

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

INTRODUCED

LLS NO. 10-0441.01 Nicole Myers

SENATE BILL 10-001

SENATE SPONSORSHIP

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A BILL FOR AN ACT

101 **CONCERNING MODIFICATIONS TO THE PUBLIC EMPLOYEES'**
102 **RETIREMENT ASSOCIATION NECESSARY TO REACH A ONE**
103 **HUNDRED PERCENT FUNDED RATIO WITHIN THE NEXT THIRTY**
104 **YEARS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

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

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

a sound actuarial response to PERA's current financial situation. The bill makes changes to fully amortize the unfunded actuarial accrued liability of each of PERA's divisions and thereby reach a 100% funded ratio for each division within the next 30 years.

The bill contains the following three main changes and several additional changes to accomplish the 100% funded ratio:

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

The bill makes several modifications to the AED as follows:

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

5%.

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

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

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

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

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

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

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

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

Additional changes for active and inactive PERA members.

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

- ! **Highest Average Salary (HAS).** Currently, a PERA member's HAS is based on an average of the highest annual salaries associated with 3 periods of 12 consecutive months of service with a base year. Current law also imposes either an 8% or 15% cap on the amount of salary increase from one year to the next that will be counted toward the HAS calculation, depending on whether a person was a member, inactive member, or retiree on certain dates. For members who are not yet able to draw a full or reduced service retirement benefit on January 1, 2011, the bill maintains the current 3-year HAS calculation but imposes an 8% cap on the amount of salary increase from one year to the next that will be counted toward the HAS calculation.
- ! **50% employer matching contribution.** Currently, all members who receive a refund of their PERA accounts prior to meeting the age and service requirements for a retirement benefit receive a matching employer contribution that is equal to 50% of the employee contributions in the member's contribution account. The bill eliminates the 50% matching contribution for members who receive a refund when they have fewer than 5 years of earned service credit. Employees who have fewer than 5 years of service credit on the effective date of the bill and who receive a refund of their account will receive the 50% match on any employee contributions made through the effective date of the bill.
- ! **Service retirement eligibility.** A member is currently required to have 30 years of service and to have reached the age of 50 or 55, depending on when the employee began employment with a PERA employer, to retire with a full retirement benefit. This is commonly known as the rule of 80 or the rule of 85, respectively. The bill modifies the age and service requirements for a full service retirement as follows: For existing members with less than 5 years of service credit, the rule of 85 applies with a required minimum age of 55 to retire. For members hired on or after January 1, 2011, but prior to January 1, 2017, the bill creates a new rule of 88 by requiring members to have 30 years of service and to have reached the age of 58 to retire with a full retirement benefit. For members hired on or after January 1, 2017, the bill creates a new rule of 90 by

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

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

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

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

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

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

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

- ! **Benefit calculation for service earned after retirement.** The bill prevents retirees who suspend their retirement benefit and return to work for a PERA employer from adding service credit to their original retirement benefit. Instead, the bill requires that each period of service for a PERA employer after retirement be calculated as a separate benefit segment under the benefit structure that was in place when the retiree originally retired. If the retiree works for at least a year, the retiree is entitled to an additional benefit upon re-retirement or can choose a refund of any moneys credited to the member's contribution account during the period that the retiree worked after retirement, plus the applicable employer matching contribution. If the retiree works for less than a year, the retiree is entitled to the refund only.

- ! **Optional retirement plan.** The bill allows a retiree working for an institution of higher education to suspend retirement benefits and return to PERA membership pursuant to PERA laws. In addition, the bill specifies that a retiree in an optional retirement plan who has returned to work at an institution of higher education without suspending his or her benefit is not subject to the working retiree contribution.

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

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

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

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

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

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

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

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

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

1 DEPOSITED IN THE MEMBER CONTRIBUTION ACCOUNT.

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

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

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

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

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

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

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

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

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

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

24-51-401. Employer and member contributions.

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

TABLE A

CONTRIBUTION RATES

Division	Membership	Employer Rate	Member Rate
State	All Members	10.15%	8.0%
	Except		
	State Troopers	12.85%	10.0%
School	All Members	10.15%	8.0%
	1/1/2006 through	10.15%	8.0%
	12/31/2012		
	1/1/2013 and thereafter	10.55%	8.0%
	ALL MEMBERS	10.15%	8.0%
Local			
	Government	All Members	10.0%
Judicial	All Members	13.66%	8.0%
DPS	1/1/2010 through	13.75%	8.0%
	12/31/2012		
	1/1/2013 and	14.15%	8.0%

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thereafter

ALL MEMBERS 13.75% 8.0%

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

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

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

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

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

24-51-408. Matching employer contributions. (2) For

members who HAVE FIVE OR MORE YEARS OF EARNED SERVICE CREDIT AND receive a refund prior to sixty-five years of age and prior to meeting the age and service requirements for a service or reduced service retirement benefit, the amount of matching employer contributions paid shall be one-half of an amount equal to the member contribution account

1 less:

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

10 LESS:

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

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

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

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

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

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

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

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

18 (3) FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2013, FOR
19 EMPLOYERS IN THE SCHOOL, STATE, AND DENVER PUBLIC SCHOOLS
20 DIVISIONS, THE AMORTIZATION EQUALIZATION DISBURSEMENT PAYMENT
21 SHALL INCREASE BY FOUR-TENTHS OF ONE PERCENT OF TOTAL PAYROLL AT
22 THE START OF EACH OF THE CALENDAR YEARS THROUGH 2017. FOR
23 PURPOSES OF THIS SECTION, THE EMPLOYER'S TOTAL PAYROLL SHALL BE
24 CALCULATED BY APPLYING THE DEFINITION OF SALARY, PURSUANT TO
25 SECTION 24-51-101 (42), TO THE PAYROLL FOR ALL EMPLOYEES WORKING
26 FOR THE EMPLOYER WHO ARE MEMBERS OF THE ASSOCIATION, OR WHO
27 WERE ELIGIBLE TO ELECT TO BECOME MEMBERS OF THE ASSOCIATION ON

1 OR AFTER JANUARY 1, 2006, INCLUDING ANY AMOUNTS PAID IN
2 CONNECTION WITH THE EMPLOYMENT OF A RETIREE BY AN EMPLOYER
3 PURSUANT TO SECTION 24-51-1101 (2).

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

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

25 (6) FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2014, FOR
26 EMPLOYERS IN THE SCHOOL, STATE, AND DENVER PUBLIC SCHOOLS
27 DIVISIONS, THE SUPPLEMENTAL AMORTIZATION EQUALIZATION

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

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

16 ~~(3.5)~~ (8) The amortization equalization disbursement and the
17 supplemental amortization equalization disbursement payments by all
18 EMPLOYERS IN THE STATE, SCHOOL, AND DENVER PUBLIC SCHOOLS
19 divisions shall continue AT THE RATE SPECIFIED IN SUBSECTIONS (3) AND
20 (6) OF THIS SECTION until adjusted pursuant to this ~~subsection (3.5)~~
21 SUBSECTION (8). When the actuarial funded ratio of a particular THE
22 STATE, SCHOOL, OR DENVER PUBLIC SCHOOLS division of the association,
23 BASED ON THE ACTUARIAL VALUE OF ASSETS, is AT OR ABOVE one hundred
24 THREE percent as determined in the annual actuarial study of the
25 association, ~~the actuary shall determine the amount by which the~~ OF THE
26 amortization equalization disbursement and supplemental amortization
27 equalization disbursement ~~can~~ SHALL be reduced, in equal parts, for that

