

CHAPTER 91

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**GOVERNMENT - STATE**

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SENATE BILL 95-033

BY SENATORS Wells and Schroeder;  
also REPRESENTATIVES Faatz, Moellenberg, Armstrong, Hernandez, and Schwarz.

**AN ACT**

**CONCERNING BENEFIT PROVISIONS OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION.**

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

**SECTION 1.** 24-51-101 (25) (a) (I), (35), and (43), Colorado Revised Statutes, 1988 Repl. Vol., are amended to read:

**24-51-101. Definitions.** As used in this article, unless the context otherwise requires:

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

(I) One-twelfth of the average of the highest annual salaries upon which contributions were paid, whether earned from one or more employers, that are associated with ~~calendar year periods totaling three years of service credit~~ THREE PERIODS OF TWELVE CONSECUTIVE MONTHS OF SERVICE CREDIT;

(35) "Premium" means the total amount charged by a life insurer, health insurer, health maintenance organization, ~~or~~ health care provider, ~~OR BY THE ASSOCIATION~~ for each participant and shall be equal to the total of the amount paid by the participant and the premium subsidy, if any, paid by the plan.

(43) "Service credit" means the total of all earned, purchased, projected, and ~~military~~ UNIFORMED service credit; however, it does not necessarily equal the number of years employed.

**SECTION 2.** 24-51-401 (6), Colorado Revised Statutes, 1988 Repl. Vol., as amended, is amended to read:

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

**24-51-401. Employer and member contributions.** (6) For all members, contributions will be subject to any maximum limits imposed under federal income tax law including THE LIMITATIONS SET FORTH IN SECTION 401 (a) (17) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", AS AMENDED, AND any OTHER limit on the members' total gross salary that may be taken into account for purposes of determining member contributions.

**SECTION 3.** 24-51-501 (2), (3), and (4), Colorado Revised Statutes, 1988 Repl. Vol., are amended to read:

**24-51-501. Earned service credit.** (2) One year of service credit is earned for ~~one year of full-time employment, at full salary;~~ TWELVE CALENDAR MONTHS OF EMPLOYMENT, for which contributions to the association are made, IN WHICH A MEMBER IN EACH MONTH EARNS SALARY GREATER THAN OR EQUAL TO EIGHTY TIMES THE FEDERAL MINIMUM WAGE HOURLY RATE IN EFFECT AT THE TIME OF SERVICE. A MEMBER WHO IS EMPLOYED IN A POSITION IN WHICH THE EMPLOYMENT PATTERN COVERS A PERIOD OF AT LEAST EIGHT MONTHS BUT LESS THAN TWELVE MONTHS PER YEAR SHALL EARN ONE YEAR OF SERVICE CREDIT IF AT LEAST EIGHT MONTHS OF SERVICE CREDIT ARE EARNED DURING THE MONTHS IN WHICH THE MEMBER IS EMPLOYED DURING THE YEAR.

(3) Earned service credit for ~~less than full-time employment, or full-time employment for which less than full salary is received;~~ PERIODS OF EMPLOYMENT WHICH DO NOT MEET THE REQUIREMENTS DESCRIBED IN SUBSECTION (2) OF THIS SECTION shall be determined by ~~the ratio of the actual time worked to full time or the ratio of actual salary received to full salary~~ EIGHTY TIMES THE FEDERAL MINIMUM WAGE HOURLY RATE IN EFFECT AT THE TIME OF SERVICE AND THE RATIO OF THE NUMBER OF MONTHS FOR WHICH CONTRIBUTIONS ARE REMITTED TO THE NUMBER OF MONTHS REQUIRED FOR ONE YEAR OF SERVICE CREDIT.

(4) Earned service credit shall be recorded on ~~a calendar year~~ AN ANNUAL basis.

**SECTION 4.** 24-51-503 (3), Colorado Revised Statutes, 1988 Repl. Vol., is repealed as follows:

**24-51-503. Purchase of service credit relating to a refunded member contribution account.** (3) ~~Service credit associated with one or more refunded member contribution accounts may be purchased separately at the discretion of the member.~~

**SECTION 5.** 24-51-505 (1) (b), (1) (c), (2), and (4), Colorado Revised Statutes, 1988 Repl. Vol., as amended, are amended to read:

**24-51-505. Purchase of service credit relating to noncovered employment.** (1) Service credit may be purchased for any period of previous employment with any public or private employer in the United States or its territories, subject to the following conditions:

(b) The member must provide certification from the previous employer as to the dates of employment AND the record of salary received; ~~and the full-time salary for~~

~~the position the member held; and~~

(c) The member must provide certification from any retirement program covering such employment that the service credit to be purchased has not vested with that program, EXCEPT TO THE EXTENT OTHERWISE REQUIRED BY FEDERAL LAW.

