

Second Regular Session
Sixty-eighth General Assembly
STATE OF COLORADO

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 12-0156.01 Gregg Fraser x4325

HOUSE BILL 12-1150

HOUSE SPONSORSHIP

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

SENATE SPONSORSHIP

Lambert,

House Committees
Finance

Senate Committees

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.**

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.

HOUSE
Amended 2nd Reading
March 9, 2012

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.

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 HIRED ON OR AFTER
16 JANUARY 1, 2013, ONE-TWELFTH OF THE AVERAGE OF THE HIGHEST
17 ANNUAL SALARIES UPON WHICH CONTRIBUTIONS WERE PAID, WHETHER
18 EARNED FROM ONE OR MORE EMPLOYERS, THAT ARE ASSOCIATED WITH
19 SEVEN PERIODS OF TWELVE CONSECUTIVE MONTHS OF SERVICE CREDIT.

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

23 (b) (V) Notwithstanding any other provision of this paragraph (b),

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

21 (VI) NOTWITHSTANDING ANY OTHER PROVISION OF THIS
22 PARAGRAPH (b), IN CALCULATING HIGHEST AVERAGE SALARY FOR A
23 MEMBER OR INACTIVE MEMBER HIRED ON OR AFTER JANUARY 1, 2013, THE
24 ASSOCIATION SHALL DETERMINE THE HIGHEST ANNUAL SALARIES
25 ASSOCIATED WITH EIGHT PERIODS OF TWELVE CONSECUTIVE MONTHS OF
26 SERVICE CREDIT. THE LOWEST OF SUCH ANNUAL SALARIES SHALL BE THE
27 BASE SALARY. THE FIRST ANNUAL SALARY TO BE USED IN THE HIGHEST

1 AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY
2 REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE BASE SALARY. THE
3 SECOND ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY
4 CALCULATION SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE
5 HUNDRED EIGHT PERCENT OF THE FIRST ANNUAL SALARY USED IN THE
6 HIGHEST AVERAGE SALARY CALCULATION. THE THIRD ANNUAL SALARY TO
7 BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION SHALL BE THE
8 ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE
9 SECOND ANNUAL SALARY USED IN THE HIGHEST AVERAGE SALARY
10 CALCULATION. THE FOURTH ANNUAL SALARY TO BE USED IN THE HIGHEST
11 AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY
12 REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE THIRD ANNUAL
13 SALARY USED IN THE HIGHEST AVERAGE SALARY CALCULATION. THE FIFTH
14 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 FOURTH ANNUAL SALARY USED IN THE
17 HIGHEST AVERAGE SALARY CALCULATION. THE SIXTH ANNUAL SALARY TO
18 BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION SHALL BE THE
19 ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE
20 FIFTH ANNUAL SALARY USED IN THE HIGHEST AVERAGE SALARY
21 CALCULATION. THE SEVENTH ANNUAL SALARY TO BE USED IN THE HIGHEST
22 AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY
23 REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE SIXTH ANNUAL
24 SALARY USED IN THE HIGHEST AVERAGE SALARY CALCULATION. THIS
25 SUBPARAGRAPH (VI) SHALL NOT APPLY TO MEMBERS OF THE JUDICIAL
26 DIVISION, EXCEPT FOR DPS MEMBERS OF THE JUDICIAL DIVISION WHO
27 HAVE EXERCISED PORTABILITY PURSUANT TO SECTION 24-51-1747 AND

1 SELECTED THE DENVER PUBLIC SCHOOLS BENEFIT STRUCTURE. THIS
2 SUBPARAGRAPH (VI) SHALL APPLY TO DPS MEMBERS IN ACCORDANCE
3 WITH SECTION 24-51-1702 (17).

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