

CHAPTER 138

GOVERNMENT - STATE**HOUSE BILL 93-1324**

BY REPRESENTATIVES Martin and Sullivan, Adkins, Agler, Anderson, George, Grampsas, Greenwood, Knox, Owen, Pierson, Prinster, Ratterree, Romero, Rupert, Salaz, Shoemaker, Wright, Armstrong, Chlouber, Reeves, and Tanner; also SENATORS Traylor, Bishop, Casey, Cassidy, Norton, Rizzuto, Ruddick, Schroeder, Trujillo, Wells, Wham, Groff, Hopper, Mares, Martinez, Meiklejohn, Mendez, Peterson, L. Powers, Roberts, and Weissmann.

AN ACT**CONCERNING BENEFITS PROVIDED BY THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION.**

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

SECTION 1. 24-51-604, Colorado Revised Statutes, 1988 Repl. Vol., is amended to read:

24-51-604. Reduced service retirement eligibility. Members 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
REDUCED SERVICE RETIREMENT
ELIGIBILITY**

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

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

SECTION 2. 24-51-605, Colorado Revised Statutes, 1988 Repl. Vol., is amended BY THE ADDITION OF A NEW SUBSECTION to read:

24-51-605. Benefit formula for reduced service retirement.

(3) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (1) OF THIS SECTION, ON AND AFTER JULY 1, 1993, FOR A MEMBER WHO IS NOT A STATE TROOPER AND WHO RETIRES UPON REACHING FIFTY YEARS OF AGE OR OLDER BUT BEFORE REACHING FIFTY-FIVE YEARS OF AGE, A REDUCED SERVICE RETIREMENT BENEFIT SHALL BE THE OPTION 1 BENEFIT FOR SERVICE RETIREMENT, AS CALCULATED ACCORDING TO THE FORMULA SET FORTH IN SECTION 24-51-603, REDUCED BY:

(a) SIX PERCENT FOR EACH YEAR AND A PROPORTIONAL PERCENTAGE FOR EACH FRACTION OF A YEAR FROM THE EFFECTIVE DATE OF REDUCED SERVICE RETIREMENT TO THE DATE THE MEMBER WOULD HAVE REACHED FIFTY-FIVE YEARS OF AGE, OR THE DATE THE MEMBER WOULD HAVE BECOME ELIGIBLE FOR A SERVICE RETIREMENT PURSUANT TO THE PROVISIONS OF SECTION 24-51-602 (1) IF EARLIER THAN FIFTY-FIVE YEARS OF AGE; AND

(b) FOUR PERCENT FOR EACH YEAR AND A PROPORTIONAL PERCENTAGE FOR EACH FRACTION OF A YEAR FROM THE DATE THE MEMBER REACHES FIFTY-FIVE YEARS OF AGE TO THE DATE THE MEMBER WOULD HAVE BECOME ELIGIBLE FOR A SERVICE RETIREMENT PURSUANT TO THE PROVISIONS OF SECTION 24-51-602 (1), IF ON SUCH DATE THE MEMBER WOULD HAVE BEEN OLDER THAN FIFTY-FIVE YEARS OF AGE.

SECTION 3. Part 6 of article 51 of title 24, Colorado Revised Statutes, 1988 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SECTION to read:

24-51-606.5. Indexation of benefits for vested inactive members. A VESTED INACTIVE MEMBER WHO HAS AT LEAST TWENTY-FIVE YEARS OF SERVICE CREDIT PRIOR TO TERMINATING MEMBERSHIP SHALL BE ELIGIBLE, UPON RETIREMENT, FOR A BENEFIT WHICH HAS BEEN INCREASED BY THE ANNUAL INCREASE SPECIFIED IN SECTIONS 24-51-1001 TO 24-51-1003, FROM THE DATE OF TERMINATION OF MEMBERSHIP OR JULY 1, 1993, WHICHEVER IS LATER, TO THE EFFECTIVE DATE OF RETIREMENT.

SECTION 4. 24-51-908 (1), Colorado Revised Statutes, 1988 Repl. Vol., is amended to read:

24-51-908. Survivor benefits. (1) Survivor benefits paid to a cobeneficiary pursuant to the provisions of section 24-51-906 (1) (a) SHALL BE CALCULATED IN THE SAME MANNER AS OPTION 3 BENEFITS PURSUANT TO THE PROVISIONS OF SECTION 24-51-910. ~~and survivor~~ SURVIVOR benefits paid to a surviving spouse pursuant to the provisions of section 24-51-905 (2) (a) shall be calculated in the same manner as option 3 benefits pursuant to the provisions of section 24-51-910, AND IF THE DECEASED VESTED INACTIVE MEMBER HAD AT LEAST TWENTY-FIVE YEARS OF SERVICE CREDIT, SUCH BENEFITS SHALL BE INCREASED BY THE ANNUAL INCREASE SPECIFIED IN SECTIONS 24-51-1001 TO 24-51-1003, FROM THE DATE OF TERMINATION OF MEMBERSHIP OR JULY 1, 1993, WHICHEVER IS LATER, TO THE DATE BENEFITS COMMENCE.

