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Financial focus

FINANCIAL SECURITY FOR YOUR GOLDEN YEARS

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Board meetings are held on the 4th Monday of every month, except for June and December, at the Retirement Plan's office.

Review of 2011 Annual Valuation

By Howard Miller
Executive Director

While the media continues to spotlight troubled public pension plans, quantitative studies and research show that the public pension industry as a whole is neither in distress nor any immediate danger. Although El Paso County Retirement Plan will be considering additional changes to assure the plan exists in perpetuity, the plan is viable for the next 75 years, based on its current plan design and funded status estimate.

A recent comprehensive study by the National Association of State Retirement Administrators shows that only around 3% of public revenues nationwide are committed to public employee benefits, and not one public pension plan has requested federal assistance. All public pensions have made significant strides in recuperating from the dramatic investment losses of the great recession. In fact, public pensions are a stable source of fuel for the economy. EPCRP paid out about \$17 million in 2010 pension benefits right here in El Paso County. That money is spent locally to buy goods and services, and to pay taxes.

Plan net assets held in trust for pension benefits increased during 2010 by \$26.9 million to \$262.6 million. The major reason for the 2010 increase in plan net assets was investment income of \$31.3 million, along with contributions of \$14.9 million. The \$31.3 million of investment income in 2010 consisted primarily of the net appreciation in fair value of investments of \$28.8 million. The appreciation in fair value was mainly the result of the strong performance of the domestic and international equity markets during 2010.

EPCRP's primary goal is to help keep rates as stable as possible for employers and members. Toward that

end, your plan is structured to recognize investment gains and losses over a five-year period to avoid dramatic single-year rate changes. This means there are still 2008 losses to recognize and that the gains from 2009 and 2010 will be spread evenly over future years. As a result, the plan's funded ratio decreased from 79.8% as of Jan. 1, 2010, to 75.8% as of Jan. 1, 2011. The plan's funded ratio is determined by dividing the actuarial value of assets by the actuarial accrued liability. The actuarial value of assets is the portion of that equation that reflects the five-year smoothing. In contrast, the actual market value of the EPCRP portfolio increased from 77.6% as of Jan. 1, 2010, to 81.2% as of Jan. 1, 2011.

In 2009, the board took the initiative to make sure the retirement plan is secure and will be able to provide benefits to retirees, current members and deferred vested members. In the years to come, some additional changes may be required to assure that these benefits are sustainable for all future public servants of El Paso County, the 4th Judicial District, El Paso County Public Health, and Pikes Peak Library District. Plan changes to be considered in the future are: increasing member retirement eligibility, setting a minimum payout age, eliminating the supplemental death benefit, increasing vesting, decreasing the benefit multiplier for all members and, possibly, additional contribution increases.

We will continue to explore all of our options to improve the sustainability of the plan and to position the system as an example of success in providing retirement security for those who have served their community.

EL PASO COUNTY RETIREMENT PLAN

Howard Miller
Executive Director

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Administrative Services

Leah Golden
Writer/Editor

IMPORTANT DATES

The Retirement Plan office will be closed for **Independence Day** (July 4) and **Labor Day** (September 5).

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Four Things You Need to Know About Divorce and Your EPCRP Benefit

Divorce can be a complicated process, especially when it involves dividing assets. Here are four things to keep in mind about your EPCRP benefit during a divorce.

1. **You don't have to split your EPCRP benefit.** Your benefit is considered marital property and you should talk to your attorney about it when you discuss the division of your assets. However, the decision to split your benefit is based on all marital assets. You could keep your EPCRP benefit while your spouse gets an asset of comparable value.
2. **File a domestic relations order (DRO) with EPCRP if you're splitting the benefit.** A DRO tells us how you and your spouse agreed to divide the benefit. The divorce decree does not include the legal language we need to split your benefit. You can get a copy of our DRO overview and DRO form for your attorney by calling us at (719) 520-7490.
3. **Your ex-spouse gets paid when you take your money out of EPCRP.** The amount EPCRP pays to your ex-

spouse will be based on the amount specified in your DRO. However, once you've separated service or reached retirement eligibility, you decide how you want to receive payment, either as a lump sum or as a monthly payment.

If you are already a retiree, your payment will be split according to the DRO starting with the first payment after the DRO takes effect. EPCRP will make payment directly to your ex-spouse.

4. **If you stop receiving payments, your ex-spouse stops receiving payments.** If you and your spouse decide to split your EPCRP benefit, your ex-spouse becomes an "alternate payee." As an alternate payee, he or she will receive payment as long as you receive payment. That means if your payment is suspended—for example, because you go back to work for the employer you retired from—your ex-spouse doesn't get a payment either. All payments to your ex-spouse stop when you pass away unless you've granted them benefits as a beneficiary, in addition to alternate payee.

