

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 18-0477.01 Nicole Myers x4326

SENATE BILL 18-200

SENATE SPONSORSHIP

Tate and Priola, Jahn

HOUSE SPONSORSHIP

Becker K. and Pabon,

Senate Committees

Finance

House Committees

A BILL FOR AN ACT

101 CONCERNING MODIFICATIONS TO THE PUBLIC EMPLOYEES'
102 RETIREMENT ASSOCIATION HYBRID DEFINED BENEFIT PLAN
103 NECESSARY TO ELIMINATE WITH A HIGH PROBABILITY THE
104 UNFUNDED LIABILITY OF THE PLAN WITHIN THE NEXT THIRTY
105 YEARS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The public employees' retirement association (PERA) provides retirement and other benefits to employees of the school districts, state,

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

local governments, and other public entities across the state. The bill makes changes to the hybrid defined benefit plan administered by PERA with the goal of eliminating, with a high probability, the unfunded actuarial accrued liability of each of PERA's divisions and thereby reach a 100% funded ratio for each division within the next 30 years. The bill modifies benefits, increases contributions, ensures alignment of contributions, service credit, and benefits, and makes other modifications as follows:

Highest Average Salary (HAS): Currently, for a PERA member who is not in the judicial division of PERA, the member's HAS is based on an average of the highest annual salaries associated with 3 periods of 12 consecutive months of service with a base year. For a PERA member who is in the judicial division of PERA, the member's HAS is based on an average of the highest annual salaries associated with 12 consecutive months of service. For all new PERA members hired on or after January 1, 2020, who are not in the judicial division, and for all existing PERA members who do not have 5 years of service credit as of January 1, 2020, who are not in the judicial division, the bill modifies the HAS calculation to be based on an average of the highest annual salaries associated with 7 periods of 12 consecutive months of service with a base year. For all new PERA members hired on or after January 1, 2020, who are in the judicial division, and for all existing PERA members in the judicial division who do not have 5 years of service credit as of January 1, 2020, the bill modifies the HAS calculation to be based on an average of the highest annual salaries associated with 3 periods of 12 consecutive months of service with a base year.

Definition of salary: The bill modifies the definition of salary. Specifically, the bill states that amounts deducted from pay pursuant to a cafeteria plan or a qualified transportation plan are included in the definition of salary. In addition, the bill clarifies that unused sick leave converted to cash payments is included in the definition of salary and that insurance premiums paid by employers are not included in the definition of salary.

Termination of affiliation: Current law allows a political subdivision of the state that is an employer associated with PERA and that is assigned to the local government division of PERA to terminate its affiliation with PERA upon application to the PERA board. The bill specifies that any employer that ceases operations or ceases to participate in PERA for any reason is deemed to have terminated its affiliation with PERA. The bill states that any such employer is required to fully fund its share of the unfunded liability of the defined benefit plan and its share of the unfunded liability of the health care trust fund. The bill specifies that the PERA board will determine the amount of such payments and that such determinations may be appealed by the employer through the administrative review process established in the board rules. The bill

further specifies that the employees of an employer that terminates its affiliation with PERA will become inactive members of PERA as of the date of the termination. Such members may elect to have their member contributions credited to an alternative pension plan or refunded. In the absence of such election, the member contributions will remain with PERA.

Increase in member contributions: Currently, all PERA members with the exception of state troopers contribute 8% of their salary to PERA on a monthly basis. State troopers contribute 10% of their salary to PERA on a monthly basis. On July 1, 2018, and again on January 1, 2019, the monthly member contribution to PERA will increase by .5% of salary. On July 1, 2019, and again on January 1, 2020, the monthly member contribution to PERA will increase by 1% of salary. When all increases are fully implemented, the total contribution will be 11% of salary each month for PERA members who are not state troopers and 13% each month for PERA members who are state troopers.

Increase in employer contributions: Currently, all PERA employers contribute an amount equal to a percentage of the member's salary to PERA on a monthly basis. For most employers, the monthly contribution amount is equal to 10.15% of the member's salary. For state troopers, the monthly employer contribution amount is equal to 12.85% of the member's salary and for members of the judicial division, the monthly employer contribution amount is equal to 13.66% of the member's salary. On July 1, 2018, and again on July 1, 2019, the monthly employer contribution to PERA on behalf of members will increase by 1% of salary. When both increases are fully implemented, the total contribution will be equal to 12.15% of salary each month for most PERA employers, 14.85% each month for PERA employers who employ state troopers, and 15.66% for PERA employers in the judicial division.

Automatic contribution and annual increase amount changes: The bill specifies the circumstances under which the employer contribution rate, the member contribution rate, and the annual increase percentage for retirement benefits can be adjusted so the fund remains within the target of paying off the unfunded liability within 30 years. The bill specifies that the yearly adjustments can be up to one-quarter of one percent on the annual increase percentage, one-half of one percent on the employer contribution percentage, and one-half of one percent on the employee contribution percentage. The bill places limits on how much the annual increase and contribution rates can be adjusted.

Defined contribution supplement: Beginning January 1, 2022, the bill requires employer contribution rates to be adjusted to include a defined contribution supplement. The defined contribution supplement for each division will be the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability, plus

any defined benefit investment earnings thereon, expressed as a percentage of salary on which employer contributions have been made. The employer contribution amounts only include contributions made on behalf of eligible employees who commence employment on or after January 1, 2020.

Earned service credit for part-time work: Currently, a PERA member earns a full year of service credit for 12 months of employment if the member earns a salary of 80 times federal minimum wage in each month. This applies even if the member does not work full time. In addition, a PERA member earns a full year of service credit if the member's employment pattern covers at least 8 months but less than 12 months in a year, so long as the member worked at least 8 months in the 12-month period. The bill modifies the way service credit is earned for part-time work for any PERA member who was not a member, inactive member, or retiree on or before December 31, 2019. Such members earn a full year of service credit for 12 months of employment if the member works full time or works at least 8 months but less than 12 months in a year. If the member does not work full time, the earned service credit will be determined by the ratio of part-time work to full-time work and the number of months for which contributions are remitted to the number of months required for a year of service credit.

Service retirement eligibility for new members: For PERA members who begin employment on or after January 1, 2020, the bill increases the age and service requirements for full-service retirement benefits for most divisions to age 65 with a minimum of 5 years of service or any age with a minimum of 40 years of service credit. For state troopers who begin employment on or after January 1, 2020, the bill increases the age and service requirements for full-service retirement benefits to age 55 with a minimum of 25 years of service credit or any age with a minimum of 35 years of service credit. State troopers are also eligible for full-service retirement benefits at age 65 with 5 years of service credit. For PERA members who begin employment on or after January 1, 2020, the bill also increases the age and service requirements for a reduced service retirement benefit to 55 years with a minimum of 25 years of service credit; except that, for state troopers, the bill increases the requirements to 55 years with a minimum of 20 years of service credit.

Service retirement eligibility for current members: Beginning January 1, 2020, for members, excluding state troopers, who are members, inactive members, or retirees on December 31, 2019, the age requirement to receive service retirement benefits or reduced service retirement benefits currently specified in law is the age requirement for each member plus one year for every 4 years that the member's age is less than 46 years on January 1, 2020. In no event shall the age requirement to receive service retirement benefits exceed 65 years for any member for a service retirement benefit or 60 years for any member for a reduced

service retirement benefit.

Cost of living adjustment (COLA) for all retirees, members, and inactive members: Currently, the annual COLA for benefit recipients who began membership prior to January 1, 2007, is 2%. For the years 2018 and 2019, the bill reduces the COLA to 0%. For each year thereafter, the bill changes the COLA to 1.25%, unless it is adjusted pursuant to the automatic adjustment provisions explained above. In addition, the bill requires benefit recipients whose effective date of retirement is on or after January 1, 2011, and who have not received a COLA on or before May 1, 2018, to receive benefits for at least a 36-month period following retirement before the benefit is adjusted with the COLA.

Defined contribution plan: Currently, members in the state division of PERA hired on or after January 1, 2006, may choose to participate in the defined contribution plan administered by PERA rather than the defined benefit plan. A member's participant account receives the monthly employer contribution, and the amortization equalization disbursement (AED) and supplemental amortization equalization disbursement (SAED) payments are used to amortize the unfunded liability of the defined benefit plan. Beginning January 1, 2020, members of the school division, the Denver public schools division, local government division, and judicial division of PERA hired on or after that date may also choose to participate in the defined contribution plan. A new member's participant account will receive the same employer contribution as received by current members of the defined contribution plan.

Public pension legislative oversight committee: The bill creates the public pension legislative oversight committee to study and develop proposed legislation relating to the funding and benefit designs of PERA and the fire and police pension association. The committee is comprised of 4 senators appointed by the president of the senate, 6 representatives appointed by the speaker of the house of representatives, and 4 experts in the area of pensions or retirement plan designs appointed by the state treasurer. The bill specifies limitations on the number of appointees that may be from the same political party. The bill also specifies that the state treasurer's appointees are required to have significant experience and competence in investment management, finance, banking, economics, accounting, pension administration, or actuarial analysis and shall not be members, inactive members, or retirees of PERA or the fire and police pension association. The bill repeals the police officers' and firefighters' pension reform commission on January 1, 2019.

1 *Be it enacted by the General Assembly of the State of Colorado:*

1 **SECTION 1. Legislative declaration.** (1) The general assembly
2 finds and declares that:

3 (a) The general assembly bears fiduciary responsibility for the
4 association and its long-term financial sustainability;

5 (b) Providing retirement security and benefits are an important
6 value of the general assembly;

7 (c) According to its own published reports referencing the
8 governmental accounting standards board, the public employees'
9 retirement association (association) is underfunded by over fifty billion
10 dollars and has a funded ratio of less than fifty percent;

11 (d) In its current financial condition, the association is at risk for
12 insolvency in the coming years should certain negative economic events
13 occur that would threaten the retirement security of retired public sector
14 workers;

15 (e) The sooner the general assembly meaningfully addresses this
16 dire situation, the more likely that the state will be able to meet its
17 obligations to provide retirement security to association participants
18 across economic cycles;

19 (f) The general assembly bears responsibility to maintain
20 retirement security by acting in the best interests of today's and
21 tomorrow's public sector employees, association beneficiaries, association
22 employers, and the taxpayers who are ultimately responsible for funding
23 the employers and thus the benefits provided to retirees;

24 (g) Colorado's credit rating was recently placed on a negative
25 outlook by the standard and poors rating agency because of the
26 association's low funded ratios as well as annual contribution rates below
27 the actuarially determined contribution rate;

1 (h) If Colorado's pension funding ratio continues to decline or if
2 no significant plan is adopted to improve funding of the pension program,
3 the state's credit rating will likely be downgraded; and

4 (i) A downgrade in the state's credit rating will affect both the
5 state's financial position and operations by increasing the cost of
6 accessing capital markets for both the state and the other institutions that
7 rely on the state's credit rating.

8 (2) The general assembly further finds and declares that the
9 changes in this act are reasonable and necessary to serve the important
10 public purpose of ensuring the association's long-term financial
11 sustainability.

12 **SECTION 2.** In Colorado Revised Statutes, 24-51-101, **amend**
13 the introductory portion, (25)(a), (25)(b)(V), (42)(a), and (42)(b); and **add**
14 (25)(b)(VI) and (25)(b)(VII) as follows:

15 **24-51-101. Definitions.** As used in this ~~article~~ ARTICLE 51, unless
16 the context otherwise requires and except as otherwise defined in part 17
17 of this ~~article~~ ARTICLE 51:

18 (25) (a) "Highest average salary" means:

19 (I) (A) FOR A MEMBER OR INACTIVE MEMBER WHO HAS FIVE YEARS
20 OF SERVICE CREDIT ON DECEMBER 31, 2019, OR A RETIREE WHO WAS
21 RETIRED ON DECEMBER 31, 2019, one-twelfth of the average of the
22 highest annual salaries upon which contributions were paid, whether
23 earned from one or more employers, that are associated with three periods
24 of twelve consecutive months of service credit;

25 (B) FOR A MEMBER OR INACTIVE MEMBER WHO DOES NOT HAVE
26 FIVE YEARS OF SERVICE CREDIT ON DECEMBER 31, 2019, OR A MEMBER
27 WHO WAS NOT A MEMBER, INACTIVE MEMBER, OR RETIREE ON DECEMBER

1 31, 2019, ONE-TWELFTH OF THE AVERAGE OF THE HIGHEST ANNUAL
2 SALARIES UPON WHICH CONTRIBUTIONS WERE PAID, WHETHER EARNED
3 FROM ONE OR MORE EMPLOYERS, THAT ARE ASSOCIATED WITH SEVEN
4 PERIODS OF TWELVE CONSECUTIVE MONTHS OF SERVICE CREDIT;

5 (II) For a member who does not have the requisite ~~three~~ years of
6 service credit, one-twelfth of the average of the total annual salaries
7 earned during membership upon which contributions were paid;

8 (III) For benefits ~~which~~ THAT become effective on or after January
9 1, 1982, where the individual earned less than one year of service credit
10 after December 31, 1980, one-twelfth of the average of the highest annual
11 salaries upon which contributions were paid which were associated with
12 five consecutive years of service credit; ~~or~~

13 (IV) Notwithstanding any other provision of this ~~paragraph (a)~~
14 SUBSECTION (25)(a) to the contrary, for members of the judicial division
15 WHO HAVE FIVE YEARS OF SERVICE CREDIT ON DECEMBER 31, 2019,
16 retiring on or after July 1, 1997, one-twelfth of the highest annual salary
17 upon which contributions were paid for twelve consecutive months; OR

18 (V) NOTWITHSTANDING ANY OTHER PROVISION OF THIS
19 SUBSECTION (25)(a) TO THE CONTRARY, FOR MEMBERS OF THE JUDICIAL
20 DIVISION WHO DO NOT HAVE FIVE YEARS OF SERVICE CREDIT ON
21 DECEMBER 31, 2019, OR FOR MEMBERS OF THE JUDICIAL DIVISION WHO
22 WERE NOT MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31,
23 2019, ONE-TWELFTH OF THE AVERAGE OF THE HIGHEST ANNUAL SALARIES
24 UPON WHICH CONTRIBUTIONS WERE PAID THAT ARE ASSOCIATED WITH
25 THREE PERIODS OF TWELVE CONSECUTIVE MONTHS OF SERVICE CREDIT.