1 particular division and still maintain the actuarial funded ratio of that
2 division at one hundred percent. The amortization equalization
3 disbursement and supplemental amortization equalization disbursement
4 shall be reduced for that division in the amounts determined by the
5 actuary effective January 1 of the following year. At such time as a
6 division is determined in the annual actuarial valuation to have reached
7 a thirty-year or less amortization period of its unfunded liabilities, the
8 board shall cause to be conducted an actuarial study to assess the
9 amortization equalization disbursement and the supplemental
10 amortization equalization disbursement, and the board may make
11 appropriate recommendations to the general assembly BY ONE-HALF OF
12 ONE PERCENT EACH. IF THE ACTUARIAL FUNDED RATIO OF THE DIVISION
13 BASED ON THE ACTUARIAL VALUE OF ASSETS REACHES ONE HUNDRED
14 THREE PERCENT AND SUBSEQUENTLY THE ACTUARIAL FUNDED RATIO OF
15 THE DIVISION IS BELOW NINETY PERCENT, THE AMORTIZATION
16 EQUALIZATION DISBURSEMENT AND SUPPLEMENTAL AMORTIZATION
17 EQUALIZATION DISBURSEMENT SHALL BE INCREASED BY ONE-HALF OF ONE
18 PERCENT EACH; EXCEPT THAT, AT NO TIME SHALL THE AMORTIZATION
19 EQUALIZATION DISBURSEMENT OR THE SUPPLEMENTAL AMORTIZATION
20 EQUALIZATION DISBURSEMENT EXCEED FIVE PERCENT EACH.

21 (9) THE AMORTIZATION EQUALIZATION DISBURSEMENT AND THE
22 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT PAYMENTS
23 BY EMPLOYERS IN THE LOCAL GOVERNMENT DIVISION AND JUDICIAL
24 DIVISION SHALL CONTINUE AT THE RATE SPECIFIED IN SUBSECTIONS (4)
25 AND (7) OF THIS SECTION UNTIL ADJUSTED PURSUANT TO THIS SUBSECTION
26 (9). WHEN THE ACTUARIAL FUNDED RATIO OF THE LOCAL GOVERNMENT
27 DIVISION OR JUDICIAL DIVISION OF THE ASSOCIATION, BASED ON THE

1 ACTUARIAL VALUE OF THE ASSETS, IS AT OR ABOVE ONE HUNDRED THREE
2 PERCENT AS DETERMINED IN THE ANNUAL ACTUARIAL STUDY OF THE
3 ASSOCIATION, THE AMOUNT OF THE AMORTIZATION EQUALIZATION
4 DISBURSEMENT AND SUPPLEMENTAL AMORTIZATION EQUALIZATION
5 DISBURSEMENT SHALL BE REDUCED FOR EMPLOYERS IN THAT PARTICULAR
6 DIVISION BY ONE-HALF OF ONE PERCENT EACH. IF THE ACTUARIAL FUNDED
7 RATIO OF THE DIVISION BASED ON THE ACTUARIAL VALUE OF THE ASSETS
8 REACHES NINETY PERCENT AND SUBSEQUENTLY THE ACTUARIAL FUNDED
9 RATIO OF THE DIVISION IS BELOW NINETY PERCENT, THE AMORTIZATION
10 EQUALIZATION DISBURSEMENT AND SUPPLEMENTAL AMORTIZATION
11 EQUALIZATION DISBURSEMENT SHALL BE INCREASED BY ONE-HALF OF ONE
12 PERCENT EACH; EXCEPT THAT, AT NO TIME SHALL THE AMORTIZATION
13 EQUALIZATION DISBURSEMENT OR THE SUPPLEMENTAL AMORTIZATION
14 EQUALIZATION DISBURSEMENT EXCEED FIVE PERCENT EACH.

15 ~~(3.7)~~ (10) For state employers in the state division, for the
16 2007-08 state fiscal year and for each fiscal year through the ~~2012-13~~
17 2016-17 state fiscal year, from the amount of changes to state employees'
18 salaries and any adjustments to the annual general appropriation act
19 pursuant to section 24-50-104, an amount equal to one-half of one percent
20 of total salary shall be deducted and such amount shall be utilized by the
21 employer to fund the supplemental amortization equalization
22 disbursement. For the school, local government, judicial, and Denver
23 public schools divisions, and the remaining employers in the state
24 division who are not state employers, the supplemental amortization
25 equalization disbursement shall, to the extent permitted by law, be funded
26 by allocation of funds otherwise available for use as employee
27 compensation increases prior to award as salary or other compensation to

1 employees.

2 ~~(4) (11) Any reduction in the amortization equalization~~
3 ~~disbursement and in the supplemental amortization equalization~~
4 ~~disbursement pursuant to subsection (3.5) of this section shall be~~
5 ~~irrevocable. If the disbursements become no longer necessary pursuant~~
6 ~~to subsection (3.5) of this section, then the association shall notify the~~
7 ~~revisor of statutes to repeal this section. Moneys made available due to~~
8 ~~any reduction in the supplemental amortization equalization disbursement~~
9 ~~pursuant to subsection (3.5) SUBSECTION (8) OR (9) of this section,~~
10 ~~WHICHEVER IS APPLICABLE, shall, to the extent permitted by law, be~~
11 ~~allocated to employee compensation increases to the extent such source~~
12 ~~was originally used by an employer to fund the supplemental amortization~~
13 ~~equalization disbursement.~~

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

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

18 **24-51-501. Earned service credit.** (1) Service credit is earned
19 for periods of employment with an employer during which salary is
20 received by such employee and contributions are made to the association
21 pursuant to the provisions of section 24-51-401 (1.7). NO SERVICE
22 CREDIT SHALL BE EARNED IN CONNECTION WITH THE PAYMENT OF
23 WORKING RETIREE CONTRIBUTIONS.

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

26 **24-51-509. Combining service credit.** Service credit earned by
27 a member during the most recent period of membership shall be

1 combined with the service credit associated with the existing member
2 contribution account of such member. Notwithstanding the provisions of
3 this section, members exercising portability between the Denver public
4 schools division and other association divisions are governed by the
5 provisions of section 24-51-1747, RETIREES SUSPENDING RETIREMENT OR
6 REDUCED SERVICE RETIREMENT BENEFITS ARE GOVERNED BY SECTION
7 24-51-1103 (1), AND DPS RETIREES SUSPENDING RETIREMENT BENEFITS
8 ARE GOVERNED BY SECTION 24-51-1726.5.

