



Delaware Public Employees' Retirement System NEWSLETTER

Retiree Edition

December 2006

How is DPERS protecting you against Identity Theft?

The Delaware Public Employees' Retirement System (DPERS) has been working diligently to respond to requests from our members regarding privacy, especially concerning the use of member's Social Security numbers (SSNs). Our system now uses only the last four digits of the member's SSN on many documents and letters. We are continuing to revise other documents and processes to incorporate this practice.

Our computer system assigns an Employee Identification number (EMPLID) to each actively employed member. That same EMPLID stays with that member into retirement. By using the EMPLID to communicate with you, we can alleviate placing sensitive SSNs on any correspondence. Likewise, when you contact our office, please refer to the EMPLID that can be found on your direct deposit advice or on the correspondence

received from our office.

It's important to remember that although DPERS is moving away from using SSNs on correspondence, our computer system will always need an accurate and complete record of your social security number. This is because payroll information from employers is submitted by SSN and pension payments are reported to the Internal Revenue Service by SSN.



The Pension Office will be CLOSED on the following holidays:

NEW YEAR'S DAY

Monday, Jan. 1, 2007

MARTIN LUTHER KING, JR. DAY

Monday, Jan. 15, 2007

PRESIDENT'S DAY

Monday, Feb. 19, 2007

GOOD FRIDAY

Friday, April 16, 2007

MEMORIAL DAY

Monday, May 28, 2007

GETTING READY TO PREPARE YOUR 2006 TAX RETURNS?

Your tax form 1099R will be mailed no later than January 31, 2007. In the event that you wish to change your current tax withholding, a Tax Withholding Election (TWE) form will be included for your convenience. **Only submit this form if you wish to make a change.**

Is your address correct? If not, please send us a note indicating your new address and your signature so your record can be corrected. *Please note: we must have your address change request in writing accompanied by your signature.*

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

OFFICE OF PENSIONS

a division of the Office of Management & Budget

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

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

E-mail Address: pensionoffice@state.de.us
Web Address: www.delawarepensions.com

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

ANNUAL FINANCIAL REPORTING

The Board of Pension Trustees presented the 35th Comprehensive Annual Financial Report (CAFR) of the Delaware Public Employees' Retirement System (DPERS) at their September 29, 2006 meeting.

DPERS' CAFR for the year ended June 30, 2005 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.

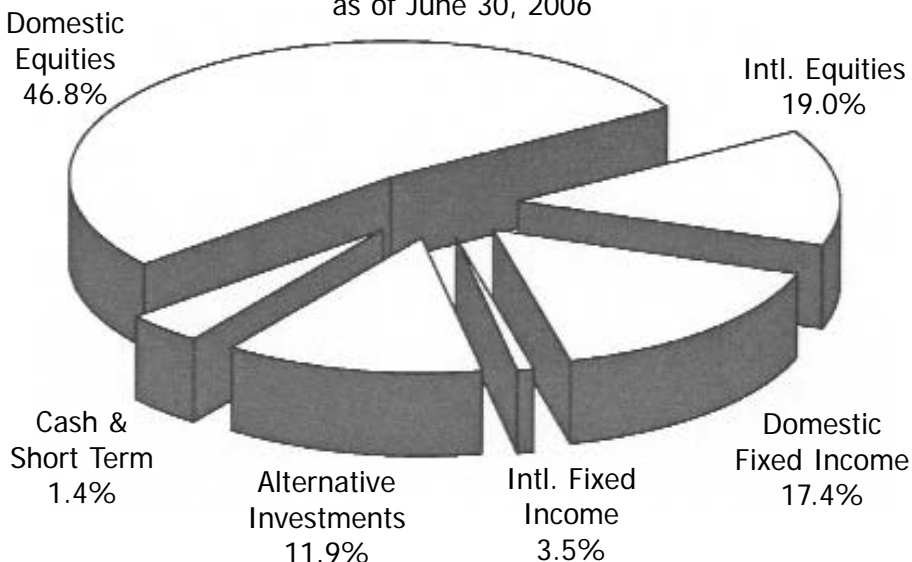
A Certificate of Achievement is valid for a period of one year only. This is the tenth consecutive year that DPERS has received a Certificate of Achievement. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The complete FY 2006 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 12.4% return in Fiscal Year 2006. The System's annualized total returns for the last five, ten and fifteen years are 6.9%, 9.2% and 10.8%, respectively. Relative to other public pension funds, the ranking of the System's performance is above the median for the most recent five-year period, and in the top 25% for the past one-year and ten-year periods.