Divorce and Your Beneficiaries

Once your divorce is final, it's important to update your beneficiaries with EPCRP using the *Change of Beneficiary* form, available at www.epcretirement.org. Please include a copy of your divorce decree with your form.

If you are a member, you may name anyone you wish as your beneficiary, and change your beneficiary at any time. Your beneficiary will receive any money or benefits payable after you pass away. Your contributions will go to your ex-spouse if he or she is still listed as your primary beneficiary.

It's a little different if you're already retired and get divorced. Whether you can change your beneficiary or not depends on the payment option you selected. Retirees who chose Joint-Life cannot change their beneficiaries. Your ex-spouse will receive payments from EPCRP as your primary beneficiary under the Joint-Life option when you pass away. However, Joint-Life retirees can change their beneficiary for the Lump-Sum Death Benefit. Retirees who chose the Single-Life option or the 10-year Certain option may change beneficiaries after a divorce.

Retirees: Where Are They Now?



Enjoying her new passion, EPCRP retiree **Cathy Genato** (left) smiles with **Cindy Hooton** (center), owner of the Stargazers Theatre, and co-worker **Nora Matherne** (right).

Life, Work and Art

One way or another, Cathy Genato has been involved in the creative arts her whole life. She's made more than one career of bringing them to the community.

During her 26 years with the Pikes Peak Library District, Cathy worked in many capacities, from book processing to the information desk to public relations. She also served as coordinator of the Arts Committee, which selected the library art exhibits.

Before she retired in 2008, she picked up new gig: handling PR duties for 6035, a classic rock cover band fronted by her husband, Fritz Genato. This year the band was The Gazette's expert pick for best band performance.

Then in January 2011, Cathy

started her second career as promoter for Stargazers Theatre & Event Center in Colorado Springs. The theatre showcases local talent in a non-bar environment.

"This is something that's very close to my heart, having worked at the library, having been involved with the arts and knowing how important it is to the community. I really want to help the owners of Stargazers with their mission to provide the community with the arts," she said.

With all she has going on, Cathy's still an avid reader and finds time to crack open a book every evening.

"It all comes down to figuring out what makes you happy and going from there," she said.

Adventures in Retirement

Last month, Don Kessler celebrated the 10-year anniversary of his retirement from the El Paso County Sheriff's Office. He enjoyed his more than 26 years with the sheriff's office, serving as a jail deputy, working administrative positions, being an undercover narcotics officer and finally serving as undersheriff.

But when he retired, he left it all behind.

"The day I retired I stopped wearing a watch and stopped the newspaper. No more phone calls in the middle of the night. ... It's a whole lot less stress than working," he laughed.

That doesn't mean Don's been idle. He currently volunteers with the Fort Carson Golf Course, and works part-time at the Air Force Academy commissary. He's a member of his homeowner's association board, participates in neighborhood watch and serves as a voting judge during elections.

"It keeps me real occupied," Don laughed, but it's in keeping with his desire to try new and different things when he retired.

In his free time, he and his wife (EPCRP retiree Gina Abbott) visit family and friends, ride motorcycles and travel around the country in their RV. They've been to Yellowstone, through Montana and Utah, back to New England and down to Texas.

"Wherever we feel like going, that's where our home is," he said.



EPCRP retirees **Don Kessler** and **Gina Abbott** take in an Alaskan adventure.

Don's advice to other retirees?

"Be happy. Life's too short and time seems to go by a lot faster, so enjoy what you're doing when you're doing it."



Vacationing on a Retiree's Budget

Traveling in retirement offers a world of possibilities. Even with the price of gasoline and air travel these days, there are still deals to be found, especially for retirees. No matter where you go, being financially prepared is your best bet for a relaxing vacation.

1. **Make a plan.** Whether you want to go on a cruise, a

European adventure or just explore America, research your trip at your local library or online, or talk to a travel agent. If you're considering international travel, visit www.travel.state.gov for travel warnings and tips.

2. **Budget.** Create a budget that takes into account all your vacation expenses, from transportation and length of stay, to meal costs and sightseeing. Save as much as possible prior to going so you don't come home to a big credit card bill.
3. **Travel during the off season.** Heading to a tropical destination in November or taking a European cruise in April can get you where you

want to go for less. Tourist spots offer discounts to attract off-season travelers.

4. **Discounts.** AARP (www.aarp.org) offers members discounts on car rentals, cruises and group tours. Your AAA (www.aaa.com) or USAA (www.usaa.com) membership may also be a source for vacation packages and discounts.
5. **Stay-cation.** Call a local bed-and-breakfast for a weekend getaway or visit local tourist attractions. Scan your local newspaper or search online for new museum or zoo exhibits, as well as discount admission coupons or free admission days.



El Paso County Retirement Plan

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