

**Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 10-0441.01 Nicole Myers

SENATE BILL 10-001

SENATE SPONSORSHIP

Shaffer B. and Penry, Bacon, Boyd, Brophy, Carroll M., Foster, Gibbs, Heath, Hodge, Hudak, Johnston, Keller, Kester, Morse, Newell, Romer, Sandoval, Schwartz, Steadman, Tapia, Tochtrop, Whitehead, Williams

HOUSE SPONSORSHIP

Kerr A.,

Senate Committees

Finance
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING MODIFICATIONS TO THE PUBLIC EMPLOYEES'**
102 **RETIREMENT ASSOCIATION NECESSARY TO REACH A ONE**
103 **HUNDRED PERCENT FUNDED RATIO WITHIN THE NEXT THIRTY**
104 **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://www.leg.state.co.us/billsummaries>.)

The bill contains benefit and contribution changes to the benefit plans of the public employees' retirement association (PERA) to achieve

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

a sound actuarial response to PERA's current financial situation. The bill makes changes to fully amortize 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 contains the following three main changes and several additional changes to accomplish the 100% funded ratio:

2% increase in the amortization equalization disbursement (AED). The AED is a contribution made by each PERA employer, in addition to the employer contribution, that was enacted by the general assembly as a means of improving the funded ratio of the retirement plans administered by PERA. The AED began in the 2006 calendar year and was 0.5% of each PERA employer's total payroll. The AED increased by 0.5% for the 2007 calendar year. For employers in all divisions of PERA, current law requires the AED to increase by an additional 0.4% in the 2008 through 2012 calendar years for a total AED equal to 3% of the employer's total payroll.

The bill makes several modifications to the AED as follows:

- ! For employers in the state, school, and DPS divisions only, the bill extends the annual increases in the AED through the 2017 calendar year. For each of those calendar years, the AED increases by 0.4% of the employer's total payroll. After the 2017 increase, the total AED for these 3 divisions will be 5% of the employer's total payroll.
- ! In any year that the actuarial funded ratio of the state, school, or DPS division of PERA is at or above 103%, the bill requires the AED for that particular division to be reduced by 0.5%. Subsequent to reaching a 103% funded ratio, in any year that the actuarial funded ratio of any of these 3 divisions of PERA falls below 90%, the bill requires the AED for that particular division to be increased by 0.5%; except that the AED shall not exceed 5%.
- ! For employers in the local government division and the judicial division only, the bill freezes the annual increases in the AED beginning with the 2011 calendar year. For these 2 divisions, the bill maintains the AED at the 2010 rate of 2.2% of the employer's total payroll.
- ! In any year that the actuarial funded ratio of the local government or judicial division of PERA is at or above 103%, the bill requires the AED for that particular division to be reduced by 0.5%. Subsequent to reaching a 90% funded ratio, in any year that the actuarial funded ratio of either such division of PERA falls below 90%, the bill requires the AED for that particular division to be increased by 0.5%; except that the AED shall not exceed

5%.

2% increase in the supplemental amortization equalization disbursement (SAED). The SAED is a contribution made by each PERA employer but is funded from moneys that would otherwise be used by the employer for employees' annual raises. The SAED is in addition to the employer and employee contributions and the AED. Like the AED, it was enacted by the general assembly as a means of improving the funded ratio of the retirement plans administered by PERA. The SAED began in the 2008 calendar year and was 0.5% of each PERA employer's total payroll. For employers in all divisions of PERA, current law requires the SAED to increase by an additional 0.5% in the 2009 through the 2013 calendar years for a total SAED equal to 3% of the employer's total payroll.

The bill also makes several modifications to the SAED as follows:

- ! For the employers in the state, school, and DPS divisions only, the bill extends the annual increases in the SAED through the 2017 calendar year. For each of those calendar years, the SAED increases by 0.5% of the employer's total payroll. After the 2017 increase, the total SAED for these 3 divisions will be 5% of the employer's total payroll, but it will be funded from moneys that would have otherwise been used for employees' annual raises.
- ! In any year that the actuarial funded ratio of the state, school, or DPS division of PERA is at or above 103%, the bill requires the SAED for that particular division to be reduced by 0.5%. Subsequent to reaching a 103% funded ratio, in any year that the actuarial funded ratio of any of these 3 divisions of PERA falls below 90%, the bill requires the SAED for that particular division to be increased by 0.5%; except that the SAED shall not exceed 5%.
- ! For employers in the local government division and the judicial division only, the bill freezes the annual increases in the SAED beginning with the 2011 calendar year. For these 2 divisions, the bill maintains the SAED at the 2010 rate of 1.5% of the employer's total payroll, but, to the extent allowed by law, it will be funded from moneys that would have otherwise been used for employees' annual raises.
- ! In any year that the actuarial funded ratio of the local government or judicial division of PERA is at or above 103%, the bill requires the SAED for that particular division to be reduced by 0.5%. Subsequent to reaching a 90% funded ratio, in any year that the actuarial funded ratio of either such division of PERA falls below 90%, the bill

requires the SAED for that particular division to be increased by 0.5%; except that the SAED shall not exceed 5%.

2% cap on the cost of living adjustment (COLA) for all retirees, members, and inactive members. Currently, the annual COLA for benefit recipients is either 3.5% or the lesser of 3% or inflation, depending on when the member began membership in PERA. For the years 2010 and 2011, the bill reduces the COLA to the lesser of 2% or inflation and requires the inflation calculation to be based on specified periods during the 2008 and 2009 calendar years, resulting in a 0% or near 0% COLA for those 2 years. For the year 2012 and each year thereafter, the bill changes the COLA to the applicable COLA cap, which will be 2% for the foreseeable future, unless PERA experiences a year with a negative investment return. A year with a negative investment return triggers a 3-year period during which the COLA will be the lesser of inflation or the COLA cap. The bill makes the following additional changes regarding the COLA:

- ! Specifies that benefits for all benefit recipients will be adjusted with the COLA each year with the July benefit.
- ! Requires benefit recipients whose effective date of retirement is on or after January 1, 2011, to receive benefits for at least a 12-month period following retirement before the benefit is adjusted with the COLA. In addition, for members who are not eligible to retire as of January 1, 2011, the bill requires that members retiring with a reduced service retirement reach the age of 60 or meet the applicable age and service requirement for a full service retirement to be eligible to receive the COLA.
- ! Increases the 2% COLA limit by 0.25% in each year that the actuarial funded ratio of PERA is at or above 103%. If, after reaching a 103% funded ratio, the funded ratio subsequently falls below 90%, the bill reduces the COLA limit by 0.25% in each year that the funded ratio is below 90%, but specifies that the COLA limit will never go below 2%. This change applies to the COLA for all current and future retirees.

Additional change for PERA employers. The bill makes the following change that affects employers in only the school and DPS divisions:

- ! **Eliminate increase in employer contribution.** Pursuant to current law, the employer contribution for employers in the school division and the DPS division will increase by 0.4% beginning in 2013. The bill eliminates this increase and maintains the employer contribution of 10.15% for the school division and 13.75% for the DPS division.

Additional changes for active and inactive PERA members.

The bill makes several additional changes that affect active and inactive members as follows:

- ! **Highest Average Salary (HAS).** Currently, a PERA 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. Current law also imposes either an 8% or 15% cap on the amount of salary increase from one year to the next that will be counted toward the HAS calculation, depending on whether a person was a member, inactive member, or retiree on certain dates. For members who are not yet able to draw a full or reduced service retirement benefit on January 1, 2011, the bill maintains the current 3-year HAS calculation but imposes an 8% cap on the amount of salary increase from one year to the next that will be counted toward the HAS calculation.
- ! **50% employer matching contribution.** Currently, all members who receive a refund of their PERA accounts prior to meeting the age and service requirements for a retirement benefit receive a matching employer contribution that is equal to 50% of the employee contributions in the member's contribution account. The bill eliminates the 50% matching contribution for members who receive a refund when they have fewer than 5 years of earned service credit. Employees who have fewer than 5 years of service credit on the effective date of the bill and who receive a refund of their account will receive the 50% match on any employee contributions made through the effective date of the bill.
- ! **Service retirement eligibility.** A member is currently required to have 30 years of service and to have reached the age of 50 or 55, depending on when the employee began employment with a PERA employer, to retire with a full retirement benefit. This is commonly known as the rule of 80 or the rule of 85, respectively. The bill modifies the age and service requirements for a full service retirement as follows: For existing members with less than 5 years of service credit, the rule of 85 applies with a required minimum age of 55 to retire. For members hired on or after January 1, 2011, but prior to January 1, 2017, the bill creates a new rule of 88 by requiring members to have 30 years of service and to have reached the age of 58 to retire with a full retirement benefit. For members hired on or after January 1, 2017, the bill creates a new rule of 90 by

requiring members to have 30 years of service and to have reached the age of 60 to retire with a full retirement benefit. These changes do not apply to state troopers.

! **Early retirement reduction factors.** Under current law, the retirement benefit for members who retire early is reduced by a certain percentage, depending on when the member retires, for each year or fraction of a year that the member would have had to work to be eligible for a full retirement benefit. The bill changes the reduction factor to the actuarial cost of the reduction to ensure that early retirement benefits are not greater than the actuarial equivalent of a full service retirement benefit at the earliest date of retirement eligibility. This change applies to members who are not eligible to draw a retirement benefit on January 1, 2011.

! **COLA.** Currently, the benefit of any vested inactive member who began PERA membership on or before December 31, 2006, and who terminated PERA membership with at least 25 years of service credit is increased by the COLA that would have been granted to the account if the retirement benefit had been paid since the date of termination of membership. The bill eliminates this provision for members who are not eligible to draw a benefit on January 1, 2011.

Additional changes for PERA retirees. The bill makes the following additional changes for PERA retirees who return to employment with a PERA employer after retirement:

! **Working retiree contribution.** Currently, when a retiree returns to work for a PERA employer without suspending his or her retirement, the retiree is not required to pay member contributions to PERA. The bill requires a retiree who returns to work for a PERA employer to make a working retiree contribution to PERA. The bill specifies that the working retiree contribution is an amount equal to what would be paid to PERA as a member contribution, but that the working retiree contribution is not considered a member contribution and will not be deposited in the retiree's member contribution account.

! **Employment after service retirement for members in the school and DPS divisions and higher education members in the state division.** Current law limits the number of hours and days that a service retiree may work for a PERA employer to 110 days in a calendar year if the retiree works for more than 4 hours a day or 720 hours in a calendar year if the retiree works for less than 4 hours a

day. For each PERA employer in the school and DPS divisions and the higher education employers in the state division, the bill increases the maximum number of days that a retiree may work to 140 days in a calendar year if the retiree works for more than 4 hours a day or 916 hours in the calendar year if the retiree works for less than 4 hours a day. Such increases apply to only 10 employees for each employer in the school division and DPS division and each higher education employer in the state division. In addition, the bill specifies that for the first 110 days of such employment, the employer shall submit the employer contribution, the working retiree contribution, the AED, and the SAED to PERA and for the last 30 days of such employment, all such contributions shall be funded by a reduction in the salary of the service retiree.

- ! **Benefit calculation for service earned after retirement.** The bill prevents retirees who suspend their retirement benefit and return to work for a PERA employer from adding service credit to their original retirement benefit. Instead, the bill requires that each period of service for a PERA employer after retirement be calculated as a separate benefit segment under the benefit structure that was in place when the retiree originally retired. If the retiree works for at least a year, the retiree is entitled to an additional benefit upon re-retirement or can choose a refund of any moneys credited to the member's contribution account during the period that the retiree worked after retirement, plus the applicable employer matching contribution. If the retiree works for less than a year, the retiree is entitled to the refund only.
- ! **Optional retirement plan.** The bill allows a retiree working for an institution of higher education to suspend retirement benefits and return to PERA membership pursuant to PERA laws. In addition, the bill specifies that a retiree in an optional retirement plan who has returned to work at an institution of higher education without suspending his or her benefit is not subject to the working retiree contribution.

DPS division. The bill implements the same changes to the DPS division of PERA as are implemented to the school division to fully amortize the unfunded actuarial accrued liability of the DPS division.

PERA board of trustees. The bill requires the PERA board of trustees to determine the total aggregate actuarial funded ratio of PERA and then to determine the actuarial funded ratio of each division separately. The bill requires PERA to submit a report to the general

assembly on January 1, 2016, and every 5 years thereafter, regarding the economic impact of the changes included in the bill to the annual increase provisions on the retirees and benefit recipients as compared to the actual rate of inflation and the progress made toward eliminating the unfunded liabilities of each division of PERA.

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

2 **SECTION 1.** 24-51-101 (6.5) and (30), Colorado Revised
3 Statutes, are amended, and the said 24-51-101 is further amended BY
4 THE ADDITION OF A NEW SUBSECTION, to read:

5 **24-51-101. Definitions.** As used in this article, unless the context
6 otherwise requires and except as otherwise defined in part 17 of this
7 article:

8 (6.5) "Base benefit" means the initial benefit for a benefit ~~which~~
9 THAT becomes effective after ~~March 1, 2000~~ MARCH 1, 2009. For a
10 benefit ~~which~~ THAT became effective on or before ~~March 1, 2000~~ MARCH
11 1, 2009, "base benefit" means the total benefit payable as of ~~February 28,~~
12 ~~2001~~ JUNE 30, 2010, including the sum of the initial benefit, accumulated
13 annual increases, and cost of living increases.

14 (30) "Member contribution" means the money paid to the
15 association ~~which~~ THAT equals a percentage of the member's salary as
16 determined pursuant to the provisions of section 24-51-401 (1.7).
17 "MEMBER CONTRIBUTION" DOES NOT INCLUDE WORKING RETIREE
18 CONTRIBUTIONS AS DEFINED IN SUBSECTION (53) OF THIS SECTION.