SECTION 5. 24-51-101, Colorado Revised Statutes, 1988 Repl. Vol., as

amended, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

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

(6.5) "BASE BENEFIT" MEANS THE INITIAL BENEFIT FOR A BENEFIT WHICH BECOMES EFFECTIVE AFTER MARCH 1, 1993. FOR A BENEFIT WHICH BECAME EFFECTIVE ON OR BEFORE MARCH 1, 1993, "BASE BENEFIT" MEANS THE TOTAL BENEFIT PAYABLE AS OF FEBRUARY 28, 1994, INCLUDING THE SUM OF THE INITIAL BENEFIT, ACCUMULATED ANNUAL INCREASES, AND COST OF LIVING INCREASES.

SECTION 6. 24-51-1001, Colorado Revised Statutes, 1988 Repl. Vol., as amended, is amended to read:

24-51-1001. Types of benefit increases. (1) Annual increases in retirement benefits and survivor benefits ~~having an effective date on or before May 1, 1986,~~ shall occur on ~~May 1~~ MARCH 1 if said benefits have been paid for at least ~~twelve months~~ THREE MONTHS preceding ~~May 1~~ MARCH 1. Such increases in benefits shall be calculated in accordance with the provisions of ~~sections 24-51-1002 to 24-51-1004~~ SECTIONS 24-51-1002 AND 24-51-1003 and shall be paid from the division trust funds.

(1.5) ~~Annual increases in retirement benefits and survivor benefits having an effective date after May 1, 1986, shall occur on May 1 or November 1, whichever is earlier, if said benefits have been paid for at least twelve months prior to such date. Such increases shall be calculated in accordance with the provisions of sections 24-51-1002 and 24-51-1003 and shall be paid from the division trust funds.~~

(2) ~~Cost of living increases in retirement benefits and survivor benefits shall be made only upon approval by the general assembly. Such increases in benefits shall be calculated in accordance with the provisions of section 24-51-1006 and shall be paid from the cost of living stabilization fund.~~

SECTION 7. 24-51-1002, Colorado Revised Statutes, 1988 Repl. Vol., as amended, is amended to read:

24-51-1002. Annual percentages to be used. (1) The ~~percentage~~ CUMULATIVE increase applied to benefits paid ~~from the state, school, and municipal divisions~~ shall be recalculated annually AS OF MARCH 1 and shall be the lesser of:

(a) The total percent derived by ~~adding the product of three percent times the number of full years such benefit has been effective as of May 1, 1992, plus the product of four percent~~ MULTIPLYING THREE AND ONE-HALF PERCENT, COMPOUNDED ANNUALLY, times the number of ~~full~~ years such benefit has been effective after ~~May 1, 1992~~ MARCH 1, 1993; and

(b) The percent increase in the consumer price index from 1992, OR the year prior to the ~~payment of the initial benefit~~ YEAR IN WHICH THE BENEFIT BECOMES EFFECTIVE, WHICHEVER IS LATER, to the ~~current~~ year preceding ~~May 1~~ MARCH 1.

(2) ~~The percentage increase applied to benefits paid from the judicial division shall~~

be recalculated annually and shall be the lesser of:

(a) ~~The total percent derived by adding the product of one and one-half percent times the number of full years such benefit has been effective as of May 1, 1988, plus the product of three percent times the number of full years such benefit has been effective after May 1, 1988, as of May 1, 1992, plus the product of four percent times the number of full years such benefit has been effective after May 1, 1992; and~~

(b) ~~The percent increase in the consumer price index from the year prior to the payment of the initial benefit to the current year preceding May 1.~~

SECTION 8. 24-51-1003, Colorado Revised Statutes, 1988 Repl. Vol., is amended to read:

24-51-1003. Annual increases in the base benefit. The percentage recalculated pursuant to the provisions of section 24-51-1002 (1) ~~or (2)~~ shall be multiplied by the ~~initial~~ BASE benefit to determine the increased benefit. In no case shall the benefit paid be less than the ~~initial~~ BASE benefit.

