

**Public Employees' Retirement Association**

**FY 2026-27 Joint Budget  
Committee Hearing Agenda**

Wednesday, November 19, 2025

1:30pm – 2:30pm

**1:30 – 1:35      Introductions and Opening Comments**

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Presenter: Andrew Roth, PERA Chief Executive Officer/Executive Director

**1:35 – 2:30 Update on the 2024 Comprehensive Annual Financial  
Report**

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Main Presenters:

- Andrew Roth, PERA Chief Executive Officer/Executive Director
- Amy C. McGarrity, PERA Chief Investment Officer/Chief Operating Officer
- Michael Steppat, PERA Director of Public & Government Affairs



# Joint Budget Committee

November 19, 2025

**Andrew Roth, Chief Executive Officer/Executive Director**

**Amy C. McGarrity, Chief Investment Officer/Chief Operating Officer**

**Michael Steppat, Director of Public & Government Affairs**





# Agenda

- **Overview**
- **2024 Annual Comprehensive Financial Report (ACFR)**
  - **Facts & Figures**
  - **Investment Performance**
- **What to Expect Moving Forward**
  - **2026 Legislative Priorities**
  - **Governor's Budget Request Items Concerning PERA**



**Public  
Employees'  
Retirement  
Association  
of Colorado  
(PERA)**

## Defined Benefit Plan

Stable benefit payments to over 141,000 retired public employees

## Defined Contribution Plan

Choice available to State and Local Government employees

## Voluntary Investment Program

PERAPlus 401(k) and 457 Plans



## Health Benefits Program

Active and retired member coverage



# Governance



## Colorado General Assembly

- Sets benefit and contribution structure, along with other plan requirements
- Provides legislative oversight via the following committees:
  - Legislative Audit Committee
  - Joint Budget Committee
  - Joint Finance Committee (SMART Act)
  - Pension Review Commission
    - Pension Review Subcommittee



## PERA Board of Trustees

- Trustees, as fiduciaries, oversee investment program and benefits administration
- Adopt and revise rules in accordance with state statutes
- Sets policy and delegates the policy implementation to the Executive Director

