



**COLORADO
PERA®**

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Colorado PERA Rules

**Colorado
Public
Employees'
Retirement
Association**

Effective July 1, 2009

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Statement of Basis and Purpose

In accordance with its duty to administer the Colorado Public Employees' Retirement Association, the Board of Trustees has the authority to adopt and revise Rules in accordance with 24-51-204(5), Colorado Revised Statutes (C.R.S.).

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Rule 1: Definitions

Rule 1 defines certain terms used in the Rules, and further defines certain terms defined in Article 51, Title 24, C.R.S.

Unless otherwise stated, the terms and phrases contained in these rules shall have the same meaning as specified in Article 51 of Title 24, C.R.S.

1.20 Terms Used in Rules

Terms used in the Rules shall have the meaning specified:

- A. Foreign employer means a person or an entity that is formed under the laws of a jurisdiction outside the United States or its Territories.
- B. Pay pattern means the frequency of periodic salary payments.
 - (1) Academic pay pattern means salary is paid over a period of at least 8 months but less than 12 months.
 - (2) Seasonal pay pattern means salary is paid over a period of 1 to 11 months as determined by work available.
 - (3) Traditional pay pattern means salary is paid over a period of 12 months.
- C. Noncovered employment means public or private employment with an employer in the United States, its territories, or any foreign country for which no PERA service credit was earned. Qualified service and non-qualified service shall be determined in accordance with the Internal Revenue Code, and the Internal Revenue Service Rules and Regulations.
- D. Retroactive salary means salary for previous periods of employment for which payment was delayed or the rate of pay subsequently changed. Retroactive salary payments shall be considered earned in the months for which the salary should have been paid, had no delay or subsequent rate change occurred.
- E. Qualified Children
 - (1) Natural children means those biological children of a member who are conceived prior to the date of death of the member and are born within the normal gestation period after the date of the death of the member.
 - (2) Adopted children means those for whom a petition for adoption was filed in court prior to the date of the death of the member and such petition is diligently pursued to the entry of the final decree of adoption.

- (3) Qualified children shall not include natural or adopted children of a member or inactive member whose parental relationship to the child has been terminated or determined by a court not to exist prior to the death of the member or inactive member.
- (4) Qualified children shall not include natural children of a member or inactive member whose parental relationship to the child is determined by a court after the death of the member or inactive member.
- (5) Qualified children shall include natural or adopted children of a member or inactive member who are legally adopted by another parent after the death of the member or inactive member.

F. Salary

(1) Accrued Leave Payments

- (a) Payments by an employer in satisfaction of amounts owed for accrued but unused leave, other than sick leave shall be treated as PERA salary pursuant to 24-51-101(42), C.R.S., if the following criteria are met:
 - The payment by the employer of the accrued leave is made in a lump sum at the termination of the member's employment or in periodic payments after severing employment not at the election of the member. Periodic payments must be made over consecutive pay periods and for a period not to exceed the amount of service credit awarded in association with the payment. In the event that periodic payments are made, a single benefit adjustment will be made at the end of the payment period;
 - The accrued leave payments are paid at a rate not to exceed the member's most recent rate of pay; and
 - The payment is for accrued leave earned by the member pursuant to an established employer policy or employment contract and not as a result of a retroactive grant or an award by the employer.
- (b) If each of the above criteria are met, consistent with longstanding PERA practice, the accrued leave payment will be treated as salary in calculating service credit and highest average salary for retirement by applying the payment over the number of months as determined by the member's most recent monthly rate of pay. Additional service credit for these months will be included in the retirement benefit calculation. These months may also be used in the highest average salary calculation.

- (c) Salary includes an annual lump sum payment of accrued leave, other than sick, paid because the individual has accrued in excess of the maximum accumulation allowed by the employer's established leave policy.
- (2) Fringe Benefits
Salary does not include employer provided fringe benefits converted to cash payments in lieu of employer payment for the fringe benefits.
- (3) Performance or Merit Payments
Performance or merit payments are payments made pursuant to a written plan or policy which are in addition to regular salary or which replace regular salary increases in recognition of sustained employee performance over the evaluation period. In order for performance or merit payments to be treated as PERA salary pursuant to 24-51-101(42), C.R.S., the Association must have determined that the following criteria have been met:
- The payment must be for performance and is made pursuant to a written plan adopted by the employer which identifies which employees are covered by the plan;
 - The written plan specifies objective criteria under which employees may participate in the plan and receive payments pursuant to the plan; and
 - The written plan specifies the payments to be made under the plan or the method for determining the payments made under the plan.
- (4) Contributions Under Internal Revenue Code Section 125 and 132
Salary shall not include amounts excluded from gross income under a cafeteria plan defined in Internal Revenue Code Section 125, or under a qualified transportation fringe benefit program defined in Internal Revenue Code Section 132(f)(4), so long as such deductions are made in equal periodic deductions through the year.

G. Highest Average Salary

- (1) In calculating Highest Average Salary, the Association shall sort the three periods of twelve consecutive months of service credit in chronological order.
- (2) For a member who was a member, inactive member, or retiree on December 31, 2006, and who has an effective date of retirement on or after January 1, 2009 and has more than 36 months of earned service credit and less than 48 months of earned service credit, the Highest Average Salary shall be calculated using the

highest annual salaries associated with three periods of twelve consecutive months of service credit and no annual base salary shall be used.

- (3) For a member who was not a member, inactive member or retiree on December 31, 2006, and who has more than 36 months of earned service credit and less than 48 months of earned service credit, the Highest Average Salary shall be calculated using the highest annual salaries associated with three periods of twelve consecutive months of service credit and no annual base salary shall be used.

Rule 2: Administration

Rule 2 assigns affiliated employers to one of the four divisions, sets procedures for administrative review of Board decisions, describes the requirements for regular and special meetings of the Board of Trustees and general meetings of the Association, defines a quorum, describes the election of Board members and officers, and specifies the actuarial methods and assumptions used by the Association.

2.10 Affiliated Employers

Whenever any state agency, its political subdivisions, any school district, any public entity or court becomes affiliated with the Association, the Board shall assign it and its employees to either the State Division, School Division, the Local Government Division or the Judicial Division.

2.15 Employer Assignments

A. State Division

- (1) Within the State Division, one group shall be designated Institutions of Higher Education, and the other shall be designated Agencies and Instrumentalities.
 - (A) The Institutions of Higher Education group of the State Division shall consist of the following employers and their employees and any other institutions of higher education established subsequent to the adoption of the Rules:

Adams State College
Aims Community College
Arapahoe Community College
Auraria Higher Education Center
Aurora Community College
Colorado Mountain College
Colorado Northwestern Community College
Colorado School of Mines
Colorado State University

Colorado State University at Pueblo
Commission on Higher Education
Denver Community College
Fort Lewis College
Front Range Community College
Lamar Community College
Mesa State College
Metropolitan State College of Denver
Morgan Community College
Northeastern Junior College
Otero Junior College
Pikes Peak Community College
Pueblo Vocational Community College
Red Rocks Community College
State Board for Community Colleges and Occupational
Education
Trinidad State Junior College
University of Colorado
University of Northern Colorado
Western State College

- (B) The Agencies and Instrumentalities group of the State Division shall consist of the following employers and their employees and any other state agency or instrumentality established subsequent to the adoption of the Rules:

CollegeInvest
Colorado Association of School Boards
Colorado Association of School Executives
Colorado College Access Network
Colorado Council on the Arts
Colorado High School Activities Association
Colorado Water Resources & Power Development Authority
CoverColorado
Department of Agriculture
Department of Corrections
Department of Education
Department of Health Care Policy and Financing
Department of Human Services
Department of Labor and Employment
Department of Law
Department of Local Affairs
Department of Military and Veterans Affairs
Department of Natural Resources
Department of Personnel and Administration
Department of Public Health and Environment

Department of Public Safety
Department of Regulatory Agencies
Department of Revenue
Department of State
Department of the Treasury
Department of Transportation
Fire and Police Pension Association
General Assembly
Joint Budget Committee
Judicial Department
Legislative Council
Office of the District Attorneys
Office of the Governor
Office of Legislative Legal Services
Office of the Lieutenant Governor
Office of the State Auditor
Pinnacle Assurance
Public Employees' Retirement Association
School for the Deaf and the Blind
Special District Association of Colorado
State Historical Society

- B. The School Division shall consist of the following affiliated employers and their employees and any other school district established and affiliated subsequent to the adoption of the Rules:

Adams County

Adams 12 Five Star Schools
Adams County School District 14
Bennett School District 29J
Brighton School District 27J
Mapleton School District 1
Strasburg School District 31J
Westminster School District 50

Alamosa County

Alamosa County School District Re-11J
Sangre de Cristo School District Re-22J

Arapahoe County

Adams-Arapahoe School District 28J
Byers School District 32J
Cherry Creek School District 5
Deer Trail School District 26J
Englewood School District 1
Littleton School District 6
Sheridan School District 2

Archuleta County

Archuleta County School District 50 Jt

Baca County

Campo School District RE-6

Pritchett School District RE-3

Springfield School District RE-4

Vilas School District RE-5

Walsh School District RE-1

Bent County

Las Animas School District RE-1

McClave School District RE-2

Boulder County

Boulder Valley School District RE2

St. Vrain Valley School District RE1J

Chaffee County

Buena Vista School District R-31

Salida School District R-32(J)

Cheyenne County

Cheyenne County School District Re-5

Kit Carson School District R-1

Clear Creek County

Clear Creek School District RE-1

Conejos County

North Conejos School District RE1J

Sanford School District 6J

South Conejos School District RE 10

Costilla County

Centennial School District R-1

Sierra Grande School District R-30

Crowley County

Crowley County School District RE-1

Custer County

Custer County Consolidated School District C-1

Delta County

Delta County School District 50(J)

Dolores County

Dolores County School District Re No. 2

Douglas County

Douglas County School District Re 1

Eagle County

Eagle County School District Re 50

Elbert County

Agate School District 300

Big Sandy School District 100J

Elbert School District 200

Elizabeth School District C-1

Kiowa School District C-2

El Paso County

Academy School District #20

Calhan School District RJ1

Cheyenne Mountain School District 12

Colorado Springs School District 11

Edison School District 54 Jt

Ellicott School District 22

Falcon School District 49

Fountain School District 8

Hanover School District 28

Harrison School District 2

Lewis-Palmer School District 38

Manitou Springs School District 14

Miami/Yoder School District 60 Jt

Peyton School District 23 Jt

Widefield School District 3

Fremont County

Canon City School District Re-1

Cotopaxi School District Re-3

Florence School District Re-2

Garfield County

Garfield School District 16

Garfield School District Re-2

Roaring Fork School District Re-1

Gilpin County

Gilpin County School District Re-1

Grand County

East Grand School District 2

West Grand School District 1

Gunnison County

Gunnison Watershed School District Re1J

Hinsdale County

Hinsdale County School District Re-1

Huerfano County

Huerfano School District Re-1

La Veta School District Re-2

Jackson County

North Park School District R-1

Jefferson County

Jefferson County School District R-1

Kiowa County

Eads School District Re-1

Plainview School District Re-2

Kit Carson County

Arriba-Flagler Consolidated School District No. 20

Bethune School District R-5

Burlington School District Re-6J

Hi-Plains School District R-23

Stratton School District R-4

Lake County

Lake County School District R-1

La Plata County

Bayfield School District 10Jt-R

Durango School District 9-R

Ignacio School District 11 Jt

Larimer County

Park School District R-3

Poudre School District R-1

Thompson School District R-2J

Las Animas County

Aguilar Reorganized School District 6

Branson Reorganized School District 82

Hoehne Reorganized School District 3

Kim Reorganized School District 88

Primero Reorganized School District 2

Trinidad School District 1

Lincoln County

Genoa/Hugo School District C-113

Karval School District Re 23

Limon School District Re 4J

Logan County

Buffalo School District Re-4

Frenchman School District Re-3

Plateau School District Re-5

Valley School District Re-1

Mesa County

De Beque School District 49 Jt
Mesa County Valley School District 51
Plateau Valley School District 50

Mineral County

Creede Consolidated School District 1

Moffat County

Moffat County School District Re No.1

Montezuma County

Dolores School District RE 4A
Mancos School District Re-6
Montezuma-Cortez School District Re 1

Montrose County

Montrose County School District Re-1J
West End School District Re-2

Morgan County

Brush School District Re-2 (J)
Fort Morgan School District Re-3
Weldon Valley School District Re-20 (J)
Wiggins School District Re-50 (J)

Otero County

Cheraw School District 31
East Otero School District R1
Fowler School District R4J
Manzanola School District 3J
Rocky Ford School District R2
Swink School District 33

Ouray County

Ouray School District R-1
Ridgway School District R-2

Park County

Park County School District Re-2
Platte Canyon School District 1

Phillips County

Haxtun School District Re-2J
Holyoke School District Re-1J

Pitkin County

Aspen School District 1

Prowers County

Granada School District Re-1
Holly School District Re-3
Lamar School District Re-2
Wiley School District Re-13 Jt

Pueblo County

Pueblo City School District 60
Pueblo County Rural School District 70

Rio Blanco County

Meeker School District RE1
Rangely School District RE4

Rio Grande County

Del Norte School District C-7
Monte Vista School District C-8
Sargent School District Re-33J

Routt County

Hayden School District Re 1
South Routt School District Re 3
Steamboat Springs School District Re 2

Saguache County

Center Consolidated School District 26 Jt
Moffat School District 2
Mountain Valley School District Re 1

San Juan County

Silverton School District 1

San Miguel County

Norwood School District R-2J
Telluride School District R-1

Sedgwick County

Julesburg School District Re 1
Platte Valley School District Re3

Summit County

Summit School District Re 1

Teller County

Cripple Creek-Victor School District Re-1
Woodland Park School District RE-2

Washington County

Akron School District R-1
Arickaree School District R-2
Lone Star School District 101

Otis School District R-3
Woodlin School District R-104

Weld County

Ault-Highland School District Re-9
Briggsdale School District Re-10
Eaton School District Re-2
Fort Lupton School District Re-8
Gilcrest School District Re-1
Greeley School District 6
Johnstown-Milliken School District Re-5J
Keenesburg School District Re-3
Pawnee School District Re-12
Platte Valley School District Re-7
Prairie School District Re-11
Windsor School District Re-4