19 (53) "WORKING RETIREE CONTRIBUTIONS" MEANS AN AMOUNT
20 PAID TO THE ASSOCIATION THAT EQUALS THE PERCENTAGE OF SALARY
21 THAT WOULD BE PAID AS MEMBER CONTRIBUTIONS PURSUANT TO SECTION
22 24-51-401 (1.7) (a); EXCEPT THAT WORKING RETIREE CONTRIBUTIONS
23 SHALL NOT BE CONSIDERED MEMBER CONTRIBUTIONS AND SHALL NOT BE

1 DEPOSITED IN THE MEMBER CONTRIBUTION ACCOUNT.

2 **SECTION 2.** 24-51-101 (25) (b), Colorado Revised Statutes, is
3 amended BY THE ADDITION OF A NEW SUBPARAGRAPH to read:

4 **24-51-101. Definitions.** As used in this article, unless the context
5 otherwise requires and except as otherwise defined in part 17 of this
6 article:

7 (25) (b) (V) NOTWITHSTANDING ANY OTHER PROVISION OF THIS
8 PARAGRAPH (b), IN CALCULATING HIGHEST AVERAGE SALARY FOR A
9 MEMBER OR INACTIVE MEMBER NOT ELIGIBLE FOR SERVICE OR REDUCED
10 SERVICE RETIREMENT ON JANUARY 1, 2011, THE ASSOCIATION SHALL
11 DETERMINE THE HIGHEST ANNUAL SALARIES ASSOCIATED WITH FOUR
12 PERIODS OF TWELVE CONSECUTIVE MONTHS OF SERVICE CREDIT. THE
13 LOWEST OF SUCH ANNUAL SALARIES SHALL BE THE BASE SALARY. THE
14 FIRST ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY
15 CALCULATION SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE
16 HUNDRED EIGHT PERCENT OF THE BASE SALARY. THE SECOND ANNUAL
17 SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION
18 SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT
19 PERCENT OF THE FIRST ANNUAL SALARY USED IN THE HIGHEST AVERAGE
20 SALARY CALCULATION. THE THIRD ANNUAL SALARY TO BE USED IN THE
21 HIGHEST AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY
22 REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE SECOND ANNUAL
23 SALARY USED IN THE HIGHEST AVERAGE SALARY CALCULATION. THIS
24 SUBPARAGRAPH (V) SHALL NOT APPLY TO MEMBERS OF THE JUDICIAL
25 DIVISION, EXCEPT FOR DPS MEMBERS OF THE JUDICIAL DIVISION WHO
26 HAVE EXERCISED PORTABILITY PURSUANT TO SECTION 24-51-1747 AND
27 SELECTED THE DENVER PUBLIC SCHOOLS BENEFIT STRUCTURE. THIS

1 SUBPARAGRAPH (V) SHALL APPLY TO DPS MEMBERS IN ACCORDANCE
2 WITH SECTION 24-51-1702 (17).

3 **SECTION 3.** 24-51-204 (7), Colorado Revised Statutes, is
4 amended to read:

5 **24-51-204. Duties of the board.** (7) (a) The board or its
6 designated agent shall submit an annual actuarial valuation report to the
7 legislative audit committee and the joint budget committee of the general
8 assembly, together with any recommendations concerning such liabilities
9 that have accrued.

10 (b) IN THE ANNUAL ACTUARIAL VALUATION, THE BOARD SHALL
11 FIRST DETERMINE THE TOTAL AGGREGATE ACTUARIAL FUNDED RATIO OF
12 THE ASSOCIATION, APPLY THE ADJUSTMENTS PURSUANT TO SECTION
13 24-51-1009.5, AND THEN DETERMINE THE ACTUARIAL FUNDED RATIO OF
14 EACH DIVISION SEPARATELY.

15 **SECTION 4.** Part 2 of article 51 of title 24, Colorado Revised
16 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
17 read:

18 **24-51-220. Report to general assembly.** THE ASSOCIATION
19 SHALL PROVIDE A REPORT TO THE GENERAL ASSEMBLY ON JANUARY 1,
20 2016, AND EVERY FIVE YEARS THEREAFTER, REGARDING THE ECONOMIC
21 IMPACT OF THE 2010 LEGISLATIVE CHANGES TO THE ANNUAL INCREASE
22 PROVISIONS ON THE RETIREES AND BENEFIT RECIPIENTS AS COMPARED TO
23 THE ACTUAL RATE OF INFLATION AND THE PROGRESS MADE TOWARD
24 ELIMINATING THE UNFUNDED LIABILITIES OF EACH DIVISION OF THE
25 ASSOCIATION.

26 **SECTION 5.** 24-51-401 (1.7) (a) and (3), Colorado Revised
27 Statutes, are amended to read:

1 thereafter

2 ALL MEMBERS 13.75% 8.0%

3 (3) The employer shall be assessed by the association, pursuant to
4 rules adopted by the board, interest on the contributions, INCLUDING
5 WORKING RETIREE CONTRIBUTIONS, if either contributions or member
6 information is not submitted by the date established in subsection (1.7) of
7 this section.

8 **SECTION 6.** 24-51-403, Colorado Revised Statutes, is amended
9 to read:

10 **24-51-403. Contributions assumed and paid by the employer.**

11 For purposes of deferring federal income tax imposed on salary, the
12 member contributions AND THE WORKING RETIREE CONTRIBUTIONS
13 assumed and paid for by the employer shall be in lieu of paying such
14 amounts as salary and shall be treated as employer contributions pursuant
15 to the provisions of 26 U.S.C. sec. 414 (h) (2), as amended. For all other
16 purposes of this article, member contributions assumed and paid for by
17 the employer shall be considered member contributions.

18 **SECTION 7.** The introductory portion to 24-51-408 (2) and
19 24-51-408 (4), Colorado Revised Statutes, are amended, and the said
20 24-51-408 is further amended BY THE ADDITION OF A NEW
21 SUBSECTION, to read:

22 **24-51-408. Matching employer contributions.** (2) For
23 members who HAVE FIVE OR MORE YEARS OF EARNED SERVICE CREDIT
24 AND receive a refund prior to sixty-five years of age and prior to meeting
25 the age and service requirements for a service or reduced service
26 retirement benefit, the amount of matching employer contributions paid
27 shall be one-half of an amount equal to the member contribution account

1 less:

2 (2.5) NOTWITHSTANDING SUBSECTION (2) OF THIS SECTION, FOR A
3 MEMBER WHO HAS LESS THAN FIVE YEARS OF EARNED SERVICE CREDIT AS
4 OF THE DATE OF REFUND AND WHO RECEIVES A REFUND PRIOR TO
5 SIXTY-FIVE YEARS OF AGE AND PRIOR TO MEETING THE AGE AND SERVICE
6 REQUIREMENTS FOR A SERVICE OR REDUCED SERVICE RETIREMENT
7 BENEFIT, THE AMOUNT OF MATCHING EMPLOYER CONTRIBUTIONS PAID
8 SHALL BE ONE-HALF OF AN AMOUNT EQUAL TO THE MEMBER
9 CONTRIBUTION ACCOUNT ACCUMULATED PRIOR TO JANUARY 1, 2011,

10 LESS:

11 (a) ANY AMOUNTS PAID FOR THE PURCHASE OF SERVICE CREDIT;

12 (b) ANY PAYMENTS IN LIEU OF MEMBER CONTRIBUTIONS; AND

13 (c) ANY INTEREST ACCRUED ON THE AMOUNTS SPECIFIED IN
14 PARAGRAPHS (a) AND (b) OF THIS SUBSECTION (2.5).

15 (4) The provisions of this section shall not apply to DPS member
16 CONTRIBUTION accounts that exist on December 31, 2009, with regard to
17 past contributions or future contributions. Member CONTRIBUTION
18 accounts in the Denver public schools division created on or after January
19 1, 2010, shall be governed by this section.

20 **SECTION 8.** 24-51-411, Colorado Revised Statutes, is amended
21 to read:

22 **24-51-411. Amortization equalization disbursement.**

23 (1) Beginning January 1, 2006, each employer shall deliver to the
24 association an amortization equalization disbursement and, beginning
25 January 1, 2008, a supplemental amortization equalization disbursement
26 pursuant to the same procedures specified for employer contributions in
27 section 24-51-401 (1.7).

1 (2) For the calendar year beginning January 1, 2006, the
2 amortization equalization disbursement shall be one-half of one percent
3 of the employer's total payroll. The amortization equalization payment
4 shall increase by one-half of one percent of total payroll on January 1,
5 2007, and, SUBJECT TO SUBSECTION (4) OF THIS SECTION, shall increase by
6 four-tenths of one percent of total payroll at the start of each of the
7 calendar years following 2007 through 2012. For purposes of this
8 section, the employer's total payroll shall be calculated by applying the
9 definition of salary, pursuant to section 24-51-101 (42), to the payroll for
10 all employees working for the employer who are members of the
11 association, or who were eligible to elect to become members of the
12 association on or after January 1, 2006, including any amounts paid in
13 connection with the employment of a retiree by an employer pursuant to
14 section 24-51-1101 (2). Beginning January 1, 2010, employers of the
15 Denver public schools division shall pay the then-applicable accumulated
16 rate of amortization equalization disbursement and the escalating rate in
17 accordance with the provisions of this section.

18 (3) FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2013, FOR
19 EMPLOYERS IN THE SCHOOL AND DENVER PUBLIC SCHOOLS DIVISIONS, THE
20 AMORTIZATION EQUALIZATION DISBURSEMENT PAYMENT SHALL INCREASE
21 BY FOUR-TENTHS OF ONE PERCENT OF TOTAL PAYROLL AT THE START OF
22 EACH OF THE CALENDAR YEARS THROUGH 2015. FOR THE CALENDAR
23 YEAR 2016, FOR EMPLOYERS IN THE SCHOOL AND DENVER PUBLIC
24 SCHOOLS DIVISIONS, THE AMORTIZATION EQUALIZATION DISBURSEMENT
25 PAYMENT SHALL INCREASE BY THREE-TENTHS OF ONE PERCENT OF TOTAL
26 PAYROLL AT THE START OF THE 2016 CALENDAR YEAR. FOR PURPOSES OF
27 THIS SECTION, THE EMPLOYER'S TOTAL PAYROLL SHALL BE CALCULATED

1 BY APPLYING THE DEFINITION OF SALARY, PURSUANT TO SECTION
2 24-51-101 (42), TO THE PAYROLL FOR ALL EMPLOYEES WORKING FOR THE
3 EMPLOYER WHO ARE MEMBERS OF THE ASSOCIATION, OR WHO WERE
4 ELIGIBLE TO ELECT TO BECOME MEMBERS OF THE ASSOCIATION ON OR
5 AFTER JANUARY 1, 2006, INCLUDING ANY AMOUNTS PAID IN CONNECTION
6 WITH THE EMPLOYMENT OF A RETIREE BY AN EMPLOYER PURSUANT TO
7 SECTION 24-51-1101 (2).

8 (3.5) FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2013, FOR
9 EMPLOYERS IN THE STATE DIVISION, THE AMORTIZATION EQUALIZATION
10 DISBURSEMENT PAYMENT SHALL INCREASE BY FOUR-TENTHS OF ONE
11 PERCENT OF TOTAL PAYROLL AT THE START OF EACH OF THE CALENDAR
12 YEARS THROUGH 2017. FOR PURPOSES OF THIS SECTION, THE EMPLOYER'S
13 TOTAL PAYROLL SHALL BE CALCULATED BY APPLYING THE DEFINITION OF
14 SALARY, PURSUANT TO SECTION 24-51-101 (42), TO THE PAYROLL FOR ALL
15 EMPLOYEES WORKING FOR THE EMPLOYER WHO ARE MEMBERS OF THE
16 ASSOCIATION, OR WHO WERE ELIGIBLE TO ELECT TO BECOME MEMBERS OF
17 THE ASSOCIATION ON OR AFTER JANUARY 1, 2006, INCLUDING ANY
18 AMOUNTS PAID IN CONNECTION WITH THE EMPLOYMENT OF A RETIREE BY
19 AN EMPLOYER PURSUANT TO SECTION 24-51-1101 (2).

20 (4) FOR EMPLOYERS IN THE LOCAL GOVERNMENT DIVISION AND
21 THE JUDICIAL DIVISION, THE AMORTIZATION EQUALIZATION
22 DISBURSEMENT SHALL NOT EXCEED THE 2010 CALENDAR YEAR RATES
23 UNLESS THE RATES ARE REQUIRED TO INCREASE IN ACCORDANCE WITH
24 SUBSECTION (9) OF THIS SECTION.

25 ~~(3.2)~~ (5) For the calendar year beginning January 1, 2008, the
26 supplemental amortization equalization disbursement shall be one-half of
27 one percent of the employer's total payroll. The supplemental

1 amortization equalization disbursement, SUBJECT TO SUBSECTION (7) OF
2 THIS SECTION, shall increase by one-half of one percent of total payroll on
3 January 1 of each year following 2008 through 2013. For purposes of this
4 section, the employer's total payroll shall be calculated by applying the
5 definition of salary, pursuant to section 24-51-101 (42), to the payroll for
6 all employees working for the employer who are members of the
7 association, or who were eligible to elect to become members of the
8 association on or after January 1, 2006, including any amounts paid in
9 connection with the employment of a retiree by an employer pursuant to
10 section 24-51-1101 (2). Beginning on January 1, 2010, employers of the
11 Denver public schools division shall pay the then-applicable accumulated
12 rate of supplemental amortization equalization disbursement and the
13 escalating rate in accordance with the provisions of this section.

14 (6) FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2014, FOR
15 EMPLOYERS IN THE SCHOOL AND DENVER PUBLIC SCHOOLS DIVISIONS, THE
16 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT PAYMENT
17 SHALL INCREASE BY ONE-HALF OF ONE PERCENT OF TOTAL PAYROLL AT
18 THE START OF EACH OF THE CALENDAR YEARS THROUGH 2018. FOR
19 PURPOSES OF THIS SECTION, THE EMPLOYER'S TOTAL PAYROLL SHALL BE
20 CALCULATED BY APPLYING THE DEFINITION OF SALARY, PURSUANT TO
21 SECTION 24-51-101 (42), TO THE PAYROLL FOR ALL EMPLOYEES WORKING
22 FOR THE EMPLOYER WHO ARE MEMBERS OF THE ASSOCIATION, OR WHO
23 WERE ELIGIBLE TO ELECT TO BECOME MEMBERS OF THE ASSOCIATION ON
24 OR AFTER JANUARY 1, 2006, INCLUDING ANY AMOUNTS PAID IN
25 CONNECTION WITH THE EMPLOYMENT OF A RETIREE BY AN EMPLOYER
26 PURSUANT TO SECTION 24-51-1101 (2).

27 (6.5) FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2014, FOR

1 EMPLOYERS IN THE STATE DIVISION, THE SUPPLEMENTAL AMORTIZATION
2 EQUALIZATION DISBURSEMENT PAYMENT SHALL INCREASE BY ONE-HALF
3 OF ONE PERCENT OF TOTAL PAYROLL AT THE START OF EACH OF THE
4 CALENDAR YEARS THROUGH 2017. FOR PURPOSES OF THIS SECTION, THE
5 EMPLOYER'S TOTAL PAYROLL SHALL BE CALCULATED BY APPLYING THE
6 DEFINITION OF SALARY, PURSUANT TO SECTION 24-51-101 (42), TO THE
7 PAYROLL FOR ALL EMPLOYEES WORKING FOR THE EMPLOYER WHO ARE
8 MEMBERS OF THE ASSOCIATION, OR WHO WERE ELIGIBLE TO ELECT TO
9 BECOME MEMBERS OF THE ASSOCIATION ON OR AFTER JANUARY 1, 2006,
10 INCLUDING ANY AMOUNTS PAID IN CONNECTION WITH THE EMPLOYMENT
11 OF A RETIREE BY AN EMPLOYER PURSUANT TO SECTION 24-51-1101 (2).