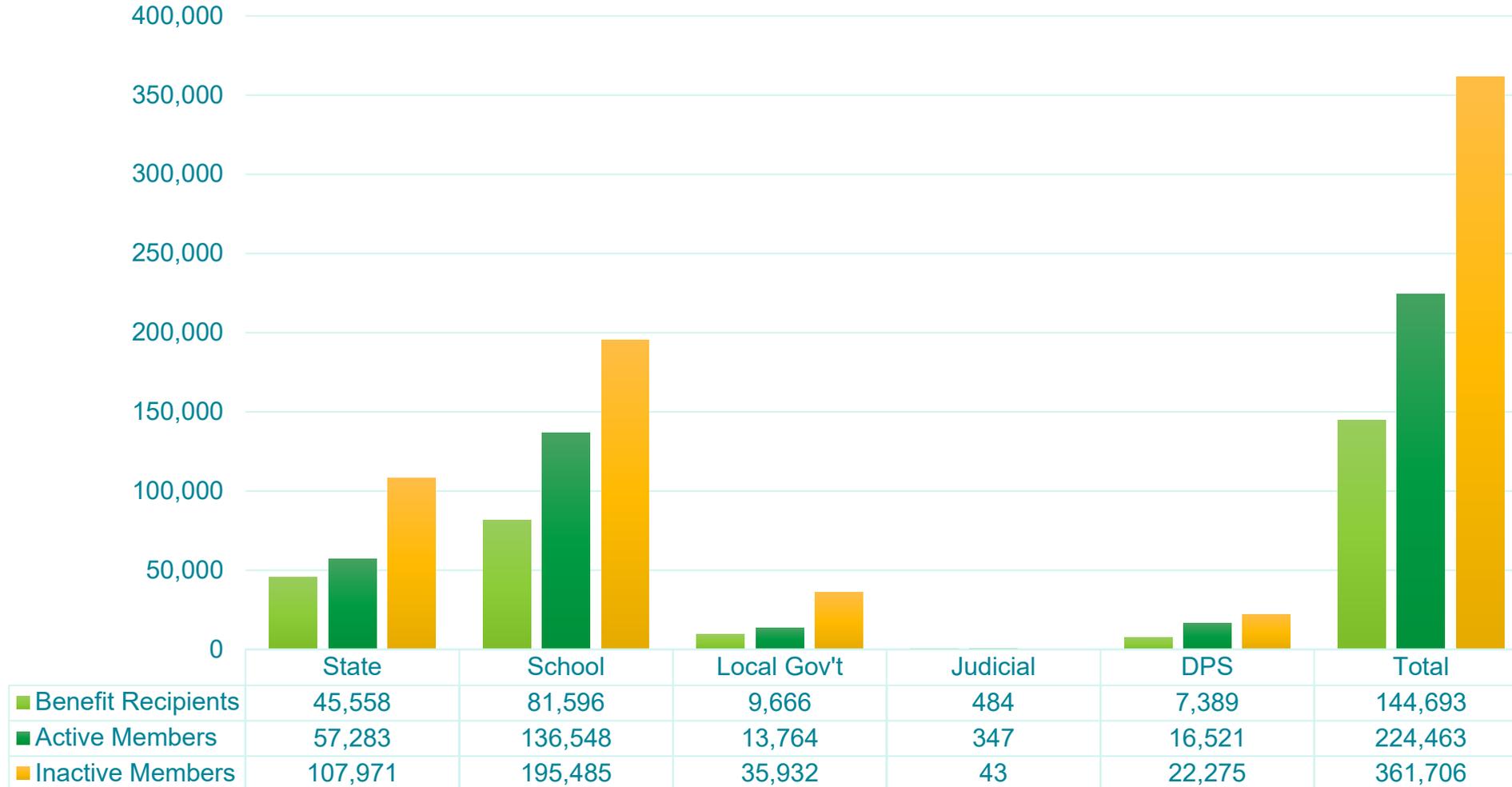




# 1 in 10 Coloradans are members of PERA

*As of September 30, 2025*

**Total: 730,862**





# 2024 Annual Report





Investment Portfolio Fair Value

**\$66.7 billion**

(Defined Benefit Plans)



Net Rate of Return

**10.8%**

# 2024 in Review

Facts & Figures as of December 31, 2024



Funded Status

**69.2%**

(Division Trust Funds)



30-Year Rate of Return

**8.4%**

(Annualized, Net-of-Fees)



Annual Retirement Benefit Payments

**\$5.4 billion**



Invested in Colorado-Based Companies, Partnerships, and Assets

**\$768.4 million**



# PERA Funding Sources



- **Investment Income**
- **Employer and Non-Employer Contributions (includes Disaffiliations)**
- **Member Contributions (includes Service Purchases)**



| Item  | State Division  | School Division  | Local Government Division | Judicial Division | Denver Public Schools Division | Total Weighted Average <sup>2</sup> |
|---|-----------------|------------------|---------------------------|-------------------|--------------------------------|-------------------------------------|
| 1. Unfunded actuarial accrued liability as of December 31, 2024                           | \$9,858,045,427 | \$17,859,992,298 | \$693,950,795             | \$50,592,128      | N/A                            | \$28,462,580,648                    |
| 2. Member contribution rate   | 11.15%          | 11.00%           | 9.03%                     | 11.00%            | N/A                            | 11.00%                              |
| 3. Employer contribution rate <sup>3,4</sup>  | 20.08%          | 19.71%           | 14.02%                    | 23.21%            | N/A                            | 19.71%                              |
| 4. Actuarially determined employer contribution rate                                      | 18.60%          | 22.43%           | 9.91%                     | 10.63%            | N/A                            | 20.78%                              |
| 5. Direct Distribution rate <sup>5</sup>  | 1.93%           | 1.93%            | 0.00%                     | 1.93%             | N/A                            | 1.89%                               |
| 6. Blended total contribution rate:<br>2 + 3 + 5  |                 |                  |                           |                   |                                | 32.60%                              |
| 7. Blended total required contribution:<br>2 + 4  |                 |                  |                           |                   |                                | 31.78%                              |
| 8. Ratio of blended total contribution rate to blended total required contribution: 6 ÷ 7 |                 |                  |                           |                   |                                | 102.58%                             |

