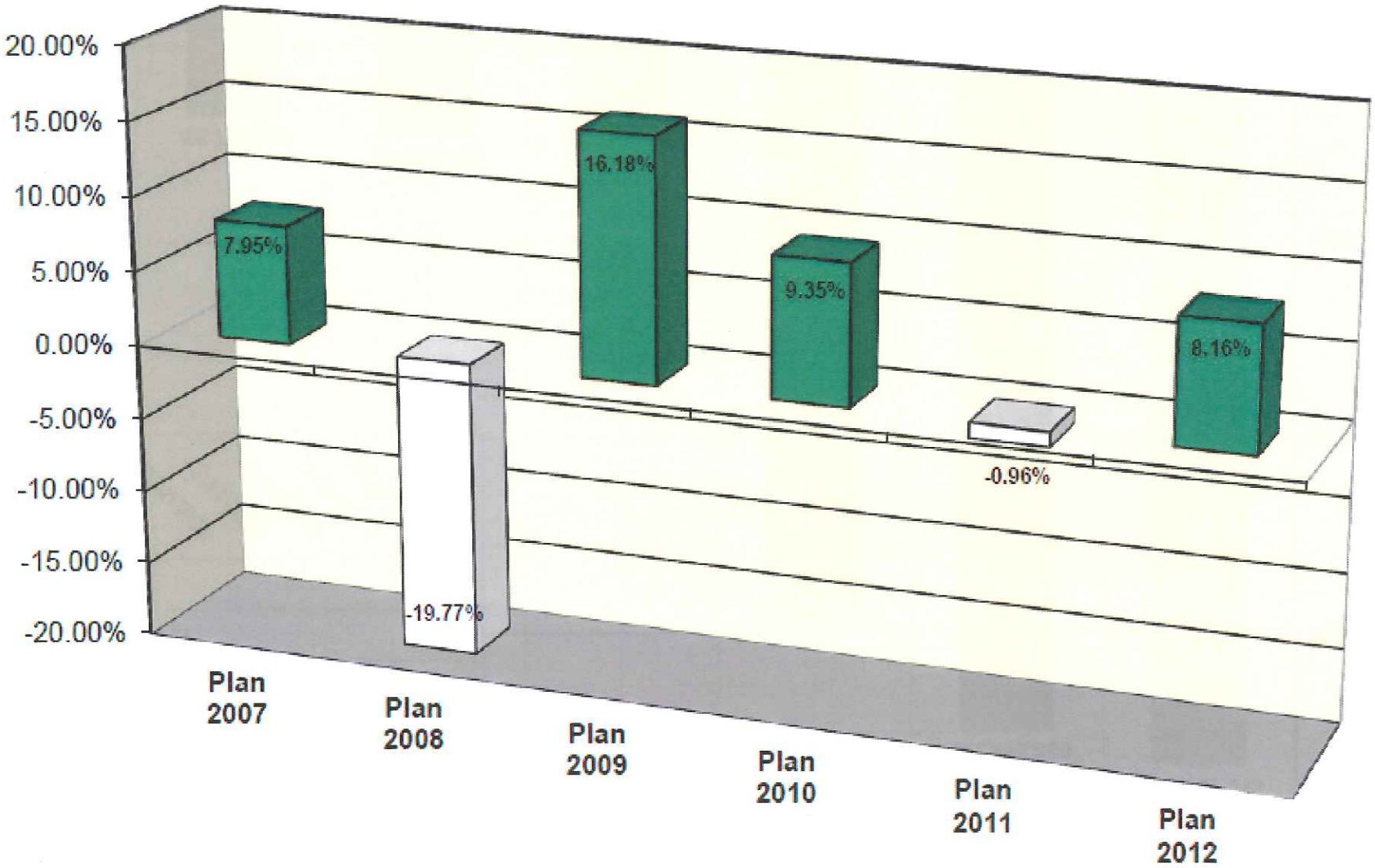

CCOERA Combined Plans Balances Comparison
12/31/12
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
$8,095
$18,459
$35,174
$53,319
$75,793
$98,638
$103,678
$126,393
$123,140
735
2592
2593
3295
3619
1685
1945
1082
1504
25 & under
26-33
34-40
41-48
49-55
56-58
59-62
63-65
over 65


CCOERA Combined Plans Asset Allocation Comparison
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
1.86%
2.50%
3.32%
48.87%
38.82%
37.10%
2.08%
4.44%
4.37%
3.09%
3.03%
2.34%
9.51%
9.78%
8.35%
3.32%
3.25%
2.73%
28.83%
35.31%
38.92%
0.94%
1.59%
1.76%
1.51%
1.28%
1.11%
Bond Funds
Book Value Fund
Index Stock Funds
International Stock Funds
Large-Cap Stock Funds
Mid-Cap Stock Funds
Pension Portfolios
Schwab
Small-Cap Stock Funds
12/31/2008
12/31/2010
12/31/2012