Yuma County

Idalia School District RJ-3
Liberty School District J-4
Wray School District RD-2
Yuma School District 1

Boards of Cooperative Educational Services (BOCES)

Centennial Board of Cooperative Educational Services
East Central Board of Cooperative Educational Services
Expeditionary Learning School Board of Cooperative
Educational Services
Grand Valley Board of Cooperative Educational Services
Mountain Board of Cooperative Educational Services
Northeast Board of Cooperative Educational Services
Northwest Colorado Board of Cooperative Educational Services
Pikes Peak Board of Cooperative Educational Services
Rio Blanco Board of Cooperative Educational Services
Santa Fe Trail Board of Cooperative Educational Services
South Central Board of Cooperative Educational Services
Southeastern Board of Cooperative Educational Services
Uncompahgre Board of Cooperative Educational Services
Ute Pass Board of Cooperative Educational Services

Boards of Cooperative Services (BOCS)

San Juan Board of Cooperative Services
San Luis Valley Board of Cooperative Services
Southwest Board of Cooperative Services

Vocational Schools

Delta-Montrose Area Vocational School
San Juan Basin Technical College

Other

Colorado Consortium for Earth and Space Science Education

C. Local Government Division

The Local Government Division shall consist of the following affiliated employers and their employees and any other entity of local government or public agency other than state that elect to affiliate with the Association:

Adams and Jefferson County Hazardous Response Authority
Alamosa Housing Authority
Arapahoe Park and Recreation District
Aurora Housing Authority
Baca Grande Water & Sanitation District
Beulah Water Works District
Black Hawk-Central City Sanitation District
Blanca-Fort Garland Metropolitan District
Boulder County
Boulder County Public Trustee's Office
Boxelder Sanitation District
Brush Housing Authority
Carbon Valley Park & Recreation District
Castle Pines Metropolitan District
Castle Pines North Metropolitan District
Center Housing Authority
Central Colorado Water Conservancy District
City of Alamosa
City of Boulder
City of Colorado Springs
City of Fort Morgan
City of Las Animas
City of Lone Tree
City of Manitou Springs
City of Pueblo
City of Wray
City of Yuma
Collbran Conservancy District
Colorado District Attorneys' Council
Colorado First Conservation District
Colorado Health Facilities Authority
Colorado Housing and Finance Authority
Colorado Library Consortium
Colorado School District Self-Insurance Pool

Colorado Springs Utilities
Columbine Knolls-Grove Metropolitan Recreation District
Costilla Housing Authority
County Technical Services
Crown Mountain Park & Recreation District
Cucharas Sanitation and Water District
Cunningham Fire Protection District
Douglas County Housing Partnership
Douglas Public Library District
Durango Fire and Rescue Authority
East Cheyenne Groundwater Management District
East Larimer County Water District
Eaton Housing Authority
Elbert County Library District
Elizabeth Park and Recreation District
Estes Valley Public Library District
Forest Lakes Metropolitan District
Fremont Conservation District
Fremont Sanitation District
Garfield County Housing Authority
Grand Valley Fire Protection District
Green Mountain Water and Sanitation District
GVR Metropolitan District
Housing Authority of Arriba
Housing Authority of the County of Adams
Housing Authority of the Town of Limon
Lamar Housing Authority
Lamar Utilities Board
Left Hand Water District
Longmont Housing Authority
Longs Peak Water District
Louisville Fire Protection District
Meeker Cemetery District
Meeker Regional Library District
Meeker Sanitation District
Memorial Health System
Montrose Fire Protection District
Montrose Recreation District
Monument Sanitation District
Morgan Conservation District
Morgan County Quality Water District
Mountain View Fire Protection District
Mountain Village Metropolitan District
Mountain Water and Sanitation District
Niwot Sanitation District

North Carter Lake Water District
North Chaffee County Regional Library
Northeast Colorado Health Department
Northeastern Colorado Association of Local Governments
Park Center Water District
Pine Drive Water District
Plains Ground Water Management District
Prowers Conservation District
Pueblo City-County Health Department
Pueblo Library District
Pueblo Transit Authority
Rampart Regional Library District
Rangely Regional Library District
Red Feather Mountain Library District
Red, White & Blue Fire Protection District
Republican River Water Conservation District
Rifle Fire Protection District
Rio Blanco Fire Protection District
Rio Blanco Metropolitan Recreation & Park District
Rio Blanco Water Conservancy District
Routt County Conservation District
Sable-Altura Fire Protection District
San Luis Valley Development Resources Group
San Luis Valley Water Conservancy District
San Miguel County Public Library District
San Miguel Regional and Telluride Housing Authority
Scientific and Cultural Facilities District
Sheridan Sanitation District #1
Soldier Canyon Filter Plant
Steamboat II Water and Sanitation District
St. Vrain Sanitation District
Tabernash Meadows Water and Sanitation District
Town of Alma
Town of Bayfield
Town of Crawford
Town of Dinosaur
Town of Eckley
Town of Estes Park
Town of Firestone
Town of Lake City
Town of Lochbuie
Town of Mountain Village
Town of Platteville
Town of Rico
Town of Rye

Town of Seibert
Town of Silver Plume
Town of Timnath
Tri-County Health Department
Tri-Lakes Wasterwater Treatment Facility
Upper Colorado Environmental Plant Center
Urban Renewal Authority of Pueblo
Walker Field, Colorado, Public Airport Authority
Washington-Yuma Counties Combined Communications
Center
Weld County Department of Public Health and Environment
West Greeley Conservation District
Western Rio Blanco Metropolitan Recreation and Park District
White River Conservation District
Windsor-Severance Library District
Wray Housing Authority
Yuma Housing Authority
Y-W Well Testing Association

D. Judicial Division

The Judicial Division shall consist of judges elected or appointed to positions in the following courts and any court established subsequent to the adoption of the Rules:

1st-23rd District Court
24th District-Denver Probate Court
25th District-Denver Juvenile Court
Adams County Court
Alamosa County Court
Arapahoe County Court
Archuleta County Court
Baca County Court
Bent County Court
Boulder County Court
Broomfield County Court
Chaffee County Court
Cheyenne County Court
Clear Creek County Court
Conejos County Court
Costilla County Court
Court of Appeals
Crowley County Court
Custer County Court
Delta County Court
Denver County Court
Dolores County Court
Douglas County Court

Eagle County Court
Elbert County Court
El Paso County Court
Fremont County Court
Garfield County Court
Gilpin County Court
Grand County Court
Gunnison County Court
Hinsdale County Court
Huerfano County Court
Jackson County Court
Jefferson County Court
Kiowa County Court
Kit Carson County Court
Lake County Court
La Plata County Court
Larimer County Court
Las Animas County Court
Lincoln County Court
Logan County Court
Mesa County Court
Mineral County Court
Moffat County Court
Montezuma County Court
Montrose County Court
Morgan County Court
Otero County Court
Ouray County Court
Park County Court
Phillips County Court
Pitkin County Court
Prowers County Court
Pueblo County Court
Rio Blanco County Court
Rio Grande County Court
Routt County Court
Saguache County Court
San Juan County Court
San Miguel County Court
Sedgwick County Court
Summit County Court
Supreme Court
Teller County Court
Washington County Court
Weld County Court
Yuma County Court

2.20 Administrative Review

A. Request for Administrative Hearing

A written request for an initial decision by the Executive Director must be received by the Association within 90 days after the date on which the staff decision is mailed. The staff decision shall be sent by certified mail.

B. A written request for administrative hearing, including specifics, must be received by the Association within 45 days after the date on which the notice of the initial decision is mailed. The initial decision shall be made by PERA's Executive Director or the Executive Director's designee, and written notice of the initial decision shall be sent by certified mail.

C. Notification of Scheduled Administrative Hearing

The person for whom the hearing is being conducted or their attorney, if represented, and the person representing the PERA administration will be notified by certified mail and first class mail of the time, date and place of the hearing no less than 45 days prior to the date of the hearing.

D. Submission of Information Prior to the Hearing

- (1) No less than 30 days prior to the date for which the hearing is scheduled, the person who requested the hearing and the person representing the PERA administration each shall submit:
 - (a) a statement which includes the issues presented, a brief analysis of those issues, the names of all witnesses to appear, a brief description of their expected testimony, and (b) the written information to be considered at the hearing.
- (2) No less than 20 days prior to the date for which the hearing is scheduled, the person who requested the hearing and the person representing the PERA administration each shall submit: a responsive statement including, to the extent appropriate, the same elements set forth in Rule 2.20 D (1)(a), and (b) and any additional written information to be considered at the hearing. After this submission, no further written information is to be submitted unless good cause is shown for the late submission.

E. Burden of Proof

The person who requested the hearing shall bear the burden of proof by a preponderance of the evidence at the hearing.

F. Consolidation of Administrative Hearings

Upon request of either party, the Board Chair at his or her discretion may direct consolidation of administrative hearings in appropriate circumstances. The party requesting consolidation must make such request in writing no later than 30 days after a written request for administrative hearing is filed pursuant to Rule 2.20B. Within 10

days of such a request, the other party may submit a written response stating that party's position regarding consolidation.

G. Administrative Hearing

(1) Appointment of Panel Members

The Panel shall consist of three Board members appointed by the Chair.

(2) Responsibilities of Panel

The Panel shall hear and consider the evidence and then shall issue written findings of fact, conclusions of law, and the decision. The Panel's decision shall constitute final administrative action appealable under Colorado Rule of Civil Procedure 106(a)(4) unless either party chooses to appeal the decision to the PERA Board pursuant to subparagraph (3) below. Written notice of the Panel's decision shall be sent by certified mail to each person who requested the hearing or to their attorney, if represented, and to the person representing the PERA administration.

(3) Review by the Board

(a) Any party may choose to appeal the Panel's decision to the PERA Board. If any party chooses to appeal, it must submit a written request for review to the PERA Board, which must be received by the Association within 30 days after the date on which the Panel's decision is mailed. If no appeal is made to the PERA Board within the 30 days, the Panel's decision shall become final administrative action at the expiration of the 30 days to appeal to the PERA Board.

(b) If a request for review to the PERA Board is filed prior to the deadline, the PERA Board shall review the matter based on the existing evidentiary record. The Board's review of the matter shall be limited to issues of law and shall not include review of the factual findings by the Panel. The record for Board review shall include the written materials considered by the Panel, the findings of fact, conclusions of law, and the Panel's decision. The Board may permit briefs and oral argument, if requested by a party at the time of appeal. The three Board members who served on the Panel shall not participate in the Board's review. After review, the Board shall issue a written decision affirming, reversing, or modifying the Panel's decision. Written notice of the Board's final decision shall be sent by certified mail to the parties or to their attorney, if represented, within 10 days of the date on which the written decision was made.

- (4) If the PERA Board reviews the Panel's decision pursuant to subsection (3) of section (G) of this Rule, the Board's decision after its review shall constitute final administrative action appealable under Colorado Rule of Civil Procedure 106(a)(4).

2.30 Candidacy for Election to the Board

- A. Any member of the Association may become a candidate for election to the Board as a representative from his or her division, by submitting a petition containing the required signatures, and a biographical summary of 150 words or less. The petition and the biographical summary must be received by the Association office by the first working day of March of the election year.
- B. For candidacy to represent members in either the State, School or the Local Government Division, a candidate must submit a petition signed by no less than 100 members of the Division for which candidacy is declared.
- C. For candidacy to represent members in the Judicial Division, the candidate must submit a petition signed by no less than 10 members in the Judicial Division.
- D. For candidacy as a retiree, the candidate must submit a petition signed by no less than 50 retirees. A retiree may not become a candidate in an election if the retiree's election would result in both retiree Trustees having retired from the same Division of membership.
- E. Petitions must include the signature and legible printed name of each member or retiree who signs. The signer must also provide either their legible address or their legible Social Security number.

2.35 State Division Candidates

- A. Within the State Division at least one of the members elected to the Board shall be an employee of an employer designated in Rule 2.15 A(1)(A) as an Institution of Higher Education, and at least one of the members elected shall be an employee of a State employer designated in Rule 2.15 A(1)(B) as an Agency or Instrumentality.
- B. Should a State Division candidate who receives the highest number of votes be an employee of one of the employers within the same group as all other current Board members from the State Division, the candidate who receives the most votes and who is employed by an employer from the State Division group not represented on the Board shall be declared elected.

2.40 Ballots for Board Election

Board election shall be held by mail ballot according to procedures approved by the Board. All returned ballots must be postmarked no later than May 31 of the election year.

2.43 Gubernatorial Appointments

- A. At such time as the first trustee of the state, school, and local government division leaves the Board either by death, resignation, removal, expiration of term, or otherwise after January 1, 2007, the gubernatorial appointment shall assume office at the next regularly scheduled board meeting following appointment by the governor. Such gubernatorial appointed trustee who has not yet been confirmed by the senate shall serve until senate confirmation or until senate confirmation is denied at which time the appointee shall be removed from the Board and the vacancy shall be filled in accordance with statute. Thereafter, at such time that a gubernatorial appointee leaves the Board either by death, resignation, removal, expiration of term, or otherwise, the next gubernatorial appointee shall assume office at the next regularly scheduled board meeting following appointment by the governor. Such gubernatorial appointed trustee who has not yet been confirmed by the senate shall serve until senate confirmation or until senate confirmation is denied at which time the appointee shall be removed from the Board and the vacancy shall be filled in accordance with statute.
- B. Gubernatorial appointed trustees shall be compensated one hundred dollars per diem plus their actual and necessary expenses. The per diem amount shall be paid for each day that the trustee attends at least 75% of an official Board meeting, committee meeting, administrative hearing, trustee orientation, Board Planning session, or other function approved by the Board Chair or Vice Chair up to a maximum of 20 days per year.

2.45 Assumption of Office

Members and retirees elected or appointed to the Board shall assume office at the first regular Board meeting held after July 1 of the year in which they were elected, or at the first regular meeting following certification of election or appointment, whichever is later.

2.50 Election of Officers

The Board shall elect by secret ballot from its members a Chair and Vice Chair. They shall be elected at the first regular meeting held after January 1 commencing with the first regular meeting held after January 1, 2007, and shall serve for terms of two years. No member may serve continuously as Chair for more than two consecutive terms. All officers shall be elected by a majority of those present and voting.