# Automatic Adjustment Provision (AAP)



Automatic changes are triggered when the ratio of the Blended Total Contribution Rate to the Blended Total Required Contribution is less than 98% (or greater than 120%)

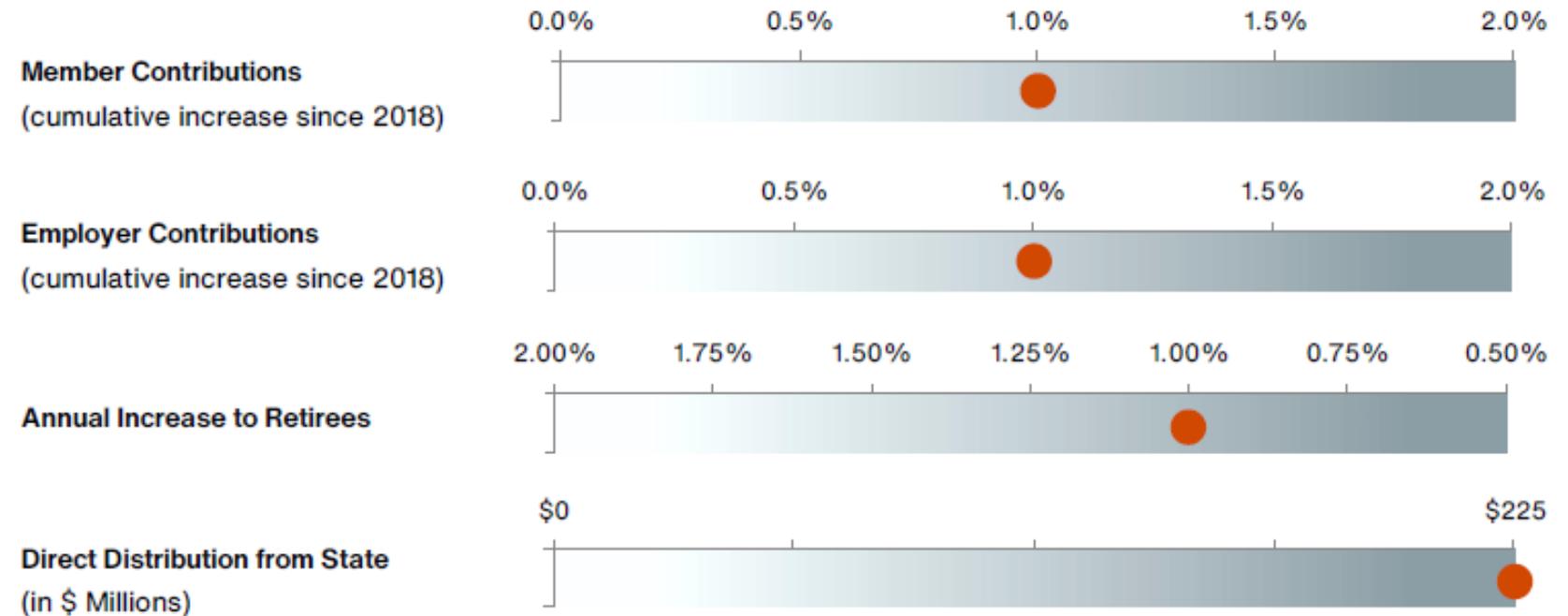
» As of December 31, 2023, this ratio is equal to **102.58%**



# Automatic Adjustment Provision (AAP) – levers available

PERA’s current positioning on the four levers is shown below

- The right-side of the exhibit represents the limit on each lever to improve the funded ratio



