



# Delaware Public Employees' Retirement System **NEWSLETTER**

Active Membership Edition

February 2003

## **WELCOME RALPH J. ADKINS - NEW PENSION BOARD CHAIR**

Mr. Ralph J. Adkins was appointed as Chair of the Pension Board effective July 2002. Mr. Adkins is also the present Chairman of Chesapeake Utilities Corporation. He brings vast experience and knowledge in the areas of investments and system administration.

Ms. A. Dale Stratton resigned from the Board in June 2002 after eleven years as a trustee and Pension Board Chair. We are all indebted for her generous commitment of time and effort. Her leadership is reflected not only by the outstanding financial health of the System, but the significant improvement in pension benefits.

### **PROTECT YOURSELF FROM IDENTITY THEFT!**

In today's world, we must protect ourselves from identity theft. The following information was taken from the U.S. Department of Justice web site.

To reduce or minimize the risk of becoming a victim of identity theft or fraud, here are some basic steps you can take. The word "SCAM" can help you remember the basic steps that you can use to protect yourself.

- S - Be stingy about giving out personal information.
- C - Check your financial information regularly.
- A - Ask periodically for copies of your credit report.
- M - Maintain careful records of your financial reports.

For additional information on protecting yourself from identity theft, please visit [www.consumer.gov/idtheft](http://www.consumer.gov/idtheft) or [www.usdoj.gov](http://www.usdoj.gov).



### **2002 Comprehensive Annual Statements**



Employee Comprehensive Annual Statements will be distributed in the spring. This statement will indicate your estimated benefit as of 12/31/2002 along with your beneficiary data as of the printing date. Please examine these statements carefully and notify us, per the instructions included with the statement, if any changes are required. Please e-mail our office your comments regarding the statement format and information provided along with your suggestions for future improvements. The Office of Pension's e-mail address is [pensionoffice@state.de.us](mailto:pensionoffice@state.de.us). Visit our web site at [www.delawarepensions.com](http://www.delawarepensions.com) to learn more about your pension benefits. Also, please let us know what information you would like to see included in future DPERs newsletters.

### **INVESTMENT CLIMATE**

For the fiscal year ended June 30, 2002, the pension fund had a (6.3%) rate of return. The Retirement System's annualized rate of return over the last five and ten years was 6.4% and 10.6%, respectively. Your retirement plan is a "defined benefit" pension plan, which means retirement benefits are calculated based upon your service time, salary, or other factors. It is not based on investment returns. The Retirement System continues to be funded in excess of the expected liability for current and future retirees. More information about the fund investment performance is included in this newsletter.

**Office of Pensions**  
*a division of State Personnel*

State of Delaware  
Office of Pensions  
McArdle Building  
860 Silver Lake Blvd., Ste. 1  
Dover, DE 19904-2402

Long Distance Toll Free  
Telephone: (800) 722-7300

E-mail Address: [pensionoffice@state.de.us](mailto:pensionoffice@state.de.us)  
Web Address: [www.delawarepensions.com](http://www.delawarepensions.com)

Telephone: (302) 739-4208  
Fax Number: (302) 739-6129

The Board of Pension Trustees presented the 31st Comprehensive Annual Financial Report (CAFR) of the Delaware Public Employees' Retirement System (DPERS) at their September 27, 2002 meeting.

DPERS comprehensive annual report for the year ended June 30, 2001 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the sixth consecutive year that DPERS has received a Certificate of Achievement. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The complete FY 2002 CAFR may be viewed on our web site: [www.delawarepensions.com](http://www.delawarepensions.com).

## INVESTMENTS.

The System return for fiscal year 2002 was (6.3%). The total System's annualized rate of return over the last five, ten, and fifteen years was 6.4%, 10.6%, and 10.0%, respectively. As reported by a major performance ranking comparison service, the System's investment performance ranks slightly below the median for this fiscal year and in the top decile of public funds for the five and ten year periods. For the period ending June 30, 2002, the System's market value totaled \$4.9 billion representing a decrease in assets of \$422.9 million.

The investment climate during this fiscal year was unusually difficult. The events of September 11 had a negative impact on stock markets around the world. In the following months, the threat of further attacks and the continued impact of a slowing U.S. economy made investors cautious. In recent months, signs of an economic recovery have been overshadowed by evidence of corporate malfeasance by companies, such as Enron and World-Com. Although the System was affected by the general market impact, estimated losses incurred by directly held assets in these two companies were \$5,755,000, representing approximately 0.1% of total fund assets. Reflecting these conditions, the S&P 500 stock market index declined 18.0% during the fiscal year.

## Statement of Changes in Plan Net Assets

*(Expressed in thousands)*

	State		Closed
	Employees'	Special	State Police
Balance Beginning of Year:	\$ 5,057,849	2,049	2,009
Employer Contributions	18,148	-	17,805
Transfer of Contributions from PRI Fund	31,994	-	-
Member Contributions	33,477	-	64
Other	-	-	-
Net Investment Earnings	(300,503)	(116)	109
<b>Total Additions:</b>	<b>\$ (216,884)</b>	<b>(116)</b>	<b>17,978</b>
Pension Payments	194,824	143	17,705
Refund of Contributions to Members	2,409	-	-
Group Life Payments	4,003	21	56
Administrative Expenses	4,441	4	17
<b>Total Deductions:</b>	<b>205,677</b>	<b>168</b>	<b>17,778</b>
<b>Balance End of Year:</b>	<b>\$ 4,635,288</b>	<b>1,765</b>	<b>2,209</b>
<b>Decrease/Increase in Fund Assets during FY 2002:</b>	<b>\$ (422,561)</b>	<b>(284)</b>	<b>200</b>
<b>Funding Ratio as of June 30, 2002:</b>	<b>109.6%</b>	<b>246.9%</b>	<b>0.6%</b>