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

12 **24-51-602. Service retirement eligibility.** (1) (a) Members,
13 except state troopers, WHO HAVE FIVE YEARS OF SERVICE CREDIT AS OF
14 JANUARY 1, 2011, AND who have met the age and service credit
15 requirements stated in the following table shall, upon written application
16 and approval of the board, receive service retirement benefits pursuant to
17 the benefit formula set forth in section 24-51-603 (1) (a), (2), and (3):

18 **TABLE B**

19 **SERVICE RETIREMENT ELIGIBILITY**

20	Age Requirement	Service Credit Requirement
21	(years)	(years)
22	50	30
23	60	20
24	65	5

25 (a.5) Notwithstanding paragraph (a) of this subsection (1), any
26 person except a state trooper WHO HAD FIVE YEARS OF SERVICE CREDIT AS
27 OF JANUARY 1, 2011, AND who was not a member, inactive member, or

1 retiree on June 30, 2005, but was a member, inactive member, or retiree
 2 on December 31, 2006, shall, upon written application and approval of
 3 the board, receive service retirement benefits pursuant to the benefit
 4 formula set forth in section 24-51-603 (1) (a), (2), and (3) if the member
 5 has met the age and service credit requirements stated in the following
 6 table:

7 **TABLE B.05**

8 **SERVICE RETIREMENT ELIGIBILITY**

9	Age Requirement	Service Credit Requirement
10	(years)	(years)
11	Any age	35
12	55	30
13	60	20
14	65	5

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

25 **TABLE B.07**

26 **SERVICE RETIREMENT ELIGIBILITY**

27	Age Requirement	Service Credit Requirement
----	------------------------	-----------------------------------

1	(years)	(years)
2	Any age	35
3	55	30
4	60	25
5	65	5

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

10 **TABLE B.1**

11 **SERVICE RETIREMENT ELIGIBILITY**

12	Age Requirement	Service Credit Requirement
13	(years)	(years)
14	Any age	30
15	50	25
16	55	20
17	65	5

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

26 (d) Members who were not members, inactive members, or
27 retirees on December 31, 2006, BUT WHO WERE MEMBERS, INACTIVE

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

11 (1.5) (a) MEMBERS, EXCEPT STATE TROOPERS, WHO WERE NOT
12 MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2010, BUT
13 WHO WERE MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31,
14 2016, AND WHO HAVE MET THE AGE AND SERVICE REQUIREMENTS STATED
15 IN THE FOLLOWING TABLE SHALL, UPON WRITTEN APPLICATION AND
16 APPROVAL OF THE BOARD, RECEIVE SERVICE RETIREMENT BENEFITS
17 PURSUANT TO THE BENEFIT FORMULA SET FORTH IN SECTION 24-51-603:

18 **TABLE B.2**

19 **SERVICE RETIREMENT ELIGIBILITY**

20	AGE REQUIREMENT	SERVICE CREDIT REQUIREMENT
21	(YEARS)	(YEARS)
22	ANY AGE	35
23	58	30
24	65	5

25 (b) MEMBERS WHO ARE ELIGIBLE FOR A BENEFIT PURSUANT TO
26 THIS SUBSECTION (1.5) AND WHO ARE FIFTY-EIGHT YEARS OF AGE OR
27 OLDER SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF THE BOARD,

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

7 (1.7) (a) MEMBERS WHO WERE NOT MEMBERS, INACTIVE MEMBERS,
8 OR RETIREES ON DECEMBER 31, 2016, WHO HAVE MET THE AGE AND
9 SERVICE REQUIREMENTS STATED IN THE FOLLOWING TABLE SHALL, UPON
10 WRITTEN APPLICATION AND APPROVAL OF THE BOARD, RECEIVE SERVICE
11 RETIREMENT BENEFITS PURSUANT TO THE BENEFIT FORMULA SET FORTH IN
12 SECTION 24-51-603:

13 **TABLE B.3**

14 **SERVICE RETIREMENT ELIGIBILITY**

15	AGE REQUIREMENT	SERVICE CREDIT REQUIREMENT
16	(YEARS)	(YEARS)
17	ANY AGE	35
18	60	30
19	65	5

20 (b) MEMBERS WHO ARE ELIGIBLE FOR A BENEFIT PURSUANT TO
21 THIS SUBSECTION (1.7) AND WHO ARE SIXTY YEARS OF AGE OR OLDER
22 SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF THE BOARD,
23 RECEIVE SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT
24 FORMULA SET FORTH IN SECTION 24-51-603, WITHOUT REDUCTION
25 PURSUANT TO SECTION 24-51-604, IF THEY HAVE AT LEAST FIVE YEARS OF
26 SERVICE CREDIT AND IF THE NUMBER OF YEARS OF THEIR AGE PLUS THE
27 NUMBER OF YEARS OF THEIR SERVICE CREDIT EQUALS NINETY YEARS OR

1 MORE.

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

4 **SECTION 12.** The introductory portion to 24-51-603 (1) (a) and
5 24-51-603 (3) (a), Colorado Revised Statutes, are amended to read:

6 **24-51-603. Benefit formula for service retirement.**

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

13 (3) (a) Regardless of total years of service credit, the option 1
14 benefit OR OPTION A BENEFIT, WHICHEVER IS APPLICABLE, calculated
15 pursuant to the provisions of this part 6 shall not exceed an amount equal
16 to one hundred percent of the highest average salary, nor shall the option
17 1 benefit OR OPTION A BENEFIT, WHICHEVER IS APPLICABLE, exceed the
18 maximum permitted under federal income tax law.

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

21 **24-51-604. Reduced service retirement eligibility.** DPS

22 MEMBERS WITH LESS THAN FIVE YEARS OF SERVICE CREDIT AS OF JANUARY
23 1, 2011, AND members who have met the age and service credit
24 requirements stated in the following table and who do not meet the
25 requirements of section 24-51-602 shall, upon written application and
26 approval of the board, receive reduced service retirement benefits
27 pursuant to the benefit formula set forth in section 24-51-605:

1 **SECTION 14.** 24-51-605 (1) and the introductory portion to
2 24-51-605 (3), Colorado Revised Statutes, are amended, and the said
3 24-51-605 is further amended BY THE ADDITION OF A NEW
4 SUBSECTION, to read:

5 **24-51-605. Benefit formula for reduced service retirement.**

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

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

23 (I) Three percent for each year and a proportional percentage for
24 each fraction of a year from the effective date of reduced service
25 retirement to the date the member would have reached sixty years of age,
26 or the date the member would have become eligible for a service
27 retirement pursuant to the provisions of section 24-51-602 (1), if earlier

1 than sixty years of age; and

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

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

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

26 (4) FOR A MEMBER, DPS MEMBER, OR INACTIVE MEMBER WHO IS
27 NOT ELIGIBLE FOR A RETIREMENT BENEFIT AS OF JANUARY 1, 2011, THE

1 FOLLOWING PROVISIONS SHALL APPLY:

2 (a) FOR A MEMBER OR INACTIVE MEMBER WHO RETIRES PRIOR TO
3 REACHING ELIGIBILITY FOR A FULL SERVICE RETIREMENT BENEFIT
4 PURSUANT TO SECTION 24-51-602, A REDUCED SERVICE RETIREMENT
5 BENEFIT SHALL BE THE OPTION 1 BENEFIT FOR SERVICE RETIREMENT, AS
6 CALCULATED ACCORDING TO THE FORMULA SET FORTH IN SECTION
7 24-51-603, REDUCED BY AN ACTUARIALLY DETERMINED PERCENTAGE TO
8 ENSURE THAT, AS OF THE EFFECTIVE DATE OF RETIREMENT, THE BENEFIT
9 IS THE ACTUARIAL EQUIVALENT OF THE SERVICE RETIREMENT BENEFIT.

10 (b) FOR A DPS MEMBER WHO RETIRES PRIOR TO REACHING
11 ELIGIBILITY FOR RETIREMENT PURSUANT TO SECTION 24-51-1713 OR
12 24-51-602, WHICHEVER IS APPLICABLE, A RETIREMENT WITH AN
13 ACTUARIAL REDUCTION SHALL BE THE OPTION A BENEFIT AS CALCULATED
14 ACCORDING TO THE FORMULA SET FORTH IN SECTION 24-51-1715 (1)(a)(I)
15 OR 24-51-603, WHICHEVER IS APPLICABLE, REDUCED BY AN ACTUARIALLY
16 DETERMINED PERCENTAGE TO ENSURE THAT THE BENEFIT, AS OF THE
17 EFFECTIVE DATE OF RETIREMENT, IS THE ACTUARIAL EQUIVALENT OF THE
18 RETIREMENT BENEFIT WITHOUT AN ACTUARIAL REDUCTION.

