Annual Update
to the

Police Officers' and Firefighters' Pension Reform Commission

October 4, 2011

FPPA
Fire & Police Pension Association
of Colorado

Proudly Serving Our Members
Since 1980

Agenda

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Q&A Session

FPPA Board of Directors

Kirk J. Miller, Chair
Detective, Denver Police Department
Member since 2005
Current term expires 9.1.12

Clifford W. Stanton, Vice Chair
CIO, Prima Capital Holding
Member since 2009
Current term expires 9.1.12

Center Column

Jack Blumenthal
Principal, Causey Demgen & Moore, Inc.
Member since 2009
Current term expires 9.1.14

Todd Bower
Deputy Chief, Denver Fire Department
Member since 2001
Current term expires 9.1.13

Monica Cortez-Sangster
Director of Human Resources, Colorado Department of Personnel & Administration
Member since 2003
Current term expires 9.1.14

Susan R. Eaton
Human Resources Director,
City of Englewood
Member since 2009
Current term expires 9.1.14

Right Column

Lyle Hesalroad
Retired Police Captain,
Denver Police Department
Member since 2009
Current term expires 9.1.13

Leo J. Johnson
Trustee, West Metro Fire Rescue District
Member since 2000
Current term expires 9.1.11*

Tim Nash
Finance Director - Greeley
Member since 2008
Current term expires 9.1.11*

**These members continue to serve until further notice from the Governor.*

Executive Summary

Membership - as of 12/31/2010

- Over 95% of old hire plan membership is in retired status.
- 0.1% decrease in membership of new hire plans affiliated with, or administered by, FPPA.
- 3.1% increase in total number of retirees.

Investment Returns

- The Fire & Police Members' Benefit Investment Fund had a net return of 4.73% YTD through July 2011.
- The Fire & Police Members' Benefit Investment Fund had a net return of 13.7% in 2010.
- The Fire & Police Members' Benefit Investment Fund had a net return of 20.1% in 2009.

Funded Status

- Statewide Death & Disability Plan funded ratio increased from 106.3% as of January 1, 2010 to 108.0% as of January 1, 2011.
- Statewide Defined Benefit Plan funded ratio increased from 100.0% as of January 1, 2010 to 102.9% as of January 1, 2011.
- State assisted old hire plan unfunded liability increased by $20.3 million from January 1, 2010 to January 1, 2011.

Overview of Fire & Police Pension Plans and their Funding

Up until 1978, all fire and police pension plans in Colorado were local in nature. Each municipality or fire protection district with paid police officers and/or firefighters administered its own local pension plan for these members. The benefit structure for these plans was set forth in state statute, but the administration and funding was left largely to local governments.

Although the Colorado General Assembly provided some assistance to these local plans, and, in some cases, prescribed or permitted member and employer contributions, there was no statutory requirement that these local plans be funded on an actuarially sound basis. It became apparent in the mid-1970's that many of these local plans were significantly underfunded. A 1977 study by the Colorado General Assembly found that in total, these local plans had in excess of $500 million in unfunded liabilities. As a result of this study, the General Assembly enacted a series of reform bills in 1978 and 1979.

First, the reform legislation limited membership in the existing local plans to those police officers and firefighters hired prior to April 8, 1978. (Thus, these plans have become labeled **"old hire" pension plans.**) The state also established a program for partial state funding of these plans if the employers agreed to significantly increase employer contributions and establish minimum member contributions in order to fund their plans on an actuarially sound basis. The state continues to contribute funding to some of these "old hire plans" pursuant to Part 3 of Title 31, Article 30.5. State assistance is distributed by FPPA to the local plans.

With respect to police officers and firefighters hired on or after April 8, 1978, the reform legislation established a **Statewide Defined Benefit Plan ("new hire" pension plan)** to be administered by the newly created Fire and Police Pension Association. The Statewide Defined Benefit Plan is funded exclusively through member and employer contributions. Since inception, it has been funded on an actuarially sound basis, with no unfunded liabilities and no state assistance.

In addition to this basic split between old hire plans and the Statewide Defined Benefit Plan, the legislature permitted certain local options for a limited time. Thus employers were granted the authority to create **"exempt" plans**. Employers also had authority to withdraw from the Statewide Defined Benefit Plan to establish local pension plans for their new hires (**"withdrawn" plans**). All the plans that withdrew from the Statewide Defined Benefit Plan established money purchase plans. Exempt plans and withdrawn plans receive no state assistance.

Later, the legislature authorized FPPA to create a **Statewide Money Purchase Plan**. Under certain conditions, an employer may withdraw its members from the Statewide Defined Benefit Plan in order to cover them under the Statewide Money Purchase Plan. In addition, an employer having a withdrawn local money purchase plan may also elect to dissolve that plan and cover its members under the Statewide Money Purchase Plan. The Statewide Money Purchase Plan receives no state assistance.

Since 2004, police and fire departments have been able to elect coverage under the **Statewide Hybrid Plan**. The Statewide Hybrid Plan has a defined benefit component and a money purchase (defined contribution) component. The Statewide Hybrid Plan is also funded exclusively through member and employer contributions. Since inception, it has also been funded on an actuarially sound basis, with no unfunded liabilities and no state assistance.

Overview of Fire & Police Pension Plans and their Funding

continued

FPPA also administers the **Colorado Springs New Hire Pension Plans - Fire Component and Police Component**, which cover police officers and firefighters who were hired on or after April 8, 1978, and before October 1, 2006. These plans are funded by member and employer contributions and receive no state assistance. Full time Colorado Springs police officers and firefighters hired on or after October 1, 2006, participate in the Statewide Defined Benefit Plan.

Finally, there are some local governments which cover their police officers under Social Security, but affiliate with FPPA to provided a supplemental benefit under the **Social Security Supplemental Retirement Plan**. This plan is a component of the Statewide Defined Benefit Plan, and is designed to give half the benefit of the Statewide Defined Benefit Plan for half the cost. This plan receives no state assistance.

Nearly all employers now cover their paid police officers and firefighters under the **Statewide Death and Disability Plan**, with the exception of a few social security employers and a few exempt employers. Up until 1996, the Statewide Death and Disability Plan had been funded entirely through an annual state contribution. In 1996, however, the General Assembly provided a final state contribution sufficient to fund the benefits of members hired prior to January 1, 1997 in perpetuity. This legislation further required that benefits for members hired after January 1, 1997 be funded entirely through employer and/or member contributions. Thus, the state no longer provides assistance to the Statewide Death and Disability Plan.

FPPA, pursuant to state statute, has also created a Model 457 **Deferred Compensation Plan**. Nearly any employer throughout the state may adopt this plan for its police officer/firefighter members. The plan is funded entirely through voluntary contributions from those members who wish to participate.

The above-described pension plans are for paid firefighters and police officers. There is also a system for **volunteer firefighter pension plans**. Cities and districts with volunteer firefighters may establish volunteer pension plans pursuant to the provisions of state statutes. Volunteer plans receive funding from property tax revenues, moneys paid or given to the funds, and state matching funds. State matching funds come from insurance premium tax proceeds, and are paid according to Section 31-30-1112, C.R.S., as amended. The state matching funds are distributed to eligible local plans by FPPA.

