



FPPA PensionCheck¹⁵

An annual review of your pension fund.

FPPA Celebrates 35 Years of Providing Pension Benefits for Colorado Police Officers & Firefighters

"35 Years Strong" is more than just copy on a page – it is what FPPA has become since 1980. Forged out of Colorado legislation, enhanced by sound benefit structure management practices and prudent investing – today FPPA proudly serves over 25,000 members and manages over \$4.5 billion in assets.

Our Past... Fire & Police Pension Association began in 1980.

Prior to 1978, 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. While the benefit structure for these plans was set in state statute, the administration and funding remained with local governments.

Although some financial assistance was provided to these local plans by the Colorado General Assembly, there was no statutory requirement that these local plans be funded on an actuarially sound basis.

As a result by the mid-1970's many local plans had become significantly underfunded. A 1977 study by the Colorado General Assembly found that in total, these local plans were underfunded in excess of \$500 million.

The Police Officers' and Firefighters' Pension Reform Commission of the Colorado Legislature moved to enact a series of reform bills with the intent to provide a more actuarially sound pension for police officers and firefighters in Colorado. One of these bills was to authorize the formation of the Fire & Police Pension Association to administer a statewide multiple-employer public employee retirement system providing defined benefit plan coverage as well as death and disability coverage for police officers and firefighters throughout the State of Colorado. FPPA would also administer affiliated local defined

benefit pension funds for police officers and firefighters hired prior to April 8, 1978 and for volunteer fire plans.

Our Present... The Proof is in the Percentages.

More than three decades later and the state legislature's goal to provide a more actuarially sound pension for police officers and firefighters in Colorado has been successful. The 'funding ratio' of the key pension plans serving these members is sound.

The funding ratio of a pension plan measures the stability of a plan. A funding ratio is calculated by dividing net assets of a plan by accrued liabilities. The outcome is a percentage of the accrued liabilities that are covered by the assets. The higher the funding ratio, the more solid the plan.

Continued on page 7.



Annual Report Highlights

The Fire & Police Members' Benefit Investment Fund (the Fund) includes the assets of the following plans:

- Statewide Defined Benefit Plan,
- Statewide Hybrid Plan,
- Colorado Springs New Hire Pension Plan,
- Statewide Death & Disability Plan,
- certain Local "Old Hire", and
- Volunteer Fire pension plans.

The Statement of Fiduciary Net Position (top right) is a snapshot of account balances and reflects the Funds net assets available to pay future pension benefits.

The Statement of Changes in Fiduciary Net Position (middle right) reflect the activities of the Fund that occurred during the year and the impact of those activities as additions and/or deductions to the Fund.

A complete copy of the Comprehensive Annual Financial Report may be found at FPPAco.org.

The Fire & Police Members' Benefit Investment Fund Financial Statements for the fiscal year ended December 31, 2014.

Statement of Fiduciary Net Position*

Assets

Cash and Short Term Investments	\$ 255,639,976
Total Investments	4,279,925,636
Total Receivables	89,354,758
Properties and Equipment at Cost, Net of Accumulated Depreciation	4,527,779
Other Assets	237,244
TOTAL ASSETS	\$ 4,629,685,393

Liabilities

Payables, Pending Trades & Accrued Expenses	52,314,238
TOTAL LIABILITIES	\$ 52,314,238

Fiduciary Net Position Restricted for Pension Benefits	\$ 4,877,371,155
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Statement of Changes in Fiduciary Net Position

From Investment Activities

Change in Fiduciary Net Position from Investment Activities	\$ 288,997,131
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From Participant Activities

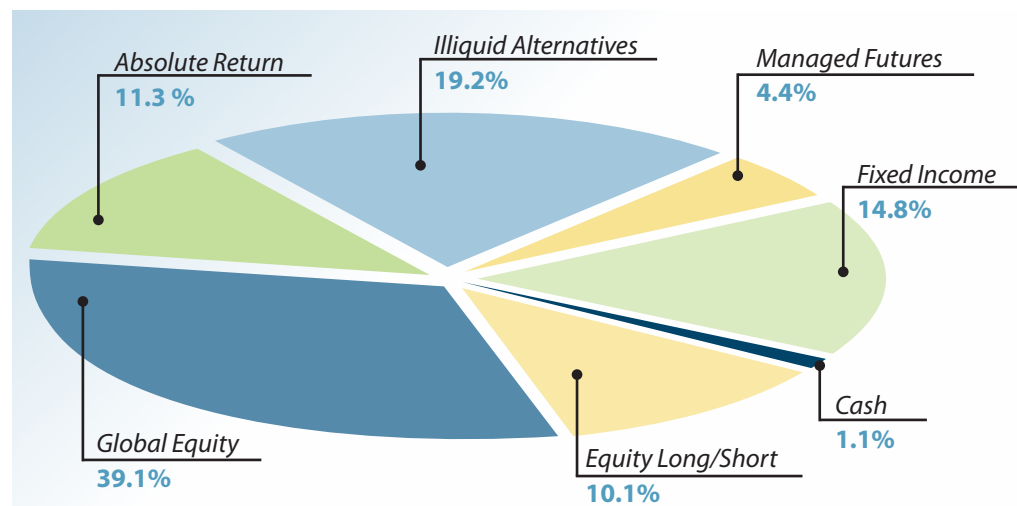
Funds Invested by Members & Employers	216,895,182
Funds Withdrawn by Members & Employers	(298,668,736)
Administrative Expenses	(7,872,867)
Net Increase in Fiduciary Net Position	\$ 199,350,710

