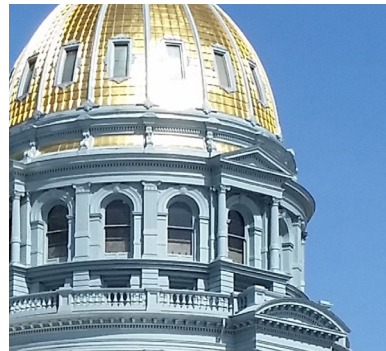


2018

Report to the Colorado General Assembly



Pension Review Commission



Prepared by Legislative Council Staff
Research Publication No. 706
October 2018

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Pension Review Commission

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October 2018

To Members of the Seventy-first General Assembly:

Submitted herewith is the final report of the Pension Review Commission. This commission was created pursuant to Article 51.1 of Title 24, Colorado Revised Statutes. The purpose of the commission is to study and review the two major pension plans in the state — the Fire and Police Pension Association for police officers and firefighters employed by local governments and the Public Employees' Retirement Association pension for state and local government employees — and to develop proposed legislation.

The commission submitted no bill requests to Legislative Council in the 2018 interim.

Sincerely,

/s/ Representative Crisanta Duran
Chair

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This report is also available online at:

<https://leg.colorado.gov/committees/pension-review-commission/2018-regular-session>

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Committee Charge

Pursuant to Section 24-51.1-101, *et seq.*, C.R.S., the Pension Review Commission has the responsibility to study and develop proposed legislation relating to funding the Fire and Police Pension Association (FPPA). In addition, the commission must study and may develop proposed legislation relating to the Public Employees' Retirement Association (PERA). The law directs the commission to study, review, and propose legislation related to the following subjects including, but not limited to:

- normal retirement age;
- payment of benefits prior to normal retirement age;
- service requirements for eligibility;
- rate of accrual of benefits;
- disability benefits;
- survivors' benefits;
- vesting of benefits;
- employee and employer contributions;
- post-retirement increases;
- creation of an administration board;
- creation of a consolidated statewide system;
- coordination of benefits with other programs;
- the volunteer firefighter pension system; and
- state laws related to each pension system.

Committee Activities

The committee held one meeting during the 2018 interim. Presentations were made by FPPA and PERA. Both entities provided an overview of their pension's mission and governance structure, as well as an update on current funded status, investments, membership, and other relevant issues. No bill drafts were requested by the committee.

Fire and Police Pension Association. Representatives of FPPA reviewed the funded status of the various plans administered by the association, including the three statewide plans: the Statewide Defined Benefit Plan, the Death and Disability Plan, and the Statewide Hybrid Defined Benefit/Defined Contribution Plan. FPPA representatives reviewed benefit adjustments for the plans, including cost-of-living increases, and discussed an ongoing experience study regarding the funded status of the plans. FPPA representatives further described a new task force, created by the FPPA board, to evaluate whether the plans are achieving retirement security for members and reviewed a recent increase in Death and Disability Plan membership, which the task force will address. Finally, the presenters reviewed the history of the FPPA, specifically regulation of and contributions to firefighter and police officer pension plans by the state.

Public Employees' Retirement Association. Representatives of PERA reviewed the plans offered by PERA, including the defined benefit and defined contribution plans, voluntary retirement plans including 401K and 457 plans, and the PERACare health care program. The representatives reviewed the plans' funded status, assets under management, and asset allocation plan. PERA representatives

then discussed the expected and actual rate of return for the plans, and the fees associated with investing and managing the plan's investments. The representatives also discussed legislation regarding PERA enacted during the 2018 legislative session by providing information regarding the actuarial soundness of the PERA trust prior to consideration of this legislation and following the changes enacted by Senate Bill 18-200.

Resource Materials

Meeting summaries are prepared for each meeting of the committee and contain all handouts provided to the committee. The summaries of meetings and attachments are available at the Division of Archives, 1313 Sherman Street, Denver (303-866-2055). The listing below contains the dates of committee meetings and the topics discussed at those meetings. Meeting summaries are also available on our website at:

<https://leg.colorado.gov/content/committees>

Meeting Date and Topics Discussed

August 15, 2018

- ◆ Overview and update from the Fire and Police Pension Association of Colorado
- ◆ Overview and update from the Colorado Public Employees' Retirement Association