

Colorado *Legislative Council Staff Fiscal Note*
NO FISCAL IMPACT

Drafting Number: LLS 10-0119 **Date:** January 13, 2010
Prime Sponsor(s): Sen. Williams **Bill Status:** Senate Business, Labor & Technology
Rep. Riesberg; Liston **Fiscal Analyst:** Kerry White (303-866-3469)

TITLE: CONCERNING THE DISCRETION OF THE BOARD OF DIRECTORS OF THE FIRE AND POLICE PENSION ASSOCIATION TO ADOPT RULES REGARDING THE RETURN TO WORK BY A MEMBER PARTICIPATING IN THE DEFINED BENEFIT SYSTEM OF THE ASSOCIATION WHO ELECTS RETIREMENT.

Summary of Legislation

This bill was recommended by the Police Officers' and Firefighters' Pension Reform Commission, a legislative committee, during the 2009 interim.

The bill allows the board of directors of the Fire and Police Pension Association (FPPA) to adopt rules concerning a retired member, receiving benefits under the defined benefit plan, who returns to work for a participating employer. Provided there is no adverse actuarial impact, the board is authorized to adopt rules that:

- suspend benefits for a retired member that returns to work,
- clarify when a retired member returning to work may earn additional service credit and whether benefit distribution resumes when the member separates from that employer, and
- allow members that have reached normal retirement age and separated from service to continue receiving benefits and earn additional retirement benefits in an alternate money purchase plan.

The bill takes effect August 11, 2010, if the General Assembly adjourns on May 12, 2010, as scheduled, and no referendum petition is filed.

Background

FPPA administers a number of pension plans, including a current statewide defined benefit (DB) plan and 54 "old hire" plans with members that joined prior to April 8, 1978. There are less than 200 active members presently enrolled in "old hire" plans. Members of "old hire" plans have historically been free to choose re-employment after retirement, enabling them to receive "old hire" plan benefits and become enrolled in the DB plan or a local money purchase plan through their new employer.

The FPPA passed a temporary rule in 2008 to suspend benefit payments for any retired member returning to work but allowing for additional benefits to accrue during re-employment. The temporary rule currently affects an estimated three individuals, but the board expects a greater number of retirees to return to work for employers participating in the statewide DB plan.

Assessment

This bill is not anticipated to raise employer or member contribution rates, or increase costs for any state entity and is assessed at no fiscal impact.

Departments Contacted

Local Affairs