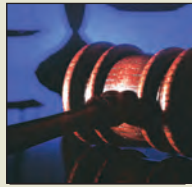




3  
Senate Bill 1  
Reminders



7–9  
Summary of  
Changes to Colorado  
PERA Rules



11–14  
Working  
After  
Retirement

A publication for retirees and benefit recipients of the Colorado Public Employees' Retirement Association

November 2010



COLORADO  
PERA®

# Retiree REPORT

## INSIDE

*Annual Increase  
Information*  
Page 2

*Working Retiree  
Contribution*  
Page 2

*PERACare Plans and  
Federal Health Care  
Reform*  
Page 4

*Suspension Rules  
Changing*  
Page 5

*Planning for Medicare  
Meetings*  
Page 5

*PERA Retirees Choose  
Colorado*  
Page 6

*Is It PERA Calling?*  
Page 9

*PERA Redesigns  
Web Site*  
Page 10

*PERA Retiree Spotlight*  
Page 15

## Colorado PERA Update

As I reflect on the past several months, I am pleased to report on PERA's significant accomplishments. I wanted to share with you some of the major projects that we have recently completed.

### Redesigned PERA Web Site

If you've visited PERA's Web site recently, you've noticed that we have updated the entire site. Among the improvements you'll find at [www.copera.org](http://www.copera.org):

- Latest News is on the front page, as are links that you can use to log into your secure PERA account.
- A "Featured Content" section highlights the important information and PERA's most popular Web pages.
- Content has been reorganized within the site in a convenient left-hand menu.

I encourage you to explore the Web site's new look and improved functionality.

### 2010 Shareholder Meetings

This year marked the 10th year we conducted these meetings, which give members and retirees a chance to hear about the state of your retirement plan directly from PERA leaders. If you missed a meeting in your area, we will have a video of the meeting available on the Web site in mid-November.

### Mergers

In July of 2009, PERA assumed the administration of the State of Colorado's Defined Contribution Plan and 457 Plan. On January 1 of this year, PERA welcomed the members and retirees of the Denver Public Schools Retirement System, as well as several thousand new PERA members from Denver Public Schools who previously did not participate in a retirement plan.

With the addition of Denver Public Schools as our newest employer, PERA's membership is now over 467,000. Defined benefit plan assets under

management total over \$36 billion; PERA's monthly benefit "payroll" to retirees is now \$260 million a month.


When we complete the consolidation of computer systems in early 2011, individuals who retired under the DPS benefit structure prior to January 1, 2010, will be able to use a PIN to access their account via the secured pages of PERA's Web site.

### Senate Bill 1 Lawsuit

The PERA Board of Trustees and I understand that the changes in Senate Bill (SB) 1 have an impact on members and retirees. Shortly after Gov. Ritter signed SB 1, a lawsuit was filed challenging the new law. The correct forum to discuss this litigation is court—not in this publication, the PERA Web site, or in the media. But I did want you to know that PERA firmly believes that SB 1 was not only an appropriate solution to PERA's challenges but that the legislature was well within its legal authority to enact the changes included in the package. PERA's attorneys will vigorously argue this in court. We anticipate that the final resolution to the lawsuit will occur in the Colorado Supreme Court and may take up to five years.

### Implementation of Legislation

Work continues on PERA's systems and publications to fully reflect the comprehensive changes to your retirement plan made by SB 1, the legislative package enacted by the Colorado Legislature earlier this year to put PERA on track to being fully funded. Changes that impact PERA's active membership will become effective on January 1, 2011.

After a very busy and eventful year and a half, the PERA staff and I are looking forward to serving our membership during calmer times. As always, please feel free to send me your comments, questions, or suggestions at [Meredith@copera.org](mailto:Meredith@copera.org). 




**Meredith Williams**  
Colorado PERA  
Executive Director

# Colorado PERA Annual Increase Information

As a reminder, a major component of Senate Bill 10-001 (SB 1) was to change the amount and timing of the annual increase to PERA benefits, which applies to benefit recipients under both the PERA and DPS benefit structures.

SB 1 provided that the amount of the annual increase applied to benefits in 2010 was the lesser of 2 percent or the average of the CPI-W for the months in the 2009 calendar year. Since the CPI-W for this period was negative, benefit recipients did not receive an increase to benefits in 2010.

Beginning in 2011, the amount of the annual increase will be 2 percent per year unless PERA has a negative investment year, at which point the annual increase for the three years following that negative return will be the lesser of the average of the monthly CPI-W for the preceding calendar year or 2 percent. A negative investment year is a year in which PERA investments have a rate of return that is less than zero percent.

Under the provisions of SB 1, payment of the annual increase will occur in July instead of March. 



## Shareholder Meeting Video Online


*If you were not able to attend a Shareholder Meeting this fall or want to review the presentation again, a video of the Shareholder Meeting will be available on the PERA Web site at [www.copera.org](http://www.copera.org) in mid-November.*

## Working Retiree Contribution

Legislation enacted in 2010 provides that all retirees working after retirement must pay an 8 percent working retiree contribution (10 percent for State Troopers) beginning January 1, 2011. The contribution applies to all pay that is subject to PERA employer contributions.

The working retiree contribution does not accrue an additional benefit and retirees are not eligible for a refund of these contributions. The working retiree contribution does not apply to the following:

- Retirees working as legislators
- Retirees in ORP positions
- Judges participating in the Senior Judge Program

From January 1, 2011, to June 30, 2011, all retirees working after retirement in the State and Judicial Divisions will be required to pay a working retiree contribution of 10.5 percent (12.5 percent for State Troopers) as provided under SB 10-146. 



