



Delaware Public Employees' Retirement System NEWSLETTER

Active Member Edition

January 2007

PRE-RETIREMENT WORKSHOPS

Do you understand your pension benefits? The Office of Pensions annually conducts free spring and fall pre-retirement workshops at locations in each county. We also offer to present a pre-retirement workshop at your place of employment.

Some of the topics included in the workshop are health insurance, group death benefits, survivor benefits and the retirement process. At the end of the presentation, you will be shown how to calculate your pension benefit by using the calculator on our website at www.delawarepensions.com. Review the calendar of events on our website for the schedule of fall and spring workshops.

In addition, a full day pre-retirement conference sponsored by the Office of Management and

Budget is held in the fall for State employees who will be retiring within five years. This full day conference requires a payment and is usually held in Dover.

Speak with your Human Resource Department about your interest in a workshop at your job site. If there is enough interest, they may contact our office to coordinate a date and time for our presentation.

The Office of Pensions is here to serve you by phone at 302-739-4208 or 1-800-722-7300. We can also be reached through e-mail at pensionoffice@state.de.us.

PRE-TAX COMMUTER BENEFIT PROGRAM RETURNING THIS SPRING

The State of Delaware Pre-Tax Commuter Benefit Program is returning this spring. For all employees who utilize mass transit or the vanpool to get to and from work or who pay to park while working, this pre-tax commuter benefit allows you to save money on the fees that you are paying for these transportation costs. The Internal Revenue Service allows you to set aside up to \$215 per month in pre-tax money to pay for your parking expenses incurred when you go to work. The IRS also allows you to set aside up to \$110 per month in pre-tax dollars to pay for mass transit or van pooling expenses incurred as you travel to and from work. Enrollment will begin in March of 2007. ASI will be the vendor for the Pre-Tax Transportation benefit. Enrollment is ongoing each month and works as follows:

- Enroll online through ASI to make a pre-tax transportation benefit election by the 15th of the month; deductions are taken from the first two paychecks of the following month to pay in advance for your transportation costs in the third month.
- For example, if you enroll by March 15, 2007, deductions for your monthly election will be divided between the two checks in April (April 13, 2007 and April 27, 2007) and these two deductions will be used to pay for your transportation costs for May of 2007.
- In most cases, payment is made directly to the parking garage or transportation vendor (DART or vanpool service).
- Please watch for more details in your March 2, 2007 paycheck and online at www.ben.omb.delaware.gov/commuter

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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.

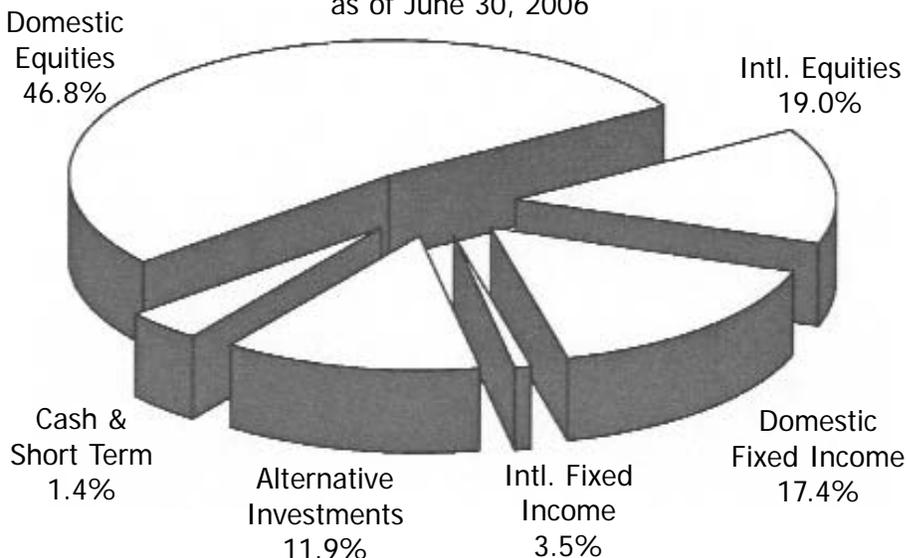
Delaware Public Employees' Retirement System received its third Public Pension Coordinating Council (PPCC) Award for 2005. The PPCC is a coalition of National Association of State Retirement Administrators (NASRA), National Council on Teacher Retirement (NCTR), and National Conference on Public Employee 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%

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.

2006 COMPREHENSIVE ANNUAL STATEMENTS

Employee Comprehensive Annual Statements will be mailed in late winter. This statement will indicate your estimated pension benefit as of December 31, 2006, along with your beneficiary data as of the printing date.

Examine these statements carefully and notify us, following the instructions included with the statement, if any changes are required. Please e-mail our office with any comments you have regarding the statement format and information provided along with your suggestions for future improvements.

Visit our website at 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 newsletters.



Dear Dave:

Q. If I terminate employment and want to withdraw my contributions plus interest, how long will it take to receive my money?

A. The processing of your withdrawal is not automatic. A Withdrawal of Benefit form is available from your Human Resource Office or on our Website <http://www.delawarepensions.com>, or by calling our office. After you receive your last payroll check, we verify and update our database so your refund can be processed within three months, assuming all of the forms have been submitted and properly completed.

Contributions and interest may be sent directly to you or, if taxable, rolled into another qualified plan or IRA to avoid federal income tax. The Pension Office will send the Roll Over Election form to you. If the withdrawal is sent directly to you, we will withhold 20% of the taxable portion for federal income taxes. You may also have to pay a 10% penalty for early withdrawal when you file your federal tax return. If you roll over your withdrawal, it is helpful to contact the financial institution you are rolling the funds into to see if there are any specific instructions or information necessary before the rollover can be accepted. If you have any post-tax money in your account, we will refund the taxed portion to you.

You will receive a 1099R tax form at the beginning of the following calendar year.

Q. I am 60 years old and have 15 years service with the State. Can I retire and start receiving my pension immediately? Will my pension be reduced?

A. Yes, you are eligible to start receiving your pension immediately. No, your pension will not be reduced.

Q. I was hired on 1/1/1989, have 18 years of service as of 12/31/2006, and am 58 years old. If I retire, will I be eligible for the "Employer State Share of the Health Insurance" that is currently being paid for me and will I continue to pay the employee share?

A. Yes, the reason is because your hire date was prior to 7/1/1991.

Q. I have decided to retire and need to know who to contact to start my pension process?

A. Please contact your Human Resource Department (HR) to begin your pension process. Your HR Department is responsible for completing the pension creditable service and the personal information portions of your pension application. Our office recommends notifying your HR Department about 3 months in advance of your intended retirement date. You will also receive other necessary forms to complete your pension package from your HR Department. Your HR Department will send your pension package to the Office of Pensions and we will verify and enter your information into our payroll system. Any eligible buy-in of service options will be sent to you from the Pension Office.



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

PRESIDENT'S DAY --

Monday, February 19, 2007

GOOD FRIDAY --

Friday, April 6, 2007

MEMORIAL DAY --

Monday, May 28, 2007

INDEPENDENCE DAY --

Wednesday, July 4, 2007