12 (7) FOR EMPLOYERS IN THE LOCAL GOVERNMENT DIVISION AND
13 THE JUDICIAL DIVISION, THE SUPPLEMENTAL AMORTIZATION
14 EQUALIZATION DISBURSEMENT SHALL NOT EXCEED THE 2010 CALENDAR
15 YEAR RATES UNLESS THE RATES ARE REQUIRED TO INCREASE IN
16 ACCORDANCE WITH SUBSECTION (9) OF THIS SECTION.

17 ~~(3.5)~~ (8) The amortization equalization disbursement and the
18 supplemental amortization equalization disbursement payments by all
19 EMPLOYERS IN THE STATE, SCHOOL, AND DENVER PUBLIC SCHOOLS
20 divisions shall continue AT THE RATE SPECIFIED IN SUBSECTIONS (3), (3.5),
21 (6), AND (6.5) OF THIS SECTION until adjusted pursuant to this subsection
22 ~~(3.5)~~ SUBSECTION (8). When the actuarial funded ratio of a particular THE
23 STATE, SCHOOL, OR DENVER PUBLIC SCHOOLS division of the association,
24 BASED ON THE ACTUARIAL VALUE OF ASSETS, IS AT OR ABOVE ONE HUNDRED
25 THREE percent as determined in the annual actuarial study of the
26 association, ~~the actuary shall determine the amount by which the~~ OF THE
27 amortization equalization disbursement and supplemental amortization

1 equalization disbursement ~~can~~ SHALL be reduced, in equal parts, for that
2 particular division ~~and still maintain the actuarial funded ratio of that~~
3 ~~division at one hundred percent. The amortization equalization~~
4 ~~disbursement and supplemental amortization equalization disbursement~~
5 ~~shall be reduced for that division in the amounts determined by the~~
6 ~~actuary effective January 1 of the following year. At such time as a~~
7 ~~division is determined in the annual actuarial valuation to have reached~~
8 ~~a thirty-year or less amortization period of its unfunded liabilities, the~~
9 ~~board shall cause to be conducted an actuarial study to assess the~~
10 ~~amortization equalization disbursement and the supplemental~~
11 ~~amortization equalization disbursement, and the board may make~~
12 ~~appropriate recommendations to the general assembly~~ BY ONE-HALF OF
13 ONE PERCENT EACH. IF THE ACTUARIAL FUNDED RATIO OF THE DIVISION
14 BASED ON THE ACTUARIAL VALUE OF ASSETS REACHES ONE HUNDRED
15 THREE PERCENT AND SUBSEQUENTLY THE ACTUARIAL FUNDED RATIO OF
16 THE DIVISION IS BELOW NINETY PERCENT, THE AMORTIZATION
17 EQUALIZATION DISBURSEMENT AND SUPPLEMENTAL AMORTIZATION
18 EQUALIZATION DISBURSEMENT SHALL BE INCREASED BY ONE-HALF OF ONE
19 PERCENT EACH; EXCEPT THAT, AT NO TIME SHALL THE AMORTIZATION
20 EQUALIZATION DISBURSEMENT FOR THE SCHOOL AND DENVER PUBLIC
21 SCHOOLS DIVISIONS EXCEED FOUR AND ONE-HALF PERCENT OR FOR THE
22 STATE DIVISION EXCEED FIVE PERCENT NOR SHALL THE SUPPLEMENTAL
23 AMORTIZATION EQUALIZATION DISBURSEMENT FOR THE SCHOOL AND
24 DENVER PUBLIC SCHOOLS DIVISIONS EXCEED FIVE AND ONE-HALF PERCENT
25 EACH OR FOR THE STATE DIVISION EXCEED FIVE PERCENT.

26 (9) THE AMORTIZATION EQUALIZATION DISBURSEMENT AND THE
27 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT PAYMENTS

1 BY EMPLOYERS IN THE LOCAL GOVERNMENT DIVISION AND JUDICIAL
2 DIVISION SHALL CONTINUE AT THE RATE SPECIFIED IN SUBSECTIONS (4)
3 AND (7) OF THIS SECTION UNTIL ADJUSTED PURSUANT TO THIS SUBSECTION
4 (9). WHEN THE ACTUARIAL FUNDED RATIO OF THE LOCAL GOVERNMENT
5 DIVISION OR JUDICIAL DIVISION OF THE ASSOCIATION, BASED ON THE
6 ACTUARIAL VALUE OF THE ASSETS, IS AT OR ABOVE ONE HUNDRED THREE
7 PERCENT AS DETERMINED IN THE ANNUAL ACTUARIAL STUDY OF THE
8 ASSOCIATION, THE AMOUNT OF THE AMORTIZATION EQUALIZATION
9 DISBURSEMENT AND SUPPLEMENTAL AMORTIZATION EQUALIZATION
10 DISBURSEMENT SHALL BE REDUCED FOR EMPLOYERS IN THAT PARTICULAR
11 DIVISION BY ONE-HALF OF ONE PERCENT EACH. IF THE ACTUARIAL FUNDED
12 RATIO OF THE DIVISION BASED ON THE ACTUARIAL VALUE OF THE ASSETS
13 REACHES NINETY PERCENT AND SUBSEQUENTLY THE ACTUARIAL FUNDED
14 RATIO OF THE DIVISION IS BELOW NINETY PERCENT, THE AMORTIZATION
15 EQUALIZATION DISBURSEMENT AND SUPPLEMENTAL AMORTIZATION
16 EQUALIZATION DISBURSEMENT SHALL BE INCREASED BY ONE-HALF OF ONE
17 PERCENT EACH; EXCEPT THAT, AT NO TIME SHALL THE AMORTIZATION
18 EQUALIZATION DISBURSEMENT OR THE SUPPLEMENTAL AMORTIZATION
19 EQUALIZATION DISBURSEMENT EXCEED FIVE PERCENT EACH.

20 ~~(3.7)~~ (10) For state employers in the state division, for the
21 2007-08 state fiscal year and for each fiscal year through the ~~2012-13~~
22 2016-17 state fiscal year, from the amount of changes to state employees'
23 salaries and any adjustments to the annual general appropriation act
24 pursuant to section 24-50-104, an amount equal to one-half of one percent
25 of total salary shall be deducted and such amount shall be utilized by the
26 employer to fund the supplemental amortization equalization
27 disbursement. For the school, local government, judicial, and Denver

1 public schools divisions, and the remaining employers in the state
2 division who are not state employers, the supplemental amortization
3 equalization disbursement shall, to the extent permitted by law, be funded
4 by allocation of funds otherwise available for use as employee
5 compensation increases prior to award as salary or other compensation to
6 employees.

7 ~~(4) (11) Any reduction in the amortization equalization~~
8 ~~disbursement and in the supplemental amortization equalization~~
9 ~~disbursement pursuant to subsection (3.5) of this section shall be~~
10 ~~irrevocable. If the disbursements become no longer necessary pursuant~~
11 ~~to subsection (3.5) of this section, then the association shall notify the~~
12 ~~revisor of statutes to repeal this section. Moneys made available due to~~
13 ~~any reduction in the supplemental amortization equalization disbursement~~
14 ~~pursuant to subsection (3.5) SUBSECTION (8) OR (9) of this section,~~
15 ~~WHICHEVER IS APPLICABLE, shall, to the extent permitted by law, be~~
16 ~~allocated to employee compensation increases to the extent such source~~
17 ~~was originally used by an employer to fund the supplemental amortization~~
18 ~~equalization disbursement.~~

19 ~~(5) This section is repealed, effective upon receipt by the revisor~~
20 ~~of statutes of a notice pursuant to subsection (4) of this section.~~

21 **SECTION 9.** 24-51-501 (1), Colorado Revised Statutes, is
22 amended to read:

23 **24-51-501. Earned service credit.** (1) Service credit is earned
24 for periods of employment with an employer during which salary is
25 received by such employee and contributions are made to the association
26 pursuant to the provisions of section 24-51-401 (1.7). NO SERVICE
27 CREDIT SHALL BE EARNED IN CONNECTION WITH THE PAYMENT OF

1 WORKING RETIREE CONTRIBUTIONS.

2 **SECTION 10.** 24-51-509, Colorado Revised Statutes, is amended
3 to read:

4 **24-51-509. Combining service credit.** Service credit earned by
5 a member during the most recent period of membership shall be
6 combined with the service credit associated with the existing member
7 contribution account of such member. Notwithstanding the provisions of
8 this section, members exercising portability between the Denver public
9 schools division and other association divisions are governed by the
10 provisions of section 24-51-1747, RETIREES SUSPENDING RETIREMENT OR
11 REDUCED SERVICE RETIREMENT BENEFITS ARE GOVERNED BY SECTION
12 24-51-1103 (1), AND DPS RETIREES SUSPENDING RETIREMENT BENEFITS
13 ARE GOVERNED BY SECTION 24-51-1726.5.

14 **SECTION 11.** 24-51-602 (1) and (5), Colorado Revised Statutes,
15 are amended, and the said 24-51-602 is further amended BY THE
16 ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to read:

17 **24-51-602. Service retirement eligibility.** (1) (a) Members,
18 except state troopers, WHO HAVE FIVE YEARS OF SERVICE CREDIT AS OF
19 JANUARY 1, 2011, AND who have met the age and service credit
20 requirements stated in the following table shall, upon written application
21 and approval of the board, receive service retirement benefits pursuant to
22 the benefit formula set forth in section 24-51-603 (1) (a), (2), and (3):

23 **TABLE B**

24 **SERVICE RETIREMENT ELIGIBILITY**

25	Age Requirement	Service Credit Requirement
26	(years)	(years)
27	50	30

1	60	20
2	65	5

3 (a.5) Notwithstanding paragraph (a) of this subsection (1), any
4 person except a state trooper WHO HAD FIVE YEARS OF SERVICE CREDIT AS
5 OF JANUARY 1, 2011, AND who was not a member, inactive member, or
6 retiree on June 30, 2005, but was a member, inactive member, or retiree
7 on December 31, 2006, shall, upon written application and approval of
8 the board, receive service retirement benefits pursuant to the benefit
9 formula set forth in section 24-51-603 (1) (a), (2), and (3) if the member
10 has met the age and service credit requirements stated in the following
11 table:

12 **TABLE B.05**
13 **SERVICE RETIREMENT ELIGIBILITY**

14	Age Requirement	Service Credit Requirement
15	(years)	(years)
16	Any age	35
17	55	30
18	60	20
19	65	5

20 (a.7) Notwithstanding paragraphs (a) and (a.5) of this subsection
21 (1), any person except a state trooper who was not a member, inactive
22 member, or retiree on December 31, 2006, OR WHO WAS A MEMBER,
23 INACTIVE MEMBER, OR RETIREE ON DECEMBER 31, 2006, BUT AS OF
24 JANUARY 1, 2011, DID NOT HAVE FIVE YEARS OF SERVICE CREDIT, OR WHO
25 IS A DPS MEMBER WITH LESS THAN FIVE YEARS OF SERVICE CREDIT AS OF
26 JANUARY 1, 2011, shall, upon written application and approval of the
27 board, receive service retirement benefits pursuant to the benefit formula

1 set forth in section 24-51-603 (1) (a), (2), and (3), if the member has met
2 the age and service credit requirements stated in the following table:

3 **TABLE B.07**

4 **SERVICE RETIREMENT ELIGIBILITY**

5 Age Requirement	Service Credit Requirement
6 (years)	(years)
7 Any age	35
8 55	30
9 60	25
10 65	5

11 (b) State troopers who have met the age and service credit
12 requirements stated in the following table shall, upon written application
13 and approval of the board, receive service retirement benefits pursuant to
14 the benefit formula set forth in section 24-51-603 (1) and (3):

15 **TABLE B.1**

16 **SERVICE RETIREMENT ELIGIBILITY**

17 Age Requirement	Service Credit Requirement
18 (years)	(years)
19 Any age	30
20 50	25
21 55	20
22 65	5

23 (c) Members who were members, inactive members, or retirees on
24 December 31, 2006, WHO HAD FIVE YEARS OF SERVICE CREDIT AS OF
25 JANUARY 1, 2011, and who are fifty-five years of age or older shall, upon
26 written application and approval of the board, receive service retirement
27 benefits pursuant to the benefit formula set forth in section 24-51-603,

1 without reduction pursuant to section 24-51-604, if they have at least five
2 years of service credit and if the number of years of their age plus the
3 number of years of their service credit equals eighty years or more.

4 (d) Members who were not members, inactive members, or
5 retirees on December 31, 2006, BUT WHO WERE MEMBERS, INACTIVE
6 MEMBERS, OR RETIREES ON DECEMBER 31, 2010, OR MEMBERS WHO WERE
7 MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2006, BUT
8 AS OF JANUARY 1, 2011, DID NOT HAVE FIVE YEARS OF SERVICE CREDIT, OR
9 DPS MEMBERS WITH LESS THAN FIVE YEARS OF SERVICE CREDIT AS OF
10 JANUARY 1, 2011, and who are fifty-five years of age or older shall, upon
11 written application and approval of the board, receive service retirement
12 benefits pursuant to the benefit formula set forth in section 24-51-603,
13 without reduction pursuant to section 24-51-604, if they have at least five
14 years of service credit and if the number of years of their age plus the
15 number of years of their service credit equals eighty-five years or more.

16 (1.5) (a) MEMBERS, EXCEPT STATE TROOPERS, WHO WERE NOT
17 MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2010, BUT
18 WHO WERE MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31,
19 2016, AND WHO HAVE MET THE AGE AND SERVICE REQUIREMENTS STATED
20 IN THE FOLLOWING TABLE SHALL, UPON WRITTEN APPLICATION AND
21 APPROVAL OF THE BOARD, RECEIVE SERVICE RETIREMENT BENEFITS
22 PURSUANT TO THE BENEFIT FORMULA SET FORTH IN SECTION 24-51-603:

23 **TABLE B.2**

24 **SERVICE RETIREMENT ELIGIBILITY**

25 AGE REQUIREMENT	SERVICE CREDIT REQUIREMENT
26 (YEARS)	(YEARS)
27 ANY AGE	35

1	58	30
2	65	5

3 (b) MEMBERS WHO ARE ELIGIBLE FOR A BENEFIT PURSUANT TO
4 THIS SUBSECTION (1.5) AND WHO ARE FIFTY-EIGHT YEARS OF AGE OR
5 OLDER SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF THE BOARD,
6 RECEIVE SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT
7 FORMULA SET FORTH IN SECTION 24-51-603, WITHOUT REDUCTION
8 PURSUANT TO SECTION 24-51-604, IF THEY HAVE AT LEAST FIVE YEARS OF
9 SERVICE CREDIT AND IF THE NUMBER OF YEARS OF THEIR AGE PLUS THE
10 NUMBER OF YEARS OF THEIR SERVICE CREDIT EQUALS EIGHTY-EIGHT
11 YEARS OR MORE.

