

Section 1:**Anti salary spiking measure—current members.**

Limits the permissible 15% salary increase in the calculation for Highest Average Salary for current members who retire after January 1, 2009.

Anti salary spiking measure—post-1/1/07 members.

For post-1/1/07 members, provides a limit of 8% for salary increases that may be included in the calculation of Highest Average Salary.

Section 2:**15 Trustees**

- State Treasurer
- 3 elected from state division
- 4 elected from school division
- 1 elected from local government division
- 1 elected from judicial division
- 2 elected from retirees
- 3 appointed by the Governor with minimum experience subject to the consent of the Senate. No more than two shall be from the same political party. The elected positions shall be eliminated as they expire.

(removed State Auditor)

Section 3:**Reserve created for post-1/1/07 COLAs.**

Within each of the state, school, local government, and judicial divisions of PERA, creates an annual increase reserve.

Section 4:**Reduces maximum amortization period to 30 years.**

Reduces the maximum amortization period that is considered actuarially sound for each of the PERA trust funds from 40 to 30 years. In compliance with GASB rules.

Section 5:**Changes the definition of PERA Eligible Employee to the University of Colorado.****Section 6:****Eliminates the automatic reduction of employer contributions upon a funded ratio of 110%.****Section 7:****Unpaid contributions include AED.**

Requires that employers who fail to provide membership in PERA pay the amortization equalization disbursement that was in effect at the time membership should have been provided.

Section 8:**No grandfather provision for person with refunded accounts.**

A member who refunds a member account and later recommences membership is subject to the benefits and other provisions in effect at the time of recommencing membership.

Section 9:**Provides a Supplemental AED of .5% beginning January 1, 2008, and increasing each year at .5% until 2012 (3% total).**

As each division attains a 30-year amortization period, the Board shall conduct a study of the AED and supplemental AED and may make appropriate recommendations to the General Assembly.

Section 10:

No grandfather provision for persons purchasing service credit.

A member who purchases service credit shall be subject to the provisions regarding benefits in effect at the time the member initiates payment of the purchase.

Section 11:

1% payment for Post-1/1/07 members to purchase refunded account.

Specifies that the cost to purchase forfeited service credit for post-1/1/07 members shall be the refunded amount plus interest plus 1% of the member's highest average salary for each month or partial month of service credit. The 1% shall be allocated to the annual increase reserve. Insures full actuarial cost is paid to regain refunded service credit.

Section 12:

Cost to purchase for non-covered service shall be the actuarial cost.

1.02% instead of 1.10% of purchase service credit cost to Health Care Trust Fund.

Of the amount paid by a member to purchase service credit for noncovered employment, decreases the amount that is transferred to the Health Care Trust Fund on the effective date of the member's retirement to 1.02% of the member's highest average salary at the time of the purchase of service credit. Clean up provision from 2004 legislation.

Section 13:

For post-1/1/07 members, a Rule of 85 shall apply to full service retirement for those over 55 (minimum age).

Any Age	35 years
55	30 years
60	25 years
65	5 years

Section 14:

Ends back benefit payments to inactive members who retire.

Specifies that post-1/1/07 members who are inactive members may receive a retirement benefit effective upon written application and approval by the board and upon reaching the requisite age and service credit. Benefits limited to those due post-application.

Section 15:

Limiting indexation of benefits to members hired before 1/1/07.

Section 16:

Needed provision for IRS requirements.

Incorporates federal requirements on minimum required distributions pursuant to the Internal Revenue Code.

Section 17:

Technical Change related to Option 2 and 3 calculations.

Section 18:

Post-1/1/07 COLA for over 60 years of age or Rule of 85 and full calendar year of benefits.

Post-1/1/07 members' COLA, if any, shall be paid to retirees who were retired for the full preceding calendar year and the retiree is older than 60 years of age or has reached the Rule of 85.

Section 19:

Technical changes to establish Annual Increase for post-1/1/07 members.

Section 20:

Creates COLA calculations for post-1/1/07 members.

States that 1% of employer contribution for post-1/1/07 members shall be allocated to a to the annual increase reserve used to fund COLAs for post-1/1/07 members. Allows an annual increase in benefits only if 10% of the amount in the annual increase reserve is sufficient to fund the net present value of the actuarial liability associated with the lower of a 3% increase or an increase equal to the change in CPI.

Actuarial assessment caused by General Assembly before increasing any benefits.

Section 21:

Refines legislation from 2005 regarding Working After Retirement, Employer Contribution.

Defines retiree/employer relationship for purposes of determining the employer contributions and amortization equalization disbursement paid by an employer for employing retirees.

Section 22:

Refines legislation from 2005 regarding Working After Retirement, 110-day Benefit Reduction.

Defines retiree/employer relationship to IRS guidelines regarding independent contractors for purposes of determining any reduction in monthly benefit.

Section 23:

In PERA DC Choice, hired after 1/1/07 with existing PERA DB account—same benefits in effect for existing account.

States that an eligible employee who commences employment on or after January 1, 2007, who has an existing member account with PERA, and who initially elects to participate in the PERA DB Plan shall continue membership in the defined benefit plan at the benefit level in which such membership account exists.

In PERA DC Choice, hired after 1/1/07 with no existing PERA DB account—same benefits in effect when starting in PERA DB.

States that an eligible employee who commences employment on or after January 1, 2006, who does not have an existing member account, and who elects to transfer into the defined benefit plan from the defined contribution plan shall participate in the defined benefit plan at the benefit level existing when the employee begins participation in the defined benefit plan.

Section 24:

For new hires after January 1, 2008, the definition of an eligible employee for PERA DC Choice and the State Defined Contribution plan is expanded to include higher education institutions.

Section 25:

Limitation on Actions for DB or DC Choice (In PERA DC provisions).

Provides a time limitation for employees to bring actions based on their election or failure to elect between the defined contribution plans and the defined benefit plan.

Section 26:

Limitation on Actions for DB or DC Choice (In State DC provisions).

Provides a time limitation for employees to bring actions based on their election or failure to elect between the defined contribution plans and the defined benefit plan.

Defines terms. Makes conforming amendments.

Section 27:

Expands the definition of an eligible employee for the State Defined Contribution plan to include higher education institutions.

Section 28:

Expands the passive election to include higher educational institutions.

Section 30:

Allows employees eligible for the Optional Retirement Plan to also be eligible for the membership in PERA or the State Defined Contribution Plan.

Section 31:

Employees of high education institutions who do not have an Optional Retirement Plan are eligible for membership in PERA or the State Defined Contribution plan.