

Senate Bill 10-001: Eliminate PERA's Unfunded Liability

Status: SB 10-001 was signed by Governor Ritter on February 23, 2010.

This bill was primarily sponsored by Sen. Brandon Shaffer (Longmont), Sen. Josh Penry (Grand Junction), and Rep. Andy Kerr (Lakewood).

The following is a brief review of some of the major provisions of Senate Bill 1:

- Increases over time the Amortization Equalization Disbursement (AED) paid by PERA employers and the Supplemental Amortization Equalization Disbursement (SAED) funded by monies otherwise available for employee wage increases.
- Sets the early retirement reduction factors for a reduced service retirement benefit at an actuarially determined percentage for members not eligible to retire as of January 1, 2011.
- Changes the annual salary increase limit used in the Highest Average Salary (HAS) calculation from 15 percent to 8 percent for members not eligible to retire on January 1, 2011, and who began membership before January 1, 2007.
- Modifies the conditions for receiving a match on employer contributions when a member withdraws a PERA account. Members who withdraw their account on or after January 1, 2011, must have five years of service credit to receive the 50 percent match.
- Changes the age and service requirements for full service retirement eligibility for members with less than five years of service credit on January 1, 2011 and members who began membership on or after January 1, 2011.
- Changes the amount of the Cost of Living Adjustment (COLA), how the COLA amount will be determined annually, when the COLA will be paid to retirees, and who is eligible to receive a COLA.
- Prevents the recalculation of a service retirement for retirees who suspend their benefit on or after January 1, 2011, and establishes how a second benefit would be earned and paid out.
- Requires retirees who return to work for a PERA-covered employer to make nonrefundable contributions at the same rate as all members working for that employer.
- Adds days to the 110-day limit on working after retirement for a limited number of retirees in school districts and higher education institutions.

Visit the special Senate Bill 1 section on PERA's Web site for more comprehensive information about this legislation and the impact to PERA members.

House Bill 10-1181: DPA Administrative Clean-up

Status: HB 10-1181 was signed by Governor Ritter on June 7.

This bill, sponsored by Rep. Nancy Todd (Aurora) and Sen. Bob Bacon (Fort Collins) contains a number of provisions affecting the Colorado Department of Personnel Administration (DPA). A minor administrative provision of this bill codified existing practice which allows the PERA Board of Trustees to select and retain legal counsel.

This issue contains summaries of legislation from the 2010 session that impact Colorado PERA.



In March, PERA mailed all members a comprehensive notice detailing the provisions of Senate Bill 1. PERA encourages all members to review this information and to call or e-mail PERA if you have questions..

Senate Bill 10-146: PERA Contribution Rates

Status: SB 10-146 was signed by Governor Ritter on March 31.

Sen. Maryanne Keller (Wheat Ridge) and Rep. Jack Pommer (Boulder) introduced this bill that increases the PERA member/employee contributions beginning in July 2010. The bill was sponsored by the Joint Budget Committee as a budget balancing bill and was part of the Governor's budget in November. SB 146 makes the following changes to contributions:

- In the State Division, (excluding State Troopers) the member contribution is increased from 8.00 percent to 10.50 percent. The employer contribution rate is decreased from 10.15 percent to 7.65 percent.
- For State Troopers, the member contribution rate is increased from 10.00 percent to 12.50 percent. The employer contribution rate is decreased from 12.85 percent to 10.35 percent.
- In the Judicial Division, the member contribution rate is increased from 8.00 percent to 10.50 percent. The employer contribution rate is decreased from 13.66 percent to 11.16 percent.

The contribution changes are temporary, one-year modifications that will end on June 30, 2011. The change is expected to save the State of Colorado more than \$37 million.

Employer or member contribution rates in the School, DPS, and Local Government Divisions are not impacted.

House Bill 10-1425: DPS Postretirement Employment Limit

Status: HB 10-1425 was signed by Governor Ritter on May 27.

This bill was introduced by Rep. Joe Miklosi (Denver) and Sen. Joyce Foster (Denver). It exempts PERA retirees from the 110-day working after retirement limit if they were working as hourly employees for the Denver Public Schools before January 1, 2010, and continue to be in those same positions.

This exemption was already in place for PERA retirees who were active members of the Denver Public Schools Retirement System (DPSRS) before January 1, 2010. Hourly employees working for DPS were not included in this exemption passed with the 2009 PERA and DPSRS merger legislation.

Senate Bill 10-003: Higher Education Flexibility

Status: This bill was signed by Governor Ritter on June 9.

This bill, introduced by Sen. John Morse (Colorado Springs) and Rep. Mark Ferrandino (Denver), gives higher education institutions more flexibility in setting tuition rates and directing administrative operations. A minor provision of this bill concerns one of the working after retirement changes passed in Senate Bill 10-001.

SB 1 adds 30 days to the 110-day limit for working after retirement in a calendar year without penalty for up to 10 service retirees per employer in the school districts and higher education institutions, provided full contributions are paid. Each year the employer must designate the 10 retirees who are subject to the 140-day limit.

This bill expands the 140-day limit for higher education institutions that have more than one principal campus. Under SB 10-003, each campus of a higher education institution may designate up to 10 PERA retirees to work up to 140 days per year at the campus without a reduction in PERA benefits.

For more information about these bills or other legislation not noted, visit www.leg.state.co.us.