## Retiree Report

**Denver Main Office**  
1301 Pennsylvania Street  
Denver, CO 80203-5011

**Denver Main Office Hours (Mountain time)**  
7:30 a.m.—4:30 p.m. Monday—Friday

**Customer Service Center Hours (Mountain time)**  
7:00 a.m.—5:30 p.m. Monday—Thursday  
7:00 a.m.—4:30 p.m. Friday

**Phone**  
303-832-9550 or 1-800-759-7372 (PERA)

**Westminster Office**  
1120 W. 122nd Avenue  
Westminster, CO 80234

**Westminster Office Hours (Mountain time)**  
Monday 7:30 a.m.—4:30 p.m.  
Tuesday 7:30 a.m.—4:30 p.m.  
Wednesday 1:00 p.m.—4:30 p.m.  
Thursday 7:30 a.m.—4:30 p.m.  
Friday 7:30 a.m.—4:30 p.m.

**Web site/e-mail**  
[www.copera.org](http://www.copera.org)

**Send forms and address changes to**  
PERA  
PO Box 5800  
Denver, CO 80217-5800

**Send/e-mail comments to**  
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# Senate Bill 10-001 Reminders

There are several provisions of Senate Bill 10-001 (SB1) that take effect on January 1, 2011. PERA encourages all retirees to review this information and to call or e-mail PERA if you have any questions.

The following is a brief overview of some of the major provisions of SB 1, which take effect on January 1, 2011, and that impact PERA retirees:

## Suspending Benefits

If you suspend retirement and return to membership on or after January 1, 2011, you will make contributions to PERA and earn service credit for this employment. If you have earned less than one year of service credit when you terminate employment and re-retire, PERA will refund your contributions and resume your benefit as originally calculated.

If you earn one year or more of service credit following a suspension of benefits, you will build a separate benefit and you will no longer be able to add to your original retirement benefit. When you terminate employment, your original benefit will resume and you have the option to either refund your new account or receive a separate benefit based upon the plan provisions that governed your initial retirement benefit. You will be immediately eligible for a second benefit when you stop working, regardless of your age.

If you select a separate benefit, you may select a new option and/or cobeneficiary (if applicable), but your option and cobeneficiary must be the same for all benefit segments.

If you suspend and return to membership on or after January 1, 2011, you must wait 12 months from the date of re-retirement in order to be eligible for an annual increase.

## Working After Retirement

Effective January 1, 2011, all retirees working after retirement must make contributions at the same rate as all members working for that employer. The contribution is applicable to all pay that is subject to employer contributions. The working retiree contribution does not accrue an additional benefit. Retirees are not eligible for a refund of these contributions. The working retiree contribution does not apply to the following:

- Retirees working as legislators
- Retirees working in ORP positions
- Judges participating in the Senior Judge Program

If you work after retirement as an independent contractor, your employer is unable to deduct the working retiree contribution from your pay as your employer will do for employees. As a result, PERA will deduct the amount due for the working retiree contribution for your work as an independent contractor from your monthly retirement benefit. If the amount due exceeds the



amount of your retirement benefit, you must remit the difference to PERA within 30 days.


## Annual Increase (Cost of Living Adjustment)

If your effective date of retirement is on or after January 1, 2011, and you retire with a full service retirement benefit or a reduced retirement benefit (but you were eligible to retire on January 1, 2011), you are eligible for your first annual increase after you have been receiving your benefit for 12 consecutive months. For example, if you retire August 1, 2011, you will receive your first annual increase on July 31, 2013.

If you retire on or after January 1, 2011, with a reduced retirement benefit, and you were not eligible to retire on January 1, 2011,

you must first reach the age and service requirements for a full service retirement, or age 60, whichever is earlier, as of January 1 of the year in which the increase is awarded, before you are eligible for your first annual increase. You also must receive your benefit for 12 consecutive months before you are eligible for the annual increase. For example, if you retire August 1, 2011, and reach the age and service requirements for a full service retirement on August 1, 2014, you will receive your first annual increase on July 31, 2015.

If you began membership in the PERA benefit structure on or after January 1, 2007, the plan currently provides for an annual increase of the lower of 2 percent or the CPI-W, or a percentage increase for benefit recipients that will exhaust 10 percent of the year-end balance of the market value of the annual increase reserve. Annual benefit increases are limited to available funds dedicated to this purpose. You are eligible for your first annual increase in the July that follows your first full calendar year of retirement. For example, if you retire on December 1, 2010, you may receive your first annual increase on July 31, 2012.

You are eligible for the increase if either you have been receiving your retirement benefit for the full preceding calendar year and you have retired with a full service retirement benefit or a disability retirement benefit; or, you have been receiving your retirement benefit for the full preceding calendar year and you have retired with a reduced retirement and as of January 1 of that year you have reached age 60 or your years of service plus age equal 85, 88, or 90, whichever is applicable to you. 

*To review other provisions of SB 1 that impact active members, please go to the PERA Web site at [www.copera.org](http://www.copera.org) or call the PERA Customer Service Center.*

# PERACare Plans and Federal Health Care Reform

The Patient Protection and Affordable Care Act was signed into law by President Obama on March 23, 2010. Commonly referred to as "health care reform," this law focuses on provisions to expand coverage, control health care costs, and improve the health care delivery system.



Colorado PERA's plans already include most of the benefit and eligibility provisions of health care reform that are being talked about in the press. PERACare retirees have had many of the protections and benefits that are just now being guaranteed to individuals through health care reform.

## Pre-Medicare Plans


While health care reform extends over a timeline of ten years and more, it appears that none of the provisions will directly affect PERA's pre-Medicare retirees in 2011. The provisions that have been receiving the most press do not apply to PERA's retiree plans.

Even though the provisions do not apply, PERA's plans already include, and will continue to include, similar and even more generous provisions. For example, PERA's plans have no pre-existing condition limitations, no waiting periods, and no consideration of one's health factors in determining eligibility or premiums. PERA's plans cover dependent children up to age 25, and offer and provide notice of special enrollment opportunities. PERA's plans include comprehensive coverage of preventive services, with no cost-sharing or copay except for colonoscopies and a \$25 copay for exams in Kaiser Permanente HMO #1.