- » The AAP was triggered for the 2020 and 2022 plan years resulting in:
  - Cumulative 1% increase to member and employer contributions
  - Cumulative 0.5% reduction in the annual increase to retirees (from 1.5% to 1.0%)
  - No change to the direct distribution



INTERNAL AND EXTERNAL MANAGEMENT EXPENSES

**\$239.6 million**



ASSETS MANAGED IN-HOUSE BY PERA STAFF

**61%**



SAVINGS IN 2024 DUE TO INTERNAL INVESTMENT MANAGEMENT

**\$70 million**



BASIS POINTS OF TOTAL ASSETS SPENT ON MANAGEMENT

**35.9**

# PERA's Investment Program

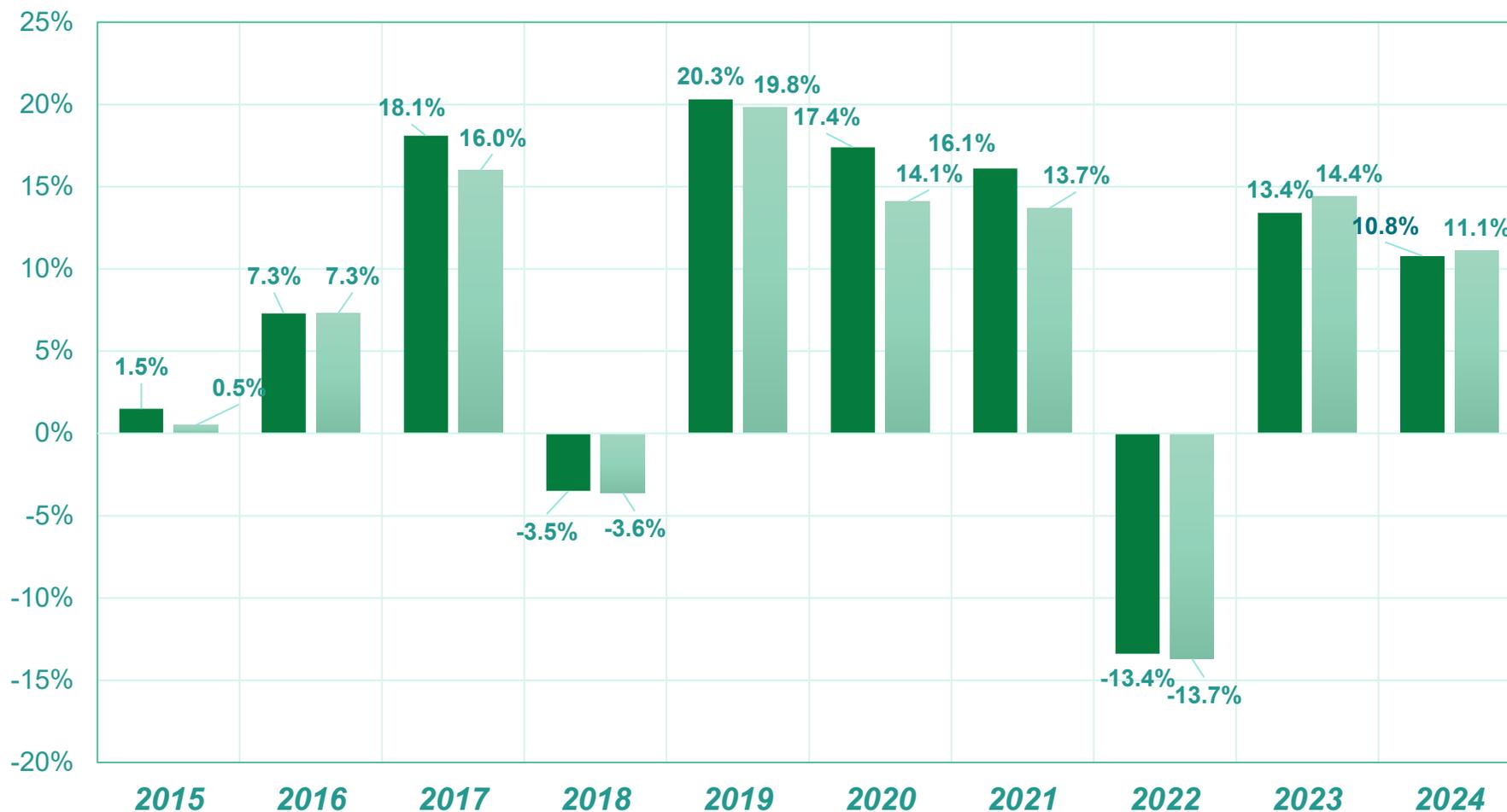


# 2024 Investment Performance

## Rates of Return Over 10 Years (Net-of-Fees)

■ Rates of Return  
