

First Regular Session
Seventieth General Assembly
STATE OF COLORADO

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 15-0513.01 Nicole Myers x4326

SENATE BILL 15-080

SENATE SPONSORSHIP

Hill,

HOUSE SPONSORSHIP

(None),

Senate Committees
Finance

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE CHOICE OF PUBLIC EMPLOYEES' RETIREMENT**
102 **ASSOCIATION MEMBERS TO PARTICIPATE IN THE DEFINED**
103 **CONTRIBUTION PLAN ESTABLISHED BY THE ASSOCIATION.**

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 public employees' retirement association (PERA) administers a defined benefit retirement plan and a defined contribution retirement plan. Currently, only specified state employees are allowed to participate in PERA's defined contribution plan. The bill allows all employees who are hired by a PERA-affiliated employer on or after January 1, 2016, to

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.

SENATE
Amended 2nd Reading
February 13, 2015

opt to participate in the defined contribution plan rather than the defined benefit plan. Newly eligible employees are given an initial period to elect to join the defined contribution plan. Thereafter, employees are subject to the existing laws governing participation and termination of membership in the defined benefit and defined contribution plans.

In addition, beginning on January 1, 2016, the bill allows any employee who is a PERA member and who participates in the defined benefit plan to make a written election during the annual open enrollment period for the state employees group benefit plan to participate in PERA's defined contribution plan. The written election is irrevocable and effective the first day of the annual state employees group benefit plan year. An employee who elects to participate in the defined contribution plan is required to specify whether he or she wants to:

- ! Terminate future defined benefit contributions while maintaining his or her rights relative to any contributions or benefits accrued prior to such election; or
- ! Terminate membership in the defined benefit plan and require PERA to pay all member contributions, accrued interest on such contributions, and matching employer contributions to the defined contribution plan.

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

2 **SECTION 1.** In Colorado Revised Statutes, 24-51-1501, **amend**
3 (1), (2) (a) (I), and (4) as follows:

4 **24-51-1501. Defined contribution plan - establishment -**
5 **creation of fund - definitions.** (1) The board is hereby authorized to
6 establish and administer a defined contribution plan for eligible ~~state~~
7 employees as provided in this part 15. The board shall establish the terms
8 and conditions of the association's defined contribution plan offered to
9 eligible ~~state~~ employees. The assets of the plan shall be held in a separate
10 trust fund of the association created for such purpose.

11 (2) (a) Effective July 1, 2009:

12 (I) The state defined contribution plan established pursuant to part
13 2 of article 52 of this title, as said part 2 existed prior to its repeal in 2009,
14 shall be merged into the association's defined contribution plan for

1 eligible state employees established under this part 15, and all the assets
2 of the state defined contribution plan and the trust fund shall be
3 transferred via trustee-to-trustee transfer to the defined contribution plan
4 trust fund established pursuant to section 24-51-208 (1) (i);

5 (4) For purposes of this part 15:

6 (a) PRIOR TO JANUARY 1, 2016, "employer" means the state, the
7 general assembly, the office of a district attorney in a judicial district, any
8 state department that employs an eligible employee, and any community
9 college governed by the state board for community colleges and
10 occupational education. "Employer" shall not include any state college or
11 university as defined in section 24-54.5-102 (7), any institution under the
12 control of the board of regents of the university of Colorado, or an
13 institution governed pursuant to part 5 of article 21 of title 23, C.R.S.

14 (b) ON AND AFTER JANUARY 1, 2016, "EMPLOYER" HAS THE SAME
15 MEANING AS SET FORTH IN SECTION 24-51-101 (20).

16 **SECTION 2.** In Colorado Revised Statutes, 24-51-1502, **amend**
17 (3) as follows:

18 **24-51-1502. New employees - election - definitions.** (3) An
19 eligible employee hired ~~by an employer~~ on or after May 2, 2009, BY AN
20 EMPLOYER AS DEFINED IN SECTION 24-51-1401 (4) (a) OR HIRED ON OR
21 AFTER JANUARY 1, 2016, BY AN EMPLOYER AS DEFINED IN SECTION
22 24-51-1501 (4) (b) is eligible for the election pursuant to subsection (1)
23 of this section.