26 (b) (V) Notwithstanding any other provision of this ~~paragraph (b)~~
27 SUBSECTION (25)(b), in calculating highest average salary for a member

1 or inactive member not eligible for service or reduced service retirement
2 on January 1, 2011, AND WHO WAS A MEMBER OR INACTIVE MEMBER WITH
3 FIVE YEARS OF SERVICE CREDIT ON DECEMBER 31, 2019, OR A RETIREE ON
4 DECEMBER 31, 2019, the association shall determine the highest annual
5 salaries associated with four periods of twelve consecutive months of
6 service credit. The lowest of such annual salaries shall be the base salary.
7 The first annual salary to be used in the highest average salary calculation
8 shall be the actual salary reported up to one hundred eight percent of the
9 base salary. The second annual salary to be used in the highest average
10 salary calculation shall be the actual salary reported up to one hundred
11 eight percent of the first annual salary used in the highest average salary
12 calculation. The third annual salary to be used in the highest average
13 salary calculation shall be the actual salary reported up to one hundred
14 eight percent of the second annual salary used in the highest average
15 salary calculation. This ~~subparagraph (V)~~ SUBSECTION (25)(b)(V) shall
16 not apply to members of the judicial division, except for DPS members
17 of the judicial division who have exercised portability pursuant to section
18 24-51-1747 and selected the Denver public schools benefit structure. This
19 ~~subparagraph (V)~~ SUBSECTION (25)(b)(V) shall apply to DPS members in
20 accordance with section 24-51-1702 (17).

21 (VI) NOTWITHSTANDING ANY OTHER PROVISION OF THIS
22 SUBSECTION (25)(b), IN CALCULATING HIGHEST AVERAGE SALARY FOR A
23 MEMBER OR INACTIVE MEMBER WHO DOES NOT HAVE FIVE YEARS OF
24 SERVICE CREDIT ON DECEMBER 31, 2019, OR WHO WAS NOT A MEMBER,
25 INACTIVE MEMBER, OR RETIREE ON DECEMBER 31, 2019, THE ASSOCIATION
26 SHALL DETERMINE THE HIGHEST ANNUAL SALARIES ASSOCIATED WITH
27 EIGHT PERIODS OF TWELVE CONSECUTIVE MONTHS OF SERVICE CREDIT.

1 THE LOWEST OF SUCH ANNUAL SALARIES SHALL BE THE BASE SALARY. THE
2 FIRST ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY
3 CALCULATION SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE
4 HUNDRED EIGHT PERCENT OF THE BASE SALARY. THE SECOND ANNUAL
5 SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION
6 SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT
7 PERCENT OF THE FIRST ANNUAL SALARY USED IN THE HIGHEST AVERAGE
8 SALARY CALCULATION. THE THIRD ANNUAL SALARY TO BE USED IN THE
9 HIGHEST AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY
10 REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE SECOND ANNUAL
11 SALARY USED IN THE HIGHEST AVERAGE SALARY CALCULATION. THE
12 FOURTH ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY
13 CALCULATION SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE
14 HUNDRED EIGHT PERCENT OF THE THIRD ANNUAL SALARY USED IN THE
15 HIGHEST AVERAGE SALARY CALCULATION. THE FIFTH ANNUAL SALARY TO
16 BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION SHALL BE THE
17 ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE
18 FOURTH ANNUAL SALARY USED IN THE HIGHEST AVERAGE SALARY
19 CALCULATION. THE SIXTH ANNUAL SALARY TO BE USED IN THE HIGHEST
20 AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY
21 REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE FIFTH ANNUAL
22 SALARY USED IN THE HIGHEST AVERAGE SALARY CALCULATION. THE
23 SEVENTH ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY
24 CALCULATION SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE
25 HUNDRED EIGHT PERCENT OF THE SIXTH ANNUAL SALARY USED IN THE
26 HIGHEST AVERAGE SALARY CALCULATION. THIS SUBSECTION (25)(b)(VI)
27 DOES NOT APPLY TO MEMBERS OF THE JUDICIAL DIVISION, EXCEPT FOR DPS

1 MEMBERS OF THE JUDICIAL DIVISION WHO HAVE EXERCISED PORTABILITY
2 PURSUANT TO SECTION 24-51-1747 AND SELECTED THE DPS BENEFIT
3 STRUCTURE. THIS SUBSECTION (25)(b)(VI) APPLIES TO DPS MEMBERS IN
4 ACCORDANCE WITH SECTION 24-51-1702 (17).

5 (VII) NOTWITHSTANDING ANY OTHER PROVISION OF THIS
6 SUBSECTION (25)(b), FOR MEMBERS OF THE JUDICIAL DIVISION WHO DO
7 NOT HAVE FIVE YEARS OF SERVICE CREDIT ON DECEMBER 31, 2019, OR FOR
8 MEMBERS OF THE JUDICIAL DIVISION WHO WERE NOT MEMBERS, INACTIVE
9 MEMBERS, OR RETIREES ON DECEMBER 31, 2019, THE ASSOCIATION SHALL
10 DETERMINE THE HIGHEST ANNUAL SALARIES ASSOCIATED WITH FOUR
11 PERIODS OF TWELVE CONSECUTIVE MONTHS OF SERVICE CREDIT. THE
12 LOWEST OF SUCH ANNUAL SALARIES SHALL BE THE BASE SALARY. THE
13 FIRST ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY
14 CALCULATION SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE
15 HUNDRED EIGHT PERCENT OF THE BASE SALARY. THE SECOND ANNUAL
16 SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION
17 SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT
18 PERCENT OF THE FIRST ANNUAL SALARY USED IN THE HIGHEST AVERAGE
19 SALARY CALCULATION. THE THIRD ANNUAL SALARY TO BE USED IN THE
20 HIGHEST AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY
21 REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE SECOND ANNUAL
22 SALARY USED IN THE HIGHEST AVERAGE SALARY CALCULATION.

23 (42) (a) "Salary" means compensation for services rendered to an
24 employer and includes: Regular salary or pay; any pay for administrative,
25 sabbatical, annual, sick, vacation, or personal leave AND COMPENSATION
26 FOR UNUSED LEAVE CONVERTED TO CASH PAYMENTS; pay for
27 compensatory time or holidays; payments by an employer from grants;

1 amounts deducted from pay pursuant to tax-sheltered savings or
2 retirement programs; amounts deducted from pay for a health savings
3 account as defined in 26 U.S.C. sec. 223, as amended, or any other type
4 of retirement health savings account program; AMOUNTS DEDUCTED FROM
5 PAY PURSUANT TO A CAFETERIA PLAN AS DEFINED IN 26 U.S.C. SEC. 125,
6 AS AMENDED, A QUALIFIED TRANSPORTATION FRINGE BENEFIT PLAN AS
7 DEFINED IN 26 U.S.C. SEC. 132, AS AMENDED; performance or merit
8 payments, if approved by the board; special pay for work-related injuries
9 paid by the employer prior to termination of membership; and retroactive
10 salary payments pursuant to court orders, arbitration awards, or litigation
11 and grievance settlements.

12 (b) "Salary" does not include: Commissions; ~~compensation for~~
13 ~~unused sick leave converted at any time to cash payments;~~ compensation
14 for unused sick, annual, vacation, administrative, or other accumulated
15 paid leave contributed to a health savings account as defined in 26 U.S.C.
16 sec. 223, as amended, or a retirement health savings program; housing
17 allowances; uniform allowances; automobile usage; insurance premiums
18 ~~dependent care assistance;~~ PAID BY EMPLOYERS; reimbursement for
19 expenses incurred; tuition or any other fringe benefits, regardless of
20 federal taxation; bonuses for services not actually rendered, including, but
21 not limited to, early retirement inducements, Christmas bonuses, cash
22 awards, honorariums and severance pay, damages, except for retroactive
23 salary payments paid pursuant to court orders or arbitration awards or
24 litigation and grievance settlements, or payments beyond the date of a
25 member's death.

26 **SECTION 3.** In Colorado Revised Statutes, 24-51-313, **amend**
27 (1) as follows:

1 **24-51-313. Termination of affiliation - employer assigned to**
2 **local government division - requirements.** (1) Any political
3 subdivision within the state of Colorado or any public agency created by
4 such a political subdivision that is an employer affiliated with the
5 association pursuant to ~~the provisions of~~ section 24-51-309 and that is
6 assigned to the local government division may make application to the
7 board to terminate the affiliation of the employer with the association.
8 The application shall be made by submitting to the board an ordinance or
9 resolution that has been adopted by the governing body of the employer
10 and that has been approved by at least sixty-five percent of the employees
11 of the employer who are members. Such employee members of the
12 employer shall be notified in writing of the provisions of section
13 24-51-321 prior to a vote on an ordinance or resolution to terminate the
14 affiliation of the employer with the association. NOTWITHSTANDING THE
15 PROVISIONS OF THIS SUBSECTION (1), ANY SUCH EMPLOYER THAT CEASES
16 OPERATIONS OR CEASES TO PARTICIPATE IN THE ASSOCIATION FOR ANY
17 REASON SHALL BE DEEMED TO HAVE TERMINATED ITS AFFILIATION WITH
18 THE ASSOCIATION AND MUST COMPLY WITH THE PROVISIONS OF SECTIONS
19 24-51-315 THROUGH 24-51-319.

20 **SECTION 4.** In Colorado Revised Statutes, 24-51-315, **amend**
21 (1) and (2); and **add** (5) and (6) as follows:

22 **24-51-315. Termination of affiliation - reserves requirement.**

23 (1) The board ~~shall~~ HAS THE AUTHORITY TO determine the amount of
24 reserves required as of the effective date of termination of affiliation to:

25 (a) Maintain current benefits payable by the association to benefit
26 recipients and to preserve the vested rights of inactive members; ~~The~~
27 ~~amount of reserves shall be determined by the board utilizing certified~~

1 ~~actuarial reports prepared by the actuary. The actuarial report shall also~~
2 ~~certify that the termination of affiliation shall not have an adverse~~
3 ~~financial impact on the actuarial soundness of the local government~~
4 ~~division trust fund. If the actuary determines, in accordance with accepted~~
5 ~~actuarial principles, that the termination of affiliation shall have an~~
6 ~~adverse financial impact on the actuarial soundness of the local~~
7 ~~government division trust fund, the applicant shall not be permitted to~~
8 ~~terminate affiliation.~~ AND

9 (b) FULLY FUND THE LIABILITY FOR BENEFITS PAYABLE BY THE
10 ASSOCIATION FROM THE HEALTH CARE TRUST FUND CREATED BY SECTION
11 24-51-1201(1) TO CURRENT AND FUTURE BENEFIT RECIPIENTS PURSUANT
12 TO PART 12 OF THIS ARTICLE 51.

13 (2) THE AMOUNT OF RESERVES REQUIRED UNDER SUBSECTIONS
14 (1)(a) AND (1)(b) OF THIS SECTION SHALL BE DETERMINED BY THE BOARD
15 UTILIZING CERTIFIED ACTUARIAL REPORTS PREPARED BY THE ACTUARY.
16 THE ACTUARIAL STUDY SHALL BE CONDUCTED USING ASSUMPTIONS
17 APPROVED BY THE BOARD. THE ACTUARIAL REPORT SHALL ALSO CERTIFY
18 THAT THE TERMINATION OF AFFILIATION SHALL NOT HAVE AN ADVERSE
19 FINANCIAL IMPACT ON THE ACTUARIAL SOUNDNESS OF THE LOCAL
20 GOVERNMENT DIVISION TRUST FUND. IF THE ACTUARY DETERMINES, IN
21 ACCORDANCE WITH ACCEPTED ACTUARIAL PRINCIPLES, THAT THE
22 TERMINATION OF AFFILIATION SHALL HAVE AN ADVERSE FINANCIAL
23 IMPACT ON THE ACTUARIAL SOUNDNESS OF THE LOCAL GOVERNMENT
24 DIVISION TRUST FUND, THE APPLICANT SHALL NOT BE PERMITTED TO
25 TERMINATE AFFILIATION. On the effective date of termination of
26 affiliation, the actuarial reports prepared pursuant to ~~the provisions of~~
27 ~~subsection (1) of this section~~ THIS SUBSECTION (2) shall be updated to

1 finalize the amount of reserves required for the purposes specified in
2 ~~subsection (1) of this section~~ THIS SUBSECTION (2). The employer making
3 the application and the employees of such employer who are members
4 shall not be required to make any contributions to the association
5 subsequent to the effective date of termination.

6 (5) THE DISCOUNT RATE USED FOR DETERMINING THE AMOUNT OF
7 RESERVES IN SUBSECTION (1) OF THIS SECTION SHALL BE THE ACTUARIAL
8 INVESTMENT ASSUMPTION RATE AS SET BY THE BOARD PURSUANT TO
9 SECTIONS 24-51-101 (2) AND 24-51-204 (5) MINUS TWO HUNDRED BASIS
10 POINTS.

11 (6) DETERMINATIONS MADE BY THE BOARD IN THIS SECTION AND
12 SECTIONS 24-51-313 AND 24-51-316, SHALL BE APPEALED THROUGH THE
13 ADMINISTRATIVE REVIEW PROCEDURES SET FORTH IN THE BOARD RULES.
14 SUCH FINAL DECISION BY THE BOARD SHALL BE SUBJECT ONLY TO REVIEW
15 BY PROPER COURT ACTION.

16 **SECTION 5.** In Colorado Revised Statutes, **amend** 24-51-316 as
17 follows:

18 **24-51-316. Inadequate reserves - excess reserves -**
19 **nonpayment.** (1) (a) In the event that the amount of the reserves required
20 pursuant to ~~the provisions of section 24-51-315~~ SECTION 24-51-315 (1)(a),
21 exceeds the amount of the employer's share of the employer contribution
22 reserve in the local government division trust fund as calculated by the
23 actuary, then the employer shall make an additional payment as of the
24 effective date of termination of affiliation in an amount equal to the
25 difference between the amount of reserves required and the amount of
26 reserves on deposit.

