FPPA PensionCHECK

A review of your retirement benefits. *Summer 2006*

Ruth Ryerson Steps Down As CEO

FPPA's CEO, Ruth Ryerson has announced her retirement from the Fire & Police Pension Association effective the end of August. Ruth will not only be leaving FPPA but the state of Colorado as well. She will be assuming the Executive Director position of the City of Fort Worth Employees' Retirement Fund. Not long after Ruth's announcement to leave FPPA, the Board during its August planning session, announced that FPPA's Chief Investment Officer Bill Morris would succeed Ruth as FPPA's CEO. See the related story below.

"It has been my honor to serve the firefighters and police officers of this state," said Ruth. "Under the leadership of the Board of Directors and along with a very dedicated staff, I believe we have been very successful in safeguarding retirement funds, administering benefits fairly and providing excellent service to FPPA members and employers alike."

Ruth has been with FPPA since 1987 and during her tenure served not only as CEO but also Deputy Executive Director and Controller. Her experience in both accounting and employee benefits provided a solid foundation for her years of leadership as FPPA's CEO. Ruth has been instrumental in securing the benefits enjoyed by FPPA members today while ensuring that all plan funds are prudently managed.

"The depth of Ruth's financial management experience and her first-hand knowledge of fire and police pension plans are recognized throughout Colorado and beyond." said Leo Johnson, FPPA Board Vice Chair. "Her history at FPPA demonstrated her dedication to provide the level of service our members came to expect. She leaves behind an experienced staff which displays her same dedication to the total welfare of all Fire and Police members. On behalf of the Board of Directors, we extend our heart felt gratitude for so many years of dedicated service."

Bill Morris Named FPPA's Chief Executive Officer

Chief Investment Officer Bill Morris has been asked by the Board of Directors to assume the CEO position beginning in September. Pending a search for an investment professional who will ultimately assume oversight for the investment function, Bill will retain the responsibilities of both positions. Morris came to FPPA in 1983 as the Association's first Staff Attorney. He subsequently was named General Counsel for the Association and, in 1998, was appointed to the newly created role of Chief Investment Officer. Prior to joining FPPA, Morris was an Assistant Attorney General for the State of Colorado and served as a law clerk for Chief Justice Pringle of the Colorado Supreme Court.

Continued on next page.

Bill Morris Is Named FPPA's Chief Executive Officer

Continued From Page One

Morris is a graduate of the University of Colorado School of Law and the University of Rochester where he earned BA and MBA degrees.

"Ruth Ryerson has done a terrific job in leading the organization over the years," Morris stated in a recent staff meeting. "I hope I can continue to maintain the same level of dedication and professionalism and I very much appreciate the confidence the Board has shown in naming me CEO."

"We are confident that Bill is the best choice to assume and maintain the leadership role of FPPA," Monica Cortez-Sangster, FPPA Board Chair reports. "His many years of experience in investments and legal matters as well as member benefits will ensure solid continuity during this transition and in the future." FPPA

Retirement Planning

Part Two

A Four Part Series of Articles Focusing on Retirement Information.

Retirement 411

Retirement planning involves projecting your needs and goals after you reach an age where you no longer are an active part of the work force. This planning involves your future lifestyle, where you will live, legal, financial, health, and estate. Chances are you will live for many, many years after you leave active employment so you need to be sure you are prepared to support yourself and your spouse.

Your Future Lifestyle
After retirement, you might choose a second career or to travel. You might want to do volunteer work or you might just want to relax. If you retire early, chances are you won't be eligible for a full retirement so it might be necessary to work either full or part time. If you plan to travel, investigate now what those travel expenses might be. Think about the lifestyle you want for your retirement and start now to plan for it.

Where Will You Live
Consider your housing. In post-retirement you may want to move to a warmer climate or a smaller home with less upkeep and yard work. Maybe you plan to keep your present home and buy a second home in a different location. Where you live and how well you live depends on decisions you make now.

Legal Matters
There are many legal matters to consider in your retirement planning. If you are divorced you should be aware of 'if' or 'how' your retirement will be divided after you retire. If you own a business and wish to sell or dissolve it after retirement, plan ahead for the proceeds or profits to have the smallest tax consequences as possible.

