

## CHAPTER 53

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**GOVERNMENT - STATE**

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**SENATE BILL 02-106**

BY SENATOR(S) Anderson and Arnold;  
also REPRESENTATIVE(S) Stafford, Bacon, Kester, Marshall, Miller, and Snook.

**AN ACT****CONCERNING CONFORMANCE OF PUBLIC EMPLOYEE RETIREMENT PLANS WITH THE FEDERAL  
INTERNAL REVENUE CODE.**

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

**SECTION 1.** 14-10-113 (6) (a) (I), Colorado Revised Statutes, is amended to read:

**14-10-113. Disposition of property.** (6) (a) (I) Notwithstanding any anti-assignment, anti-alienation, or other provision of law to the contrary, all retirement benefits of any nature for public employees from a ~~qualified~~ plan DESCRIBED IN SECTION 414 (p) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", AS AMENDED, THAT IS established pursuant to Colorado law shall be, in all actions for dissolution of marriage, legal separation, and declaration of invalidity of marriage, divisible directly by the plan upon written agreement of the parties to such an action pursuant to paragraph (c) of this subsection (6).

**SECTION 2.** 24-51-506 (1), Colorado Revised Statutes, is amended to read:

**24-51-506. Payments for purchased service credit.** (1) Service credit purchases may be made by a lump-sum payment, by installment payments, ~~or~~ by a trustee-to-trustee transfer or a direct rollover ~~from a qualified plan, as defined by the federal "Internal Revenue Code of 1986", as amended~~ OF AN ELIGIBLE ROLLOVER DISTRIBUTION FROM A PLAN DESCRIBED IN SECTION 402 (c) (8) (B) (iii) TO (vi) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", AS AMENDED, including but not limited to the voluntary investment program established pursuant to the provisions of part 14 of this article, ~~or a conduit individual retirement account~~ BY A ROLLOVER OF A DISTRIBUTION FROM AN INDIVIDUAL RETIREMENT ACCOUNT OR ANNUITY DESCRIBED IN SECTION 408 (a) OR 408 (b) OF SUCH CODE THAT IS ELIGIBLE TO BE ROLLED OVER

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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.*

AND WOULD OTHERWISE BE INCLUDED IN GROSS INCOME. Service credit purchases shall be initiated and payment received in full during membership.

**SECTION 3.** 24-51-611, Colorado Revised Statutes, is amended to read:

**24-51-611. Maximum limit 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, including but not limited to all cost-of-living adjustments permitted by such code. ANY CHANGES IN THE MAXIMUM COMPENSATION LIMIT UNDER SAID SECTION 401 (a) (17) SHALL BE APPLIED PROSPECTIVELY. No contribution made pursuant to part 5 of this article or to section 24-51-606 (2) shall cause the limits in section 415 (n) of ~~the federal "Internal Revenue Code of 1986", as amended,~~ SUCH CODE to be exceeded.

**SECTION 4.** Part 4 of article 51 of title 24, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

**24-51-405.5. Direct rollovers.** NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, EFFECTIVE JANUARY 1, 1993, A TERMINATED MEMBER OR A SURVIVING SPOUSE MAY ELECT TO HAVE ANY PORTION OF AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO AN ELIGIBLE RETIREMENT PLAN IN A DIRECT ROLLOVER IN ACCORDANCE WITH SECTION 401 (a) (31) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", AS AMENDED.

**SECTION 5. 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: March 27, 2002