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

21 **24-51-606.5. Indexation of benefits for vested inactive**
22 **members.** A vested inactive member who was a member or inactive
23 member on December 31, 2006, WHO HAS REACHED THE AGE AND
24 SERVICE REQUIREMENTS FOR A SERVICE OR REDUCED SERVICE
25 RETIREMENT BENEFIT ON OR BEFORE JANUARY 1, 2011, AND who has at
26 least twenty-five years of service credit prior to terminating membership
27 shall be eligible, upon retirement, for a benefit, as calculated pursuant to

1 the provisions of section 24-51-603 or 24-51-605, which has been
2 increased by the annual increase specified in sections 24-51-1001 to
3 24-51-1003, from the date of termination of membership or July 1, 1993,
4 whichever is later, to the effective date of retirement.

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

7 **24-51-802. Change in option or cobeneficiary.** (2) The election
8 of an option or the designation of a cobeneficiary may be changed if the
9 retiree returns to membership and thereafter earns one year of service
10 credit; HOWEVER, A MEMBER WHOSE RETIREMENT OR REDUCED SERVICE
11 RETIREMENT BENEFITS ARE IN SEPARATE BENEFIT SEGMENTS PURSUANT TO
12 SECTION 24-51-1103 (1.5) SHALL ELECT THE SAME OPTION AND DESIGNATE
13 THE SAME COBENEFICIARY FOR ALL OF HIS OR HER SEPARATE BENEFIT
14 SEGMENTS.

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

17 **24-51-908. Survivor benefits.** (1) Survivor benefits paid to a
18 cobeneficiary pursuant to the provisions of section 24-51-906 (1) (a) shall
19 be calculated in the same manner as option 3 benefits pursuant to the
20 provisions of section 24-51-910. Survivor benefits paid to a surviving
21 spouse pursuant to the provisions of section 24-51-905 (2) (a) shall be
22 calculated in the same manner as option 3 benefits pursuant to the
23 provisions of section 24-51-910, and if the deceased vested inactive
24 member had at least twenty-five years of service credit AND WAS ELIGIBLE
25 FOR A RETIREMENT BENEFIT ON OR BEFORE JANUARY 1, 2011, such
26 benefits shall be increased by the annual increase specified in sections
27 24-51-1001 to 24-51-1003, from the date of termination of membership

1 or July 1, 1993, whichever is later, to the date benefits commence.

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

5 **24-51-1001. Types of benefit increases.** (1) For benefit
6 recipients whose benefits are based on the account of a member who was
7 a member, inactive member, or retiree on December 31, 2006, OR FOR
8 BENEFIT RECIPIENTS WHOSE BENEFITS ARE BASED ON THE ACCOUNT OF A
9 DPS MEMBER OR DPS RETIREE, annual increases in retirement benefits
10 and survivor benefits shall ~~occur on March 1 if said benefits have been~~
11 ~~paid for at least three months preceding March 1~~ BE EFFECTIVE WITH THE
12 JULY BENEFIT. Such increases in benefits shall be calculated in
13 accordance with the provisions of sections 24-51-1002 and 24-51-1003
14 and shall be paid from the ~~division trust funds~~. RETIREMENT BENEFITS
15 RESERVE OR THE SURVIVOR BENEFITS RESERVE, AS APPROPRIATE, SO LONG
16 AS THE FOLLOWING REQUIREMENTS ARE SATISFIED:

17 (a) FOR BENEFIT RECIPIENTS WHOSE BENEFIT IS BASED ON A
18 RETIREE OR DPS RETIREE WHOSE EFFECTIVE DATE OF RETIREMENT IS
19 PRIOR TO JANUARY 1, 2011, OR WHOSE SURVIVOR BENEFITS ARE BASED ON
20 A DATE OF DEATH THAT OCCURRED PRIOR TO JANUARY 1, 2011, THE
21 BENEFITS HAVE BEEN PAID TO THE BENEFIT RECIPIENT FOR AT LEAST SEVEN
22 MONTHS PRECEDING JULY 1.

23 (b) FOR BENEFIT RECIPIENTS WHOSE BENEFIT IS BASED ON A
24 RETIREE OR DPS RETIREE WHOSE EFFECTIVE DATE OF RETIREMENT IS ON
25 OR AFTER JANUARY 1, 2011, OR WHOSE SURVIVOR BENEFITS ARE BASED ON
26 A DATE OF DEATH THAT IS ON OR AFTER JANUARY 1, 2011, THE BENEFITS
27 HAVE BEEN PAID TO THE BENEFIT RECIPIENT FOR THE TWELVE MONTHS

1 PRIOR TO JULY 1, AND FOR BENEFIT RECIPIENTS WHOSE BENEFIT IS BASED
2 UPON A RETIREE OR DPS RETIREE WHO WAS NOT ELIGIBLE TO RETIRE AS OF
3 JANUARY 1, 2011, THE RETIREE MET THE FOLLOWING REQUIREMENTS:

4 (I) FOR DPS MEMBERS WITH FIVE OR MORE YEARS OF SERVICE
5 CREDIT AS OF JANUARY 1, 2011, AND FOR MEMBERS WHO BEGAN
6 MEMBERSHIP PRIOR TO JULY 1, 2005, AND HAVE FIVE OR MORE YEARS OF
7 SERVICE CREDIT AS OF JANUARY 1, 2011, THE RETIREE RETIRED WITH A
8 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602 OR
9 24-51-1713, WHICHEVER IS APPLICABLE, OR RETIRED WITH A REDUCED
10 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 OR
11 24-51-1714, WHICHEVER IS APPLICABLE, BUT HAS, AS OF JANUARY 1,
12 ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT WHEN COMBINED
13 TOTAL AT LEAST EIGHTY YEARS, OR RETIRED WITH A REDUCED SERVICE
14 RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF
15 JANUARY 1, ATTAINED THE AGE OF SIXTY;

16 (II) FOR MEMBERS WHO BEGAN MEMBERSHIP ON OR AFTER JULY 1,
17 2005, BUT PRIOR TO JANUARY 1, 2007, THE RETIREE RETIRED WITH A
18 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602, OR
19 RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO
20 SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND
21 SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST
22 EIGHTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT
23 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
24 ATTAINED THE AGE OF SIXTY; OR

25 (III) FOR DPS MEMBERS WITH LESS THAN FIVE YEARS OF SERVICE
26 CREDIT AS OF JANUARY 1, 2011, AND FOR MEMBERS WHOSE MEMBERSHIP
27 BEGAN PRIOR TO JANUARY 1, 2007, WITH LESS THAN FIVE YEARS OF

1 SERVICE CREDIT AS OF JANUARY 1, 2011, THE RETIREE RETIRED WITH A
2 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602, OR
3 RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO
4 SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND
5 SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST
6 EIGHTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT
7 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
8 ATTAINED THE AGE OF SIXTY.

