

Legislative Update

The 2003 Legislative Session ended on May 7. A summary of major legislative items that impact affiliated employers is below. For more information on legislation related to Colorado PERA, see the 2003 [Legislative Session Wrap-up](#) on the PERA Web site.

The Governor vetoed Senate Bill 03-101, the Stabilization of Employer Contribution Rates bill, on May 22. This means MatchMaker contributions will continue in 2004, and State and School, and Judicial Division employers' contribution rates will increase on July 1, 2003.

Employers will not be required to send contributions to PERA on the 5th business day after payday as proposed in this legislation, and can continue contribution reporting under the existing law that requires contributions be sent the 10th day after the end of the month in which employees were paid. However, PERA is implementing a new electronic contribution reporting system to streamline the contribution reporting process. (See the STARS article in this issue of Topics.)

The Governor signed Senate Bill 03-98. The legislation contains the provisions listed below with their corresponding effective dates:

- Maintains confidentiality for all information contained in PERA member and benefit recipient records, effective June 5, 2003.
- Provides for a 100 percent match on any remaining moneys in a retiree account upon death to be paid to the beneficiary, effective for deaths occurring on or after June 5, 2003.
- Allows retirees to fill the position of a member called into active military duty, without the 110-day calendar limit on work after retirement, effective June 5, 2003.
- Requires a minimum of 65 percent of affected employees to vote in favor of leaving their local or CCOERA plan for

Contribution Rates	Current	Payrolls after July 1, 2003
State and School Division	10.04%	10.15%
Trooper/CBI	12.74%	12.85%
Judicial Division	11.82%	12.66%
Municipal Division	9.60%	10.0% (January 1, 2004)
MatchMaker Rates	Current	Payrolls after January 1, 2004
State and School Division	2.0%	1.0%
Judicial Division	6.0%	5.0%
Municipal Division	2.0%	1.0%

another plan or to affiliate with PERA, effective June 5, 2003.

- Provides for staff of The Colorado Association of School Executives to become PERA members, effective June 5, 2003.
- Allows employees of employers who affiliated after leaving Colorado County Officials and Employees Retirement Association (CCOERA) or another local plan to rollover their accounts to an eligible plan if they reach age 59^{1/2}, terminate employment, and other conditions, effective June 5, 2003.
- Gives district courts in a divorce action the jurisdiction to allow a retiree to remove a spouse who was named cobeneficiary on his or her option 2 or 3 benefit, and change the benefit to option 1, effective July 1, 2003.
- Authorizes the retiree in the case above to elect an option 2 or 3 benefit and designate a new spouse as cobeneficiary upon remarriage, effective July 1, 2003.
- Deletes a seldom-used provision to make direct payments in lieu of contributions, effective July 1, 2003.
- Sets maximum purchase of service credit for non-covered employment at 10 years, effective November 1, 2003.

Attachments:

- [Accrued Leave Policy](#)
- [Furlough Fact Sheet](#)
- [Purchasing Service Credit Fact Sheet](#)
- [USERRA Fact Sheet](#)

- Allows employees of new affiliates to purchase the total number of years they worked for that employer under certain conditions, effective November 1, 2003.
- Requires a portion of the service credit purchase cost to be assigned to the Health Care Trust Fund, effective November 1, 2003.
- Allows purchases of service credit for employment by a foreign employer, effective November 1, 2003.
- Allows employees in the State Elected Officials Defined Contribution Plan to leave that plan and join PERA under certain conditions, effective January 1, 2004.

Senate Bill 03-250, the merger of the Denver Public Schools Retirement System into PERA, was signed by the Governor on June 5. The legislation outlines the terms of the possible merger agreement. The effective date of the merger would be January 1, 2005.

The Critical Shortage of Nonlicensed Employees legislation, House Bill 03-1327, was signed by the Governor on June 3. This law allows school districts to declare a critical shortage of nonlicensed employees and hire PERA retirees to work full-time in nonlicensed positions with no reduction in retirees' PERA retirement benefits. This program now has provisions similar to the critical shortage of teachers program. Employers must allow retirees who participate in the program during a critical shortage to enroll in the district's health care program. No PERACare premium subsidy will be paid to retirees who work during the critical shortage declaration. Under both programs, if a district declares a critical shortage, it must pay employer contributions to PERA on the salary paid to retirees who work during the shortage. Both programs will end on June 30, 2005.