## Medicare Plans

For individuals with Medicare, a number of benefit improvements were included in the federal health care reform. Medicare will now provide an annual physical exam, and most preventive services will be provided with no cost-sharing. Any benefit changes required because of health care reform will be included in PERA's Medicare plans.

## Early Retiree Reinsurance Program

The cost of providing health care benefits to early retirees (those who retire before they are eligible for Medicare at age 65) is high and is leading some plans to drop early retirees from coverage. To encourage plans to continue offering early retiree coverage, a \$5 billion pool of federal funds was allocated in health care reform to help cover the cost of coverage for early retirees. PERA has filed its application to participate in this program and recover a share of these funds. Any monies received will be used for the benefit of PERA's retiree health care programs. Although experts project that this pool of funds will last only until sometime in 2011, PERA is hopeful that some funds will be received from this program to help offset future premium increases. 

### Health Care Reform Provisions Compared to Those in PERACare's Pre-Medicare Plans

#### Health Care Reform

- Elimination of pre-existing conditions (under age 19)
- No lifetime limits or annual limits
- First dollar coverage of preventive services
- Coverage of children to age 26

#### PERA


- No pre-existing conditions
- Some lifetime/annual limits (but adjusted with rising costs of health care)
- First dollar coverage on preventive other than colonoscopy and Kaiser HMO #1 copay
- Coverage of dependent children to age 25

# Suspension Rules Changing

Senate Bill 1 provides that any retiree who suspends retirement on or after January 1, 2011, and earns more than one year of service credit for employment with a PERA employer will earn a separate benefit segment rather than have the benefit recalculated as was previously allowed.

*You must notify PERA in writing if you intend to suspend your PERA retirement. Please see the PERA Retirement Process booklet for more information on suspending retirement.*

If the retiree suspends and earns less than one year of service credit, PERA will refund the contributions and resume the benefit. If the retiree suspends and returns to membership on or after January 2011, he or she must wait 12 months from the date of re-retirement in order to be eligible for an annual increase.

This change will go into effect January 1, 2011, and applies to retirees under both the PERA and DPS benefit structures. 


Upon termination of employment, the retiree will have the option to either refund the account or choose to receive a second benefit based upon the plan provisions in effect for the retiree's initial retirement benefit. The retiree will be eligible immediately for a second benefit upon termination of employment, regardless of the retiree's age.

## Planning for Medicare Meetings

Retirees and their spouses who will be turning age 65 in the upcoming year may want to attend a PERA Planning for Medicare meeting.

Medicare is the federal health program for all individuals over age 65, so the federal government's Social Security and Medicare offices are your sources for information about Medicare. But because PERA offers its retirees a variety of options for health plans that work with Medicare, PERA staff can provide some help and insight into navigating enrollment in Medicare.

The meeting is offered in the Denver area and is held the second Tuesday of every month at PERA's Westminster office. It is also offered around the State as part of the PERACare open enrollment meetings.

Seating in Westminster is limited to 65 attendees, so you will need to reserve a space online at [www.copera.org](http://www.copera.org) with your PERA PIN, or you may call the PERA Customer Service Center at 303-832-9550 or 1-800-759-7372. 



### Planning for Medicare Meetings

**When:** Second Tuesday of every month

**Where:** PERA Westminster office (The Pointe)  
1120 W. 122<sup>nd</sup> Avenue  
Westminster

**Time:** 10:30 a.m. to Noon

**RSVP:** Seating is limited to 65, so please reserve online or by calling PERA's Customer Service Center

# Majority of PERA Retirees Choose Colorado in Retirement

Most Colorado PERA retirees (87 percent) choose the panoramic vistas of the Centennial State after retirement. While most PERA retirees stay in Colorado, there are a few who choose to live in other states and even outside the U.S.

For those retirees who do not live in Colorado, here are a few items to keep in mind:

## Keep Your Address Current


- Please notify PERA when your address changes, especially if your monthly benefit is mailed to you. PERA also mails other important information such as benefit statements and tax information, so a current address is crucial.
- If you have your PERA benefit electronically deposited in your bank or financial institution, you can change your address by calling PERA or by changing it on the PERA Web site if you have a PERA PIN.
- If you have your PERA benefit check mailed to you, we'll need to have a written address change that includes your signature and your Social Security number.