27 (b) IN THE EVENT THAT THE RESERVES REQUIRED PURSUANT TO

1 SECTION 24-51-315 (1)(b) FOR THE HEALTH CARE TRUST FUND CREATED
2 BY SECTION 24-51-1201 (1) EXCEEDS THE MARKET VALUE OF ASSETS
3 ATTRIBUTABLE TO THE EMPLOYER IN THE HEALTH CARE TRUST FUND, THE
4 EMPLOYER SHALL MAKE AN ADDITIONAL PAYMENT AS OF THE EFFECTIVE
5 DATE OF TERMINATION OF AFFILIATION IN AN AMOUNT EQUAL TO THE
6 DIFFERENCE BETWEEN THE AMOUNT OF RESERVES REQUIRED AND THE
7 AMOUNT OF RESERVES ON DEPOSIT.

8 (c) IF THE ACTUARY DETERMINES, IN ACCORDANCE WITH
9 ACCEPTED ACTUARIAL PRINCIPLES, THAT THE TERMINATION OF
10 AFFILIATION OF THE EMPLOYER SHALL HAVE AN ADVERSE FINANCIAL
11 IMPACT ON THE FUNDING OF THE HEALTH CARE TRUST FUND CREATED BY
12 SECTION 24-51-1201 (1), THE EMPLOYER SHALL MAKE ANY ADDITIONAL
13 PAYMENT NECESSARY TO ENSURE THAT THE IMPACT ON THE FUNDING OF
14 THE HEALTH CARE TRUST FUND REMAINS UNCHANGED UPON THE
15 EMPLOYER'S TERMINATION OF AFFILIATION.

16 (2) In the event that the amount of the reserves on deposit in the
17 local government division trust fund as calculated by the actuary for the
18 employer requesting termination of affiliation exceeds the amount of
19 reserves required pursuant to ~~the provisions of section 24-51-315~~ SECTION
20 24-51-315 (1), such excess amount and the amount required for the
21 transfer of member contributions as provided in section 24-51-317 shall
22 be transferred by a direct trustee-to-trustee transfer to the alternate
23 pension plan or system required by section 24-51-319 as of the effective
24 date of termination of affiliation.

25 (3) If any payment required pursuant to ~~the provisions of~~
26 subsection (1) or (2) of this section is not made, interest shall be assessed
27 on the amount due at the rate specified for employers in section

1 24-51-101 (28). INTEREST SHALL BE CALCULATED FROM THE EFFECTIVE
2 DATE OF TERMINATION until such amount is paid in full.

3 **SECTION 6.** In Colorado Revised Statutes, **amend** 24-51-317 as
4 follows:

5 **24-51-317. Termination of affiliation - member contributions.**

6 ~~(1) Members who have less than five years of service credit and are~~
7 ~~employees of an employer which THAT has terminated its affiliation with~~
8 ~~the association shall BECOME INACTIVE MEMBERS AS OF THE EFFECTIVE~~
9 ~~DATE OF TERMINATION OF AFFILIATION. SUCH MEMBERS MAY ELECT TO~~
10 ~~have their member contributions credited to the alternative pension plan~~
11 ~~or system required by section 24-51-319. IN THE ABSENCE OF SUCH AN~~
12 ~~ELECTION, MEMBER CONTRIBUTIONS WILL REMAIN WITH THE ASSOCIATION~~
13 ~~UNLESS THE MEMBER OTHERWISE ELECTS TO REFUND SUCH~~
14 ~~CONTRIBUTIONS IN ACCORDANCE WITH SECTION 24-51-405.~~

15 ~~(2) Members who have five or more years of service credit and are~~
16 ~~employees of an employer which has terminated its affiliation with the~~
17 ~~association may elect that their accounts remain with the association by~~
18 ~~giving written notice to the association prior to the effective date of~~
19 ~~termination of affiliation. Members who make such an election shall~~
20 ~~become inactive members entitled to vested benefits as of the effective~~
21 ~~date of termination of affiliation. Members who do not make such an~~
22 ~~election shall have their member contributions credited to the alternative~~
23 ~~pension plan or system required by section 24-51-319.~~

24 **SECTION 7.** In Colorado Revised Statutes, **amend** 24-51-319 as
25 follows:

26 **24-51-319. Retirement plan - creation and use.** An employer
27 ~~which~~ THAT terminates its affiliation with the association shall utilize an

1 existing, or shall establish an alternative, pension plan or system
 2 established pursuant to the provisions of article 54 of this ~~title~~ TITLE 24.
 3 FAILURE TO UTILIZE OR ESTABLISH AN ALTERNATIVE PENSION PLAN OR
 4 SYSTEM DOES NOT EXCUSE THE EMPLOYER FROM THE ADHERENCE TO THE
 5 REMAINDER OF THE TERMINATION OF AFFILIATION PROVISIONS OF THIS
 6 PART 3.

7 **SECTION 8.** In Colorado Revised Statutes, 24-51-401, **amend**
 8 (1.7)(a); and **repeal** (1.7)(f) as follows:

9 **24-51-401. Employer and member contributions.**

10 (1.7) (a) (I) Employers shall deliver a contribution report and the full
 11 amount of employer contributions, member contributions, and working
 12 retiree contributions to the association within five days after the date
 13 members and retirees are paid. Except as provided in ~~paragraph (f) of this~~
 14 ~~subsection (1.7)~~ THIS SUBSECTION (1.7)(a), subsection (7) of this section,
 15 and section 24-51-408.5, such contributions shall be based upon the rates
 16 for the appropriate division as set forth in the following table multiplied
 17 by the salary, as defined in section 24-51-101 (42), paid to members and
 18 retirees for the payroll period:

19 **TABLE A**

20 **CONTRIBUTION RATES**

| 21 Division | Membership | Employer Rate | Member Rate |
|--------------------|-------------------|----------------------|--------------------|
| 22 State | All Members | 10.15% | 8.0% |
| 23 | Except | | |
| 24 | State Troopers | 12.85% | 10.0% |
| 25 School | All Members | 10.15% | 8.0% |
| 26 Local | | | |
| 27 Government | All Members | 10.0% | 8.0% |

| | | | | |
|---|----------|-------------|--------|------|
| 1 | Judicial | All Members | 13.66% | 8.0% |
| 2 | DPS | All Members | 10.15% | 8.0% |

3 (II) EFFECTIVE JULY 1, 2018, SUBJECT TO SECTION 24-51-413, THE
4 EMPLOYER AND MEMBER CONTRIBUTION RATES SHALL BE BASED UPON THE
5 RATES FOR THE APPROPRIATE DIVISION AS SET FORTH IN THE FOLLOWING
6 TABLE MULTIPLIED BY THE SALARY, AS DEFINED IN SECTION 24-51-101
7 (42), PAID TO MEMBERS AND RETIREES FOR THE PAYROLL PERIOD:

8 **TABLE B**
9 **CONTRIBUTION RATES**

| 10 | DIVISION | MEMBERSHIP | EMPLOYER RATE | MEMBER RATE |
|----|------------|----------------|---------------|-------------|
| 11 | STATE | ALL MEMBERS | 11.15% | 8.5% |
| 12 | | EXCEPT | | |
| 13 | | STATE TROOPERS | 13.85% | 10.5% |
| 14 | SCHOOL | ALL MEMBERS | 11.15% | 8.5% |
| 15 | LOCAL | | | |
| 16 | GOVERNMENT | ALL MEMBERS | 11.0% | 8.5% |
| 17 | JUDICIAL | ALL MEMBERS | 14.66% | 8.5% |
| 18 | DPS | ALL MEMBERS | 11.15% | 8.5% |

19 (III) EFFECTIVE JANUARY 1, 2019, SUBJECT TO SECTION 24-51-413,
20 THE EMPLOYER AND MEMBER CONTRIBUTION RATES SHALL BE BASED UPON
21 THE RATES FOR THE APPROPRIATE DIVISION AS SET FORTH IN THE
22 FOLLOWING TABLE MULTIPLIED BY THE SALARY, AS DEFINED IN SECTION
23 24-51-101 (42), PAID TO MEMBERS AND RETIREES FOR THE PAYROLL
24 PERIOD:

25 **TABLE C**
26 **CONTRIBUTION RATES**

| 27 | DIVISION | MEMBERSHIP | EMPLOYER RATE | MEMBER RATE |
|----|----------|------------|---------------|-------------|
|----|----------|------------|---------------|-------------|

| | | | | |
|---|------------|----------------|--------|-------|
| 1 | STATE | ALL MEMBERS | 11.15% | 9.0% |
| 2 | | EXCEPT | | |
| 3 | | STATE TROOPERS | 13.85% | 11.0% |
| 4 | SCHOOL | ALL MEMBERS | 11.15% | 9.0% |
| 5 | LOCAL | | | |
| 6 | GOVERNMENT | ALL MEMBERS | 11.0% | 9.0% |
| 7 | JUDICIAL | ALL MEMBERS | 14.66% | 9.0% |
| 8 | DPS | ALL MEMBERS | 11.15% | 9.0% |

9 (IV) EFFECTIVE JULY 1, 2019, SUBJECT TO SECTION 24-51-413, THE
10 EMPLOYER AND MEMBER CONTRIBUTION RATES SHALL BE BASED UPON THE
11 RATES FOR THE APPROPRIATE DIVISION AS SET FORTH IN THE FOLLOWING
12 TABLE MULTIPLIED BY THE SALARY, AS DEFINED IN SECTION 24-51-101
13 (42), PAID TO MEMBERS AND RETIREES FOR THE PAYROLL PERIOD:

14 **TABLE D**
15 **CONTRIBUTION RATES**

| 16 | DIVISION | MEMBERSHIP | EMPLOYER RATE | MEMBER RATE |
|----|-----------------|-------------------|----------------------|--------------------|
| 17 | STATE | ALL MEMBERS | 12.15% | 10.0% |
| 18 | | EXCEPT | | |
| 19 | | STATE TROOPERS | 14.85% | 12.0% |
| 20 | SCHOOL | ALL MEMBERS | 12.15% | 10.0% |
| 21 | LOCAL | | | |
| 22 | GOVERNMENT | ALL MEMBERS | 12.0% | 10.0% |
| 23 | JUDICIAL | ALL MEMBERS | 15.66% | 10.0% |
| 24 | DPS | ALL MEMBERS | 12.15% | 10.0% |

25 (V) EFFECTIVE JANUARY 1, 2020, SUBJECT TO SECTION 24-51-413,
26 THE EMPLOYER AND MEMBER CONTRIBUTION RATES SHALL BE BASED UPON
27 THE RATES FOR THE APPROPRIATE DIVISION AS SET FORTH IN THE

1 FOLLOWING TABLE MULTIPLIED BY THE SALARY, AS DEFINED IN SECTION
 2 24-51-101 (42), PAID TO MEMBERS AND RETIREES FOR THE PAYROLL
 3 PERIOD:

4 **TABLE E**
 5 **CONTRIBUTION RATES**

| 6 | DIVISION | MEMBERSHIP | EMPLOYER RATE | MEMBER RATE |
|----|-----------------|-------------------|----------------------|--------------------|
| 7 | STATE | ALL MEMBERS | 12.15% | 11.0% |
| 8 | | EXCEPT | | |
| 9 | | STATE TROOPERS | 14.85% | 13.0% |
| 10 | SCHOOL | ALL MEMBERS | 12.15% | 11.0% |
| 11 | LOCAL | | | |
| 12 | GOVERNMENT | ALL MEMBERS | 12.0% | 11.0% |
| 13 | JUDICIAL | ALL MEMBERS | 15.66% | 11.0% |
| 14 | DPS | ALL MEMBERS | 12.15% | 11.0% |

15 ~~(f) (f) For the 2010-11 and 2011-12 state fiscal years, except as~~
 16 ~~provided in subsection (7) of this section and section 24-51-408.5, the~~
 17 ~~amount of employer and member contributions for employers and~~
 18 ~~members in the state and judicial divisions of the association shall be~~
 19 ~~based upon the rates for the appropriate division as set forth in the~~
 20 ~~following table multiplied by the salary, as defined in section 24-51-101~~
 21 ~~(42), paid to members and retirees for the payroll period:~~

22 **TABLE A.5**
 23 **CONTRIBUTION RATES**

| 24 | Division | Membership | Employer Rate | Member Rate |
|----|-----------------|-------------------|----------------------|--------------------|
| 25 | State | All Members | 7.65% | 10.5% |
| 26 | | Except | | |
| 27 | | State Troopers | 10.35% | 12.5% |

1 Judicial All Members 11.16% 10.5%

2 (H) ~~For the 2010-11 and 2011-12 state fiscal years, the employer~~
3 ~~and member contribution rates for employers and members in the school,~~
4 ~~local government, and Denver public schools divisions of the association~~
5 ~~shall be calculated pursuant to paragraph (a) of this subsection (1.7).~~

6 **SECTION 9.** In Colorado Revised Statutes, **add** 24-51-413 and
7 24-51-414 as follows:

8 **24-51-413. Contribution and annual increase amount changes**
9 **- definitions.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT
10 OTHERWISE REQUIRES:

11 (a) "BLENDED TOTAL CONTRIBUTION AMOUNT" MEANS THE
12 WEIGHTED AVERAGE OF THE TOTAL AMOUNTS PAID BY THE EMPLOYER AND
13 THE MEMBER TO THE ASSOCIATION FOR EACH OF THE FIVE DIVISIONS
14 PURSUANT TO SECTIONS 24-51-401 (1.7) AND 24-51-411, BUT SHALL NOT
15 INCLUDE THE PORTION OF THE EMPLOYER CONTRIBUTION REMITTED TO
16 THE HEALTH CARE TRUST FUND PURSUANT TO SECTION 24-51-208 (1)(f)
17 AND (1)(f.5) AND THE PORTION OF THE EMPLOYER CONTRIBUTION
18 REMITTED TO THE ANNUAL INCREASE RESERVE.

19 (b) "BLENDED TOTAL REQUIRED CONTRIBUTION" MEANS THE
20 WEIGHTED AVERAGE OF THE TOTAL OF THE ASSOCIATION'S REPORTED
21 ACTUARIALLY DETERMINED CONTRIBUTION RATES AND MEMBER
22 CONTRIBUTION RATES OF THE FIVE DIVISION TRUST FUNDS.