STARS: Secure Transmission and Reporting System

PERA has been working on a new contribution reporting system that will allow all employers to submit PERA and 401(k) Plan information over a secure Web site that uses state-of-the-art encryption technology. The new system is called the Secure Transmission and Reporting System, or "STARS." Many employers are already using parts of this new system to help PERA test its functionality and ease of use. We are currently making enhancements to the flow of the system based on comments we've received.

STARS will allow you to easily upload a file with your PERA or 401(k) Plan contribution information and will provide you with a time-stamped

confirmation that the file was sent. The file can either be an Excel spreadsheet or a fixed-length text file. The file specifications are the same as those that are currently available for electronic reporting. STARS allows you to complete your Contribution Report Summary online with the appropriate ACH (Automatic Clearing House) or wire information, in addition to also allowing you to input manual adjustments, similar to the current paper contribution reporting form. Small employers (those with fewer than 25 employees who currently use a paper "turn-around contribution report") can submit their contribution information to PERA by keying it directly into the web screens, or can set up their own spreadsheet or text file and begin uploading their data.

With STARS, you'll be making all payments to PERA electronically. You may either handle this through a wire transfer of funds to PERA, which you initiate, or you may handle the payment through an ACH transaction in which you authorize PERA to initiate an electronic transfer of the appropriate amount from your bank account on a day approved by you.

Each of your staff members who use the system will be given their own unique user ID and password by PERA. A "Master Account" will also be set up for each employer so that if one of your staff members leaves employment or changes job functions, you can control access to the system.

With the implementation of STARS, all forms of paper reporting and the use of the postal system to submit information or payment will be eliminated. STARS will be the only PERA-approved methodology for contribution reporting and remittance.

If you have not already received a packet of information, you will be receiving one within the next few days. The packet gives additional information on how to use STARS and how to receive a user ID and password. You will also receive an ACH authorization agreement form or a wire instruction form, and a set of specifications for setting up a spreadsheet or text file for your contribution reports in case you do not already create an electronic file. Many of the employers who have started using STARS have commented on how much easier and efficient the new system is to use compared to the old transmittal methods. If you have questions about STARS, please contact Scott Jelsma at extension 6113.

Employer Feedback Welcome

How are we doing? Is Colorado PERA serving its affiliated employers well? What are we doing right? What could we be doing better? Let us know by emailing [Katie Kaufmanis](mailto:Katie.Kaufmanis).

Field Education Liaisons and Accounting Employer Representatives

In the March issue of *Topics*, we encouraged you to contact your designated Field Education Liaison to set up information programs for your employees or if you have questions about PERA benefits. We'd like to clarify that questions about contribution reporting should still be directed to the appropriate Accounting Employer Representative. Questions from employers about setting up benefit information meetings should be made to Field Education Liaisons.

Members with questions about their personal member benefits should be directed to our Customer Service Center or to our Web site.

The Field Education Liaisons serve as a resource to employers when they need information about PERA benefits for their employees.

And remember, the best information about PERA benefits comes from PERA representatives.



PERACare—We're Managing Health Care For You

The PERACare Health Benefits program extended to affiliated employers in 2001 is adding more employers to its growing list. A total of 32 employers now provide PERACare to their employees. Selection of the PERACare program may occur at any time. Employers with more than 250 benefit-eligible employees should request a premium quote. For details about the coverage, to request a premium quote, or to set a meeting time for a PERA representative to talk to your organization's decision makers, contact Dennis Gatlin at 303-832-9550, ext. 6188, or email dgatlin@copera.org.

Field Education Liaison	Ext.	Employer Number
Gordon Steuck	6185	1-138
Margaret Lincoln	6849	139-381
Patty Haas	6192	382-566
Katie Naibauer	6572 (Note change)	571-799
Tom Shofner	6174	800-912
Aubre Schneider	6415	913-991
Accounting Employer Representative	Ext.	Employer Number
Rynee Helmig	6349	1-250, 990, 991
Barbara Crosman	6132	251-500
Rose Montano	6439	501-750
Annette Cote	6456	751-989

Colorado PERA Welcomes New Employers

The following employers have affiliated with PERA since February 1, 2003:

- James Irwin Charter Middle School (#402)
April 1
- County Technical Services (#862)
April 1
- Town of Alma (#861)
May 1
- Colorado Association of School Executives (CASE)
July 1

