

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

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

LLS NO. 12-0156.01 Gregg Fraser x4325

**HOUSE BILL 12-1150**

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**HOUSE SPONSORSHIP**

**Priola**, Holbert, DelGrosso, Gardner B., Becker, Murray, Nikkel, Sonnenberg

**SENATE SPONSORSHIP**

**Lambert**,

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**House Committees**  
Finance

**Senate Committees**

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**A BILL FOR AN ACT**

101     **CONCERNING AN INCREASE IN THE NUMBER OF YEARS USED TO**  
102             **CALCULATE THE HIGHEST AVERAGE SALARY OF A MEMBER OF**  
103             **THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION FOR THE**  
104             **PURPOSE OF DETERMINING THE AMOUNT OF THE MEMBER'S**  
105             **RETIREMENT BENEFIT.**

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**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>.)*

Current law averages the 3 highest annual salaries of a member of

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.*

the public employees' retirement association when calculating that member's retirement benefit amount. The bill increases the number of highest annual salaries used from 3 to 7 for members who are first eligible to retire on or after January 1, 2013.

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

2 **SECTION 1.** In Colorado Revised Statutes, 24-51-101, **amend**  
3 (25) (a) (I), (25) (a) (II), and (25) (b) (V); and **add** (25) (b) (VI) as  
4 follows:

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 (25) (a) "Highest average salary" means:

9 (I) (A) FOR A MEMBER OR INACTIVE MEMBER ELIGIBLE FOR  
10 SERVICE OR REDUCED SERVICE RETIREMENT PRIOR TO JANUARY 1, 2013,  
11 one-twelfth of the average of the highest annual salaries upon which  
12 contributions were paid, whether earned from one or more employers,  
13 that are associated with three periods of twelve consecutive months of  
14 service credit; OR

15 (B) FOR A MEMBER OR INACTIVE MEMBER WITH LESS THAN FIVE  
16 YEARS OF SERVICE CREDIT ON JANUARY 1, 2013, OR HIRED ON OR AFTER  
17 SUCH DATE, ONE-TWELFTH OF THE AVERAGE OF THE HIGHEST ANNUAL  
18 SALARIES UPON WHICH CONTRIBUTIONS WERE PAID, WHETHER EARNED  
19 FROM ONE OR MORE EMPLOYERS, THAT ARE ASSOCIATED WITH SEVEN  
20 PERIODS OF TWELVE CONSECUTIVE MONTHS OF SERVICE CREDIT.

21 (II) For a member who does not have the requisite ~~three~~ years of  
22 service credit, one-twelfth of the average of the total annual salaries  
23 earned during membership upon which contributions were paid;

1 (b) (V) Notwithstanding any other provision of this paragraph (b),  
2 in calculating highest average salary for a member or inactive member  
3 WHO WAS not eligible for service or reduced service retirement on January  
4 1, 2011, BUT WHO WAS ELIGIBLE FOR SERVICE OR REDUCED SERVICE  
5 RETIREMENT PRIOR TO JANUARY 1, 2013, the association shall determine  
6 the highest annual salaries associated with four periods of twelve  
7 consecutive months of service credit. The lowest of such annual salaries  
8 shall be the base salary. The first annual salary to be used in the highest  
9 average salary calculation shall be the actual salary reported up to one  
10 hundred eight percent of the base salary. The second annual salary to be  
11 used in the highest average salary calculation shall be the actual salary  
12 reported up to one hundred eight percent of the first annual salary used in  
13 the highest average salary calculation. The third annual salary to be used  
14 in the highest average salary calculation shall be the actual salary reported  
15 up to one hundred eight percent of the second annual salary used in the  
16 highest average salary calculation. This subparagraph (V) shall not apply  
17 to members of the judicial division, except for DPS members of the  
18 judicial division who have exercised portability pursuant to section  
19 24-51-1747 and selected the Denver public schools benefit structure. This  
20 subparagraph (V) shall apply to DPS members in accordance with section  
21 24-51-1702 (17).

22 (VI) NOTWITHSTANDING ANY OTHER PROVISION OF THIS  
23 PARAGRAPH (b), IN CALCULATING HIGHEST AVERAGE SALARY FOR A  
24 MEMBER OR INACTIVE MEMBER WITH LESS THAN FIVE YEARS OF SERVICE  
25 CREDIT ON JANUARY 1, 2013, OR HIRED ON OR AFTER SUCH DATE, THE  
26 ASSOCIATION SHALL DETERMINE THE HIGHEST ANNUAL SALARIES  
27 ASSOCIATED WITH EIGHT PERIODS OF TWELVE CONSECUTIVE MONTHS OF

1 SERVICE CREDIT. THE LOWEST OF SUCH ANNUAL SALARIES SHALL BE THE  
2 BASE SALARY. THE FIRST ANNUAL SALARY TO BE USED IN THE HIGHEST  
3 AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY  
4 REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE BASE SALARY. THE  
5 SECOND ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY  
6 CALCULATION SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE  
7 HUNDRED EIGHT PERCENT OF THE FIRST ANNUAL SALARY USED IN THE  
8 HIGHEST AVERAGE SALARY CALCULATION. THE THIRD ANNUAL SALARY TO  
9 BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION SHALL BE THE  
10 ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE  
11 SECOND ANNUAL SALARY USED IN THE HIGHEST AVERAGE SALARY  
12 CALCULATION. THE FOURTH ANNUAL SALARY TO BE USED IN THE HIGHEST  
13 AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY  
14 REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE THIRD ANNUAL  
15 SALARY USED IN THE HIGHEST AVERAGE SALARY CALCULATION. THE FIFTH  
16 ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY  
17 CALCULATION SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE  
18 HUNDRED EIGHT PERCENT OF THE FOURTH ANNUAL SALARY USED IN THE  
19 HIGHEST AVERAGE SALARY CALCULATION. THE SIXTH ANNUAL SALARY TO  
20 BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION SHALL BE THE  
21 ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE  
22 FIFTH ANNUAL SALARY USED IN THE HIGHEST AVERAGE SALARY  
23 CALCULATION. THE SEVENTH ANNUAL SALARY TO BE USED IN THE HIGHEST  
24 AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY  
25 REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE SIXTH ANNUAL  
26 SALARY USED IN THE HIGHEST AVERAGE SALARY CALCULATION. THIS  
27 SUBPARAGRAPH (VI) SHALL NOT APPLY TO MEMBERS OF THE JUDICIAL

1 DIVISION, EXCEPT FOR DPS MEMBERS OF THE JUDICIAL DIVISION WHO  
2 HAVE EXERCISED PORTABILITY PURSUANT TO SECTION 24-51-1747 AND  
3 SELECTED THE DENVER PUBLIC SCHOOLS BENEFIT STRUCTURE. THIS  
4 SUBPARAGRAPH (VI) SHALL APPLY TO DPS MEMBERS IN ACCORDANCE  
5 WITH SECTION 24-51-1702 (17).

6 **SECTION 2. Act subject to petition - effective date.** This act  
7 takes effect at 12:01 a.m. on the day following the expiration of the  
8 ninety-day period after final adjournment of the general assembly (August  
9 7, 2012, if adjournment sine die is on May 9, 2012); except that, if a  
10 referendum petition is filed pursuant to section 1 (3) of article V of the  
11 state constitution against this act or an item, section, or part of this act  
12 within such period, then the act, item, section, or part will not take effect  
13 unless approved by the people at the general election to be held in  
14 November 2012 and, in such case, will take effect on the date of the  
15 official declaration of the vote thereon by the governor.