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

11 (3) For benefit recipients whose benefits are based on the account
12 of a member who was not a member, inactive member, or retiree on
13 December 31, 2006, annual increases in retirement benefits and survivor
14 benefits, if any, shall be effective with the July benefit in accordance with
15 the provisions of section 24-51-1009 and shall be paid from the
16 retirement benefits reserve or the survivor benefits reserve, as
17 appropriate, so long as the following requirements are satisfied:

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

27 (II) FOR MEMBERS WHOSE MEMBERSHIP BEGAN ON OR AFTER

1 JANUARY 1, 2011, BUT PRIOR TO JANUARY 1, 2017, THE RETIREE RETIRED
2 WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602,
3 OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO
4 SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND
5 SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST
6 EIGHTY-EIGHT YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT
7 BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1,
8 ATTAINED THE AGE OF SIXTY; OR

9 (III) FOR MEMBERS WHOSE MEMBERSHIP BEGAN ON OR AFTER
10 JANUARY 1, 2017, THE RETIREE RETIRED WITH A SERVICE RETIREMENT
11 BENEFIT PURSUANT TO SECTION 24-51-602, OR RETIRED WITH A REDUCED
12 SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS,
13 AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT
14 WHEN COMBINED TOTAL AT LEAST NINETY YEARS, OR RETIRED WITH A
15 REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604
16 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY.

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

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

21 **24-51-1002. Annual percentages to be used.** (1) FOR BENEFIT
22 RECIPIENTS WHOSE BENEFITS ARE BASED ON THE ACCOUNT OF A MEMBER
23 WHO WAS A MEMBER, INACTIVE MEMBER, OR RETIREE ON DECEMBER 31,
24 2006, OR FOR BENEFIT RECIPIENTS WHOSE BENEFITS ARE BASED ON THE
25 ACCOUNT OF A DPS MEMBER OR DPS RETIREE, THE INCREASE APPLIED TO
26 BENEFITS FOR THE YEARS 2010 AND 2011 SHALL BE AS FOLLOWS:

27 (a) FOR THE YEAR 2010, THE LESSER OF TWO PERCENT OR THE

1 ACTUAL INCREASE, TO THE NEAREST ONE-TENTH OF A PERCENT, AS
2 CALCULATED BY THE UNITED STATES DEPARTMENT OF LABOR, IN THE
3 NATIONAL CONSUMER PRICE INDEX FOR URBAN WAGE EARNERS AND
4 CLERICAL WORKERS FOR THE PERIOD OF JANUARY 2008 TO JANUARY 2009;

5 (b) FOR THE YEAR 2011, THE LESSER OF TWO PERCENT OR THE
6 AVERAGE OF THE ANNUAL INCREASES DETERMINED FOR EACH MONTH, TO
7 THE NEAREST ONE-TENTH OF A PERCENT, AS CALCULATED BY THE UNITED
8 STATES DEPARTMENT OF LABOR, IN THE NATIONAL CONSUMER PRICE
9 INDEX FOR URBAN WAGE EARNERS AND CLERICAL WORKERS FOR EACH OF
10 THE MONTHS IN THE 2009 CALENDAR YEAR.

11 (2) BEGINNING IN THE YEAR 2012, SUBJECT TO THE PROVISIONS OF
12 SECTION 24-51-1009.5, FOR BENEFIT RECIPIENTS WHOSE BENEFITS ARE
13 BASED ON THE ACCOUNT OF A MEMBER WHO WAS A MEMBER, INACTIVE
14 MEMBER, OR RETIREE ON DECEMBER 31, 2006, OR FOR BENEFIT RECIPIENTS
15 WHOSE BENEFITS ARE BASED ON THE ACCOUNT OF A DPS MEMBER OR DPS
16 RETIREE, THE INCREASE APPLIED TO BENEFITS PAID SHALL BE THE LESSER
17 OF TWO PERCENT OR THE AVERAGE OF THE ANNUAL INCREASES
18 DETERMINED FOR EACH MONTH, TO THE NEAREST ONE-TENTH OF A
19 PERCENT, AS CALCULATED BY THE UNITED STATES DEPARTMENT OF
20 LABOR, IN THE NATIONAL CONSUMER PRICE INDEX FOR URBAN WAGE
21 EARNERS AND CLERICAL WORKERS DURING THE CALENDAR YEAR
22 PRECEDING THE INCREASE IN THE BENEFIT. NOTWITHSTANDING THE
23 PROVISIONS OF THIS SUBSECTION (2), THE INCREASE SHALL BE THE
24 MAXIMUM PERMITTED UNDER THIS SUBSECTION (2) AND SECTION
25 24-51-1009.5 UNLESS THE ASSOCIATION'S ANNUAL AUDITED RETURN ON
26 INVESTMENTS IS NEGATIVE FOR THE PRECEDING CALENDAR YEAR, AT
27 WHICH POINT THE ANNUAL INCREASE FOR THE SUBSEQUENT THREE YEARS

1 SHALL BE THE LESSER OF TWO PERCENT OR THE AVERAGE OF THE ANNUAL
2 INCREASES DETERMINED FOR EACH MONTH, TO THE NEAREST ONE-TENTH
3 OF A PERCENT, AS CALCULATED BY THE UNITED STATES DEPARTMENT OF
4 LABOR, IN THE NATIONAL CONSUMER PRICE INDEX FOR URBAN WAGE
5 EARNERS AND CLERICAL WORKERS DURING THE CALENDAR YEAR
6 PRECEDING THE INCREASE IN THE BENEFIT. THE INCREASE APPLIED TO
7 SUCH BENEFITS SHALL BE RECALCULATED ANNUALLY AS OF JULY 1, AND
8 SHALL BE THE COMPOUNDED ANNUAL PERCENTAGE OF THE ANNUAL
9 INCREASES APPLIED TO SUCH BENEFITS. IN THE FIRST YEAR THAT THE
10 BENEFIT RECIPIENT IS ELIGIBLE TO RECEIVE AN ANNUAL INCREASE
11 PURSUANT TO SECTION 24-51-1001, THE ANNUAL INCREASE SHALL BE
12 PRORATED.

13 (3) BENEFITS FOR VESTED INACTIVE MEMBERS WITH AT LEAST
14 TWENTY-FIVE YEARS OF SERVICE CREDIT AND BENEFITS FOR SURVIVORS OF
15 DECEASED VESTED INACTIVE MEMBERS WHO HAD AT LEAST TWENTY-FIVE
16 YEARS OF SERVICE CREDIT SHALL BE INCREASED BY THE ANNUAL
17 INCREASE SPECIFIED IN THIS SECTION AND SECTIONS 24-51-1001 AND
18 24-51-1003 UNDER PRIOR LAW FROM THE DATE OF TERMINATION OF
19 MEMBERSHIP OR JULY 1, 1993, WHICHEVER IS LATER, TO MARCH 1, 2009,
20 OR THE DATE BENEFITS COMMENCE, WHICHEVER IS EARLIER. THIS
21 SUBSECTION (3) SHALL ONLY APPLY TO MEMBERS AND INACTIVE MEMBERS
22 WHO ARE ELIGIBLE TO RECEIVE A RETIREMENT BENEFIT AS OF JANUARY 1,
23 2011.

24 (4) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (1) OF
25 THIS SECTION, THE INCREASE, IF ANY, APPLIED TO THE BENEFITS OF
26 PERSONS WHOSE BENEFITS ARE BASED ON THE ACCOUNT OF A MEMBER
27 WHO WAS NOT A MEMBER, INACTIVE MEMBER, OR RETIREE ON DECEMBER

1 31, 2006, WILL BE CALCULATED AND PAID IN ACCORDANCE WITH SECTION
2 24-51-1009.

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

5 **24-51-1003. Annual increases in the base benefit.** The
6 percentage recalculated pursuant to the provisions of section 24-51-1002
7 shall be multiplied by the base benefit OR RETIREMENT ALLOWANCE AS
8 DEFINED IN SECTION 24-51-1702 (34), WHICHEVER IS APPLICABLE, to
9 determine the increased benefit. In no case shall the benefit paid be less
10 than the base benefit OR RETIREMENT ALLOWANCE, WHICHEVER IS
11 APPLICABLE.