■ Policy Benchmark

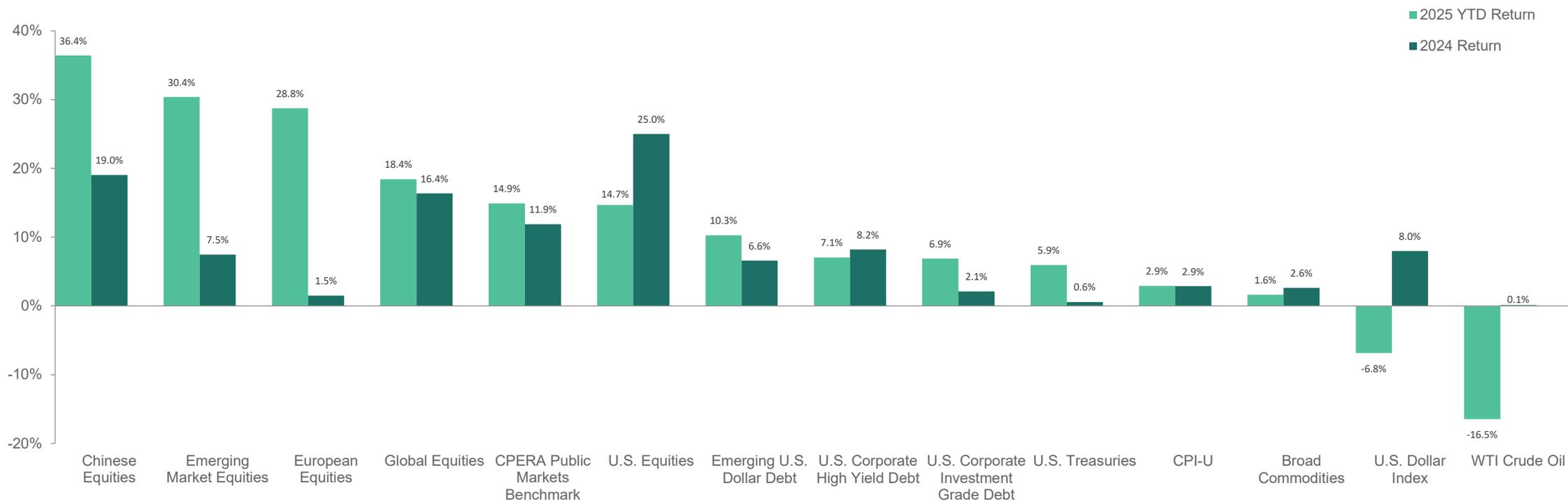
The 10-year annualized return is 8.3%





# Market Performance: 2025 YTD\* vs. 2024 Calendar Year

YTD performance is positive for equities and fixed income, while oil remains negative



All returns are presented in unhedged USD terms  
YTD as of 11/17/2025  
CPI-U YTD as of 9/30/2025



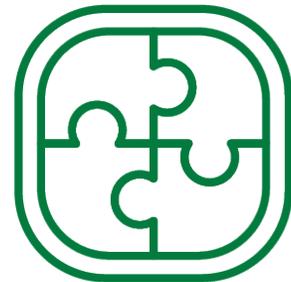
# Investing for the Future

Each pillar of Colorado PERA's investment stewardship supports our mission to provide retirement benefits to our members while ensuring the sustainability of the fund.