2.55 Duties of Officers

- A. The Chair shall preside at all meetings of the Board. In the absence of the Chair, the Vice Chair shall assume the duties of the Chair.
- B. Should the Chair be unable to complete the term as Chair, the Vice Chair shall serve as Chair until the Board elects a new Chair.

2.60 Standing Committees

Members of standing committees of the Board shall be recommended by the Chair and subject to approval by the Board.

2.70 Board Meetings

- A. Regular meetings shall be held not less than quarterly according to an annual schedule adopted by the Board and published in the minutes of the Board. Time and location for such meetings shall be determined by the Board. The annual schedule may be modified by the Board as necessary.
- B. Special meetings may be called by the Chair or any four members of the Board by providing three days notice to each member of the Board. A call for a special meeting must state the business to be considered, and the time, date and place of such meeting.
- C. A majority of the Board shall constitute a quorum.
- D. Board Action requires a majority vote of a quorum of the Board members. Board members may attend and vote via telephone.
- E. No proxy voting shall be permitted.

2.80 General Meeting

A general meeting of the Association may be called by the Board at any time and shall be called upon receipt of a petition signed by not less than 3 percent of the Association's membership.

2.85 General Meeting Notice

Notice of a general meeting shall be mailed to each member not less than 10 days prior to the meeting, and shall state the time, place, and purpose of the meeting. Only matters which have been specified in the purpose of the meeting shall be considered. No proxy voting shall be permitted.

2.90 Actuarial Assumptions

- A. Funding Method
The funding method used by the Association shall be the entry age actuarial cost method.
- B. Asset Valuation Method
The asset valuation method used by the Association shall be a "smoothed" market value of assets. The difference between actual market value actuarial gains from investment experience and the expected actuarial gains from investment experience is recognized over a four-year period.
- C. Actuarial Investment Assumption Rate
The actuarial investment assumption rate is 8.50 percent per year compounded annually, net after administrative expenses.
- D. Other Assumptions
Other actuarial assumptions set by the Board include the mortality

table, and the probabilities of age and service retirement, withdrawal from service, disability, and death-in-service. These assumptions shall be set forth in the Association's *Comprehensive Annual Financial Report*, and, upon approval of the Report by the Board, such actuarial factors shall become part of the actuarial assumptions under Rule 2.90.

E. Money Purchase Benefits

The actuarial investment assumption rate and the mortality table shall be used in the actuarial determination of money purchase retirement benefits.

2.95 Funds Not Subject to Legal Process

- A. For purposes of 24-51-212, C.R.S. a party asserting that any of the moneys, trust funds, reserves, accounts, contributions, pursuant to parts 4, 5, 14, 15, and 16 of the Association Statutes or benefits referred to in the Association Statutes should be assignable either in law or in equity or be subject to execution, levy, attachment, garnishment, bankruptcy proceedings, or other legal process, because there is a judgment for a willful and intentional violation of fiduciary duties pursuant to 24-51-207, C.R.S., has the burden to prove that such a violation of fiduciary duty resulted in a direct financial gain for the offender or related party unless such a determination is set forth in the underlying judgment.
- B. Direct financial gain means a monetary payment that would not have been received but for the willful and intentional violation of fiduciary duty. Direct financial gain shall not include the receipt of a benefit that such person or related party receives as a retiree or beneficiary of the Association as dictated by the statutory provisions of the Association.

Rule 3: Membership

Rule 3 describes continuation of membership, information required from employers and members and determination of member status by the Board.

3.15 Continuation of Membership

- A. Membership rights continue during an employer-certified leave of absence without pay.
- B. Membership rights continue during an absence due to work stoppage from the date work is halted through the date a court order is issued for return to work.
- C. Membership rights continue during periods in which pay has ceased due to seasonal or special nature of work requiring regularly recurring periods of more than 90 days during which no pay is received.

3.20 Local Government Employer Termination

Except for the rights of individuals who become vested, inactive members, membership rights for Local Government Division members terminate on the effective date of their employer's termination of affiliation with the Association.

3.25 Member Records

The Association shall require such information as may be necessary to determine membership status or benefit eligibility including, but not limited to:

A. Employer Responsibility

An employer shall provide any information necessary to determine membership status or benefit eligibility including, but not limited to:

- (1) Written notice of changes in employment status resulting from transfer, promotion, leave of absence, resignation, dismissal, reinstatement or death.
- (2) Upon request from the Association, certification of previous employment status for periods during which service credit is in question.
- (3) Upon request from the Association, pay patterns, work patterns or other information required to determine service credit or benefits payable.

B. Member Responsibility

A member shall provide any information necessary to determine benefit eligibility and to maintain contact with the member including, but not limited to:

- (1) Written notice of changes in name, address or named beneficiary.
- (2) Proof of age for the member or cobeneficiary when such age cannot be determined by existing Association records.

3.30 Determination of Member Status

A. If existing Association records are incomplete or in question, and no acceptable documentation can be provided by the employer or the member, the Board shall determine benefit eligibility and benefit payments based on the information available.

B. An individual who refunded his or her member contribution account pursuant to 24-51-405, C.R.S. and purchases all or part of the period associated with the refunded member contribution account on or after July 1, 2005, pursuant to 24-51-503, C.R.S. shall have no rights associated with membership prior to July 1, 2005, except as mandated by federal law.

Rule 4: Contributions

Rule 4 requires the Association to prescribe the form in which the Contribution Report is submitted, describes procedures for correction of reporting errors, determines the calculation of interest due if either is delinquent, contains provisions regarding payment of unpaid contributions, describes the use of contributions for benefit payments and describes procedures for refunds.

4.10 Contribution Report

The Association shall prescribe the form in which the Contribution Report shall be submitted.

A. Delinquent Reports or Contributions

Failure by an employer to submit the Contribution Report or contributions as required shall make the employer responsible for payment of the contribution amount plus interest computed on a daily rate on the contribution amount from the due date to the day that both the required report and contributions are received. However, the Association, in its sole discretion, may waive the interest so computed if only the report is delinquent and the delinquency is non-recurring.

4.15 Payment of Unpaid Contributions

Unpaid contributions shall be paid to the Association pursuant to 24-51-402, C.R.S.

A. Retiree

A person who retired before the Association first notified the employer of a claim for unpaid contributions shall be treated as an inactive member for determining the amount due the Association, and for all other purposes of 24-51-402(3) through (5), C.R.S.

B. Non-Member

The cost to purchase service for an individual who was not a member or inactive member when the Association first notified the employer of a claim for unpaid contributions shall be the amount of member contributions which would have been paid, had the individual been properly covered as a member, plus interest accrued from the last date the individual was paid but not properly covered to completion of payment.

C. Member or Inactive Member

For an individual who was a member or inactive member at the time the Association first notified the employer of a claim:

(1) Cost

The cost to purchase service credit under 24-51-402(3)(b)(1)(A), C.R.S., shall be based on the salary amount and percentage used

pursuant to 24-51-505, C.R.S. Such cost shall not be applicable if the individual has less than one year of service credit.

(2) Salary Increase Only

If payment of unpaid contributions results in an increase in salary, but no increase in service credit, the amount due shall be the unpaid employer and member contributions plus interest, as provided by 24-51-402(3)(b)(1)(B), C.R.S.

(3) Notification to PERA

The Association must receive in writing, within one year after the date the employer pays the unpaid employer contributions, an election from an individual declaring the intent to pay unpaid employee contributions, or the individual's right to make such contributions shall be forfeited.

(4) Payment by Member or Inactive Member

(a) Deadline for Start of Payment

If an individual elects pursuant to 24-51-402(4), C.R.S., to pay all or any portion of the unpaid employee contributions, the lump-sum payment or the first installment payment must be made no later than the first full month following one year after the date the employer pays the unpaid employer contributions.

(b) Lump-Sum Payment

Eligibility to make payment under 24-51-402, C.R.S., shall be forfeited if payment is not made within 30 days following the date on which the lump-sum payment is due.

(c) Installment Payments

Installment payments shall be subject to the provisions of Rule 5.30 B. If the purchase agreement is cancelled pursuant to Rule 5.30 B(2) or (4), eligibility to make payments under 24-51-402, C.R.S., shall be forfeited.

4.20 Contributions on Retroactive Salary Payments

Contributions with interest must be made in a lump sum on retroactive salary paid.

4.25 Furlough Payments

Retirees who retired before June 30, 2003, who had salary reduction due to furlough days from July 1, 2002, to June 30, 2003, and members who had salary reduction due to furlough days from July 1, 2002, to June 30, 2004, may opt to make member contributions on the amount that their salary was reduced upon notice by the Association.

- A. Such notice by the Association shall be made upon receipt of the required salary reduction information from the employer but no earlier than 90 days before the member's effective date of retirement

as evidenced by the member's completed and filed retirement application.

- B. Upon receipt of the member contributions, the Association shall notify the employer of the employer contributions due on the salary reduction. Upon payment by the employer, the member or retiree's Highest Average Salary shall be recalculated and benefits adjusted.

4.30 Use of Contributions for Payment of Benefits

For purposes of payment of benefits, money credited to the member contribution account is used first.

4.40 Refunds

- A. Any member who terminates membership is entitled to a refund of the member contribution account and the amount of matching employer contributions upon request, except that a retiree who returns to membership and earns one year of service credit will have the benefit recalculated instead of receiving a refund.
- B. No refund will be made prior to receipt of employer certification of date of termination of employment, unless membership has been terminated and no contributions have been received for a period of 90 days.
- C. No refund will be made prior to the date of termination of employment.
- D. Member contributions and interest are subject to garnishment for child support purposes as provided in 24-51-212, C.R.S., only if the membership has terminated and the member is not vested.

4.50 Contributions Based on Uniformed Service

- A. A member who is reemployed and has the rights under 24-51-507, C.R.S., and the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA"), may elect to make up his or her missed contributions for the period of uniformed service up to five years. Contributions must be made in accordance with USERRA, set forth at 38 U.S.C. § 4301, *et seq.*
- B. Contributions made by a member pursuant to this Rule must be made during the time period starting with the date of reemployment and continuing for up to three times the length of the member's immediate past period of uniformed service, with the repayment period not to exceed five years. Makeup contributions may only be made during this period and while the member is employed with the post-service employer.
- C. Upon PERA's receipt of the member contributions pursuant to section (A) of this Rule, the employer shall pay the employer

contribution attributable to the period of time that the member paid make-up contributions. The employer shall pay interest on both the employer contributions and the member contributions at the applicable actuarial investment assumption rate, as such interest rate is from time to time adjusted, for the entire period of time for which make-up contributions are made through the date such contributions are fully paid to PERA. The employer shall remit the entire amount due pursuant to this section within 30 days from the date the member makes his or her make-up contributions.

Rule 5: Service Credit

Rule 5 describes the determination and recording of earned service credit, type of purchased service credit and methods of payment for purchased service credit.

5.10 Earned Service Credit

A. Employment Pattern of Less Than 12 Months

A member who is employed in a position in which the employment pattern covers at least 8 months but less than 12 months per year shall have service credit for each month based on:

- (1) The ratio of actual salary received during a month to 80 times the federal minimum wage hourly rate in effect at the time of service, and
- (2) The ratio of 12 months to 8 months service credit for a period of 12 consecutive months may not exceed one year, except as provided in Rule 5.10 B.

B. Combinations of Employment Patterns

Service credit for any combination of traditional, academic year or seasonal employment patterns occurring within one year will be calculated separately and combined for the annual total. Service credit for any period of 12 consecutive months may not exceed one year except for overlaps, which occur due to changes in employment patterns or overlapping employment contracts.

5.20 Purchased Service Credit

Purchased service credit may qualify a member for earlier service retirement, earlier reduced service retirement or increased benefits.

A. Repayment of Refund

A member may purchase all or part of a period associated with a refunded member contribution account. Service credit purchased based on all or part of a period associated with a refunded member

contribution account pursuant to 24-51-503, C.R.S. is considered purchased service credit not earned service credit. The purchase of service credit relating to a refunded member contribution account pursuant to 24-51-503, C.R.S., shall not count toward the ten year limit for purchases of service credit specified in 24-51-505(2)(c), C.R.S.

B. Sabbatical Leaves

- (1) For periods of sabbatical leave granted before July 1, 1966, service credit is provided without payment.
- (2) A member may elect to make separate purchases of service credit associated with more than one period of sabbatical leave. A member may not purchase any service credit associated with less than the entire period of any one sabbatical leave.

C. Noncovered Employment

- (1) A member may purchase all or part of a period of noncovered employment except as provided in 24-51-505, C.R.S.
- (2) A member who earns less than full service credit for a period of covered employment and has concurrent noncovered employment may not purchase service credit for that period in excess of the credit needed to obtain full service credit for that period. A member who earns full service credit for a period of covered employment may not purchase credit for noncovered employment served during that period.

5.25 Service Credit Purchase Cost and Application

- A. The cost to purchase one month of noncovered employment shall be a percentage of the member's Highest Average Salary as set forth in the Table appearing on the PERA Web site. Current service credit purchase cost shall remain in effect until October 31, 2005. From and after November 1, 2005, a revised Table appearing on the PERA Web site shall set forth the percentage of the member's Highest Average Salary. Such percentage shall be determined by the age of the member at the time PERA receives the member's completed service credit purchase application.
- B. To purchase service credit, the member must apply using the service credit purchase application form provided by PERA.
- C. The completed service credit purchase application shall contain:
 - (1) Documentation of salary received by the member;
 - (2) Documentation of the member's dates of employment;
 - (3) Documentation of any other pension coverage including but not limited to a mandatory defined contribution plan for such employment.

- D. The Association shall have the authority to determine the adequacy of the documentation described in Rule 5.25 C.
- E. Absent complete documentation, no purchase agreement shall be issued.
- F. Once complete documentation has been received by the Association, the Association shall issue a service credit purchase agreement which will include the cost to purchase service credit based upon the age of the member at the time the Association receives the member's completed service credit purchase application. Failure to comply with all terms and conditions of the service credit purchase agreement will result in a breach of the agreement and the member will not be allowed to purchase service credit based on said agreement. The member's cost for any subsequent service credit purchase agreement based upon this documentation shall be recalculated and determined based upon the member's age and Highest Average Salary when a subsequent agreement is issued.
- G. For a member who was a member, inactive member, or retiree on December 31, 2006, the Highest Average Salary used to determine the cost to purchase noncovered employment shall be calculated pursuant to 24-51-101(25)(a), C.R.S. and 24-51-101(25)(b)(I) and (II), C.R.S. as long as the Association receives a complete service credit purchase application pursuant to rule 5.25 C. prior to January 1, 2009.