12 **SECTION 21.** The introductory portion to 24-51-1009 (4) and
13 24-51-1009 (4) (a) and (4) (b), Colorado Revised Statutes, are amended,
14 and the said 24-51-1009 is further amended BY THE ADDITION OF A
15 NEW SUBSECTION, to read:

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

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

1 (b) SUBJECT TO THE PROVISIONS OF SUBSECTION (4.5) OF THIS
2 SECTION, a permanent increase of current benefits payable to benefit
3 recipients then eligible for an annual increase in accordance with section
4 24-51-1001 (3) that is equal to the actual increase, as calculated by the
5 United States department of labor, in the national consumer price index
6 for urban wage earners and clerical workers for the year associated with
7 the actuarial valuation of the annual increase reserve; or

8 (4.5) (a) FOR THE YEAR 2010, THE ASSOCIATION SHALL USE THE
9 ACTUAL INCREASE TO THE NEAREST ONE-TENTH OF A PERCENT AS
10 CALCULATED BY THE UNITED STATES DEPARTMENT OF LABOR, IN THE
11 NATIONAL CONSUMER PRICE INDEX FOR URBAN WAGE EARNERS AND
12 CLERICAL WORKERS FOR THE PERIOD OF JANUARY 2008 TO JANUARY 2009.

13 (b) FOR THE YEAR 2011, THE ASSOCIATION SHALL USE THE
14 AVERAGE OF THE ANNUAL INCREASES DETERMINED FOR EACH MONTH, TO
15 THE NEAREST ONE-TENTH OF A PERCENT, AS CALCULATED BY THE UNITED
16 STATES DEPARTMENT OF LABOR, IN THE NATIONAL CONSUMER PRICE
17 INDEX FOR URBAN WAGE EARNERS AND CLERICAL WORKERS FOR EACH OF
18 THE MONTHS IN THE 2009 CALENDAR YEAR.

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

22 **24-51-1009.5. Annual increase amount changes.** WHEN THE
23 ACTUARIAL FUNDED RATIO OF THE ASSOCIATION, BASED ON THE
24 ACTUARIAL VALUE OF ASSETS, IS AT OR ABOVE ONE HUNDRED THREE
25 PERCENT AS DETERMINED IN THE ANNUAL ACTUARIAL STUDY OF THE
26 ASSOCIATION, THE UPPER LIMIT OF THE ANNUAL INCREASE SHALL BE
27 INCREASED BY ONE-QUARTER OF ONE PERCENT. IF THE ACTUARIAL

1 FUNDED RATIO OF THE ASSOCIATION, BASED ON THE ACTUARIAL VALUE OF
2 ASSETS, REACHES ONE HUNDRED THREE PERCENT AND SUBSEQUENTLY ANY
3 ANNUAL ACTUARIAL STUDY REFLECTS THE ACTUARIAL FUNDED RATIO OF
4 THE ASSOCIATION, BASED ON THE ACTUARIAL VALUE OF ASSETS, IS BELOW
5 NINETY PERCENT, THE UPPER LIMIT OF THE ANNUAL INCREASE SHALL BE
6 DECREASED BY ONE-QUARTER OF ONE PERCENT. AT NO TIME SHALL THE
7 UPPER LIMIT OF THE ANNUAL INCREASE FALL BELOW TWO PERCENT.

8 **SECTION 23.** The introductory portion to 24-51-1101 (1) and
9 24-51-1101 (2), Colorado Revised Statutes, are amended, and the said
10 24-51-1101 is further amended BY THE ADDITION OF A NEW
11 SUBSECTION, to read:

12 **24-51-1101. Employment after service retirement.** (1) Except
13 as otherwise provided in ~~subsection (1.5) or (1.7)~~ SUBSECTION (1.8) of
14 this section or part 17 of this article, a service retiree from any division
15 may be employed by an employer, whether or not in a position subject to
16 membership, and receive a salary without reduction in benefits if the
17 service retiree has not worked for any employer, as defined in section
18 24-51-101 (20), during the month of the effective date of retirement, and
19 if:

20 (1.8) (a) A SERVICE RETIREE WHO IS HIRED BY A STATE COLLEGE
21 OR UNIVERSITY OR BY AN EMPLOYER IN THE SCHOOL OR DENVER PUBLIC
22 SCHOOLS DIVISION OF THE ASSOCIATION PURSUANT TO PARAGRAPH (b) OF
23 THIS SUBSECTION (1.8) MAY RECEIVE SALARY WITHOUT REDUCTION IN
24 BENEFITS IF EMPLOYMENT OF MORE THAN FOUR HOURS PER DAY DOES NOT
25 EXCEED ONE HUNDRED FORTY DAYS IN THE CALENDAR YEAR, IF
26 EMPLOYMENT OF FOUR HOURS OR LESS PER DAY DOES NOT EXCEED NINE
27 HUNDRED SIXTEEN HOURS IN THE CALENDAR YEAR, OR IF EMPLOYMENT

1 CONSISTING OF A COMBINATION OF DAILY AND HOURLY EMPLOYMENT
2 DOES NOT EXCEED ONE HUNDRED FORTY DAYS PER CALENDAR YEAR, AND
3 IF THE SERVICE RETIREE HAS NOT WORKED FOR ANY EMPLOYER, AS
4 DEFINED IN SECTION 24-51-101 (20), DURING THE MONTH OF THE
5 EFFECTIVE DATE OF RETIREMENT. A SERVICE RETIREE DESCRIBED IN THIS
6 PARAGRAPH (a) WHO WORKS FOR ANY EMPLOYER, AS DEFINED IN SECTION
7 24-51-101 (20), DURING THE MONTH OF THE EFFECTIVE DATE OF
8 RETIREMENT SHALL BE SUBJECT TO A REDUCTION IN BENEFITS AS
9 PROVIDED IN SECTION 24-51-1102 (2).

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

21 (c) A STATE COLLEGE OR UNIVERSITY OR AN EMPLOYER IN THE
22 SCHOOL OR DENVER PUBLIC SCHOOLS DIVISION SHALL PROVIDE FULL
23 PAYMENT OF ALL EMPLOYER CONTRIBUTIONS AND ALL DISBURSEMENTS IN
24 ACCORDANCE WITH PART 4 OF THIS ARTICLE, AND ALL WORKING RETIREE
25 CONTRIBUTIONS IN ACCORDANCE WITH PART 11 OF THIS ARTICLE, ON THE
26 SALARY PAID TO THE SERVICE RETIREE DESCRIBED IN PARAGRAPH (a) OF
27 THIS SUBSECTION (1.8). NOTWITHSTANDING THE PROVISIONS OF THIS

1 PARAGRAPH (c), AFTER A SERVICE RETIREE WORKS ONE HUNDRED TEN
2 DAYS IN A CALENDAR YEAR, THE EMPLOYER CONTRIBUTIONS AND
3 DISBURSEMENTS IN ACCORDANCE WITH PART 4 OF THIS ARTICLE SHALL BE
4 FUNDED BY A REDUCTION IN SALARY OF THE SERVICE RETIREE FOR THE
5 REMAINING DAYS WORKED BY THE SERVICE RETIREE IN THAT SAME
6 CALENDAR YEAR.