Financial Matters
This is the biggest and probably the most important part of your retirement plan. Your financial matters can mean the difference between an enjoyable retirement and no retirement at all. Do the math and figure out how much money you will need for living expenses after your retire. Review and ask questions about your FPPA retirement benefits. Learn as much as possible about what additional investment options are available to you. Then regularly monitor your investments to be sure they are growing as they should. Consider and plan ahead for the distribution of your 457 Deferred Compensation Plan, SRA DROP, or money purchase accounts after retirement. (For specific information about

Continued on page 5.

Recognize that retirement is much more than just choosing a date to do so.

Watch For The Following Topics In The Next Two Issues Of PensionCHECK

Part Three
Retirement Investing

Part Four
Retirement Managing

Cost of Living Adjustments

Announced for Statewide Plan Retirees & Beneficiaries Effective October 1

Colorado State Statute establishes that cost of living adjustments (COLA's) to statewide plans administered by FPPA are to be determined by the FPPA Board of Directors each year. Announced annual COLA's are effective every year beginning October 1.

Statewide Defined Benefit Plan Retirees
A 3.0% COLA for 2006 was granted for all retirees of the Statewide Defined Benefit Plan who were retired on or before October 1 of 2005. Those who retired after October 1 of 2005 will have their benefit adjusted by the COLA percentage announced next October.

Statewide Hybrid Plan - Defined Benefit Component Retirees
A 3.0% COLA for 2006 was granted for all retirees of the Statewide Hybrid Plan - Defined Benefit Component who were retired on or before October 1, 2005. Those who retired after October 1, 2005 will have their benefit adjusted by the COLA percentage announced next October.

Statewide Death and Disability Plan Members and Survivors
Under the Statewide Death & Disability Plan, **totally disabled** members are granted a fixed 3% COLA each year on October 1. **Occupationally disabled** members and **survivors** are granted a COLA at the discretion of the FPPA Board of Directors. At the July Board meeting - occupationally disabled members and survivors of active duty members were not granted a COLA. FPPA

D&D Contribution Rate

Employers of Statewide Death & Disability Plan Members

For Colorado firefighters and police officers hired on or after January 1, 1997, employers are required to contribute a percentage of each member's base pay for coverage under the Statewide Death & Disability Plan. The employer, in conjunction with its members, decides who actually pays the contribution.

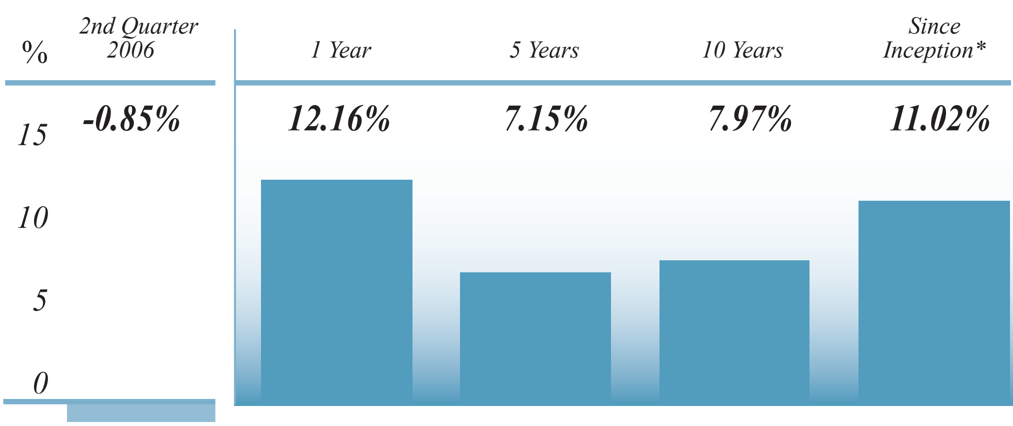
The contribution was set at 2.6% at the July 2006 Board Meeting. The rate is effective from January 1, 2007 through December 31, 2008. According to Colorado State Statute (C.R.S., 31-31-811(4)) contributions may be increased or decreased by 0.1% every two years as determined by the FPPA Board following an actuarial review. FPPA

FPPA Total Assets

As of June 30, 2006 FPPA announced that total assets including defined benefit as well as defined contribution plans slipped just below the $3 billion dollar mark from last quarter to $2.95 billion. FPPA

FPPA Investment Returns

Of Defined Benefit Plans as of June 30, 2006



* For trailing 10 years, returns are gross of all fees; since inception is net of pre-1995 private asset management fees.