5.26 Service Credit Purchase Based Upon Foreign Employment

The same documentation required under Rule 5.25 shall be required of members who seek to purchase service credit based upon previous employment with a foreign employer subject to the Internal Revenue Code and the Internal Revenue Service Rules and Regulations. If such documentation is in a language other than English, the member, at the member's own cost, shall provide a certified translation of the documentation.

- A. The salary received in foreign currency shall be converted to U.S. dollars at the exchange rate in effect for the time the foreign currency was earned.
- B. The resulting U.S. dollars will be compared to the U.S. minimum wage to determine the amount of service credit that can be purchased pursuant to 24-51-505(2), C.R.S.

5.30 Payments for Purchased Service Credit

Lump-sum payments and installment payments must be completed during membership.

A. Lump-Sum Payments

A lump-sum payment is the first installment payment specified in

24-51-506(2)(b), C.R.S. Failure to make a lump sum payment pursuant to the terms of the service credit purchase agreement on or before its due date shall result in cancellation of the service credit purchase agreement.

B. Installment Payments

- (1) Installment payments must be made via Automated Clearing House (ACH) deduction from the member's checking or savings account or other financial account.
- (2) A service credit purchase agreement shall be canceled and payments made shall be returned to the member if more than three monthly installment payments become delinquent.
- (3) The Association shall notify a member of delinquency in payments.
- (4) A member may cancel a service credit purchase agreement at any time prior to completion of installment payments. All payments made shall be refunded without interest to the member upon receipt of the request for cancellation.
- (5) The period over which installment payments may be made shall not exceed 120 months or a period equal to twice the total amount of service credit to be purchased, whichever is less.
- (6) Installment payments shall be made monthly in amounts not less than the monthly payment amount required to complete payment of the purchase over the specified term of the installment agreement.
- (7) Monthly payment amounts in excess of the required monthly installment payment will not relieve the requirement for any future monthly installment payments pursuant to the service credit purchase agreement. Such extra payments will shorten the term of the agreement unless the member specifies in writing that the extra payments are to be used to reduce the amount of each remaining future monthly payment.

5.35 Purchase of service credit relating to a refunded member contribution account

The one percent of the member's Highest Average Salary associated with the cost to purchase forfeited service credit pursuant to 24-51-503(4), C.R.S. and any associated interest payment attributable thereto shall be allocated to the annual increase reserve as soon as administratively practical upon completion of the service credit purchase agreement and shall not be part of the member contribution account and never refundable to the member.

5.40 Interest Rate

The interest rate shall be the actuarial investment assumption rate as set by the Board in effect during the period for which interest is charged.

Rule 6: Service Retirement

Rule 6 defines service retirement eligibility, provides for cancellation of retirement applications, further defines effective date of retirement, identifies the transition from member to retiree, describes benefits payable upon the death of an applicant and describes requirements for direct payments in lieu of contributions.

6.10 Service Retirement Eligibility

In addition to the eligibility requirements specified in 24-51-602, C.R.S., for members who have service credit as a State Trooper for which a higher contribution rate was required, eligibility for service retirement shall be determined by weighting the State Trooper service credit according to the eligibility requirements for State Troopers.

6.15 Division From Which a Member Retires

A retiree who had membership in multiple divisions in the month immediately preceding retirement shall be considered a retiree of the division in which the retiree has the greater salary postings in the month immediately preceding the effective date of retirement. If the retiree had the same amount of salary postings in more than one division in the month immediately preceding the effective date of retirement, the Association shall look to the prior month or months until there is a month that the retiree has greater salary postings from one of the divisions, and the retiree shall be considered a retiree of the division with the greater amount of salary.

6.20 Service Retirement Application

Application for service retirement shall be made with the form(s) prescribed by the Association.

6.25 Cancellation of Retirement Application

Applicants for service retirement may cancel the application anytime prior to the earlier of (1) the issuance of the initial benefit or (2) the use of any Health Care Benefit pursuant to 24-51-1201 *et seq.* C.R.S. Requests for cancellation must be made to the Association in writing.

6.30 Effective Date of Retirement

Retirement shall be effective on the first day of a month.

- A. For members who have met the requirement for service retirement or reduced service retirement, the effective date of retirement shall be no earlier than the first day of the month following the last day of employment exclusive of any payment for accumulated annual leave for which service credit is earned, or extension of service credit for members employed on an academic year basis.

- B. For vested, inactive members, service retirement or reduced service retirement shall be effective no earlier than the first day of the month in which the age and service requirements are met.
- C. For elected officials who retire at the completion of their term of office who have met the requirements for service retirement or reduced service retirement, the effective date of retirement shall be the first of the month in which the term of office ends.

6.40 Member Becomes Service Retiree

The member shall become a retiree on the effective date of retirement.

6.50 Death Before Effective Date of Retirement

If a member who has applied for retirement dies before the effective date of retirement, the survivor benefits or single payment shall be payable as described in 24-51-908, C.R.S.

6.60 Direct Payments by Vested, Inactive Members

A vested, inactive member who terminated membership before July 1, 2003, may make direct payments in lieu of contributions to acquire eligibility for service retirement or reduced service retirement.

A. Lump-Sum Payments

- (1) Lump-sum payments, except for retroactive payments described in Rule 6.60 B (2), shall not be subject to interest.
- (2) Lump-sum payments, except those preceding the initiation of installment payments, shall not be refunded unless the member contribution account is refunded. Lump-sum payments preceding the initiation of installment payments shall not be refunded after installment payments have been completed.

B. Installment Payments

For vested, inactive members who elect to make direct payments in installments, certain requirements shall apply:

- (1) Installment payments must begin no later than the last day of the month following the month in which employment is terminated, except as specified in Rule 6.60 B (2).
- (2) For installment payments which begin later than the last day of the first full month following termination of employment, a lump-sum payment, retroactive to the date of termination will be required before installment payments can begin.
- (3) Installment payments are due without notice on the last day of each month, and shall become delinquent on the 10th calendar day of the following month.
- (4) Any eligibility purchased and payments made shall be refunded if more than two consecutive monthly payments become delinquent.

- (5) Payments may be discontinued at any time prior to receipt by the Association of the final payment. Upon discontinuation of payments, all direct payments made shall be refunded and any eligibility purchased shall be negated.

6.70 Replacement Benefit Arrangement

The Association is authorized to establish one or more arrangements under Section 415(m) of the Internal Revenue Code to restore to members the portion of their benefits affected by Code Section 415, in accordance with 24-51-611, C.R.S.

Rule 7: Disability Benefits

7.10 Disability Application

- A. The disability application, using the prescribed form, is to be submitted to the Association.
- B. An applicant may cancel the application prior to the first payment, but the request to cancel must be submitted to the Association in writing.
- C. An applicant may qualify for short-term disability, disability retirement, or neither. The same applicant shall not be paid both short-term disability and disability retirement for the same day.

7.12 Determination and Appeal

- A. The Association shall determine eligibility to apply for disability benefits as defined in 24-51-701(1) and (3), C.R.S., salary as defined in 24-51-101(42), C.R.S., service credit as defined in 24-51-101(43), C.R.S., the amount payable as disability retirement benefits, the provisions pertaining to the earned income reduction in 24-51-707, C.R.S., and the appropriate division in 24-51-708, C.R.S. Any appeal of the determinations made by the Association shall be to the Association in accordance with Rule 2.20.
- B. The disability program administrator shall determine all disability matters other than those specified in Rule 7.12(A), including, but not limited to, whether the applicant satisfies the medical standards in Rules 7.45 and 7.70. Matters determined by the disability program administrator shall be appealable only to the disability program administrator, not to the Association. The appeal process used by the disability program administrator shall include, as one level, if requested by the applicant, review of a medical determination by a panel of independent experts, qualified based on their expertise and experience and not involved in the original decision. The appeal process also shall comply with applicable statutory and regulatory requirements.

7.15 Examinations, Records, and Other Information

- A. An applicant is required to undergo reasonable examination by physicians, rehabilitation experts, vocational experts, or other experts selected by the disability program administrator.
- B. An applicant is required to provide medical records, other medical information, employment information, financial information, and any other information reasonably requested by the disability program administrator.
- C. An applicant, any current employer, and any former employer is required to provide the job description, job duties, essential functions, job site conditions, possible accommodation, payroll records, attendance records, return-to-work information, and any other employment-related information reasonably requested by the disability program administrator.
- D. Failure to undergo a reasonable examination or re-examination, failure to cooperate with the examiner or the disability program administrator, or failure to provide requested information within 60 days may cause the application to be cancelled and any payment, if started, to cease.

7.25 No Voluntary Suspension

After payment for short-term disability or disability retirement has started, voluntary suspension is not permitted.

7.30 Performance of Disability Program Administrator

- A. The Association shall monitor the performance of the disability program administrator periodically. For this purpose, the disability program administrator shall provide periodic reports to the Association.
- B. The Board shall receive a report on the disability program administrator's performance at least annually.

SHORT-TERM DISABILITY:

7.40 Contract with Disability Program Administrator

- A. The contract with the disability program administrator, in addition to the applicable statutes and rules, shall govern short-term disability. As soon as administratively feasible following the receipt of employer contributions, the Association shall segregate as a separate fund the portion of the contributions necessary to fund the short-term disability program.
- B. The contract with the disability program administrator begins January 1, 1999. The applicant's disability must exist on or after that date, and the applicant's waiting period must occur entirely on or after that date.

- C. The contract with the disability program administrator may be amended from time to time.

7.45 Medical Standard for Short-Term Disability

For short-term disability, the applicant, because of the applicant's medical condition, must not be able to perform the essential functions of the applicant's job with reasonable accommodation as required by federal law.

- A. The medical condition causing the disability must be physical or mental or a combination of both. The medical condition must be under ongoing appropriate treatment by a physician with the appropriate specialty.
- B. The disability must exist prior to termination of employment as defined in 24-51-101(49), C.R.S.
- C. The applicant must not be totally and permanently mentally or physically incapacitated from regular and substantial gainful employment as defined in Rule 7.70.
- D. The applicant is not disabled for this purpose if the applicant is medically able to do the types of material duties which the applicant was regularly performing prior to disability and which cannot be reasonably modified or omitted, whether or not the applicant does so.
- E. The applicant is not disabled for this purpose if the applicant is medically able to perform any job, based on the applicant's existing education, training, and experience, that earns at least 75 percent of the applicant's predisability earnings from PERA-covered employment as defined in Rule 7.50(B)(1), whether or not the applicant does so.

7.50 Payment

- A. The disability program administrator shall determine the amount payable for short-term disability, if any, and shall pay it.
- B. Short-term disability may provide certain income replacement and reasonable rehabilitation as specified in the contract with the disability program administrator.
 - (1) The maximum amount of monthly income replacement shall be 60 percent of the applicant's predisability earnings from PERA-covered employment. For short-term disability, predisability earnings from PERA-covered employment shall be the monthly average of the applicant's salary as defined in 24-51-101(42), C.R.S., on which PERA contributions were paid for the 12 consecutive calendar months immediately preceding the last full day on the job prior to the waiting period.

- (2) As provided in the contract with the disability program administrator, this maximum amount of income replacement shall be reduced by workers' compensation benefits, unemployment compensation benefits, payment for back pay claims, and other amounts to the extent that total payments would otherwise exceed 100 percent of predisability earnings from PERA-covered employment. This short-term disability is not a substitute for workers' compensation or unemployment compensation.

7.60 Termination

A. Payment of short-term disability shall not be made under any of the following circumstances:

- (1) The applicant is no longer disabled, the applicant satisfies the medical standard for disability retirement in Rule 7.70, the applicant returns to work other than for a temporary return to work as determined by the disability program administrator, or the applicant does not qualify for short-term disability for any other reason.
- (2) The maximum payment period of 22 months ends.
- (3) The applicant refunds pursuant to 24-51-405, C.R.S. Short-term disability may be paid to an applicant after termination of employment as defined in 24-51-101(49), C.R.S., but not after a refund.
- (4) The applicant is eligible for regular service retirement pursuant to 24-51-602, C.R.S., unless the applicant is in the Judicial Division.
- (5) The applicant dies.

B. The applicant shall notify the disability program administrator immediately in writing as soon as the applicant no longer qualifies for payment. In the case of the applicant's death, the applicant's estate or relative is to provide such notice within 30 days.

C. The amount of any overpayment is to be recovered through repayment or offset.

D. A member receiving short-term disability payments may voluntarily terminate receipt of short-term disability payments. Any subsequent receipt of short-term disability payments or disability retirement benefits would be contingent upon meeting the eligibility requirements to apply for such Program as specified at 24-51-701, C.R.S., and the resulting determination by the program administrator.

7.65 Terms

A. Short-term disability shall not be a "benefit" as defined in 24-51-101(7), C.R.S. A person receiving short-term disability shall not be a "benefit recipient" as defined in 24-51-101(8), C.R.S.

- B. Short-term disability payments shall not be “salary” as defined in 24-51-101(42), C.R.S., shall not be subject to PERA contributions, and shall not result in service credit for PERA purposes.
- C. Short-term disability payments shall not reduce the applicant’s member contribution account as defined in 24-51-101(31), C.R.S. Any future payment by the Association, after short-term disability, such as a refund, retirement benefits, survivor benefits, or otherwise shall be governed by the applicable provisions of 24-51-101 *et seq.*, C.R.S.

DISABILITY RETIREMENT:

7.70 Medical Standard for Disability Retirement

For disability retirement, the applicant, because of the applicant’s medical condition, must be totally and permanently mentally or physically incapacitated from regular and substantial gainful employment.