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

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

17 (2) Salary from the employment, engagement, retention, or other
18 use of a service retiree OR DPS RETIREE in an individual capacity or of
19 any entity owned or operated by a service retiree or affiliated party by an
20 employer to perform any service as an employee, contract employee,
21 consultant, independent contractor, or through any other arrangement,
22 shall be subject to employer contributions but shall not be subject to
23 member contributions. ~~except as provided in section 24-51-1103.~~
24 EFFECTIVE JANUARY 1, 2011, SUCH SALARY SHALL ALSO BE SUBJECT TO
25 WORKING RETIREE CONTRIBUTIONS. Salary from employment by a retiree
26 who is serving in a state elected official's position shall not be subject to
27 employer contributions OR WORKING RETIREE CONTRIBUTIONS. SALARY

1 FROM EMPLOYMENT OF A RETIREE WHO IS PARTICIPATING IN AN
2 EDUCATIONAL EMPLOYEES' OPTIONAL RETIREMENT PLAN PURSUANT TO
3 ARTICLE 54.5 OF THIS TITLE SHALL NOT BE SUBJECT TO WORKING RETIREE
4 CONTRIBUTIONS.

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

8 **24-51-1103. Contributions for a retiree who returns to**
9 **membership - benefit calculation upon subsequent retirement -**
10 **survivor benefit rights - disability retirement benefits.** (1) Except as
11 otherwise provided in section 24-51-1747, a retiree who returns to work
12 in a position that is subject to membership may voluntarily suspend the
13 service retirement benefits or the reduced service retirement benefits and
14 resume membership. Upon such suspension, employer and member
15 contributions are required to be made pursuant to the provisions of part
16 4 of this article. ~~Any additional service credit accumulated and any~~
17 ~~increase in the highest average salary of such person shall be reflected in~~
18 ~~the benefit calculation upon subsequent termination of membership only~~
19 ~~after one year of service credit has been earned.~~

20 (1.5) A RETIREE WHO, ON OR AFTER JANUARY 1, 2011, SUSPENDS
21 HIS OR HER SERVICE RETIREMENT OR REDUCED SERVICE RETIREMENT
22 BENEFITS SHALL NOT ADD ANY SERVICE CREDIT TO THE BENEFIT SEGMENT
23 FROM WHICH THE RETIREE SUSPENDS HIS OR HER RETIREMENT. SUBJECT
24 TO THE ELECTION SET FORTH BELOW, ANY ADDITIONAL SERVICE CREDIT
25 ACCUMULATED WILL BE REFLECTED IN SEPARATE BENEFIT SEGMENTS UPON
26 SUBSEQUENT TERMINATION OF MEMBERSHIP, BUT ONLY AFTER ONE YEAR
27 OF SERVICE CREDIT HAS BEEN EARNED DURING A PERIOD OF SUSPENSION.

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

1 MATCHING EMPLOYER CONTRIBUTIONS PURSUANT TO SECTION 24-51-408.
2 THE REQUIREMENT TO HAVE AT LEAST FIVE YEARS OF SERVICE CREDIT TO
3 BE ELIGIBLE FOR THE MATCHING EMPLOYER CONTRIBUTIONS PROVIDED IN
4 SECTION 24-51-408 SHALL NOT APPLY IN THE EVENT OF RETURNING TO
5 RETIREMENT AFTER SUSPENSION. NO REFUND MAY BE ISSUED FOR ANY
6 BENEFIT SEGMENT FROM WHICH A BENEFIT HAS BEEN DRAWN. SUCH
7 REFUND SHALL BE REQUIRED FOR ANY SEPARATE BENEFIT SEGMENT
8 DURING WHICH LESS THAN ONE YEAR OF SERVICE CREDIT HAS BEEN
9 EARNED.

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

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

15 **24-51-1702. Definitions.** As used in this part 17, unless the
16 context otherwise requires:

17 (17) "Highest average salary" means the average monthly
18 compensation of the thirty-six months of accredited service having the
19 highest rates, multiplied by twelve, or the "career average salary",
20 whichever is greater, and shall be applied to benefits, except for benefits
21 under sections 24-51-1727 to 24-51-1731, attributable to retirement or
22 death on or after July 1, 1994. For benefits under sections 24-51-1727 to
23 24-51-1731, "highest average salary" applies to cases where termination
24 of service occurs on or after July 1, 1994. THIS SUBSECTION (17) SHALL
25 APPLY ONLY TO DPS MEMBERS ELIGIBLE FOR A RETIREMENT BENEFIT AS
26 OF JANUARY 1, 2011. FOR DPS MEMBERS NOT ELIGIBLE FOR A
27 RETIREMENT BENEFIT AS OF JANUARY 1, 2011, THE DEFINITION OF

1 "HIGHEST AVERAGE SALARY" SPECIFIED IN SECTION 24-51-101 (25)(b)(V)
2 SHALL APPLY.

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

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

13 **24-51-1713. Eligibility - retirements without actuarial**
14 **reduction.** (1) THIS SECTION SHALL ONLY APPLY TO DPS MEMBERS WHO
15 HAVE FIVE OR MORE YEARS OF SERVICE CREDIT AS OF JANUARY 1, 2011.
16 FOR DPS MEMBERS WHO HAVE LESS THAN FIVE YEARS OF SERVICE CREDIT
17 AS OF JANUARY 1, 2011, ELIGIBILITY FOR RETIREMENT WITHOUT AN
18 ACTUARIAL REDUCTION SHALL BE GOVERNED BY SECTION 24-51-602 (1)
19 (a.7) AND (1) (d).

20 ~~(1)~~ (2) Whenever a contributing member or affiliate member
21 pursuant to the DPS plan has completed a period of twenty-five years of
22 active service, of which not less than fifteen years shall have been with
23 the district, and has attained the age of fifty-five years while in the service
24 of the district, said member shall be eligible for retirement for
25 superannuation. Such retirement shall be made upon due application and
26 subject to such rules as may be prescribed by the association.

27 ~~(2)~~ (3) Whenever a contributing member or affiliate member of

1 the DPS plan has completed a period of five years of active service and
2 has attained the age of sixty-five while in the service of the district, said
3 member shall be eligible for retirement for superannuation. Such
4 retirement shall be made upon due application and subject to such rules
5 as may be prescribed by the board of trustees.

6 ~~(3)~~ (4) Whenever a contributing member or affiliate member
7 pursuant to the DPS plan has completed a period of thirty years of active
8 service with the district and has attained the age of fifty years while in the
9 service of the district, said member shall be eligible for retirement for
10 superannuation. Such retirement shall be made upon due application and
11 subject to such rules as may be prescribed by the association.

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

14 **24-51-1714. Eligibility - retirements requiring actuarial**
15 **reduction.** (1) THIS SECTION SHALL ONLY APPLY TO DPS MEMBERS WHO
16 HAVE FIVE OR MORE YEARS OF SERVICE CREDIT AS OF JANUARY 1, 2011.
17 FOR DPS MEMBERS WHO HAVE LESS THAN FIVE YEARS OF SERVICE CREDIT
18 AS OF JANUARY 1, 2011, ELIGIBILITY FOR RETIREMENT REQUIRING AN
19 ACTUARIAL REDUCTION SHALL BE GOVERNED BY SECTION 24-51-604.

20 ~~(1)~~ (2) Whenever a contributing member or affiliate member
21 pursuant to the DPS plan has completed a period of twenty-five years of
22 active service with the district but has not attained the age of fifty-five
23 years, said member shall be eligible for retirement for superannuation but
24 with reduced benefits in accordance with the applicable provisions of
25 section 24-51-1715. Any such retirement shall be voluntary and reflect
26 the choice of the member.