FPPA directly administers the Statewide Defined Benefit Plan, Colorado Springs New Hire Pension Plans, Statewide Hybrid Plans, Statewide Death and Disability Plan, Statewide Money Purchase Plan and Model 457 Deferred Compensation Plan. In addition, old hire pension plans and volunteer plans may affiliate with FPPA for investment purposes. These affiliations are at the option of the local employer. Upon affiliation, contributions are made to FPPA, which invests the assets and pays benefits to eligible members, pursuant to the direction of the local pension board. As of December 31, 2010, there were 213 employer plans participating in the Defined Benefit System - Statewide Defined Benefit Plan, 25 employer plans participating in the Defined Benefit System - Statewide Hybrid Plan, 2 employer plans participating in the Defined Benefit System - Colorado Springs New Hire Pension Plans, 38 employer plans with employees participating in the Fire & Police Members' Statewide Money Purchase Plan, 372 employer plans covered by the Statewide Death & Disability Plan, 52 affiliated Local "Old Hire" plans, and 174 affiliated Local Volunteer Fire pension plans.

Overview of Fire & Police Pension Plans and their Funding

continued

In conclusion, state funding continues for only two types of fire and police pension plans: local "old hire" plans that are not yet actuarially sound, and local volunteer plans that are eligible for state matching funds. A more detailed discussion of the state funding for these types of plans follows.

State Assistance for Old Hire Fire and Police Pensions Plans

The General Assembly continues to provide assistance to local old hire pension plans that are not yet funded on an actuarially sound basis. In 1995, the General Assembly committed to provide state assistance to these plans until their unfunded liabilities are eliminated, but no later than December 31, 2009. Subsequently, SB03-263 suspended the state scheduled payments due in September 2003, 2004 and 2005, with state payments resuming in April of 2006 and extended these payments until 2012 from 2009. The state also committed to transferring to the old hire plans any amount of unfunded liability accrued as a result of the suspension of state contributions. Local governments receiving state funding were required to continue to make the local contributions required while the state contributions were suspended. This deadline has been reviewed from time to time. Senate Bill 09-227 eliminated the state contribution to the old hire plans for fiscal years 2009, 2010 and 2011 and extended the state contributions through fiscal year 2015. Senate Bill 11-221 provides for modified contributions in 2012-2013, and returns to full funding in 2014 with final payment in 2019.

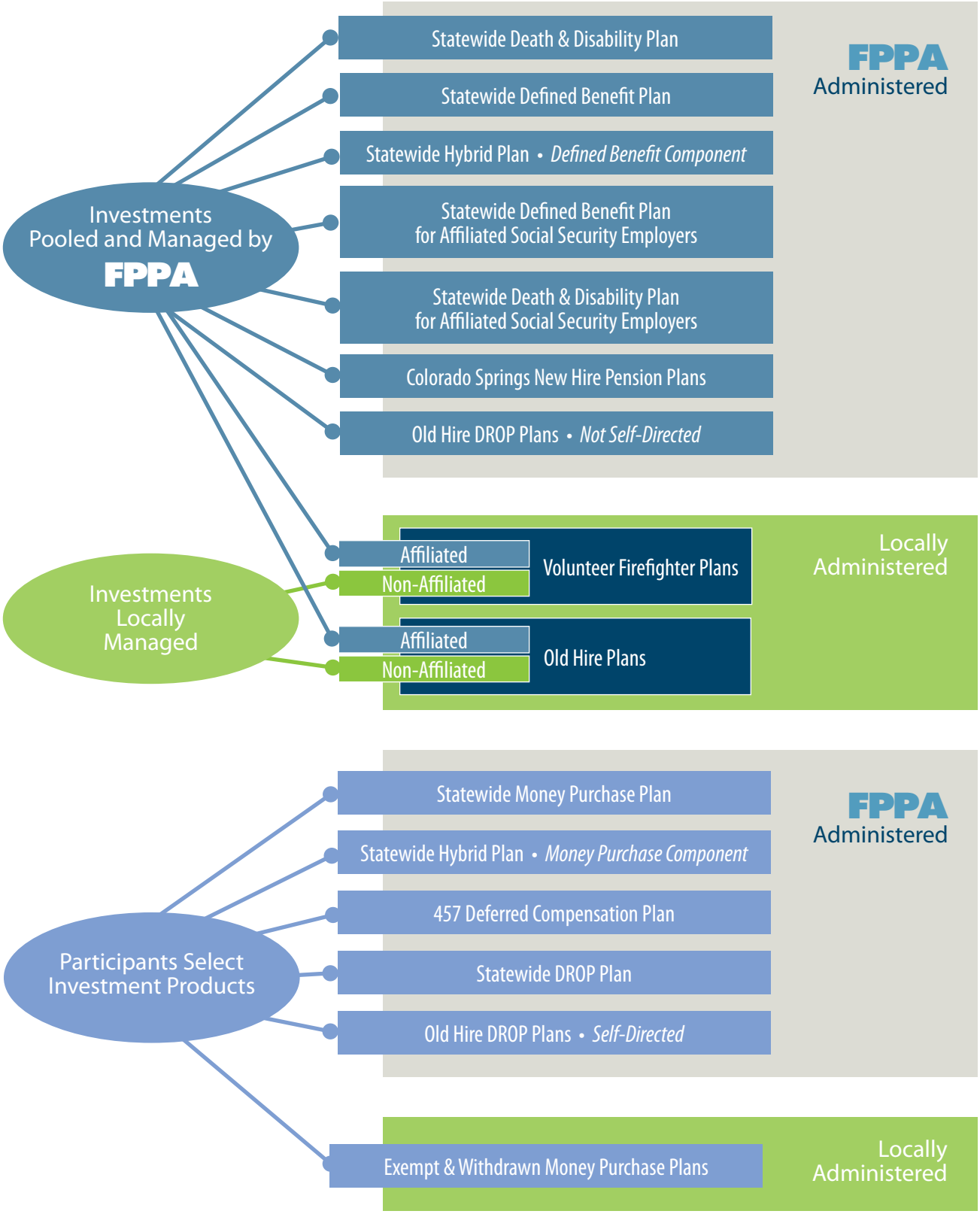
Also, state assistance is contingent on the assisted plans maintaining required levels of local contributions. Finally, employers desiring to receive state assistance must file actuarial studies with FPPA every other year. FPPA monitors local plan compliance and distributes state funds to qualifying employers in proportion to the percentage of aggregated accrued liabilities each employer represents.

FPPA serves as a flow-through entity for state funds. Moneys are transferred annually to FPPA from insurance premium tax proceeds. FPPA then distributes the funds to local plans based on independent actuarial review and statutory requirements.