Comprehensive Annual Financial Report Highlights

for the Fiscal Year Ended December 31, 2005

Statement of Plan Net Assets

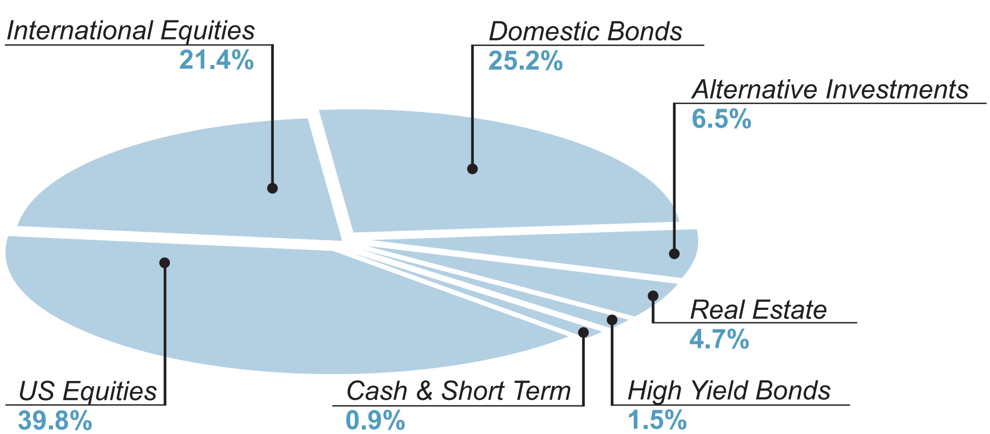
Assets		
Cash and Cash Equivalents	$	2,611,275
Total Investments		3,235,684,590
Total Receivables		18,961,976
Properties and Equipment at Cost, Net of Accumulated Depreciation		2,570,697
Other Assets		186,135
TOTAL ASSETS	*$*	*3,260,014,673*
Liabilities		
Payables, Pending Trades & Accrued Expenses		301,225,709
TOTAL LIABILITIES	*$*	*301,225,709*
Net Assets Held in Trust for Pension Benefits/ Fund Balance Reserved for Withdrawals	*$*	*2,958,788,964*

Statement of Changes in Net Assets

From Investment Activities		
Change in Net Assets Derived from Investment Activities	$	270,239,803
From Participant Activities		
Funds Invested by Members & Employers		153,666,744
Funds Withdrawn by Members & Employers		(208,480,857)
Administrative Expenses		(3,698,198)
	$	211,727,492
Net Assets		
Beginning of Year	$	2,747,061,472
End of Year	$	2,958,788,964

This Statement of Net Assets which certifies the financial condition of FPPA's benefit fund at the close of 2005 is based on the official audit report on the fund prepared by Bondi & Co. LLP.

2006 Asset Allocation As Of December 31, 2005



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Report Highlights

Continued

The statements on the previous page are highlights taken from the FPPA Comprehensive Annual Financial Report for the year ended 2005. This report includes the year end audit performed on the following funds: the Defined Benefit System, the Statewide Death & Disability Plan, and numerous separate local "old hire" and volunteer fire pension funds. FPPA also administers the Members' Money Purchase Plan Benefit Fund and the Members' Statewide Money Purchase Plan Benefit Fund. In addition, for presentation purposes, the IRC 457 Deferred Compensation Plan is also included. All six audits are combined into one report for ease of comparison.

This Report also contains information about the Association, including plan information for the Statewide Plans, investments and returns, actuarial information for the various plans, and statistical data relating to membership and funding.

If you have any questions please contact Charles Duran, FPPA's Accounting Controller at (303) 770-3772 in the Denver Metro area or (800) 332-3772 toll free. FPPA

Retirement 411

Part Two

Retirement Planning

Continued From Page Two

what to do with DROP funds after retirement see the related article on page 6 of this issue.) Take into account the tax consequences of each distribution option, both federal and state. Put as much planning into the distribution of these accounts as you did into accumulating them. Handle them with care!

Health Matters

Once you retire, you will need health care insurance. First, find out if you city or department offers health insurance after you retire. Then make sure it will be sufficient for your particular needs. You may want to look into supplemental insurance as well. In other words, check with your employer to see what your benefits are well before retirement. And don't forget the possibility of needing long term care insurance. See the article on page 7 about an open enrollment opportunity for long term care insurance currently available to FPPA Members.