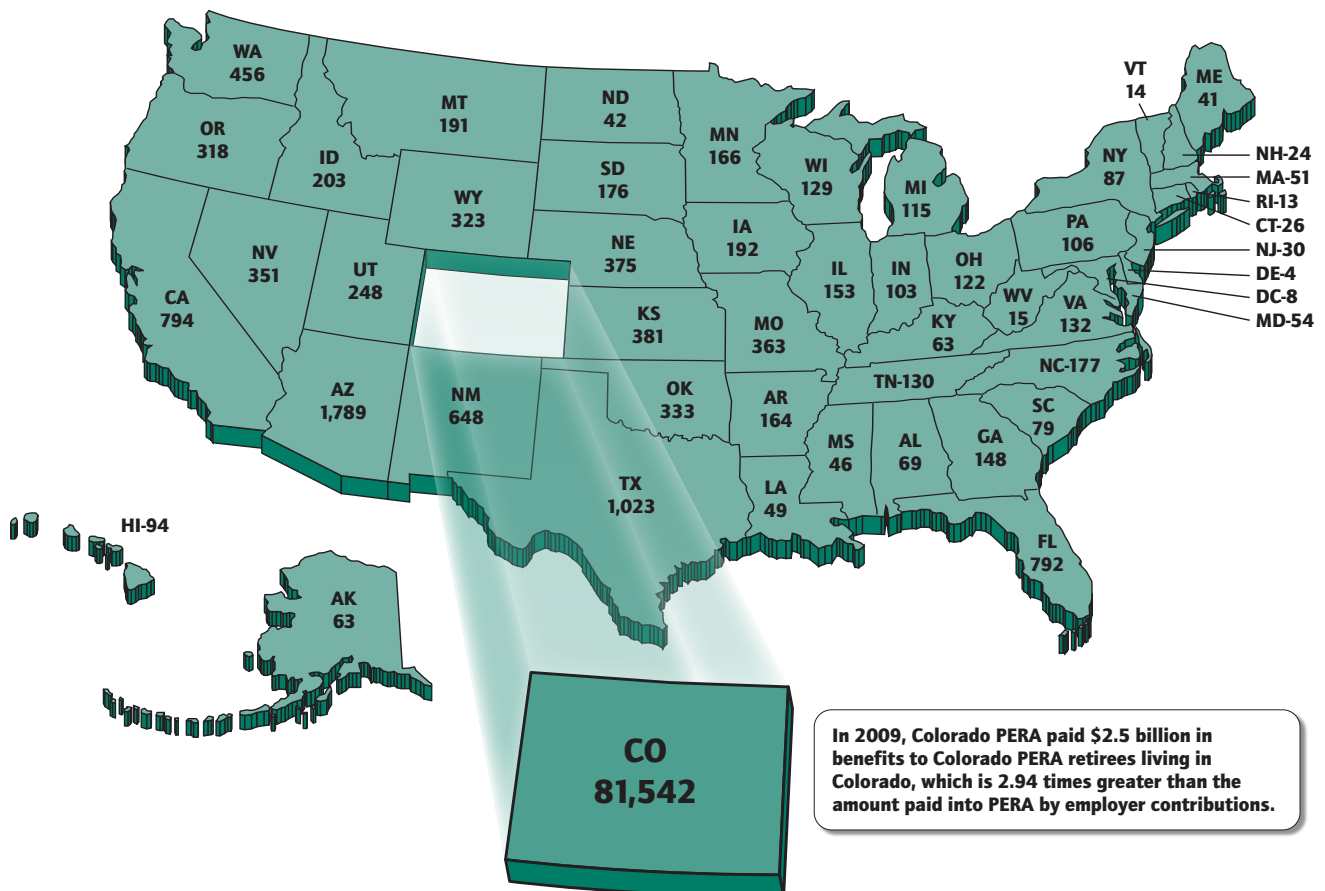
## Know Your State Tax Withholdings

- PERA does not withhold income tax for states other than Colorado due to the variety of tax regulations for each state.

- Check with your state's revenue agency for details about any state income taxes you may owe if you live outside of Colorado.
- You must notify PERA to stop withholding for Colorado state taxes if you move from Colorado to another state and PERA was withholding for your Colorado state taxes—this deduction does not automatically stop when you move. There are many PERA "snowbirds" who are Colorado residents with second homes outside of Colorado who want to maintain their Colorado state tax withholding, which is why PERA won't automatically stop state deductions without prior authorization.

## Get a PERA PIN

- Complete certain forms online (*Change of Address, Withholding Preference, and PERACare Change/Enrollment Form*) if you have a PERA PIN.
- Receive PERA newsletters via e-mail rather than have printed versions mailed to you if you have a PERA PIN.
- PERA anticipates that retirees under the DPS benefit structure may obtain PINs in early 2011. 



In 2009, Colorado PERA paid \$2.5 billion in benefits to Colorado PERA retirees living in Colorado, which is 2.94 times greater than the amount paid into PERA by employer contributions.

# Summary of Changes to Colorado PERA Rules

At their September 2010 meeting, the Colorado PERA Board of Trustees adopted changes to PERA rules. These rules outline the administrative duties of PERA, and according to Colorado State law, PERA is required to have such rules.

Once the Board has adopted the changes to the rules at the public rule-making hearing, they are sent to the State Attorney General's Office for review to make sure there are no conflicts with existing law. The rules are then forwarded to the Secretary of State's Office to be published in the Colorado Register. The rules become effective 20 days after being published in the Colorado Register or later as stated in the rules.

Listed below are brief summaries of the rule changes that will go into effect on January 1, 2011. To review these changes in detail, please refer to the Rules Summary under the Latest News section of the PERA Web site at [www.copera.org](http://www.copera.org).

## **Rule 1: Definitions**

The heading of *Rule 1* and the body of Rule 1.20G are being amended to state that both are applicable to all DPS members who are not eligible to retire as of January 1, 2011.

## **Rule 2: Administration**

*Rule 2.15* is being amended to reflect new employers that have affiliated with PERA.

## **Rule 3: Membership**

No changes.

## **Rule 4: Service Credit**

*Rule 4.10* currently provides a penalty to PERA-affiliated employers for failing to submit the contribution report or the contributions in a timely manner. This rule is being amended to apply the same penalty to employers for failure to submit working retiree contributions on retirees who are hired as employees. The additional language is necessitated by Senate Bill 10-001, effective January 1, 2011, which requires working retiree contributions be submitted to PERA.

*Rule 4.40A* is being amended to accommodate changes that were made by Senate Bill 10-001, effective January 1, 2011, regarding the amount of matching employer contributions that are received upon refund. The amendment states that the amount of matching contributions are subject to Section 24-51-408(2), 24-51-408(2.5), 24-51-1103, and 24-51-1726.5, C.R.S., which are all sections that were amended by Senate Bill 10-001. In addition, the rule is being amended to state that a retiree who suspends retirement and returns to employment prior to January 1, 2011, will have a benefit recalculation instead of a refund if he or she earns more than one year of service credit. Senate Bill 10-001 amended the provisions regarding suspension of retirement and return to work, so a benefit recalculation will only occur if the retiree suspends retirement before January 1, 2011.



*Rule 4.60* is being added to clarify the process for collecting the working retiree contribution for persons working as independent contractors. Senate Bill 10-001, effective January 1, 2011, added the requirement that all retirees working after retirement must remit a working retiree contribution to the association. This rule states the process for collecting the contribution from independent contractors. The process set forth in Rule 4.60 is that the employer is responsible for notifying PERA of the hiring of a PERA retiree who is performing services as an independent contractor. If the employer fails to notify PERA, then the employer is responsible for the interest due on the contribution amount from the due date to the date the contributions are received. The rule further explains that PERA will collect the working retiree contributions on independent contractors via an offset of the retirement benefit.

