



Delaware Public Employees' Retirement System NEWSLETTER

Retiree Edition

December 2005

IMPORTANT INFORMATION ABOUT Medicare Part D and YOU

State of Delaware pensioners are NOT required to enroll in Medicare Part D. To stay with your current prescription drug coverage from the State of Delaware, you don't have to do anything.

Notice of Creditable Coverage letters were mailed to State of Delaware pensioners at the end of October 2005. This notice lets the Medicare Part D plan know that you have creditable coverage now, and are not required to pay a late enrollment penalty, which could result in a higher premium on the Medicare Part D coverage if you decide to enroll after May 15, 2006. **The Notice of Creditable Coverage is an important document which should be kept in a safe place.** If you have not received your Notice of Creditable Coverage letter, please contact either the Statewide Benefits Office at (302) 739-8331 or the Pension Office at 1-800-722-7300.

WHAT YOU NEED TO KNOW AS A STATE OF DELAWARE PENSIONER.....

- ◆ Medicare Part D program (which begins on January 1, 2006) is prescription coverage for Medicare beneficiaries (eligible and enrolled in Medicare as their primary coverage)
- ◆ Your prescription drug benefit through the State of Delaware (administered by Express Scripts) will remain the same in 2006, therefore,
- ◆ You **DO NOT HAVE TO ENROLL** in a Medicare Part D plan if you are covered by the State's prescription plan.
- ◆ If you are enrolled in Special Medicfill, BlueCare Carveout, or the Coventry Medwrap program, **YOU HAVE** the State's prescription plan.
- ◆ If you **DO ENROLL** in a Medicare Part D plan, you will have **NO** prescription coverage through the State of Delaware.

ARE YOU READY TO PREPARE YOUR 2005 TAX RETURNS?

1099R Forms will be mailed no later than January 31, 2006. Please review the enclosed pension check or advice to be sure that your address is correct. If not, please send us a note including your new address and your signature so your record can be corrected.

If for some reason you don't receive your Form 1099R, contact the Pension Office Benefits Section.

The Prescription Drug Plans (PDP) approved by the Centers for Medicare and Medicaid (CMS) will begin marketing their programs to YOU. As a Medicare beneficiary, you will begin receiving numerous mailings at your home. You **DO NOT** have to enroll in any of these programs this year as the State of Delaware will continue to provide the same prescription coverage through Express Scripts.

The initial first time Open Enrollment period for Medicare Part D is November 15, 2005 - May 15, 2006. If you have any questions, you may call the Statewide Benefits Office at (302) 739-8331 or the Pension Office at 1-800-722-7300.

OFFICE OF PENSIONS

a division of the Office of Management & Budget

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ANNUAL FINANCIAL REPORTING

The Board of Pension Trustees presented the 34th Comprehensive Annual Financial Report (CAFR) of the Delaware Public Employees' Retirement System (DPERS) at their September 30, 2005 meeting.

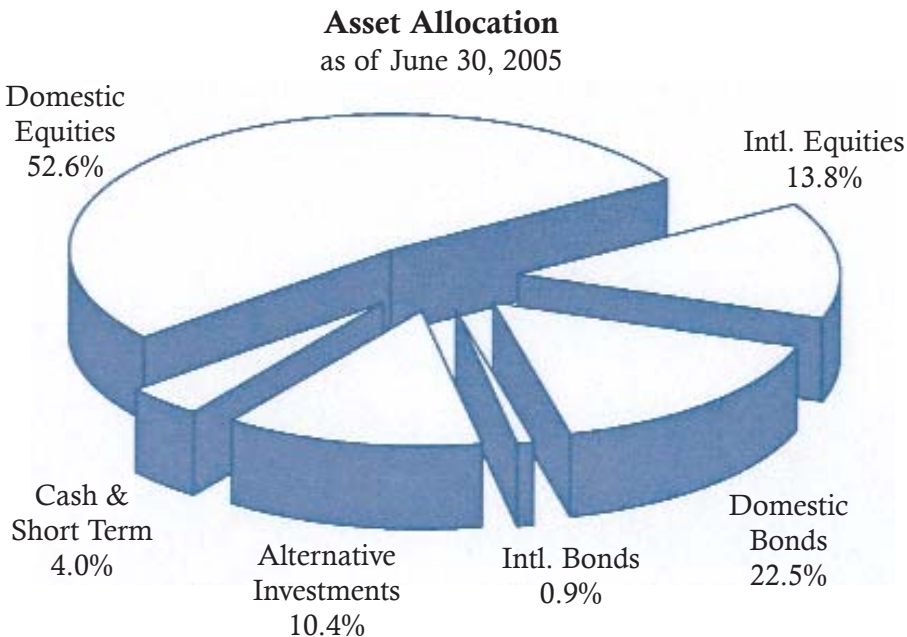
DPERS' CAFR for the year ended June 30, 2004 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). In order to be awarded a Certificate of Achievement, a government unit must publish an easily 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 ninth 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 2005 CAFR may be viewed on our website: www.delawarepensions.com.