23 (c) "WEIGHTED AVERAGE" MEANS THE PROPORTION OF UNFUNDED
24 ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO EACH DIVISION
25 REPORTED AS OF THE MOST RECENT VALUATION DATE.

26 (2) BEGINNING JANUARY 1, 2020, AND EVERY YEAR THEREAFTER,
27 EMPLOYER CONTRIBUTION RATES, MEMBER CONTRIBUTION RATES, AND

1 ANNUAL INCREASE AMOUNTS SHALL REMAIN UNCHANGED UNTIL SUCH
2 TIME AS CHANGES ARE REQUIRED PURSUANT TO THIS SECTION.

3 (3) WHEN THE BLENDED TOTAL CONTRIBUTION AMOUNT IS LESS
4 THAN NINETY-EIGHT PERCENT OF THE BLENDED TOTAL REQUIRED
5 CONTRIBUTION, THE FOLLOWING ADJUSTMENT SHALL OCCUR:

6 (a) THE ANNUAL INCREASE PERCENTAGE DETERMINED PURSUANT
7 TO SECTIONS 24-51-1002 AND 24-51-1009 (4)(a) SHALL BE REDUCED BY
8 UP TO ONE-QUARTER OF ONE PERCENT, BUT AT NO TIME WILL THE ANNUAL
9 INCREASE PERCENTAGE BE REDUCED TO EQUAL LESS THAN ONE-HALF OF
10 ONE PERCENT, EXCEPT AS PROVIDED IN SECTIONS 24-51-1002 (1.5) AND
11 24-51-1009 (1.5);

12 (b) THE EMPLOYER CONTRIBUTION RATE WILL BE INCREASED BY UP
13 TO ONE-HALF OF ONE PERCENT, BUT AT NO TIME WILL THE EMPLOYER
14 CONTRIBUTION RATE BE INCREASED TO EXCEED THE EMPLOYER
15 CONTRIBUTION RATES UNDER SECTION 24-51-401 (1.7)(a)(V), PLUS TWO
16 PERCENT; AND

17 (c) THE MEMBER CONTRIBUTION RATE WILL BE INCREASED BY UP
18 TO ONE-HALF OF ONE PERCENT, BUT AT NO TIME WILL THE MEMBER
19 CONTRIBUTION RATE BE INCREASED TO EXCEED THE MEMBER
20 CONTRIBUTION RATES UNDER SECTION 24-51-401 (1.7)(a)(V), PLUS TWO
21 PERCENT.

22 (4) THE ADJUSTMENT IN SUBSECTION (3) OF THIS SECTION SHALL
23 BE DETERMINED BY THE ASSOCIATION, SHALL BE EQUALLY APPORTIONED
24 AMONG THE ANNUAL INCREASES, THE EMPLOYER CONTRIBUTIONS, AND
25 THE MEMBER CONTRIBUTIONS, AND SHALL BE THE MAXIMUM YEARLY
26 ADJUSTMENT ALLOWED UNLESS AN ADJUSTMENT LESS THAN THE
27 MAXIMUM ADJUSTMENT IS SUFFICIENT TO BRING THE BLENDED TOTAL

1 CONTRIBUTION AMOUNT TO ONE HUNDRED AND THREE PERCENT OF THE
2 BLENDED TOTAL REQUIRED CONTRIBUTION. IN NO EVENT SHALL A YEARLY
3 ADJUSTMENT CAUSE THE BLENDED TOTAL CONTRIBUTION AMOUNT TO
4 EXCEED ONE HUNDRED AND THREE PERCENT OF THE BLENDED TOTAL
5 REQUIRED CONTRIBUTION. THE ADJUSTMENT SHALL BE MADE ONCE IN ANY
6 CALENDAR YEAR AND SHALL NOT EXCEED THE MAXIMUM YEARLY
7 AMOUNTS INDICATED IN SUBSECTIONS (3)(a), (3)(b), AND (3)(c) OF THIS
8 SECTION.

9 (5) IN THE EVENT ANY ONE OF THE THREE COMPONENT PARTS OF
10 THE ADJUSTMENT AS OUTLINED IN SUBSECTION (3) OF THIS SECTION HAS
11 REACHED ITS TOTAL MAXIMUM, THEN NO FURTHER ADJUSTMENT SHALL BE
12 MADE UNDER SUBSECTIONS (3) AND (4) OF THIS SECTION. IN THIS CASE,
13 ADJUSTMENTS TO THE OTHER TWO COMPONENTS WILL NOT BE FURTHER
14 ALTERED TO COMPLETE THE FULL ADJUSTMENT, BUT RATHER BE ADJUSTED
15 IN EQUIVALENT MEASURE TO THE LIMITED COMPONENT TO ENSURE THAT
16 THE ADJUSTMENT IS EQUALLY APPORTIONED, EVEN IF THE FULLY
17 REQUIRED ADJUSTMENT TO BRING THE BLENDED TOTAL CONTRIBUTION
18 AMOUNT TO ONE HUNDRED AND THREE PERCENT OF THE BLENDED TOTAL
19 REQUIRED CONTRIBUTION IS NOT ACHIEVED.

20 (6) WHEN THE BLENDED TOTAL CONTRIBUTION AMOUNT IS
21 GREATER THAN OR EQUAL TO ONE HUNDRED AND TEN PERCENT OF THE
22 BLENDED TOTAL REQUIRED CONTRIBUTION, THE FOLLOWING ADJUSTMENT
23 SHALL OCCUR:

24 (a) SUBJECT TO SECTIONS 24-51-1002 (1.5) AND 24-51-1009 (1.5),
25 THE ANNUAL INCREASE PERCENTAGE DETERMINED PURSUANT TO SECTIONS
26 24-51-1002 AND 24-51-1009 (4)(a), SHALL BE INCREASED BY UP TO
27 ONE-QUARTER OF ONE PERCENT, BUT AT NO TIME WILL THE ANNUAL

1 INCREASE PERCENTAGE BE GREATER THAN TWO PERCENT, EXCEPT AS
2 PROVIDED IN SECTION 24-51-1009.5;

3 (b) THE EMPLOYER CONTRIBUTION RATE WILL BE REDUCED BY UP
4 TO ONE-HALF OF ONE PERCENT, BUT AT NO TIME WILL THE EMPLOYER
5 CONTRIBUTION RATE BE LESS THAN THE EMPLOYER CONTRIBUTION RATES
6 UNDER SECTION 24-51-401 (1.7)(a)(I); AND

7 (c) THE MEMBER CONTRIBUTION RATE WILL BE REDUCED BY UP TO
8 ONE-HALF OF ONE PERCENT, BUT AT NO TIME WILL THE MEMBER
9 CONTRIBUTION RATE BE LESS THAN THE MEMBER CONTRIBUTION RATES
10 UNDER SECTION 24-51-401 (1.7)(a)(I).

11 (7) THE ADJUSTMENT IN SUBSECTION (6) OF THIS SECTION SHALL
12 BE DETERMINED BY THE ASSOCIATION, SHALL BE EQUALLY APPORTIONED
13 AMONG THE ANNUAL INCREASES, THE EMPLOYER CONTRIBUTIONS, AND
14 THE MEMBER CONTRIBUTIONS, AND SHALL BE THE MAXIMUM YEARLY
15 ADJUSTMENT ALLOWED UNLESS AN AMOUNT LOWER THAN THE MAXIMUM
16 ADJUSTMENT IS NECESSARY TO KEEP THE BLENDED TOTAL CONTRIBUTION
17 AMOUNT EQUAL TO ONE HUNDRED AND THREE PERCENT OF THE BLENDED
18 TOTAL REQUIRED CONTRIBUTION. IN NO EVENT SHALL A YEARLY
19 ADJUSTMENT CAUSE THE BLENDED TOTAL CONTRIBUTION AMOUNT TO
20 FALL BELOW ONE HUNDRED AND THREE PERCENT OF THE BLENDED TOTAL
21 REQUIRED CONTRIBUTION. THE ADJUSTMENT SHALL BE MADE ONCE IN ANY
22 CALENDAR YEAR AND SHALL NOT EXCEED THE MAXIMUM YEARLY
23 AMOUNTS SPECIFIED IN SUBSECTIONS (6)(a), (6)(b), AND (6)(c) OF THIS
24 SECTION.

25 (8) THE ADJUSTMENTS PURSUANT TO THIS SECTION SHALL BE
26 DETERMINED BASED ON THE BLENDED TOTAL CONTRIBUTION AMOUNT AND
27 BLENDED TOTAL REQUIRED CONTRIBUTION AS REPORTED IN THE ANNUAL

1 ACTUARIAL VALUATION REPORT REQUIRED UNDER SECTION 24-51-204 (7),
2 AND SHALL BE EFFECTIVE JANUARY 1 OF THE NEXT CALENDAR YEAR FOR
3 CONTRIBUTIONS AND JULY 1 OF THE NEXT CALENDAR YEAR FOR ANNUAL
4 INCREASES.

5 **24-51-414. Defined contribution supplement.** BEGINNING
6 JANUARY 1, 2022, AND EVERY YEAR THEREAFTER, EMPLOYER
7 CONTRIBUTION RATES WILL BE ADJUSTED TO INCLUDE A DEFINED
8 CONTRIBUTION SUPPLEMENT, WHICH WILL BE CALCULATED SEPARATELY
9 FOR EACH DIVISION. THE DEFINED CONTRIBUTION SUPPLEMENT FOR EACH
10 DIVISION WILL BE THE EMPLOYER CONTRIBUTION AMOUNT PAID TO
11 DEFINED CONTRIBUTION PLAN PARTICIPANT ACCOUNTS THAT WOULD HAVE
12 OTHERWISE GONE TO THE DEFINED BENEFIT TRUSTS TO PAY DOWN THE
13 UNFUNDED LIABILITY, PLUS ANY DEFINED BENEFIT INVESTMENT EARNINGS
14 THEREON, EXPRESSED AS A PERCENTAGE OF SALARY ON WHICH EMPLOYER
15 CONTRIBUTIONS HAVE BEEN MADE. THE EMPLOYER CONTRIBUTION
16 AMOUNTS IN THE SUM SHALL ONLY INCLUDE CONTRIBUTIONS MADE ON
17 BEHALF OF ELIGIBLE EMPLOYEES, AS DEFINED IN SECTION 24-51-1502,
18 WHO COMMENCE EMPLOYMENT ON OR AFTER JANUARY 1, 2020.

19 **SECTION 10.** In Colorado Revised Statutes, 24-51-501, **amend**
20 **(2); repeal (3); and add (3.5)** as follows:

21 **24-51-501. Earned service credit.** (2) FOR A MEMBER WHO WAS
22 A MEMBER, INACTIVE MEMBER, OR RETIREE ON DECEMBER 31, 2019,
23 SERVICE CREDIT SHALL BE EARNED AS FOLLOWS:

24 (a) One year of service credit is earned for twelve calendar months
25 of employment, for which contributions to the association are made, in
26 which a member in each month earns salary greater than or equal to
27 eighty times the federal minimum wage hourly rate in effect at the time

1 of service. A member who is employed in a position in which the
2 employment pattern covers a period of at least eight months but less than
3 twelve months per year shall earn one year of service credit if at least
4 eight months of service credit are earned during the months in which the
5 member is employed during the year.

6 (b) EARNED SERVICE CREDIT FOR PERIODS OF EMPLOYMENT WHICH
7 DO NOT MEET THE REQUIREMENTS DESCRIBED IN SUBSECTION (2)(a) OF
8 THIS SECTION SHALL BE DETERMINED BY THE RATIO OF ACTUAL SALARY
9 RECEIVED TO EIGHTY TIMES THE FEDERAL MINIMUM WAGE HOURLY RATE
10 IN EFFECT AT THE TIME OF SERVICE AND THE RATIO OF THE NUMBER OF
11 MONTHS FOR WHICH CONTRIBUTIONS ARE REMITTED TO THE NUMBER OF
12 MONTHS REQUIRED FOR ONE YEAR OF SERVICE CREDIT.

13 ~~(3) Earned service credit for periods of employment which do not~~
14 ~~meet the requirements described in subsection (2) of this section shall be~~
15 ~~determined by the ratio of actual salary received to eighty times the~~
16 ~~federal minimum wage hourly rate in effect at the time of service and the~~
17 ~~ratio of the number of months for which contributions are remitted to the~~
18 ~~number of months required for one year of service credit.~~

19 (3.5) (a) FOR A MEMBER WHO WAS NOT A MEMBER, INACTIVE
20 MEMBER, OR RETIREE ON DECEMBER 31, 2019, SERVICE CREDIT SHALL BE
21 EARNED AS FOLLOWS:

22 (I) ONE YEAR OF SERVICE CREDIT IS EARNED FOR TWELVE
23 CALENDAR MONTHS OF EMPLOYMENT, FOR WHICH CONTRIBUTIONS TO THE
24 ASSOCIATION ARE MADE, IN WHICH A MEMBER IN EACH MONTH WORKS
25 FULL TIME. A MEMBER WHO IS EMPLOYED IN A POSITION IN WHICH THE
26 EMPLOYMENT PATTERN COVERS A PERIOD OF AT LEAST EIGHT MONTHS BUT
27 LESS THAN TWELVE MONTHS PER YEAR SHALL EARN ONE YEAR OF SERVICE

1 CREDIT IF AT LEAST EIGHT MONTHS OF SERVICE CREDIT ARE EARNED
2 DURING THE MONTHS IN WHICH THE MEMBER IS EMPLOYED DURING THE
3 YEAR.

4 (II) EARNED SERVICE CREDIT FOR PERIODS OF EMPLOYMENT WHICH
5 DO NOT MEET THE REQUIREMENTS DESCRIBED IN SUBSECTION (3.5)(a)(I)
6 OF THIS SECTION SHALL BE DETERMINED BY THE RATIO OF PART-TIME
7 WORK TO FULL-TIME WORK AND THE RATIO OF THE NUMBER OF MONTHS
8 FOR WHICH CONTRIBUTIONS ARE REMITTED TO THE NUMBER OF MONTHS
9 REQUIRED FOR ONE YEAR OF SERVICE CREDIT.