27 ~~(2)~~ (3) Whenever a contributing member or affiliate member

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

7 ~~(3)~~ (4) Whenever a contributing member or affiliate member
8 pursuant to the DPS plan has completed a period of thirty years of active
9 service with the district but has not attained the age of fifty years, said
10 contributing member shall nevertheless be eligible for retirement for
11 superannuation but with reduced benefits in accordance with the
12 applicable provisions of section 24-51-1715. Any such retirement shall
13 be voluntary and reflect the choice of the member.

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

16 **24-51-1715. Benefits.** (1) The annual superannuation retirement
17 allowance shall be determined in the following manner:

18 (a) Subject to the provisions of paragraph (c) of this subsection (1)
19 pertaining to certain members appointed or reappointed on or after July
20 1, 2005, and for persons who become affiliate members on or after July
21 1, 2005, the following calculations shall apply:

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

27 (II) If, however, said member shall retire pursuant to section

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

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

1 EFFECTIVE DATE OF RETIREMENT TO ENSURE THAT THE BENEFIT IS THE
2 ACTUARIAL EQUIVALENT OF THE ANNUAL RETIREMENT ALLOWANCE,
3 CALCULATED PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (a).

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

19 (V) If said member shall retire pursuant to section ~~24-51-1714(3)~~,
20 24-51-1714 (4), AND IF THE MEMBER HAS REACHED RETIREMENT
21 ELIGIBILITY AS OF JANUARY 1, 2011, the annual retirement allowance,
22 calculated pursuant to subparagraph (I) of this paragraph (a), shall be
23 reduced by four percent for each year that fifty exceeds said member's
24 age. FOR MEMBERS WHO HAVE NOT REACHED RETIREMENT ELIGIBILITY AS
25 OF JANUARY 1, 2011, THE ANNUAL RETIREMENT ALLOWANCE,
26 CALCULATED PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (a),
27 SHALL BE REDUCED BY AN ACTUARIALLY DETERMINED PERCENTAGE AS OF

1 THE EFFECTIVE DATE OF RETIREMENT TO ENSURE THAT THE BENEFIT IS THE
2 ACTUARIAL EQUIVALENT OF THE ANNUAL RETIREMENT ALLOWANCE,
3 CALCULATED PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (a).

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

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

26 **24-51-1726.5. Contributions for a retiree who returns to**
27 **membership - benefit calculation upon subsequent retirement -**

1 **survivor benefit rights.** (1) EXCEPT AS OTHERWISE PROVIDED IN
2 SECTION 24-51-1747, A DPS RETIREE WHO RETURNS TO WORK IN A
3 POSITION THAT IS SUBJECT TO MEMBERSHIP MAY VOLUNTARILY SUSPEND
4 HIS OR HER RETIREMENT ALLOWANCE AND RESUME MEMBERSHIP. UPON
5 SUCH SUSPENSION, EMPLOYER AND MEMBER CONTRIBUTIONS ARE
6 REQUIRED TO BE MADE PURSUANT TO THE PROVISIONS OF PART 4 OF THIS
7 ARTICLE.

8 (2) A DPS RETIREE WHO, ON OR AFTER JANUARY 1, 2011,
9 SUSPENDS HIS OR HER RETIREMENT ALLOWANCE SHALL NOT ADD ANY
10 SERVICE CREDIT TO THE BENEFIT SEGMENT FROM WHICH THE RETIREE
11 SUSPENDS HIS OR HER RETIREMENT. SUBJECT TO THE ELECTION SET FORTH
12 BELOW, ANY ADDITIONAL SERVICE CREDIT ACCUMULATED WILL BE
13 REFLECTED IN SEPARATE BENEFIT SEGMENTS UPON SUBSEQUENT
14 TERMINATION OF MEMBERSHIP, BUT ONLY AFTER ONE YEAR OF SERVICE
15 CREDIT HAS BEEN EARNED DURING A PERIOD OF SUSPENSION. THE
16 RETIREMENT ALLOWANCE FOR EACH QUALIFYING SEPARATE BENEFIT
17 SEGMENT WILL BE CALCULATED PURSUANT TO THE BENEFIT STRUCTURE
18 UNDER WHICH THE RETIREE ORIGINALLY RETIRED. THE BENEFIT FOR EACH
19 SEPARATE BENEFIT SEGMENT RESULTING FROM SUSPENSION SHALL BE
20 DETERMINED USING THE DPS MEMBER'S SALARY AND SERVICE CREDIT
21 ACQUIRED DURING THE PERIOD OF SUSPENSION. THE DPS MEMBER'S AGE
22 AND TOTAL SERVICE CREDIT WITH THE ASSOCIATION UPON RETIREMENT
23 AFTER EACH SUSPENSION SHALL GOVERN WHETHER THE DPS MEMBER
24 SHALL RECEIVE A RETIREMENT ALLOWANCE PURSUANT TO SECTION
25 24-51-1713 OR 24-51-1714 FOR THAT SEGMENT. PREVIOUS SEPARATE
26 BENEFIT SEGMENTS SHALL BE SUBJECT TO RECALCULATION ONLY TO
27 REFLECT A CHANGE IN THE SELECTED OPTION OR A DESIGNATED

1 COANNUITANT, IF APPLICABLE, AND NO BENEFIT INCREASES PURSUANT TO
2 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 SET BY THE ASSOCIATION, THE RETIREE MAKES
11 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 24-51-1711
16 OR 24-51-1729 (6) (a) (I), WHICHEVER IS APPLICABLE. NO REFUND CAN
17 ISSUE FOR ANY BENEFIT SEGMENT FROM WHICH A BENEFIT HAS BEEN
18 DRAWN. SUCH REFUND SHALL BE REQUIRED FOR ANY SEPARATE BENEFIT
19 SEGMENT DURING WHICH LESS THAN ONE YEAR OF SERVICE CREDIT HAS
20 BEEN EARNED.

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

25 (b) A DPS RETIREE WHO SUSPENDS HIS OR HER RETIREMENT AND
26 ELECTS A SEPARATE BENEFIT SEGMENT PURSUANT TO THIS SECTION MAY
27 CHANGE HIS OR HER ORIGINAL OPTION AND COANNUITANT ELECTION ONLY

1 IF THE ORIGINAL OPTION SELECTED WAS OPTION A, P2, OR P3. DPS
2 RETIREES WHO SELECTED OPTION B, C, D, OR E SHALL NOT BE ALLOWED
3 TO CHANGE THAT ELECTION.

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

8 **SECTION 30.** 24-51-1732 (1), (2), (3), and (5), Colorado
9 Revised Statutes, are amended to read:

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

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

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

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

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

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

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

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

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

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

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

13 **SECTION 31.** 24-51-1747 (6) (a), Colorado Revised Statutes, is
14 amended to read:

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

24 **SECTION 32.** 24-54.5-105 (2) (a), the introductory portion to
25 24-54.5-105 (2) (b), and 24-54.5-105 (2) (c) (II), (3) (b) (II), and (5),
26 Colorado Revised Statutes, are amended to read:

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

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

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

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

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

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

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

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

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

27 **SECTION 33. Specified effective date.** This act shall take effect

1 January 1, 2011, except that the following sections of this act shall take
2 effect upon passage: Section 24-51-101 (6.5), Colorado Revised Statutes,
3 as contained in section 1 of this act; sections 18, 19, 20, 21, and 22;
4 section 24-51-1702 (34), Colorado Revised Statutes, as contained in
5 section 25 of this act; and sections 30, 33, and 34.

6 **SECTION 34. Safety clause.** The general assembly hereby finds,
7 determines, and declares that this act is necessary for the immediate
8 preservation of the public peace, health, and safety.