## PROTECT

Protect members' interests by watching costs



## INTEGRATE

Integrate relevant factors into PERA's investment strategy



## ADVOCATE

Advocate for robust markets



## EVALUATE

Evaluate exposures and recognize limitations



# Less is More

## How PERA Limits Investment Costs to Maximize Returns



**\$66.7 billion**

Assets under management on behalf of PERA membership



**\$239.6 million**

Internal and external investment management expenses



**61%**

Assets managed in-house by PERA staff



**\$70 million**

Savings in 2024 due to the use of internal investment management

### Internal/External Management Fees



### Internal/External Assets and Costs





# 2026 Legislative Priorities

## » Actuarial Allocation of Direct Distribution

- Under current law, a \$225m direct distribution is to be paid to PERA each July 1 and PERA is required to credit these funds proportionally to the participating division trust funds based on their reported payroll for the prior plan year ending December 31.
- Providing additional discretion and flexibility in the allocation method of the \$225m direct distribution payment each year provides the best opportunity to reduce the likelihood of triggering automatic adjustments affecting all divisions

# 2026 Legislative Priorities

## » Reallocate a Portion of the Employer Contributions to Health Care Trust Fund (HCTF) to Pay Off Pension Liabilities

- Under current law, a portion of the statutory base employer contribution, equal to 1.02% of reported salaries for each of the State, School, Local Government, and Judicial Divisions, is transferred into the HCTF for health care benefits.
- The HCTF is projected to be fully funded in 5 years at the current level of contributions.
- Reallocating 0.50% of the current 1.02% employer contribution from the HCTF to the pension trust funds allows for more effective use of employer contributions to address pension contribution shortfalls and reduces the likelihood of future automatic adjustments.



# Governor's Budget Request (FY2026-27)

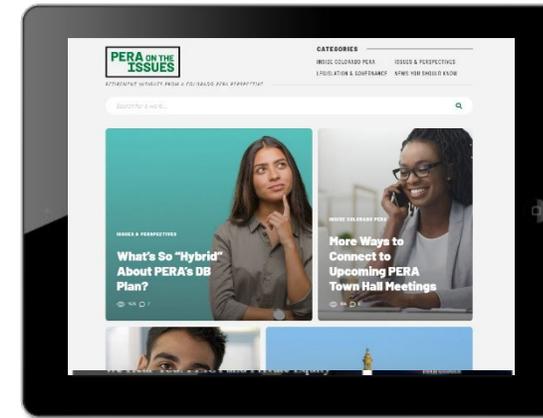
## Items Concerning PERA

### » 1% Reduction in AED for State Division

- Projected to reduce contributions into PERA by approximately \$40m in FY 2026-27, which is an impact of more than \$180m over the time until PERA is fully funded

### » Pinnacol Conversion

- The methodology used to determine the cost for disaffiliation should track what is used for the local government division of PERA and the necessary framework has already been provided by the general assembly under current statute
- Under the current statutory framework, the discount rate used for disaffiliation purposes is PERA's current investment return assumption minus 200 basis points, resulting in a 5.25% disaffiliation discount rate



# Stay in Touch

**Website**  
[www.copera.org](http://www.copera.org)

**Retirement Insights**  
[www.peraontheissues.com](http://www.peraontheissues.com)

**Social Media**  
[@coloradopera](https://twitter.com/coloradopera)



# Call us at 800-759-7372



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# Appendix

# 2025 Legislative Recap

- » House Bill 25-1105: PERA True-up of Denver Public Schools Division Employer Contribution
- » Senate Bill 25-028: PERA Risk-Reduction Measures
- » Senate Bill 25-147: Modify Board Management PERA
- » Senate Bill 25-310: Proposition 130 Implementation

# Funding Period Progress<sup>1</sup>

40-Year Projections – Projected Years Until 100% Funded

| Division Trust Fund         | December 31, 2024 | December 31, 2023 | Change |
|-----------------------------|-------------------|-------------------|--------|
| State                       | 19 Years          | 23 Years          | -4     |
| School                      | 28 Years          | 27 Years          | +1     |
| Local Government            | 11 Years          | 14 Years          | -3     |
| Judicial                    | 5 Years           | 8 Years           | -3     |
| Denver Public Schools (DPS) | 10 Years          | 9 Years           | +1     |

<sup>1</sup>Funding periods are determined on an open-group basis and shown as of the current valuation date only.