- A. The medical condition causing the disability must be physical or mental or a combination of both. The medical condition must be under appropriate treatment by a physician with the appropriate specialty.
- B. This determination shall be based on whether the applicant is disabled as of termination of employment as defined in 24-51-101(49), C.R.S.
- C. To be mentally or physically incapacitated from regular and substantial gainful employment, the applicant’s medical condition must prevent the applicant from engaging in any work from which the applicant could earn at least 75 percent of the applicant’s predisability earnings from PERA-covered employment.
 - (1) For disability retirement, predisability earnings from PERA-covered employment shall be the monthly average of the applicant’s salary as defined in 24-51-101(42), C.R.S., on which PERA contributions were paid for the 12 consecutive calendar months immediately preceding the last full day on the job.
 - (2) The applicant is not disabled for this purpose if the applicant is medically able to perform the essential functions of any job with reasonable accommodation as required by federal law and earn at least 75 percent of predisability earnings from PERA-covered employment, whether or not the applicant does so.
 - (3) To be total and permanent, the applicant must reasonably be expected not to recover.
- D. If the applicant does not satisfy this medical standard for disability retirement, the applicant may instead qualify for short-term disability.

7.75 Effective Date of Disability Retirement

- A. Disability retirement shall be effective on the first day of a month. The effective date of disability retirement shall be no earlier than the first day of the month following termination of employment as defined in 24-51-101(49), C.R.S., without consideration of any lump-sum payment for accumulated annual leave for which service credit is earned or of any extension of service credit for members employed on an academic year basis.
- B. An applicant must terminate employment with all PERA-covered employers no later than the last day of the month following the determination that the applicant qualifies for disability retirement. If the applicant fails to terminate by that date, the application shall be cancelled.
- C. If an applicant is changing from short-term disability to disability retirement, the effective date for the disability retirement shall be the later of (i) the date specified in Rule 7.75(A) or (ii) the first day of the month in which the applicant's short-term disability ends. If the applicant receives any short-term disability after the effective date for disability retirement, the amount of short-term disability paid for that month shall reduce the amount paid as disability retirement for the same month.
- D. If the applicant dies prior to the effective date of disability retirement or dies prior to a determination that the applicant qualifies for disability retirement, the Association shall not pay disability retirement, but shall pay survivor benefits or a single payment as specified in 24-51-905, C.R.S.

7.77 Payment

- A. The Association shall determine the amount payable as the monthly disability retirement benefit, if any, and shall pay it. The amount payable shall be governed by the applicable provisions of 24-51-701 *et seq.*, C.R.S.
- B. If the applicant receives any amount by litigation, compromise, settlement, or other method that resolves a claim for back pay for PERA-covered employment, the applicant shall not be permitted to retain or receive any disability retirement for the same period as the claim.

7.80 Termination

- A. If the applicant is no longer disabled based on the medical standard in Rule 7.70 or otherwise is not qualified for disability retirement for any reason other than the applicant's death, the applicant may receive disability retirement benefits for a maximum of three calendar months immediately following the month in which the

determination is made that the applicant no longer qualifies for disability retirement.

- B. If payment to the applicant for disability retirement terminates for any reason other than the applicant's death, future payment may occur under the following circumstances:
- (1) The applicant qualifies and applies for a regular or reduced service retirement as specified in 24-51-602 or 24-51-604, C.R.S.
 - a. The applicant's benefit is determined using service credit that includes only actual earned and purchased service credit, not any service credit projected based on 24-51-704, C.R.S.
 - b. The applicant may select a new option and a new cobeneficiary for this new effective date of retirement.
 - (2) The applicant qualifies and applies for a refund as specified in 24-51-405, C.R.S., but such refund shall be based on the remaining balance in the applicant's member contribution account, if any, after reduction for all disability retirement benefits.
 - (3) The applicant dies after disability retirement benefits have terminated for some other reason. Survivor benefits or a single payment may be payable, but only as specified in 24-51-901 *et seq.*, C.R.S. For the purpose of calculating any survivor benefits, service credit shall not include any service credit projected based on 24-51-704, C.R.S.
 - (4) Short-term disability may follow termination of disability retirement, but only if (i) the applicant initially satisfied all of the requirements for short-term disability, except that the applicant satisfied the medical standard for disability retirement in Rule 7.70, (ii) the applicant continues to satisfy all of the requirements for short-term disability, and (iii) the applicant has received disability retirement for less than the maximum payment period for short-term disability. Under these circumstances, short-term disability shall be paid to the applicant, but only for any months remaining after reducing the maximum payment period for short-term disability by the number of months for which disability retirement was paid.
- C. If the applicant dies while receiving disability retirement, future payment, if any, is governed by 24-51-801, C.R.S.
- D. The applicant shall notify the Association immediately in writing as soon as the applicant no longer qualifies for disability retirement. In the case of the applicant's death, the applicant's estate or relative is to provide such notice within 30 days.

- E. The amount of any overpayment is to be recovered through repayment or offset.
- F. A disability retiree may voluntarily terminate receipt of disability retirement benefits. Any subsequent receipt of short-term disability payments or disability retirement benefits would be contingent upon meeting the eligibility requirements to apply for such Program as specified at 24-51-701, C.R.S., and the resulting determination by the program administrator.

7.85 Terms

- A. Disability retirement shall be a “benefit” as defined in 24-51-101(7), C.R.S. A person receiving disability retirement shall be a “benefit recipient” as defined in 24-51-101(8), C.R.S., and a “retiree” as defined in 24-51-101(39), C.R.S. An applicant shall first become a disability retiree as of the effective date of disability retirement.
- B. In accordance with Rule 4.30, disability retirement benefits shall reduce the applicant’s member contribution account as defined in 24-51-101(31), C.R.S.

Rule 8: Benefit Options

Rule 8 describes the requirements for election of an option and designation of a named beneficiary or cobeneficiary.

8.10 Election of Options

The election of a benefit option shall be made in writing and shall contain the signature of the member or the signature of the individual(s) appointed to represent the member.

8.20 Designation of Named Beneficiary or Cobeneficiary

Designation of a named beneficiary or cobeneficiary shall be made in writing and shall contain the signature of the member or the signature of the individual(s) appointed to represent the member. Such designation shall take effect upon receipt by the Association.

A. Named Beneficiary

The member or retiree may designate more than one named beneficiary. If more than one named beneficiary survives the member, the single payment of the balance of the member contribution account and the amount of the matching employer contributions shall be shared equally. If more than one named beneficiary survives the retiree, the single payment of the balance remaining in the member contribution account and the amount of matching employer contributions shall be shared equally.

Designation of the named beneficiary may be changed by the member or retiree at any time prior to death.

B. Cobeneficiary

Only one cobeneficiary can be designated to receive benefits under the provisions of Options 2 or 3.

Rule 9: Survivor Benefits

Rule 9 describes the requirements for designation of named beneficiaries, defines job incurred death, specifies the date on which survivor benefits become payable and the date on which survivor benefits terminate.

9.10 Designation of Named Beneficiary

Designation of a named beneficiary or named beneficiaries shall be made in writing, and shall contain the signature of the member or the signature of the individual(s) appointed to represent the member. Such designation shall take effect upon receipt by the Association.

9.20 Job-Incurred Death

The member's death shall be considered job-incurred if the illness or injury which caused the death resulted from the performance of job duties.

9.30 Survivor Benefit Application

Application for survivor benefits shall be made with the form(s) prescribed by the Association. Eligibility of applicants to receive survivor benefits shall be determined from documentation establishing age of applicant, relationship of applicant to deceased member, unmarried status, disability status, and full-time enrollment in school for children over age 18 and under age 23.

9.40 Commencement of Survivor Benefits

Survivor benefits shall become payable on the first day of a month.

A. Benefits Payable at the Death of the Member

Survivor benefits payable at the death of the member shall be payable on the first day of the month following the month in which the death occurred.

B. Benefits Payable to Child Upon Enrollment in School

Survivor benefits which become payable to a qualified child upon full-time enrollment in school within six months of the date of the death of the member shall be payable on the first day of the month in which full-time enrollment begins.

C. Surviving Spouse's Benefits

Surviving spouse's benefits shall become payable on the first day of the month in which the surviving spouse becomes eligible for a benefit.

D. Qualified Children's Benefits

Survivor benefits payable to qualified children pursuant to Rule 1.20 E shall become payable on the first day of the month in which the child is born or the decree of adoption is entered.

9.50 Termination of Benefits

Survivor benefits shall be terminated on the date the survivor dies or is no longer qualified to receive such benefits.

A. Qualified Children's Benefits

Qualified children's survivor benefits shall terminate on the date of marriage of the child, on the date the Board finds that the child is no longer incapacitated, on the last day of the school term in which the child's full-time enrollment ceases, or, for disabled children age 23 or older, on the first day of the month in which the surviving spouse becomes eligible for a benefit. Benefits shall continue during annual vacation months for which the child is not enrolled in school if the child certifies within 30 days after the end of the prior term that they are enrolled for the following term. If the child does not certify within 30 days after the end of the prior term that he or she is enrolled for the following term, that child's benefits will be suspended for those vacation months. If that child later certifies that he or she is or was enrolled in school for the following term, the Association will resume payment of benefits and shall make retroactive payments to the child for the months for which the benefits were suspended due to failure to provide the summer certification. In the case of multiple qualified children, a child who is entitled to retroactive benefits pursuant to this Rule 9.50 A. shall not be paid benefits in an amount that would cause the total amount of benefits paid to the qualified children to exceed the percentage of highest average salary as provided in 24-51-908(4), C.R.S. The Association shall not pay benefits in excess of the amount it must pay pursuant to the statutory provisions of the Association.

B. Dependent Parent's Benefits

Dependent parent's benefits shall terminate on the date the parent remarries.

9.60 Resumption of Survivor Benefits Payments

A. Survivor benefits which have been terminated due to a child's ineligibility may be reinstated, upon receipt by the Association, of verification of unmarried status, and school attendance or disability status. Benefits will be terminated for any other benefit recipients who had become eligible, during the child's period of ineligibility, effective the first of the month in which documentation needed for reinstatement is received.

- B. Survivor benefits which have been terminated due to marriage shall be reinstated upon receipt, by the Association, of a court order declaring the marriage invalid.
- C. Reinstated benefits shall become payable the first day of the month of renewed eligibility, provided that no other benefit has been paid on the account for the same time period to which a retroactive payment might apply. If another benefit has been paid, the reinstated benefit shall become payable on the first of the month eligibility is verified.

9.70 Division From Which Benefits are Payable

- A. The division in which a deceased member or inactive member had membership immediately preceding the date of death shall be the division which determines the eligibility and benefits for a survivor of that member.
- B. The survivor of a deceased member who was receiving salary from employers in multiple divisions prior to his or her date of death shall receive benefits from the division in which the deceased member had the greater salary postings in the month immediately preceding his or her death. If the deceased member had the same amount of salary postings in more than one division in the month immediately preceding death, the Association shall look to the prior month or months until there is a month that the deceased member had greater salary postings from one of the divisions, and the division with the greater amount of salary shall be the division which determines the eligibility and benefits for a survivor of that member.

Rule 10: Increase in Benefits

Rule 10 further defines eligibility for and determination of annual increases in benefits.

10.10 Retroactive Effective Date of Retirement or Survivor Benefit

- A. For a retiree who was a member, inactive member, or retiree on December 31, 2006, if the effective date of the benefit is retroactive, then increases in the benefit shall be determined by considering the benefit to have been paid from the effective date.
- B. For a survivor benefit recipient, if the effective date of the benefit is retroactive, then increases in the benefit shall be determined by considering the benefit to have been paid from the effective date.

10.20 Increase in Benefits for Cobeneficiaries

For cobeneficiaries whose benefits are based on the account of a retiree who was not a member, inactive member, or retiree on December 31, 2006, the

annual increase shall be effective only if the retirement benefits have been paid on the account for the full preceding calendar year and the retiree had met the requirements in 24-51-1001(3)(b), C.R.S. If upon the death of the retiree, the retiree had not met the requirements in 24-51-1001(3)(b), C.R.S. the cobeneficiary will be eligible to receive an annual increase when the retiree would have met the requirements in 24-51-1001(3)(b), C.R.S.

Rule 11: Employment After Retirement

Rule 11 describes conditions under which retirees may be employed with and without a reduction or suspension of benefits, describes the conditions under which employer contributions must be paid on retirees performing services after retirement for a PERA employer and describes the conditions for recalculation of benefits upon termination of employment after retirement.

11.05 Employment During the Effective Month of Retirement

- A. A day of work during the effective month of retirement is defined as any time worked for a PERA affiliated employer regardless of the number of hours worked per day.
- B. Employment by a retiree during the month of the effective date of retirement shall count toward the working after retirement limits specified in 24-51-1101(1), C.R.S.

11.10 Employment After Service Retirement

A retiree receiving a service retirement or reduced service retirement benefit may be employed, under certain conditions, without reduction in benefits.

- A. Employment with an Affiliated Employer
 - (1) For a service retiree employed in a position subject to limits on employment after service retirement, employment of more than four hours per day shall be considered one day.
 - (2) Employment after service retirement shall include all of the time during which a retiree renders any paid service.
- B. Employment with a Non-Affiliated Employer

A retiree receiving a service retirement or reduced service retirement benefit may be employed with a non-affiliated employer without a reduction in or suspension of benefits.
- C. Employment of Benefit Recipients Other Than Retirees

Cobeneficiaries and survivors are not subject to employment limitations.

11.12 Employer Contributions on Retiree Service

- A. A PERA employer that receives the services of a retiree, other than as a volunteer, under the conditions specified in this Rule, shall remit employer contributions to the Association in the manner specified

in 24-51-401, C.R.S. and this Rule. Employer contributions shall be due to the Association only if a retiree is the individual performing services for a PERA employer. Employer contributions shall not be due to the Association for a retiree if no services are provided to a PERA employer by the retiree. Employer contributions shall not be due to the Association for a retiree who provides products or goods to a PERA employer rather than services.

