

Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO

REENGROSSED

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

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

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Senate Committees

Finance
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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.*

SENATE
Amended 3rd Reading
February 1, 2010

SENATE
Amended 2nd Reading
January 29, 2010

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 **24-51-211.5. Notice of possible change in benefits - actuarial**
19 **necessity.** THE ASSOCIATION SHALL PROVIDE WRITTEN NOTICE TO EACH
20 MEMBER, DPS MEMBER, AND INACTIVE MEMBER OF THE ASSOCIATION
21 THAT THE POSSIBILITY OF AN ACTUARIAL NECESSITY COULD OCCUR IN THE
22 FUTURE, AND THE GENERAL ASSEMBLY MAY MODIFY BY BILL THE BENEFITS
23 ALLOWED TO MEMBERS OF THE DEFINED BENEFIT PLAN.

24 **SECTION 5.** Part 2 of article 51 of title 24, Colorado Revised
25 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
26 read:

27 **24-51-220. Report to general assembly.** THE ASSOCIATION

1 SHALL PROVIDE A REPORT TO THE GENERAL ASSEMBLY ON JANUARY 1,
 2 2016, AND EVERY FIVE YEARS THEREAFTER, REGARDING THE ECONOMIC
 3 IMPACT OF THE 2010 LEGISLATIVE CHANGES TO THE ANNUAL INCREASE
 4 PROVISIONS ON THE RETIREES AND BENEFIT RECIPIENTS AS COMPARED TO
 5 THE ACTUAL RATE OF INFLATION AND THE PROGRESS MADE TOWARD
 6 ELIMINATING THE UNFUNDED LIABILITIES OF EACH DIVISION OF THE
 7 ASSOCIATION.

8 **SECTION 6.** 24-51-401 (1.7) (a) and (3), Colorado Revised
 9 Statutes, are amended to read:

10 **24-51-401. Employer and member contributions.**

11 (1.7) (a) Employers shall deliver a contribution report and the full
 12 amount of employer ~~and~~ CONTRIBUTIONS, member contributions, AND
 13 WORKING RETIREE CONTRIBUTIONS to the association within five days
 14 after the date members and retirees are paid. Except as provided in
 15 subsection (7) of this section and section 24-51-408.5, such contributions
 16 shall be based upon the rates for the appropriate division as set forth in
 17 the following table multiplied by the salary, as defined in section
 18 24-51-101 (42), paid to members and retirees for the payroll period:

19 **TABLE A**

20 **CONTRIBUTION RATES**

21 Division	Membership	Employer Rate	Member Rate
22 State	All Members	10.15%	8.0%
	Except		
24	State Troopers	12.85%	10.0%
25 School	All Members		
26	1/1/2006 through	10.15%	8.0%
27	12/31/2012		

1		1/1/2013 and	10.55%	8.0%
2		thereafter		
3		ALL MEMBERS	10.15%	8.0%
4	Local			
5	Government	All Members	10.0%	8.0%
6	Judicial	All Members	13.66%	8.0%
7	DPS	1/1/2010 through	13.75%	8.0%
8		12/31/2012		
9		1/1/2013 and	14.15%	8.0%
10		thereafter		
11		ALL MEMBERS	13.75%	8.0%

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

17 **SECTION 7.** 24-51-403, Colorado Revised Statutes, is amended
18 to read:

19 **24-51-403. Contributions assumed and paid by the employer.**
20 For purposes of deferring federal income tax imposed on salary, the
21 member contributions AND THE WORKING RETIREE CONTRIBUTIONS
22 assumed and paid for by the employer shall be in lieu of paying such
23 amounts as salary and shall be treated as employer contributions pursuant
24 to the provisions of 26 U.S.C. sec. 414 (h) (2), as amended. For all other
25 purposes of this article, member contributions assumed and paid for by
26 the employer shall be considered member contributions.

27 **SECTION 8.** The introductory portion to 24-51-408 (2) and

1 24-51-408 (4), Colorado Revised Statutes, are amended, and the said
2 24-51-408 is further amended BY THE ADDITION OF A NEW
3 SUBSECTION, to read:

4 **24-51-408. Matching employer contributions.** (2) For
5 members who HAVE FIVE OR MORE YEARS OF EARNED SERVICE CREDIT
6 AND receive a refund prior to sixty-five years of age and prior to meeting
7 the age and service requirements for a service or reduced service
8 retirement benefit, the amount of matching employer contributions paid
9 shall be one-half of an amount equal to the member contribution account
10 less:

11 (2.5) NOTWITHSTANDING SUBSECTION (2) OF THIS SECTION, FOR A
12 MEMBER WHO HAS LESS THAN FIVE YEARS OF EARNED SERVICE CREDIT AS
13 OF THE DATE OF REFUND AND WHO RECEIVES A REFUND PRIOR TO
14 SIXTY-FIVE YEARS OF AGE AND PRIOR TO MEETING THE AGE AND SERVICE
15 REQUIREMENTS FOR A SERVICE OR REDUCED SERVICE RETIREMENT
16 BENEFIT, THE AMOUNT OF MATCHING EMPLOYER CONTRIBUTIONS PAID
17 SHALL BE ONE-HALF OF AN AMOUNT EQUAL TO THE MEMBER
18 CONTRIBUTION ACCOUNT ACCUMULATED PRIOR TO JANUARY 1, 2011,
19 LESS:

- 20 (a) ANY AMOUNTS PAID FOR THE PURCHASE OF SERVICE CREDIT;
21 (b) ANY PAYMENTS IN LIEU OF MEMBER CONTRIBUTIONS; AND
22 (c) ANY INTEREST ACCRUED ON THE AMOUNTS SPECIFIED IN
23 PARAGRAPHS (a) AND (b) OF THIS SUBSECTION (2.5).

24 (4) The provisions of this section shall not apply to DPS member
25 CONTRIBUTION accounts that exist on December 31, 2009, with regard to
26 past contributions or future contributions. Member CONTRIBUTION
27 accounts in the Denver public schools division created on or after January

1 1, 2010, shall be governed by this section.

2 **SECTION 9.** 24-51-411, Colorado Revised Statutes, is amended
3 to read:

4 **24-51-411. Amortization equalization disbursement.**

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

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

27 (3) FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2013, FOR

1 EMPLOYERS IN THE SCHOOL AND DENVER PUBLIC SCHOOLS DIVISIONS, THE
2 AMORTIZATION EQUALIZATION DISBURSEMENT PAYMENT SHALL INCREASE
3 BY FOUR-TENTHS OF ONE PERCENT OF TOTAL PAYROLL AT THE START OF
4 EACH OF THE CALENDAR YEARS THROUGH 2015. FOR THE CALENDAR
5 YEAR 2016, FOR EMPLOYERS IN THE SCHOOL AND DENVER PUBLIC
6 SCHOOLS DIVISIONS, THE AMORTIZATION EQUALIZATION DISBURSEMENT
7 PAYMENT SHALL INCREASE BY THREE-TENTHS OF ONE PERCENT OF TOTAL
8 PAYROLL AT THE START OF THE 2016 CALENDAR YEAR. FOR PURPOSES OF
9 THIS SECTION, THE EMPLOYER'S TOTAL PAYROLL SHALL BE CALCULATED
10 BY APPLYING THE DEFINITION OF SALARY, PURSUANT TO SECTION
11 24-51-101 (42), TO THE PAYROLL FOR ALL EMPLOYEES WORKING FOR THE
12 EMPLOYER WHO ARE MEMBERS OF THE ASSOCIATION, OR WHO WERE
13 ELIGIBLE TO ELECT TO BECOME MEMBERS OF THE ASSOCIATION ON OR
14 AFTER JANUARY 1, 2006, INCLUDING ANY AMOUNTS PAID IN CONNECTION
15 WITH THE EMPLOYMENT OF A RETIREE BY AN EMPLOYER PURSUANT TO
16 SECTION 24-51-1101 (2).

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

1 AN EMPLOYER PURSUANT TO SECTION 24-51-1101 (2).

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

7 ~~(3.2)~~ (5) For the calendar year beginning January 1, 2008, the
8 supplemental amortization equalization disbursement shall be one-half of
9 one percent of the employer's total payroll. The supplemental
10 amortization equalization disbursement, SUBJECT TO SUBSECTION (7) OF
11 THIS SECTION, shall increase by one-half of one percent of total payroll on
12 January 1 of each year following 2008 through 2013. For purposes of this
13 section, the employer's total payroll shall be calculated by applying the
14 definition of salary, pursuant to section 24-51-101 (42), to the payroll for
15 all employees working for the employer who are members of the
16 association, or who were eligible to elect to become members of the
17 association on or after January 1, 2006, including any amounts paid in
18 connection with the employment of a retiree by an employer pursuant to
19 section 24-51-1101 (2). Beginning on January 1, 2010, employers of the
20 Denver public schools division shall pay the then-applicable accumulated
21 rate of supplemental amortization equalization disbursement and the
22 escalating rate in accordance with the provisions of this section.

23 (6) FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2014, FOR
24 EMPLOYERS IN THE SCHOOL AND DENVER PUBLIC SCHOOLS DIVISIONS, THE
25 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT PAYMENT
26 SHALL INCREASE BY ONE-HALF OF ONE PERCENT OF TOTAL PAYROLL AT
27 THE START OF EACH OF THE CALENDAR YEARS THROUGH 2018. FOR

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

9 (6.5) FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2014, FOR
10 EMPLOYERS IN THE STATE DIVISION, THE SUPPLEMENTAL AMORTIZATION
11 EQUALIZATION DISBURSEMENT PAYMENT SHALL INCREASE BY ONE-HALF
12 OF ONE PERCENT OF TOTAL PAYROLL AT THE START OF EACH OF THE
13 CALENDAR YEARS THROUGH 2017. FOR PURPOSES OF THIS SECTION, THE
14 EMPLOYER'S TOTAL PAYROLL SHALL BE CALCULATED BY APPLYING THE
15 DEFINITION OF SALARY, PURSUANT TO SECTION 24-51-101 (42), TO THE
16 PAYROLL FOR ALL EMPLOYEES WORKING FOR THE EMPLOYER WHO ARE
17 MEMBERS OF THE ASSOCIATION, OR WHO WERE ELIGIBLE TO ELECT TO
18 BECOME MEMBERS OF THE ASSOCIATION ON OR AFTER JANUARY 1, 2006,
19 INCLUDING ANY AMOUNTS PAID IN CONNECTION WITH THE EMPLOYMENT
20 OF A RETIREE BY AN EMPLOYER PURSUANT TO SECTION 24-51-1101 (2).