Estate Planning

Your heirs should be protected from unnecessary taxation. Will your property and funds be distributed the way you want? You need to plan your estate so your assets will be disposed of in the way you want with the least possible tax cost.

You need to consider every aspect of your life after retirement and plan for it. Retirement planning doesn't end when you are at or near retirement. It is an ongoing process that a person needs to keep up with if goals are to be met. For those at or near retirement age, the planning process goes from accumulating wealth to making the right decisions about distributing your assets. The right choices are imperative if you are to have the retirement lifestyle you desire. FPPA

Need more tools for retirement planning? Don't miss the FPPA Fall seminar, October 19th. The topics include information about Estate Planning as well as Long Term Care Insurance. See the back panel of this issue for more information.

GFOA Award Given To FPPA

For The 2004 Comprehensive Annual Financial Report

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to FPPA for its Comprehensive Annual Financial Report for the fiscal year ending December 31, 2004. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an efficiently organized comprehensive annual financial report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements. FPPA

DROP Distribution Options After Retirement

Are you looking to exit DROP and finally really retire? With that transition comes many important decisions, including "What should I do with my DROP assets when I retire?" and "How should my assets be invested as I draw them down in retirement? Your retirement plan offers a variety of payment options including: a lump sum payment; periodic payments designating a timeframe; periodic payments designating a certain dollar amount; or a combination of these options, just to name a few.

In addition, members of the Statewide Plans, can request that FPPA convert their DROP account to a lifetime monthly benefit which includes a cost-of-living adjustment and optional survivor benefits. This option allows you to convert all or a portion of your DROP account into a monthly lifetime benefit. Consider this option as similar to taking your DROP account and buying an annuity with it through an outside provider. The difference is that with FPPA's "Conversion to a Monthly Lifetime Benefit" option, there is no cost to you for the conversion, like there would be through an outside provider. Additionally, should you elect this option; you would receive the same cost-of-living adjustment that is applied to your pension throughout retirement. The survivor option that you elected for your pension, if any, would also apply.

While many retirement service providers can offer similar payment options, leaving your funds invested with FPPA and Fidelity certainly has its advantages. As a not-for-profit association and an institutional investor, FPPA is able to offer retirees a variety of payment options and the same low money management fees as actives members. And remember, no sale fees or commissions are ever assessed.

FPPA has been in the business of serving Colorado Police Officers and Firefighters for over 25 years. Whether you are an active member or a retiree, we are committed to providing you with the best service possible. FPPA has teamed up with Fidelity Investments, a leader in the retirement plan industry, to accomplish this task.

If you have questions regarding your DROP distribution choices, please call FPPA at (303) 770-3772 in the Denver Metro area or (800) 322-3772 toll free. Or call Fidelity Investments directly at 1(877) Fidelity. We are happy to assist you as you gear up for retirement! FPPA

SRA Rates Announced

The FPPA Board of Directors has set the 2007 Stabilization Reserve Account (SRA) contribution rates for members of the Statewide Defined Benefit Plan as well as those re-entering the FPPA Defined Benefit System into the Statewide Defined Benefit Plan. The SRA allocation is calculated yearly based on the amount of contributions needed to fund the Statewide Defined Benefit Plan from the previous year.

The SRA allocation for the **Statewide Defined Benefit Plan is .4%**. The required 16% combined contribution rate from Members & Employers fully funded this plan with a surplus of .4%. This SRA contribution rate went into effect August 1, 2006.

The SRA allocation for **Members who re-entered the Statewide Defined Benefit System is 2.68% plus .4%**. The required 20% combined contribution rate from Members & Employers fully funded this plan with a surplus of 2.68% plus .4%. This SRA contribution rate will go into effect August 1, 2006.

The SRA allocation for **Members of the New Supplemental Social Security Retirement Plan is .2%** The required 8% combined contribution rate from Members & Employers fully funded this plan with a surplus of .2%. This SRA contribution rate will go into effect January 1, 2007 when the new plan is effective. FPPA

New Long Term Care Insurance Discount for FPPA Members

Open Enrollment Now Through October 15th

You work hard during your career to gain a sense of security and independence, preparing to enjoy a safe and happy future with your friends and family members. You understand the value of planning ahead, but no one knows for certain what the future has in store. It makes sense to plan for long term care when you're young and healthy. A serious illness, injury, or disability can strike at any age. If something were to happen, you would want to make sure that you have ample coverage, since most of us don't accumulate assets until we are older.

