

Second Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO

INTRODUCED

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 ELIGIBLE FOR SERVICE  
16 OR REDUCED SERVICE RETIREMENT ON OR AFTER JANUARY 1, 2013,  
17 ONE-TWELFTH OF THE AVERAGE OF THE HIGHEST ANNUAL SALARIES UPON  
18 WHICH CONTRIBUTIONS WERE PAID, WHETHER EARNED FROM ONE OR MORE  
19 EMPLOYERS, THAT ARE ASSOCIATED WITH SEVEN PERIODS OF TWELVE  
20 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 WHO WAS NOT ELIGIBLE FOR SERVICE OR  
25          REDUCED SERVICE RETIREMENT ON JANUARY 1, 2013, THE ASSOCIATION  
26          SHALL DETERMINE THE HIGHEST ANNUAL SALARIES ASSOCIATED WITH  
27          EIGHT PERIODS OF TWELVE CONSECUTIVE MONTHS OF SERVICE CREDIT.

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

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