# Funded Status

As of December 31, 2024

Total Unfunded Liability: \$28.0 billion  
Funded Status: 69.2%



STATE UNFUNDED LIABILITY  
\$9.5 billion

FUNDED STATUS  
66.3%



SCHOOL UNFUNDED LIABILITY  
\$17.3 billion

FUNDED STATUS  
66.1%



LOCAL GOVT. UNFUNDED LIABILITY  
\$614 million

FUNDED STATUS  
89.2%



JUDICIAL UNFUNDED LIABILITY  
\$42 million

FUNDED STATUS  
90.6%



DPS UNFUNDED LIABILITY  
\$566 million

FUNDED STATUS  
91.2%

# Membership (Pension) – Actives

| Item                | State Division |                 | School Division | Local Government Division |                 | Judicial Division | Denver Public Schools Division |
|---------------------|----------------|-----------------|-----------------|---------------------------|-----------------|-------------------|--------------------------------|
|                     | General        | Safety Officers |                 | General                   | Safety Officers |                   |                                |
| Number (2024)       | 52,210         | 3,374           | 134,080         | 12,920                    | 62              | 351               | 16,207                         |
| Number (2023)       | 50,738         | 2,949           | 131,188         | 12,651                    | 49              | 347               | 15,626                         |
| % change            | +2.9%          | +14.4%          | +2.2%           | +2.1%                     | +26.5%          | +1.2%             | +3.7%                          |
| Avg. pay (2024)     | \$69,045       | \$82,768        | \$50,291        | \$70,971                  | \$93,989        | \$180,826         | \$54,797                       |
| Avg. pay (2023)     | \$65,771       | \$81,082        | \$47,083        | \$66,345                  | \$84,209        | \$174,657         | \$57,228                       |
| % change            | +5.0%          | +2.1%           | +6.8%           | +7.0%                     | +11.6%          | +3.5%             | -4.2%                          |
| Avg. age (2024)     | 45.4           | 35.1            | 44.5            | 43.8                      | 36.8            | 53.0              | 41.3                           |
| Avg. age (2023)     | 45.3           | 35.3            | 44.5            | 44.4                      | 37.2            | 53.1              | 41.2                           |
| Change              | +0.1           | -0.2            | 0.0             | -0.6                      | -0.4            | -0.1              | +0.1                           |
| Avg. service (2024) | 9.1            | 4.8             | 9.0             | 7.7                       | 2.5             | 11.7              | 7.7                            |
| Avg. service (2023) | 9.1            | 4.8             | 8.9             | 7.7                       | 1.9             | 11.6              | 7.7                            |
| Change              | 0.0            | 0.0             | +0.1            | 0.0                       | +0.6            | +0.1              | 0.0                            |