CCOERA Plans Combined Loan History



CCOERA Combined Plans-Rate of Return



2012 INVESTMENT RESULTS (4th Quarter)

Total Return[1] of CCOERA Investments for the period ending December 31, 2012

Investment Options			4th Qtr	YTD	1 Year	5 Year	10 Year	Exp. Ratio[2]	Std. Dev.
Pension Portfolio 1- Very Conservative			0.80%	4.83%	4.83%	3.61%	5.38%	0.40%	4.98%
Pension Portfolio 2- Conservative			1.03%	7.65%	7.65%	3.04%	6.12%	0.51%	9.82%
Pension Portfolio 3- Moderate			1.13%	10.03%	10.03%	2.20%	6.81%	0.63%	14.81%
Pension Portfolio 4- Aggressive			1.15%	12.19%	12.19%	1.27%	7.35%	0.74%	19.80%
Pension Portfolio 5 - Very Aggressive			1.35%	14.42%	14.42%	-0.62%	7.54%	0.66%	24.04%
FIXED		TICKER							
Fidelity Select Money Market		(FSLXX)	0.01%	0.09%	0.09%	0.78%	1.87%	0.30%	0.73%
CCOERA Book Value Fund			0.61%	2.55%	2.55%	3.59%	4.55%	0.06%	48.00%
PIMCO Total Return Fund		(PTTRX)	1.17%	10.36%	10.36%	8.34%	6.82%	0.46%	4.26%
PIMCO High Yield Fund		(PHIYX)	3.19%	14.55%	14.55%	8.39%	9.18%	0.55%	13.96%
EQUITY (STOCK FUNDS)		TICKER							
Large Cap	Vanguard Institutional 500 Index	(VINIX)	-0.39%	15.98%	15.98%	1.69%	7.11%	0.04%	21.26%
Large Cap	Neuberger Berman Social Fund	(NBSTX)	1.77%	10.79%	10.79%	0.95%	7.70%	1.06%	21.62%
Large Cap	Davis NY Venture	(DNVXY)	1.29%	13.05%	13.05%	-0.69%	6.91%	0.64%	22.91%
Large Cap	Rainer Large Cap Equity	(RAIEX)	-0.11%	13.72%	13.72%	-1.48%	6.77%	0.79%	22.31%
Large Cap	Fidelity Contrafund	(FCNTX)	-1.59%	16.26%	16.26%	1.97%	9.68%	0.81%	20.07%
Foreign	American Beacon International	(AAIEX)	6.92%	21.50%	21.50%	-2.41%	9.13%	0.71%	26.19%
Foreign	American Funds EuroPacific Growth	(RERGX)3	5.65%	19.64%	19.64%	-1.16%	10.18%	0.50%	N/A
Mid Cap	Vanguard Mid-Cap Index Fund	(VMCIX)	2.84%	16.01%	16.01%	3.18%	10.07%	0.08%	25.34%
Mid Cap	Fidelity Low-Priced Fund	(FLPSX)	3.21%	18.50%	18.50%	4.88%	11.17%	0.88%	22.52%
Mid Cap	Artisan Mid-Cap Fund	(APHMX)	1.48%	19.84%	19.84%	5.55%	11.26%	1.06%	25.46%
Sm Cap	Vanguard Small-Cap Index Fund	(VSCIX)	2.81%	18.26%	18.26%	5.17%	11.01%	0.14%	26.64%
Sm Cap	American Beacon Small Cap Value	(AVFIX)	4.24%	16.52%	16.52%	5.39%	10.71%	0.83%	27.16%
RE	Cohen & Steers Reality Shares	(CSRIX)	2.10%	15.91%	15.91%	6.47%	12.86%	0.75%	32.64%