Fiduciary Net Position

Beginning of Year	\$ 4,378,020,445
End of Year	\$ 4,577,371,155

*The Statement of Fiduciary Net Position which certifies the financial condition of FPPA's benefit fund is based on the official report audited by Clifton Larson Allen LLP.

Investment Asset Allocation as of December 31, 2014.





FPPA Board of Directors

2014 - 2015



Jack Blumenthal
Chair
Member since 2009



Pamela Feely
Vice Chair
Member since 2011



David Bomberger
Member since 2013



Todd Bower
Member since 2001



Manuel Esquibel
Member since 2013



Sue Morgan
Member since 2015



Nick Nuanes
Member since 2013



Cliff Stanton
Member since 2009



Tyson Worrell
Member since 2012

By state statute, the management of the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund is the responsibility of the Board of Directors of the Fire and Police Pension Association of Colorado. The nine members shown on this page have been appointed by the Governor and confirmed by the Senate to serve the members of FPPA.

An annual schedule, agenda and minutes of Board meetings may be found on our website. 

If you have not enrolled in the FPPA 457 Deferred Compensation Plan with your Employer, here are a couple reasons to consider this option as an additional layer to help you reach your retirement goals.




Contributions are made pre-tax. This reduces your tax liability now while allowing you to save even more for retirement later.



Our Fees are competitive and we receive no incentive pay when you enroll. FPPA is also able to negotiate institutional rates for the mutual funds' expense ratios. Compare our fees with other similar plans and you'll like what you see.



Trusted Service Providers. FPPA has partnered with Fidelity Investments for recordkeeping services and investment options. This allows for superior online services as well as phone support with a licensed and knowledgeable Retirement Services Specialist.

Visit our website to learn if your employer has already adopted the FPPA 457 Plan. If they have - enroll today. If they have not adopted the plan contact us to learn how they may join. 

Top 3 Reasons to Save with FPPA's 457 Deferred Compensation Plan

Annual Rates by Plan Announced


Based on the results of recent annual actuarial valuations of FPPA Plans, the Board of Directors approved the following SRA, Contribution Rates and Benefit Adjustments.

Glossary of Plan Annual Rates

A **Separate Retirement Account (SRA)** is a feature of a defined benefit plan only. It is an allocation that may be made yearly depending on if contributions payable to a particular plan exceed the cost of funding that plan. Any excess of funding may be allocated from the employer contributions to an SRA in each member's name.

Contribution Rates to a plan are shared by members and their employers. How the total rate is determined or split between member and employer is decided by each plan's governing documents.

Benefit Adjustments are percentage increases to existing retirement benefits and are determined by the FPPA Board of Directors. Within the Statewide Plans, those who retired on or before October 1, 2014 will have their benefit adjusted in their October retirement payment.

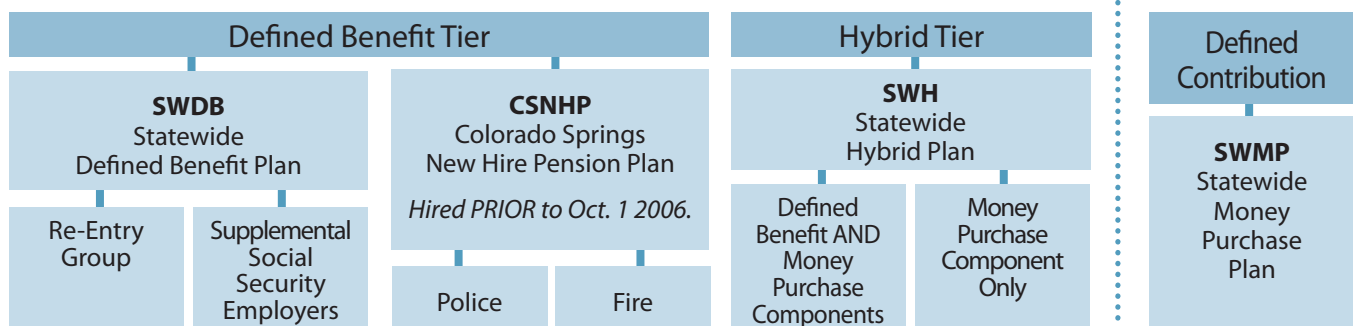
For more information about any of these plans or annual rates please refer to FPPA's website. 