## **Rule 5: Service Credit**

No changes.

## **Rule 6: Service Retirement**

No changes.

## **Rule 7: Disability Benefits**

No changes.

## **Rule 8: Benefit Options**

*Rule 8.30A* is being added to further clarify Section 24-51-802(3), C.R.S., which allows a retiree who was not married on the effective date of retirement to elect an Option 2 or Option 3 benefit upon marriage and designate the spouse as cobeneficiary. The rule clarifies that a retiree who makes this election and designates the new spouse cobeneficiary upon marriage may only make such election once. Rule 8.30A also clarifies that once such an election is made, it cannot be made again even if the election is revoked within 60 days as permitted by Section 24-51-802(1), C.R.S. This rule is necessary to prevent manipulation of the PERA system and to prevent adverse selection against the PERA trust fund.

*Rule 8.30B* is being added to clarify the timing of designating a new cobeneficiary upon marriage. Section 24-51-802(3), C.R.S., allows a retiree who was not married on the effective date of retirement to elect an Option 2 or Option 3 benefit upon marriage and designate the spouse as cobeneficiary. This statute, however, does not specify the timing of such designation. Rule 8.30B clarifies that such designation must take place within 60 days of the marriage. The rule will only apply to marriages on and after the effective date of the rule. This rule is being added to prevent adverse selection against the PERA trust fund.

## **Rule 9: Survivor Benefits**

No changes.

## **Rule 10: Increase in Benefits**

The heading of *Rule 10* is being amended to clarify that Rules 10.10 and 10.20A do not apply to DPS members or retirees, due to the addition of Rule 10.20B.

*Rule 10.20* is being amended to have two subsections—10.20A and 10.20B. Section B is being added due to Senate Bill 10-001, effective January 1, 2011, which amended the statutes governing the payment of the annual increase to cobeneficiaries whose benefit is based on the account of a DPS member or retiree for which the date of retirement is on or after January 1, 2011. Section 24-51-1001(1)(b), C.R.S., governing such payments, was created by Senate Bill 10-001, and this rule is added to mirror Rule 10.20A, which deals with annual increases for cobeneficiaries in the PERA benefit structure. Rule 10.20B requires that the annual increase only be paid if retirement benefits have been paid on the account for the preceding 12 months and the retiree had met the requirements set forth in Section 24-51-1001(1)(b), C.R.S. If the retiree did not meet such requirements, then the annual increase will be paid when the retiree would have met the requirements.

*Rule 10.30* is being added to clarify the process for payment of the annual increase for post-January 1, 2011, benefit recipients. Section 24-51-1002(2), C.R.S., added by Senate Bill 10-001, effective January 1, 2011, states that the annual increase shall be prorated in the first year that the benefit recipient is eligible to receive an annual increase pursuant to Section 24-51-1001. The statute does not specify the methodology for determining the prorated benefit, so Rule 10.30 clarifies this issue. Specifically:

- *Rule 10.30A* states the method for determining the prorated payment.
- *Rule 10.30B* states that when multiple benefits (i.e., a PERA benefit and a DPS benefit) are being paid, each shall be looked at separately for annual increase eligibility and in determining the amount of the prorated payment.
- *Rule 10.30C* states that when multiple benefit segments (i.e., a retiree who is receiving multiple benefits based on suspending the retirement benefit) are being paid, in which at least one is a reduced service retirement, then the total service credit across all segments shall be used to determine eligibility for the annual increase.

## **Rule 11: Employment After Retirement**

*Rule 11.10D* is being added to clarify the provisions governing employment pursuant to Section 24-51-1101(1.8) (the “140-day rule”). Senate Bill 10-001, effective January 1, 2011, added Section 24-51-1101(1.8), which permits employers in the School Division and the DPS Division, and each state college or university, to designate up to 10 retirees per calendar year that may work up to 140 days or 916 hours per calendar year without a reduction in benefits. Senate Bill 10-003, effective January 1, 2011, expanded these provisions to allow each principal campus of a state college or university to designate

up to 10 retirees per calendar year. This rule clarifies who is an employer for purposes of Section 24-51-1101(1.8), specifies how the 140 days will be calculated if the retiree is working for more than one PERA-affiliated employer, and specifies the logistics for designating the retirees that are covered under the 140-day rule.

*Rule 11.12A* is being amended to specify that working retiree contributions must be paid in accordance with this rule and with Rule 4.60.

*Rule 11.12D* is being amended to clarify that contributions includes working retiree contributions. This amendment is necessitated by Senate Bill 10-001, effective January 1, 2011, which requires working retiree contributions be submitted to PERA.

*Rule 11.12E* is being amended to clarify that it also applies to working retiree contributions. This amendment is also necessitated by Senate Bill 10-001, effective January 1, 2011, which requires working retiree contributions be submitted to PERA.

*Rule 11.12F* is being added to clarify the method for collecting the working retiree contribution from independent contractors. Senate Bill 10-001, effective January 1, 2011, added the requirement that all retirees working after retirement must remit a working retiree contribution to the association. This rule states the process for collecting the contribution from independent contractors and works in conjunction with Rule 4.60.

*Rule 11.15C* is being amended to state that if a retiree has multiple benefit segments, they shall all be offset by any reduction in benefits due to working in the effective month of retirement or exceeding the working after retirement limit. Senate Bill 10-001, effective January 1, 2011, added provisions under which a retiree who suspends retirement on and after January 1, 2011, and subsequently earns more than one year of service credit will earn a separate benefit segment.

*Rule 11.16B* is being amended to clarify that it does not apply to retirees who suspend retirement benefits on or after January 1, 2011. Senate Bill 10-001, effective January 1, 2011, added provisions under which a retiree who suspends retirement on and after January 1, 2011, and subsequently earns more than one year of service credit will earn a separate benefit segment. Rule 11.16 will no longer apply because a new benefit segment will be built rather than having the benefit recalculated.