12 (1.7)(a) MEMBERS WHO WERE NOT MEMBERS, INACTIVE MEMBERS,
13 OR RETIREES ON DECEMBER 31, 2016, WHO HAVE MET THE AGE AND
14 SERVICE REQUIREMENTS STATED IN THE FOLLOWING TABLE AND WHO ARE
15 NOT ELIGIBLE FOR SERVICE RETIREMENT BENEFITS PURSUANT TO
16 SUBSECTION (1.8) OF THIS SECTION SHALL, UPON WRITTEN APPLICATION
17 AND APPROVAL OF THE BOARD, RECEIVE SERVICE RETIREMENT BENEFITS
18 PURSUANT TO THE BENEFIT FORMULA SET FORTH IN SECTION 24-51-603:

19 **TABLE B.3**

20 **SERVICE RETIREMENT ELIGIBILITY**

21	AGE REQUIREMENT	SERVICE CREDIT REQUIREMENT
22	(YEARS)	(YEARS)
23	ANY AGE	35
24	60	30
25	65	5

26 (b) MEMBERS WHO ARE ELIGIBLE FOR A BENEFIT PURSUANT TO
27 THIS SUBSECTION (1.7) AND WHO ARE SIXTY YEARS OF AGE OR OLDER

1 SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF THE BOARD,
2 RECEIVE SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT
3 FORMULA SET FORTH IN SECTION 24-51-603, WITHOUT REDUCTION
4 PURSUANT TO SECTION 24-51-604, IF THEY HAVE AT LEAST FIVE YEARS OF
5 SERVICE CREDIT AND IF THE NUMBER OF YEARS OF THEIR AGE PLUS THE
6 NUMBER OF YEARS OF THEIR SERVICE CREDIT EQUALS NINETY YEARS OR
7 MORE.

8 (1.8) (a) MEMBERS OF THE SCHOOL DIVISION OR DENVER PUBLIC
9 SCHOOLS DIVISION WHO WERE NOT MEMBERS, INACTIVE MEMBERS, OR
10 RETIREES ON DECEMBER 31, 2016, WHO HAVE MET THE AGE AND SERVICE
11 REQUIREMENTS STATED IN THE FOLLOWING TABLE SHALL, UPON WRITTEN
12 APPLICATION AND APPROVAL OF THE BOARD, RECEIVE SERVICE
13 RETIREMENT BENEFITS PURSUANT TO THE BENEFIT FORMULA SET FORTH IN
14 SECTION 24-51-603, PROVIDED, HOWEVER, THAT AT LEAST THE MOST
15 RECENT TEN YEARS OF SERVICE CREDIT USED IN MEETING THE
16 REQUIREMENTS OF THE TABLE BELOW MUST BE EARNED IN THE SCHOOL OR
17 DENVER PUBLIC SCHOOLS DIVISIONS IN ORDER FOR THE MEMBER TO BE
18 ELIGIBLE PURSUANT TO THIS PARAGRAPH (a):

19 **TABLE B.4**

20 **SERVICE RETIREMENT ELIGIBILITY**

21	<u>AGE REQUIREMENT</u>	<u>SERVICE CREDIT REQUIREMENT</u>
22	<u>(YEARS)</u>	<u>(YEARS)</u>
23	<u>ANY AGE</u>	<u>35</u>
24	<u>58</u>	<u>30</u>
25	<u>65</u>	<u>5</u>

26 (b) MEMBERS WHO ARE ELIGIBLE FOR A BENEFIT PURSUANT TO
27 THIS SUBSECTION (1.8) AND WHO ARE FIFTY-EIGHT YEARS OF AGE OR

1 OLDER SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF THE BOARD,
2 RECEIVE SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT
3 FORMULA SET FORTH IN SECTION 24-51-603, WITHOUT REDUCTION
4 PURSUANT TO SECTION 24-51-604, IF THEY HAVE AT LEAST FIVE YEARS OF
5 SERVICE CREDIT AND IF THE NUMBER OF YEARS OF THEIR AGE PLUS THE
6 NUMBER OF YEARS OF THEIR SERVICE CREDIT EQUALS EIGHTY-EIGHT
7 YEARS OR MORE.

8 (5) Retirement benefits of DPS members shall be governed by the
9 provisions of sections 24-51-1713 to 24-51-1726 and 24-51-1747.

10 **SECTION 12.** The introductory portion to 24-51-603 (1) (a) and
11 24-51-603 (3) (a), Colorado Revised Statutes, are amended to read:

12 **24-51-603. Benefit formula for service retirement.**

13 (1) (a) Except as otherwise provided in subsection (2) of this section,
14 effective July 1, 1997, the option 1 benefit OR OPTION A BENEFIT,
15 WHICHEVER IS APPLICABLE, for service retirement for members shall be
16 calculated by multiplying the highest average salary by two and one-half
17 percent times each year and fraction of a year of service credit. The
18 following formula shall be used for this calculation:

19 (3) (a) Regardless of total years of service credit, the option 1
20 benefit OR OPTION A BENEFIT, WHICHEVER IS APPLICABLE, calculated
21 pursuant to the provisions of this part 6 shall not exceed an amount equal
22 to one hundred percent of the highest average salary, nor shall the option
23 1 benefit OR OPTION A BENEFIT, WHICHEVER IS APPLICABLE, exceed the
24 maximum permitted under federal income tax law.

25 **SECTION 13.** The introductory portion to 24-51-604, Colorado
26 Revised Statutes, is amended to read:

27 **24-51-604. Reduced service retirement eligibility.** DPS

1 MEMBERS WITH LESS THAN FIVE YEARS OF SERVICE CREDIT AS OF JANUARY
2 1, 2011, AND members who have met the age and service credit
3 requirements stated in the following table and who do not meet the
4 requirements of section 24-51-602 shall, upon written application and
5 approval of the board, receive reduced service retirement benefits
6 pursuant to the benefit formula set forth in section 24-51-605:

7 **SECTION 14.** 24-51-605 (1) and the introductory portion to
8 24-51-605 (3), Colorado Revised Statutes, are amended, and the said
9 24-51-605 is further amended BY THE ADDITION OF A NEW
10 SUBSECTION, to read:

11 **24-51-605. Benefit formula for reduced service retirement.**

12 (1) (a) FOR A MEMBER WHO IS A STATE TROOPER, WHO IS ELIGIBLE TO
13 RETIRE on and after July 1, 1998, ~~for a member who is a state trooper~~ BUT
14 ON OR BEFORE JANUARY 1, 2011, and who retires upon reaching fifty
15 years of age or older but before reaching sixty years of age, a reduced
16 service retirement benefit shall be the option 1 benefit for service
17 retirement, as calculated according to the formula set forth in section
18 24-51-603, reduced by three percent for each year and a proportional
19 percentage for each fraction of a year from the effective date of reduced
20 service retirement to the date the member would have become eligible for
21 a service retirement pursuant to the provisions of section 24-51-602 (1).

22 (b) FOR A MEMBER WHO IS NOT A STATE TROOPER, WHO IS ELIGIBLE
23 TO RETIRE on and after July 1, 1998, ~~for a member who is not a state~~
24 ~~trooper~~ BUT ON OR BEFORE JANUARY 1, 2011, and who retires upon
25 reaching fifty-five years of age or older but before reaching sixty years of
26 age, a reduced service retirement benefit shall be the option 1 benefit for
27 service retirement, as calculated according to the formula set forth in

1 section 24-51-603, reduced by:

2 (I) Three percent for each year and a proportional percentage for
3 each fraction of a year from the effective date of reduced service
4 retirement to the date the member would have reached sixty years of age,
5 or the date the member would have become eligible for a service
6 retirement pursuant to the provisions of section 24-51-602 (1), if earlier
7 than sixty years of age; and

8 (II) Four percent for each year and a proportional percentage for
9 each fraction of a year from the date the member reaches sixty years of
10 age to the date the member would have become eligible for a service
11 retirement pursuant to the provisions of section 24-51-602 (1), if on such
12 date the member would have been older than sixty years of age.

13 (c) FOR A MEMBER WHO IS NOT A STATE TROOPER, WHO IS ELIGIBLE
14 TO RETIRE on and after July 1, 1998, ~~for a member who is not a state~~
15 ~~trooper~~ BUT ON OR BEFORE JANUARY 1, 2011, and who retires upon
16 reaching sixty years of age or older but before reaching sixty-five years
17 of age, a reduced service retirement benefit shall be the option 1 benefit
18 for service retirement, as calculated according to the formula set forth in
19 section 24-51-603, reduced by four percent for each year and a
20 proportional percentage for each fraction of a year from the effective date
21 of reduced service retirement to the date the member would have become
22 eligible for a service retirement pursuant to the provisions of section
23 24-51-602 (1).

24 (3) Notwithstanding the provisions of subsection (1) of this
25 section, on and after July 1, 1993, for a member who is not a state trooper,
26 WHO IS ELIGIBLE FOR A REDUCED SERVICE RETIREMENT BENEFIT AS OF
27 JANUARY 1, 2011, and who retires upon reaching fifty years of age or

1 older but before reaching fifty-five years of age, a reduced service
2 retirement benefit shall be the option 1 benefit for service retirement, as
3 calculated according to the formula set forth in section 24-51-603,
4 reduced by:

5 (4) FOR A MEMBER, DPS MEMBER, OR INACTIVE MEMBER WHO IS
6 NOT ELIGIBLE FOR A RETIREMENT BENEFIT AS OF JANUARY 1, 2011, THE
7 FOLLOWING PROVISIONS SHALL APPLY:

8 (a) FOR A MEMBER OR INACTIVE MEMBER WHO RETIRES PRIOR TO
9 REACHING ELIGIBILITY FOR A FULL SERVICE RETIREMENT BENEFIT
10 PURSUANT TO SECTION 24-51-602, A REDUCED SERVICE RETIREMENT
11 BENEFIT SHALL BE THE OPTION 1 BENEFIT FOR SERVICE RETIREMENT, AS
12 CALCULATED ACCORDING TO THE FORMULA SET FORTH IN SECTION
13 24-51-603, REDUCED BY AN ACTUARIALLY DETERMINED PERCENTAGE TO
14 ENSURE THAT, AS OF THE EFFECTIVE DATE OF RETIREMENT, THE BENEFIT
15 IS THE ACTUARIAL EQUIVALENT OF THE SERVICE RETIREMENT BENEFIT.

16 (b) FOR A DPS MEMBER WHO RETIRES PRIOR TO REACHING
17 ELIGIBILITY FOR RETIREMENT PURSUANT TO SECTION 24-51-1713 OR
18 24-51-602, WHICHEVER IS APPLICABLE, A RETIREMENT WITH AN
19 ACTUARIAL REDUCTION SHALL BE THE OPTION A BENEFIT AS CALCULATED
20 ACCORDING TO THE FORMULA SET FORTH IN SECTION 24-51-1715 (1)(a)(I)
21 OR 24-51-603, WHICHEVER IS APPLICABLE, REDUCED BY AN ACTUARIALLY
22 DETERMINED PERCENTAGE TO ENSURE THAT THE BENEFIT, AS OF THE
23 EFFECTIVE DATE OF RETIREMENT, IS THE ACTUARIAL EQUIVALENT OF THE
24 RETIREMENT BENEFIT WITHOUT AN ACTUARIAL REDUCTION.

25 **SECTION 15.** 24-51-606.5, Colorado Revised Statutes, is
26 amended to read:

27 **24-51-606.5. Indexation of benefits for vested inactive**

1 **members.** A vested inactive member who was a member or inactive
2 member on December 31, 2006, WHO HAS REACHED THE AGE AND
3 SERVICE REQUIREMENTS FOR A SERVICE OR REDUCED SERVICE
4 RETIREMENT BENEFIT ON OR BEFORE JANUARY 1, 2011, AND who has at
5 least twenty-five years of service credit prior to terminating membership
6 shall be eligible, upon retirement, for a benefit, as calculated pursuant to
7 the provisions of section 24-51-603 or 24-51-605, which has been
8 increased by the annual increase specified in sections 24-51-1001 to
9 24-51-1003, from the date of termination of membership or July 1, 1993,
10 whichever is later, to the effective date of retirement.

11 **SECTION 16.** 24-51-802 (2), Colorado Revised Statutes, is
12 amended to read:

13 **24-51-802. Change in option or cobeneficiary.** (2) The election
14 of an option or the designation of a cobeneficiary may be changed if the
15 retiree returns to membership and thereafter earns one year of service
16 credit; HOWEVER, A MEMBER WHOSE RETIREMENT OR REDUCED SERVICE
17 RETIREMENT BENEFITS ARE IN SEPARATE BENEFIT SEGMENTS PURSUANT TO
18 SECTION 24-51-1103 (1.5) SHALL ELECT THE SAME OPTION AND DESIGNATE
19 THE SAME COBENEFICIARY FOR ALL OF HIS OR HER SEPARATE BENEFIT
20 SEGMENTS.

21 **SECTION 17.** 24-51-908 (1), Colorado Revised Statutes, is
22 amended to read:

23 **24-51-908. Survivor benefits.** (1) Survivor benefits paid to a
24 cobeneficiary pursuant to the provisions of section 24-51-906 (1) (a) shall
25 be calculated in the same manner as option 3 benefits pursuant to the
26 provisions of section 24-51-910. Survivor benefits paid to a surviving
27 spouse pursuant to the provisions of section 24-51-905 (2) (a) shall be

1 calculated in the same manner as option 3 benefits pursuant to the
2 provisions of section 24-51-910, and if the deceased vested inactive
3 member had at least twenty-five years of service credit AND WAS ELIGIBLE
4 FOR A RETIREMENT BENEFIT ON OR BEFORE JANUARY 1, 2011, such
5 benefits shall be increased by the annual increase specified in sections
6 24-51-1001 to 24-51-1003, from the date of termination of membership
7 or July 1, 1993, whichever is later, to the date benefits commence.