Asset Allocation
as of June 30, 2006



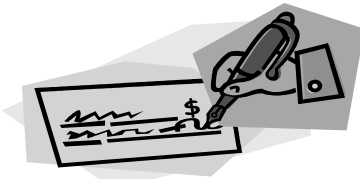
System investments are managed to control the downside risk to which assets are exposed while maximizing long-term gain potential. This strategy positions the System to limit the impact of adverse market conditions. During the year, investment market returns were moderately positive, with the S&P 500 stock index gaining 8.6% and the Lehman Aggregate bond index falling (0.8%). The System's 12.4% 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, 2005 <i>(in thousands)</i>	Ending Market Value June 30, 2006 <i>(in thousands)</i>	Percentage Increase/ (Decrease) in Market Value	Funding Status
State Employees'	\$ 5,608,509	\$ 6,133,144	9.4%	101.7%
Special	\$ 821	\$ 754	(8.2%)	107.1%
New State Police	\$ 148,657	\$ 173,230	16.5%	99.4%
Judicial	\$ 34,760	\$ 39,212	12.8%	76.5%
County & Municipal Police and Firefighters'	\$ 59,069	\$ 73,413	24.3%	99.0%
County & Municipal Other Employees'	\$ 6,959	\$ 8,673	24.6%	92.5%
Volunteer Firemen's	\$ 10,487	\$ 11,498	9.6%	47.4%
Diamond State Port Corporation	\$ 8,770	\$ 10,486	19.6%	81.3%
Closed State Police	\$ 623	\$ 1,549	148.6%	0.6%

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:



- Wednesday, January 31, 2007
- Wednesday, February 28, 2007
- Friday, March 30, 2007
- Monday, April 30, 2007
- Thursday, May 31, 2007

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

PRESCRIPTION HIGHLIGHTS

Beginning July 1, 2006, Medco Health Solutions, Inc., (Medco) provides prescription drug benefits to any eligible pensioner, spouse, or dependent who is enrolled in a health care plan through the Pension Office (with the exception of the Blue Cross Basic Plan).

MEDCO Member Services can provide you with:

- ❖ *answers to your questions regarding prescription coverage,*
- ❖ *a copy of the 2007 Formulary,*
- ❖ *additional Identification Cards for your dependents,*
- ❖ *verification if your local retail pharmacy belongs to the maintenance network and can fill your 90-day prescription for you at the same cost as Medco-by-Mail, and*
- ❖ *information on the coverage review process and how to initiate a review if you have a prescription rejected at the pharmacy for Generic vs. Brand coverage, Step Therapy, or quantity level limitations.*

*Remember- call MEDCO Member Services
800-939-2142
or visit their website, www.medco.com*

Second Opinion Program for Retirees & Employees*

Expert advice when you need it most from leading medical centers around the world, including Harvard's teaching hospitals, the Cleveland Clinic and London's King's College Hospital.

- ↳ No additional cost
- ↳ No co-payment, no co-insurance
- ↳ No enrollment necessary
- ↳ No waiting period
- ↳ No need to travel

If you, your spouse or dependent are diagnosed with a serious medical condition, call MediGuide at 1-800-961-4843.

BE SMART ABOUT YOUR HEALTH
SECOND OPINIONS SAVE LIVES

*Available to all benefit eligible State of Delaware employees and retirees, as well as spouses and dependents, who are enrolled in a State of Delaware group health plan.

www.mediguides.com/groups/stateofdelaware



LAST MINUTE SHOPPING? Has that gift giving panic set in yet? Want to avoid the mad rush at the big malls? Relax, pull up your favorite chair and put the Motivano elves to work for you. From big screen televisions to Christmas centerpieces, www.motivano.com and the SmartSavings Marketplace can make your holiday shopping experience as simple as getting your mail. Don't put it off another minute - time is short and the shopping days are running out, but the discounts aren't. Happy Holidays!

To access the Motivano SmartSavings Marketplace, please follow the login instructions below:

- " Logon to www.motivano.com
- " Select "SmartSavings MarketPlace" from the Account Login menu
- " Enter Username: delaware
Password: delaware05
Note: username and password are case-sensitive

Questions: Contact Motivano's Customer Care Team at (866) 664-4603