*Rule 11.20A* is being amended to clarify that it does not apply to retirees who suspend retirement benefits on or after January 1, 2011. Senate Bill 10-001, effective January 1, 2011, added provisions under which a retiree who suspends retirement on and after January 1, 2011, and subsequently earns more than one year of service credit will earn a separate benefit segment. Rule 11.20A will no longer apply because a new benefit segment will be built rather than having the benefit recalculated.

*Rule 11.20B* is being amended to clarify that it applies to PERA retirees who suspend retirement benefits on or after January 1, 2011. Senate Bill 10-001, effective January 1, 2011, added provisions under which a retiree who suspends retirement on and after January 1, 2011, and subsequently earns more than one year of service credit will earn a separate benefit segment. Rule 11.20B previously applied to DPS retirees only, and now PERA retirees will have the same provisions apply for suspensions of retirement on and after January 1, 2011.

#### **Rule 12: Health Care Program**

*Rule 12.30* is being added to clarify how the premium subsidy under the PERA Health Care Program will be calculated for retirees who have multiple benefit segments. Senate Bill 10-001, effective January 1, 2011, added provisions under which a retiree who suspends retirement on and after January 1, 2011, and subsequently earns more than one year of service credit will earn a separate benefit segment. The premium subsidy is determined by the amount of service credit a retiree has—this rule clarifies that service credit will be aggregated from all benefit segments.

#### **Rule 13: Life Insurance Program**

No changes.

#### **Rule 14: Voluntary Investment Program**

No changes.

#### **Rule 15: Domestic Relations Orders (DROs)**

No changes.

#### **Rule 16: Defined Contribution Plan**

No changes.

#### **Rule 17: Deferred Compensation Plan**

No changes.

#### **Rule 18: DPS Members and DPS Retirees**

No changes. 

### **Important Information About Changing Your Cobeneficiary**

Effective January 1, 2011, if you are not married on your effective date of retirement, but you later marry, you are permitted by state law to elect an Option 2 or 3 benefit and designate your new spouse as your cobeneficiary. Under PERA Rule 8.30B, if you get married on or after January 1, 2011, you must make this designation within 60 days of the date you marry. If no election is made within the 60 days, you will not be allowed to select an Option 2 or 3 benefit and designate your spouse as your cobeneficiary. Prior to the adoption of this Rule, there was no deadline for a retiree to elect an Option 2 or 3 upon marriage and designate their spouse as cobeneficiary. For retirees who marry prior to January 1, 2011, the 60-day deadline will not apply as they will be under the old rule. Please contact PERA's Customer Service Center if you have any questions.

## **Is It PERA Calling?**


Colorado PERA reminds retirees that it does not have any affiliation with, nor does it endorse, any financial planning services or other types of insurance agencies offering products. This means if a financial planner or your insurance agent wants to counsel you on your retirement benefits, he or she is not representing PERA. There are also retiree organizations whose names may sound like PERA that may contact you to sell you supplemental insurance products. They may use the word "PERA" to make you think that the call is coming from PERA, but it is not.

PERA does offer members, retirees, and their family members a long-term care insurance plan that must be purchased through licensed insurance agents. This plan is managed by MetLife and




authorized by the PERA Board of Trustees as a supplemental program for the PERA membership. If you request information on the long-term care program, you may receive a follow-up call from an agent associated with the program. These agents do not make "cold calls," they call only those retirees who have already requested information.

#### **Get PERA Information From PERA**


PERA reminds retirees that the best source for information related to your PERA benefit is from PERA. While other vendors may claim to know about PERA, your best course of action is to call PERA's Customer Service Center at 1-800-759-7372 or 303-832-9550. 

## Lost/Late Benefit Checks

If you receive your monthly PERA benefit as a paper check in the mail and have not received this payment within five days from the benefit payment date, please contact PERA. The remaining 2010 benefit payment dates are November 30, 2010, and December 30, 2010. PERA will mail you a *Lost Check Certification* that you must sign and return to PERA to begin the re-issue of your benefit check; this process takes about two weeks. 



## Making Changes to PERA Benefit Checks/EFT


- PERA must receive any changes for benefit checks/electronic deposits (EFT) by the 15<sup>th</sup> of the month to ensure that the change will be made for the benefit paid at the end of that month.
- Except in cases of fraud or theft, it is best that you leave the former EFT account open until you confirm that your benefit is being deposited in the new account.
- EFTs must be changed using the *Authorization for Direct Deposit of Benefit* form; be sure to completely fill out and sign the form.
- If you have a benefit check mailed to your home address, all address changes must be made in writing, which includes your signature and your Social Security number.
- If you receive your benefit through EFT, address changes can be made by calling PERA's Customer Service Center or by logging on to your PERA account with your Social Security number and PERA PIN. 

## PERA Redesigns Web Site

If you haven't visited PERA's Web site since September 1, be sure to go to [www.copera.org](http://www.copera.org) and view the site's new look, including these new features:

- Special content and the latest PERA news featured on the home page
- More links to our most popular pages on the home page
- Links to PERA's calculators, contact information, and the Meeting and Appointment Scheduler on every page
- The ability to share PERA content using Facebook, Twitter, and more than 250 other sites

By reorganizing information and navigation tools, PERA hopes members will find it easier to use our Web site.

Please note that any pages you may have bookmarked for ease of access may have to be changed because of the reorganization of content. 



# Working After Retirement

## Overview of how PERA's working after retirement limitations might affect your PERA benefit

*The following information is an overview of the PERA working after retirement limitations. For detailed information on the limitations, please review the Working After Retirement booklet that is available on the PERA Web site or by calling the PERA Customer Service Center.*

Legislation enacted in 2010 made several changes to the PERA working after retirement limitations. If you plan to return to work after retiring, please be aware of the limitations that may apply to you as a PERA retiree returning to work.