8 **SECTION 18.** 24-51-1001 (1) and (3) (b), Colorado Revised
9 Statutes, are amended, and the said 24-51-1001 (3) is further amended
10 BY THE ADDITION OF A NEW PARAGRAPH, to read:

11 **24-51-1001. Types of benefit increases.** (1) For benefit
12 recipients whose benefits are based on the account of a member who was
13 a member, inactive member, or retiree on December 31, 2006, OR FOR
14 BENEFIT RECIPIENTS WHOSE BENEFITS ARE BASED ON THE ACCOUNT OF A
15 DPS MEMBER OR DPS RETIREE, annual increases in retirement benefits
16 and survivor benefits shall ~~occur on March 1 if said benefits have been~~
17 ~~paid for at least three months preceding March 1~~ BE EFFECTIVE WITH THE
18 JULY BENEFIT. Such increases in benefits shall be calculated in
19 accordance with the provisions of sections 24-51-1002 and 24-51-1003
20 and shall be paid from the ~~division trust funds~~. RETIREMENT BENEFITS
21 RESERVE OR THE SURVIVOR BENEFITS RESERVE, AS APPROPRIATE, SO LONG
22 AS THE FOLLOWING REQUIREMENTS ARE SATISFIED:

23 (a) FOR BENEFIT RECIPIENTS WHOSE BENEFIT IS BASED ON A
24 RETIREE OR DPS RETIREE WHOSE EFFECTIVE DATE OF RETIREMENT IS
25 PRIOR TO JANUARY 1, 2011, OR WHOSE SURVIVOR BENEFITS ARE BASED ON
26 A DATE OF DEATH THAT OCCURRED PRIOR TO JANUARY 1, 2011, THE
27 BENEFITS HAVE BEEN PAID TO THE BENEFIT RECIPIENT FOR AT LEAST SEVEN

1 MONTHS PRECEDING JULY 1.

2 (b) FOR BENEFIT RECIPIENTS WHOSE BENEFIT IS BASED ON A
3 RETIREE OR DPS RETIREE WHOSE EFFECTIVE DATE OF RETIREMENT IS ON
4 OR AFTER JANUARY 1, 2011, OR WHOSE SURVIVOR BENEFITS ARE BASED ON
5 A DATE OF DEATH THAT IS ON OR AFTER JANUARY 1, 2011, THE BENEFITS
6 HAVE BEEN PAID TO THE BENEFIT RECIPIENT FOR THE TWELVE MONTHS
7 PRIOR TO JULY 1, AND FOR BENEFIT RECIPIENTS WHOSE BENEFIT IS BASED
8 UPON A RETIREE OR DPS RETIREE WHO WAS NOT ELIGIBLE TO RETIRE AS OF
9 JANUARY 1, 2011, THE RETIREE MET THE FOLLOWING REQUIREMENTS:

10 (I) FOR DPS MEMBERS WITH FIVE OR MORE YEARS OF SERVICE
11 CREDIT AS OF JANUARY 1, 2011, AND FOR MEMBERS WHO BEGAN
12 MEMBERSHIP PRIOR TO JULY 1, 2005, AND HAVE FIVE OR MORE YEARS OF
13 SERVICE CREDIT AS OF JANUARY 1, 2011, THE RETIREE RETIRED WITH A
14 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602 OR
15 24-51-1713, WHICHEVER IS APPLICABLE, OR RETIRED WITH A REDUCED
16 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 OR
17 24-51-1714, WHICHEVER IS APPLICABLE, BUT HAS, AS OF JANUARY 1,
18 ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT WHEN COMBINED
19 TOTAL AT LEAST EIGHTY YEARS, OR RETIRED WITH A REDUCED SERVICE
20 RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF
21 JANUARY 1, ATTAINED THE AGE OF SIXTY;

22 (II) FOR MEMBERS WHO BEGAN MEMBERSHIP ON OR AFTER JULY 1,
23 2005, BUT PRIOR TO JANUARY 1, 2007, THE RETIREE RETIRED WITH A
24 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602, OR
25 RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO
26 SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND
27 SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST

1 EIGHTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT
2 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
3 ATTAINED THE AGE OF SIXTY; OR

4 (III) FOR DPS MEMBERS WITH LESS THAN FIVE YEARS OF SERVICE
5 CREDIT AS OF JANUARY 1, 2011, AND FOR MEMBERS WHOSE MEMBERSHIP
6 BEGAN PRIOR TO JANUARY 1, 2007, WITH LESS THAN FIVE YEARS OF
7 SERVICE CREDIT AS OF JANUARY 1, 2011, THE RETIREE RETIRED WITH A
8 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602, OR
9 RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO
10 SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND
11 SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST
12 EIGHTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT
13 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
14 ATTAINED THE AGE OF SIXTY.

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

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 and shall be paid from the
22 retirement benefits reserve or the survivor benefits reserve, as
23 appropriate, so long as the following requirements are satisfied:

24 (b) (I) FOR MEMBERS WHOSE MEMBERSHIP BEGAN ON OR AFTER
25 JANUARY 1, 2007, BUT PRIOR TO JANUARY 1, 2011, the retiree retired with
26 a service retirement benefit pursuant to section 24-51-602, or retired with
27 a reduced service retirement benefit pursuant to section 24-51-604 but

1 has, as of January 1, attained the age and service credit years that when
2 combined total at least eighty-five years, or retired with a reduced service
3 retirement benefit pursuant to section 24-51-604 but has, as of January 1,
4 attained the age of sixty; ~~No minimum age or service credit requirement~~
5 ~~shall apply to disability retirees or survivor benefit recipients.~~

6 (II) FOR MEMBERS WHOSE MEMBERSHIP BEGAN ON OR AFTER
7 JANUARY 1, 2011, BUT PRIOR TO JANUARY 1, 2017, THE RETIREE RETIRED
8 WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602,
9 OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO
10 SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND
11 SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST
12 EIGHTY-EIGHT YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT
13 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
14 ATTAINED THE AGE OF SIXTY; OR

15 (III) SUBJECT TO THE PROVISIONS OF SUBPARAGRAPH (IV) OF THIS
16 PARAGRAPH (b), FOR MEMBERS WHOSE MEMBERSHIP BEGAN ON OR AFTER
17 JANUARY 1, 2017, THE RETIREE RETIRED WITH A SERVICE RETIREMENT
18 BENEFIT PURSUANT TO SECTION 24-51-602, OR RETIRED WITH A REDUCED
19 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS,
20 AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT
21 WHEN COMBINED TOTAL AT LEAST NINETY YEARS, OR RETIRED WITH A
22 REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604
23 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY.

24 (IV) FOR MEMBERS WHOSE MEMBERSHIP BEGAN ON OR AFTER
25 JANUARY 1, 2017, THE RETIREE RETIRED FROM THE SCHOOL OR DENVER
26 PUBLIC SCHOOLS DIVISIONS WITH A REDUCED SERVICE RETIREMENT
27 BENEFIT PURSUANT TO SECTION 24-51-604 AND THE RETIREE'S MOST

1 RECENT TEN YEARS OF SERVICE CREDIT WAS EARNED IN THE SCHOOL OR
2 DENVER PUBLIC SCHOOLS DIVISIONS, BUT, AS OF JANUARY 1, THE
3 RETIREE'S AGE AND TOTAL SERVICE CREDIT TOTAL AT LEAST EIGHTY-EIGHT
4 YEARS, OR THE RETIREE RETIRED WITH A REDUCED SERVICE RETIREMENT
5 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
6 ATTAINED THE AGE OF SIXTY.

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

9 **SECTION 19.** 24-51-1002, Colorado Revised Statutes, is
10 REPEALED AND REENACTED, WITH AMENDMENTS, to read:

11 **24-51-1002. Annual percentages to be used.** (1) FOR BENEFIT
12 RECIPIENTS WHOSE BENEFITS ARE BASED ON THE ACCOUNT OF A MEMBER
13 WHO WAS A MEMBER, INACTIVE MEMBER, OR RETIREE ON DECEMBER 31,
14 2006, OR FOR BENEFIT RECIPIENTS WHOSE BENEFITS ARE BASED ON THE
15 ACCOUNT OF A DPS MEMBER OR DPS RETIREE, THE INCREASE APPLIED TO
16 BENEFITS FOR THE YEAR 2010 SHALL BE THE LESSER OF TWO PERCENT OR
17 THE AVERAGE OF THE ANNUAL INCREASES DETERMINED FOR EACH MONTH,
18 _____ TO THE NEAREST ONE-TENTH OF A PERCENT, AS CALCULATED BY THE
19 UNITED STATES DEPARTMENT OF LABOR, IN THE NATIONAL CONSUMER
20 PRICE INDEX FOR URBAN WAGE EARNERS AND CLERICAL WORKERS FOR
21 EACH OF THE MONTHS IN THE 2009 CALENDAR YEAR.

22 _____
23 (2) BEGINNING IN THE YEAR 2011, SUBJECT TO THE PROVISIONS OF
24 SECTION 24-51-1009.5, FOR BENEFIT RECIPIENTS WHOSE BENEFITS ARE
25 BASED ON THE ACCOUNT OF A MEMBER WHO WAS A MEMBER, INACTIVE
26 MEMBER, OR RETIREE ON DECEMBER 31, 2006, OR FOR BENEFIT RECIPIENTS
27 WHOSE BENEFITS ARE BASED ON THE ACCOUNT OF A DPS MEMBER OR DPS

1 RETIREE, THE INCREASE APPLIED TO BENEFITS PAID SHALL BE THE LESSER
2 OF TWO PERCENT OR THE AVERAGE OF THE ANNUAL INCREASES
3 DETERMINED FOR EACH MONTH, TO THE NEAREST ONE-TENTH OF A
4 PERCENT, AS CALCULATED BY THE UNITED STATES DEPARTMENT OF
5 LABOR, IN THE NATIONAL CONSUMER PRICE INDEX FOR URBAN WAGE
6 EARNERS AND CLERICAL WORKERS DURING THE CALENDAR YEAR
7 PRECEDING THE INCREASE IN THE BENEFIT. NOTWITHSTANDING THE
8 PROVISIONS OF THIS SUBSECTION (2), THE INCREASE SHALL BE THE
9 MAXIMUM PERMITTED UNDER THIS SUBSECTION (2) AND SECTION
10 24-51-1009.5 UNLESS THE ASSOCIATION'S ANNUAL AUDITED RETURN ON
11 INVESTMENTS IS NEGATIVE FOR THE PRECEDING CALENDAR YEAR, AT
12 WHICH POINT THE ANNUAL INCREASE FOR THE SUBSEQUENT THREE YEARS
13 SHALL BE THE LESSER OF TWO PERCENT OR THE AVERAGE OF THE ANNUAL
14 INCREASES DETERMINED FOR EACH MONTH, TO THE NEAREST ONE-TENTH
15 OF A PERCENT, AS CALCULATED BY THE UNITED STATES DEPARTMENT OF
16 LABOR, IN THE NATIONAL CONSUMER PRICE INDEX FOR URBAN WAGE
17 EARNERS AND CLERICAL WORKERS DURING THE CALENDAR YEAR
18 PRECEDING THE INCREASE IN THE BENEFIT. THE INCREASE APPLIED TO
19 SUCH BENEFITS SHALL BE RECALCULATED ANNUALLY AS OF JULY 1, AND
20 SHALL BE THE COMPOUNDED ANNUAL PERCENTAGE OF THE ANNUAL
21 INCREASES APPLIED TO SUCH BENEFITS. IN THE FIRST YEAR THAT THE
22 BENEFIT RECIPIENT IS ELIGIBLE TO RECEIVE AN ANNUAL INCREASE
23 PURSUANT TO SECTION 24-51-1001, THE ANNUAL INCREASE SHALL BE
24 PRORATED.

25 (3) BENEFITS FOR VESTED INACTIVE MEMBERS WITH AT LEAST
26 TWENTY-FIVE YEARS OF SERVICE CREDIT AND BENEFITS FOR SURVIVORS OF
27 DECEASED VESTED INACTIVE MEMBERS WHO HAD AT LEAST TWENTY-FIVE

1 YEARS OF SERVICE CREDIT SHALL BE INCREASED BY THE ANNUAL
2 INCREASE SPECIFIED IN THIS SECTION AND SECTIONS 24-51-1001 AND
3 24-51-1003 UNDER PRIOR LAW FROM THE DATE OF TERMINATION OF
4 MEMBERSHIP OR JULY 1, 1993, WHICHEVER IS LATER, TO MARCH 1, 2009,
5 OR THE DATE BENEFITS COMMENCE, WHICHEVER IS EARLIER. THIS
6 SUBSECTION (3) SHALL ONLY APPLY TO MEMBERS AND INACTIVE MEMBERS
7 WHO ARE ELIGIBLE TO RECEIVE A RETIREMENT BENEFIT AS OF JANUARY 1,
8 2011.

9 (4) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (1) OF
10 THIS SECTION, THE INCREASE, IF ANY, APPLIED TO THE BENEFITS OF
11 PERSONS WHOSE BENEFITS ARE BASED ON THE ACCOUNT OF A MEMBER
12 WHO WAS NOT A MEMBER, INACTIVE MEMBER, OR RETIREE ON DECEMBER
13 31, 2006, WILL BE CALCULATED AND PAID IN ACCORDANCE WITH SECTION
14 24-51-1009.

15 **SECTION 20.** 24-51-1003, Colorado Revised Statutes, is
16 amended to read:

17 **24-51-1003. Annual increases in the base benefit.** The
18 percentage recalculated pursuant to the provisions of section 24-51-1002
19 shall be multiplied by the base benefit OR RETIREMENT ALLOWANCE AS
20 DEFINED IN SECTION 24-51-1702 (34), WHICHEVER IS APPLICABLE, to
21 determine the increased benefit. In no case shall the benefit paid be less
22 than the base benefit OR RETIREMENT ALLOWANCE, WHICHEVER IS
23 APPLICABLE.