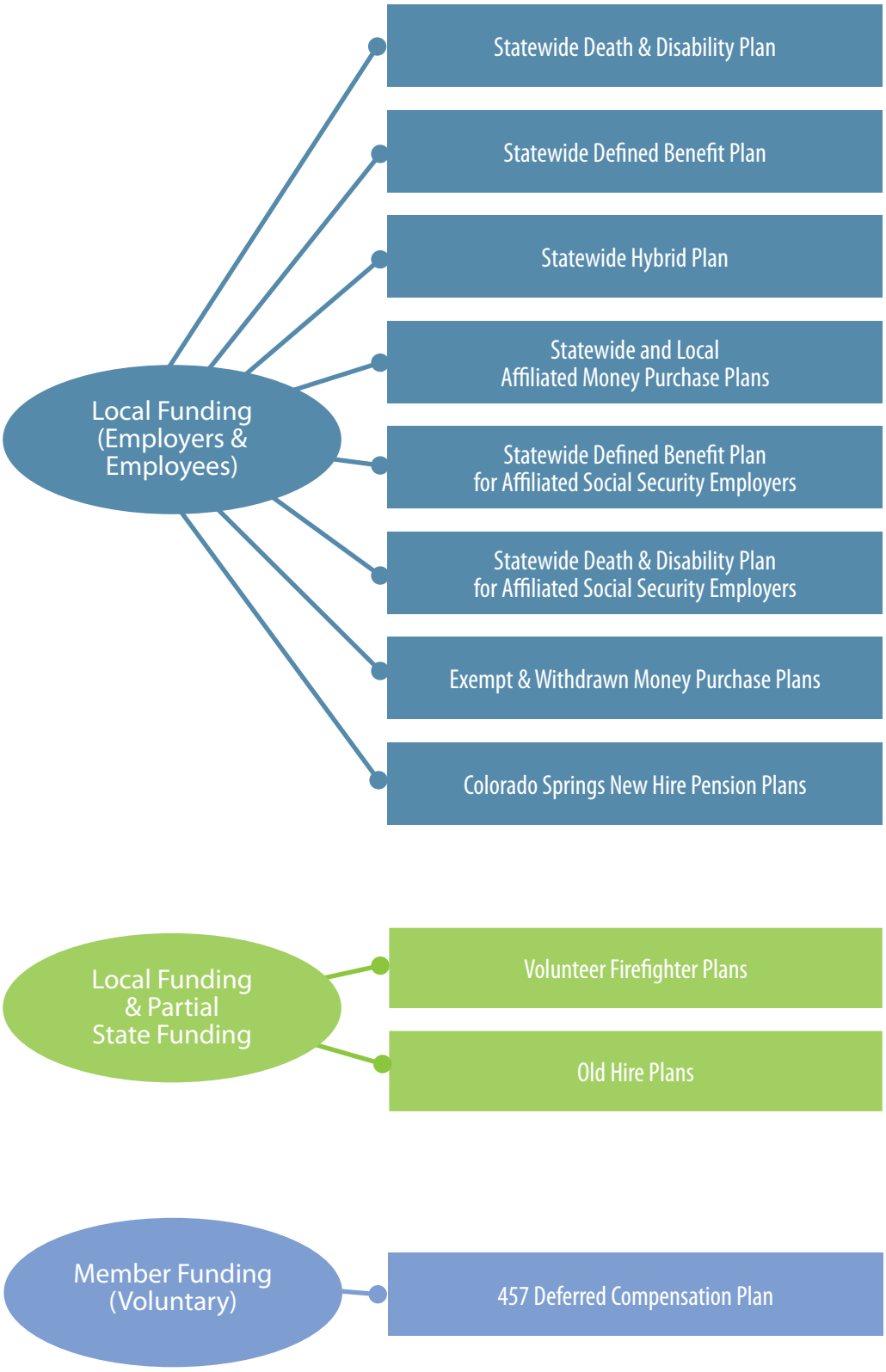
State Assistance for Volunteer Firefighter Pension Plans

The General Assembly has declared its intent to continually fund volunteer firefighter pension plans. Moneys are provided as state matching funds from insurance premium tax proceeds. Again, FPPA serves as a flow-through entity, receiving funds as determined by the Department of Local Affairs for volunteer plans.

Pension Plans



Funding Method



Plan Coverage *as of December 31, 2010*

Covered by
The Statewide Death & Disability Plan
1 Plan - 372 Employers

Affiliated Local Plan (Old Hire) Members
52 Plans

Statewide Defined Benefit Plan (New Hire) Members
1 Plan - 213 Employers

Statewide Hybrid Plan Members
25 Employers

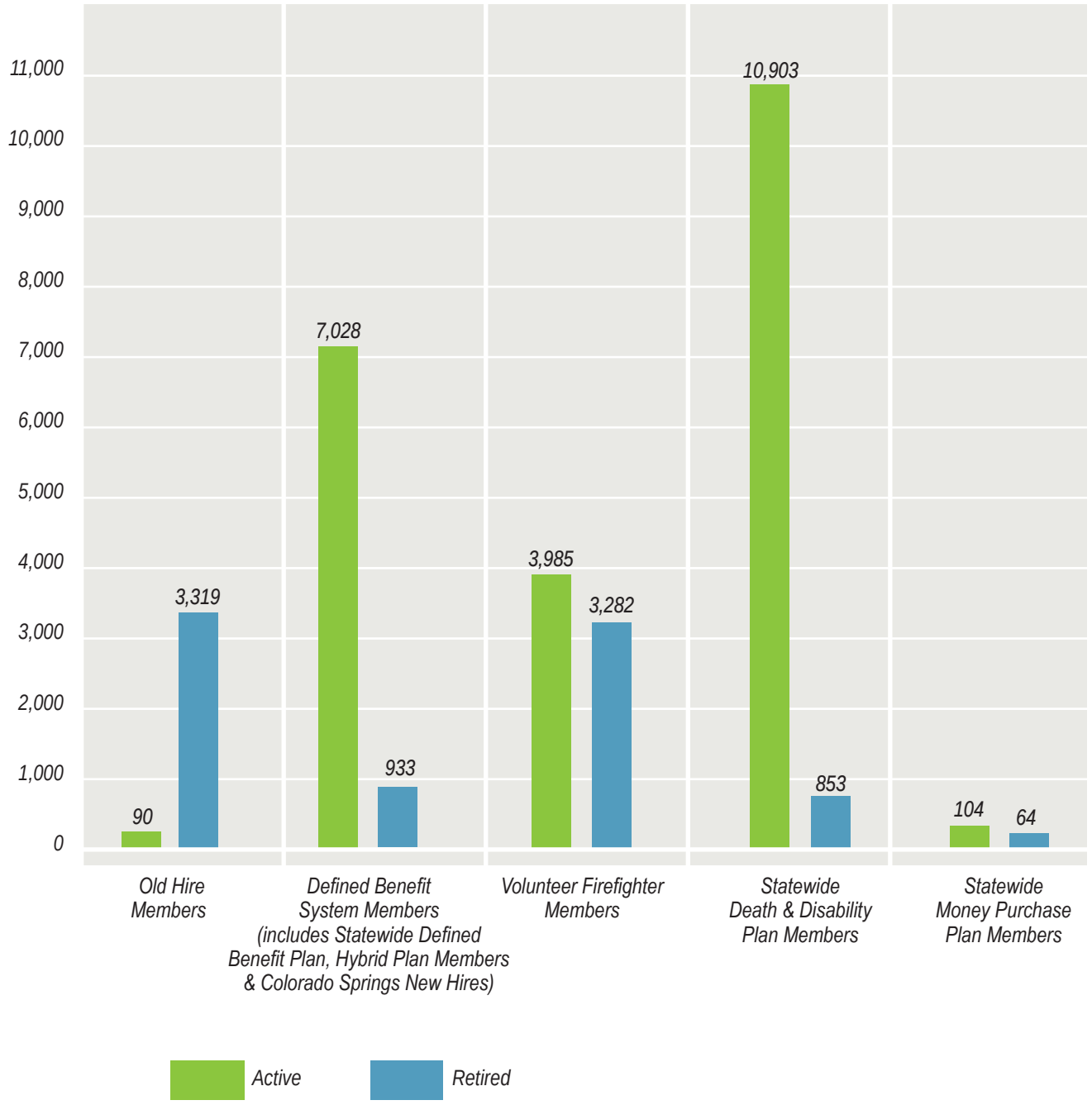
Statewide Money Purchase Plan Members
1 Plan - 38 Employers

Colorado Springs Defined Benefit Plan (New Hire) Members
2 Plans - 1 Employer

Withdrawn Plans
Former Statewide Defined Benefit Plan Members who withdrew into local money purchase plans.