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

26 ~~(3.5)~~ (8) The amortization equalization disbursement and the
27 supplemental amortization equalization disbursement payments by aff

1 EMPLOYERS IN THE STATE, SCHOOL, AND DENVER PUBLIC SCHOOLS
2 divisions shall continue AT THE RATE SPECIFIED IN SUBSECTIONS (3), (3.5),
3 (6), AND (6.5) OF THIS SECTION until adjusted pursuant to this subsection
4 ~~(3.5)~~ SUBSECTION (8). When the actuarial funded ratio of a particular THE
5 STATE, SCHOOL, OR DENVER PUBLIC SCHOOLS division of the association,
6 BASED ON THE ACTUARIAL VALUE OF ASSETS, is AT OR ABOVE one hundred
7 THREE percent as determined in the annual actuarial study of the
8 association, ~~the actuary shall determine the amount by which the~~ OF THE
9 amortization equalization disbursement and supplemental amortization
10 equalization disbursement ~~can~~ SHALL be reduced, in equal parts, for that
11 particular division ~~and still maintain the actuarial funded ratio of that~~
12 ~~division at one hundred percent. The amortization equalization~~
13 ~~disbursement and supplemental amortization equalization disbursement~~
14 ~~shall be reduced for that division in the amounts determined by the~~
15 ~~actuary effective January 1 of the following year. At such time as a~~
16 ~~division is determined in the annual actuarial valuation to have reached~~
17 ~~a thirty-year or less amortization period of its unfunded liabilities, the~~
18 ~~board shall cause to be conducted an actuarial study to assess the~~
19 ~~amortization equalization disbursement and the supplemental~~
20 ~~amortization equalization disbursement, and the board may make~~
21 ~~appropriate recommendations to the general assembly~~ BY ONE-HALF OF
22 ONE PERCENT EACH. IF THE ACTUARIAL FUNDED RATIO OF THE DIVISION
23 BASED ON THE ACTUARIAL VALUE OF ASSETS REACHES ONE HUNDRED
24 THREE PERCENT AND SUBSEQUENTLY THE ACTUARIAL FUNDED RATIO OF
25 THE DIVISION IS BELOW NINETY PERCENT, THE AMORTIZATION
26 EQUALIZATION DISBURSEMENT AND SUPPLEMENTAL AMORTIZATION
27 EQUALIZATION DISBURSEMENT SHALL BE INCREASED BY ONE-HALF OF ONE

1 PERCENT EACH; EXCEPT THAT, AT NO TIME SHALL THE AMORTIZATION
2 EQUALIZATION DISBURSEMENT FOR THE SCHOOL AND DENVER PUBLIC
3 SCHOOLS DIVISIONS EXCEED FOUR AND ONE-HALF PERCENT OR FOR THE
4 STATE DIVISION EXCEED FIVE PERCENT NOR SHALL THE SUPPLEMENTAL
5 AMORTIZATION EQUALIZATION DISBURSEMENT FOR THE SCHOOL AND
6 DENVER PUBLIC SCHOOLS DIVISIONS EXCEED FIVE AND ONE-HALF PERCENT
7 EACH OR FOR THE STATE DIVISION EXCEED FIVE PERCENT.

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

1 EQUALIZATION DISBURSEMENT EXCEED FIVE PERCENT EACH.

2 ~~(3.7)~~ (10) For state employers in the state division, for the
3 2007-08 state fiscal year and for each fiscal year through the ~~2012-13~~
4 2016-17 state fiscal year, from the amount of changes to state employees'
5 salaries and any adjustments to the annual general appropriation act
6 pursuant to section 24-50-104, an amount equal to one-half of one percent
7 of total salary shall be deducted and such amount shall be utilized by the
8 employer to fund the supplemental amortization equalization
9 disbursement. For the school, local government, judicial, and Denver
10 public schools divisions, and the remaining employers in the state
11 division who are not state employers, the supplemental amortization
12 equalization disbursement shall, to the extent permitted by law, be funded
13 by allocation of funds otherwise available for use as employee
14 compensation increases prior to award as salary or other compensation to
15 employees.

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

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

3 **SECTION 10.** 24-51-501 (1), Colorado Revised Statutes, is
4 amended to read:

5 **24-51-501. Earned service credit.** (1) Service credit is earned
6 for periods of employment with an employer during which salary is
7 received by such employee and contributions are made to the association
8 pursuant to the provisions of section 24-51-401 (1.7). NO SERVICE
9 CREDIT SHALL BE EARNED IN CONNECTION WITH THE PAYMENT OF
10 WORKING RETIREE CONTRIBUTIONS.

11 **SECTION 11.** 24-51-509, Colorado Revised Statutes, is amended
12 to read:

13 **24-51-509. Combining service credit.** Service credit earned by
14 a member during the most recent period of membership shall be
15 combined with the service credit associated with the existing member
16 contribution account of such member. Notwithstanding the provisions of
17 this section, members exercising portability between the Denver public
18 schools division and other association divisions are governed by the
19 provisions of section 24-51-1747, RETIREES SUSPENDING RETIREMENT OR
20 REDUCED SERVICE RETIREMENT BENEFITS ARE GOVERNED BY SECTION
21 24-51-1103 (1), AND DPS RETIREES SUSPENDING RETIREMENT BENEFITS
22 ARE GOVERNED BY SECTION 24-51-1726.5.

23 **SECTION 12.** 24-51-602 (1) and (5), Colorado Revised Statutes,
24 are amended, and the said 24-51-602 is further amended BY THE
25 ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to read:

26 **24-51-602. Service retirement eligibility.** (1) (a) Members,
27 except state troopers, WHO HAVE FIVE YEARS OF SERVICE CREDIT AS OF

1 JANUARY 1, 2011, AND who have met the age and service credit
 2 requirements stated in the following table shall, upon written application
 3 and approval of the board, receive service retirement benefits pursuant to
 4 the benefit formula set forth in section 24-51-603 (1) (a), (2), and (3):

5 **TABLE B**

6 **SERVICE RETIREMENT ELIGIBILITY**

7 Age Requirement	Service Credit Requirement
8 (years)	(years)
9 50	30
10 60	20
11 65	5

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

21 **TABLE B.05**

22 **SERVICE RETIREMENT ELIGIBILITY**

23 Age Requirement	Service Credit Requirement
24 (years)	(years)
25 Any age	35
26 55	30
27 60	20

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(a.7) Notwithstanding paragraphs (a) and (a.5) of this subsection (1), any person except a state trooper who was not a member, inactive member, or retiree on December 31, 2006, OR WHO WAS A MEMBER, INACTIVE MEMBER, OR RETIREE ON DECEMBER 31, 2006, BUT AS OF JANUARY 1, 2011, DID NOT HAVE FIVE YEARS OF SERVICE CREDIT, OR WHO IS A DPS MEMBER WITH LESS THAN FIVE YEARS OF SERVICE CREDIT AS OF JANUARY 1, 2011, shall, upon written application and approval of the board, receive service retirement benefits pursuant to the benefit formula set forth in section 24-51-603 (1) (a), (2), and (3), if the member has met the age and service credit requirements stated in the following table:

TABLE B.07

SERVICE RETIREMENT ELIGIBILITY

Age Requirement (years)	Service Credit Requirement (years)
Any age	35
55	30
60	25
65	5

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

TABLE B.1

SERVICE RETIREMENT ELIGIBILITY

Age Requirement (years)	Service Credit Requirement (years)
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1	Any age	30
2	50	25
3	55	20
4	65	5

5 (c) Members who were members, inactive members, or retirees on
6 December 31, 2006, WHO HAD FIVE YEARS OF SERVICE CREDIT AS OF
7 JANUARY 1, 2011, and who are fifty-five years of age or older shall, upon
8 written application and approval of the board, receive service retirement
9 benefits pursuant to the benefit formula set forth in section 24-51-603,
10 without reduction pursuant to section 24-51-604, if they have at least five
11 years of service credit and if the number of years of their age plus the
12 number of years of their service credit equals eighty years or more.

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

25 (1.5) (a) MEMBERS, EXCEPT STATE TROOPERS, WHO WERE NOT
26 MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2010, BUT
27 WHO WERE MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31,

1 2016, AND WHO HAVE MET THE AGE AND SERVICE REQUIREMENTS STATED
2 IN THE FOLLOWING TABLE SHALL, UPON WRITTEN APPLICATION AND
3 APPROVAL OF THE BOARD, RECEIVE SERVICE RETIREMENT BENEFITS
4 PURSUANT TO THE BENEFIT FORMULA SET FORTH IN SECTION 24-51-603:

5 **TABLE B.2**

6 **SERVICE RETIREMENT ELIGIBILITY**

7	AGE REQUIREMENT	SERVICE CREDIT REQUIREMENT
8	(YEARS)	(YEARS)
9	ANY AGE	35
10	58	30
11	65	5

12 (b) MEMBERS WHO ARE ELIGIBLE FOR A BENEFIT PURSUANT TO
13 THIS SUBSECTION (1.5) AND WHO ARE FIFTY-EIGHT YEARS OF AGE OR
14 OLDER SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF THE BOARD,
15 RECEIVE SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT
16 FORMULA SET FORTH IN SECTION 24-51-603, WITHOUT REDUCTION
17 PURSUANT TO SECTION 24-51-604, IF THEY HAVE AT LEAST FIVE YEARS OF
18 SERVICE CREDIT AND IF THE NUMBER OF YEARS OF THEIR AGE PLUS THE
19 NUMBER OF YEARS OF THEIR SERVICE CREDIT EQUALS EIGHTY-EIGHT
20 YEARS OR MORE.

21 (1.7)(a) MEMBERS WHO WERE NOT MEMBERS, INACTIVE MEMBERS,
22 OR RETIREES ON DECEMBER 31, 2016, WHO HAVE MET THE AGE AND
23 SERVICE REQUIREMENTS STATED IN THE FOLLOWING TABLE AND WHO ARE
24 NOT ELIGIBLE FOR SERVICE RETIREMENT BENEFITS PURSUANT TO
25 SUBSECTION (1.8) OF THIS SECTION SHALL, UPON WRITTEN APPLICATION
26 AND APPROVAL OF THE BOARD, RECEIVE SERVICE RETIREMENT BENEFITS
27 PURSUANT TO THE BENEFIT FORMULA SET FORTH IN SECTION 24-51-603:

1 **TABLE B.3**

2 **SERVICE RETIREMENT ELIGIBILITY**

3 **AGE REQUIREMENT** **SERVICE CREDIT REQUIREMENT**

4 **(YEARS)** **(YEARS)**

5 ANY AGE 35

6 60 30

7 65 5

8 (b) MEMBERS WHO ARE ELIGIBLE FOR A BENEFIT PURSUANT TO
9 THIS SUBSECTION (1.7) AND WHO ARE SIXTY YEARS OF AGE OR OLDER
10 SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF THE BOARD,
11 RECEIVE SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT
12 FORMULA SET FORTH IN SECTION 24-51-603, WITHOUT REDUCTION
13 PURSUANT TO SECTION 24-51-604, IF THEY HAVE AT LEAST FIVE YEARS OF
14 SERVICE CREDIT AND IF THE NUMBER OF YEARS OF THEIR AGE PLUS THE
15 NUMBER OF YEARS OF THEIR SERVICE CREDIT EQUALS NINETY YEARS OR
16 MORE.