- B. Ownership of up to 5 percent of a publicly traded company registered on a national securities exchange by a retiree shall not constitute ownership of the company or cause the company to be an affiliated party of the retiree for purposes of 24-51-1101(2), C.R.S. Any other form or degree of ownership in an entity providing services to a PERA affiliated employer shall constitute ownership or operation of the entity for purposes of 24-51-1101(2), C.R.S.
- C. For purposes of 24-51-1101(2), C.R.S. an affiliated party shall include:
 - (1) any person who is the named beneficiary or cobeneficiary on the PERA account of the retiree,
 - (2) any person who is a relative of the retiree by blood or adoption to and including parents, siblings, half-siblings, children, and grandchildren,
 - (3) any person who is a relative of the retiree by marriage to and including spouse, spouse's parents, step-parents, step-children, step-siblings, and spouse's siblings, and
 - (4) any person or entity with whom the retiree has an agreement to share or otherwise profit from the performance of services for a PERA employer by the retiree other than the retiree's regular salary or compensation.
- D. When employer contributions are due to the Association as a result of services provided by a retiree, the amount of contributions shall be based on the following:
 - (1) If the services provided to a PERA employer by the retiree are the specific subject of an agreement with the PERA employer, the retiree shall disclose the amount agreed upon and the amount of employer contributions shall be based on the amount received by the retiree as specified in the agreement which, if paid directly by a PERA employer, would constitute salary under 24-51-101(42), C.R.S.
 - (2) If the services provided to a PERA employer by a retiree are not the specific subject of an agreement with the PERA employer, then the retiree shall disclose the amount of compensation

received by the retiree for services the retiree is providing to the PERA employer. Retiree shall report monthly to the Association and the PERA employer the amount received for the services provided to the PERA employer and shall specify the amount of compensation received which, if paid directly by a PERA employer, would constitute salary under 24-51-101(42), C.R.S. The PERA employer shall remit employer contributions to the Association within 30 days after receipt of the retiree's disclosure.

(3) If a retiree fails to report the compensation required under subsection D.(2) then the retiree shall be responsible to pay the contribution required by 24-51-1101(2), C.R.S. together with interest at PERA's actuarial investment assumption rate.

E. Regular salary or compensation received by the retiree as an employee of an entity which is not owned or operated by the retiree or any affiliated party shall not be subject to employer contributions.

11.15 Reduction/Offset in Benefits

A. Any reduction in benefits due to working in the month of effective date of retirement or due to exceeding the working after retirement limits for an affiliated employer shall take place in the month immediately following the month such work occurs or is reported to PERA. If such benefit reduction cannot completely occur in this month, it shall be applied to future months until the amount due is recovered.

B. For disability retirees who exceed the earnings limit for employment after disability retirement, the benefit offset shall take place in the month immediately following the month such work occurs or is reported to PERA. If such benefit offset cannot completely occur in this month, it shall be applied to future month's benefits. In no case shall the benefit offset exceed the total benefit paid on the retiree account.

11.16 Suspension of Service Retirement

A. A service retiree may prospectively suspend receipt of retirement benefits and return to membership. A retiree must return to membership in order to suspend receipt of retirement benefits. No retroactive suspension of benefits is allowed.

B. If a retiree suspends receipt of retirement benefits pursuant to 24-51-1103, C.R.S., and returns to work in a different division from which he or she retired, when the retiree resumes receipt of benefits due to re-retirement, the retiree shall remain retired from the division from which he or she originally retired.

11.20 Termination of Employment After Retirement

A. Employment of Less Than One Year

A retiree who earns less than one year of service credit, following suspension of benefits and resumption of employment in a position subject to membership, shall receive a refund of member contributions made during the period of membership together with the amount of matching employer contributions, upon resumption of benefit payments. The amount of matching contributions shall be determined based on the service credit earned during the period of suspension and the age of the retiree.

B. Employment of One Year or More

A retiree who earns at least one year of service credit following suspension of benefits and resumption of employment in a position subject to membership shall, upon subsequent retirement, receive a recalculated benefit which reflects the additional service credit earned during the period of membership and any increase in the Highest Average Salary.

11.30 Employment After Disability Retirement

A retiree receiving a disability retirement benefit may be employed in a position subject to membership under the same conditions applied to service or reduced service retirement. A disability retirement benefit may be suspended following resumption of employment under the conditions specified in 24-51-707, C.R.S.

11.40 Commencement of Employment After Retirement

Employment after retirement may begin no earlier than the second business day of the month in which retirement is effective. If employment begins in the month in which retirement is effective, the benefit of the retiree shall be reduced by 5 percent per day worked during the month of the effective date of retirement.

Rule 12: Health Care Program

Rule 12 describes requirements for enrollment and payment of premiums for the Health Care Program.

12.10 Enrollment

Enrollment in the Health Care Program is subject to receipt by the Association of the prescribed enrollment form(s).

A. Enrollment When First Eligible

(1) Enrollment of Benefit Recipients

- (a)** Service retirees and reduced service retirees may enroll themselves and any eligible dependents for whom coverage is desired within 30 days after the date of the first benefit payment.

- (b) Survivor benefit recipients and disability retirees may enroll within 30 days after the date of the first benefit payment.
 - (c) A surviving cobeneficiary who was not enrolled in the Program may enroll within 30 days after the date of death of the retiree. Coverage and requisite premium deductions will continue for a cobeneficiary whose coverage was in effect at the death of the retiree unless the cobeneficiary requests cancellation of coverage.
- (2) Enrollment of Spouses Not Receiving Benefits
- (a) The surviving spouse of a retiree who elected Option 1 must notify the Association in writing within 30 days after the date of death of the retiree in order to continue the coverage which was in effect at the death of the retiree.
 - (b) The divorced spouse of a retiree must notify the Association in writing within 30 days after the date of the divorce in order to continue the coverage which was in effect at the time of the divorce.
- (3) Enrollment of New Dependents
- (a) Newborn or newly adopted children may be enrolled within 30 days after the date of birth or adoption. Other children may be enrolled within 30 days after the date they become qualified as described in 24-51-1204(1)(a), C.R.S.
 - (b) Spouses may be enrolled within 30 days after the date of marriage.
 - (c) Dependent parents may be enrolled within 30 days after the date they become dependent parents as described in 24-51-101(14), C.R.S.
- B. Enrollment Upon Loss of Other Coverage
Benefit recipients and others eligible for coverage who are not enrolled in the Health Care Program may enroll within 30 days after loss of other coverage.
- C. Enrollment Upon Reaching Medicare Eligibility
- (1) Benefit recipients and others eligible for coverage who are covered by another health care plan may enroll in the Health Care Program within 30 days after reaching Medicare eligibility.
 - (2) Persons enrolled in the Health Care Program may change coverage from one health plan sponsored by the Program to another within 30 days after reaching Medicare eligibility.

D. Open Enrollment

A period of open enrollment shall be held annually. Benefit recipients may enroll themselves and their eligible dependents during the annual open enrollment period.

12.20 Payment of Health Care Premiums by Benefit Recipients

Premium payments made by benefit recipients shall be made through deduction from the benefit payment or by direct payment.

A. Deductions from Benefit Payments

The portion of the monthly premium paid by the benefit recipient shall be deducted from the benefit payment, unless the portion of the premium to be paid by the benefit recipient exceeds the amount of the benefit payment.

B. Direct Payment

If the portion of the premium to be paid by the benefit recipient exceeds the amount of the benefit payment, the benefit recipient shall make direct payments.

12.25 Conditions for Direct Payment of Health Care Premiums

Direct payment of premium amounts may be made on a monthly or quarterly basis. The Association shall bill the benefit recipient, the surviving spouse or the divorced spouse for the direct payments.

A. Requirements for Timely Payments

Direct payments are due prior to the month for which coverage is being purchased in accordance with the timeline as determined by the Association.

B. Cancellation Due to Non-Payment

Payments not made within 30 days of the due date shall result in cancellation of coverage effective at the end of the last month for which premium payments were made.

Rule 13: Life Insurance Program

Rule 13 describes conditions for enrollment for group life insurance coverage, provides for direct payment of premiums, and specifies requirements for designation of beneficiaries.

13.10 Enrollment

Life insurance coverage shall be available to members who voluntarily subscribe.

A. Enrollment Upon Becoming a Member

A member may enroll within 90 days after becoming a member without proof of insurability.

B. Open Enrollment

- (1) Open enrollment during which proof of insurability will not be required shall be held at times and for a period to be specified by the Association.
- (2) Open enrollment shall be available to members only.

13.20 Direct Payment of Premiums for Group Life Insurance

- A. Members may pay life insurance premiums directly to the life insurance plan in which they are enrolled. Inactive members may continue coverage after termination of employment by paying life insurance premiums directly to the life insurance plan in which they are enrolled, provided they have not received a refund of their account.
- B. Members on a leave without pay may make payments for the life insurance premiums to their employer, who shall report the payments on the monthly contribution report.
- C. Retirees whose benefits have been suspended may pay premiums directly to the life insurance plan in which they are enrolled.

13.30 Designation of Beneficiary for Life Insurance

Designation of a beneficiary shall be made in writing and must contain the signature of the member or retiree or the signature of the individual(s) appointed to represent the member or retiree, and the date. Such designation shall take effect upon receipt by the Association.

Rule 14: Voluntary Investment Program

Rule 14 establishes requirements for enrollment, changes to participation, suspension and resumption of contributions, submission of monthly contribution report and withdrawal. The Voluntary Investment Program is a 401(k) plan, known as PERA's 401(k) Plan, established pursuant to Section 401(k) of the "Internal Revenue Code of 1986," as amended.

14.10 Enrollment in the 401(k) Plan

- A. Any employee of an affiliated employer may enroll in the 401(k) Plan. Enrollment shall be effective upon receipt by the Plan of contributions or a rollover for the member.
- B. A person whose assets are transferred from the state defined contribution match plan to the 401(k) Plan pursuant to 24-51-1402(5)(a), C.R.S., shall be automatically enrolled in the 401(k) Plan.

14.15 Changes in 401(k) Plan Participation

Requests for changes in the percent of contributions assigned to each fund or the total amount in each fund must be submitted to the service provider designated by the Plan Administrator in accordance with the timeline as determined by the Administrator. Changes to contributions are effective the first day of the next following payroll period.

14.20 Suspension of Participation

- A. A participant may stop contributions to the 401(k) Plan upon request. Changes are effective the first day of the next following payroll period.
- B. A participant may resume contributions as soon as administratively practicable, except that contributions may not be resumed within six months after receipt of a hardship withdrawal. Changes are effective the first day of the next following payroll period.

14.30 Contribution Report

- A. The employer shall deliver all 401(k) Plan contributions, along with the required report, to the service provider designated by the Plan Administrator within five days of the date contributions were deducted from the employee's salary. If either the report or contributions are delinquent, interest shall be assessed and paid as specified in Rule 4.10.
- B. The Plan Administrator shall prescribe the form in which 401(k) Plan contributions shall be reported.

14.40 Withdrawal

- A. Upon Termination of Employment
A participant may withdraw the balance in the 401(k) account upon termination of employment.
- B. Upon Attaining Age 59½
A participant who has attained 59½ years of age may withdraw monies from the 401(k) account prior to termination of employment.
- C. Due to Hardship
 - (1) A participant who has not attained 59½ years of age may apply for a hardship withdrawal after contributions to the 401(k) account have been suspended and after all other available withdrawals and loans have been made.
 - (2) A participant applying for hardship withdrawal must show an immediate and heavy financial need as prescribed in the 401(k) Plan document.
 - (3) Hardship withdrawals may not be obtained more than once in six months.

14.50 Loans

All eligible 401(k) participants may borrow monies from the 401(k) account subject to loan provisions established by the Board and specified in the Plan document.

14.65 Compliance with Internal Revenue Service Code

A member or retiree may only contribute to the plan up to the maximum contribution limits established by the Internal Revenue Service each year. If a person contributes to another 401(k) plan in the same year as they contribute to the PERA plan, the person is responsible for compliance with the Internal Revenue Service Code regarding maximum allowable contributions.

14.70 Beneficiary Designations

A. General Provisions

Designation of a beneficiary shall be made in the manner prescribed by the Association. Such designation shall take effect upon receipt by the Service Provider designated by the Association. Designation of a beneficiary may be changed by the participant at any time prior to death. If no such designation is in effect at the time of the death of the participant, or if no person, persons, or entity so designated shall survive the participant, the beneficiary shall be deemed to be the estate of the participant.

B. Beneficiary Designation for Participants Whose Assets are Transferred to the Plan Pursuant to Section 24-51-1402(5)(a), C.R.S. and/or Rule 16.60 D.

Effective July 1, 2009, a participant whose assets are transferred to the Plan pursuant to Section 24-51-1402(5)(a), C.R.S. and/or Rule 16.60 D, shall have the following beneficiary designation:

- (i) If the participant has an existing account balance with the Plan as of July 1, 2009, the beneficiary for all assets in the account, including those assets transferred pursuant to Section 24-51-1402(5)(a), C.R.S. and/or Rule 16.60 D, shall be the beneficiary designation in effect for the Plan, regardless of whether there was a different beneficiary designated for the assets transferred pursuant to Section 24-51-1402(5)(a), C.R.S. and/or Rule 16.60 D. If no such beneficiary designation for the Plan is in effect at the time of the death of the participant, or if no person, persons, or entity so designated shall survive the participant, the beneficiary shall be deemed to be the estate of the participant.
- (ii) If the participant does not have an existing account balance with the Plan as of July 1, 2009, but has an account balance after July 1, 2009 as a result of the transfer of assets pursuant to Section 24-51-1402(5)(a), C.R.S. and/or Rule 16.60 D, the

beneficiary of the account shall be the beneficiary, if any, designated with the service provider that held the assets prior to their transfer on July 1, 2009, as reported to PERA. However, if assets are transferred to the Plan pursuant to both Section 24-51-1402(5)(a), C.R.S., and Rule 16.60 D, and there are different beneficiary designations in effect for such assets, the beneficiary designations for such assets shall be null and void and the participant must designate a new beneficiary. All beneficiary designations can be changed in accordance with Rule 14.70 A. In the absence of a beneficiary designation, the beneficiary shall be determined in accordance with Rule 14.70 A.

Rule 15: Domestic Relations Orders (DROs)

Rule 15 requires that the standardized form be used by the parties to a domestic relations order, as well as by the court, and includes other rules for administration of domestic relations orders.

15.05 Definitions

A DRO for the PERA defined benefit plan, the PERA defined contribution plan, the PERA 401(k) Plan, or the PERA 457 Plan shall consist of: (1) The written agreement for a DRO pursuant to C.R.S. §14-10-113(6) (hereinafter “agreement”) and (2) The domestic relations order (hereinafter “order”).