Affiliated Local Volunteer Fire Pension Plans
174 Plans

Members By Plan & Status *as of December 31, 2010*



Results of January 1, 2011 Actuarial Study

Statewide Hybrid Plan – Defined Benefit Component Contribution Rate

- Benefit Adjustment
  3%, effective 10/1/2011 - 9/30/2012
- Defined Benefit Component contribution rate
  Decreased to 11.3%, effective 7/1/2011 - 12/31/2011 (Decreased from 11.5%).
  Increased to 12.9%, effective 1/1/2012 - 6/30/2012 due to the implementation of the new actuarial assumptions effective 1/1/2012.

  This means that a contribution of 4.7% (or more, if contribution exceeds 16%) will be directed into the Money Purchase Component. (This only applies to those members who selected the Hybrid Plan – Defined Benefit and Money Purchase Components.)

Statewide Defined Benefit (SWDB) Plan Contribution Rate

- Benefit Adjustment
  1.34%, effective 10/1/2011 - 9/30/2012
- Separate Retirement Account (SRA)
  There are now two components for the SRA Account:
  - The first component applies to every member in the SWDB Plan - for the general benefit cost calculated annually by the actuary.
    0% contribution rate – 7/1/2011 - 6/30/2012
  - The second component is for the money purchase plan members who re-entered the FPPA System, referred to as the "Re-entry group". This group contributes 20% to the SWDB Plan.
    3.74% contribution rate - 7/1/2011 - 6/30/2012, in addition to the 0% above, for a total of 3.74%.

    Although the contribution rate remains at 20%, 3.74% of the contribution is allocated to the SRA.

Statewide Death & Disability Plan

- Benefit Adjustment
  - Occupational disability retirees and their beneficiaries and Survivors of Active Duty Members
    0.5%, effective 10/1/2011 - 9/30/2012

  - Totally disabled members and their beneficiaries
    by state statute, receive a 3% Benefit Adjustment each year.

Results of January 1, 2011 Actuarial Experience Study

At least every five years the FPPA Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2011 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of FPPA's past experience and expectations of the future.

The assumption changes will be effective for actuarial valuations beginning January 1, 2012. The actuarial assumptions will also impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions will be effective for benefit purposes has not yet been determined by the Board of Directors, but it will likely be in the second half of 2012. FPPA will provide substantial advance notice of the effective date of any new actuarial factors for benefit calculations.

The main actuarial factor changes were:

- Reduce the normal investment return assumption from 8.00% to 7.50%
- Reduce the inflation assumption from 3.50% to 3.00%
- Reduce the productivity component of the salary scale assumption from 1.25% to 1.00%
- Reduce the payroll growth rate assumption from 4.25% to 3.50%
- Revise the post-retirement mortality tables to reflect increased longevity

A number of other actuarial factors had modest changes as well. The full actuarial experience study can be reviewed at the FPPA website www.FPPAco.org.

These new actuarial assumptions position FPPA very conservatively as it proceeds forward. As always, the assumptions will be reviewed against actual experience each year and gains or losses recognized in accordance with Governmental Accounting Standards Board standards and our actuarial methods and policies.

Plan Design Advantages of the FPPA Plans

Like most pension systems which rely on returns from the investment of plan assets to fund benefits, FPPA was adversely affected by the significant decline in equity markets in 2008. The FPPA system, however, has certain safeguards in place which have helped it to weather this storm and should ensure the security of members' retirement benefits in the future. These safeguards are discussed below.

Initially, it is important to distinguish between "old hire," local fire and police pension plans and the Statewide Defined Benefit Plan. The local old hire plans pre-date the creation of FPPA in 1980. In fact, the Colorado Legislature established FPPA in large part because of problems in the funding of these local old hire plans. Specifically, by the late 1970s, old hire plans had in excess of $500 million in unfunded liabilities. Moreover this amount was expected to grow exponentially over the coming years. Reform legislation was enacted in 1978 which closed participation in these old hire plans, required substantially increased contributions from local employers to the plans, required increased member contributions to the plan, reduced the death and disability benefits for members and provided annual state assistance to old hire plans having unfunded liabilities. The reform legislation also established the Statewide Defined Benefit Plan for firefighters and police officers hired after April 1978.

FPPA was given the responsibility for managing the funds of old hire plans receiving state assistance. Initially in 1980, 112 plans received state money to assist with unfunded liabilities. As of 2009, the number of plans now eligible for state assistance is 6. Unfunded liabilities in these remaining plans are estimated at $227.4 million as of January 1, 2011. The vast majority of participants in old hire plans have now retired or are scheduled to do so within the next few years.

FPPA is also responsible for administering the Statewide Defined Benefit Plan which is now the largest fire and police pension plan in Colorado in terms of the number of active participants. Its design and administration include a number of features intended as a buffer against adverse actuarial experience. Among these are the following:

Benefit Adjustments

The Statewide Defined Benefit Plan's base benefit does not include a guaranteed benefit adjustment or cost of living increase. Rather, the FPPA Board of Directors may grant an annual benefit adjustment on an ad hoc basis if sufficient funds exist. The benefit adjustment may not exceed the greater of CPI or 3% per year.

Retirement Age

The Statewide Defined Benefit Plan permits an unreduced, normal pension starting at age 55 with 25 years of service. Early retirements for members who are age 50 or have 30 years of service are permitted, but benefits are reduced on an actuarial basis, at the rate of 0.5% per month for each month that the benefit is drawn before age 55. Moreover, the statutes governing the Plan give the Board of Directors the discretion to raise the retirement age up to age 60, if actuarially necessary.

Stabilization Reserve Account

When employer and member contributions are in excess of what the FPPA Statewide Defined Benefit Plan needs for the coming year, the excess is redirected into a Stabilization Reserve Account, which is split into Separate Retirement Accounts for each member. These are cash accounts that are available

Plan Design Advantages of the FPPA Plans

continued

to the members only upon retirement and remain as part of the Statewide Defined Benefit Plan assets until then. The accounts are credited each year with the investment fund earnings (or losses) made by FPPA through investment of assets in the Members' Benefit Fund. If in any year contributions in excess of the current 16% contribution rate (8% member and 8% employer) are needed to fund base benefits, the excess contributions must be taken out of the SRA accounts of active members before contribution rates may be increased. This has never happened yet, but is an important safeguard of the plan.

Benefit Changes

FPPA's Statewide Defined Benefit Plan specifically states that, in case of actuarial necessity, the benefit improvements that have been made over the years may be eliminated one-by-one. This would include taking funds from the Stabilization Reserve Account, reducing the benefit formulas and raising the retirement age from 55 to 60. Because of the flexibility of the benefit adjustment and the "cushion" of the SRA accounts, however, the Board is optimistic that current benefit provisions will not have to be reduced.

Purchase of Service Credit

FPPA has always charged full actuarial cost for the purchase of service credit.

Employer and Employee Contribution Rates

Both employee and employer contribution rates for the Statewide Defined Benefit Plan are set at 8% of pay. These rates have not changed since inception of the Plan in 1980. Further, the statute governing the Plan requires that employee and employer contribution rates remain equal.

Fund Governance and Conflicts of Interest

FPPA's Board of Directors is comprised of nine (9) members, all appointed by the Governor and confirmed by the Senate. There are three member representatives, three employer representatives and three private citizens, each with a different area of expertise. FPPA staff members are not participants in the Statewide Defined Benefit Plan.