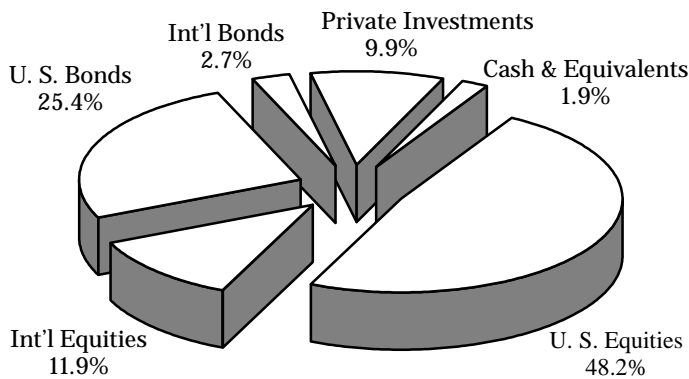
While the System was impacted by all of these events, as evidenced by the disappointing (6.3%) return for the System, the continuing and consistent emphasis on diversification and risk control resulted in a System return that was significantly better than the (18.0%) return of the U.S. stock market.

FUNDING STATUS

A pension plan is well funded when it has sufficient assets invested to meet all expected future obligations to participants. The greater the level of funding, the larger the ratio of assets to actuarial accrued liability. Seven plans included in the System are essentially fully funded based on market valuations. The two remaining plans are not totally funded, but annual contributions are being made at the actuarially determined rate to reach full funding. The actuarial method for calculating accrued liability for all plans is Entry Age Normal with the objective of maintaining employer contributions approximately level as a percent of member payroll.

Legislation granting increased pensions for those retiring on or after July 1, 2001, coupled with a second year of negative performance has reduced the funding status of the State Employees' Pension Plan from 112.4% to 109.6%.

Asset Allocation as of June 30, 2002



New State Police	Judiciary	Diamond State Port Corporation	County & Municipal Police/Firefighters	County & Municipal Other Employees'	Volunteer Firemen
102,805	28,629	6,115	29,693	2,833	9,537
2,476	1,399	341	2,779	92	586
35	293	-	-	-	-
2,112	251	157	1,404	57	209
7	-	-	-	-	-
(6,294)	(1,714)	(372)	(1,873)	(170)	(557)
(1,664)	229	126	2,310	(21)	238
367	1,907	185	163	41	1,018
87	-	15	122	21	44
-	-	-	-	-	-
56	8	27	49	15	17
510	1,915	227	334	77	1,079
100,631	26,943	6,014	31,669	2,735	8,696
(2,174)	(1,686)	(101)	1,976	(98)	(841)
119.2%	96.4%	100.9%	115.5%	107.7%	62.5%

*"What you don't know about your pension benefits could impact your plans for retirement. Plan for your future...attend a pension workshop!"*

## **PENSION & RETIREMENT WORKSHOPS COMING SOON TO A LOCATION NEAR YOU!**

### **Kent County**

Date: April 29, 2003  
Day: Tuesday  
Time: 7:00 – 9:00 p.m.  
Place: Delaware State Troopers' Assoc.  
(Exit onto Messina Hill Rd.  
off N. Dupont Hwy)  
Cheswold, DE 19936

### **Sussex County**

Date: April 8, 2003  
Day: Tuesday  
Time: 7:00 – 9:00 p.m.  
Place: Sussex Central High School  
301 West Market Street  
Georgetown, DE 19947

### **New Castle County**

Date: April 10, 2003  
Day: Thursday  
Time: 7:00 – 9:00 p.m.  
Place: Stanton Middle School  
1800 Limestone Rd.  
Wilmington, DE 19804

Date: April 14, 2003  
Day: Monday  
Time: 7:00 – 9:00 p.m.  
Place: Brandywine High School  
1400 Foulk Rd.  
Wilmington, DE 19803

Date: April 16, 2003  
Day: Wednesday  
Time: 7:00 – 9:00 p.m.  
Place: Stanton Middle School  
1800 Limestone Rd.  
Wilmington, DE 19804

## **STATE EMPLOYEES' PENSION PLAN - PENSION ELIGIBILITIES**

### **SERVICE PENSION – NO REDUCTION**

You are eligible for a service pension beginning the month after you leave employment if:

- You are at least 62 years of age and have at least five consecutive years of credited service, or
- You are at least 60 years of age and have at least 15 years of credited service, or
- You have 30 years of credited service.

### **EARLY RETIREMENT – REDUCTION**

You may retire with a reduced service pension if you have reached age 55 and have at least 15 years of credited service. However, in order to reflect the longer period of time over which payments will be made, your pension is the regular service pension calculation, reduced by 0.2% for each month you are under age 60 when you retire.

You may retire with a reduced service pension, regardless of age, if you have at least 25 years of credited service. However, in order to reflect the longer period of time over which payments will be made, your pension is the regular service pension calculation, reduced by 0.2% for each month that you are short of 30 years of credited service.