

NewsLetter

PPSPERA IS SUPPORTED BY COLORADO SPRINGS SCHOOL DISTRICT NO. 11

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Editor: Alan Rasmussen

From Your President

As I write this article I am looking out my window watching several deer munching on grass in our backyard. Winter is certainly here with the cold temperatures and the threat of snow. I certainly hope each of you had a wonderful Thanksgiving and a very Merry Christmas.

The first general membership meeting for this year was held on November 3rd at Valley Hi Golf Course. As you know we changed the format from lunch to brunch. It was very successful and Valley Hi did an excellent job hosting our group. Thank you to all the folks who attended. Our group was small but very enthusiastic.

John Kerr did an excellent job as the facilitator of the meeting in my absence. Unfortunately, I was on a consulting trip to Boston, Ma. I am working with a consortium of school districts in the Greater Boston area. I could not change the dates of the professional development sessions because the days are part of their school calendars.

The program, Getting to Know Our PERA Partners, was excellent – both interesting and informative. Meredith Jobe took excellent minutes of the meeting. I am including her summary of the program for the benefit of those of you not able to attend.

Memorial Hospital – Carm Mocerri gave an overview of the process currently being used by the group studying to determine if the Memorial Health Care System should continue to be owned by the City. The group has been talking to PERA officials about what would happen if Memorial went from being city owned to being privately owned. Currently, one-half of the Memorial employees are not vested in PERA; the majority are not long-term PERA employees. Carm stated that the “PERA CEO” had told the group that withdrawing from PERA would affect the same division that Memorial currently belongs to, but not the other PERA divisions.

In response to a question from the membership, Carm stated that if Memorial changes its structure, there could be a new pension plan. If current employees are not vested, they will not continue in PERA. If employees are vested, they can keep their money in PERA but not contribute more money to PERA. Alternatives could include Social Security and matched dollars for other pension plans.

Colorado Springs Utilities – The majority of employees are vested in PERA. The community and the needs for

utilities are growing but the labor force is decreasing. CS Utilities is focused on the “strategic destination” which includes three goals: By 2020, 20% of energy will be provided by renewable energy; CS Utilities will continue to be ranked in the top quartile on customer service surveys; and Base rates will maintain an advantage. The PERA challenge is to keep contribution rates down in order to keep the base rates down. Sandy Yukman stated that there is a lot of “political pressure” and there is a need to manage the perception that PERA is a “rich” system. There is also a challenge to attract new employees given the changing PERA rules and contributions. Sandy encouraged groups to work together to create a PERA representation to have a state and local “presence.”

Colorado Springs School District 11 – Carole Carlsen thanked the membership for volunteering and substituting in D11 schools. She also stated that Elaine Naleski wants to continue to support a partnership with PPSPERA. Currently, D11 sets aside money in a PERA fund so that the increases in required PERA contributions do not affect employee salaries. 6,000 employees (full-time, part-time, substitutes, all classifications) pay into PERA. D11 employees now pay 25% and the District pays 75% of PERA contributions.

City of Colorado Springs – Donna Kaiser and Terri Velasquez shared that the City transferred police and fire pension plans in 2006. There is currently discussion with the mayor and city council to implement a defined contribution system for all new City employees and to have the City and employees share equally in PERA contributions. The City has met with Meredith Williams and if the City changes its PERA relationship, there will be an affect on the local government division.

Our next general membership meeting will be Friday, February 4, 9:30 am at Valley Hi. We will once again have a very interesting and timely program with the topic of lifelong learning opportunities for seniors in the Pikes Peak region. Mark your calendars now. The flyer for the February meeting is included in this newsletter. Again this will be the only flyer you will receive.

Recently the bi-partisan commission charged with recommendations to reduce the national deficit released a draft of their recommendations. The wide-ranging report has received plenty of coverage. But no one has mentioned the last line on page 45 of the PowerPoint presentation: Mandatory Social Security coverage for new hires.

Colorado PERA members and over 6 million public employees will find their retirement security in jeopardy if implemented. The two simple options are problematic.

- Will public employers pay current contribution rates to their DB plans plus 6.2% of salary to Social Security?
- Will our current DB plans be sustainable with a 6.2% of salary reduction in contributions need to cover mandatory Social Security?

The absence of mandatory coverage has not caused Social Security's financial problems. Beginning in 1983, bringing all newly hired federal employees into Social Security did not solve the problem. Mandatory coverage for other public employees is no solution either. This may be our next fight. I must say a special thank you to Carole Wright, PERA and CSPERA board member, for providing the above information and for regularly keeping us updated.

We were successful in the November election, decisively defeating Amendment 60, 61 and Proposition 101. It seems we can never relax. As I am writing this article, a major push is taking place in Arizona to repeal an amendment to the state constitution passed in 1998 that says, "Membership in a public retirement system is a contractual relationship . . . and public retirement system benefits shall not be diminished or impaired." The leaders of this movement claim that the costly public employees pensions are too burdensome to maintain.

This is just a head's up that we do have to be aware and vigilant.

Don't forget to send us your email address if you have not done so. We want to keep in touch electronically.

See you at the meeting February 4, 9:30 am at Valley Hi Golf Course.