### Working for a Private Company/Non-PERA Employer

- There are no limits on the amount of time you may work for an employer that is not performing services for a PERA employer or an employer not affiliated with PERA.
- Your PERA benefit will not be impacted for any work you complete for a non-PERA employer.
- You do not need to complete any reporting or disclosure forms.

### Working for a PERA Employer During Your First/Effective Month of Retirement

- You may not work in any capacity (paid or volunteer) on the first business day of your effective month of retirement, otherwise your retirement will be delayed to the following month.
- PERA will reduce your benefit by 5 percent for each day or partial day you worked during your effective month of retirement.
- Any time you work during the effective month of retirement will count toward the 110-day/720-hour limit.
- Employer contributions are due to PERA on your earnings.
- You must complete the *Report of Work During the Effective Month of Retirement* and submit the form to PERA (the form is available on the PERA Web site or by calling the PERA Customer Service Center).

### Working for a PERA Employer After Your First Month of Retirement

- Under Colorado law, you are limited to working 110 days/720 hours per calendar year.
- If your work exceeds 110 days or 720 hours, PERA must reduce your benefit in a future month by 5 percent for each day in excess of the limit.



- The 110 days/720 hours work limit applies to all service and disability retirees including:
  - Retirees hired by a PERA employer through a business you own or operate and you provide services to the PERA employer as an employee of the PERA employer
  - Retirees working for a company owned or operated by an affiliated party (generally, a family member or business partner) who is hired by a PERA employer to perform services as an employee
  - Retired judges working outside the Senior Judge Program
- The 110 days/720 hours work limit does not apply to the following retirees:
  - Retirees serving as state legislators
  - Retired judges participating in the Senior Judge Program
  - Retirees working in positions vacated by employees called into active military duty

*Continued on next page*

- Retirees performing work as an independent contractor
- Retirees who terminated membership prior to June 3, 1994, and who are employed at a public college or university and have had continuous employment with the same employer in a position covered by an Optional Retirement Plan

**140-Day/916-Hour Work Limit for Certain Retirees Employed by School Districts and Institutions of Higher Education (Effective January 1, 2011)**

- Each employer in the School Division and the DPS Division, as well as each state college or university, may designate up to 10 retirees who are permitted to work up to 140 days or 916 hours per calendar year without a reduction in their benefits.
- Retirees must be designated by the employer and reported to PERA each calendar year.
- Retirees who are not designated by their employer are not eligible for this extended limit and are subject to the standard 110-day/720-hour limit.
- PERA will send designated retirees an information packet each year.
- Charter schools of a school district are not allowed to each designate 10 retirees; the 10 retirees must be designated by the entire school district and all of its affiliated charter schools.
- Higher education institutions with more than one principal campus as designated in statute may designate 10 retirees per campus each year.

**Disability Retirees**

*PERA benefit structure disability retirees who retired on or after January 1, 1999, and DPS benefit structure disability retirees who retired on or after January 1, 2010:*

- If you return to work for a PERA employer, you are subject to the same working after retirement provisions as a service retiree.
- If it is determined that you are medically able to earn 75 percent of your pre-disability earnings, your disability retirement benefit may end.

*PERA benefit structure disability retirees who retired between July 1, 1988, and December 31, 1988:*

- If you return to work for a PERA employer, you are subject to the same working after retirement provisions as a service retiree.
- You are also subject to an annual earned income limitation that applies to income earned from both PERA-covered employment and employment not covered by PERA. The annual limit is the difference between your annualized highest average salary at retirement and your annualized initial benefit amount. If you exceed this limit, your monthly benefit will be reduced by \$1 for every \$3 you earn over this annual limit. Please see the *PERA Working After Retirement* booklet for more information.

*PERA benefit structure disability retirees who retired on or before June 30, 1988:*

- If you return to work for a PERA employer, you are subject to the same working after retirement provisions as a service retiree.

*DPS benefit structure retirees who retired on or before December 31, 2009, and those who submitted a disability application to DPSRS on or before December 31, 2009:*

- If you return to work for a PERA employer, you are subject to the same working after retirement provisions as a service retiree unless you were actively employed by a PERA employer on or before December 31, 2009, and you remain employed by that same employer.

*DPS benefit structure disability retirees who retired between July 1, 1998, and December 31, 2009, and those who retired on or before June 30, 1998, but reached age 65 on or after July 1, 1998:*

- If you return to work for any employer before reaching service retirement age or age 65, annual salary which you earn may count toward service to be used to recalculate your disability benefit when you reach service retirement age or age 65.

- Up to 10 years of this service may be awarded but in no case can the sum of this service and your existing service credit exceed 25 years. If you have 25 or more years of existing service credit, no additional service may be awarded. Please see the PERA *Working After Retirement* booklet for more information.

### Employer Contributions

- PERA employers are required to pay to PERA employer contributions as well as the Amortization Equalization Disbursement (AED) and Supplemental Amortization Equalization Disbursement (SAED) on your salary or payments made to you for all work you perform as a PERA retiree.
- Payment of employer contributions, AED, and SAED applies to all PERA retirees working after retirement for a PERA employer as an employee, independent contractor, vendor, or consultant, if you are hired in your individual capacity or if you are hired by a PERA employer through a business you own or operate, or through a business owned or operated by an affiliated party.
- Some employers have reduced the salaries for rehired retirees to compensate for the employer contribution, which is allowed under the law.
- Employer contributions are required to be paid to PERA on retiree salaries except in the following situations:
  - You are a PERA retiree providing a product and not a service to a PERA employer
  - You are a PERA retiree who owns and operates a company that is providing services to a PERA employer, but you are not performing services for the PERA employer
  - You are a PERA retiree serving as a state legislator
  - You are a PERA retiree participating in the Senior Judge Program

### Working Retiree Contribution (Effective January 1, 2011)

- All retirees working after retirement must pay an 8 percent working retiree contribution (10 percent for State Troopers) that applies to all pay subject to employer contributions.
- The working retiree contribution does not accrue an additional benefit.