(2) One year of service credit may be purchased for each year of ~~full-time~~, noncovered employment at ~~full salary~~ DETERMINED PURSUANT TO THE PROVISIONS OF SECTION 24-51-501 (2) TO (4) APPLICABLE TO EARNED SERVICE CREDIT. ~~Service credit for periods of employment which are less than full time shall be determined by the ratio of actual time worked to full time or the ratio of actual salary earned to full salary.~~

~~(4) Service credit purchased pursuant to the provisions of this section shall be included in the calculation of the initial benefit for cost of living stabilization fund increases.~~

**SECTION 6.** 24-51-506 (2) (a), Colorado Revised Statutes, 1988 Repl. Vol., is repealed as follows:

**24-51-506. Payments for purchased service credit.** (2) Installment payments for service credit purchases are subject to the following provisions:

~~(a) The period over which installment payments may be made shall not exceed twenty-four months or a period equal to total amount of service credit to be purchased, whichever is less.~~

**SECTION 7.** 24-51-507, Colorado Revised Statutes, 1988 Repl. Vol., is amended to read:

**24-51-507. Uniformed service credit.** (1) A member shall be granted additional service credit for ~~active~~ UNIFORMED service, ~~in any branch of the United States military~~ AS DEFINED FOR REEMPLOYMENT RIGHT PURPOSES UNDER FEDERAL LAW, if:

(a) Such member had membership in the association at the time the ~~military~~ UNIFORMED service began;

(b) Such member was discharged from ~~active duty~~ UNIFORMED SERVICE and returned from the ~~military~~ leave of absence FOR UNIFORMED SERVICE to membership;

(c) The period of ~~active military~~ UNIFORMED service is verified ~~and proven to be not vested in another retirement system, including military retirement~~ AND IS NOT ALREADY COVERED BY ASSOCIATION SERVICE CREDIT UPON RETURN FROM UNIFORMED SERVICE TO MEMBERSHIP; and

(d) All service credit forfeited by a refund of the ~~member contribution account~~ PURSUANT TO THE PROVISIONS OF SECTION 24-51-405 is purchased.

(2) ~~Military~~ UNIFORMED service credit shall be limited to a maximum of five years.

(3) Death or any disability arising from ~~military~~ UNIFORMED service shall be excluded as a basis for disability retirement benefits or survivor benefits pursuant to the plan.

**SECTION 8.** 24-51-508, Colorado Revised Statutes, 1988 Repl. Vol., is amended to read:

**24-51-508. Leave of absence for uniformed service.** An employee who is on a ~~military~~ leave of absence FOR UNIFORMED SERVICE at the time his OR HER employer becomes affiliated with the association shall be entitled to service credit as provided for in section 24-51-507 upon becoming a member after returning to such employment.

**SECTION 9.** 24-51-603 (3), Colorado Revised Statutes, 1988 Repl. Vol., as amended, is amended to read:

**24-51-603. Benefit formula for service retirement.** (3) (a) Regardless of total years of service credit, the option 1 benefit calculated pursuant to the provisions of this ~~section~~ PART 6 shall not exceed ~~eighty percent of the highest average salary of the member~~ THE MAXIMUM PERMITTED UNDER FEDERAL INCOME TAX LAW.

(b) ON JULY 1, 1995, THE ASSOCIATION SHALL RECALCULATE THE BASE BENEFIT FOR ALL BENEFIT RECIPIENTS WHOSE BENEFITS BECAME EFFECTIVE PRIOR TO THAT DATE AND ARE CALCULATED BASED UPON FORTY YEARS OF SERVICE CREDIT. ON AND AFTER JULY 1, 1995, SERVICE CREDIT IN EXCESS OF FORTY YEARS SHALL BE INCLUDED IN THE COMPUTATION OF THE OPTION 1 BASE BENEFIT FOR SERVICE RETIREMENT PURSUANT TO THE PROVISIONS OF THIS SECTION OR SECTION 24-51-605, WHICHEVER IS APPLICABLE, SUBJECT TO THE LIMITATION OF PARAGRAPH (a) OF THIS SUBSECTION (3). THE ASSOCIATION SHALL PROVIDE BENEFITS TO ALL SUCH BENEFIT RECIPIENTS BASED UPON SUCH RECALCULATED BASE BENEFITS EFFECTIVE FROM JULY 1, 1995.