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

1 TABLE B.4

2 SERVICE RETIREMENT ELIGIBILITY

3 <u>AGE REQUIREMENT</u>	4 <u>SERVICE CREDIT REQUIREMENT</u>
5 <u>(YEARS)</u>	6 <u>(YEARS)</u>
7 <u>ANY AGE</u>	8 <u>35</u>
9 <u>58</u>	10 <u>30</u>
11 <u>65</u>	12 <u>5</u>

13 (b) MEMBERS WHO ARE ELIGIBLE FOR A BENEFIT PURSUANT TO
14 THIS SUBSECTION (1.8) AND WHO ARE FIFTY-EIGHT YEARS OF AGE OR
15 OLDER SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF THE BOARD,
16 RECEIVE SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT
17 FORMULA SET FORTH IN SECTION 24-51-603, WITHOUT REDUCTION
18 PURSUANT TO SECTION 24-51-604, IF THEY HAVE AT LEAST FIVE YEARS OF
19 SERVICE CREDIT AND IF THE NUMBER OF YEARS OF THEIR AGE PLUS THE
20 NUMBER OF YEARS OF THEIR SERVICE CREDIT EQUALS EIGHTY-EIGHT
21 YEARS OR MORE.

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

24 **SECTION 13.** The introductory portion to 24-51-603 (1) (a) and
25 24-51-603 (3) (a), Colorado Revised Statutes, are amended to read:

26 **24-51-603. Benefit formula for service retirement.**
27 (1) (a) Except as otherwise provided in subsection (2) of this section,
effective July 1, 1997, the option 1 benefit OR OPTION A BENEFIT,
WHICHEVER IS APPLICABLE, for service retirement for members shall be
calculated by multiplying the highest average salary by two and one-half
percent times each year and fraction of a year of service credit. The
following formula shall be used for this calculation:

1 (3) (a) Regardless of total years of service credit, the option 1
2 benefit OR OPTION A BENEFIT, WHICHEVER IS APPLICABLE, calculated
3 pursuant to the provisions of this part 6 shall not exceed an amount equal
4 to one hundred percent of the highest average salary, nor shall the option
5 1 benefit OR OPTION A BENEFIT, WHICHEVER IS APPLICABLE, exceed the
6 maximum permitted under federal income tax law.

7 **SECTION 14.** The introductory portion to 24-51-604, Colorado
8 Revised Statutes, is amended to read:

9 **24-51-604. Reduced service retirement eligibility.** DPS
10 MEMBERS WITH LESS THAN FIVE YEARS OF SERVICE CREDIT AS OF JANUARY
11 1, 2011, AND members who have met the age and service credit
12 requirements stated in the following table and who do not meet the
13 requirements of section 24-51-602 shall, upon written application and
14 approval of the board, receive reduced service retirement benefits
15 pursuant to the benefit formula set forth in section 24-51-605:

16 **SECTION 15.** 24-51-605 (1) and the introductory portion to
17 24-51-605 (3), Colorado Revised Statutes, are amended, and the said
18 24-51-605 is further amended BY THE ADDITION OF A NEW
19 SUBSECTION, to read:

20 **24-51-605. Benefit formula for reduced service retirement.**
21 (1) (a) FOR A MEMBER WHO IS A STATE TROOPER, WHO IS ELIGIBLE TO
22 RETIRE on and after July 1, 1998, ~~for a member who is a state trooper~~ BUT
23 ON OR BEFORE JANUARY 1, 2011, and who retires upon reaching fifty
24 years of age or older but before reaching sixty years of age, a reduced
25 service retirement benefit shall be the option 1 benefit for service
26 retirement, as calculated according to the formula set forth in section
27 24-51-603, reduced by three percent for each year and a proportional

1 percentage for each fraction of a year from the effective date of reduced
2 service retirement to the date the member would have become eligible for
3 a service retirement pursuant to the provisions of section 24-51-602 (1).

4 (b) FOR A MEMBER WHO IS NOT A STATE TROOPER, WHO IS ELIGIBLE
5 TO RETIRE on and after July 1, 1998, ~~for a member who is not a state~~
6 ~~trooper~~ BUT ON OR BEFORE JANUARY 1, 2011, and who retires upon
7 reaching fifty-five years of age or older but before reaching sixty years of
8 age, a reduced service retirement benefit shall be the option 1 benefit for
9 service retirement, as calculated according to the formula set forth in
10 section 24-51-603, reduced by:

11 (I) Three percent for each year and a proportional percentage for
12 each fraction of a year from the effective date of reduced service
13 retirement to the date the member would have reached sixty years of age,
14 or the date the member would have become eligible for a service
15 retirement pursuant to the provisions of section 24-51-602 (1), if earlier
16 than sixty years of age; and

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

22 (c) 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 sixty years of age or older but before reaching sixty-five years
26 of age, a reduced service retirement benefit shall be the option 1 benefit
27 for service retirement, as calculated according to the formula set forth in

1 section 24-51-603, reduced by four percent for each year and a
2 proportional percentage for each fraction of a year from the effective date
3 of reduced service retirement to the date the member would have become
4 eligible for a service retirement pursuant to the provisions of section
5 24-51-602 (1).

6 (3) Notwithstanding the provisions of subsection (1) of this
7 section, on and after July 1, 1993, for a member who is not a state trooper,
8 WHO IS ELIGIBLE FOR A REDUCED SERVICE RETIREMENT BENEFIT AS OF
9 JANUARY 1, 2011, and who retires upon reaching fifty years of age or
10 older but before reaching fifty-five years of age, a reduced service
11 retirement benefit shall be the option 1 benefit for service retirement, as
12 calculated according to the formula set forth in section 24-51-603,
13 reduced by:

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

17 (a) FOR A MEMBER OR INACTIVE MEMBER WHO RETIRES PRIOR TO
18 REACHING ELIGIBILITY FOR A FULL SERVICE RETIREMENT BENEFIT
19 PURSUANT TO SECTION 24-51-602, A REDUCED SERVICE RETIREMENT
20 BENEFIT SHALL BE THE OPTION 1 BENEFIT FOR SERVICE RETIREMENT, AS
21 CALCULATED ACCORDING TO THE FORMULA SET FORTH IN SECTION
22 24-51-603, REDUCED BY AN ACTUARIALLY DETERMINED PERCENTAGE TO
23 ENSURE THAT, AS OF THE EFFECTIVE DATE OF RETIREMENT, THE BENEFIT
24 IS THE ACTUARIAL EQUIVALENT OF THE SERVICE RETIREMENT BENEFIT.

25 (b) FOR A DPS MEMBER WHO RETIRES PRIOR TO REACHING
26 ELIGIBILITY FOR RETIREMENT PURSUANT TO SECTION 24-51-1713 OR
27 24-51-602, WHICHEVER IS APPLICABLE, A RETIREMENT WITH AN

1 ACTUARIAL REDUCTION SHALL BE THE OPTION A BENEFIT AS CALCULATED
2 ACCORDING TO THE FORMULA SET FORTH IN SECTION 24-51-1715 (1)(a)(I)
3 OR 24-51-603, WHICHEVER IS APPLICABLE, REDUCED BY AN ACTUARIALLY
4 DETERMINED PERCENTAGE TO ENSURE THAT THE BENEFIT, AS OF THE
5 EFFECTIVE DATE OF RETIREMENT, IS THE ACTUARIAL EQUIVALENT OF THE
6 RETIREMENT BENEFIT WITHOUT AN ACTUARIAL REDUCTION.

7 **SECTION 16.** 24-51-606.5, Colorado Revised Statutes, is
8 amended to read:

9 **24-51-606.5. Indexation of benefits for vested inactive**
10 **members.** A vested inactive member who was a member or inactive
11 member on December 31, 2006, WHO HAS REACHED THE AGE AND
12 SERVICE REQUIREMENTS FOR A SERVICE OR REDUCED SERVICE
13 RETIREMENT BENEFIT ON OR BEFORE JANUARY 1, 2011, AND who has at
14 least twenty-five years of service credit prior to terminating membership
15 shall be eligible, upon retirement, for a benefit, as calculated pursuant to
16 the provisions of section 24-51-603 or 24-51-605, which has been
17 increased by the annual increase specified in sections 24-51-1001 to
18 24-51-1003, from the date of termination of membership or July 1, 1993,
19 whichever is later, to the effective date of retirement.

20 **SECTION 17.** 24-51-802 (2), Colorado Revised Statutes, is
21 amended to read:

22 **24-51-802. Change in option or cobeneficiary.** (2) The election
23 of an option or the designation of a cobeneficiary may be changed if the
24 retiree returns to membership and thereafter earns one year of service
25 credit; HOWEVER, A MEMBER WHOSE RETIREMENT OR REDUCED SERVICE
26 RETIREMENT BENEFITS ARE IN SEPARATE BENEFIT SEGMENTS PURSUANT TO
27 SECTION 24-51-1103 (1.5) SHALL ELECT THE SAME OPTION AND DESIGNATE

1 THE SAME COBENEFICIARY FOR ALL OF HIS OR HER SEPARATE BENEFIT
2 SEGMENTS.

3 **SECTION 18.** 24-51-908 (1), Colorado Revised Statutes, is
4 amended to read:

5 **24-51-908. Survivor benefits.** (1) Survivor benefits paid to a
6 cobeneficiary pursuant to the provisions of section 24-51-906 (1) (a) shall
7 be calculated in the same manner as option 3 benefits pursuant to the
8 provisions of section 24-51-910. Survivor benefits paid to a surviving
9 spouse pursuant to the provisions of section 24-51-905 (2) (a) shall be
10 calculated in the same manner as option 3 benefits pursuant to the
11 provisions of section 24-51-910, and if the deceased vested inactive
12 member had at least twenty-five years of service credit AND WASELIGIBLE
13 FOR A RETIREMENT BENEFIT ON OR BEFORE JANUARY 1, 2011, such
14 benefits shall be increased by the annual increase specified in sections
15 24-51-1001 to 24-51-1003, from the date of termination of membership
16 or July 1, 1993, whichever is later, to the date benefits commence.