24 **SECTION 21.** The introductory portion to 24-51-1009 (4) and
25 24-51-1009 (4) (a) and (4) (b), Colorado Revised Statutes, are amended,
26 and the said 24-51-1009 is further amended BY THE ADDITION OF A
27 NEW SUBSECTION, to read:

1 **24-51-1009. Annual increase reserve - creation.** (4) An
2 actuarial valuation shall be conducted each year for the annual increase
3 reserve of each division for the purposes of this section. The actuarial
4 valuation shall include a determination of the total market value of the
5 assets in the reserve and a calculation of the net present value of the
6 actuarial liabilities associated with providing each of the annual increases
7 described in paragraphs (a), (b), and (c) of this subsection (4). SUBJECT
8 TO SECTION 24-51-1009.5, the maximum annual increase awarded by the
9 board shall be the lesser of the following calculations:

10 (a) A permanent increase equal to ~~three~~ TWO percent of current
11 benefits payable to benefit recipients then eligible for an annual increase
12 in accordance with section 24-51-1001 (3);

13 (b) SUBJECT TO THE PROVISIONS OF SUBSECTION (4.5) OF THIS
14 SECTION, a permanent increase of current benefits payable to benefit
15 recipients then eligible for an annual increase in accordance with section
16 24-51-1001 (3) that is equal to ~~the actual increase~~ THE AVERAGE OF THE
17 ANNUAL INCREASES DETERMINED FOR EACH MONTH, TO THE NEAREST
18 ONE-TENTH OF A PERCENT, as calculated by the United States department
19 of labor, in the national consumer price index for urban wage earners and
20 clerical workers DURING THE CALENDAR YEAR PRECEDING THE INCREASE
21 IN THE BENEFIT for the year associated with the actuarial valuation of the
22 annual increase reserve; or

23 =====

24 (4.5) FOR THE YEAR 2010, THE ASSOCIATION SHALL USE THE
25 AVERAGE OF THE ANNUAL INCREASES DETERMINED FOR EACH MONTH, TO
26 THE NEAREST ONE-TENTH OF A PERCENT, AS CALCULATED BY THE UNITED
27 STATES DEPARTMENT OF LABOR, IN THE NATIONAL CONSUMER PRICE

1 INDEX FOR URBAN WAGE EARNERS AND CLERICAL WORKERS FOR EACH OF
2 THE MONTHS IN THE 2009 CALENDAR YEAR.

3 **SECTION 22.** Part 10 of article 51 of title 24, Colorado Revised
4 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
5 read:

6 **24-51-1009.5. Annual increase amount changes.** WHEN THE
7 ACTUARIAL FUNDED RATIO OF THE ASSOCIATION, BASED ON THE
8 ACTUARIAL VALUE OF ASSETS, IS AT OR ABOVE ONE HUNDRED THREE
9 PERCENT AS DETERMINED IN THE ANNUAL ACTUARIAL STUDY OF THE
10 ASSOCIATION, THE UPPER LIMIT OF THE ANNUAL INCREASE SHALL BE
11 INCREASED BY ONE-QUARTER OF ONE PERCENT. IF THE ACTUARIAL
12 FUNDED RATIO OF THE ASSOCIATION, BASED ON THE ACTUARIAL VALUE OF
13 ASSETS, REACHES ONE HUNDRED THREE PERCENT AND SUBSEQUENTLY ANY
14 ANNUAL ACTUARIAL STUDY REFLECTS THE ACTUARIAL FUNDED RATIO OF
15 THE ASSOCIATION, BASED ON THE ACTUARIAL VALUE OF ASSETS, IS BELOW
16 NINETY PERCENT, THE UPPER LIMIT OF THE ANNUAL INCREASE SHALL BE
17 DECREASED BY ONE-QUARTER OF ONE PERCENT. AT NO TIME SHALL THE
18 UPPER LIMIT OF THE ANNUAL INCREASE FALL BELOW TWO PERCENT.

19 **SECTION 23.** The introductory portion to 24-51-1101 (1) and
20 24-51-1101 (2), Colorado Revised Statutes, are amended, and the said
21 24-51-1101 is further amended BY THE ADDITION OF A NEW
22 SUBSECTION, to read:

23 **24-51-1101. Employment after service retirement.** (1) Except
24 as otherwise provided in ~~subsection (1.5) or (1.7)~~ SUBSECTION (1.8) of
25 this section or part 17 of this article, a service retiree from any division
26 may be employed by an employer, whether or not in a position subject to
27 membership, and receive a salary without reduction in benefits if the

1 service retiree has not worked for any employer, as defined in section
2 24-51-101 (20), during the month of the effective date of retirement, and
3 if:

4 (1.8) (a) A SERVICE RETIREE WHO IS HIRED BY A STATE COLLEGE
5 OR UNIVERSITY OR BY AN EMPLOYER IN THE SCHOOL OR DENVER PUBLIC
6 SCHOOLS DIVISION OF THE ASSOCIATION PURSUANT TO PARAGRAPH (b) OF
7 THIS SUBSECTION (1.8) MAY RECEIVE SALARY WITHOUT REDUCTION IN
8 BENEFITS IF EMPLOYMENT OF MORE THAN FOUR HOURS PER DAY DOES NOT
9 EXCEED ONE HUNDRED FORTY DAYS IN THE CALENDAR YEAR, IF
10 EMPLOYMENT OF FOUR HOURS OR LESS PER DAY DOES NOT EXCEED NINE
11 HUNDRED SIXTEEN HOURS IN THE CALENDAR YEAR, OR IF EMPLOYMENT
12 CONSISTING OF A COMBINATION OF DAILY AND HOURLY EMPLOYMENT
13 DOES NOT EXCEED ONE HUNDRED FORTY DAYS PER CALENDAR YEAR, AND
14 IF THE SERVICE RETIREE HAS NOT WORKED FOR ANY EMPLOYER, AS
15 DEFINED IN SECTION 24-51-101 (20), DURING THE MONTH OF THE
16 EFFECTIVE DATE OF RETIREMENT. A SERVICE RETIREE DESCRIBED IN THIS
17 PARAGRAPH (a) WHO WORKS FOR ANY EMPLOYER, AS DEFINED IN SECTION
18 24-51-101 (20), DURING THE MONTH OF THE EFFECTIVE DATE OF
19 RETIREMENT SHALL BE SUBJECT TO A REDUCTION IN BENEFITS AS
20 PROVIDED IN SECTION 24-51-1102 (2).

21 (b) A STATE COLLEGE OR UNIVERSITY OR AN EMPLOYER IN THE
22 SCHOOL OR DENVER PUBLIC SCHOOLS DIVISION MAY HIRE UP TO TEN
23 SERVICE RETIREES IN AREAS WHERE THE EMPLOYER DETERMINES THAT
24 THERE IS A CRITICAL SHORTAGE OF QUALIFIED CANDIDATES AND THAT THE
25 SERVICE RETIREE HAS UNIQUE EXPERIENCE, SKILL, OR QUALIFICATIONS
26 THAT WOULD BENEFIT THE EMPLOYER. THE EMPLOYER SHALL NOTIFY THE
27 ASSOCIATION UPON HIRING A SERVICE RETIREE PURSUANT TO THIS

1 SUBSECTION (1.8). A LIST OF ANY AND ALL SERVICE RETIREES EMPLOYED
2 BY THE EMPLOYER SHALL BE PROVIDED TO THE ASSOCIATION AT THE
3 START OF EACH CALENDAR YEAR AND SHALL BE UPDATED PRIOR TO ANY
4 ADDITIONAL HIRINGS DURING THE SAME CALENDAR YEAR.

5 (c) A STATE COLLEGE OR UNIVERSITY OR AN EMPLOYER IN THE
6 SCHOOL OR DENVER PUBLIC SCHOOLS DIVISION SHALL PROVIDE FULL
7 PAYMENT OF ALL EMPLOYER CONTRIBUTIONS AND ALL DISBURSEMENTS IN
8 ACCORDANCE WITH PART 4 OF THIS ARTICLE, AND ALL WORKING RETIREE
9 CONTRIBUTIONS IN ACCORDANCE WITH PART 11 OF THIS ARTICLE, ON THE
10 SALARY PAID TO THE SERVICE RETIREE DESCRIBED IN PARAGRAPH (a) OF
11 THIS SUBSECTION (1.8). ==

12 (d) A SERVICE RETIREE WHO IS EMPLOYED PURSUANT TO THIS
13 SUBSECTION (1.8) SHALL NOT BE REQUIRED TO RESUME MEMBERSHIP.
14 UPON TERMINATION OF SUCH RETIREE'S EMPLOYMENT, THERE SHALL BE
15 NO BENEFIT CALCULATION REFLECTING ADDITIONAL SERVICE CREDIT OR
16 ANY INCREASE IN THE HIGHEST AVERAGE SALARY OF SUCH PERSON.

17 (e) FOR PURPOSES OF THIS SUBSECTION (1.8), "STATE COLLEGE OR
18 UNIVERSITY" MEANS ANY POSTSECONDARY EDUCATIONAL INSTITUTION,
19 INCLUDING COMMUNITY AND JUNIOR COLLEGES, ESTABLISHED AND
20 EXISTING PURSUANT TO TITLE 23, C.R.S., AS AN AGENCY OF THE STATE OF
21 COLORADO AND SUPPORTED WHOLLY OR IN PART BY TAX REVENUES.

22 (2) Salary from the employment, engagement, retention, or other
23 use of a service retiree OR DPS RETIREE in an individual capacity or of
24 any entity owned or operated by a service retiree or affiliated party by an
25 employer to perform any service as an employee, contract employee,
26 consultant, independent contractor, or through any other arrangement,
27 shall be subject to employer contributions but shall not be subject to

1 member contributions. ~~except as provided in section 24-51-1103.~~
2 EFFECTIVE JANUARY 1, 2011, SUCH SALARY SHALL ALSO BE SUBJECT TO
3 WORKING RETIREE CONTRIBUTIONS. Salary from employment by a retiree
4 who is serving in a state elected official's position shall not be subject to
5 employer contributions OR WORKING RETIREE CONTRIBUTIONS. SALARY
6 FROM EMPLOYMENT OF A RETIREE WHO IS PARTICIPATING IN AN
7 EDUCATIONAL EMPLOYEES' OPTIONAL RETIREMENT PLAN PURSUANT TO
8 ARTICLE 54.5 OF THIS TITLE SHALL NOT BE SUBJECT TO WORKING RETIREE
9 CONTRIBUTIONS.

10 **SECTION 24.** 24-51-1103 (1) and (3), Colorado Revised
11 Statutes, are amended, and the said 24-51-1103 is further amended BY
12 THE ADDITION OF A NEW SUBSECTION, to read:

13 **24-51-1103. Contributions for a retiree who returns to**
14 **membership - benefit calculation upon subsequent retirement -**
15 **survivor benefit rights - disability retirement benefits.** (1) Except as
16 otherwise provided in section 24-51-1747, a retiree who returns to work
17 in a position that is subject to membership may voluntarily suspend the
18 service retirement benefits or the reduced service retirement benefits and
19 resume membership. Upon such suspension, employer and member
20 contributions are required to be made pursuant to the provisions of part
21 4 of this article. ~~Any additional service credit accumulated and any~~
22 ~~increase in the highest average salary of such person shall be reflected in~~
23 ~~the benefit calculation upon subsequent termination of membership only~~
24 ~~after one year of service credit has been earned.~~

25 (1.5) A RETIREE WHO, ON OR AFTER JANUARY 1, 2011, SUSPENDS
26 HIS OR HER SERVICE RETIREMENT OR REDUCED SERVICE RETIREMENT
27 BENEFITS SHALL NOT ADD ANY SERVICE CREDIT TO THE BENEFIT SEGMENT

1 FROM WHICH THE RETIREE SUSPENDS HIS OR HER RETIREMENT. SUBJECT
2 TO THE ELECTION SET FORTH BELOW, ANY ADDITIONAL SERVICE CREDIT
3 ACCUMULATED WILL BE REFLECTED IN SEPARATE BENEFIT SEGMENTS UPON
4 SUBSEQUENT TERMINATION OF MEMBERSHIP, BUT ONLY AFTER ONE YEAR
5 OF SERVICE CREDIT HAS BEEN EARNED DURING A PERIOD OF SUSPENSION.
6 THE SERVICE RETIREMENT OR REDUCED SERVICE RETIREMENT BENEFITS
7 FOR EACH QUALIFYING SEPARATE BENEFIT SEGMENT WILL BE CALCULATED
8 PURSUANT TO THE BENEFIT STRUCTURE UNDER WHICH THE RETIREE
9 ORIGINALLY RETIRED. THE BENEFIT FOR EACH SEPARATE BENEFIT
10 SEGMENT RESULTING FROM SUSPENSION SHALL BE DETERMINED USING THE
11 MEMBER'S SALARY AND SERVICE CREDIT ACQUIRED DURING THE PERIOD OF
12 SUSPENSION. THE MEMBER'S AGE AND TOTAL SERVICE CREDIT WITH THE
13 ASSOCIATION UPON RETIREMENT AFTER EACH SUSPENSION SHALL GOVERN
14 WHETHER THE MEMBER SHALL RECEIVE A SERVICE RETIREMENT
15 CALCULATION OR A REDUCED SERVICE RETIREMENT CALCULATION
16 PURSUANT TO SECTION 24-51-605 FOR THAT SEGMENT. PREVIOUS
17 SEPARATE BENEFIT SEGMENTS SHALL BE SUBJECT TO RECALCULATION
18 ONLY TO REFLECT A CHANGE IN THE SELECTED OPTION OR A DESIGNATED
19 COBENEFICIARY, IF APPLICABLE, AND NO BENEFIT INCREASES PURSUANT
20 TO SECTION 24-51-1001 WILL BE APPLICABLE TO ANY SEPARATE BENEFIT
21 SEGMENT DURING ANY PERIOD OF SUSPENSION. UPON REINSTATEMENT OF
22 THE RETIREMENT BENEFIT ALLOWANCE PAYMENTS, NO INCREASE SHALL
23 BE MADE UNTIL SUCH RESUMED PAYMENTS HAVE BEEN PAID
24 CONTINUOUSLY FOR THE TWELVE MONTHS PRIOR TO JULY 1. UPON
25 RESUMPTION OF RETIREMENT AFTER SUSPENSION, THE ASSOCIATION SHALL
26 REFUND ALL MONEYS CREDITED TO THE MEMBER CONTRIBUTION ACCOUNT
27 DURING THE PERIOD OF SUSPENSION PURSUANT TO SECTION 24-51-405

1 UNLESS, WITHIN A TIME PERIOD SET BY THE ASSOCIATION, THE RETIREE
2 MAKES WRITTEN ELECTION TO ESTABLISH A SEPARATE BENEFIT SEGMENT
3 CALCULATED AS SET FORTH ABOVE. THE REFUND SHALL BE AN AMOUNT
4 EQUAL TO ALL MONEYS CREDITED TO THE MEMBER CONTRIBUTION
5 ACCOUNT DURING THE PERIOD OF SUSPENSION AND PAYMENT OF
6 MATCHING EMPLOYER CONTRIBUTIONS PURSUANT TO SECTION 24-51-408.
7 THE REQUIREMENT TO HAVE AT LEAST FIVE YEARS OF SERVICE CREDIT TO
8 BE ELIGIBLE FOR THE MATCHING EMPLOYER CONTRIBUTIONS PROVIDED IN
9 SECTION 24-51-408 SHALL NOT APPLY IN THE EVENT OF RETURNING TO
10 RETIREMENT AFTER SUSPENSION. NO REFUND MAY BE ISSUED FOR ANY
11 BENEFIT SEGMENT FROM WHICH A BENEFIT HAS BEEN DRAWN. SUCH
12 REFUND SHALL BE REQUIRED FOR ANY SEPARATE BENEFIT SEGMENT
13 DURING WHICH LESS THAN ONE YEAR OF SERVICE CREDIT HAS BEEN
14 EARNED.