Delaware Public Employees' Retirement System received its third Public Pension Coordinating Council (PPCC) Award for 2005. The PPCC is a coalition of National Association of State Retirement Administrators (NASRA), National Council on Teacher Retirement (NCTR), and National Conference on Public Employee Retirement Systems (NCPERS). The major PPCC goal is to promote excellence in plan design and administration among state and local public retirement systems. The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration and serve as a benchmark by which all defined benefit public plans should be measured. Public Pension Standards include: comprehensive benefit programs, funding adequacy, receipt of GFOA award in current year, independent actuarial valuation, independent audit review resulting in an unqualified opinion from the auditor, independent investment performance evaluation, adoption of written fiduciary standards by Board and Investment Committee, and communications with membership.

INVESTMENTS

The System's investments had a 9.6% return in Fiscal Year 2005. The System's annualized total returns for the last five, ten and fifteen years are 3.1%, 9.7% and 10.2%, respectively. Relative to other public pension funds, the ranking of the System's performance is near the median for the one-year and five-year periods, and in the top 25% over the last ten years.



System investments are managed to control the downside risk to which assets are exposed while maximizing long-term gain potential. This strategy positions the System to limit the impact of adverse market conditions. During the year, investment market returns were moderately positive, with the S&P 500 stock index gaining 6.3% and the Lehman Aggregate bond index up 6.8%. The System's 9.6% return for the year is a function of the ongoing focus of risk control and diversification into non-traditional asset classes.

Pension Plan	Beginning Market Value July 1, 2004 <i>(expressed in thousands)</i>	Ending Market Value June 30, 2005 <i>(expressed in thousands)</i>	Percentage Increase/ (Decrease) in Market Value	Funding Status
State Employees'	\$ 5,248,680	\$ 5,608,509	6.9%	101.6%
Special	\$ 882	\$ 821	(6.9%)	108.1%
New State Police	\$ 130,737	\$ 148,657	13.7%	100.4%
Judicial	\$ 31,954	\$ 34,760	8.8%	79.7%
County & Municipal Police and Firefighters'	\$ 47,515	\$ 59,069	24.3%	97.4%
County & Municipal Other Employees'	\$ 4,162	\$ 6,959	67.2%	104.8%
Volunteer Firemen's	\$ 9,811	\$ 10,487	6.9%	46.5%
Diamond State Port Corporation	\$ 7,817	\$ 8,770	12.2%	91.9%
Closed State Police	\$ 2,887	\$ 623	(78.4%)	0.3%

DIRECT DEPOSIT -- THE ONLY SAFE WAY!

All pension checks and advices are distributed the day before the last working day of every month. Once your check has been mailed, we have no control -- nor do you. What you can control is a timely deposit of your money by having direct deposit. Money is transferred electronically so it is in your bank account on the last working day of each month. No mail delays, no lost or stolen checks, and, best of all, no worrying. With direct deposit, your money is safe and on time. If you do not have direct deposit, please contact our office for the necessary forms.

Upcoming pension check dates will be as follows:



- Tuesday, January 31, 2006
- Tuesday, February 28, 2006
- Friday, March 31, 2006
- Friday, April 28, 2006
- Wednesday, May 31, 2006

Pension checks are mailed the day before the last working day of each month.

DEAR DAVE:

Q. I notice that there is a “taxable” and a “non-taxable” benefit on my monthly notice of deposit. Why is this?

A. Section 72 of the Internal Revenue Code provides simplified method rules for determining tax-free and taxable portions of pension payments. The amount to be excluded from taxation is determined by using the total number of payments to be received and the investment in the contract. The total number of monthly payments expected to be received is based on your age at the pension effective date. The number of payments is based on the table issued by the Internal Revenue Service. The "investment in the contract" is your after tax employee contributions made to the pension fund prior to 1993.

Q. Who do I contact about my prescription plan with the State?

A. If a pensioner or a pensioner's spouse is having trouble getting their prescription at the drug store, they can contact the Pension Office Benefits Section. If they have questions regarding prescriptions from Express Scripts, they should contact Express Scripts directly at 1-800-513-9502.

Q. When can I make changes to my health or dental insurance?

A. Unless it is a life changing event (i.e. marriage, divorce, new birth, etc.), you cannot make changes until our Open Enrollment period which occurs in May of each year. Open Enrollment Packets are mailed during the first week of May and submitted changes will take affect on July 1st. If you do not receive your Open Enrollment Packet, please contact the Pension Office immediately.

DO YOU NEED TO CONTACT THE PENSION OFFICE?

In our continuing effort to provide the best service to our customers, the Office of Pensions utilizes a document imaging system to capture and process paper documents. To ensure that all pertinent information is recorded properly, we ask that you use only **black ink** when making corrections, signing, or making notations on paper items you send to our office. Other color inks and pencil markings are not always recognized by the equipment and may cause delays or errors in processing the document. Thank you for helping us to help you.

Did you know that you can also reach us by visiting our website:

www.delawarepensions.com

OR by sending an e-mail to:

pensionoffice@state.de.us

The Pension Office will be **CLOSED** on the following holidays:

NEW YEAR'S DAY--

Monday, January 2, 2006

MARTIN LUTHER KING BIRTHDAY --

Monday, January 16, 2006

PRESIDENT'S DAY --

Monday, February 20, 2006

GOOD FRIDAY --

Friday, April 14, 2006

MEMORIAL DAY --

Monday, May 29, 2006