10 (b) CONSISTENT WITH SUBSECTION (3.5)(a) OF THIS SECTION, THE
11 BOARD SHALL FURTHER DEFINE EARNED SERVICE CREDIT BY RULE IN
12 ACCORDANCE WITH THE RULE-MAKING PROCESS AUTHORIZED IN SECTION
13 24-51-204 (5).

14 **SECTION 11.** In Colorado Revised Statutes, 24-51-504, **amend**
15 (2) as follows:

16 **24-51-504. Purchase of service credit relating to a paid**
17 **sabbatical leave.** (2) Such member contributions made pursuant to the
18 provisions of subsection (1) of this section may be made concurrently
19 with member contributions on the partial salary paid for such sabbatical
20 leave or after the sabbatical leave has ended at the ~~current~~ APPLICABLE
21 rate of member contributions PURSUANT TO SECTION 24-51-401 (1.7), plus
22 interest from the date the sabbatical leave began until such purchase is
23 complete.

24 **SECTION 12.** In Colorado Revised Statutes, 24-51-505, **amend**
25 (2)(a) as follows:

26 **24-51-505. Purchase of service credit relating to noncovered**
27 **employment.** (2) (a) Except as otherwise provided in ~~paragraph (b)~~ of

1 ~~this subsection (2)~~ SUBSECTION (2)(b) OF THIS SECTION, one year of
2 service credit may be purchased for each year of noncovered employment
3 determined pursuant to the ~~provisions of section 24-51-501 (2) to (4)~~
4 CALCULATION IN SECTION 24-51-501 (2)(a) AND (4), applicable to earned
5 service credit.

6 **SECTION 13.** In Colorado Revised Statutes, 24-51-602, **amend**
7 (1.7)(a), (1.8)(a), and (2); and **add** (1.9), (2.3), and (6) as follows:

8 **24-51-602. Service retirement eligibility.** (1.7) (a) Members,
9 EXCEPT STATE TROOPERS, who were not members, inactive members, or
10 retirees on December 31, 2016, BUT WHO WERE MEMBERS, INACTIVE
11 MEMBERS, OR RETIREES ON DECEMBER 31, 2019, who have met the age
12 and service requirements stated in the following table and who are not
13 eligible for service retirement benefits pursuant to subsection (1.8) of this
14 section shall, upon written application and approval of the board, receive
15 service retirement benefits pursuant to the benefit formula set forth in
16 section 24-51-603:

17 **TABLE B.3**

18 **SERVICE RETIREMENT ELIGIBILITY**

| 19 Age Requirement | Service Credit Requirement |
|---------------------------|-----------------------------------|
| 20 (years) | (years) |
| 21 Any Age | 35 |
| 22 60 | 30 |
| 23 65 | 5 |

24 (1.8) (a) Members of the school division or Denver public schools
25 division who were not members, inactive members, or retirees on
26 December 31, 2016, BUT WHO WERE MEMBERS, INACTIVE MEMBERS, OR
27 RETIREES ON DECEMBER 31, 2019, who have met the age and service

1 requirements stated in the following table shall, upon written application
 2 and approval of the board, receive service retirement benefits pursuant to
 3 the benefit formula set forth in section 24-51-603; except that at least the
 4 most recent ten years of service credit used in meeting the requirements
 5 of the table below must be earned in the school or Denver public schools
 6 divisions in order for the member to be eligible pursuant to this paragraph
 7 (a) SUBSECTION (1.8)(a):

8 **TABLE B.4**

9 **SERVICE RETIREMENT ELIGIBILITY**

| 10 | Age Requirement | Service Credit Requirement |
|----|------------------------|-----------------------------------|
| 11 | (years) | (years) |
| 12 | Any Age | 35 |
| 13 | 58 | 30 |
| 14 | 65 | 5 |

15 (1.9) (a) MEMBERS, EXCEPT STATE TROOPERS, WHO WERE NOT
 16 MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2019, WHO
 17 HAVE MET THE AGE AND SERVICE REQUIREMENTS STATED IN THE
 18 FOLLOWING TABLE SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF
 19 THE BOARD, RECEIVE SERVICE RETIREMENT BENEFITS PURSUANT TO THE
 20 BENEFIT FORMULA SET FORTH IN SECTION 24-51-603 (1), (2), AND (3):

21 **TABLE B.5**

22 **SERVICE RETIREMENT ELIGIBILITY**

| 23 | AGE REQUIREMENT | SERVICE CREDIT REQUIREMENT |
|----|------------------------|-----------------------------------|
| 24 | (YEARS) | (YEARS) |
| 25 | ANY AGE | 40 |
| 26 | 65 | 5 |

27 (b) SUBSECTION (1.9)(a) OF THIS SECTION DOES NOT CREATE A

1 CONTRACTUAL RIGHT FOR ANY MEMBER TO THE AGE REQUIREMENT
2 SPECIFIED IN TABLE B.5 TO RECEIVE A FULL SERVICE RETIREMENT BENEFIT.

3 (2) (a) ~~Members with less than five years of service credit shall be~~
4 ~~eligible for service retirement benefits pursuant to the provisions of~~
5 ~~section 24-51-605.5 upon reaching sixty-five years of age if contributions~~
6 ~~were made for sixty months~~ STATE TROOPERS WHO WERE NOT MEMBERS,
7 INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2019, WHO HAVE MET
8 THE AGE AND SERVICE REQUIREMENTS STATED IN THE FOLLOWING TABLE
9 SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF THE BOARD,
10 RECEIVE SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT
11 FORMULA SET FORTH IN SECTION 24-51-603 (1) AND (3):

12 **TABLE B.6**

13 **SERVICE RETIREMENT ELIGIBILITY**

| 14 | AGE REQUIREMENT | SERVICE CREDIT REQUIREMENT |
|----|------------------------|-----------------------------------|
| 15 | (YEARS) | (YEARS) |
| 16 | ANY AGE | 35 |
| 17 | 55 | 25 |
| 18 | 65 | 5 |

19 (b) STATE TROOPERS WHO ARE ELIGIBLE FOR A BENEFIT PURSUANT
20 TO THIS SUBSECTION (2) AND WHO ARE FIFTY-FIVE YEARS OF AGE OR
21 OLDER SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF THE BOARD,
22 RECEIVE SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT
23 FORMULA SET FORTH IN SECTION 24-51-603, WITHOUT REDUCTION
24 PURSUANT TO SECTION 24-51-604, IF THEY HAVE AT LEAST FIVE YEARS OF
25 SERVICE CREDIT AND IF THE NUMBER OF YEARS OF THEIR AGE PLUS THE
26 NUMBER OF YEARS OF THEIR SERVICE CREDIT EQUALS EIGHTY YEARS OR
27 MORE. THIS SUBSECTION (2) DOES NOT CREATE A CONTRACTUAL RIGHT

1 FOR ANY MEMBER TO THE AGE REQUIREMENT SPECIFIED IN TABLE B.6 TO
2 RECEIVE A FULL SERVICE RETIREMENT BENEFIT.

3 (2.3) MEMBERS WITH LESS THAN FIVE YEARS OF SERVICE CREDIT
4 SHALL BE ELIGIBLE FOR SERVICE RETIREMENT BENEFITS PURSUANT TO
5 SECTION 24-51-605.5 UPON REACHING SIXTY-FIVE YEARS OF AGE IF
6 CONTRIBUTIONS WERE MADE FOR SIXTY MONTHS.

7 (6) NOTWITHSTANDING THE PROVISIONS OF THIS SECTION,
8 BEGINNING JANUARY 1, 2020, FOR MEMBERS, EXCLUDING STATE
9 TROOPERS, WHO WERE MEMBERS, INACTIVE MEMBERS, OR RETIREES ON
10 DECEMBER 31, 2019, THE AGE REQUIREMENT TO RECEIVE SERVICE
11 RETIREMENT BENEFITS PURSUANT TO THE BENEFIT FORMULA SET FORTH IN
12 SECTION 24-51-603 (1)(a), (2), AND (3) SHALL BE THE AGE SPECIFIED IN
13 THE APPLICABLE TABLE IN THIS SECTION FOR EACH MEMBER PLUS ONE
14 YEAR FOR EVERY FOUR YEARS THAT THE MEMBER'S AGE IS LESS THAN
15 FORTY-SIX YEARS ON JANUARY 1, 2020. IN NO EVENT SHALL THE AGE
16 REQUIREMENT TO RECEIVE SERVICE RETIREMENT BENEFITS EXCEED
17 SIXTY-FIVE YEARS FOR ANY MEMBER.

18 **SECTION 14.** In Colorado Revised Statutes, **amend** 24-51-604
19 as follows:

20 **24-51-604. Reduced service retirement eligibility.** (1) DPS
21 members with less than five years of service credit as of January 1, 2011,
22 and members WHO WERE MEMBERS, INACTIVE MEMBERS, OR RETIREES ON
23 DECEMBER 31, 2019, AND who have met the age and service credit
24 requirements stated in the following table and who do not meet the
25 requirements of section 24-51-602 shall, upon written application and
26 approval of the board, receive reduced service retirement benefits
27 pursuant to the benefit formula set forth in section 24-51-605:

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TABLE C

REDUCED SERVICE RETIREMENT ELIGIBILITY

| Age Requirement | | Service Credit Requirement |
|------------------------|---------------------|-----------------------------------|
| (years) | | (years) |
| 50 | | 25 |
| 50 | State Troopers only | 20 |
| 55 | | 20 |
| 60 | | 5 |

(2) MEMBERS WHO WERE NOT MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2019, WHO HAVE MET THE AGE AND SERVICE CREDIT REQUIREMENTS STATED IN THE FOLLOWING TABLE AND WHO DO NOT MEET THE REQUIREMENTS OF SECTION 24-51-602 SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF THE BOARD, RECEIVE REDUCED SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT FORMULA SET FORTH IN SECTION 24-51-605:

TABLE C.1

REDUCED SERVICE RETIREMENT ELIGIBILITY

| AGE REQUIREMENT | | SERVICE CREDIT REQUIREMENT |
|------------------------|---------------------|-----------------------------------|
| (YEARS) | | (YEARS) |
| 55 | | 25 |
| 55 | STATE TROOPERS ONLY | 20 |
| 60 | | 5 |

(3) NOTWITHSTANDING SUBSECTION (1) OF THIS SECTION, BEGINNING JANUARY 1, 2020, FOR MEMBERS, EXCLUDING STATE TROOPERS, WHO WERE MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2019, THE AGE REQUIREMENT TO RECEIVE REDUCED SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT FORMULA SET

1 FORTH IN SECTION 24-51-605 SHALL BE THE AGE SPECIFIED IN TABLE C IN
2 SUBSECTION (1) OF THIS SECTION PLUS ONE YEAR FOR EVERY FOUR YEARS
3 THAT THE MEMBER'S AGE IS LESS THAN FORTY-SIX YEARS ON JANUARY 1,
4 2020. IN NO EVENT SHALL THE AGE REQUIREMENT TO RECEIVE REDUCED
5 SERVICE RETIREMENT BENEFITS EXCEED SIXTY YEARS FOR ANY MEMBER.

6 **SECTION 15.** In Colorado Revised Statutes, 24-51-606, **amend**
7 (1.5) and (2)(b) as follows:

8 **24-51-606. Vested inactive member rights.** (1.5) Any member
9 who was not a member, inactive member, or retiree on December 31,
10 2006, who has earned at least five years of service credit and who
11 terminates membership and does not elect to receive a refund pursuant to
12 ~~the provisions of~~ section 24-51-405 shall be eligible for a benefit to
13 become effective upon written application and approval by the board and
14 upon reaching the age specified in ~~table B.05, B.07, or B.1~~ TABLE B.05,
15 B.07, B.1, B.2, B.3, B.4, B.5, OR B.6 of section 24-51-602, as applicable,
16 for a service retirement or in ~~table C~~ TABLE C OR C.1 of section 24-51-604
17 for a reduced service retirement. Notwithstanding the provisions of this
18 subsection (1.5), for such a member who applies for retirement within
19 ninety days after the member attains age and service eligibility, the
20 effective date of retirement shall be the date the member attains such age
21 and service eligibility.

22 (2) (b) Direct payments in lieu of member contributions are
23 calculated at the ~~current~~ APPLICABLE member contribution rates
24 PURSUANT TO SECTION 24-51-401 (1.7), multiplied by the most recent
25 full-time monthly salary paid for the position previously held by the
26 vested inactive member.

27 **SECTION 16.** In Colorado Revised Statutes, **amend** 24-51-1001

1 as follows:

2 **24-51-1001. Types of benefit increases.** (1) For benefit
3 recipients whose benefits are based on the account of a member who was
4 a member, inactive member, or retiree on December 31, 2006, or for
5 benefit recipients whose benefits are based on the account of a DPS
6 member or DPS retiree, annual increases in retirement benefits and
7 survivor benefits shall be effective with the July benefit. Such increases
8 in benefits shall be calculated in accordance with ~~the provisions of~~
9 sections 24-51-1002 and 24-51-1003, SUBJECT TO SECTION 24-51-413,
10 and shall be paid from the retirement benefits reserve or the survivor
11 benefits reserve, as appropriate, so long as the following requirements are
12 satisfied:

13 (a) For benefit recipients whose benefit is based on a retiree or
14 DPS retiree whose effective date of retirement is prior to January 1, 2011,
15 or whose survivor benefits are based on a date of death that occurred prior
16 to January 1, 2011, the benefits have been paid to the benefit recipient for
17 at least seven months preceding July 1.