17 **SECTION 19.** 24-51-1001 (1) and (3) (b), Colorado Revised
18 Statutes, are amended, and the said 24-51-1001 (3) is further amended
19 BY THE ADDITION OF A NEW PARAGRAPH, to read:

20 **24-51-1001. Types of benefit increases.** (1) For benefit
21 recipients whose benefits are based on the account of a member who was
22 a member, inactive member, or retiree on December 31, 2006, OR FOR
23 BENEFIT RECIPIENTS WHOSE BENEFITS ARE BASED ON THE ACCOUNT OF A
24 DPS MEMBER OR DPS RETIREE, annual increases in retirement benefits
25 and survivor benefits shall ~~occur on March 1 if said benefits have been~~
26 ~~paid for at least three months preceding March 1~~ BE EFFECTIVE WITH THE
27 JULY BENEFIT. Such increases in benefits shall be calculated in

1 accordance with the provisions of sections 24-51-1002 and 24-51-1003
2 and shall be paid from the ~~division trust funds~~. RETIREMENT BENEFITS
3 RESERVE OR THE SURVIVOR BENEFITS RESERVE, AS APPROPRIATE, SO LONG
4 AS THE FOLLOWING REQUIREMENTS ARE SATISFIED:

5 (a) FOR BENEFIT RECIPIENTS WHOSE BENEFIT IS BASED ON A
6 RETIREE OR DPS RETIREE WHOSE EFFECTIVE DATE OF RETIREMENT IS
7 PRIOR TO JANUARY 1, 2011, OR WHOSE SURVIVOR BENEFITS ARE BASED ON
8 A DATE OF DEATH THAT OCCURRED PRIOR TO JANUARY 1, 2011, THE
9 BENEFITS HAVE BEEN PAID TO THE BENEFIT RECIPIENT FOR AT LEAST SEVEN
10 MONTHS PRECEDING JULY 1.

11 (b) FOR BENEFIT RECIPIENTS WHOSE BENEFIT IS BASED ON A
12 RETIREE OR DPS RETIREE WHOSE EFFECTIVE DATE OF RETIREMENT IS ON
13 OR AFTER JANUARY 1, 2011, OR WHOSE SURVIVOR BENEFITS ARE BASED ON
14 A DATE OF DEATH THAT IS ON OR AFTER JANUARY 1, 2011, THE BENEFITS
15 HAVE BEEN PAID TO THE BENEFIT RECIPIENT FOR THE TWELVE MONTHS
16 PRIOR TO JULY 1, AND FOR BENEFIT RECIPIENTS WHOSE BENEFIT IS BASED
17 UPON A RETIREE OR DPS RETIREE WHO WAS NOT ELIGIBLE TO RETIRE AS OF
18 JANUARY 1, 2011, THE RETIREE MET THE FOLLOWING REQUIREMENTS:

19 (I) FOR DPS MEMBERS WITH FIVE OR MORE YEARS OF SERVICE
20 CREDIT AS OF JANUARY 1, 2011, AND FOR MEMBERS WHO BEGAN
21 MEMBERSHIP PRIOR TO JULY 1, 2005, AND HAVE FIVE OR MORE YEARS OF
22 SERVICE CREDIT AS OF JANUARY 1, 2011, THE RETIREE RETIRED WITH A
23 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602 OR
24 24-51-1713, WHICHEVER IS APPLICABLE, OR RETIRED WITH A REDUCED
25 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 OR
26 24-51-1714, WHICHEVER IS APPLICABLE, BUT HAS, AS OF JANUARY 1,
27 ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT WHEN COMBINED

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

4 (II) FOR MEMBERS WHO BEGAN MEMBERSHIP ON OR AFTER JULY 1,
5 2005, BUT PRIOR TO JANUARY 1, 2007, THE RETIREE RETIRED WITH A
6 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602, OR
7 RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO
8 SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND
9 SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST
10 EIGHTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT
11 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
12 ATTAINED THE AGE OF SIXTY; OR

13 (III) FOR DPS MEMBERS WITH LESS THAN FIVE YEARS OF SERVICE
14 CREDIT AS OF JANUARY 1, 2011, AND FOR MEMBERS WHOSE MEMBERSHIP
15 BEGAN PRIOR TO JANUARY 1, 2007, WITH LESS THAN FIVE YEARS OF
16 SERVICE CREDIT AS OF JANUARY 1, 2011, THE RETIREE RETIRED WITH A
17 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602, OR
18 RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO
19 SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND
20 SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST
21 EIGHTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT
22 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
23 ATTAINED THE AGE OF SIXTY.

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

26 (3) For benefit recipients whose benefits are based on the account
27 of a member who was not a member, inactive member, or retiree on

1 December 31, 2006, annual increases in retirement benefits and survivor
2 benefits, if any, shall be effective with the July benefit in accordance with
3 the provisions of section 24-51-1009 and shall be paid from the
4 retirement benefits reserve or the survivor benefits reserve, as
5 appropriate, so long as the following requirements are satisfied:

6 (b) (I) FOR MEMBERS WHOSE MEMBERSHIP BEGAN ON OR AFTER
7 JANUARY 1, 2007, BUT PRIOR TO JANUARY 1, 2011, the retiree retired with
8 a service retirement benefit pursuant to section 24-51-602, or retired with
9 a reduced service retirement benefit pursuant to section 24-51-604 but
10 has, as of January 1, attained the age and service credit years that when
11 combined total at least eighty-five years, or retired with a reduced service
12 retirement benefit pursuant to section 24-51-604 but has, as of January 1,
13 attained the age of sixty; ~~No minimum age or service credit requirement~~
14 ~~shall apply to disability retirees or survivor benefit recipients.~~

15 (II) FOR MEMBERS WHOSE MEMBERSHIP BEGAN ON OR AFTER
16 JANUARY 1, 2011, BUT PRIOR TO JANUARY 1, 2017, THE RETIREE RETIRED
17 WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602,
18 OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO
19 SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND
20 SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST
21 EIGHTY-EIGHT YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT
22 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
23 ATTAINED THE AGE OF SIXTY; OR

24 (III) SUBJECT TO THE PROVISIONS OF SUBPARAGRAPH (IV) OF THIS
25 PARAGRAPH (b), FOR MEMBERS WHOSE MEMBERSHIP BEGAN ON OR AFTER
26 JANUARY 1, 2017, THE RETIREE RETIRED WITH A SERVICE RETIREMENT
27 BENEFIT PURSUANT TO SECTION 24-51-602, OR RETIRED WITH A REDUCED

1 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS,
2 AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT
3 WHEN COMBINED TOTAL AT LEAST NINETY YEARS, OR RETIRED WITH A
4 REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604
5 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY.

6 (IV) FOR MEMBERS WHOSE MEMBERSHIP BEGAN ON OR AFTER
7 JANUARY 1, 2017, THE RETIREE RETIRED FROM THE SCHOOL OR DENVER
8 PUBLIC SCHOOLS DIVISIONS WITH A REDUCED SERVICE RETIREMENT
9 BENEFIT PURSUANT TO SECTION 24-51-604 AND THE RETIREE'S MOST
10 RECENT TEN YEARS OF SERVICE CREDIT WAS EARNED IN THE SCHOOL OR
11 DENVER PUBLIC SCHOOLS DIVISIONS, BUT, AS OF JANUARY 1, THE
12 RETIREE'S AGE AND TOTAL SERVICE CREDIT TOTAL AT LEAST EIGHTY-EIGHT
13 YEARS, OR THE RETIREE RETIRED WITH A REDUCED SERVICE RETIREMENT
14 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
15 ATTAINED THE AGE OF SIXTY.

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

18 **SECTION 20.** 24-51-1002, Colorado Revised Statutes, is
19 REPEALED AND REENACTED, WITH AMENDMENTS, to read:

20 **24-51-1002. Annual percentages to be used.** (1) FOR BENEFIT
21 RECIPIENTS WHOSE BENEFITS ARE BASED ON THE ACCOUNT OF A MEMBER
22 WHO WAS A MEMBER, INACTIVE MEMBER, OR RETIREE ON DECEMBER 31,
23 2006, OR FOR BENEFIT RECIPIENTS WHOSE BENEFITS ARE BASED ON THE
24 ACCOUNT OF A DPS MEMBER OR DPS RETIREE, THE INCREASE APPLIED TO
25 BENEFITS FOR THE YEAR 2010 SHALL BE THE LESSER OF TWO PERCENT OR
26 THE AVERAGE OF THE ANNUAL INCREASES DETERMINED FOR EACH MONTH,
27 ___ TO THE NEAREST ONE-TENTH OF A PERCENT, AS CALCULATED BY THE

1 UNITED STATES DEPARTMENT OF LABOR, IN THE NATIONAL CONSUMER
2 PRICE INDEX FOR URBAN WAGE EARNERS AND CLERICAL WORKERS FOR
3 EACH OF THE MONTHS IN THE 2009 CALENDAR YEAR.

4
5 (2) BEGINNING IN THE YEAR 2011, SUBJECT TO THE PROVISIONS OF
6 SECTION 24-51-1009.5, FOR BENEFIT RECIPIENTS WHOSE BENEFITS ARE
7 BASED ON THE ACCOUNT OF A MEMBER WHO WAS A MEMBER, INACTIVE
8 MEMBER, OR RETIREE ON DECEMBER 31, 2006, OR FOR BENEFIT RECIPIENTS
9 WHOSE BENEFITS ARE BASED ON THE ACCOUNT OF A DPS MEMBER OR DPS
10 RETIREE, THE INCREASE APPLIED TO BENEFITS PAID SHALL BE THE LESSER
11 OF TWO PERCENT OR THE AVERAGE OF THE ANNUAL INCREASES
12 DETERMINED FOR EACH MONTH, TO THE NEAREST ONE-TENTH OF A
13 PERCENT, AS CALCULATED BY THE UNITED STATES DEPARTMENT OF
14 LABOR, IN THE NATIONAL CONSUMER PRICE INDEX FOR URBAN WAGE
15 EARNERS AND CLERICAL WORKERS DURING THE CALENDAR YEAR
16 PRECEDING THE INCREASE IN THE BENEFIT. NOTWITHSTANDING THE
17 PROVISIONS OF THIS SUBSECTION (2), THE INCREASE SHALL BE THE
18 MAXIMUM PERMITTED UNDER THIS SUBSECTION (2) AND SECTION
19 24-51-1009.5 UNLESS THE ASSOCIATION'S ANNUAL AUDITED RETURN ON
20 INVESTMENTS IS NEGATIVE FOR THE PRECEDING CALENDAR YEAR, AT
21 WHICH POINT THE ANNUAL INCREASE FOR THE SUBSEQUENT THREE YEARS
22 SHALL BE THE LESSER OF TWO PERCENT OR THE AVERAGE OF THE ANNUAL
23 INCREASES DETERMINED FOR EACH MONTH, TO THE NEAREST ONE-TENTH
24 OF A PERCENT, AS CALCULATED BY THE UNITED STATES DEPARTMENT OF
25 LABOR, IN THE NATIONAL CONSUMER PRICE INDEX FOR URBAN WAGE
26 EARNERS AND CLERICAL WORKERS DURING THE CALENDAR YEAR
27 PRECEDING THE INCREASE IN THE BENEFIT. THE INCREASE APPLIED TO

1 SUCH BENEFITS SHALL BE RECALCULATED ANNUALLY AS OF JULY 1, AND
2 SHALL BE THE COMPOUNDED ANNUAL PERCENTAGE OF THE ANNUAL
3 INCREASES APPLIED TO SUCH BENEFITS. IN THE FIRST YEAR THAT THE
4 BENEFIT RECIPIENT IS ELIGIBLE TO RECEIVE AN ANNUAL INCREASE
5 PURSUANT TO SECTION 24-51-1001, THE ANNUAL INCREASE SHALL BE
6 PRORATED.