		SRA	Contribution Rate	Benefit Adjustment
Statewide Defined Benefit Plan SWDB (See plan chart on the next page.)		0% effective 7/1/15. The required 16.5% combined member and employer contributions fully fund this plan.	16.5% (8.5% member / 8% employer) effective 1/1/2015.	0.6% to retirees and beneficiaries effective 10/1/2015.
	Re-Entry Group	3.6% effective 7/1/2015. The required 20.5% combined member and employer contributions fully fund this plan with a 3.6% surplus.	20.5% (member contribution rate can not be less than 8.5% with the split determined by the employer) effective 1/1/2015.	
	Supplemental Social Security Employer Group	0% effective 7/1/15.	8.25% (4.25% member / 4% employer) effective 1/1/2015.	
Statewide Death & Disability Plan SWD&D (See plan chart on the next page.)			2.6% effective through 12/31/2016 as determined by the FPPA Board following actuarial review.	Totally disabled members & their beneficiaries receive a fixed 3.0% annually.
				Occupationally disabled members, their beneficiaries & survivors of active duty members receive 0.96% effective 10/1/2015.

		SRA	Contribution Rate	Benefit Adjustment
Statewide Hybrid Plan SWH (See plan chart below.)			Each department in the Statewide Hybrid Plan establishes their total contribution rate.	
	Defined Benefit & Money Purchase Components	No SRA is granted as any excess defined benefit contributions are made to the member's money purchase component.	DB Component: 12.6% effective 7/1/15 MP Component: After the DB Component % is allocated the remainder of the total contribution is made to the MP component.	DB Component: 3.0% to retirees and beneficiaries effective 10/1/2015.
	Money Purchase Component Only	N/A	16% member and employer combined contribution rate with split determined by employer resolution.	
Statewide Money Purchase Plan SWMP		N/A	16% minimum (8% member / 8% employer)	N/A
Colorado Springs New Hire Pension Plan CSNHP (See plan chart below.)	Fire Component	0%	10% member / employer pays the remainder of the \$4,522,810 annual required contribution effective 1/1/2016.	1.5% effective 10/1/2015.
	Police Component	0%	8% member / employer pays the remainder of the \$9,645,675 annual required contribution effective 1/1/2016.	1.5% effective 10/1/2015.

FPPA Administered Plans

FPPA Defined Benefit System



SWD&D Statewide Death & Disability Plan

Plans above this bar are covered by the Statewide Death & Disability Plan.



2015 State of FPPA: Looking Ahead

by Dan Slack,
FPPA Executive Director

Approximately every five years, FPPA does an actuarial experience study. In this study, we look at the various economic and demographic assumptions that we use in administering our defined benefit plans in order to determine if any of them need to be changed. I should note that we also look at the assumptions every single year, noting whether there have been actuarial gains or losses where actual experience differs from an assumption. In doing an actuarial experience study, we look backwards and see if there have been any consistent variations from prior assumptions over the last several years. We also do our best to look forward on assumptions, seeking to align them with our best thoughts on what the future holds.

One example is the mortality expectations for our retirees. Due to advances in health care, current and especially future retirees are expected to live longer. Increased longevity is wonderful, but it also means a plan will pay benefits for a longer period of time. In order to plan for this, FPPA has assumed not only that future retirees will live longer, but that there will continue to be increases in longevity going forward. FPPA is at the forefront of retirement plans across the country in this area.

Changes to our actuarial assumptions also affect the funded status of the plans. For example, in the Statewide Defined Benefit Plan, the actuarial assumption changes made would have moved the funded status downward by 1.9% with respect to the plan as of the end of 2014. However, the changed assumptions are not retroactive, and will be used for determining the funded status of the various defined benefit plans at the end of 2015 and forward.

As far as funded status, the statewide FPPA plans remain in excellent shape. The funded status of those plans as of the end of 2014 are listed in the chart in the middle of the next page.

A couple other significant initiatives took place in 2015 with respect to our self-directed plans. First, plan loans are now available in the 457 Deferred Compensation plan. In addition, in an attempt to maintain best practices in plan administration and to increase transparency of costs of the self-directed plans, FPPA moved all investment options to the lowest cost share class available to the plans. ■■



FPPA Retiree Insurance Reminders

Visit FPPAco.org and click on the *Retiree Insurance* button for more information.