24 **SECTION 3.** In Colorado Revised Statutes, **add** 24-51-1506.7 as
25 follows:

26 **24-51-1506.7. Additional choices for employees who**
27 **participate in the association's defined benefit plan.**

1 (1) NOTWITHSTANDING THE PROVISIONS OF SECTION 24-51-1506.5,
2 EFFECTIVE JANUARY 1, 2016, ANY ACTIVE MEMBER OF THE ASSOCIATION
3 MAY, AS LONG AS THE MEMBER IS EMPLOYED IN A POSITION WITH AN
4 EMPLOYER FOR WHICH THE ASSOCIATION'S DEFINED CONTRIBUTION PLAN
5 IS AVAILABLE, MAKE A WRITTEN ELECTION DURING THE ANNUAL OPEN
6 ENROLLMENT PERIOD FOR THE APPLICABLE EMPLOYEES GROUP BENEFIT
7 PLAN OF ANY YEAR TO PARTICIPATE IN THE ASSOCIATION'S DEFINED
8 CONTRIBUTION PLAN. SUCH ELECTION IS IRREVOCABLE. THE WRITTEN
9 ELECTION SHALL BE EFFECTIVE THE FIRST DAY OF THE ANNUAL
10 APPLICABLE EMPLOYEES GROUP BENEFIT PLAN YEAR. IN THE ABSENCE
11 OF SUCH WRITTEN ELECTION, THE EMPLOYEE SHALL BE A MEMBER OF THE
12 ASSOCIATION'S DEFINED BENEFIT PLAN.

13 (2) ANY EMPLOYEE WHO ELECTS TO PARTICIPATE IN THE
14 ASSOCIATION'S DEFINED CONTRIBUTION PLAN PURSUANT TO SUBSECTION
15 (1) OF THIS SECTION SHALL SPECIFY ONE OF THE FOLLOWING OPTIONS:

16 (a) TO TERMINATE FUTURE DEFINED BENEFIT CONTRIBUTIONS
17 BEGINNING ON THE DATE OF ELECTION WHILE MAINTAINING RIGHTS AS
18 PROVIDED BY THE LAWS APPLICABLE TO THE ASSOCIATION RELATIVE TO
19 ANY CONTRIBUTIONS OR BENEFITS ACCRUED PRIOR TO SUCH ELECTION; OR

20 (b) TO TERMINATE MEMBERSHIP IN THE ASSOCIATION'S DEFINED
21 BENEFIT PLAN AND REQUIRE PAYMENT BY THE ASSOCIATION OF ALL
22 MEMBER CONTRIBUTIONS, ACCRUED INTEREST ON SUCH CONTRIBUTIONS,
23 AND MATCHING EMPLOYER CONTRIBUTIONS, AS PROVIDED BY THE LAWS
24 APPLICABLE TO THE ASSOCIATION, TO THE ASSOCIATION'S DEFINED
25 CONTRIBUTION PLAN. SUCH ELECTION CONSTITUTES A WAIVER OF ALL
26 RIGHTS AND BENEFITS PROVIDED BY THE ASSOCIATION. WITHIN NINETY
27 DAYS AFTER RECEIPT OF NOTICE OF AN ELECTION TO TERMINATE

1 MEMBERSHIP PURSUANT TO THIS PARAGRAPH (b), THE ASSOCIATION SHALL
2 PAY TO THE ASSOCIATION'S DEFINED CONTRIBUTION PLAN AN AMOUNT
3 EQUAL TO THE EMPLOYEE'S MEMBER CONTRIBUTIONS PLUS ACCRUED
4 INTEREST CALCULATED PURSUANT TO SECTION 24-51-407 AND MATCHING
5 EMPLOYER CONTRIBUTIONS PAID PURSUANT TO SECTION 24-51-408.

6 **SECTION 4. Act subject to petition - effective date.** This act
7 takes effect at 12:01 a.m. on the day following the expiration of the
8 ninety-day period after final adjournment of the general assembly (August
9 5, 2015, if adjournment sine die is on May 6, 2015); except that, if a
10 referendum petition is filed pursuant to section 1 (3) of article V of the
11 state constitution against this act or an item, section, or part of this act
12 within such period, then the act, item, section, or part will not take effect
13 unless approved by the people at the general election to be held in
14 November 2016 and, in such case, will take effect on the date of the
15 official declaration of the vote thereon by the governor.