7 (3) BENEFITS FOR VESTED INACTIVE MEMBERS WITH AT LEAST
8 TWENTY-FIVE YEARS OF SERVICE CREDIT AND BENEFITS FOR SURVIVORS OF
9 DECEASED VESTED INACTIVE MEMBERS WHO HAD AT LEAST TWENTY-FIVE
10 YEARS OF SERVICE CREDIT SHALL BE INCREASED BY THE ANNUAL
11 INCREASE SPECIFIED IN THIS SECTION AND SECTIONS 24-51-1001 AND
12 24-51-1003 UNDER PRIOR LAW FROM THE DATE OF TERMINATION OF
13 MEMBERSHIP OR JULY 1, 1993, WHICHEVER IS LATER, TO MARCH 1, 2009,
14 OR THE DATE BENEFITS COMMENCE, WHICHEVER IS EARLIER. THIS
15 SUBSECTION (3) SHALL ONLY APPLY TO MEMBERS AND INACTIVE MEMBERS
16 WHO ARE ELIGIBLE TO RECEIVE A RETIREMENT BENEFIT AS OF JANUARY 1,
17 2011.

18 (4) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (1) OF
19 THIS SECTION, THE INCREASE, IF ANY, APPLIED TO THE BENEFITS OF
20 PERSONS WHOSE BENEFITS ARE BASED ON THE ACCOUNT OF A MEMBER
21 WHO WAS NOT A MEMBER, INACTIVE MEMBER, OR RETIREE ON DECEMBER
22 31, 2006, WILL BE CALCULATED AND PAID IN ACCORDANCE WITH SECTION
23 24-51-1009.

24 **SECTION 21.** 24-51-1003, Colorado Revised Statutes, is
25 amended to read:

26 **24-51-1003. Annual increases in the base benefit.** The
27 percentage recalculated pursuant to the provisions of section 24-51-1002

1 shall be multiplied by the base benefit OR RETIREMENT ALLOWANCE AS
2 DEFINED IN SECTION 24-51-1702 (34), WHICHEVER IS APPLICABLE, to
3 determine the increased benefit. In no case shall the benefit paid be less
4 than the base benefit OR RETIREMENT ALLOWANCE, WHICHEVER IS
5 APPLICABLE.

6 **SECTION 22.** The introductory portion to 24-51-1009 (4) and
7 24-51-1009 (4) (a) and (4) (b), Colorado Revised Statutes, are amended,
8 and the said 24-51-1009 is further amended BY THE ADDITION OF A
9 NEW SUBSECTION, to read:

10 **24-51-1009. Annual increase reserve - creation.** (4) An
11 actuarial valuation shall be conducted each year for the annual increase
12 reserve of each division for the purposes of this section. The actuarial
13 valuation shall include a determination of the total market value of the
14 assets in the reserve and a calculation of the net present value of the
15 actuarial liabilities associated with providing each of the annual increases
16 described in paragraphs (a), (b), and (c) of this subsection (4). SUBJECT
17 TO SECTION 24-51-1009.5, the maximum annual increase awarded by the
18 board shall be the lesser of the following calculations:

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

22 (b) SUBJECT TO THE PROVISIONS OF SUBSECTION (4.5) OF THIS
23 SECTION, a permanent increase of current benefits payable to benefit
24 recipients then eligible for an annual increase in accordance with section
25 24-51-1001 (3) that is equal to ~~the actual increase~~ THE AVERAGE OF THE
26 ANNUAL INCREASES DETERMINED FOR EACH MONTH, TO THE NEAREST
27 ONE-TENTH OF A PERCENT, as calculated by the United States department

1 of labor, in the national consumer price index for urban wage earners and
2 clerical workers DURING THE CALENDAR YEAR PRECEDING THE INCREASE
3 IN THE BENEFIT for the year associated with the actuarial valuation of the
4 annual increase reserve; or

5
6 (4.5) FOR THE YEAR 2010, THE ASSOCIATION SHALL USE THE
7 AVERAGE OF THE ANNUAL INCREASES DETERMINED FOR EACH MONTH, TO
8 THE NEAREST ONE-TENTH OF A PERCENT, AS CALCULATED BY THE UNITED
9 STATES DEPARTMENT OF LABOR, IN THE NATIONAL CONSUMER PRICE
10 INDEX FOR URBAN WAGE EARNERS AND CLERICAL WORKERS FOR EACH OF
11 THE MONTHS IN THE 2009 CALENDAR YEAR.

12 **SECTION 23.** Part 10 of article 51 of title 24, Colorado Revised
13 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
14 read:

15 **24-51-1009.5. Annual increase amount changes.** WHEN THE
16 ACTUARIAL FUNDED RATIO OF THE ASSOCIATION, BASED ON THE
17 ACTUARIAL VALUE OF ASSETS, IS AT OR ABOVE ONE HUNDRED THREE
18 PERCENT AS DETERMINED IN THE ANNUAL ACTUARIAL STUDY OF THE
19 ASSOCIATION, THE UPPER LIMIT OF THE ANNUAL INCREASE SHALL BE
20 INCREASED BY ONE-QUARTER OF ONE PERCENT. IF THE ACTUARIAL
21 FUNDED RATIO OF THE ASSOCIATION, BASED ON THE ACTUARIAL VALUE OF
22 ASSETS, REACHES ONE HUNDRED THREE PERCENT AND SUBSEQUENTLY ANY
23 ANNUAL ACTUARIAL STUDY REFLECTS THE ACTUARIAL FUNDED RATIO OF
24 THE ASSOCIATION, BASED ON THE ACTUARIAL VALUE OF ASSETS, IS BELOW
25 NINETY PERCENT, THE UPPER LIMIT OF THE ANNUAL INCREASE SHALL BE
26 DECREASED BY ONE-QUARTER OF ONE PERCENT. AT NO TIME SHALL THE
27 UPPER LIMIT OF THE ANNUAL INCREASE FALL BELOW TWO PERCENT.

1 **SECTION 24.** The introductory portion to 24-51-1101 (1) and
2 24-51-1101 (2), Colorado Revised Statutes, are amended, and the said
3 24-51-1101 is further amended BY THE ADDITION OF A NEW
4 SUBSECTION, to read:

5 **24-51-1101. Employment after service retirement.** (1) Except
6 as otherwise provided in ~~subsection (1.5) or (1.7)~~ SUBSECTION (1.8) of
7 this section or part 17 of this article, a service retiree from any division
8 may be employed by an employer, whether or not in a position subject to
9 membership, and receive a salary without reduction in benefits if the
10 service retiree has not worked for any employer, as defined in section
11 24-51-101 (20), during the month of the effective date of retirement, and
12 if:

13 (1.8) (a) A SERVICE RETIREE WHO IS HIRED BY A STATE COLLEGE
14 OR UNIVERSITY OR BY AN EMPLOYER IN THE SCHOOL OR DENVER PUBLIC
15 SCHOOLS DIVISION OF THE ASSOCIATION PURSUANT TO PARAGRAPH (b) OF
16 THIS SUBSECTION (1.8) MAY RECEIVE SALARY WITHOUT REDUCTION IN
17 BENEFITS IF EMPLOYMENT OF MORE THAN FOUR HOURS PER DAY DOES NOT
18 EXCEED ONE HUNDRED FORTY DAYS IN THE CALENDAR YEAR, IF
19 EMPLOYMENT OF FOUR HOURS OR LESS PER DAY DOES NOT EXCEED NINE
20 HUNDRED SIXTEEN HOURS IN THE CALENDAR YEAR, OR IF EMPLOYMENT
21 CONSISTING OF A COMBINATION OF DAILY AND HOURLY EMPLOYMENT
22 DOES NOT EXCEED ONE HUNDRED FORTY DAYS PER CALENDAR YEAR, AND
23 IF THE SERVICE RETIREE HAS NOT WORKED FOR ANY EMPLOYER, AS
24 DEFINED IN SECTION 24-51-101 (20), DURING THE MONTH OF THE
25 EFFECTIVE DATE OF RETIREMENT. A SERVICE RETIREE DESCRIBED IN THIS
26 PARAGRAPH (a) WHO WORKS FOR ANY EMPLOYER, AS DEFINED IN SECTION
27 24-51-101 (20), DURING THE MONTH OF THE EFFECTIVE DATE OF

1 RETIREMENT SHALL BE SUBJECT TO A REDUCTION IN BENEFITS AS
2 PROVIDED IN SECTION 24-51-1102 (2).

3 (b) A STATE COLLEGE OR UNIVERSITY OR AN EMPLOYER IN THE
4 SCHOOL OR DENVER PUBLIC SCHOOLS DIVISION MAY HIRE UP TO TEN
5 SERVICE RETIREES IN AREAS WHERE THE EMPLOYER DETERMINES THAT
6 THERE IS A CRITICAL SHORTAGE OF QUALIFIED CANDIDATES AND THAT THE
7 SERVICE RETIREE HAS UNIQUE EXPERIENCE, SKILL, OR QUALIFICATIONS
8 THAT WOULD BENEFIT THE EMPLOYER. THE EMPLOYER SHALL NOTIFY THE
9 ASSOCIATION UPON HIRING A SERVICE RETIREE PURSUANT TO THIS
10 SUBSECTION (1.8). A LIST OF ANY AND ALL SERVICE RETIREES EMPLOYED
11 BY THE EMPLOYER SHALL BE PROVIDED TO THE ASSOCIATION AT THE
12 START OF EACH CALENDAR YEAR AND SHALL BE UPDATED PRIOR TO ANY
13 ADDITIONAL HIRINGS DURING THE SAME CALENDAR YEAR.