15 ~~(3) Disability retirement benefits provided for in part 7 of this~~
16 ~~article shall be available to a retiree after five years of service credit has~~
17 ~~been earned during the most recent period of membership.~~

18 **SECTION 25.** 24-51-1702 (17) and (34), Colorado Revised
19 Statutes, are amended to read:

20 **24-51-1702. Definitions.** As used in this part 17, unless the
21 context otherwise requires:

22 (17) "Highest average salary" means the average monthly
23 compensation of the thirty-six months of accredited service having the
24 highest rates, multiplied by twelve, or the "career average salary",
25 whichever is greater, and shall be applied to benefits, except for benefits
26 under sections 24-51-1727 to 24-51-1731, attributable to retirement or
27 death on or after July 1, 1994. For benefits under sections 24-51-1727 to

1 24-51-1731, "highest average salary" applies to cases where termination
2 of service occurs on or after July 1, 1994. THIS SUBSECTION (17) SHALL
3 APPLY ONLY TO DPS MEMBERS ELIGIBLE FOR A RETIREMENT BENEFIT AS
4 OF JANUARY 1, 2011. FOR DPS MEMBERS NOT ELIGIBLE FOR A
5 RETIREMENT BENEFIT AS OF JANUARY 1, 2011, THE DEFINITION OF
6 "HIGHEST AVERAGE SALARY" SPECIFIED IN SECTION 24-51-101 (25)(b)(V)
7 SHALL APPLY.

8 (34) "Retirement allowance" or "total retirement allowance"
9 means the ~~total of pension, annuity, and all postretirement increases~~
10 INITIAL BENEFIT FOR A BENEFIT THAT BECOMES EFFECTIVE ON OR AFTER
11 JANUARY 1, 2010. FOR A BENEFIT THAT BECAME EFFECTIVE BEFORE
12 JANUARY 1, 2010, "RETIREMENT ALLOWANCE" MEANS THE TOTAL BENEFIT
13 PAYABLE AS OF JUNE 30, 2010, INCLUDING THE SUM OF THE INITIAL
14 BENEFIT, ACCUMULATED ANNUAL INCREASES, AND COST OF LIVING
15 INCREASES.

16 **SECTION 26.** 24-51-1713, Colorado Revised Statutes, is
17 amended to read:

18 **24-51-1713. Eligibility - retirements without actuarial**
19 **reduction.** (1) THIS SECTION SHALL ONLY APPLY TO DPS MEMBERS WHO
20 HAVE FIVE OR MORE YEARS OF SERVICE CREDIT AS OF JANUARY 1, 2011.
21 FOR DPS MEMBERS WHO HAVE LESS THAN FIVE YEARS OF SERVICE CREDIT
22 AS OF JANUARY 1, 2011, ELIGIBILITY FOR RETIREMENT WITHOUT AN
23 ACTUARIAL REDUCTION SHALL BE GOVERNED BY SECTION 24-51-602 (1)
24 (a.7) AND (1) (d).

25 (†) (2) Whenever a contributing member or affiliate member
26 pursuant to the DPS plan has completed a period of twenty-five years of
27 active service, of which not less than fifteen years shall have been with

1 the district, and has attained the age of fifty-five years while in the service
2 of the district, said member shall be eligible for retirement for
3 superannuation. Such retirement shall be made upon due application and
4 subject to such rules as may be prescribed by the association.

5 ~~(2)~~ (3) Whenever a contributing member or affiliate member of
6 the DPS plan has completed a period of five years of active service and
7 has attained the age of sixty-five while in the service of the district, said
8 member shall be eligible for retirement for superannuation. Such
9 retirement shall be made upon due application and subject to such rules
10 as may be prescribed by the board of trustees.

11 ~~(3)~~ (4) Whenever a contributing member or affiliate member
12 pursuant to the DPS plan has completed a period of thirty years of active
13 service with the district and has attained the age of fifty years while in the
14 service of the district, said member shall be eligible for retirement for
15 superannuation. Such retirement shall be made upon due application and
16 subject to such rules as may be prescribed by the association.

17 **SECTION 27.** 24-51-1714, Colorado Revised Statutes, is
18 amended to read:

19 **24-51-1714. Eligibility - retirements requiring actuarial**
20 **reduction.** (1) THIS SECTION SHALL ONLY APPLY TO DPS MEMBERS WHO
21 HAVE FIVE OR MORE YEARS OF SERVICE CREDIT AS OF JANUARY 1, 2011.
22 FOR DPS MEMBERS WHO HAVE LESS THAN FIVE YEARS OF SERVICE CREDIT
23 AS OF JANUARY 1, 2011, ELIGIBILITY FOR RETIREMENT REQUIRING AN
24 ACTUARIAL REDUCTION SHALL BE GOVERNED BY SECTION 24-51-604.

25 ~~(4)~~ (2) Whenever a contributing member or affiliate member
26 pursuant to the DPS plan has completed a period of twenty-five years of
27 active service with the district but has not attained the age of fifty-five

1 years, said member shall be eligible for retirement for superannuation but
2 with reduced benefits in accordance with the applicable provisions of
3 section 24-51-1715. Any such retirement shall be voluntary and reflect
4 the choice of the member.

5 ~~(2)~~ (3) Whenever a contributing member or affiliate member
6 pursuant to the DPS plan has completed a period of fifteen years of active
7 service with the district and has attained the age of fifty-five years while
8 in the service of the district, said member shall be eligible for retirement
9 for superannuation but with reduced benefits in accordance with the
10 applicable provisions of section 24-51-1715. Any such retirement shall
11 be voluntary and reflect the choice of the contributing member.

12 ~~(3)~~ (4) Whenever a contributing member or affiliate member
13 pursuant to the DPS plan has completed a period of thirty years of active
14 service with the district but has not attained the age of fifty years, said
15 contributing member shall nevertheless be eligible for retirement for
16 superannuation but with reduced benefits in accordance with the
17 applicable provisions of section 24-51-1715. Any such retirement shall
18 be voluntary and reflect the choice of the member.

19 **SECTION 28.** 24-51-1715 (1) (a) and (1) (c), Colorado Revised
20 Statutes, are amended to read:

21 **24-51-1715. Benefits.** (1) The annual superannuation retirement
22 allowance shall be determined in the following manner:

23 (a) Subject to the provisions of paragraph (c) of this subsection (1)
24 pertaining to certain members appointed or reappointed on or after July
25 1, 2005, and for persons who become affiliate members on or after July
26 1, 2005, the following calculations shall apply:

27 (I) If said member shall retire pursuant to section 24-51-1713, the

1 highest average salary as defined in section 24-51-1702 (17) shall be
2 multiplied by the primary percentage which shall determine the annual
3 retirement allowance expressed as a single life annuity and known as
4 option A.

5 (II) If, however, said member shall retire pursuant to section
6 ~~24-51-1714 (1)~~ 24-51-1714 (2), and if the member HAS REACHED
7 RETIREMENT ELIGIBILITY AS OF JANUARY 1, 2011, AND has attained a
8 minimum age of fifty years, the annual retirement allowance, calculated
9 pursuant to subparagraph (I) of this paragraph (a), shall be reduced by the
10 lesser of four percent for each year that fifty-five exceeds said member's
11 attained age or four percent for each year that thirty exceeds said
12 member's number of years of active service with the district, in either case
13 prorated for a partial year. FOR MEMBERS WHO HAVE NOT REACHED
14 RETIREMENT ELIGIBILITY AS OF JANUARY 1, 2011, THE ANNUAL
15 RETIREMENT ALLOWANCE, CALCULATED PURSUANT TO SUBPARAGRAPH (I)
16 OF THIS PARAGRAPH (a), SHALL BE REDUCED BY AN ACTUARIALLY
17 DETERMINED PERCENTAGE AS OF THE EFFECTIVE DATE OF RETIREMENT TO
18 ENSURE THAT THE BENEFIT IS THE ACTUARIAL EQUIVALENT OF THE
19 ANNUAL RETIREMENT ALLOWANCE, CALCULATED PURSUANT TO
20 SUBPARAGRAPH (I) OF THIS PARAGRAPH (a).

21 (III) If said member shall retire pursuant to section ~~24-51-1714 (1)~~
22 24-51-1714 (2), and if the member HAS REACHED RETIREMENT
23 ELIGIBILITY AS OF JANUARY 1, 2011, AND is younger than age fifty, the
24 annual retirement allowance, calculated pursuant to subparagraph (I) of
25 this paragraph (a), shall be reduced by the greater of four percent for each
26 year that fifty exceeds said member's attained age or FOUR percent for
27 each year that thirty exceeds said member's number of years of active

1 service with the district, in either case prorated for a partial year. FOR
2 MEMBERS WHO HAVE NOT REACHED RETIREMENT ELIGIBILITY AS OF
3 JANUARY 1, 2011, THE ANNUAL RETIREMENT ALLOWANCE, CALCULATED
4 PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (a), SHALL BE
5 REDUCED BY AN ACTUARIALLY DETERMINED PERCENTAGE AS OF THE
6 EFFECTIVE DATE OF RETIREMENT TO ENSURE THAT THE BENEFIT IS THE
7 ACTUARIAL EQUIVALENT OF THE ANNUAL RETIREMENT ALLOWANCE,
8 CALCULATED PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (a).

9 (IV) If said member shall retire pursuant to section ~~24-51-1714(2)~~
10 24-51-1714 (3), AND THE MEMBER HAS REACHED RETIREMENT ELIGIBILITY
11 AS OF JANUARY 1, 2011, the annual retirement allowance, calculated
12 pursuant to subparagraph (I) of this paragraph (a), shall be reduced by the
13 lesser of four percent for each year that twenty-five exceeds said
14 member's number of years of active service with the district or four
15 percent for each year that sixty-five exceeds said member's age, in either
16 case prorated for a partial year. FOR MEMBERS WHO HAVE NOT REACHED
17 RETIREMENT ELIGIBILITY AS OF JANUARY 1, 2011, THE ANNUAL
18 RETIREMENT ALLOWANCE, CALCULATED PURSUANT TO SUBPARAGRAPH (I)
19 OF THIS PARAGRAPH (a), SHALL BE REDUCED BY AN ACTUARIALLY
20 DETERMINED PERCENTAGE AS OF THE EFFECTIVE DATE OF RETIREMENT TO
21 ENSURE THAT THE BENEFIT IS THE ACTUARIAL EQUIVALENT OF THE
22 ANNUAL RETIREMENT ALLOWANCE, CALCULATED PURSUANT TO
23 SUBPARAGRAPH (I) OF THIS PARAGRAPH (a).

24 (V) If said member shall retire pursuant to section ~~24-51-1714(3)~~,
25 24-51-1714 (4), AND IF THE MEMBER HAS REACHED RETIREMENT
26 ELIGIBILITY AS OF JANUARY 1, 2011, the annual retirement allowance,
27 calculated pursuant to subparagraph (I) of this paragraph (a), shall be

1 reduced by four percent for each year that fifty exceeds said member's
2 age. FOR MEMBERS WHO HAVE NOT REACHED RETIREMENT ELIGIBILITY AS
3 OF JANUARY 1, 2011, THE ANNUAL RETIREMENT ALLOWANCE,
4 CALCULATED PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (a),
5 SHALL BE REDUCED BY AN ACTUARIALLY DETERMINED PERCENTAGE AS OF
6 THE EFFECTIVE DATE OF RETIREMENT TO ENSURE THAT THE BENEFIT IS THE
7 ACTUARIAL EQUIVALENT OF THE ANNUAL RETIREMENT ALLOWANCE,
8 CALCULATED PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (a).

9 (c) In making the calculation of the annual retirement allowance
10 adjustment for a member who initially was appointed or who became an
11 affiliate member on or after July 1, 2005, AND WHO HAS REACHED
12 RETIREMENT ELIGIBILITY AS OF JANUARY 1, 2011, the reduction
13 percentage provided in paragraph (a) of this subsection (1) shall be
14 changed in each instance from four percent to six percent. ~~This paragraph~~
15 ~~(c) shall not apply to a member whose contributing or affiliate~~
16 ~~membership began on or before June 30, 2005, and whose accumulated~~
17 ~~contribution balance remains continuously on deposit in the Denver~~
18 ~~public schools division through the effective date of such member's~~
19 ~~retirement.~~ FOR MEMBERS WHO HAVE NOT REACHED RETIREMENT
20 ELIGIBILITY AS OF JANUARY 1, 2011, THE ANNUAL RETIREMENT
21 ALLOWANCE, CALCULATED PURSUANT TO SUBPARAGRAPH (I) OF
22 PARAGRAPH (a) OF THIS SUBSECTION (1), SHALL BE REDUCED BY AN
23 ACTUARIALLY DETERMINED PERCENTAGE AS OF THE EFFECTIVE DATE OF
24 RETIREMENT TO ENSURE THAT THE BENEFIT IS THE ACTUARIAL
25 EQUIVALENT OF THE ANNUAL RETIREMENT ALLOWANCE, CALCULATED
26 PURSUANT TO SUBPARAGRAPH (I) OF PARAGRAPH (a) OF THIS SUBSECTION
27 (1).

1 **SECTION 29.** Part 17 of article 51 of title 24, Colorado Revised
2 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
3 read:

4 **24-51-1726.5. Contributions for a retiree who returns to**
5 **membership - benefit calculation upon subsequent retirement -**
6 **survivor benefit rights.** (1) EXCEPT AS OTHERWISE PROVIDED IN
7 SECTION 24-51-1747, A DPS RETIREE WHO RETURNS TO WORK IN A
8 POSITION THAT IS SUBJECT TO MEMBERSHIP MAY VOLUNTARILY SUSPEND
9 HIS OR HER RETIREMENT ALLOWANCE AND RESUME MEMBERSHIP. UPON
10 SUCH SUSPENSION, EMPLOYER AND MEMBER CONTRIBUTIONS ARE
11 REQUIRED TO BE MADE PURSUANT TO THE PROVISIONS OF PART 4 OF THIS
12 ARTICLE.