FPPA is pleased to announce a newly discounted rate for a voluntary benefit available to members and their families: Long-Term Care Insurance from John Hancock Life Insurance Company.

That is why we are pleased to tell you about the new discount available for our members that purchase a John Hancock Long-Term Care Insurance policy. Long-term care insurance is designed to help you plan for the unexpected and help protect you against the high cost of care and services associated with a severe illness, injury, or supervision due to a cognitive impairment. If you are unable to care for yourself, this policy will cover the cost of long-term care services provided to you in a nursing home, an adult day care center, an assisted living facility, or in your own home. John Hancock is a proven leader in this field with over 18 years of experience serving more than 894,000 policyholders (as of 8/31/05) and paying over $1 billion dollars in claims (as of 8/31/05).

This long term care insurance policy is being offered to eligible members, couples/spouses, parents, parents-in-law, step-parents, and step-parents-in-law, children and step-children between the ages of 18-84 (may vary by state if you are a retiree who lives out of state). As a member of FPPA of Colorado, you and your eligible dependents are being offered this valuable member benefit with an additional premium discount.

The prospect that we or our family members will need long term care at some point in our lives is greater than many of us care to acknowledge. A John Hancock Long-Term Care Insurance Policy can help offset those costs and protect the security and independence that we all have worked so hard to gain. We encourage you to carefully consider this valuable offering.

For information, please call 1 (800) 854-4196 to speak with a Long-Term Care Insurance Specialist or visit www.FPPAco.org. The initial enrollment period is scheduled now through October 15, 2006, so please call now to learn more. FPPA

Statewide Hybrid Plan Update

The Statewide Hybrid Plan has been in full operation for over 2 years now. The Plan makes it possible for local money purchase plans and the Statewide Money Purchase Plan to migrate to a defined benefit plan, and to date, eleven departments have done so.

Local plan interest level continues to be very high. We are pleased to announce that just recently Carbondale & Rural Fire Protection District completed the process and is now part of the FPPA Defined Benefit System. Welcome Carbondale & Rural FPD!

If your department wishes to arrange an informational meeting to discuss the features of the Statewide Hybrid Plan and the process for entering the FPPA Defined Benefit System, please contact the Communications Department at FPPA.

For additional information on the Statewide Hybrid Plan, visit the FPPA website at www.FPPAco.org. Click on the blue button in the left column for "Benefits". There you may view or download several brochures explaining the various options available under the Statewide Hybrid Plan. FPPA

FPPA PensionCHECK Fire & Police Pension Association of Colorado

In This Issue

www.FPPAco.org
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(303) **770-3772** *in metro Denver,* (800) 332-3772 *toll free nationwide*
(303) 771-7622 *fax*

Upcoming Seminar

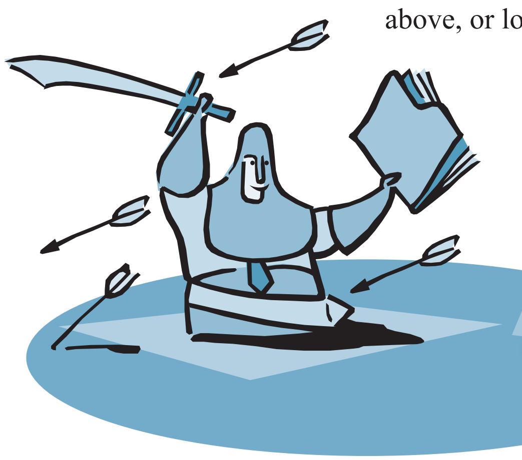
Actives, retirees and their families are invited to this informative seminar coming this fall.

Protecting Your Retirement Future. This seminar will touch on two topics of interest in making sure your retirement plans are protected in the future. Estate planning and long term care options.

Harley Look, an estate and tax planning attorney will review information about living wills, powers of attorney, guardians, avoiding probate and issues that are important to your future financial success.

Aaron Eisenach, a long term care specialist will talk about one of the greatest risks to your financial security in retirement - the cost of long-term care. His presentation will help you separate fact from fiction when it comes to protecting yourself and your family from the potentially devastating costs of this kind of care.

For more information about this seminar, call Rory Mammen at the phone numbers listed above, or log on to www.FPPAco.org and click on the Calendar page. FPPA



Thursday, October 19

Protecting Your Retirement Future

Seminar