18 (b) For benefit recipients whose benefit is based on a retiree or
19 DPS retiree whose effective date of retirement is on or after January 1,
20 2011, or whose survivor benefits are based on a date of death that is on
21 or after January 1, 2011, AND AN ANNUAL INCREASE HAS BEEN APPLIED TO
22 THE BENEFIT ON OR BEFORE MAY 1, 2018, the benefits have been paid to
23 the benefit recipient for the twelve months prior to July 1, and for benefit
24 recipients whose benefit is based upon a retiree or DPS retiree who was
25 not eligible to retire as of January 1, 2011, THE BENEFITS HAVE BEEN PAID
26 TO THE BENEFIT RECIPIENT FOR THE TWELVE MONTHS PRIOR TO JULY 1
27 AND AN ANNUAL INCREASE HAS BEEN APPLIED TO THE BENEFIT ON OR

1 BEFORE MAY 1, 2018, the retiree met the following requirements:

2 (I) For DPS members with five or more years of service credit as
3 of January 1, 2011, and for members WHO ARE NOT STATE TROOPERS who
4 began membership prior to July 1, 2005, and have five or more years of
5 service credit as of January 1, 2011, the retiree retired with a service
6 retirement benefit pursuant to section 24-51-602 or 24-51-1713,
7 whichever is applicable, or retired with a reduced service retirement
8 benefit pursuant to section 24-51-604 or 24-51-1714, whichever is
9 applicable, but has, as of January 1, attained the age and service credit
10 years that when combined total at least eighty years, or retired with a
11 reduced service retirement benefit pursuant to section 24-51-604 but has,
12 as of January 1, attained the age of sixty;

13 (II) For members WHO ARE NOT STATE TROOPERS who began
14 membership on or after July 1, 2005, but prior to January 1, 2007, the
15 retiree retired with a service retirement benefit pursuant to section
16 24-51-602, or retired with a reduced service retirement benefit pursuant
17 to section 24-51-604 but has, as of January 1, attained the age and service
18 credit years that when combined total at least eighty-five years, or retired
19 with a reduced service retirement benefit pursuant to section 24-51-604
20 but has, as of January 1, attained the age of sixty; ~~or~~

21 (III) For DPS members with less than five years of service credit
22 as of January 1, 2011, and for members whose membership began prior
23 to January 1, 2007, with less than five years of service credit as of January
24 1, 2011, the retiree retired with a service retirement benefit pursuant to
25 section 24-51-602, or retired with a reduced service retirement benefit
26 pursuant to section 24-51-604 but has, as of January 1, attained the age
27 and service credit years that when combined total at least eighty-five

1 years, or retired with a reduced service retirement benefit pursuant to
2 section 24-51-604 but has, as of January 1, attained the age of sixty; OR

3 (IV) FOR MEMBERS WHO ARE STATE TROOPERS AND WHO WERE
4 MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2006, THE
5 RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO
6 SECTION 24-51-602 OR RETIRED WITH A REDUCED SERVICE RETIREMENT
7 BENEFIT PURSUANT TO SECTION 24-51-604, BUT HAS, AS OF JANUARY 1,
8 ATTAINED THE AGE AND SERVICE CREDIT YEARS, WHEN WEIGHTED WITH
9 NON-STATE TROOPER SERVICE CREDIT, THAT COMBINED TOTAL AT LEAST
10 SEVENTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT
11 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
12 ATTAINED THE AGE OF FIFTY-FIVE.

13 (b.5) FOR BENEFIT RECIPIENTS WHOSE BENEFIT IS BASED ON A
14 RETIREE OR DPS RETIREE WHOSE EFFECTIVE DATE OF RETIREMENT IS ON
15 OR AFTER JANUARY 1, 2011, OR WHOSE SURVIVOR BENEFITS ARE BASED ON
16 A DATE OF DEATH THAT IS ON OR AFTER JANUARY 1, 2011, AND AN
17 ANNUAL INCREASE HAS NOT BEEN APPLIED TO THE RETIREMENT OR
18 SURVIVOR BENEFIT ON OR BEFORE MAY 1, 2018, THE BENEFITS HAVE BEEN
19 PAID TO THE BENEFIT RECIPIENT FOR THIRTY-SIX MONTHS TOTAL BEFORE
20 JULY 1, AND BENEFITS HAVE BEEN PAID TO THE BENEFIT RECIPIENT FOR
21 THE TWELVE MONTHS PRIOR TO JULY 1, AND FOR BENEFIT RECIPIENTS
22 WHOSE BENEFIT IS BASED UPON A RETIREE OR DPS RETIREE WHO WAS NOT
23 ELIGIBLE TO RETIRE AS OF JANUARY 1, 2011, THE RETIREE MET THE
24 FOLLOWING REQUIREMENTS:

25 (I) FOR DPS MEMBERS WITH FIVE OR MORE YEARS OF SERVICE
26 CREDIT AS OF JANUARY 1, 2011, AND FOR MEMBERS WHO ARE NOT STATE
27 TROOPERS WHO BEGAN MEMBERSHIP PRIOR TO JULY 1, 2005, AND HAVE

1 FIVE OR MORE YEARS OF SERVICE CREDIT AS OF JANUARY 1, 2011, THE
2 RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO
3 SECTION 24-51-602 OR 24-51-1713, WHICHEVER IS APPLICABLE, OR
4 RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO
5 SECTION 24-51-604 OR 24-51-1714, WHICHEVER IS APPLICABLE, BUT HAS,
6 AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT
7 WHEN COMBINED TOTAL AT LEAST EIGHTY YEARS, OR RETIRED WITH A
8 REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604
9 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY;

10 (II) FOR MEMBERS WHO ARE NOT STATE TROOPERS WHO BEGAN
11 MEMBERSHIP ON OR AFTER JULY 1, 2005, BUT PRIOR TO JANUARY 1, 2007,
12 THE RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO
13 SECTION 24-51-602, OR RETIRED WITH A REDUCED SERVICE RETIREMENT
14 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
15 ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT WHEN COMBINED
16 TOTAL AT LEAST EIGHTY-FIVE YEARS, OR RETIRED WITH A REDUCED
17 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS,
18 AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY;

19 (III) FOR DPS MEMBERS WITH LESS THAN FIVE YEARS OF SERVICE
20 CREDIT AS OF JANUARY 1, 2011, AND FOR MEMBERS WHOSE MEMBERSHIP
21 BEGAN PRIOR TO JANUARY 1, 2007, WITH LESS THAN FIVE YEARS OF
22 SERVICE CREDIT AS OF JANUARY 1, 2011, THE RETIREE RETIRED WITH A
23 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602, OR
24 RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO
25 SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND
26 SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST
27 EIGHTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT

1 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
2 ATTAINED THE AGE OF SIXTY; OR

3 (IV) FOR MEMBERS WHO ARE STATE TROOPERS AND WHO WERE
4 MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2006, THE
5 RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO
6 SECTION 24-51-602 OR RETIRED WITH A REDUCED SERVICE RETIREMENT
7 BENEFIT PURSUANT TO SECTION 24-51-604, BUT HAS, AS OF JANUARY 1,
8 ATTAINED THE AGE AND SERVICE CREDIT YEARS, WHEN WEIGHTED WITH
9 NON-STATE TROOPER SERVICE CREDIT, THAT COMBINED TOTAL AT LEAST
10 SEVENTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT
11 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
12 ATTAINED THE AGE OF FIFTY-FIVE.

13 (c) No minimum age or service credit requirement shall apply to
14 disability retirees or survivor benefit recipients.

15 (1.5) and (2) (Deleted by amendment, L. 93, p. 478, § 6, effective
16 March 1, 1994.)

17 (3) For benefit recipients whose benefits are based on the account
18 of a member who was not a member, inactive member, or retiree on
19 December 31, 2006, annual increases in retirement benefits and survivor
20 benefits, if any, shall be effective with the July benefit in accordance with
21 ~~the provisions of~~ section 24-51-1009, SUBJECT TO SECTION 24-51-413,
22 and shall be paid from the retirement benefits reserve or the survivor
23 benefits reserve, as appropriate, so long as the following requirements are
24 satisfied:

25 (a) The benefits have been paid to the benefit recipient for the full
26 preceding calendar year AND AN ANNUAL INCREASE HAS BEEN APPLIED TO
27 THE RETIREMENT OR SURVIVOR BENEFIT ON OR BEFORE MAY 1, 2018; and

1 (b) (I) For members WHO ARE NOT STATE TROOPERS whose
2 membership began on or after January 1, 2007, but prior to January 1,
3 2011, the retiree retired with a service retirement benefit pursuant to
4 section 24-51-602, or retired with a reduced service retirement benefit
5 pursuant to section 24-51-604 but has, as of January 1, attained the age
6 and service credit years that when combined total at least eighty-five
7 years, or retired with a reduced service retirement benefit pursuant to
8 section 24-51-604 but has, as of January 1, attained the age of sixty;

9 (II) For members WHO ARE NOT STATE TROOPERS whose
10 membership began on or after January 1, 2011, but prior to January 1,
11 2017, the retiree retired with a service retirement benefit pursuant to
12 section 24-51-602, or retired with a reduced service retirement benefit
13 pursuant to section 24-51-604 but has, as of January 1, attained the age
14 and service credit years that when combined total at least eighty-eight
15 years, or retired with a reduced service retirement benefit pursuant to
16 section 24-51-604 but has, as of January 1, attained the age of sixty;

17 (III) Subject to ~~the provisions of subparagraph (IV) of this~~
18 ~~paragraph (b)~~ SUBSECTION (3)(b)(IV) OF THIS SECTION, for members WHO
19 ARE NOT STATE TROOPERS whose membership began on or after January
20 1, 2017, the retiree retired with a service retirement benefit pursuant to
21 section 24-51-602, or retired with a reduced service retirement benefit
22 pursuant to section 24-51-604 but has, as of January 1, attained the age
23 and service credit years that when combined total at least ninety years, or
24 retired with a reduced service retirement benefit pursuant to section
25 24-51-604 but has, as of January 1, attained the age of sixty; ~~or~~

26 (IV) For members whose membership began on or after January
27 1, 2017, the retiree retired from the school or Denver public schools

1 divisions with a reduced service retirement benefit pursuant to section
2 24-51-604 and the retiree's most recent ten years of service credit was
3 earned in the school or Denver public schools divisions, but, as of January
4 1, the retiree's age and total service credit total at least eighty-eight years,
5 or the retiree retired with a reduced service retirement benefit pursuant to
6 section 24-51-604 but has, as of January 1, attained the age of sixty; OR

7 (V) FOR MEMBERS WHO ARE STATE TROOPERS WHO WERE NOT
8 MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2006, THE
9 RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO
10 SECTION 24-51-602 OR RETIRED WITH A REDUCED SERVICE RETIREMENT
11 BENEFIT PURSUANT TO SECTION 24-51-604, BUT HAS, AS OF JANUARY 1,
12 ATTAINED THE AGE AND SERVICE CREDIT YEARS, WHEN WEIGHTED WITH
13 NON-STATE TROOPER SERVICE CREDIT, THAT COMBINED TOTAL AT LEAST
14 SEVENTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT
15 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
16 ATTAINED THE AGE OF FIFTY-FIVE.

17 (c) No minimum age or service credit requirement shall apply to
18 disability retirees or survivor benefit recipients.

19 (3.5) FOR BENEFIT RECIPIENTS WHOSE BENEFITS ARE BASED ON THE
20 ACCOUNT OF A MEMBER WHO WAS NOT A MEMBER, INACTIVE MEMBER, OR
21 RETIREE ON DECEMBER 31, 2006, ANNUAL INCREASES IN RETIREMENT
22 BENEFITS AND SURVIVOR BENEFITS, IF ANY, ARE EFFECTIVE WITH THE JULY
23 BENEFIT IN ACCORDANCE WITH SECTION 24-51-1009, SUBJECT TO SECTION
24 24-51-413, AND SHALL BE PAID FROM THE RETIREMENT BENEFITS RESERVE
25 OR THE SURVIVOR BENEFITS RESERVE, AS APPROPRIATE, SO LONG AS THE
26 FOLLOWING REQUIREMENTS ARE SATISFIED:

27 (a) THE BENEFITS HAVE BEEN PAID TO THE BENEFIT RECIPIENT FOR

1 THIRTY-SIX MONTHS TOTAL, AND BENEFITS HAVE BEEN PAID TO THE
2 BENEFIT RECIPIENT FOR THE FULL PRECEDING CALENDAR YEAR, AND AN
3 ANNUAL INCREASE HAS NOT BEEN APPLIED TO THE RETIREMENT OR
4 SURVIVOR BENEFIT ON OR BEFORE MAY 1, 2018; AND

5 (b) (I) FOR MEMBERS WHO ARE NOT STATE TROOPERS WHOSE
6 MEMBERSHIP BEGAN ON OR AFTER JANUARY 1, 2007, BUT PRIOR TO
7 JANUARY 1, 2011, THE RETIREE RETIRED WITH A SERVICE RETIREMENT
8 BENEFIT PURSUANT TO SECTION 24-51-602, OR RETIRED WITH A REDUCED
9 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS,
10 AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT
11 WHEN COMBINED TOTAL AT LEAST EIGHTY-FIVE YEARS, OR RETIRED WITH
12 A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION
13 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY;

14 (II) FOR MEMBERS WHO ARE NOT STATE TROOPERS WHOSE
15 MEMBERSHIP BEGAN ON OR AFTER JANUARY 1, 2011, BUT PRIOR TO
16 JANUARY 1, 2017, THE RETIREE RETIRED WITH A SERVICE RETIREMENT
17 BENEFIT PURSUANT TO SECTION 24-51-602, OR RETIRED WITH A REDUCED
18 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS,
19 AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT
20 WHEN COMBINED TOTAL AT LEAST EIGHTY-EIGHT YEARS, OR RETIRED WITH
21 A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION
22 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY;

23 (III) SUBJECT TO SUBSECTION (3.5)(b)(IV) OF THIS SECTION, FOR
24 MEMBERS WHO ARE NOT STATE TROOPERS WHOSE MEMBERSHIP BEGAN ON
25 OR AFTER JANUARY 1, 2017, THE RETIREE RETIRED WITH A SERVICE
26 RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602, OR RETIRED WITH
27 A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION

1 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE
2 CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST NINETY YEARS, OR
3 RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO
4 SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF
5 SIXTY;