15.10 Standardized Forms

As specified in 14-10-113(6)(d), C.R.S., the standardized agreement and order forms provided by PERA must be used by the parties and by the court, for the agreement and the order to be valid with respect to PERA. The standardized forms must be executed voluntarily by both parties and properly completed to be a valid DRO with respect to PERA, with no changes or alterations to the provisions of the standardized forms.

15.20 Type of Plan

PERA’s required plan is a “defined benefit plan” as defined in 14-10-113(6)(b)(II), C.R.S., and all payments from the Plan shall be considered payments from a defined benefit plan. PERA’s defined contribution plan, PERA’s voluntary plan, the 401(k) Plan, and PERA’s deferred compensation plan, the 457(b) Plan, are each a “defined contribution plan” as defined in 14-10-113(6)(b)(III), C.R.S.

15.25 DRO Submission Requirements

- A. The parties shall submit the agreement to PERA within 90 days after entry of the decree and the permanent orders regarding property distribution in a proceeding for dissolution of marriage, legal separation or declaration of invalidity of marriage. For the agreement to be valid with respect to PERA, the agreement and

order shall be entered by the court upon or before entry of any decree of dissolution of marriage, decree of legal separation, or declaration of invalidity of marriage or within 90 days after entry of the decree and the permanent orders regarding property distribution in a proceeding for dissolution of marriage, legal separation or declaration of invalidity of marriage. Certified copies of the agreement and order shall be received by PERA within 90 days after entry of the order and agreement, but must be received by PERA at least 30 days before PERA shall make its first payment pursuant to the DRO.

Notwithstanding the foregoing, a person who was divorced prior to July 1, 2009 and who was a member of: (1) the state defined contribution match plan and whose assets were transferred to the 401(k) Plan pursuant to 24-51-1402(5)(a), C.R.S.; (2) the state defined contribution plan and whose assets were transferred to the PERA Defined Contribution Plan pursuant to Section 24-51-1501(2)(a); or (3) the state deferred compensation plan previously administered under Part 1 of Article 52 of Title 24, as said part existed prior to its repeal in 2009 and whose assets were transferred to the PERA 457(b) Plan pursuant to Section 24-51-1601, C.R.S., shall have until July 1, 2010 to submit certified copies of the agreement and the order to PERA with respect to the assets so transferred.

- B. An existing DRO that is valid with respect to PERA may be modified only by written agreement of the parties to the DRO and approved by the court. The standardized forms provided by PERA must be used by the parties to modify a DRO. Certified copies of the agreement and order shall be submitted to and received by PERA at least 30 days before PERA shall make its first payment pursuant to the modified DRO.

15.30 Application by Alternate Payee

An alternate payee must make application for payment with the forms prescribed by PERA. No payment shall be made by PERA to the alternate payee until after all of the necessary forms have been completed and received by PERA and all other statutory, regulatory, and rule requirements for payment are satisfied.

15.40 Participant's Account

The member contribution account for the defined benefit plan, the defined contribution account for the defined contribution plan and the member's account for the 401(k) Plan or the 457(b) Plan shall be reduced by payments made to the alternate payee.

15.50 Review of DRO Issues

Any issue pertaining to PERA and what PERA can or cannot do pursuant to a DRO (including, but not limited to, the validity of any DRO with respect to PERA, whether PERA can make any payment pursuant to any DRO, and what

the amount and timing of any payment by PERA can be) shall be resolved through PERA's administrative review process pursuant to Rule 2.20.

Rule 16: Defined Contribution Plan

16.10 Terms

- A. Defined Contribution Plan means the Association's defined contribution plan established pursuant to 24-51-1501, C.R.S., as a component of the 401(k) Plan. The Defined Contribution Plan is a separate trust fund within the 401(k) Plan. The Defined Contribution Plan is a profit-sharing plan intended to satisfy the requirements of Section 401(a) of the Internal Revenue Code.
- B. Defined Contribution Account refers to an account containing sums transferred to the account via trustee to trustee transfer together with the contributions to the Defined Contribution Plan on behalf of the member of the Defined Contribution Plan and the earnings thereon less any distributions, any losses, and the member's allocable portion of the costs and expenses of administering the Plan.
- C. Commence Employment means the date the employee began actual performance of services for an employer as defined in 24-51-1501(4), C.R.S. and earned salary for such services regardless of when the payment occurs.
- D. Community College refers to any Community College in the state system of community and technical colleges governed by the State Board for Community Colleges and Occupational Education which shall include Arapahoe Community College, Colorado Northwestern Community College, the Community College of Aurora, the Community College of Denver, Front Range Community College, Lamar Community College, Morgan Community College, Northeastern Junior College, Otero Junior College, Pikes Peak Community College, Pueblo Community College, Red Rocks Community College, Trinidad State Junior College and the Colorado Community College and occupational education system.
- E. Member of the Defined Contribution Plan means an employee who elected to participate in the Defined Contribution Plan pursuant to 24-51-1503(1) or 24-51-1506(4), C.R.S., or who became a member pursuant to 24-51-1501(2) or 24-51-1503(3), C.R.S. and is presently performing services for that PERA-affiliated employer for salary resulting in contributions to the Defined Contribution Plan. Member of the Defined Contribution Plan also means, to the extent required, a member who is inactive but who has a Defined Contribution Account.

- F. For purposes of 24-51-1502(2)(a), C.R.S. reference to member of the Association includes a member of the Defined Contribution Plan.
- G. Except as expressly provided herein, for purposes of Part 15 of the PERA Statutes and this Rule 16, all time periods shall be determined in accordance with 2-4-108, C.R.S.
- H. Year of Membership in the Defined Contribution Plan means 12 months, not necessarily consecutive, during which contributions are made on the member's behalf pursuant to 24-51-1505(1), C.R.S. to the Defined Contribution Plan. A Defined Contribution Plan member's total years of membership in the Defined Contribution Plan shall be calculated by dividing the total number of months during which contributions were made on the member's behalf to the Defined Contribution Plan by 12. Credit shall not be provided for member contributions transferred pursuant to Rule 16.30 D after an employee elects to participate pursuant to 24-51-1506(4), C.R.S. Years of membership before a 12-month break in service shall not be includable for purposes of determining a Defined Contribution Plan member's years of membership after such 12-month break in service. Each time an election is made to participate in the Defined Contribution Plan after a 12-month break in service, the employee shall have a new Defined Contribution Account with a new vesting schedule.
- I. For purposes of 24-51-1506(4), C.R.S., year of membership in the plan means 12 months of contributions, not necessarily consecutive, with an employer as defined in 24-51-1501(4), C.R.S. A member's total years of membership in the Defined Benefit Plan shall be calculated by dividing the total number of months of contributions by 12. Years of membership before a 12-month break in membership shall not be includable for purposes of determining a member's years of membership after such 12-month break in membership. Each time an election is made pursuant to 24-51-1502(1) or 1503(1), C.R.S. after a 12-month break in membership, the employee shall have a new calculation for years of membership for the purposes of 24-51-1506(4), C.R.S. Years of membership with an employer other than an employer defined in 24-51-1501(4), C.R.S. shall not count towards the calculation of years of membership pursuant to 24-51-1506(4), C.R.S.
- J. For purposes of Rule 16.10 I., reference to 12-month break in membership means 12 consecutive months for which no contributions are made on the member's behalf to the Defined Benefit Plan with an employer defined in 24-51-1501(4), C.R.S.

- K. 12-Month Break in Service means, except as otherwise required by federal law, 12 consecutive months for which no contributions are made on the member's behalf to the Defined Contribution Plan.
- L. Transfer Account means an account within the PERA 401(k) account containing the vested portion of the Defined Contribution Account together with any earnings thereon, less any distributions, losses and the member's allocable portion of the costs and expenses of administering the Plan that is established if there is a 12-Month Break in Service from the Defined Contribution Plan or an election is made to become a member of the Association pursuant to 24-51-1506(1), C.R.S. and Rule 16.30 A. The Transfer Account will be an account within the PERA 401(k) account but will be subject to the same distribution and investment election rules as the Defined Contribution Account.

16.20 Initial Election Period

- A. Election to participate in the Defined Contribution Plan by an eligible employee pursuant to 24-51-1503(1), C.R.S. must be made in a manner approved by the Association. Such election must be received by the Association within 60 days from the date the employee commences employment. Such election becomes effective on the first valuation date following the receipt of the election form by the Association. If no such election is received by the Association within 60 days from the date the employee commences employment, the employee will automatically become a member of the Association's defined benefit plan.
- B. An eligible employee shall make only a single election pursuant to 24-51-1502(1) and 24-51-1503(1), C.R.S. Such an election, once made, may not be withdrawn.
- C. If member and employer contributions are made to the Association during the initial election period on behalf of an eligible employee who elects to be covered by the Defined Contribution Plan pursuant to 24-51-1502(1), C.R.S., such contributions (without interest) shall be transferred to the plan within 90 days after the eligible employee's election becomes effective.
- D. An employee of an employer as defined in 24-51-1501(4), C.R.S., who terminates his or her employment for any reason prior to the expiration of the 60 days pursuant to 24-51-1502(1) or 1503(1), C.R.S., and who has not made a choice to become a participant in a retirement plan, shall be deemed to have been a member of the Association from the date of employment to the date of termination and thereafter an inactive member of the Association.

16.30 Additional Choice Within Years Two Through Five

- A. Election to become a member of the Association pursuant to 24-51-1506(1), C.R.S. must be made in writing in a manner designated by the Association. Membership in the Association is effective on the first date of the pay period following the date the Association receives the form. Such election must be received within the second to fifth year of the employee's current period of membership in the Defined Contribution Plan. Years of membership in the Defined Contribution Plan shall be determined in accordance with Rule 16.10 I.
- B. Election to become a member of the Defined Contribution Plan pursuant to 24-51-1506(4), C.R.S. must be made in writing in a manner designated by the Association. Such election becomes effective on the first date of the pay period following the date the Association receives the election form. Such election form must be received within the second to fifth year of the employee's membership in the Association in accordance with Rule 16.10 J.
- C. For an employee who becomes a member of the Association pursuant to 24-51-1506(1), C.R.S. the vested portion of his or her Defined Contribution Account pursuant to 24-51-1505(3), C.R.S. shall be transferred into the employee's Transfer Account. The amount of unvested employer contributions shall be forfeited pursuant to 24-51-1505(3), C.R.S.
- D. An employee who elects to participate in the Defined Contribution Plan pursuant to 24-51-1503(1) or 1506(4), C.R.S., who has an existing member contribution account and is an inactive member of the Association, may either (i) elect to maintain his or her inactive member contribution account in the Association or (ii) direct that his or her member contribution account be transferred to the Defined Contribution Account; provided that after-tax contributions shall be transferred to an after-tax account in the employee's PERA 401(k) account. If an employee elects to transfer his or her member contribution account pursuant to this subsection (ii), the Association will transfer such account within 90 days after the employee's election becomes effective.
- E. An employee who elects to become a member of the Association pursuant to 24-51-1506(1), C.R.S. or after a 12-Month Break in Service from the Defined Contribution Plan and who has previously elected to transfer his or her member contribution account to the Defined Contribution Account pursuant to Rule 16.30 D (ii), may reestablish his or her member contribution account and corresponding service

credit. The cost to reestablish the member contribution account shall be the amount of money that was originally in the member contribution account, plus interest calculated at the actuarial investment assumption rate pursuant to PERA Rule 2.90 C plus an amount equal to one percent of the member's highest average salary for each month or partial month of service credit to be reestablished in accordance with 24-51-503(4), C.R.S. An employee who elects to reestablish his or her member contribution account pursuant to this Rule 16.30 E (ii) may reestablish a portion of the account.

- F. A member of the Defined Contribution Plan who elects to receive a distribution of the entire vested balance of his or her Defined Contribution Account pursuant to Rule 16.90 or a member of the Defined Benefit Plan who elects to refund his or her Member Contribution Account pursuant to Rule 4.40, and then subsequently returns to membership in the Association or in the Defined Contribution Plan before there has been a 12-month break in service shall begin with the same number of years of membership he or she had accrued prior to terminating membership for purposes of the additional choice within years two through five as provided for in 24-51-1506, C.R.S. and Rule 16.30.
- G. Individuals who became members of the Defined Contribution Plan pursuant to section 24-51-1501(2) or 24-51-1503(3), C.R.S., are not eligible to make an additional choice within years two through five and this Rule 16.30 is not applicable to them.

16.40 Investments

The investment alternatives available to a member of the Defined Contribution Plan shall be the same as those available in the PERA 401(k) Plan. In the event of a transfer from the Defined Contribution Plan to the Transfer Account, the investment alternatives designated by the member of the Defined Contribution Plan shall remain the same until changed.

16.50 Beneficiary(ies)

- A. A member of the Defined Contribution Plan who is also a participant in the PERA 401(k) Plan may designate different beneficiaries for each account. In the event no beneficiary is designated for the Defined Contribution Plan Account, the beneficiary shall be the beneficiary designated for the member's 401(k) Plan Account, if any. In the event the member does not have a 401(k) Plan Account, or in the event no beneficiary is designated for the 401(k) Plan Account, or if no person, persons, or entity so designated shall survive the participant, the beneficiary shall be deemed to be the estate of the participant.

- B. If a Participant had a Defined Contribution Plan Account balance as of July 1, 2009, and that Participant had assets transferred to the plan on July 1, 2009 pursuant to Section 24-51-1501(2), C.R.S., the beneficiary of the Defined Contribution Plan Account shall be the beneficiary designated for the Defined Contribution Plan Account prior to such transfer of assets. In the event no beneficiary is designated for the Defined Contribution Plan Account, the beneficiary shall be the beneficiary designated for the member's 401(k) Plan Account, if any. In the event the member does not have a 401(k) Plan Account, or in the event no beneficiary is designated for the 401(k) Plan Account, or if no person, persons, or entity so designated shall survive the participant, the beneficiary shall be deemed to be the estate of the participant.
- C. If a Participant became a Participant in the Defined Contribution Plan pursuant to Section 24-51-1501(2), C.R.S., and that Participant did not have a Defined Contribution Plan Account balance as of July 1, 2009, but has an Account balance after July 1, 2009 as a result of the transfer of assets pursuant to Section 24-51-1501(2), C.R.S., the beneficiary of the Defined Contribution Plan Account shall be the beneficiary, if any, designated with the service provider that held the assets prior to their transfer on July 1, 2009, as reported to PERA. This beneficiary can be changed in accordance with Rule 16.50 A or Rule 14.70 A. In the event that multiple service providers held assets prior to their transfer on July 1, 2009, and such service providers have different beneficiary designations on file for the Participant, all such designations will be null and void and a new designation will be required to be made in accordance with Rule 16.50 A. In the absence of such a designation, the beneficiary shall be the beneficiary designated for the member's 401(k) Plan Account, if any. In the event the member does not have a 401(k) Plan Account, or in the event no beneficiary is designated for the 401(k) Plan Account, or if no person, persons, or entity so designated shall survive the participant, the beneficiary shall be deemed to be the estate of the participant.