Funded Status of the Plan

In part because of the foregoing plan features, the Statewide Defined Benefit Plan has been fully funded since inception. As of January 1, 2011, the Plan has a funded ratio of 102.9%.

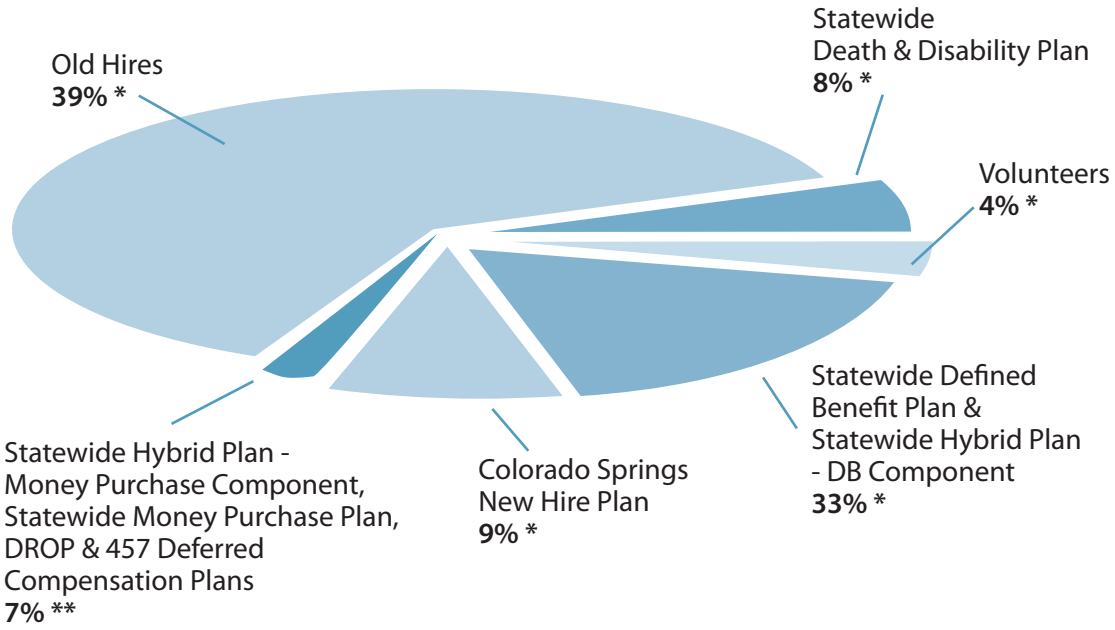
There is always a degree of uncertainty in defined benefit plans regarding the ability to meet actuarial assumptions, particularly the rate of return assumption. We believe, however, that given the design of the Statewide Defined Benefit Plan, the revised and reasonable assumption of a 7.5% investment return and a well-diversified investment program designed around future liabilities, the FPPA program is positioned well to ensure the payment of promised retirement benefits to members.

Investment Program

Net Assets Available for Benefits as of December 31, 2010.

Fire & Police Members' Benefit Investment Fund*	$ 3,135,997,092
Fire & Police Members' Self-Directed Investment Fund**	248,422,160
TOTAL	**$ 3,384,419,252**

Assets by Plan Type as of December 31, 2010

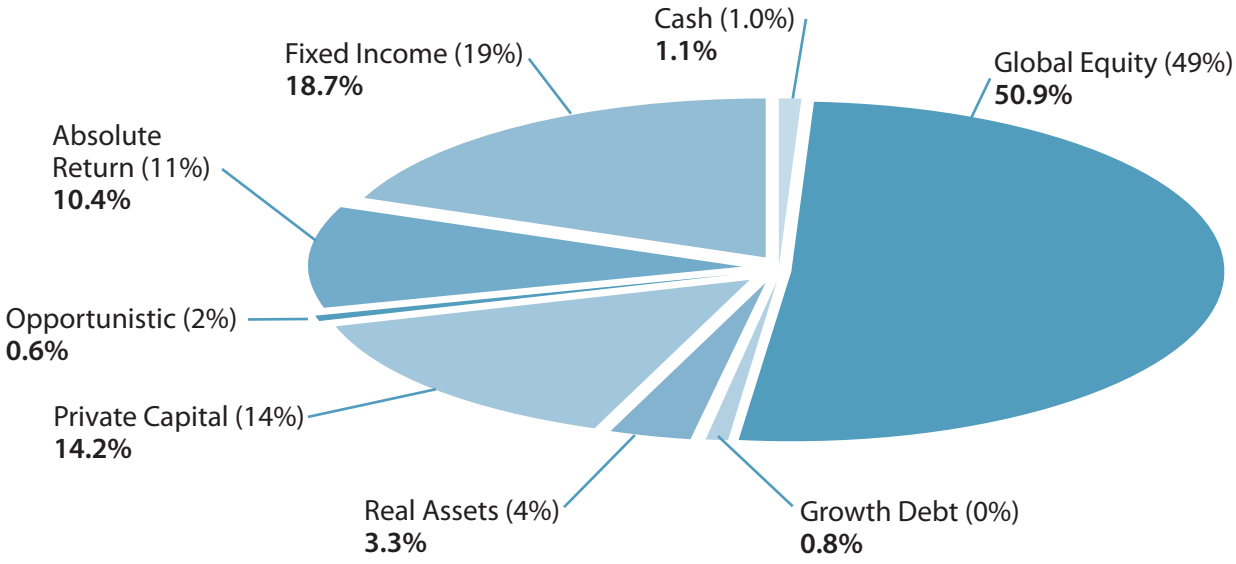


Fire & Police Members' Benefit Investment Fund

Asset Allocation as of July 31, 2011.

Asset Class	*Interim % Targets*	*Target Ranges*	*Current % Actual*	*% Difference*	*$ (000's) Actual*	*$ (000's) Difference*
Global Growth	**49.0%**	**44% - 54%**	**51.7%**	**2.7%**	**$1,671,823**	**$87,310**
Global Equity	49.0%	45.0% - 53.0%	50.9%	1.9%	$1,645,953	$61,440
Growth Debt	0.0%	0.0% - 5.0%	0.8%	0.8%	$25,870	$25,870
Risk Reducers	**31.0%**	**26% - 36%**	**30.2%**	**-0.8%**	**$976,577**	**($25,870)**
Fixed Income	19.0%	16.0% - 22.0%	18.7%	-0.3%	$604,702	($9,701)
Absolute Return	11.0%	5.0% - 15.0%	10.4%	-0.6%	$336,305	($19,402)
Cash	1.0%	0.0% - 3.0%	1.1%	0.1%	$35,571	$3,234
Alternative Growth	**20.0%**	**15% - 25%**	**18.1%**	**-1.9%**	**$585,300**	**($61,440)**
Real Assets	4.0%	1.0% - 7.0%	3.3%	-0.7%	$106,712	($22,636)
Private Capital	14.0%	9.0% - 19.0%	14.2%	0.2%	$459,185	$6,467
Opportunistic	2.0%	0.0% - 5.0%	0.6%	-1.4%	$19,402	($45,272)
TOTAL FUND	**100%**		**100%**		**$3,233,700**	