14 (c) A STATE COLLEGE OR UNIVERSITY OR AN EMPLOYER IN THE
15 SCHOOL OR DENVER PUBLIC SCHOOLS DIVISION SHALL PROVIDE FULL
16 PAYMENT OF ALL EMPLOYER CONTRIBUTIONS AND ALL DISBURSEMENTS IN
17 ACCORDANCE WITH PART 4 OF THIS ARTICLE, AND ALL WORKING RETIREE
18 CONTRIBUTIONS IN ACCORDANCE WITH PART 11 OF THIS ARTICLE, ON THE
19 SALARY PAID TO THE SERVICE RETIREE DESCRIBED IN PARAGRAPH (a) OF
20 THIS SUBSECTION (1.8). ==

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

26 (e) FOR PURPOSES OF THIS SUBSECTION (1.8), "STATE COLLEGE OR
27 UNIVERSITY" MEANS ANY POSTSECONDARY EDUCATIONAL INSTITUTION,

1 INCLUDING COMMUNITY AND JUNIOR COLLEGES, ESTABLISHED AND
2 EXISTING PURSUANT TO TITLE 23,C.R.S., AS AN AGENCY OF THE STATE OF
3 COLORADO AND SUPPORTED WHOLLY OR IN PART BY TAX REVENUES.

4 (2) Salary from the employment, engagement, retention, or other
5 use of a service retiree OR DPS RETIREE in an individual capacity or of
6 any entity owned or operated by a service retiree or affiliated party by an
7 employer to perform any service as an employee, contract employee,
8 consultant, independent contractor, or through any other arrangement,
9 shall be subject to employer contributions but shall not be subject to
10 member contributions. ~~except as provided in section 24-51-1103.~~
11 EFFECTIVE JANUARY 1, 2011, SUCH SALARY SHALL ALSO BE SUBJECT TO
12 WORKING RETIREE CONTRIBUTIONS. Salary from employment by a retiree
13 who is serving in a state elected official's position shall not be subject to
14 employer contributions OR WORKING RETIREE CONTRIBUTIONS. SALARY
15 FROM EMPLOYMENT OF A RETIREE WHO IS PARTICIPATING IN AN
16 EDUCATIONAL EMPLOYEES' OPTIONAL RETIREMENT PLAN PURSUANT TO
17 ARTICLE 54.5 OF THIS TITLE SHALL NOT BE SUBJECT TO WORKING RETIREE
18 CONTRIBUTIONS.

19 **SECTION 25.** 24-51-1103 (1) and (3), Colorado Revised
20 Statutes, are amended, and the said 24-51-1103 is further amended BY
21 THE ADDITION OF A NEW SUBSECTION, to read:

22 **24-51-1103. Contributions for a retiree who returns to**
23 **membership - benefit calculation upon subsequent retirement -**
24 **survivor benefit rights - disability retirement benefits.** (1) Except as
25 otherwise provided in section 24-51-1747, a retiree who returns to work
26 in a position that is subject to membership may voluntarily suspend the
27 service retirement benefits or the reduced service retirement benefits and

1 resume membership. Upon such suspension, employer and member
2 contributions are required to be made pursuant to the provisions of part
3 4 of this article. ~~Any additional service credit accumulated and any~~
4 ~~increase in the highest average salary of such person shall be reflected in~~
5 ~~the benefit calculation upon subsequent termination of membership only~~
6 ~~after one year of service credit has been earned.~~

7 (1.5) A RETIREE WHO, ON OR AFTER JANUARY 1, 2011, SUSPENDS
8 HIS OR HER SERVICE RETIREMENT OR REDUCED SERVICE RETIREMENT
9 BENEFITS SHALL NOT ADD ANY SERVICE CREDIT TO THE BENEFIT SEGMENT
10 FROM WHICH THE RETIREE SUSPENDS HIS OR HER RETIREMENT. SUBJECT
11 TO THE ELECTION SET FORTH BELOW, ANY ADDITIONAL SERVICE CREDIT
12 ACCUMULATED WILL BE REFLECTED IN SEPARATE BENEFIT SEGMENTS UPON
13 SUBSEQUENT TERMINATION OF MEMBERSHIP, BUT ONLY AFTER ONE YEAR
14 OF SERVICE CREDIT HAS BEEN EARNED DURING A PERIOD OF SUSPENSION.
15 THE SERVICE RETIREMENT OR REDUCED SERVICE RETIREMENT BENEFITS
16 FOR EACH QUALIFYING SEPARATE BENEFIT SEGMENT WILL BE CALCULATED
17 PURSUANT TO THE BENEFIT STRUCTURE UNDER WHICH THE RETIREE
18 ORIGINALLY RETIRED. THE BENEFIT FOR EACH SEPARATE BENEFIT
19 SEGMENT RESULTING FROM SUSPENSION SHALL BE DETERMINED USING THE
20 MEMBER'S SALARY AND SERVICE CREDIT ACQUIRED DURING THE PERIOD OF
21 SUSPENSION. THE MEMBER'S AGE AND TOTAL SERVICE CREDIT WITH THE
22 ASSOCIATION UPON RETIREMENT AFTER EACH SUSPENSION SHALL GOVERN
23 WHETHER THE MEMBER SHALL RECEIVE A SERVICE RETIREMENT
24 CALCULATION OR A REDUCED SERVICE RETIREMENT CALCULATION
25 PURSUANT TO SECTION 24-51-605 FOR THAT SEGMENT. PREVIOUS
26 SEPARATE BENEFIT SEGMENTS SHALL BE SUBJECT TO RECALCULATION
27 ONLY TO REFLECT A CHANGE IN THE SELECTED OPTION OR A DESIGNATED

1 COBENEFICIARY, IF APPLICABLE, AND NO BENEFIT INCREASES PURSUANT
2 TO SECTION 24-51-1001 WILL BE APPLICABLE TO ANY SEPARATE BENEFIT
3 SEGMENT DURING ANY PERIOD OF SUSPENSION. UPON REINSTATEMENT OF
4 THE RETIREMENT BENEFIT ALLOWANCE PAYMENTS, NO INCREASE SHALL
5 BE MADE UNTIL SUCH RESUMED PAYMENTS HAVE BEEN PAID
6 CONTINUOUSLY FOR THE TWELVE MONTHS PRIOR TO JULY 1. UPON
7 RESUMPTION OF RETIREMENT AFTER SUSPENSION, THE ASSOCIATION SHALL
8 REFUND ALL MONEYS CREDITED TO THE MEMBER CONTRIBUTION ACCOUNT
9 DURING THE PERIOD OF SUSPENSION PURSUANT TO SECTION 24-51-405
10 UNLESS, WITHIN A TIME PERIOD SET BY THE ASSOCIATION, THE RETIREE
11 MAKES WRITTEN ELECTION TO ESTABLISH A SEPARATE BENEFIT SEGMENT
12 CALCULATED AS SET FORTH ABOVE. THE REFUND SHALL BE AN AMOUNT
13 EQUAL TO ALL MONEYS CREDITED TO THE MEMBER CONTRIBUTION
14 ACCOUNT DURING THE PERIOD OF SUSPENSION AND PAYMENT OF
15 MATCHING EMPLOYER CONTRIBUTIONS PURSUANT TO SECTION 24-51-408.
16 THE REQUIREMENT TO HAVE AT LEAST FIVE YEARS OF SERVICE CREDIT TO
17 BE ELIGIBLE FOR THE MATCHING EMPLOYER CONTRIBUTIONS PROVIDED IN
18 SECTION 24-51-408 SHALL NOT APPLY IN THE EVENT OF RETURNING TO
19 RETIREMENT AFTER SUSPENSION. NO REFUND MAY BE ISSUED FOR ANY
20 BENEFIT SEGMENT FROM WHICH A BENEFIT HAS BEEN DRAWN. SUCH
21 REFUND SHALL BE REQUIRED FOR ANY SEPARATE BENEFIT SEGMENT
22 DURING WHICH LESS THAN ONE YEAR OF SERVICE CREDIT HAS BEEN
23 EARNED.

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

27 **SECTION 26.** 24-51-1702 (17) and (34), Colorado Revised

1 Statutes, are amended to read:

2 **24-51-1702. Definitions.** As used in this part 17, unless the
3 context otherwise requires:

4 (17) "Highest average salary" means the average monthly
5 compensation of the thirty-six months of accredited service having the
6 highest rates, multiplied by twelve, or the "career average salary",
7 whichever is greater, and shall be applied to benefits, except for benefits
8 under sections 24-51-1727 to 24-51-1731, attributable to retirement or
9 death on or after July 1, 1994. For benefits under sections 24-51-1727 to
10 24-51-1731, "highest average salary" applies to cases where termination
11 of service occurs on or after July 1, 1994. THIS SUBSECTION (17) SHALL
12 APPLY ONLY TO DPS MEMBERS ELIGIBLE FOR A RETIREMENT BENEFIT AS
13 OF JANUARY 1, 2011. FOR DPS MEMBERS NOT ELIGIBLE FOR A
14 RETIREMENT BENEFIT AS OF JANUARY 1, 2011, THE DEFINITION OF
15 "HIGHEST AVERAGE SALARY" SPECIFIED IN SECTION 24-51-101 (25)(b)(V)
16 SHALL APPLY.

17 (34) "Retirement allowance" or "total retirement allowance"
18 means the ~~total of pension, annuity, and all postretirement increases~~
19 INITIAL BENEFIT FOR A BENEFIT THAT BECOMES EFFECTIVE ON OR AFTER
20 JANUARY 1, 2010. FOR A BENEFIT THAT BECAME EFFECTIVE BEFORE
21 JANUARY 1, 2010, "RETIREMENT ALLOWANCE" MEANS THE TOTAL BENEFIT
22 PAYABLE AS OF JUNE 30, 2010, INCLUDING THE SUM OF THE INITIAL
23 BENEFIT, ACCUMULATED ANNUAL INCREASES, AND COST OF LIVING
24 INCREASES.