**SECTION 10.** 24-51-611, Colorado Revised Statutes, 1988 Repl. Vol., as amended, is amended to read:

**24-51-611. Maximum benefit under federal law.** Notwithstanding any other provision of this article, no benefit paid to any benefit recipient shall exceed the maximum permitted for qualified retirement plans pursuant to SECTION 401 (a) (17) OR section 415 of the federal "Internal Revenue Code of 1986", as amended.

**SECTION 11.** 24-51-1301, Colorado Revised Statutes, 1988 Repl. Vol., as amended, is amended to read:

**24-51-1301. Plan sponsored group life insurance.** The board is ~~authorized to enter into group life insurance contracts with~~ MAY OFFER GROUP LIFE INSURANCE COVERAGE THROUGH any life insurance company qualified to do business in Colorado OR MAY SELF-FUND SUCH COVERAGE. Life insurance coverage shall be available to members who voluntarily subscribe. ~~Retirees who return to work in a position requiring membership shall not subscribe.~~ Notwithstanding the provisions of section 10-7-201, C.R.S., the board shall determine the terms and conditions of coverage and may negotiate or discontinue said coverage at any time the board determines such

action to be in the best interest of the members. Members who have elected group life insurance coverage shall be notified sixty days prior to any change in coverage or discontinuance.

**SECTION 12.** 24-51-1302 (1), (2), and (3), Colorado Revised Statutes, 1988 Repl. Vol., are amended, and the said 24-51-1302 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

**24-51-1302. Premiums for group life insurance.** (1) Premiums for life insurance ~~shall be deducted from salaries of participating members and shall be submitted to the association with the monthly contributions reports required to be submitted by employers~~ MUST BE RECEIVED BY THE ASSOCIATION IN ORDER FOR AN INDIVIDUAL TO BE COVERED.

(2) Continuation of life insurance coverage after retirement is available to any retiree who, ~~at~~ PRIOR TO retirement, authorizes life insurance premiums to be deducted from monthly benefit payments.

(2.5) LIFE INSURANCE COVERAGE AFTER TERMINATION OF MEMBERSHIP MAY CONTINUE FOR ANY INACTIVE MEMBER WHO CONTINUES TO PAY LIFE INSURANCE PREMIUMS AND DOES NOT RECEIVE A REFUND PURSUANT TO THE PROVISIONS OF SECTION 24-51-405.

(3) Life insurance provided pursuant to the provisions of this part 13 may be assigned by members, INACTIVE MEMBERS, or retirees.

**SECTION 13.** 24-51-1303, Colorado Revised Statutes, 1988 Repl. Vol., is amended to read:

**24-51-1303. Life insurance beneficiary.** Unless a member, INACTIVE MEMBER, RETIREE, or a court decree names a different beneficiary for life insurance purposes, the named beneficiary shall be the beneficiary of such life insurance.

**SECTION 14.** 24-51-1304 (2), Colorado Revised Statutes, 1988 Repl. Vol., is amended to read:

**24-51-1304. Life insurance for certain retired state employees.** (2) The board ~~shall have the authority to enter into group life insurance contracts~~ MAY OFFER GROUP LIFE INSURANCE COVERAGE THROUGH ANY LIFE INSURANCE COMPANY QUALIFIED TO DO BUSINESS IN COLORADO OR MAY SELF-FUND SUCH COVERAGE for eligible retirees under this section. The monthly premium shall be deducted from the benefits of each participating retiree and the association shall not pay any premium subsidy.

**SECTION 15. Effective date.** This act shall take effect July 1, 1995, except that the provisions of sections 2 and 10 of this bill shall first become effective on December 31, 1995. For persons who become members before January 1, 1996, the limitation on contributions and benefits under section 401 (a) (17) of the federal "Internal Revenue Code of 1986", as amended, shall not be less than the amount which was allowed to be taken into account under the state statute as in effect on July 1, 1993.

**SECTION 16. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: April 20, 1995