13 (2) A DPS RETIREE WHO, ON OR AFTER JANUARY 1, 2011,
14 SUSPENDS HIS OR HER RETIREMENT ALLOWANCE SHALL NOT ADD ANY
15 SERVICE CREDIT TO THE BENEFIT SEGMENT FROM WHICH THE RETIREE
16 SUSPENDS HIS OR HER RETIREMENT. SUBJECT TO THE ELECTION SET FORTH
17 BELOW, ANY ADDITIONAL SERVICE CREDIT ACCUMULATED WILL BE
18 REFLECTED IN SEPARATE BENEFIT SEGMENTS UPON SUBSEQUENT
19 TERMINATION OF MEMBERSHIP, BUT ONLY AFTER ONE YEAR OF SERVICE
20 CREDIT HAS BEEN EARNED DURING A PERIOD OF SUSPENSION. THE
21 RETIREMENT ALLOWANCE FOR EACH QUALIFYING SEPARATE BENEFIT
22 SEGMENT WILL BE CALCULATED PURSUANT TO THE BENEFIT STRUCTURE
23 UNDER WHICH THE RETIREE ORIGINALLY RETIRED. THE BENEFIT FOR EACH
24 SEPARATE BENEFIT SEGMENT RESULTING FROM SUSPENSION SHALL BE
25 DETERMINED USING THE DPS MEMBER'S SALARY AND SERVICE CREDIT
26 ACQUIRED DURING THE PERIOD OF SUSPENSION. THE DPS MEMBER'S AGE
27 AND TOTAL SERVICE CREDIT WITH THE ASSOCIATION UPON RETIREMENT

1 AFTER EACH SUSPENSION SHALL GOVERN WHETHER THE DPS MEMBER
2 SHALL RECEIVE A RETIREMENT ALLOWANCE PURSUANT TO SECTION
3 24-51-1713 OR 24-51-1714 FOR THAT SEGMENT. PREVIOUS SEPARATE
4 BENEFIT SEGMENTS SHALL BE SUBJECT TO RECALCULATION ONLY TO
5 REFLECT A CHANGE IN THE SELECTED OPTION OR A DESIGNATED
6 COANNUITANT, IF APPLICABLE, AND NO BENEFIT INCREASES PURSUANT TO
7 SECTION 24-51-1001 WILL BE APPLICABLE TO ANY SEPARATE BENEFIT
8 SEGMENT DURING ANY PERIOD OF SUSPENSION. UPON REINSTATEMENT OF
9 THE RETIREMENT BENEFIT ALLOWANCE PAYMENTS, NO INCREASE SHALL
10 BE MADE UNTIL SUCH RESUMED PAYMENTS HAVE BEEN PAID
11 CONTINUOUSLY FOR THE TWELVE MONTHS PRIOR TO JULY 1. UPON
12 RESUMPTION OF RETIREMENT AFTER SUSPENSION, THE ASSOCIATION SHALL
13 REFUND ALL MONEYS CREDITED TO THE MEMBER CONTRIBUTION ACCOUNT
14 DURING THE PERIOD OF SUSPENSION PURSUANT TO SECTION 24-51-405
15 UNLESS, WITHIN A TIME SET BY THE ASSOCIATION, THE RETIREE MAKES
16 WRITTEN ELECTION TO ESTABLISH A SEPARATE BENEFIT SEGMENT
17 CALCULATED AS SET FORTH ABOVE. THE REFUND SHALL BE AN AMOUNT
18 EQUAL TO ALL MONEYS CREDITED TO THE MEMBER CONTRIBUTION
19 ACCOUNT DURING THE PERIOD OF SUSPENSION AND PAYMENT OF
20 MATCHING EMPLOYER CONTRIBUTIONS PURSUANT TO SECTION 24-51-1711
21 OR 24-51-1729 (6) (a) (I), WHICHEVER IS APPLICABLE. NO REFUND CAN
22 ISSUE FOR ANY BENEFIT SEGMENT FROM WHICH A BENEFIT HAS BEEN
23 DRAWN. SUCH REFUND SHALL BE REQUIRED FOR ANY SEPARATE BENEFIT
24 SEGMENT DURING WHICH LESS THAN ONE YEAR OF SERVICE CREDIT HAS
25 BEEN EARNED.

26 (3) (a) A DPS MEMBER WHOSE RETIREMENT ALLOWANCES ARE IN
27 SEPARATE BENEFIT SEGMENTS PURSUANT TO THIS SECTION MUST ELECT

1 THE SAME OPTION AND DESIGNATE THE SAME COANNUITANT FOR ALL OF
2 HIS OR HER SEPARATE BENEFIT SEGMENTS.

3 (b) A DPS RETIREE WHO SUSPENDS HIS OR HER RETIREMENT AND
4 ELECTS A SEPARATE BENEFIT SEGMENT PURSUANT TO THIS SECTION MAY
5 CHANGE HIS OR HER ORIGINAL OPTION AND COANNUITANT ELECTION ONLY
6 IF THE ORIGINAL OPTION SELECTED WAS OPTION A, P2, OR P3. DPS
7 RETIREES WHO SELECTED OPTION B, C, D, OR E SHALL NOT BE ALLOWED
8 TO CHANGE THAT ELECTION.

9 (4) SURVIVOR BENEFIT RIGHTS PROVIDED FOR IN THIS PART 17
10 SHALL BE AVAILABLE TO A DPS RETIREE WHO VOLUNTARILY SUSPENDS
11 THE BENEFITS AND RETURNS TO MEMBERSHIP AS IF SUCH RETIREE HAD NOT
12 RETIRED.

13 SECTION 30. 24-51-1729 (1) (a) (V), Colorado Revised Statutes,
14 is amended to read:

15 24-51-1729. Benefits - deferred members. (1) In the event the
16 employment of such member with the district terminates on or after July
17 1, 1962, the deferred retirement allowance, subject to the limitations set
18 forth in section 24-51-1731, shall be computed in the following manner
19 and paid under the following conditions:

20 (a) The amount of the deferred retirement allowance under option
21 A shall be determined in the same manner and subject to the same
22 conditions as is set forth in section 24-51-1715, if the member was a
23 contributing member or affiliate member at the time that employment
24 was terminated, with the following limitations:

25 (V) In making the calculation of the deferred retirement
26 allowance for one qualified for deferred benefits, the provisions of
27 section 24-51-1715 (1) (c) changing the reduction percentage from four

1 percent to six percent for certain retirements and section 24-51-1732
2 basing the annual retirement allowance adjustment on the lesser of three
3 percent or the actual increase, as calculated by the United States
4 department of labor, in the national consumer price index for urban wage
5 earners and clerical workers during the calendar year preceding the
6 increase, but in no case less than zero, shall not apply if the retiree
7 terminated employment on or before June 30, 2005.

8 **SECTION 31.** 24-51-1732 (1), (2), (3), and (5), Colorado
9 Revised Statutes, are amended to read:

10 **24-51-1732. Benefit increases - annual retirement allowance**
11 **adjustment - contributing members - affiliate members - deferred**
12 **members - survivors (2001 and 2005).** (1) (a) Monthly retirement and
13 survivor benefit payments, including the increases determined under the
14 provisions of the DPS plan document attributable to retirement or death
15 of an eligible employee of the district who retired or died after December
16 1, 1945, shall be increased as follows: IN ACCORDANCE WITH PART 10 OF
17 THIS ARTICLE.

18 (a) (I) ~~Subject to section 24-51-1747 (13), effective on January 1~~
19 ~~of every year, beginning January 1, 2001, the retirement allowance or~~
20 ~~survivor benefit payment payable on December 31 of the preceding year~~
21 ~~shall be increased by three and one-quarter percent, provided, however,~~
22 ~~that increases for contributing members initially appointed on or after July~~
23 ~~1, 2005, and for persons who become affiliate members on or after July~~
24 ~~1, 2005, or for benefits derived through such members, shall be calculated~~
25 ~~and shall be effective as follows:~~

26 (A) ~~The increase shall be based on the lesser of three percent or~~
27 ~~the actual increase, as calculated by the United States department of labor,~~

1 in the national consumer price index for urban wage earners and clerical
2 workers during the calendar year preceding the increase, but in no case
3 less than zero;

4 (B) ~~The resulting percentage shall be prorated, for the initial~~
5 ~~increase only, based on the number of months and fractional months that~~
6 ~~the annuitant was retired or receiving survivor benefits by March 1 of the~~
7 ~~year following the year of retirement or the date survivor benefits initially~~
8 ~~became payable; and~~

9 (C) ~~The increase shall be effective on March 1 of each year~~
10 ~~following the year in which the effective date of retirement falls or the~~
11 ~~year in which survivor benefits become payable.~~

12 (H) ~~The increase last stated shall not apply to a member, or for~~
13 ~~benefits derived through such member, whose contributing or affiliate~~
14 ~~membership began on or before June 30, 2005, and whose accumulated~~
15 ~~contribution balance remains continuously on deposit in the Denver~~
16 ~~public schools division through the effective date of such member's~~
17 ~~retirement.~~

18 (b) Adjusted payments based on survivor benefits that are
19 suspended by reason of the beneficiary not having attained the minimum
20 age requirements provided in sections 24-51-1738 to 24-51-1740 or
21 pursuant to the provisions of the DPS plan document shall not continue
22 to accumulate or accrue during such period of suspension.

23 (2) Upon attainment of the minimum age requirements and
24 resumption of such survivor's benefit payments or reinstatement under the
25 provisions of the DPS plan document, no increase shall be made until
26 such resumed payments have been paid continuously for ~~an entire~~
27 ~~calendar year~~ THE TWELVE MONTHS PRIOR TO JULY 1.

1 (3) ~~Annual retirement allowance adjustments shall be payable to~~
2 ~~retired employees, survivors, or beneficiaries meeting the above~~
3 ~~requirements who are eligible to receive monthly benefits under the~~
4 ~~provisions of the DPS plan document.~~

5 (5) PURSUANT TO SECTION 24-51-1726.5, adjusted payments based
6 on benefits that are suspended by reason of the annuitant's having
7 returned to service with ~~the district~~ AN EMPLOYER AFFILIATED WITH THE
8 ASSOCIATION as a regular employee shall not continue to accumulate or
9 accrue during such period of suspension. Upon reinstatement of the
10 retirement allowance payments, no increase shall be made until such
11 resumed payments have been paid continuously for ~~an entire calendar~~
12 ~~year~~ THE TWELVE MONTHS PRIOR TO JULY 1.

13 **SECTION 32.** 24-51-1747 (6) (a), Colorado Revised Statutes, is
14 amended to read:

15 **24-51-1747. Portability between the Denver public schools**
16 **division and the other four divisions within the association.** (6) (a) A
17 person who is a retiree of the Denver public schools retirement system
18 before January 1, 2010, shall not be subject to THE WORKING RETIREE
19 CONTRIBUTIONS OR a benefit reduction due to postretirement employment
20 with an affiliated employer of the association existing before January 1,
21 2010, as long as the retiree continues to be employed by that same
22 employer. A retiree so situated shall be entitled to a second and entirely
23 separate retirement coverage segment under the PERA benefit structure.

24 **SECTION 33.** 24-54.5-105 (2) (a), the introductory portion to
25 24-54.5-105 (2) (b), and 24-54.5-105 (2) (c) (II), (3) (b) (II), and (5),
26 Colorado Revised Statutes, are amended to read:

27 **24-54.5-105. Participation.** (2) (a) Any eligible employee who

1 is not a member, ~~or~~ inactive member, OR RETIREE of the association and
2 who is initially appointed to an eligible position on or after the effective
3 date of the establishment of one or more optional retirement plans at such
4 eligible employee's employing institution shall participate in an optional
5 retirement plan established by the eligible employee's employing
6 institution pursuant to the provisions of this article.

7 (b) Any eligible employee who is a member or inactive member
8 of the association with at least one year of service credit OR WHO IS A
9 RETIREE OF THE ASSOCIATION, and is initially appointed to an eligible
10 position on or after the effective date of the establishment of one or more
11 optional retirement plans at such eligible employee's employing
12 institution shall elect, within thirty days after such appointment, either:

13 (c) Any eligible employee who elects to participate in an optional
14 retirement plan established by such eligible employee's employing
15 institution pursuant to the provisions of paragraph (b) of this subsection
16 (2) shall specify one of the following options:

17 (II) To terminate membership in the association and to require
18 payment by the association of all employee contributions and any accrued
19 interest on such contributions. Such election shall constitute a waiver of
20 all rights and benefits provided by the association except as otherwise
21 provided by the provisions of this article. Within ninety days after receipt
22 of notice of an election to terminate membership pursuant to the
23 provisions of this subparagraph (II), the association shall pay to the
24 employing institution's retirement plan on behalf of the eligible employee
25 an amount equal to the employee's member contributions plus accrued
26 interest on such contributions at the rate specified in section 24-51-101
27 (28) (a) through June 30, 1991, and at the rate specified in section

1 24-51-101 (28) (c) after June 30, 1991. THIS SUBPARAGRAPH (II) IS NOT
2 APPLICABLE TO RETIREES OF THE ASSOCIATION.

3 (3) (b) Any eligible employee who elects to participate in an
4 optional retirement plan established by such eligible employee's
5 employing institution pursuant to the provisions of paragraph (a) of this
6 subsection (3) shall specify one of the following options:

7 (II) To terminate membership in the association and to require
8 payment by the association of all employee contributions and any accrued
9 interest on such contributions. Such election shall constitute a waiver of
10 all rights and benefits provided by the association except as otherwise
11 provided by the provisions of this article. Within ninety days after receipt
12 of notice of an election to terminate membership pursuant to the
13 provisions of this subparagraph (II), the association shall pay to the
14 employing institution's retirement plan on behalf of the eligible employee
15 an amount equal to the employee's retirement contributions plus accrued
16 interest on such contributions at the rate specified in section 24-51-101
17 (28) (a) through June 30, 1991, and at the rate specified in section
18 24-51-101 (28) (c) after June 30, 1991. THIS SUBPARAGRAPH (II) IS NOT
19 APPLICABLE TO RETIREES OF THE ASSOCIATION.

20 (5) An election by an eligible employee to participate in an
21 optional retirement plan of the employing institution shall be irrevocable
22 and shall be accompanied by an appropriate application, where required,
23 for the issuance of a contract or contracts under such optional retirement
24 plan. NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION (5), A
25 RETIREE WILL HAVE THE CHOICE PURSUANT TO THIS SUBSECTION (5) EACH
26 TIME THE RETIREE IS EMPLOYED BY THE EMPLOYING INSTITUTION.

27 **SECTION 34. Specified effective date.** This act shall take effect

1 January 1, 2011, except that the following sections of this act shall take
2 effect upon passage: Section 24-51-101 (6.5), Colorado Revised Statutes,
3 as contained in section 1 of this act; sections 18, 19, 20, 21, and 22;
4 section 24-51-1702 (34), Colorado Revised Statutes, as contained in
5 section 25 of this act; and sections 31, 34, and 35.

6 **SECTION 35. Safety clause.** The general assembly hereby finds,
7 determines, and declares that this act is necessary for the immediate
8 preservation of the public peace, health, and safety.