25 **SECTION 27.** 24-51-1713, Colorado Revised Statutes, is
26 amended to read:

27 **24-51-1713. Eligibility - retirements without actuarial**

1 **reduction.** (1) THIS SECTION SHALL ONLY APPLY TO DPS MEMBERS WHO
2 HAVE FIVE OR MORE YEARS OF SERVICE CREDIT AS OF JANUARY 1, 2011.
3 FOR DPS MEMBERS WHO HAVE LESS THAN FIVE YEARS OF SERVICE CREDIT
4 AS OF JANUARY 1, 2011, ELIGIBILITY FOR RETIREMENT WITHOUT AN
5 ACTUARIAL REDUCTION SHALL BE GOVERNED BY SECTION 24-51-602 (1)
6 (a.7) AND (1) (d).

7 ~~(1)~~ (2) Whenever a contributing member or affiliate member
8 pursuant to the DPS plan has completed a period of twenty-five years of
9 active service, of which not less than fifteen years shall have been with
10 the district, and has attained the age of fifty-five years while in the service
11 of the district, said member shall be eligible for retirement for
12 superannuation. Such retirement shall be made upon due application and
13 subject to such rules as may be prescribed by the association.

14 ~~(2)~~ (3) Whenever a contributing member or affiliate member of
15 the DPS plan has completed a period of five years of active service and
16 has attained the age of sixty-five while in the service of the district, said
17 member shall be eligible for retirement for superannuation. Such
18 retirement shall be made upon due application and subject to such rules
19 as may be prescribed by the board of trustees.

20 ~~(3)~~ (4) Whenever a contributing member or affiliate member
21 pursuant to the DPS plan has completed a period of thirty years of active
22 service with the district and has attained the age of fifty years while in the
23 service of the district, said member shall be eligible for retirement for
24 superannuation. Such retirement shall be made upon due application and
25 subject to such rules as may be prescribed by the association.

26 **SECTION 28.** 24-51-1714, Colorado Revised Statutes, is
27 amended to read:

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

7 ~~(1)~~ (2) Whenever a contributing member or affiliate member
8 pursuant to the DPS plan has completed a period of twenty-five years of
9 active service with the district but has not attained the age of fifty-five
10 years, said member shall be eligible for retirement for superannuation but
11 with reduced benefits in accordance with the applicable provisions of
12 section 24-51-1715. Any such retirement shall be voluntary and reflect
13 the choice of the member.

14 ~~(2)~~ (3) Whenever a contributing member or affiliate member
15 pursuant to the DPS plan has completed a period of fifteen years of active
16 service with the district and has attained the age of fifty-five years while
17 in the service of the district, said member shall be eligible for retirement
18 for superannuation but with reduced benefits in accordance with the
19 applicable provisions of section 24-51-1715. Any such retirement shall
20 be voluntary and reflect the choice of the contributing member.

21 ~~(3)~~ (4) Whenever a contributing member or affiliate member
22 pursuant to the DPS plan has completed a period of thirty years of active
23 service with the district but has not attained the age of fifty years, said
24 contributing member shall nevertheless be eligible for retirement for
25 superannuation but with reduced benefits in accordance with the
26 applicable provisions of section 24-51-1715. Any such retirement shall
27 be voluntary and reflect the choice of the member.

1 **SECTION 29.** 24-51-1715 (1) (a) and (1) (c), Colorado Revised
2 Statutes, are amended to read:

3 **24-51-1715. Benefits.** (1) The annual superannuation retirement
4 allowance shall be determined in the following manner:

5 (a) Subject to the provisions of paragraph (c) of this subsection (1)
6 pertaining to certain members appointed or reappointed on or after July
7 1, 2005, and for persons who become affiliate members on or after July
8 1, 2005, the following calculations shall apply:

9 (I) If said member shall retire pursuant to section 24-51-1713, the
10 highest average salary as defined in section 24-51-1702 (17) shall be
11 multiplied by the primary percentage which shall determine the annual
12 retirement allowance expressed as a single life annuity and known as
13 option A.

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

1 ANNUAL RETIREMENT ALLOWANCE, CALCULATED PURSUANT TO
2 SUBPARAGRAPH (I) OF THIS PARAGRAPH (a).

3 (III) If said member shall retire pursuant to section ~~24-51-1714(1)~~
4 24-51-1714 (2), and if the member HAS REACHED RETIREMENT
5 ELIGIBILITY AS OF JANUARY 1, 2011, AND is younger than age fifty, the
6 annual retirement allowance, calculated pursuant to subparagraph (I) of
7 this paragraph (a), shall be reduced by the greater of four percent for each
8 year that fifty exceeds said member's attained age or FOUR percent for
9 each year that thirty exceeds said member's number of years of active
10 service with the district, in either case prorated for a partial year. FOR
11 MEMBERS WHO HAVE NOT REACHED RETIREMENT ELIGIBILITY AS OF
12 JANUARY 1, 2011, THE ANNUAL RETIREMENT ALLOWANCE, CALCULATED
13 PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (a), SHALL BE
14 REDUCED BY AN ACTUARIALLY DETERMINED PERCENTAGE AS OF THE
15 EFFECTIVE DATE OF RETIREMENT TO ENSURE THAT THE BENEFIT IS THE
16 ACTUARIAL EQUIVALENT OF THE ANNUAL RETIREMENT ALLOWANCE,
17 CALCULATED PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (a).

18 (IV) If said member shall retire pursuant to section ~~24-51-1714(2)~~
19 24-51-1714(3), AND THE MEMBER HAS REACHED RETIREMENT ELIGIBILITY
20 AS OF JANUARY 1, 2011, the annual retirement allowance, calculated
21 pursuant to subparagraph (I) of this paragraph (a), shall be reduced by the
22 lesser of four percent for each year that twenty-five exceeds said
23 member's number of years of active service with the district or four
24 percent for each year that sixty-five exceeds said member's age, in either
25 case prorated for a partial year. FOR MEMBERS WHO HAVE NOT REACHED
26 RETIREMENT ELIGIBILITY AS OF JANUARY 1, 2011, THE ANNUAL
27 RETIREMENT ALLOWANCE, CALCULATED PURSUANT TO SUBPARAGRAPH (I)

1 OF THIS PARAGRAPH (a), SHALL BE REDUCED BY AN ACTUARIALLY
2 DETERMINED PERCENTAGE AS OF THE EFFECTIVE DATE OF RETIREMENT TO
3 ENSURE THAT THE BENEFIT IS THE ACTUARIAL EQUIVALENT OF THE
4 ANNUAL RETIREMENT ALLOWANCE, CALCULATED PURSUANT TO
5 SUBPARAGRAPH (I) OF THIS PARAGRAPH (a).

6 (V) If said member shall retire pursuant to section ~~24-51-1714(3)~~,
7 24-51-1714 (4), AND IF THE MEMBER HAS REACHED RETIREMENT
8 ELIGIBILITY AS OF JANUARY 1, 2011, the annual retirement allowance,
9 calculated pursuant to subparagraph (I) of this paragraph (a), shall be
10 reduced by four percent for each year that fifty exceeds said member's
11 age. FOR MEMBERS WHO HAVE NOT REACHED RETIREMENT ELIGIBILITY AS
12 OF JANUARY 1, 2011, THE ANNUAL RETIREMENT ALLOWANCE,
13 CALCULATED PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (a),
14 SHALL BE REDUCED BY AN ACTUARIALLY DETERMINED PERCENTAGE AS OF
15 THE EFFECTIVE DATE OF RETIREMENT TO ENSURE THAT THE BENEFIT IS THE
16 ACTUARIAL EQUIVALENT OF THE ANNUAL RETIREMENT ALLOWANCE,
17 CALCULATED PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (a).

18 (c) In making the calculation of the annual retirement allowance
19 adjustment for a member who initially was appointed or who became an
20 affiliate member on or after July 1, 2005, AND WHO HAS REACHED
21 RETIREMENT ELIGIBILITY AS OF JANUARY 1, 2011, the reduction
22 percentage provided in paragraph (a) of this subsection (1) shall be
23 changed in each instance from four percent to six percent. ~~This paragraph~~
24 ~~(c) shall not apply to a member whose contributing or affiliate~~
25 ~~membership began on or before June 30, 2005, and whose accumulated~~
26 ~~contribution balance remains continuously on deposit in the Denver~~
27 ~~public schools division through the effective date of such member's~~

1 ~~retirement.~~ FOR MEMBERS WHO HAVE NOT REACHED RETIREMENT
2 ELIGIBILITY AS OF JANUARY 1, 2011, THE ANNUAL RETIREMENT
3 ALLOWANCE, CALCULATED PURSUANT TO SUBPARAGRAPH (I) OF
4 PARAGRAPH (a) OF THIS SUBSECTION (1), SHALL BE REDUCED BY AN
5 ACTUARIALLY DETERMINED PERCENTAGE AS OF THE EFFECTIVE DATE OF
6 RETIREMENT TO ENSURE THAT THE BENEFIT IS THE ACTUARIAL
7 EQUIVALENT OF THE ANNUAL RETIREMENT ALLOWANCE, CALCULATED
8 PURSUANT TO SUBPARAGRAPH (I) OF PARAGRAPH (a) OF THIS SUBSECTION
9 (1).

10 **SECTION 30.** Part 17 of article 51 of title 24, Colorado Revised
11 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
12 read:

13 **24-51-1726.5. Contributions for a retiree who returns to**
14 **membership - benefit calculation upon subsequent retirement -**
15 **survivor benefit rights.** (1) EXCEPT AS OTHERWISE PROVIDED IN
16 SECTION 24-51-1747, A DPS RETIREE WHO RETURNS TO WORK IN A
17 POSITION THAT IS SUBJECT TO MEMBERSHIP MAY VOLUNTARILY SUSPEND
18 HIS OR HER RETIREMENT ALLOWANCE AND RESUME MEMBERSHIP. UPON
19 SUCH SUSPENSION, EMPLOYER AND MEMBER CONTRIBUTIONS ARE
20 REQUIRED TO BE MADE PURSUANT TO THE PROVISIONS OF PART 4 OF THIS
21 ARTICLE.