SECTION 9. 24-51-1004, Colorado Revised Statutes, 1988 Repl. Vol., as amended, is repealed as follows:

24-51-1004. Annual increases for benefits effective prior to May 1, 1969. ~~For all initial benefits with an effective date prior to May 1, 1969, the consumer price index for the year 1968 shall be used instead of the consumer price index for the year prior to the effective date of the benefit for the purpose of making such calculations as provided for in section 24-51-1002 (1) (b) and (2) (b). For such benefits, the number of full years the benefit has been effective after May 1, 1969, shall be used instead of the actual number of years the benefit has been effective for the purpose of making such calculations as provided for in section 24-51-1002 (1) (a) and (2) (a).~~

SECTION 10. 24-51-208 (1) (e), Colorado Revised Statutes, 1988 Repl. Vol., is repealed as follows:

24-51-208. Allocation of moneys. (1) The moneys of the association shall be divided into several trust funds, including, but not limited to:

(e) ~~The cost of living stabilization fund, created pursuant to the provisions of section 24-51-1005, which consists of a portion of the employer contributions to the plan which are equal to two percent of member salaries, in addition to a proportional share of investment income earned thereon;~~

SECTION 11. 24-51-210, Colorado Revised Statutes, 1988 Repl. Vol., is amended to read:

24-51-210. Allocation of assets and liabilities - repeal. (1) The assets and liabilities of the association shall be divided equitably on a historical accumulative basis among the several trust funds specified in section 24-51-208 (1).

(2) (a) THE ASSETS OF THE COST OF LIVING STABILIZATION FUND SHALL BE TRANSFERRED ON MARCH 1, 1994, TO THE RETIREMENT BENEFITS RESERVE WITHIN

EACH OF THE DIVISION TRUST FUNDS, AND THE COST OF LIVING STABILIZATION FUND SHALL BE TERMINATED ON THAT DATE. THE AMOUNTS TRANSFERRED SHALL BE IN PROPORTION TO THE PERCENTAGE THAT EACH DIVISION'S TRUST FUND ASSETS REPRESENTS OF ALL DIVISION TRUST FUND ASSETS ON MARCH 1, 1994.

(b) THIS SUBSECTION (2) IS REPEALED, EFFECTIVE MARCH 2, 1994.

SECTION 12. 24-51-1005 (1), Colorado Revised Statutes, 1988 Repl. Vol., as amended, is repealed as follows:

24-51-1005. Cost of living stabilization fund. (1) ~~The cost of living stabilization fund is hereby created for the purpose of paying for increases in the initial benefits. Such increases shall be paid in addition to any other benefits or increases paid pursuant to the provisions of this article.~~

SECTION 13. 24-51-1006, Colorado Revised Statutes, 1988 Repl. Vol., as amended, is repealed as follows:

24-51-1006. Cost of living increases. ~~Every initial benefit paid by the association shall be increased such a percentage as indicated in the following table:~~

**TABLE D
COST OF LIVING STABILIZATION FUND INCREASES**

Effective Date of Retirement or Survivor Benefit (calendar year)	Increase in Initial Benefit (percentages)
On or before December 31, 1951	348%
1952	331%
1953	331%
1954	331%
1955	331%
1956	325%
1957	308%
1958	295%
1959	292%
1960	285%
1961	280%
1962	275%
1963	270%
1964	264%
1965	257%
1966	245%
1967	233%
1968	218%
1969	198%
1970	180%
1971	169%
1972	162%
1973	146%

1974	119%
1975	100%
1976	89%
1977	78%
1978	65%
1979	47%
1980	28%
1981	16%
1982	11%
1983	10%
1984	9%
1985	7%
1986	7%
1987	7%
1988	5%
1989	3%
1990	1%

SECTION 14. 23-21-508 (3) (b), Colorado Revised Statutes, 1988 Repl. Vol., as amended, is amended to read:

23-21-508. Retirement benefits - rights of former state employees - PERA membership. (3) (b) If the amount of reserves on deposit in the state division trust fund of PERA to provide such benefits and health care, as calculated by the actuary, exceeds the amount of reserves required pursuant to paragraph (a) of this subsection (3), then the excess amount shall be paid to a retirement trust established by the authority as further provided in this subsection (3). Such payment shall be made if the actuarial report certifies that the payment will not have an adverse impact on the actuarial soundness of the state division trust fund ~~the PERA cost of living stabilization fund~~, or the PERA health care fund. If the actuary determines, in accordance with accepted actuarial principles, that the payment provided by this paragraph (b) will have an adverse impact on the actuarial soundness of these funds, the payment shall not be permitted.

SECTION 15. Effective date. Sections 1 through 4 of this act shall take effect July 1, 1993, and the remainder of this act shall take effect March 1, 1994.

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 23, 1993