# Membership (Pension) – Retirees and Survivors

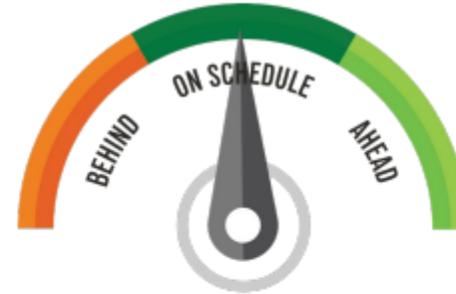
| Item                       | State Division | School Division | Local Government Division | Judicial Division | Denver Public Schools Division |
|----------------------------|----------------|-----------------|---------------------------|-------------------|--------------------------------|
| Number (2024)              | 44,999         | 79,228          | 9,404                     | 476               | 7,331                          |
| Number (2023)              | 44,517         | 77,165          | 9,095                     | 460               | 7,316                          |
| % change                   | +1.1%          | +2.7%           | +3.4%                     | +3.5%             | +0.2%                          |
| Avg. annual benefit (2024) | \$41,383       | \$37,040        | \$39,014                  | \$78,640          | \$39,352                       |
| Avg. annual benefit (2023) | \$41,152       | \$36,931        | \$38,761                  | \$77,844          | \$39,275                       |
| % change                   | +0.6%          | +0.3%           | +0.7%                     | +1.0%             | +0.2%                          |
| Avg. age (2024)            | 73.3           | 73.0            | 71.7                      | 75.5              | 75.3                           |
| Avg. age (2023)            | 73.0           | 72.7            | 71.3                      | 75.4              | 75.1                           |
| Change                     | +0.3           | +0.3            | +0.4                      | +0.1              | +0.2                           |

 Segal

# Automatic Adjustment Provision

New rates effective July 1, 2025  
(No Changes)

**PERA IS ON SCHEDULE TO MEET ITS FUNDING GOAL**



The automatic adjustment provision is reviewed on an annual basis to help ensure the long-term stability of benefits today and in the future.

As indicated in its 2024 Annual Comprehensive Financial Report (ACFR), PERA is on schedule to meet its funding goal. This means the automatic adjustment provision will not trigger any additional changes in 2026.

## Current Provisions



Member contributions will not be affected by the automatic adjustment provision in July 2026.

|                    | State, School, and DPS Divisions | Safety Officers | Local Government Division | Judicial Division |
|--------------------|----------------------------------|-----------------|---------------------------|-------------------|
| As of July 1, 2025 | 11.00%                           | 13.00%          | 9.00%                     | 11.00%            |

Visit [copera.org/member-contribution-rates](https://copera.org/member-contribution-rates) for more information on contribution rates.



Employer contributions will not be affected by the automatic adjustment provision in July 2026.

|                    | State Division | Safety Officers (State) | School Division | Local Government Division | Safety Officers (Local Govt.) | Judicial Division | DPS Division |
|--------------------|----------------|-------------------------|-----------------|---------------------------|-------------------------------|-------------------|--------------|
| As of July 1, 2025 | 21.63%         | 24.33%                  | 21.40%          | 14.81%                    | 17.91%                        | 24.91%            | 18.40%       |

Actual DPS employer rate will be subject to the PCOPs offset. The DC Supplement also may affect rates in the State and Local Government Divisions effective January 1, 2026. The AED and SAED rates for the Local Government Division will each increase by 0.50% as of January 1, 2026, due to the funded status of this division as of December 31, 2024. Visit [copera.org/employer-contribution-rates](https://copera.org/employer-contribution-rates) for more information on contribution rates.



The AI will not be affected by the automatic adjustment provision in July 2026. The AI paid to eligible benefit recipients in July 2025 will be 1.0%. The AI paid in July 2026 for most eligible benefit recipients will be 1.0%.

# How Does the Automatic Adjustment Keep PERA on Schedule?

## IF PERA IS BEHIND SCHEDULE

- ↓ Decrease AI percentage by up to 0.25% in one year, not to fall below 0.5%
- ↑ Increase employer contributions by up to 0.5% in one year, not to exceed an additional 2%
- ↑ Increase member contributions by up to 0.5% in one year, not to exceed an additional 2%
- ↑ Increase the direct distribution from the State budget by up to \$20 million in one year, not to exceed \$225 million

## PERA'S PROGRESS TOWARD FUNDING GOAL



## IF PERA IS AHEAD OF SCHEDULE

- ↑ Increase AI percentage by up to 0.25% in one year, not to exceed 2%
- ↓ Decrease employer contributions by up to 0.5% in one year, not to fall below 2018 levels
- ↓ Decrease member contributions by up to 0.5% in one year, not to fall below 2018 levels
- ↓ Decrease the direct distribution from the State budget by up to \$20 million in one year