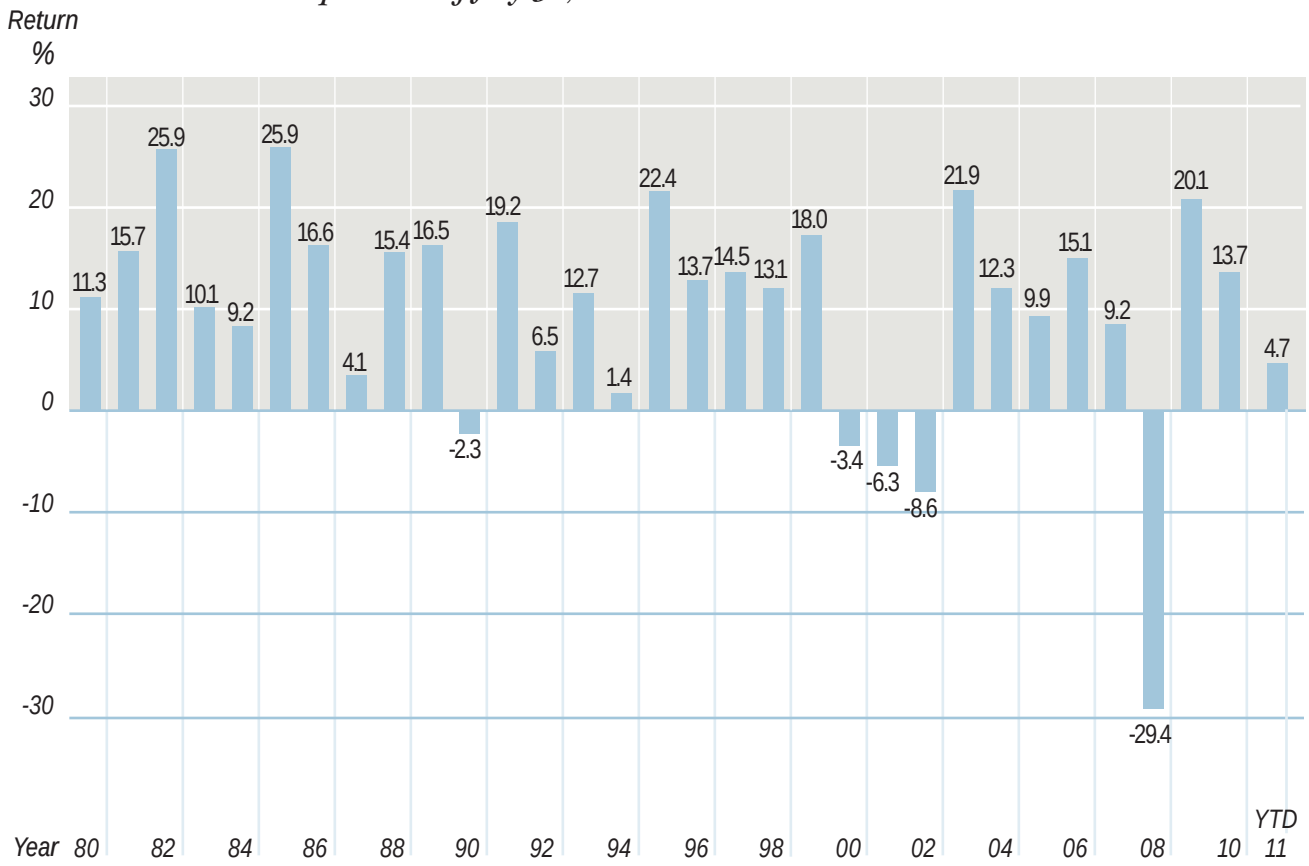
Asset Allocation - Actual (Interim Target)



- Asset Allocation is the biggest driver of performance
- FPPA does not manage assets internally. Each asset class is comprised of a diverse allocation to several outside investment managers.

Fire & Police Members' Benefit Investment Fund

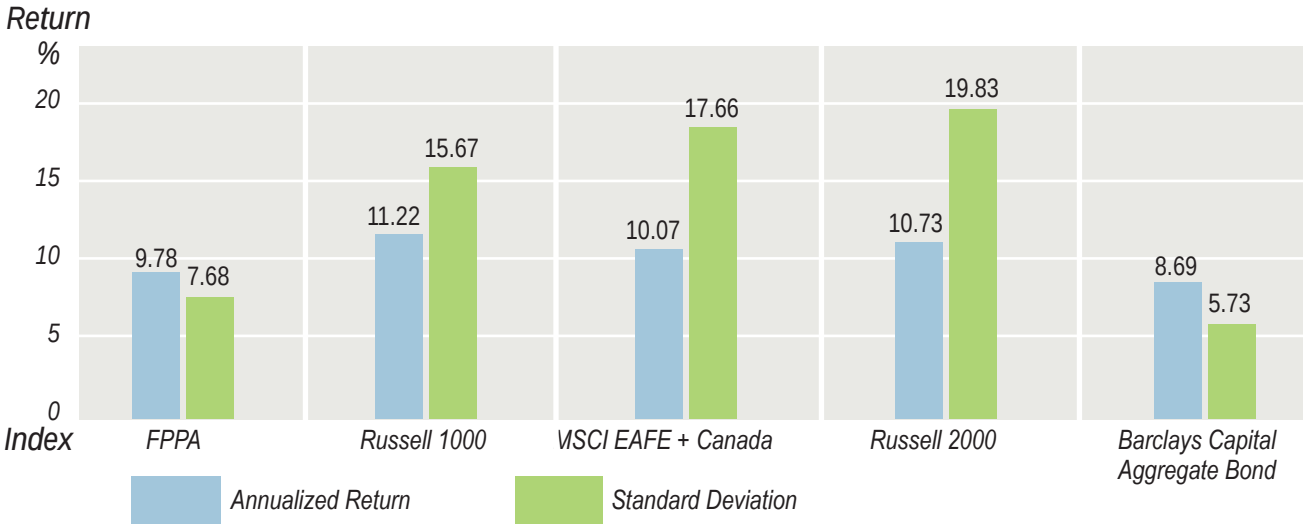
Net Absolute Performance Annual Returns
Since Inception as of July 31, 2011.



- Similar in magnitude to other institutional investors, FPPA experienced significant negative performance in 2008.
- In previous years, FPPA has experienced negative performance (or performance below our target actuarial rate).
- The investment portfolio has maintained its structure to achieve long-term performance results.

Fire & Police Members' Benefit Investment Fund

Net Fund Performance Relative to Market Indices
Risk/Return Since FPPA Inception (1980) as of July 31, 2011



- Standard deviation is a measure of risk.
- Goal is to achieve higher returns for an acceptable level of risk.