Have a 403(b) Plan? Information on What Qualifies as a Distributable Event

Federal legislation allowed the rollover of 403(b) funds into PERA's 401(k) Plan after December 31, 2001. However, a rollover from a 403(b) is not permitted until a distributable event occurs. Under IRC §403(b), the distributable events for a 403(b) plan are: hardship, termination of employment, death, or disability. Unlike a qualified plan, such as a 401(k), plan termination is not a distributable event for a 403(b) plan. An employer may not "terminate" a 403(b) and transfer all the participants' assets into a 401(k). This restriction was recently confirmed in an IRS Private Letter Ruling (PLR 2003-17022) in which the employer's request to allow a transfer of participant assets en masse from a terminated 403(b) plan into a 401(k) plan was denied.

Purchasing Service Credit Update

Remember to remind your employees that October 31, 2003, is the deadline to purchase service at the current rates. On November 1, 2003, the cost to purchase service will increase to rates listed below:

The PERA Web site has a link to what day's purchasing and estimate requests we are working on and is updated daily. Ask your employees to check this information before calling the Customer Service Center to ask if we've received their requests. If employees are considering a service credit purchase, encourage them to act today.

	Current Rate	11/1/03 Under Age 50	11/1/03 Age 50+
Judges	20.0%	21.75%	25.75%
State Troopers and CBI Agents	20.4	22.85	26.85
All Other Members	15.5	18.10	22.10

Also on November 1, 2003, members will be limited to purchasing a total of 10 years regardless of when their PERA membership began. (This limit does not include reinstatements.)

If you've checked the PERA Web site lately, you would have seen that the turnaround time for the processing of service credit purchase requests has been reduced. We estimate that in the next few months, we'll be achieving our benchmark turnaround time of 10 working days for processing purchasing requests— and we might even beat that mark! The *Purchasing Service Credit Fact Sheet* is attached.

Colorado PERA Welcomed the Following Employers to PERACare Since December 2002:

- Arkansas Valley Regional Library Service System – January 2003
- Limon School District – March 2003
- Meeker Cemetery District – January 2003
- Meeker Regional Library District – January 2003
- Plains and Peaks Regional Library Service System – January 2003

PERACare renewals for July 2003 include:

- Arickaree School District
- Kiowa (Elbert C-2) School District
- La Junta School District
- Meeker School District
- Northern Chaffee County Regional Library District
- St. Vrain Sanitation District
- San Miguel Regional and Telluride Housing Authority
- Wiggins School District

Colorado PERA Board of Trustees Adopts Accrued Leave Policy

At the April 2003 Board Meeting, the Trustees approved a new policy on accrued leave. Please see the attached *Accrued Leave Policy*.

2003 Legislation Requires Employers to Report Furloughs

With the passage and signature of Senate Bill 03-277, Furloughs and PERA, employers are required to send PERA a list of employees who were placed on furloughed leave from July 1, 2002, through June 30, 2003. An online form to assist you in reporting furloughed employees is available on the PERA secured access site.

Employees that were furloughed between July 1 of last year and June 30 of this year may pay the member contribution on the reduction in pay resulting from the furlough within 30 days of notification by PERA of the amount due. If the member pays this contribution, the employer is then required to pay the employer contribution on the furloughed amount within 10 business days of notification by PERA.

Once PERA has received the employee and corresponding employer contribution, we will recalculate the member's highest average salary and, if necessary, adjust the benefit accordingly.

An additional provision of the new law applies to employees who are furloughed from July 1, 2003, through June 30, 2004. We will let employers know when the form to report furlough reductions for this time period is available.

We know that the economy is impacting our employers and tough budget times are here. To assist you with questions your employees might have related to possible furloughs and the impact on PERA benefits, we've developed a fact sheet. See the attached *Furlough Fact Sheet* and feel free to distribute it to employees who might have questions about furloughs and Colorado PERA. The *Furlough Fact Sheet* is attached.

Contribution Reporting and the Hiring of Students

PERA coverage is required for students who are not attending classes and who work in a position other than a “student only” position.

Example 1: Brian, a high school sophomore, is hired from April 1 through October 15 to mow the grass around the school buildings. The school district only will hire a student to do this work. While there is a summer school session from June 15 through July 15, Brian will not be attending summer school. School recesses for the summer on May 31 and resumes on September 3.