16.60 Contributions

- A. The employer shall deliver all Defined Contribution Plan contributions, along with the required report to the service provider designated by the Plan Administrator within five days of the date the member of the Defined Contribution Plan is paid and consistent with the provisions of 24-51-401(1.7)(b) to (1.7)(d), C.R.S. If either the payment or the reports or both are late, interest shall be assessed and paid as specified in PERA Rule 14.30A.

- B. For purposes of deferring federal income tax imposed on salary, the employee 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 Section 414(h)(2) of the Internal Revenue Code. For all other purposes, employee contributions assumed and paid for by the employer shall be considered employee contributions.
- C. Members of the Defined Contribution Plan shall be eligible to make tax-deferred contributions and rollover contributions to the 401(k) Plan. Members of the Defined Contribution Plan shall also be eligible to make tax-deferred contributions and rollover contributions to the 457(b) Plan if they are employed by an Employer that is affiliated with the Plan.
- D. If a Defined Contribution Plan Participant has assets transferred to the Defined Contribution Plan pursuant to Section 24-51-1501(2), C.R.S., and those assets contain rollover contributions, the rollover contributions will be transferred to the Participant's 401(k) Account and shall not remain in the Participant's Defined Contribution Plan Account.

16.65 Contributions Based on Uniformed Service

- A. A member of the Defined Contribution Plan who is reemployed and has the rights under 24-51-507, C.R.S., and the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA"), may elect to make up his or her missed contributions for the period of uniformed service up to five years. Contributions must be made in accordance with USERRA, set forth at 38 U.S.C. § 4301, *et seq.*
- B. Contributions made by a member of the Defined Contribution Plan pursuant to this Rule must be made during the time period starting with the date of reemployment and continuing for up to three times the length of the member's immediate past period of uniformed service, with the repayment period not to exceed five years. Makeup contributions may only be made during this period and while the member is employed with the post-service employer.
- C. Upon PERA's receipt of the member contributions pursuant to section (A) of this Rule, the employer shall pay the employer contribution attributable to the period of time that the member paid make-up contributions. The employer shall remit the entire amount due pursuant to this section within 30 days from the date the member makes his or her make-up contributions.
- D. If the employee does not make up all of the contributions attributable to the period of service, his or her defined contribution

account may be less than if he or she had done so. Even when the employee and employer make up all contributions attributable to the period of service, the employee's account may not be the same as if the employee had remained continuously employed because the employee is not permitted to experience gains or losses on the make-up contributions that occurred in his or her defined contribution account during the period of service.

16.70 Return to Employment

- A. A Member of the Defined Contribution Plan who has elected a lifetime annuity distribution option on or after an age that distributions are exempt from penalty under Internal Revenue Code Section 72(t) shall be deemed to be a Retiree of the Association subject to the provisions of Rule 11 and 24-51-1101, *et seq.*, C.R.S.
- B. A Participant in the state defined contribution plan established pursuant to Part 2 of Article 52 of Title 24, as said part existed prior to its repeal in 2009, who has elected a lifetime annuity distribution option on or after an age that distributions are exempt from penalty under Internal Revenue Code Section 72(t) shall be subject to the provisions of Rule 11 and 24-51-1101, *et seq.*, C.R.S.

16.80 Forfeiture

- A. Except as otherwise required by federal law, upon the earlier of (i) a 12-Month Break in Service, (ii) the distribution of the vested portion of the Defined Contribution Plan member's Defined Contribution Account upon termination of membership in PERA, or (iii) the transfer of the vested portion of the member's Defined Contribution Account to a Transfer Account, the person shall forfeit the portion of the Defined Contribution Account that is not vested. Forfeitures shall be used to pay Plan expenses. If required by federal law, the forfeited portion of the Defined Contribution Account without earnings shall be reinstated upon the person's resumption of participation in the Defined Contribution Plan.
- B. If a person has a 12-Month Break in Service from membership in the Defined Contribution Plan, the vested portion of the Defined Contribution Account will automatically be transferred to a Transfer Account. The amount of unvested employer contributions shall be forfeited pursuant to 24-51-1505(3), C.R.S.

16.90 Distributions Upon Termination of Employment

- A. The entire vested balance of the Defined Contribution Plan member's Defined Contribution Account shall become available for distribution as soon as administratively practicable following the date of the Defined Contribution Plan member's termination of membership in the Association, but the distribution shall not be made earlier than the date all of the member's contributions are credited.

- B. At the election of the member of the Defined Contribution Plan and subject to procedures of the Association, the distribution may be made in the following manner:
- (i) by lump sum payment of the entire vested portion of the Defined Contribution Account;
 - (ii) by partial distribution of an amount designated by the member of the Defined Contribution Plan;
 - (iii) by monthly payments in an amount designated by the member of the Defined Contribution Plan until the entire remaining Defined Contribution Account is distributed;
 - (iv) by a combination of the methods specified in subsections(i) through (iii); or
 - (v) by purchasing with the Defined Contribution Plan member's vested Defined Contribution Account a lifetime annuity contract from an insurance company or other authorized third party annuity provider.

Notwithstanding anything herein to the contrary, the distribution options specified in this Rule 16.90 B shall apply to the person's Transfer Account.

- C. Distributions due to death will be paid to the Defined Contribution Plan member's beneficiary.
- D. Except as provided in Article 15 of the PERA 401(k) Plan and this Rule 16, the procedures and restrictions for distributions shall be the same as for the PERA 401(k) Plan.
- E. A member of the Defined Contribution Plan who elects to receive a distribution of the entire vested balance of his or her Defined Contribution Account pursuant to this Rule and then subsequently returns to membership in the Association before there has been a 12-month break in service shall begin a new vesting schedule for future contributions.

16.95 Miscellaneous

- A The Domestic Relations Order requirements in PERA Rule 15 shall be the same for the Defined Contribution Plan as they are for the remainder of the PERA 401(k) Plan.
- B. A person may retire from the Association or receive a distribution from his or her Defined Contribution Account only if he or she has terminated PERA covered employment and is no longer actively contributing to either the Defined Contribution Plan or the Association's Defined Benefit Plan. Notwithstanding the foregoing, a person who retired from the Association prior to July 1, 2009, and became a member of the Defined Contribution Plan pursuant to Section 24-51-1501(2), C.R.S., and who is actively contributing to

- the Defined Contribution Plan as of July 1, 2009, may continue to be a retiree even though he or she is actively contributing to the Defined Contribution Plan. If such person has terminated employment with the employer that he or she was employed with as of July 1, 2009, and subsequently returns to work, he or she shall be treated as a PERA retiree and may not continue to contribute to the Defined Contribution Plan.
- C. A member of the Defined Contribution Plan may not obtain a loan from the member's Defined Contribution Account.
 - D. The lifetime annuity distribution option for members of the Defined Contribution Plan will not be provided by the Association.
 - E. Subject to Rule 16.95 B, an employee of an employer as defined in 24-51-1501(4), C.R.S. who is hired on or after July 1, 2009, and who was an employee of an employer as defined in 24-51-1501(4), C.R.S. during the 12 months prior to the date that the employee commences employment shall participate in the Plan that he or she was in based on the prior employment with an employer as defined in 24-51-1501(4), C.R.S. during the last 12 months. Notwithstanding the above, and subject to Rule 16.95 F and G, if the employee has been an active participant in the state defined contribution plan established pursuant to part 2 of article 52 of title 24, as said part existed prior to its repeal in 2009, during the 12 months prior to the date the employee commences employment with an employer, the employee shall be a member of the Association's Defined Contribution Plan upon commencing employment with the employer, and the employee shall not be considered an eligible employee for purposes of section 24-51-1506(1) and (2), C.R.S.
 - F. An employee who is hired on or after January 1, 2008, by a Community College who was an employee of a Community College during the 12 months prior to the date that the employee commences employment, shall participate in the Plan that he or she was in based on the prior employment with a Community College in the last 12 months.
 - G. An employee who commences employment with a Community College on or after January 1, 2008, who has not been employed by a Community College in the last 12 months, but who has been a Member of the Defined Contribution Plan in the last 12 months, shall continue to be a Member of the Defined Contribution Plan upon commencement of employment with the Community College.
 - H. Any person who becomes a candidate for Board election in the State Division pursuant to Part 2 of the Association's Statutes and

these Rules must disclose whether he or she is a member of the Defined Contribution Plan or a member in the Defined Benefit Plan.

- I. Except as required by 24-51-212, C.R.S., none of the moneys, accounts, benefits, or contributions associated with a Defined Contribution Account shall be assignable either in law or in equity or be subject to execution, levy, attachment, garnishment, bankruptcy proceedings, or other legal process.
- J. A person who no longer has a Defined Contribution Account and has not elected a lifetime annuity distribution option shall not have any rights associated with the Defined Contribution Plan and cannot be a retiree of the Association.
- K. A person who has a Transfer Account may only rollover the Transfer Account to another Plan not administered by the Association if that person is no longer a member of the Association. The person shall not have the ability to rollover the Transfer Account to the PERA 401(k) Plan or the PERA 457(b) Plan.
- L. In the event there is a conflict between these Rules and the Plan Document, these Rules shall govern.

Rule 17: Deferred Compensation Plan

Rule 17 establishes requirements for enrollment, changes to participation, suspension and resumption of contributions, submission of monthly contribution report and withdrawal. The Deferred Compensation Plan is a 457(b) plan, known as PERA's 457(b) Plan, established pursuant to Section 457(b) of the "Internal Revenue Code of 1986," as amended.

17.10 Enrollment in the 457(b) Plan

Any employee of an employer who has affiliated with the deferred compensation plan pursuant to section 24-51-1602, C.R.S. may enroll in the 457(b) Plan. Enrollment shall be effective upon receipt by the Plan of contributions or a rollover for the member.

17.20 Changes in 457(b) Plan Participation

Requests for changes in the percent of contributions assigned to each fund or the total amount in each fund must be submitted to the service provider designated by the Plan Administrator in accordance with the timeline as determined by the Administrator. Changes to contributions are effective as soon as administratively practicable, but in no event before the later of the first day of the next payroll period or the first day of the month after the day the service provider receives a properly executed Voluntary Salary Deferral Agreement for the participant.

17.30 Suspension of Participation

- A. A participant may stop contributions to the 457(b) Plan upon request. Changes are effective the first day of the next following payroll period.
- B. A participant may resume contributions as soon as administratively practicable, except that contributions may not be resumed within six months after receipt of an unforeseeable emergency withdrawal. Changes are effective as soon as administratively practicable, but in no event before the later of the first day of the next payroll period or the first day of the month after the day the service provider receives the change.

17.40 Contribution Report

- A. The employer shall deliver all 457(b) Plan contributions, along with the required report, to the service provider designated by the Plan Administrator within five days of the date contributions were deducted from the employee's salary. If either the report or contributions are delinquent, interest shall be assessed and paid as specified in Rule 4.10 B.
- B. The Plan Administrator shall prescribe the form in which 457(b) Plan contributions shall be reported.

17.50 Withdrawal

- A. Upon Termination of Employment
A participant may withdraw the balance in the 457(b) account upon termination of employment from all employers that are affiliated with the 457(b) Plan.
- B. Upon Attaining Age 70½
A participant who has attained 70½ years of age may withdraw monies from the 457(b) account prior to termination of employment.
- C. Due to Unforeseeable Emergency
 - (1) A participant who has not attained 70½ years of age may apply for an unforeseeable emergency withdrawal after contributions to the 457(b) account have been suspended and after all other available withdrawals and loans have been made. A participant who has commenced receiving installment payments under the 457(b) Plan may request acceleration of such payments in the event of severe financial hardship due to an unforeseeable emergency.
 - (2) A participant applying for unforeseeable emergency withdrawal must show a severe financial hardship of the participant or beneficiary resulting from: a) an illness or accident of the participant or beneficiary, the participant or beneficiary's spouse, or the participant or beneficiary's dependent; b) loss of the

participant or beneficiary's property due to casualty not otherwise covered by homeowner's insurance; c) the imminent foreclosure of or eviction from the Participant or Beneficiary's primary residence; d) the need to pay for medical expenses of the Participant or Beneficiary, the Participant or Beneficiary's spouse, or the Participant or Beneficiary's dependent, including nonrefundable deductibles, as well as the cost of prescription drug medication; or e) the need to pay for funeral expenses of a spouse or a dependent of the Participant or Beneficiary (as defined in Internal Revenue Code § 152, and, for taxable years beginning on or after January 1, 2005, without regard to § 152(b)(1), (b)(2) and (d)(1)(B)).

- (3) Distributions due to an unforeseeable emergency must be limited to the amount reasonably necessary to satisfy the emergency need.
- (4) An unforeseeable emergency withdrawal may not be obtained more than once in a six month period.
- (5) If a distribution due to unforeseeable emergency is approved, the participant must cease deferrals into the 457(b) Plan for a period of six months beginning after receipt of the distribution.
- (6) A distribution on account of unforeseeable emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or by cessation of deferrals under the 457(b) Plan.

17.60 Loans

All eligible 457(b) participants may borrow monies from the 457(b) account subject to loan provisions established by the Board and specified in the Plan document.

17.70 Compliance with Internal Revenue Service Code

A member or retiree may only contribute to the plan up to the maximum contribution limits established by the Internal Revenue Service each year. If a person contributes to another 457 plan in the same year as they contribute to the PERA plan, the person is responsible for compliance with the Internal Revenue Service Code regarding maximum allowable contributions.

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