6 (IV) FOR MEMBERS WHOSE MEMBERSHIP BEGAN ON OR AFTER
7 JANUARY 1, 2017, THE RETIREE RETIRED FROM THE SCHOOL OR DENVER
8 PUBLIC SCHOOLS DIVISIONS WITH A REDUCED SERVICE RETIREMENT
9 BENEFIT PURSUANT TO SECTION 24-51-604 AND THE RETIREE'S MOST
10 RECENT TEN YEARS OF SERVICE CREDIT WAS EARNED IN THE SCHOOL OR
11 DENVER PUBLIC SCHOOLS DIVISIONS, BUT, AS OF JANUARY 1, THE
12 RETIREE'S AGE AND TOTAL SERVICE CREDIT TOTAL AT LEAST EIGHTY-EIGHT
13 YEARS, OR THE RETIREE RETIRED WITH A REDUCED SERVICE RETIREMENT
14 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
15 ATTAINED THE AGE OF SIXTY;

16 (V) FOR MEMBERS WHO ARE STATE TROOPERS WHO WERE NOT
17 MEMBERS, INACTIVE MEMBERS, OR RETIREEES ON DECEMBER 31, 2006, BUT
18 BEFORE DECEMBER 31, 2020, THE RETIREE RETIRED WITH A SERVICE
19 RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602 OR RETIRED WITH
20 A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION
21 24-51-604, BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE
22 CREDIT YEARS, WHEN WEIGHTED WITH NON-STATE TROOPER SERVICE
23 CREDIT, THAT COMBINED TOTAL AT LEAST SEVENTY-FIVE YEARS, OR
24 RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO
25 SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF
26 FIFTY-FIVE;

27 (VI) FOR MEMBERS WHO ARE NOT STATE TROOPERS WHOSE

1 MEMBERSHIP BEGAN ON OR AFTER JANUARY 1, 2020, THE RETIREE RETIRED
2 FROM THE SCHOOL OR DENVER PUBLIC SCHOOLS DIVISIONS WITH A
3 REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION
4 24-51-604, BUT, AS OF JANUARY 1, THE RETIREE RETIRED WITH A REDUCED
5 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS,
6 AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY-FIVE; OR

7 (VII) FOR MEMBERS WHO ARE STATE TROOPERS WHOSE
8 MEMBERSHIP BEGAN ON OR AFTER JANUARY 1, 2020, THE RETIREE RETIRED
9 FROM THE SCHOOL OR DENVER PUBLIC SCHOOLS DIVISIONS WITH A
10 REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION
11 24-51-604, BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE
12 CREDIT YEARS, WHEN WEIGHTED WITH NON-STATE TROOPER SERVICE
13 CREDIT, THAT COMBINED TOTAL AT LEAST EIGHTY YEARS, OR RETIRED
14 WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION
15 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY.

16 (c) NO MINIMUM AGE OR SERVICE CREDIT REQUIREMENT SHALL
17 APPLY TO DISABILITY RETIREES OR SURVIVOR BENEFIT RECIPIENTS.

18 (4) Benefits that are calculated pursuant to part 17 of this ~~article~~
19 ARTICLE 51 shall be governed by the benefit increase provisions of such
20 part 17.

21 **SECTION 17.** In Colorado Revised Statutes, 24-51-1002, **amend**
22 (2); and **add** (1.5) as follows:

23 **24-51-1002. Annual percentages to be used.**
24 (1.5) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, FOR
25 THE YEARS 2018 AND 2019, THE ANNUAL INCREASE AWARDED SHALL BE
26 ZERO PERCENT.

27 (2) ~~Beginning in the year 2011~~ ON THE EFFECTIVE DATE OF THIS

1 SUBSECTION (2), AS AMENDED, subject to ~~the provisions of~~ section
2 24-51-1009.5, for benefit recipients whose benefits are based on the
3 account of a member who was a member, inactive member, or retiree on
4 December 31, 2006, or for benefit recipients whose benefits are based on
5 the account of a DPS member or DPS retiree, the increase applied to
6 benefits paid shall be ~~the lesser of two percent or the average of the~~
7 ~~annual increases determined for each month, to the nearest one-tenth of~~
8 ~~a percent, as calculated by the United States department of labor, in the~~
9 ~~national consumer price index for urban wage earners and clerical~~
10 ~~workers during the calendar year preceding the increase in the benefit.~~
11 ~~Notwithstanding the provisions of this subsection (2), the increase shall~~
12 ~~be the maximum permitted under this subsection (2) and section~~
13 ~~24-51-1009.5 unless the association's annual audited return on~~
14 ~~investments is negative for the preceding calendar year, at which point the~~
15 ~~annual increase for the subsequent three years shall be the lesser of two~~
16 ~~percent or the average of the annual increases determined for each month,~~
17 ~~to the nearest one-tenth of a percent, as calculated by the United States~~
18 ~~department of labor, in the national consumer price index for urban wage~~
19 ~~earners and clerical workers during the calendar year preceding the~~
20 ~~increase in the benefit~~ ONE AND ONE-QUARTER PERCENT UNLESS
21 ADJUSTED PURSUANT TO SECTION 24-51-413. The increase applied to such
22 benefits shall be recalculated annually as of July 1 and shall be the
23 compounded annual percentage of the annual increases applied to such
24 benefits. In the first year that the benefit recipient is eligible to receive an
25 annual increase pursuant to section 24-51-1001, the annual increase shall
26 be prorated.

27 **SECTION 18.** In Colorado Revised Statutes, 24-51-1009, **amend**

1 (4) introductory portion and (4)(a); and **add** (1.5) as follows:

2 **24-51-1009. Annual increase reserve - creation.** (1.5) FOR THE
3 YEARS 2018 AND 2019, THE ANNUAL INCREASE AWARDED SHALL BE ZERO
4 PERCENT.

5 (4) An actuarial valuation shall be conducted each year for the
6 annual increase reserve of each division for the purposes of this section.
7 The actuarial valuation shall include a determination of the total market
8 value of the assets in the reserve and a calculation of the net present value
9 of the actuarial liabilities associated with providing each of the annual
10 increases described in ~~paragraphs (a), (b), and (c) of this subsection (4)~~
11 ~~SUBSECTIONS (4)(a), (4)(b), AND (4)(c) OF THIS SECTION.~~ Subject to section
12 24-51-1009.5, the maximum annual increase awarded by the board shall
13 be the lesser of the following calculations:

14 (a) SUBJECT TO THE MAXIMUM ANNUAL INCREASE AS ADJUSTED
15 PURSUANT TO SECTION 24-51-413, a permanent increase equal to ~~two~~
16 ~~percent~~ ONE AND ONE-QUARTER PERCENT of current benefits payable to
17 benefit recipients then eligible for an annual increase in accordance with
18 section 24-51-1001 (3);

19 **SECTION 19.** In Colorado Revised Statutes, **amend**
20 24-51-1009.5 as follows:

21 **24-51-1009.5. Annual increase amount changes.** When the
22 actuarial funded ratio of the association, based on the actuarial value of
23 assets, is at or above one hundred three percent as determined in the
24 annual actuarial study of the association, the upper limit of the annual
25 increase shall be increased by one-quarter of one percent. ~~If the actuarial~~
26 ~~funded ratio of the association, based on the actuarial value of assets,~~
27 ~~reaches one hundred three percent and subsequently any annual actuarial~~

1 ~~study reflects the actuarial funded ratio of the association, based on the~~
2 ~~actuarial value of assets, is below ninety percent, the upper limit of the~~
3 ~~annual increase shall be decreased by one-quarter of one percent. At no~~
4 ~~time shall the upper limit of the annual increase fall below two percent.~~

5 **SECTION 20.** In Colorado Revised Statutes, **add** 24-51-1500.2
6 as follows:

7 **24-51-1500.2. Legislative declaration.** THE GENERAL ASSEMBLY
8 FINDS AND DECLARES THAT THE PURPOSE OF THE DEFINED CONTRIBUTION
9 PLAN ESTABLISHED IN THIS PART 15 IS TO PROVIDE ELIGIBLE EMPLOYEES
10 WHO PARTICIPATE IN THE DEFINED CONTRIBUTION PLAN WITH A PATH
11 TOWARD HAVING A SECURE RETIREMENT THROUGH A FOCUS ON LIFETIME
12 RETIREMENT INCOME TO MAINTAIN AN ELIGIBLE EMPLOYEE'S STANDARD
13 OF LIVING FOLLOWING A FULL CAREER OF EMPLOYMENT. THE PROVISIONS
14 OF THIS PART 15 ARE DESIGNED TO AVOID A NEGATIVE IMPACT ON THE
15 DEFINED BENEFIT TRUSTS IN THIS ARTICLE 51. EMPLOYERS ARE
16 RESPONSIBLE FOR ENSURING THAT THEIR EMPLOYEES UNDERSTAND THE
17 ADVANTAGES AND DISADVANTAGES OF THE DEFINED BENEFIT AND
18 DEFINED CONTRIBUTION PLANS.

19 **SECTION 21.** In Colorado Revised Statutes, 24-51-1501, **amend**
20 (1) and (4) as follows:

21 **24-51-1501. Defined contribution plan - establishment -**
22 **creation of fund - definitions.** (1) The board is hereby authorized to
23 establish and administer a defined contribution plan for eligible ~~state~~
24 employees as provided in this part 15. The board shall establish the terms
25 and conditions of the association's defined contribution plan offered to
26 eligible ~~state~~ employees. The assets of the plan shall be held in a separate
27 trust fund of the association created for such purpose.

1 (4) For purposes of this part 15, "employer" means the state, the
2 general assembly, the office of a district attorney in a judicial district, any
3 state department that employs an eligible employee, ~~and~~ any community
4 college governed by the state board for community colleges and
5 occupational education. EFFECTIVE JANUARY 1, 2020, "EMPLOYER" ALSO
6 INCLUDES ANY EMPLOYER IN THE SCHOOL DIVISION, THE DENVER PUBLIC
7 SCHOOLS DIVISION, THE LOCAL GOVERNMENT DIVISION, AND THE JUDICIAL
8 DIVISION. "Employer" shall not include any state college or university as
9 defined in section 24-54.5-102 (7), any institution under the control of the
10 board of regents of the university of Colorado, or an institution governed
11 pursuant to part 5 of article 21 of title 23. ~~C.R.S.~~

12 **SECTION 22.** In Colorado Revised Statutes, 24-51-1502, **amend**
13 (2)(a); and **repeal** (3) as follows:

14 **24-51-1502. New eligible employees - election - definitions.**

15 (2) (a) For purposes of this part 15, "eligible employee" means, effective
16 July 1, 2009, AND EFFECTIVE JANUARY 1, 2020, FOR SCHOOL DIVISION,
17 DENVER PUBLIC SCHOOLS DIVISION, LOCAL GOVERNMENT DIVISION, AND
18 JUDICIAL DIVISION EMPLOYEES, any employee who commences
19 employment with an employer and who, if not commencing employment
20 in a state elected official's position, has not been a member of the
21 association's defined benefit plan or the association's defined contribution
22 plan or an active participant of the state defined contribution plan
23 established pursuant to part 2 of article 52 of this ~~title~~ TITLE 24, as said
24 part existed prior to its repeal in 2009, during the twelve months prior to
25 the date that he or she commenced employment. "Eligible employee"
26 includes a retiree of the association who is serving in a state elected
27 official's position but does not include any other retiree of the association

1 or a retiree of the association who has suspended benefits.

2 (3) ~~An eligible employee hired by an employer on or after May 2,~~
3 ~~2009, is eligible for the election pursuant to subsection (1) of this section.~~

4 **SECTION 23.** In Colorado Revised Statutes, 24-51-1503, **amend**
5 (2) as follows:

6 **24-51-1503. Defined contribution plan option.** (2) An employee
7 hired by an employer who has been a member of the association's defined
8 benefit plan or the association's defined contribution plan during the
9 twelve months prior to the date that the employee commences
10 employment shall automatically continue to be a member of such plan
11 upon commencing employment. IF AUTOMATICALLY CONTINUING IN THE
12 DEFINED CONTRIBUTION PLAN, THE EMPLOYEE'S INDIVIDUAL
13 PARTICIPATION ACCOUNT SHALL RECEIVE THE SAME EMPLOYER
14 CONTRIBUTION PURSUANT TO SECTION 24-51-1505 (1), AS PREVIOUSLY
15 ENTITLED. The employee shall be considered an eligible employee for
16 purposes of section 24-51-1506.

17 **SECTION 24.** In Colorado Revised Statutes, 24-51-1505, **amend**
18 (1), (2), and (3) as follows:

19 **24-51-1505. Contributions - vesting - definition.**

20 (1) Contribution rates ~~to the association's defined contribution plan~~ by
21 the employer and by members of the defined contribution plan established
22 pursuant to this part 15 shall be the same as the rates that would be
23 payable by the employer and the member pursuant to section 24-51-401.
24 THE INDIVIDUAL'S PARTICIPANT ACCOUNT SHALL RECEIVE THE FULL
25 MEMBER CONTRIBUTION AMOUNT IN EFFECT UNDER SECTION 24-51-401.
26 THE INDIVIDUAL'S PARTICIPANT ACCOUNT SHALL RECEIVE A PORTION OF
27 THE EMPLOYER CONTRIBUTION EQUAL TO THE AMOUNT IN TABLE A IN

1 SECTION 24-51-401 (1.7)(a)(I). ANY PORTION OF THE EMPLOYER
2 CONTRIBUTION ABOVE THE AMOUNT IN TABLE A IN 24-51-401 (1.7)(a)(I)
3 SHALL BE PAID TO THE EMPLOYER'S DIVISION TRUST FUND.

4 (2) Consistent with ~~the provisions of~~ section 24-51-401 (1.7)(b),
5 (1.7)(c), and (1.7)(d), the employer shall deliver all contributions ~~to the~~
6 ~~defined contribution plan trust fund via the service provider designated~~
7 ~~by the association~~ within five days after the date members are paid.

8 (3) Except as otherwise provided in subsection (4) of this section,
9 members of the association's defined contribution plan shall be
10 immediately and fully vested in their own contributions to the plan,
11 together with accumulated investment gains or losses. Members shall be
12 immediately vested in fifty percent of the employer's contribution to the
13 DEFINED CONTRIBUTION plan, together with accumulated investment gains
14 or losses on that vested portion. For each full year of membership in the
15 defined contribution plan, the vesting percentage shall increase by ten
16 percent. The vesting percentage in the employer's contribution, with
17 accumulated earnings or losses, shall be one hundred percent for all
18 members with five or more years of membership in the defined
19 contribution plan. If an individual becomes a member of the defined
20 contribution plan without an existing account balance or after a
21 twelve-month break in service, the individual shall begin a new vesting
22 schedule with regard to future employer contributions in accordance with
23 this subsection (3).