Net Performance Relative to Benchmarks as of July 31, 2011

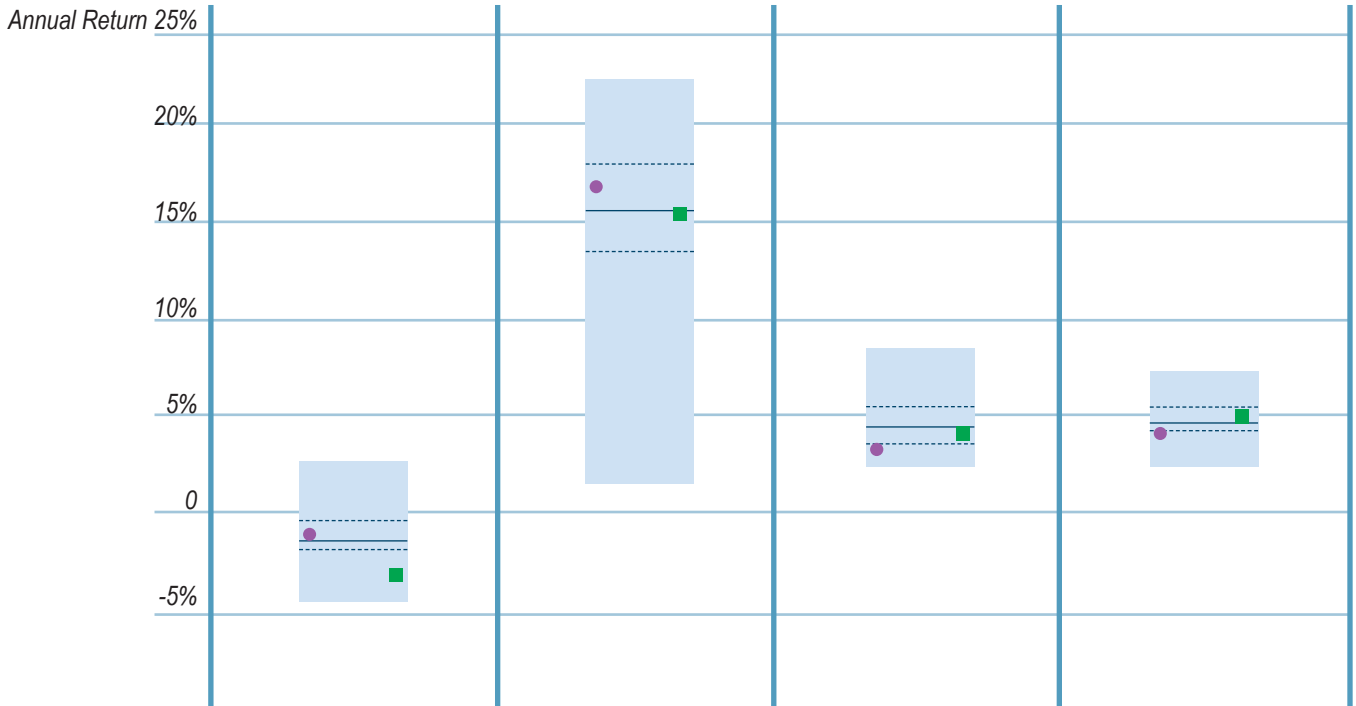
	YTD	1 Year	Annualized 3 Year	Annualized 5 Year
FPPA Total Fund	4.73	16.10%	3.30%	4.01%
Total Fund Benchmark	3.90	15.08%	4.14%	4.87%
Global Equity	3.70	18.70%	0.88%	1.43%
Global Equity Benchmark	2.60	17.74%	2.07%	2.87%
Fixed Income	5.04	6.52%	9.93%	8.04%
Fixed Income Benchmark	4.48	5.02%	7.33%	6.64%
Absolute Return	-0.39	NA	NA	NA
Absolute Return Benchmark	2.38	NA	NA	NA
Real Assets	7.59	NA	NA	NA
Real Assets Benchmark	10.45	NA	NA	NA
Opportunistic	2.20	NA	NA	NA
Opportunistic Benchmark	4.59	NA	NA	NA
Private Capital	7.55	19.22%	4.26%	10.28%
Private Capital Benchmark	4.67	16.85%	2.55%	8.89%

- Similar to other institutional investors, FPPA's absolute total fund performance is significantly influenced by the allocation and performance of its public equity exposure.
- A healthy exposure to fixed income muted the decline in total fund performance during 2008.
- Allocations to alternative investments and real estate have been a driver of positive long-term performance.

Fire & Police Members' Benefit Investment Fund

Total Funds Billion Dollar - Public (USD) - Monthly as of July 31, 2011.

Cumulative Performance Comparisons



	Qtr Ending Jul 11			1 Year			3 Years			5 Years		
	Value			Value			Value			Value		
Maximum	2.40			22.72			8.52			7.19		
25th Per Percentile	-0.77			16.89			5.67			5.70		
Median Percentile	-1.74			15.31			4.59			4.70		
75th Percentile	-2.00			13.59			3.76			4.17		
Minimum	-4.57			1.26			2.22			2.42		
# of Portfolios	36			36			36			34		
		%Tile	Rank		%Tile	Rank		%Tile	Rank		%Tile	Rank
FPPA Total Fund ●	-1.46	37	14	16.10	47	18	3.30	80	30	4.01	84	30
FPPA Policy Benchmark ■	-3.10	92	34	15.08	55	21	4.14	62	23	4.87	43	15

- FPPA performance relative to peer pension funds (Percentile Rankings: lower numbers are better).
- FPPA's slightly higher allocations to public equity, alternative investments and real estate relative to peers were likely factors in poorer relative rankings to peers last year.

Universe Source: The Bank of New York Mellon Corporation; Universe Status: Final

Investment Portfolio Changes

- Restructured to a Global Equity Framework
- Implementation of an Absolute Return Investment Class
- Build-out of Real Assets Investment Class
- Restructured Defined Contribution Plan Fund Line Up

Schedule of Funding Progress *(Unaudited) as of January 1, 2011*

Year	Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Surplus) Actuarial Accrued Liability	Actuarial Funded Ratio
Defined Benefit System - Statewide Defined Benefit Plan					
2011	1/1/2011	$1,080,284,447	$1,049,622,033	$(30,662,414)	102.9%
2010	1/1/2010	963,500,681	963,300,852	(199,829)	100.0%
2009	1/1/2009	856,090,014	847,821,122	(8,268,898)	101.0%
2008	1/1/2008	950,114,346	795,499,983	(154,614,363)	119.4%
2007	1/1/2007	801,426,848	654,097,657	(147,329,191)	122.5%
2006	1/1/2006	681,193,087	569,819,934	(111,373,153)	119.5%
2005	1/1/2005	557,949,693	495,915,617	(62,034,076)	112.5%
2004	1/1/2004	473,006,658	426,673,675	(46,332,983)	110.9%
2003	1/1/2003	424,088,589	371,056,405	(53,032,184)	114.3%
2002	1/1/2002	$428,388,591	$337,391,594	$(90,996,997)	127.0%
Defined Benefit System - Statewide Hybrid Plan *(The first actuarial valuation completed on the Defined Benefit System- Statewide Hybrid Plan was in 2005.)*					
2011	1/1/2011	$18,107,030	$13,658,025	$(4,449,005)	132.6%
2010	1/1/2010	15,373,546	12,107,329	(3,266,217)	127.0%
2009	1/1/2009	13,642,709	10,648,712	(2,993,997)	128.1%
2008	1/1/2008	14,075,984	9,774,906	(4,301,078)	144.0%
2007	1/1/2007	9,624,239	6,299,422	(3,324,817)	152.8%
2006	1/1/2006	7,998,356	5,366,912	(2,631,444)	149.0%
2005	1/1/2005	$5,040,067	$4,035,894	$(1,004,173)	124.9%
Colorado Springs New Hire Pension Plan - Police Component *(The first actuarial valuation completed on the Defined Benefit System- Colorado Springs New Hire Pension Plan - Police Component was in 2007 as the program began 10/1/2006.*					
2011	1/1/2011	$187,249,190	$226,088,133	$38,838,943	82.8%
2010	1/1/2010	170,960,335	213,764,095	42,803,760	80.0%
2009	1/1/2009	156,099,012	198,695,916	42,596,904	78.6%
2008	1/1/2008	178,548,095	188,263,204	9,715,109	94.8%
2007	1/1/2007	$159,508,243	$161,530,980	$2,022,737	98.7%
Colorado Springs New Hire Pension Plan - Fire Component *(The first actuarial valuation completed on the Defined Benefit System- Colorado Springs New Hire Pension Plan - Fire Component was in 2007 as the program began 10/1/2006.)*					
2011	1/1/2011	$108,848,941	$127,909,057	$19,060,116	85.1%
2010	1/1/2010	100,709,022	121,361,624	20,652,602	83.0%
2009	1/1/2009	92,515,096	113,068,434	20,553,338	81.8%
2008	1/1/2008	104,946,386	107,389,383	2,442,997	97.7%
2007	1/1/2007	$98,290,761	$99,137,903	$847,142	99.1%
Affiliated Local Plans					
2010	1/1/2009 and 1/1/2010	$1,618,455,903	$2,036,107,581	$417,651,678	79.5%
2009	1/1/2008 and 1/1/2009	1,855,493,729	2,081,304,156	225,810,427	89.2%
2008	1/1/2007 and 1/1/2008	1,859,987,228	2,064,576,138	204,588,910	90.1%
2006	1/1/2005 and 1/1/2006	1,818,993,571	2,246,572,810	427,579,239	81.0%
2004	1/1/2003 and 1/1/2004	1,642,270,820	2,160,729,353	518,458,533	76.0%
2002	1/1/2001 and 1/1/2002	1,902,729,069	2,086,914,286	184,185,217	91.2%
2000	1/1/1999 and 1/1/2000	1,824,520,033	1,958,959,749	134,439,716	93.1%
1998	1/1/1997 and 1/1/1998	1,466,608,186	1,813,999,862	347,391,676	80.9%
1996	1/1/1995 and 1/1/1996	$1,121,444,504	$1,593,927,538	$472,483,034	70.4%