Periodic Table of Asset Class Returns

Calendar Year Investment Returns in Order of Best to Worst Performance

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Best	Large Cap Stocks 28.58 %	Int'l Stocks 26.96 %	Comm 31.84 %	REITs 12.35 %	Comm 25.91 %	Small Cap Stocks 47.25 %	REITs 33.16 %	Comm 21.36 %	REITs 35.97 %	Comm 16.23 %	Fixed Income 5.24 %	Int'l Stocks 31.78 %	REITs 28.60 %	REITs 9.24 %	REITs 17.59 %
	Int'l Stocks 20.00 %	Hedge Funds 26.47 %	REITs 31.04 %	Fixed Income 8.43 %	Fixed Income 10.27 %	Int'l Stocks 38.59 %	Int'l Stocks 20.25 %	REITs 13.82 %	Int'l Stocks 26.34 %	Int'l Stocks 11.17 %	Hedge Funds -21.37 %	REITs 28.60 %	Small Cap Stocks 26.85 %	Fixed Income 7.84 %	Int'l Stocks 17.32 %
	Fixed Income 8.67 %	Comm 24.35 %	Fixed Income 11.63 %	Hedge Funds 2.80 %	REITs 3.58 %	REITs 36.18 %	Small Cap Stocks 18.33 %	Int'l Stocks 13.54 %	Small Cap Stocks 18.37 %	Hedge Funds 10.25 %	Small Cap Stocks -33.79 %	Small Cap Stocks 27.17 %	Comm 16.83 %	Large Cap Stocks 2.11 %	Small Cap Stocks 16.35 %
	Small Cap Stocks -2.55 %	Small Cap Stocks 21.26 %	Hedge Funds 4.07 %	Small Cap Stocks 2.49 %	Hedge Funds 1.02 %	Large Cap Stocks 28.68 %	Large Cap Stocks 10.88 %	Hedge Funds 7.49 %	Large Cap Stocks 15.79 %	Fixed Income 6.97 %	Comm -35.65 %	Large Cap Stocks 26.46 %	Large Cap Stocks 15.06 %	Small Cap Stocks -4.18 %	Large Cap Stocks 16.00 %
	Hedge Funds -5.11 %	Large Cap Stocks 21.04 %	Small Cap Stocks -3.02 %	Large Cap Stocks -11.89 %	Int'l Stocks -15.94 %	Comm 23.93 %	Comm 9.15 %	Large Cap Stocks 4.91 %	Hedge Funds 10.39 %	Large Cap Stocks 5.49 %	Large Cap Stocks -37.00 %	Comm 18.91 %	Int'l Stocks 7.75 %	Hedge Funds -5.72 %	Hedge Funds 5.28 %
	REITs -17.01 %	Fixed Income -0.83 %	Large Cap Stocks -9.10 %	Comm -19.51 %	Small Cap Stocks -20.48 %	Hedge Funds 11.61 %	Hedge Funds 6.86 %	Small Cap Stocks 4.55 %	Fixed Income 4.34 %	Small Cap Stocks -1.57 %	REITs -39.20 %	Hedge Funds 11.47 %	Fixed Income 6.54 %	Int'l Stocks -12.14 %	Fixed Income 4.21 %
Worst	Comm -27.03 %	REITs -2.58 %	Int'l Stocks -14.17 %	Int'l Stocks -21.44 %	Large Cap Stocks -22.10 %	Fixed Income 4.11 %	Fixed Income 4.34 %	Fixed Income 2.43 %	Comm 2.07 %	REITs -17.55 %	Int'l Stocks -43.38 %	Fixed Income 5.93 %	Hedge Funds 5.70 %	Comm -13.32 %	Comm -1.06 %

Indices Used: Large Cap Stocks (S&P 500), Small Cap Stock (Russell 2000) Int'l Stocks (MSCI EAFE), Fixed Income (Barclays Aggregate), REITs (DJ-Wilshire REIT)
Hedge Funds (HFRI Fund of Funds Composite), Commodities (DJ-UBS Commodity)

CCOERA

Individual Participant Service

- New Tracking Metrics (Group & Ind. Mtgs.)
- New Contact Management System
- New Targeted Service Approach
  - Older Participants
  - Larger Accounts
  - Younger Participants
  - Retired Participants
- Quality products & services encourage participants to maintain their accounts with CCOERA *throughout retirement*

Three Plans for Retirement

- **Social Security & Medicare (Mandatory)**
- - Fixed Monthly Retirement Benefit
- - Contributions: Employee 7.65% + Employer 7.65%
- **401(a) Retirement Plan (Mandatory)**
- - Variable Retirement Benefits
- - Contributions: Employee 3-12% + Employer 3-12%
- ($72,003,815 in 2012)
- - Distributions: Flexible (Monthly, Lump sum or Periodic)
- ($65,023,445 in 2012)
- **457 Deferred Compensation Plan (Voluntary)**
- - Variable Retirement Benefits
- - Contribution Limits (2012): $17,500 (Reg.), $23,000 (age 50)
- ($20,178,170 in 2012)
- - Distributions: Flexible (Monthly, Lump sum or Periodic)
- ($17,606,409 in 2012)

Client Services Statistics

2012 CLIENT SERVICES ACTIVITY (Through 12/31/12)					
Client Services	Service Events [1]	Group Mtg Attendees	Individual Meetings	Service Days	Travel Days
1	132	1,079	828	68	25
2	131	544	814	74	22
3	128	694	839	70	31
4	54	129	343	36	11
5	66	671	458	44	15
YTD	511	3,117	3,282	292	104
2012 Goals	500	3,000	3,000	300	100
(% of Goal)	(102%)	(104%)	(109%)	(97%)	(104%)

[1] Group Meetings & Open Sessions.

Key Retirement Considerations

- **Annual Expense Needs**
  - Income Replacement Ratio (60% - 80%)
  - Actual Budget (Cash Flow Worksheet)
- **Life Expectancy**
- **Social Security Full Benefit Age**
- **Retirement Income Sources**
- **Inflation**
- **Health Care Costs**

Planning Prevents Panic

"If we take a late retirement and an early death, we'll just squeak by."