24 **SECTION 25.** In Colorado Revised Statutes, 24-51-1702, **amend**
25 (17) as follows:

26 **24-51-1702. Definitions.** As used in this part 17, unless the
27 context otherwise requires:

1 REPRESENTATIVES, NO MORE THAN THREE SHALL BE FROM THE SAME
2 POLITICAL PARTY. OF THE MEMBERS APPOINTED BY THE STATE
3 TREASURER, NO MORE THAN TWO SHALL BE FROM THE SAME POLITICAL
4 PARTY AND SUCH MEMBERS SHALL SATISFY THE CRITERIA SPECIFIED IN
5 SUBSECTION (6) OF THIS SECTION.

6 (2) THE PRESIDENT OF THE SENATE SHALL DESIGNATE THE CHAIR
7 OF THE COMMITTEE IN ODD-NUMBERED YEARS AND THE SPEAKER OF THE
8 HOUSE OF REPRESENTATIVES SHALL DESIGNATE THE CHAIR IN
9 EVEN-NUMBERED YEARS. THE PRESIDENT OF THE SENATE SHALL
10 DESIGNATE THE VICE-CHAIR OF THE COMMITTEE IN EVEN-NUMBERED
11 YEARS AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES SHALL
12 DESIGNATE THE VICE-CHAIR IN ODD-NUMBERED YEARS.

13 (3) THE LEGISLATIVE MEMBERS OF THE COMMITTEE SHALL
14 RECEIVE THE SAME PER DIEM ALLOWANCE AUTHORIZED FOR OTHER
15 MEMBERS OF THE GENERAL ASSEMBLY SERVING ON INTERIM STUDY
16 COMMITTEES AND ACTUAL EXPENSES FOR PARTICIPATION IN MEETINGS OF
17 THE COMMITTEE. THE MEMBERS OF THE COMMITTEE APPOINTED BY THE
18 STATE TREASURER SHALL SERVE WITHOUT COMPENSATION BUT SHALL BE
19 REIMBURSED BY THE STATE TREASURER FOR ANY NECESSARY EXPENSES
20 INCURRED IN THE CONDUCT OF THEIR OFFICIAL DUTIES AND SHALL SUFFER
21 NO LOSS OF SALARY FROM AN EMPLOYER FOR SERVICE ON THE COMMITTEE.

22 (4) STAFF SERVICES FOR THE COMMITTEE SHALL BE PROVIDED BY
23 THE STATE AUDITOR'S OFFICE, THE LEGISLATIVE COUNCIL, AND THE OFFICE
24 OF LEGISLATIVE LEGAL SERVICES. THE STATE AUDITOR, WITH THE
25 APPROVAL OF THE COMMITTEE, MAY CONTRACT FOR SERVICES DEEMED
26 NECESSARY FOR THE IMPLEMENTATION OF THIS ARTICLE 51.5.

27 (5) THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE

1 OF REPRESENTATIVES, AND THE STATE TREASURER SHALL MAKE THEIR
2 FIRST APPOINTMENTS TO THE COMMITTEE ON OR BEFORE JANUARY 1, 2019.
3 THE TERMS OF MEMBERS FIRST APPOINTED BY THE PRESIDENT, THE
4 SPEAKER, AND THE STATE TREASURER SHALL EXPIRE ON THE CONVENING
5 DATE OF THE FIRST REGULAR SESSION OF THE SEVENTY-THIRD GENERAL
6 ASSEMBLY. THEREAFTER, THE TERMS OF MEMBERS APPOINTED OR
7 REAPPOINTED BY THE PRESIDENT, THE SPEAKER, AND THE STATE
8 TREASURER SHALL EXPIRE ON THE CONVENING DATE OF THE FIRST
9 REGULAR SESSION OF EACH GENERAL ASSEMBLY, AND ALL SUBSEQUENT
10 APPOINTMENTS AND REAPPOINTMENTS SHALL BE MADE AS SOON AS
11 PRACTICABLE AFTER SUCH CONVENING DATE. THE PERSON MAKING THE
12 ORIGINAL APPOINTMENT OR REAPPOINTMENT SHALL FILL ANY VACANCY
13 BY APPOINTMENT FOR THE REMAINDER OF AN UNEXPIRED TERM. MEMBERS
14 APPOINTED OR REAPPOINTED BY THE PRESIDENT, THE SPEAKER, AND THE
15 STATE TREASURER SHALL SERVE AT THE PLEASURE OF THE APPOINTING
16 AUTHORITY AND SHALL CONTINUE IN OFFICE UNTIL THE MEMBER'S
17 SUCCESSOR IS APPOINTED.

18 (6) THE MEMBERS OF THE COMMITTEE APPOINTED BY THE STATE
19 TREASURER SHALL HAVE SIGNIFICANT EXPERIENCE AND COMPETENCE IN
20 INVESTMENT MANAGEMENT, FINANCE, BANKING, ECONOMICS,
21 ACCOUNTING, PENSION ADMINISTRATION, OR ACTUARIAL ANALYSIS. SUCH
22 MEMBERS SHALL NOT BE MEMBERS, INACTIVE MEMBERS, OR RETIREES OF
23 THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION AND SHALL NOT BE
24 MEMBERS, INACTIVE MEMBERS, OR RETIREES OF THE FIRE AND POLICE
25 PENSION ASSOCIATION.

26 **24-51.5-102. Public pension legislative oversight committee -**
27 **duties.** (1) THE COMMITTEE SHALL STUDY AND DEVELOP PROPOSED

1 LEGISLATION RELATING TO FUNDING OF THE PUBLIC EMPLOYEES'
2 RETIREMENT ASSOCIATION AND POLICE OFFICERS' AND FIREFIGHTERS'
3 PENSIONS IN THE STATE AND BENEFIT DESIGNS OF SUCH PENSION PLANS.

4 (2) IN CONNECTION WITH THE FIRE AND POLICE PENSION
5 ASSOCIATION, THE COMMITTEE STUDY SHALL INCLUDE A REVIEW OF, AND
6 THE PROPOSED LEGISLATION MAY INCLUDE, AMONG OTHER SUBJECTS, THE
7 FOLLOWING:

- 8 (a) NORMAL RETIREMENT AGE AND COMPULSORY RETIREMENT;
- 9 (b) PAYMENT OF BENEFITS PRIOR TO NORMAL RETIREMENT AGE;
- 10 (c) SERVICE REQUIREMENTS FOR ELIGIBILITY;
- 11 (d) RATE OF ACCRUAL OF BENEFITS;
- 12 (e) DISABILITY BENEFITS;
- 13 (f) SURVIVORS' BENEFITS;
- 14 (g) VESTING OF BENEFITS;
- 15 (h) EMPLOYEE CONTRIBUTIONS;
- 16 (i) POSTRETIREMENT INCREASES;
- 17 (j) COORDINATION OF BENEFITS WITH OTHER PROGRAMS;
- 18 (k) THE VOLUNTEER FIREFIGHTER PENSION SYSTEM; AND
- 19 (l) THE PROVISIONS OF ARTICLES 30 AND 30.5 OF TITLE 31.

20 (3) IN CONNECTION WITH THE PUBLIC EMPLOYEES' RETIREMENT
21 ASSOCIATION, THE COMMITTEE SHALL PERFORM THE FOLLOWING
22 FUNCTIONS WITH THE FULL COOPERATION OF THE PUBLIC EMPLOYEES'
23 RETIREMENT ASSOCIATION:

- 24 (a) RECEIVE ADDITIONAL TRAINING AND ORIENTATION REGARDING
25 PENSION FINANCE AND THE PUBLIC EMPLOYEES' RETIREMENT
26 ASSOCIATION;
- 27 (b) REVIEW SEMI-ANNUALLY THE OVERALL FINANCIAL HEALTH OF

1 THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION, INCLUDING THE
2 LEVELS OF BENEFITS, ITS SOURCES OF FUNDING, AND ITS OVERALL
3 FINANCIAL VIABILITY BASED ON BOTH THE ASSUMPTIONS OF THE
4 ASSOCIATION BOARD OF DIRECTORS AND THE REQUIREMENTS OF THE
5 GOVERNMENTAL ACCOUNTING STANDARDS BOARD. THE COMMITTEE MAY
6 REQUEST THAT THE ASSOCIATION PROVIDE GENERAL FINANCIAL
7 REPORTING BASED ON ASSUMPTIONS FOR ECONOMIC AND INVESTMENT
8 FACTORS, INCLUDING, BUT NOT LIMITED TO, INFLATION, ECONOMIC
9 GROWTH, EMPLOYMENT GROWTH, AND RATE OF RETURN, THAT DIFFER
10 FROM BOARD ASSUMPTIONS. IF THE COMMITTEE DETERMINES THAT THE
11 ASSOCIATION'S BOARD OF DIRECTORS IS USING ASSUMPTIONS THAT ARE
12 TOO CONSERVATIVE OR TOO AGGRESSIVE, THE COMMITTEE SHALL
13 REQUEST THAT THE ASSOCIATION ADJUST ITS ASSUMPTIONS ACCORDINGLY.

14 (c) REVIEW ANNUALLY THE CALCULATED NORMAL COSTS THAT
15 WILL COVER CURRENT PENSION BENEFITS AND THE SHARE OF
16 CONTRIBUTIONS GOING TO COVER THE UNFUNDED LIABILITY OF THE
17 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION;

18 (d) REVIEW SEMI-ANNUALLY THE PLANNED REDUCTION OF THE
19 UNFUNDED LIABILITY OF THE PUBLIC EMPLOYEES' RETIREMENT
20 ASSOCIATION. IF FULL FUNDING WILL NOT BE ACHIEVED BY 2048, THE
21 COMMITTEE SHALL MAKE ADDITIONAL RECOMMENDATIONS TO THE JOINT
22 BUDGET COMMITTEE AND THE GENERAL ASSEMBLY TO ACHIEVE FULL
23 FUNDING BY 2048. IF, UPON THAT ANNUAL REVIEW, THE COMMITTEE
24 DETERMINES THAT THE ASSOCIATION DOES NOT HAVE AT LEAST A
25 SIXTY-SEVEN PERCENT LIKELIHOOD OF ACHIEVING FULL FUNDING BY 2048,
26 THEN THE ASSOCIATION SHALL PROVIDE RECOMMENDATIONS TO THE
27 COMMITTEE FOR POLICY CHANGES THAT WOULD RETURN THE ASSOCIATION

1 TO FULLY FUNDED STATUS BY 2048. THE COMMITTEE SHALL REPORT TO
2 THE GENERAL ASSEMBLY ANNUALLY REGARDING WHETHER OR NOT THE
3 ASSOCIATION IS ON TRACK TO ACHIEVE FULL FUNDING BY 2048 AND IF
4 NOT, THE CORRECTIVE ACTIONS RECOMMENDED BY THE COMMITTEE OR
5 THE ASSOCIATION TO RECTIFY THE SHORTFALL.

6 (e) REPORT IN WRITING ANNUALLY TO THE CITIZENS OF COLORADO
7 REGARDING WHETHER OR NOT THE PUBLIC EMPLOYEES' RETIREMENT
8 ASSOCIATION IS ON TRACK TO ACHIEVE FULL FUNDING BY 2048 AND IF
9 NOT, THE CORRECTIVE ACTIONS RECOMMENDED BY THE COMMITTEE OR
10 THE ASSOCIATION TO THE GENERAL ASSEMBLY TO RECTIFY THE
11 SHORTFALL. SUCH COMMUNICATION SHALL BE MADE IN A MANNER THAT
12 IS CLEAR, CONCISE, AND ACCESSIBLE TO LAYPEOPLE. THIS
13 COMMUNICATION SHALL QUANTIFY THE NET PRESENT VALUE OF ANY
14 FUNDING DEFICIT ON A PER CITIZEN BASIS. FOR EXAMPLE, FIFTY BILLION
15 DOLLARS ON FIVE MILLION FIVE HUNDRED THOUSAND PEOPLE EQUALS NINE
16 THOUSAND NINETY DOLLARS PER PERSON. THE CERTIFIED ANNUAL
17 FINANCIAL REPORT SHALL NOT SERVE AS THIS COMMUNICATION.

18 (f) AFTER FULL FUNDING IS ACHIEVED, MAKE RECOMMENDATIONS
19 TO THE JOINT BUDGET COMMITTEE AND THE GENERAL ASSEMBLY DURING
20 EACH LEGISLATIVE SESSION REGARDING CHANGES TO THE PLAN TO
21 MAINTAIN FULL FUNDING;

22 (g) ENSURE THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION
23 BOARD IS ADMINISTERING THE ASSOCIATION AS MANDATED AND MAKE
24 RECOMMENDATIONS FOR THE ASSOCIATION BOARD STRUCTURE AS
25 WARRANTED; AND

26 (h) EVERY THREE YEARS, COMMISSION AN INDEPENDENT REVIEW
27 OF THE ECONOMIC AND INVESTMENT ASSUMPTIONS USED TO MODEL THE

1 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION FINANCIAL SITUATION. THE
2 COMMITTEE SHALL USE EXPERTS OTHER THAN THOSE ALREADY WORKING
3 ON BEHALF OF THE ASSOCIATION.

4 **SECTION 27.** In Colorado Revised Statutes, 31-31-1001, **add** (4)
5 as follows:

6 **31-31-1001. Police officers' and firefighters' pension reform**
7 **commission - creation - duties - repeal.** (4) NOTWITHSTANDING
8 SUBSECTION (1)(b) OF THIS SECTION, THE COMMISSION IS REPEALED,
9 EFFECTIVE DECEMBER 31, 2018, AND THE TERMS OF ALL MEMBERS
10 SERVING ON THE COMMISSION SHALL EXPIRE ON THAT DATE.

11 **SECTION 28. Safety clause.** The general assembly hereby finds,
12 determines, and declares that this act is necessary for the immediate
13 preservation of the public peace, health, and safety.