[1] *State Contributions were suspended in 2003 and recommenced as of 4/30/2006 and were suspended in 2009 and will commence 4/30/2012.*

[2] *Actuarial studies are completed every other year for the Affiliated Local Plans. The affiliated volunteer fire pension plans' actuarial studies are completed on the odd years and the old hire actuarial pension plans' actuarial studies are completed on the even years. Each employer participating in the system is financially responsible for its own liabilities. Accordingly, the aggregate numbers presented in this chart are indicative only of the overall condition of the system and are not indicative of the status of any one employer.*

Schedule of Funding Progress *(Unaudited) as of January 1, 2011*

continued

Year	Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Surplus) Actuarial Accrued Liability	Actuarial Funded Ratio
Statewide Death & Disability Plan *(This plan is valued under the Aggregate Funding Method, where the Actuarial Accrued Liability is set equal to the assets, resulting in no Unfunded Actuarial Accrued Liability and a Funded Ratio of 100%. The Actuarial Accrued Liability reported here is the Present Value of Projected Benefits, less the Present Value of Projected Member Contributions.)*					
2011	1/1/2011	$281,577,454	$260,688,472	$(20,888,983)	108.0%
2010	1/1/2010	266,477,875	250,709,436	(15,768,440)	106.3%
2009	1/1/2009	257,279,496	241,813,411	(15,466,086)	106.4%
2008	1/1/2008	300,642,721	223,999,678	(76,643,043)	134.2%
2007	1/1/2007	274,091,581	258,243,478	(15,848,103)	106.1%
2006	1/1/2006	249,299,173	258,726,894	9,427,721	96.4%
2005	1/1/2005	223,389,097	231,252,507	7,863,410	96.6%
2004	1/1/2004	212,273,124	241,966,436	29,693,312	87.7%
2003	1/1/2003	218,151,921	261,133,007	42,981,086	83.5%
2002	1/1/2002	$239,456,347	$239,793,687	$337,340	99.9%

Since the Aggregate Funding Method presented in the previous chart does not identify or separately amortize unfunded actuarial liabilities, information about the Statewide Death & Disability Plan's funded status and funding progress has been prepared using the Entry Age Funding Method for this purpose. The information presented below is intended to serve as a surrogate for the funded status and funding progress of the plan. Data is only available since 2007.

Statewide Death & Disability Plan - Results Using the Entry Age Normal Funding Method

2011	1/1/2011	$281,577,454	$229,959,016	$(51,618,439)	122.4%
2010	1/1/2010	266,477,875	216,103,895	(50,373,981)	123.3%
2009	1/1/2009	257,279,496	203,673,786	(53,605,710)	126.3%
2008	1/1/2008	300,642,721	182,814,659	(117,828,062)	164.5%
2007	1/1/2007	$274,091,581	$ 194,159,323	$ (79,932,258)	141.2%

Summary Of Unfunded Liabilities For State Assisted Plans

as of January 1, 2011

Department	1994 Required Employer Contribution	2010 & 2011 State Contribution**	Unfunded Liability* As Of			Projected Year for Final Payment from	
						State	Employer
			1/1/2009	1/1/2010	1/1/2011	8% Rate of Return in 2011 & 7.5% Rate of Return Thereafter	
Aurora Police	$1,248,291	n/a	n/a	n/a	n/a	n/a	n/a
Colorado Springs Fire	470,614	n/a	n/a	n/a	n/a	n/a	n/a
Colorado Springs Police	722,581	n/a	n/a	n/a	n/a	n/a	n/a
Denver Fire	11,631,977	n/a	n/a	n/a	n/a	n/a	n/a
Denver Police	16,261,604	$0	$216,055,060	$174,066,434	$189,321,284	2019	2019
Grand Junction Fire	298,132	n/a	n/a	n/a	n/a	n/a	n/a
Grand Junction Police	426,798	0	3,300,382	2,876,937	2,604,011	2019	2015
Greeley Fire (Union Colony)	288,931	0	2,666,826	2,052,306	2,507,144	2017	2008
La Salle Police	7,326	n/a	n/a	n/a	n/a	n/a	n/a
Lakewood Fire	562,858	0	6,562,057	5,383,101	5,927,724	2019	2015
North Washington Fire	45,912	0	3,052,250	1,983,867	2,246,536	2019	Beyond 2019
Pueblo Fire	1,028,768	0	25,407,175	20,825,443	24,875,280	2019	Beyond 2019
Rocky Ford Fire	10,522	n/a	n/a	n/a	n/a	n/a	n/a
Total	$33,004,314	$0	$257,043,750	$207,188,088	$227,481,979		

Last Payment	**$49.4 million**
In The Year	**2019**

* Employer level dollar funding amount applicable only until unfunded liabilities are eliminated and state funding ceases.

** State contributions were suspended for 3 years beginning 4/30/09 and recommenced on April 30, 2006.

** State contributions were suspended again for the years 2009 through 2011 with the expectation to recommence as of April 30, 2012 and complete in 2019.

Current Statutory Provisions for State Contributions for "Old Hire" Plans

Payment Date	Funding Currently in Statute *	
April 30, 2008	$34,777,172**	
April 30, 2009	0**	
April 30, 2010	0**	
April 30, 2011	0**	
April 30, 2012	$5,321,079	
April 30, 2013	10,000,000	
April 30, 2014	25,321,079	
April 30, 2015	25,321,079	
April 30, 2016	25,321,079	
April 30, 2017	25,321,079	
April 30, 2018	25,321,079	
April 30, 2019	49,443,768	
	$191,370,242	**Total Estimated Payments *** **
	$136,816,018	**April 30, 2012 Present Value **** **

* Assumes that lost interest is made up in the final payment.

** Record is informational only and is not included in the totals.

*** Actual experience, including investment returns over this period, will determine final payment amounts and termination date.

**** Differences represent value due to certain employers going to zero unfunded liability earlier under accelerated schedule; this results in earlier termination of employer contributions for those plans.

FPPA

Fire and Police Pension Association of Colorado
(303) 770-3772 • 5290 DTC Parkway, Suite 100 • Greenwood Village, CO 80111 • www.FPPAco.org

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