

**LOCAL
FISCAL IMPACT**

Drafting Number: LLS 12-0116	Date: February 20, 2012
Prime Sponsor(s): Sen. Steadman Rep. Priola	Bill Status: Senate Finance
	Fiscal Analyst: Harry Zeid (303-866-4753)

TITLE: CONCERNING THE CIRCUMSTANCES IN WHICH THE BOARD OF A DEFINED BENEFIT PLAN OR SYSTEM CREATED BY A LOCAL GOVERNMENT MAY MODIFY RETIREMENT BENEFIT PROVISIONS OF THE PLAN OR SYSTEM.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
State Expenditures		
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2012-2013: None required.		
Local Government Impact: See the Local Government Impact section.		

Summary of Legislation

The bill authorizes the board of a defined benefit plan or system created by a local government to modify the benefits, and the age and service requirements for the plan, when the board determines the modification is necessary to ensure the plan's sustainability. Any modifications shall not adversely affect vested benefits already accrued by members of defined benefit plans, including members who are retired or eligible to retire as of the effective date of the modifications, unless otherwise permitted under, or required by, Colorado or federal law.

Boards of defined benefit plans affected by the bill may provide written notice to each member, inactive member, and beneficiary that the possibility of a reduction of benefits to ensure the sustainability of the plan could occur in the future.

Local Government Impact

The bill identifies the circumstances in which the board of a defined benefit plan or system created by a local government could modify retirement benefit provisions in the future. These modifications could impact existing employees in addition to new hires to improve the plan's sustainability. No plan changes are mandated by the bill. At present, the defined benefit plans of Adams County, Arapahoe County, El Paso County, Weld County, and Pueblo County have been identified as being governed by the authority described in the bill.

Departments Contacted

Local Affairs