Does Brian require PERA coverage during any of this time?

Coverage is not required for Brian from April 1 to May 31 and from September 3 to October 15 since he is attending class and is in a “student only” position. However, coverage is required during the period of June 1 to September 2, even though he is in a “student only” position, because he is not attending class during this period.

Example 2: Jill, a high school junior, has been hired by the school to refinish desks during the summer. The school district has decided only to hire a student to do this work. School recesses for the summer on May 31 and resumes September 3. Her job begins June 1 and ends on August 31. Jill will be attending summer school classes from June 15 through July 15.

Does Jill require coverage under PERA?

PERA coverage is required for Jill when she is not in summer school. Therefore, from June 1 through June 14 and from July 16 through August 31, Jill requires coverage. For the period during summer school, contributions should not be remitted.

Example 3: Kristin, a recent high school graduate, is hired by the school district to do temporary clerical work during the summer from June 1 through August 31. The position was advertised in the local newspaper available for anyone to apply. School recesses for the summer on May 31 and does not resume until September 3.

Does Kristin require PERA coverage?

Contributions must be remitted for Kristin for the entire period of her employment, since the position is not a “student only” position, she is no longer a student, and the job is not available until school recesses for the summer.

Changes in the PERA 401(k) Plan

In May, the Dodge & Cox Stock Fund was added to PERA’s 401(k) Plan as an option in the value equity category. This fund will be the only option in the value equity category when the Morgan Stanley Institutional Fund Trust U.S. Mid Cap Core Portfolio Fund is removed on September 30, 2003.

The Janus Enterprise Fund will also be removed from the 401(k) Plan on September 30, 2003. Both the Morgan Stanley Fund and the Janus Enterprise Fund have been underperforming their benchmarks and the Board approved removing them from the Plan earlier this year. Any money remaining in the Morgan Stanley Fund on September 30 will be transferred to the Dodge & Cox Stock Fund, and any investments in the Janus Enterprise Fund will be transferred to the remaining Janus Fund.

As a result of these changes, plan participants will be unable to direct or diversify investments, or obtain a loan or a distribution from the Plan. This period, during which participants will be unable to exercise these rights otherwise available under the Plan, is called a “blackout period.” Participants should carefully consider how this blackout period might affect their retirement planning.

The blackout period for the plan is expected to begin at the close of the market (2:00 p.m. Mountain time) on September 30, 2003, and end on October 2, 2003, when the market opens. You can determine whether the blackout period has started or ended by accessing the 401(k) Plan Web site through the PERA Web site at www.copera.org, or by calling the interactive phone line at 1-800-833-8581.

PERA Employer Manual

We have been working on a complete revision of the Employer Manual and hope to have an electronic version ready for you soon. The Manual will contain all the information and links to resources that will assist affiliated employers.

Comprehensive Annual Financial Report (CAFR)

PERA’s annual report, also known as the “CAFR,” will be mailed to employers in July. It will also be available on our Web site after July 1.

Military Leave and PERA

Federal and Colorado state laws protect employees who are called to active military duty. We have developed a fact sheet on the rights of employees who are on military leave related to PERA's pension plan and voluntary 401(k) Plan. It is attached to this edition of *Topics*.

Are You Using the Most Current Form?

Colorado PERA urges you to distribute the most recent form to your employees. All PERA forms (and brochures) are maintained on the PERA Web site in their current version. If PERA receives an outdated form from a member, we will send the member a new up-to-date form and have them fill it out and send it back to us. It will save your employees time if they get the most recent form from you.

The *Refund Request* form is contained in the *Terminating PERA-Covered Employment* brochure. The form now requires notarization and will be returned to a member who requests a refund without proper notarization. Please encourage your employees to read the *Terminating PERA-Covered Employment* brochure before filling out the *Refund Request*. Because a member gives up many rights when they refund their PERA account, they should read and understand the brochure before refunding their PERA account.

This newsletter provides general information to PERA-affiliated employers. Rights, benefits, and obligations as a PERA member are governed by Title 24, Article 51 of the Colorado Revised Statutes, and the Rules of the Colorado Public Employees' Retirement Association, which take precedence over any interpretations in this newsletter.



**COLORADO
PERA**

Personal. Innovative. Secure.

Colorado Public Employees' Retirement Association

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