- Retirees are not eligible for a refund of the working retiree contributions.
- The working retiree contribution does not apply to retirees working as legislators, retirees working in ORP positions, or judges participating in the Senior Judge Program.
- From January 1, 2011, to June 30, 2011, all retirees working after retirement in the State and Judicial Divisions will be required to pay a working retiree contribution of 10.5 percent (12.5 percent for State Troopers) as provided under SB 10-146.

### Independent Contractor/Affiliated Party

- Retirees providing services to a PERA employer as an independent contractor, either in an individual capacity or through an affiliated party, are not subject to the working after retirement limit; however, employers must pay contributions, and the AED and SAED on your salary or payments made to you for services rendered. You will be required to pay the working retiree contribution beginning January 1, 2011.
- It is your responsibility to ensure that your work is correctly classified as an independent contractor or if you are working through an affiliated party.
- It is your responsibility to complete the *Disclosure of Compensation* form on a monthly basis and provide a copy of the completed form to both PERA and the PERA employer for whom services were provided.

Continued on next page

- Some employers have reduced the salaries for rehired retirees to compensate for the employer contribution, which is allowed under the law.

### **Working During a Transition Year**

Once you retire and receive a PERA benefit, any work that is done either in a transition year or as part of the 110-day limitation is considered working after retirement. Service credit is not earned during this time and benefits will not be recalculated. The only time a benefit would be recalculated and service credit earned is if a retiree suspends his or her benefit, and returns to PERA membership prior to January 1, 2011, and earns at least one year of service credit.

### **Provisions as a Result of the DPSRS Merger** *If you are a retiree under the PERA benefit structure and an active member of the DPS benefit structure as of December 31, 2009:*

- You are not subject to the 110-day/720-hour work limit as long as you remain employed with the employer you were working for on December 31, 2009.
- Any employment with an employer other than the pre-merger employer subjects you to the working after retirement limit.
- You will be required to pay the working retiree contribution beginning January 1, 2011, for any employment with an employer other than the pre-merger employer.

### *If you are a retiree under the PERA benefit structure and working as an hourly employee for a DPS employer on or before December 31, 2009, and continue in that same position:*


- You are exempt from the 110-day/720-hour work limit as long as you continue working for the same pre-merger employer; any employment with an employer other than the pre-merger employer subjects you to the work limit.
- Your pre-merger employer is still required to pay employer contributions, plus AED and SAED on the salary you earn.

- You will be required to pay the working retiree contribution beginning January 1, 2011, for any employment with an employer other than the pre-merger employer.

### *If you are a retiree under the DPS benefit structure and employed by a PERA employer other than DPS or a DPS charter school as of December 31, 2009:*

- You are not subject to the 110-day/720-hour work limit as long as you remain employed with the employer you were working for on December 31, 2009.
- Any employment with an employer other than the pre-merger employer subjects you to the working after retirement limit.
- You will be required to pay the working retiree contribution beginning January 1, 2011, for any employment with an employer other than the pre-merger employer.

### **Reporting Work**

- It is your responsibility to submit the appropriate form(s) to PERA when reporting work after retirement.
- Forms are available on the PERA Web site or by calling PERA's Customer Service Center.
- You must complete and submit the appropriate form(s) below, which apply to your specific work arrangement:
  - *Retiree Working for a PERA Employer*
  - *Report of Work During the Effective Month of Retirement*
  - *Post-Retirement Work Report*
  - *Disclosure of Compensation* 

*Please review the PERA Working After Retirement booklet for detailed information on these limitations.*

# Harvesting a Sense of Community

Dave Conant's job centered on encouraging the many people he worked with over a career at the Department of Social Services (now the Department of Human Services). As an Operations Manager, he oversaw a team of disability examiners who made decisions on early disability retirement under contract to the Social Security Administration.

His retirement in 1990 did not end his desire to be part of a larger community. Since retirement, Dave has focused on volunteering for the Denver Urban Gardens (DUG). DUG specializes in the creation and support of community gardens that serve as spaces for gathering, learning, and growing for schools, neighborhoods, community centers, and food banks. This year, DUG broke ground on its 100<sup>th</sup> garden.

In 1996, Dave began gardening at the Rosedale Community Garden. Within a few years, he was organizing food bank collections and distributions within the garden.

"It had become apparent to many of us that considerable amounts of our bounty was going to waste as the garden yielded more than one family could consume," he said. "This was very troubling to many of us, so we started regular Monday collections. We gave to a local food bank for a couple of years and then we discovered Project Angel Heart."

Food from some DUG gardens is regularly donated to help Project Angel Heart prepare free meals for 800 people living with life-threatening illnesses each day.

"Rhubarb is a big commodity as Angel Heart uses it to make a sweetening sauce for many of their dishes. Herbs from the garden are also widely gathered," said Dave. Under his leadership, 3,000 pounds of fresh produce was donated to Project Angel Heart last year.

For Dave, one of the most important aspects of gardening is that it can bring a community together. "Connections are made to the soil as well as to each other: supporting, learning, and sharing together."

Dave also stays involved in the community by volunteering at Hearing Loss Association of Denver, a cause close to his heart.




*Dave Conant tends to his vegetables.*

stays physically active and previously competed in the Senior Olympics in court tennis and qualified in table tennis.

In his free time, Dave enjoys spending time with his wife, three daughters, four granddaughters, and seven great-grandchildren.

There's a place for everyone in a community, according to Dave. He advises his fellow retirees to go out and find that place.

"Finding a niche where one can give something back gives life real meaning and satisfaction. It just feels good," said Dave. "As we get a bit older, it is important to keep active, and be engaged. I would rather wear out than rust out." 

## **We Want to Hear from You!**

*The Spotlight section features retirees who have interesting stories to tell about their lives in retirement. Let us know about your post-retirement experiences!*

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# Go green

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- Go to [www.copera.org](http://www.copera.org) and click on Account Access
- Enter your Social Security number and PERA PIN
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