– Sandy Patton
pattosl@comcast.net
719-685-4101

MEMBERSHIP

Our membership runs from September 1st until August 31st of each year. Over 300 have already paid this year's dues. There many of you who have not yet paid the current dues. If you have not yet paid (**check your mailing label to see when your dues expire**) go to our website (PPSPERA.ORG) to download dues forms.

Write a check for the dues amount and send it with the form to the address on the form.

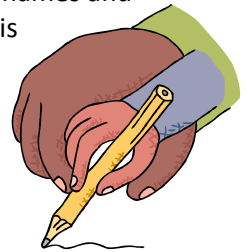
If you are not connected to the internet call Greg at 598-6228 and he will send you forms.

We Will Miss Them

The following friends and associates have died since our last newsletter: Merna Abernathy, Gwendolyn Belford, Mary Sutton Jonas, Laura Lucero, Hank Lujan, Margaret Ann Majors, Barbara Anne Miller, Tracy Nelson, Ruth Elizabeth O'Riley, Pat Russell, Marguerite Taylor, Dorothy Vidmar, Doris Warren. If you know of others we have missed, please call one of our board members.

Community Service Awards

To All Members: it is time to submit names and documentation for someone you think is worth of being recognized for one of our Community Service Awards which will be given at the May meeting. Send to Marje Swearingen 1615 Querida Dr. or send an e-mail to teacupmejs@aol.com.



PPSPERA MEETING CALENDAR

2011

January 25 at 9 am	Board Meeting	Maggie Mae's
February 4 at 9:30 am	General Membership Brunch & Program	Valley Hi Golf Course
April 5 at 9 am	Board Meeting	Maggie Mae's
April 6 – 6:15-9 pm	Pre-Retirement Seminar	Tesla
May 11 at 9:30 am	General Membership Brunch & Program	Valley Hi Golf Course
October 13 & 14	CSPERA Board Meeting & State Legislative Wkshop	Denver
October 27 at 9 am	Board Meeting	Maggie Mae's
November 3 at 9:30 am	General Membership Brunch & Program	Valley Hi Golf Course

An Interesting Bit of PERA History

Founded in 1950, CRSEA, now known as CSPERA, is a state-wide organization with the sole purpose of improving the welfare of retired school and state employees in Colorado. Our design is to maintain a higher standard of living through health care issues, retirement seminars, volunteerism, and legislative involvement. There are twenty-seven local units divided into four state divisions. Our main office is located in Aurora and we have two paid staff members. The organization's leadership is voluntary with only expenses being paid. An executive committee made up of the president, president elect, secretary, treasurer, and immediate past president advises a board of directors and it is the board of directors that makes final decisions. Each unit has one voting board member.

Since 2000, we have become much more involved with the legislative process. During the late 1990's, PERA had some remarkable years of investing our retirement funds. Because of that success, PERA was more than 100% funded. The legislature required the PERA board to make some unwise decisions that led to an unfunded liability caused by the recession of 2001. Why did this happen?

State law established PERA in 1931 as an instrumentality (agency) of the legislature. All state and school employees were required to invest in their own retirement fund instead of Social Security. PERA began to serve as a defined benefit (DB) retirement plan where retirees get a predictable monthly benefit that they cannot outlive.

A 16-member Board of Trustees governs PERA: 11 members are elected by the membership to serve four-

year terms and three are appointed by the Governor and confirmed by the Senate. The State Treasurer and a non-voting representative from the Denver Public Schools Division serve as ex officio Trustees. The Board has the responsibility for the investment of PERA funds.

There are a total of 465,653 active, inactive and retired members in the state. The average age of members at retirement is 58 and the average retirement benefit is \$2,885 per month. The average gross rate of return for the last 25 years is 9.3%, however the average gross rate of return for the last 10 years is 3.3%. This is the reason the PERA Board advised the legislature to pass Senate Bill 1. With all members required to give a little, the DB plan is now on track to eliminate PERA's unfunded liability in approximately thirty years.

PERA provides high levels of customer service at a low cost (less than .5%) when compared to retirement systems around the world. DB retirement plans like the one offered by PERA reduce the risk of poverty and hardship for older Americans, according to research by the National Institute for Retirement Security. The institute found that poverty rates among older households lacking a pension income are about six times greater than those with such income. Retirees may be forced to rely on public assistance when they depend on a Defined Contribution plan like a 401(k) and their investments turn out badly. Most Americans, according to the nonpartisan Employee Benefit Research Institute (EBRI), are unprepared for retirement with 40% having saved less than \$10,000.

(Taken from a communication from Roger Fulks, CSPERA President)

Winter Membership Meeting and Brunch

Friday, February 4, 2011 at 9:30 a.m.

Breakfast/Brunch Buffet - \$15

Valley Hi Golf Club

610 South Chelton Road, Colorado Springs, CO

Hear the latest from PERA and learn about the Life Long Learning Opportunities available for seniors.

Reservations Due January 28, 2011

Please complete and mail this portion along with your check made payable to PPSPERA to Judy McCormick, 806 Orion Dr., Colorado Springs, CO 80906.

Please make _____ reservation(s) for the PPSPERA Brunch. Enclosed is my check for \$_____.

Name _____ Phone _____

Due to a required reservation number we will not be able to give refunds for no shows.

Mail Your Reservation Today

Fall PPSPERA Brunch