FPPA is an active participant in the Healthcare Enhancement for Local Public Safety (HELPS) provision under the Pension Protection Act (PPA). HELPS allows eligible retired public safety officers to exclude from their federal income taxes an amount paid directly from a retirement plan distribution to cover the cost of qualified health and long-term care insurance premiums. These payments may be made on behalf of the member, his or her spouse, or dependents. The member must have retired at a normal retirement age or are receiving a disability retirement. Additionally, the member's benefit must be fully or partially taxable.

FPPA offers several insurance programs for retirees, including healthcare and prescription drug plans for members who are Medicare Eligible, dental plans and vision plans. Premiums are deducted from the retiree's monthly pension check, thereby allowing eligible retirees to take advantage of the Federal Income Tax exclusion discussed above. In general, premiums are prepaid one month in advance of the coverage month.

Consider if a recent change in family status may trigger a change in your health insurance coverage with FPPA. Dependents having reached age 26 or having married are no longer eligible to participate under your insurance plan. Contact an FPPA Payroll Specialist or your former employer's HR department today to learn if your insurance premium withholdings may need to be adjusted accordingly. ■■

Colorado State Legislation, Plan Rules & Regulations and Plan Documents are the three key governing documents for FPPA.

Certain FPPA administered plans have a provision for plan changes or enhancements to be made through the passage of state legislation. Such legislative efforts are first drafted by staff then presented to the State Legislative Council Committee called the Police Officers' and Firefighters' Pension Reform Commission (PRC). Bills with favorable approval from the PRC are then introduced to the Colorado General Assembly for a vote. The Assembly is generally in session from January to May of each year. The progress of bills drafted by FPPA and sponsored by the PRC may be followed at this web address www.colorado.gov/lcs/. (Once on that web page you will find the PRC listed under "Committees" as an "Interim Committee".)

Rules & Regulations and Plan Documents provide even more detail for the administration of FPPA plans. Proposed amendments to both Rules & Regulations and the Plan Documents are considered each year during the August FPPA Board Meeting followed by discussion and adoption during the September meeting. Announcements for both meetings as well as the proposed & adopted amendments are posted on our website at FPPAco.org (Click on the Rules & Statutes blue button on the left of the page) ■■



Continued from Page 1.

Because each plan administered by FPPA is separately funded there is no single funding ratio for all plans. Assets cannot be co-mingled to pay the benefit obligations of another plan. The funding status of each individual plan should be considered separately. ■■

Below are the funding ratios by the end of 2014.

FPPA Plan	Funding Ratio
Statewide Death & Disability Plan	115.7%
Defined Benefit System	
Statewide Defined Benefit Plan	103.8%
Statewide Hybrid Plan – Defined Benefit Component	136.3%
Colorado Springs New Hire Pension Plan – Police Component*	85.3%
Colorado Springs New Hire Pension Plan – Fire Component*	82.5%

* The Colorado Springs New Hire Pension Plan – Police Component and Fire Component were added to the Defined Benefit System January 1, 2006. Prior to that date the plans were managed by a local pension board and the City of Colorado Springs.



- 1 Stop paper statements coming to your door. Sign up for access to your account on the FPPA Member Account Portal and select the option for getting your benefit information electronically. The Member Account Portal is quick, easy and available 24/7.
- 2 If you are contacted about your retirement benefit by anyone other than FPPA - be cautious! You have a legal right to ask for the callers name, company and a phone number. If they are unable to provide that information - hang up. It is most likely a scam.
- 3 Visit the Federal Trade Commission website (consumer.ftc.gov). Once there you will find the most current information about securing all of your information and protecting your privacy. ■■



FPPA PensionCheck

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Who's Your Beneficiary Now?

Have you recently married, divorced, started a family or finally got that last kid out of the nest? Or have you experienced the passing of a loved one? Consider if any of these life events might mean the beneficiary you've designated with FPPA is no longer current.

"Beneficiary-designation forms are easy to complete, even easier to forget, but so important in keeping your financial assets in order," says William L. Anthes, former president and CEO of Colorado-based National Endowment for Financial Education®. A good rule is to review your beneficiary information at least every two years to ensure that all circumstances are accounted for properly. In addition to reviewing your beneficiary information associated with financial institutions and insurance companies - remember to update your information with FPPA as well.

For active members of the Statewide Defined Benefit Plan or the Statewide Hybrid Plan - Defined Benefit Component.

You can review who you have currently listed as your primary beneficiary by logging in to the Member Account Portal on FPPA's website. Once there if you need to update your beneficiary information, complete a new Membership Form. You can get this form by calling FPPA at the phone numbers listed at the top of this page or on our website at FPPAco.org and click on the Beneficiary link under "Recent News".

For members having money purchase, SRA, DROP or 457 Deferred Compensation assets held at Fidelity Investments.

To learn who you have currently listed as your beneficiary, or wish to update your beneficiary information - contact Fidelity Investments® at (800) 343-0860. 