22 (2) A DPS RETIREE WHO, ON OR AFTER JANUARY 1, 2011,
23 SUSPENDS HIS OR HER RETIREMENT ALLOWANCE SHALL NOT ADD ANY
24 SERVICE CREDIT TO THE BENEFIT SEGMENT FROM WHICH THE RETIREE
25 SUSPENDS HIS OR HER RETIREMENT. SUBJECT TO THE ELECTION SET FORTH
26 BELOW, ANY ADDITIONAL SERVICE CREDIT ACCUMULATED WILL BE
27 REFLECTED IN SEPARATE BENEFIT SEGMENTS UPON SUBSEQUENT

1 TERMINATION OF MEMBERSHIP, BUT ONLY AFTER ONE YEAR OF SERVICE
2 CREDIT HAS BEEN EARNED DURING A PERIOD OF SUSPENSION. THE
3 RETIREMENT ALLOWANCE FOR EACH QUALIFYING SEPARATE BENEFIT
4 SEGMENT WILL BE CALCULATED PURSUANT TO THE BENEFIT STRUCTURE
5 UNDER WHICH THE RETIREE ORIGINALLY RETIRED. THE BENEFIT FOR EACH
6 SEPARATE BENEFIT SEGMENT RESULTING FROM SUSPENSION SHALL BE
7 DETERMINED USING THE DPS MEMBER'S SALARY AND SERVICE CREDIT
8 ACQUIRED DURING THE PERIOD OF SUSPENSION. THE DPS MEMBER'S AGE
9 AND TOTAL SERVICE CREDIT WITH THE ASSOCIATION UPON RETIREMENT
10 AFTER EACH SUSPENSION SHALL GOVERN WHETHER THE DPS MEMBER
11 SHALL RECEIVE A RETIREMENT ALLOWANCE PURSUANT TO SECTION
12 24-51-1713 OR 24-51-1714 FOR THAT SEGMENT. PREVIOUS SEPARATE
13 BENEFIT SEGMENTS SHALL BE SUBJECT TO RECALCULATION ONLY TO
14 REFLECT A CHANGE IN THE SELECTED OPTION OR A DESIGNATED
15 COANNUITANT, IF APPLICABLE, AND NO BENEFIT INCREASES PURSUANT TO
16 SECTION 24-51-1001 WILL BE APPLICABLE TO ANY SEPARATE BENEFIT
17 SEGMENT DURING ANY PERIOD OF SUSPENSION. UPON REINSTATEMENT OF
18 THE RETIREMENT BENEFIT ALLOWANCE PAYMENTS, NO INCREASE SHALL
19 BE MADE UNTIL SUCH RESUMED PAYMENTS HAVE BEEN PAID
20 CONTINUOUSLY FOR THE TWELVE MONTHS PRIOR TO JULY 1. UPON
21 RESUMPTION OF RETIREMENT AFTER SUSPENSION, THE ASSOCIATION SHALL
22 REFUND ALL MONEYS CREDITED TO THE MEMBER CONTRIBUTION ACCOUNT
23 DURING THE PERIOD OF SUSPENSION PURSUANT TO SECTION 24-51-405
24 UNLESS, WITHIN A TIME SET BY THE ASSOCIATION, THE RETIREE MAKES
25 WRITTEN ELECTION TO ESTABLISH A SEPARATE BENEFIT SEGMENT
26 CALCULATED AS SET FORTH ABOVE. THE REFUND SHALL BE AN AMOUNT
27 EQUAL TO ALL MONEYS CREDITED TO THE MEMBER CONTRIBUTION

1 ACCOUNT DURING THE PERIOD OF SUSPENSION AND PAYMENT OF
2 MATCHING EMPLOYER CONTRIBUTIONS PURSUANT TO SECTION 24-51-1711
3 OR 24-51-1729 (6) (a) (I), WHICHEVER IS APPLICABLE. NO REFUND CAN
4 ISSUE FOR ANY BENEFIT SEGMENT FROM WHICH A BENEFIT HAS BEEN
5 DRAWN. SUCH REFUND SHALL BE REQUIRED FOR ANY SEPARATE BENEFIT
6 SEGMENT DURING WHICH LESS THAN ONE YEAR OF SERVICE CREDIT HAS
7 BEEN EARNED.

8 (3) (a) A DPS MEMBER WHOSE RETIREMENT ALLOWANCES ARE IN
9 SEPARATE BENEFIT SEGMENTS PURSUANT TO THIS SECTION MUST ELECT
10 THE SAME OPTION AND DESIGNATE THE SAME COANNUITANT FOR ALL OF
11 HIS OR HER SEPARATE BENEFIT SEGMENTS.

12 (b) A DPS RETIREE WHO SUSPENDS HIS OR HER RETIREMENT AND
13 ELECTS A SEPARATE BENEFIT SEGMENT PURSUANT TO THIS SECTION MAY
14 CHANGE HIS OR HER ORIGINAL OPTION AND COANNUITANT ELECTION ONLY
15 IF THE ORIGINAL OPTION SELECTED WAS OPTION A, P2, OR P3. DPS
16 RETIREES WHO SELECTED OPTION B, C, D, OR E SHALL NOT BE ALLOWED
17 TO CHANGE THAT ELECTION.

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

22 SECTION 31. 24-51-1729 (1) (a) (V), Colorado Revised Statutes,
23 is amended to read:

24 24-51-1729. Benefits - deferred members. (1) In the event the
25 employment of such member with the district terminates on or after July
26 1, 1962, the deferred retirement allowance, subject to the limitations set
27 forth in section 24-51-1731, shall be computed in the following manner

1 and paid under the following conditions:

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

7 (V) In making the calculation of the deferred retirement
8 allowance for one qualified for deferred benefits, the provisions of
9 section 24-51-1715 (1) (c) changing the reduction percentage from four
10 percent to six percent for certain retirements and section 24-51-1732
11 basing the annual retirement allowance adjustment on the lesser of three
12 percent or the actual increase, as calculated by the United States
13 department of labor, in the national consumer price index for urban wage
14 earners and clerical workers during the calendar year preceding the
15 increase, but in no case less than zero, shall not apply if the retiree
16 terminated employment on or before June 30, 2005.

17 **SECTION 32.** 24-51-1732 (1), (2), (3), and (5), Colorado
18 Revised Statutes, are amended to read:

19 **24-51-1732. Benefit increases - annual retirement allowance**
20 **adjustment - contributing members - affiliate members - deferred**
21 **members - survivors (2001 and 2005).** (1) (a) Monthly retirement and
22 survivor benefit payments, including the increases determined under the
23 provisions of the DPS plan document attributable to retirement or death
24 of an eligible employee of the district who retired or died after December
25 1, 1945, shall be increased ~~as follows:~~ IN ACCORDANCE WITH PART 10 OF
26 THIS ARTICLE.

27 (a) ~~(I) Subject to section 24-51-1747 (13), effective on January 1~~

1 of every year, beginning January 1, 2001, the retirement allowance or
2 survivor benefit payment payable on December 31 of the preceding year
3 shall be increased by three and one-quarter percent, provided, however,
4 that increases for contributing members initially appointed on or after July
5 1, 2005, and for persons who become affiliate members on or after July
6 1, 2005, or for benefits derived through such members, shall be calculated
7 and shall be effective as follows:

8 (A) The increase shall be based on the lesser of three percent or
9 the actual increase, as calculated by the United States department of labor,
10 in the national consumer price index for urban wage earners and clerical
11 workers during the calendar year preceding the increase, but in no case
12 less than zero;

13 (B) The resulting percentage shall be prorated, for the initial
14 increase only, based on the number of months and fractional months that
15 the annuitant was retired or receiving survivor benefits by March 1 of the
16 year following the year of retirement or the date survivor benefits initially
17 became payable; and

18 (C) The increase shall be effective on March 1 of each year
19 following the year in which the effective date of retirement falls or the
20 year in which survivor benefits become payable.

21 (H) The increase last stated shall not apply to a member, or for
22 benefits derived through such member, whose contributing or affiliate
23 membership began on or before June 30, 2005, and whose accumulated
24 contribution balance remains continuously on deposit in the Denver
25 public schools division through the effective date of such member's
26 retirement.

27 (b) Adjusted payments based on survivor benefits that are

1 suspended by reason of the beneficiary not having attained the minimum
2 age requirements provided in sections 24-51-1738 to 24-51-1740 or
3 pursuant to the provisions of the DPS plan document shall not continue
4 to accumulate or accrue during such period of suspension.

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

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

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

22 **SECTION 33.** 24-51-1747 (6) (a), Colorado Revised Statutes, is
23 amended to read:

24 **24-51-1747. Portability between the Denver public schools**
25 **division and the other four divisions within the association.** (6) (a) A
26 person who is a retiree of the Denver public schools retirement system
27 before January 1, 2010, shall not be subject to THE WORKING RETIREE

1 CONTRIBUTIONS OR a benefit reduction due to postretirement employment
2 with an affiliated employer of the association existing before January 1,
3 2010, as long as the retiree continues to be employed by that same
4 employer. A retiree so situated shall be entitled to a second and entirely
5 separate retirement coverage segment under the PERA benefit structure.

6 **SECTION 34.** 24-54.5-105 (2) (a), the introductory portion to
7 24-54.5-105 (2) (b), and 24-54.5-105 (2) (c) (II), (3) (b) (II), and (5),
8 Colorado Revised Statutes, are amended to read:

9 **24-54.5-105. Participation.** (2) (a) Any eligible employee who
10 is not a member, ~~or~~ inactive member, OR RETIREE of the association and
11 who is initially appointed to an eligible position on or after the effective
12 date of the establishment of one or more optional retirement plans at such
13 eligible employee's employing institution shall participate in an optional
14 retirement plan established by the eligible employee's employing
15 institution pursuant to the provisions of this article.

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

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

26 (II) To terminate membership in the association and to require
27 payment by the association of all employee contributions and any accrued

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

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

16 (II) To terminate membership in the association and to require
17 payment by the association of all employee contributions and any accrued
18 interest on such contributions. Such election shall constitute a waiver of
19 all rights and benefits provided by the association except as otherwise
20 provided by the provisions of this article. Within ninety days after receipt
21 of notice of an election to terminate membership pursuant to the
22 provisions of this subparagraph (II), the association shall pay to the
23 employing institution's retirement plan on behalf of the eligible employee
24 an amount equal to the employee's retirement contributions plus accrued
25 interest on such contributions at the rate specified in section 24-51-101
26 (28) (a) through June 30, 1991, and at the rate specified in section
27 24-51-101 (28) (c) after June 30, 1991. THIS SUBPARAGRAPH (II) IS NOT

1 APPLICABLE TO RETIREES OF THE ASSOCIATION.

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

9 **SECTION 35. Specified effective date.** This act shall take effect
10 January 1, 2011, except that the following sections of this act shall take
11 effect upon passage: Section 24-51-101 (6.5), Colorado Revised Statutes,
12 as contained in section 1 of this act; sections 18, 19, 20, 21, and 22;
13 section 24-51-1702 (34), Colorado Revised Statutes, as contained in
14 section 25 of this act; and sections 31, 34, and 35.

15 **SECTION 36. Safety clause.** The general assembly hereby finds,
16 determines, and declares that this act is necessary for the immediate
17 preservation of the public peace, health, and safety.