

Legislature Passes Two Bills Impacting Employers

This session, the Colorado General Assembly considered and passed two bills that will have a direct impact on how PERA's affiliated employers interact with PERA. Provisions of Senate Bill 04-132 and Senate Bill 04-257 that employers need to know about are listed below. A complete review of all the elements of Senate Bills 132 and 257 can be read in the attached *Legislation Impacting Colorado PERA*.

Employer provisions of SB 132 (signed by Governor Owens on April 30, 2004):

MatchMaker contributions end June 1, 2004.

- The MatchMaker program has been discontinued for any payroll period that ends on or after June 1, 2004. While your employees may continue to make voluntary contributions to a defined contribution plan, you must stop all MatchMaker contributions. You will not be allowed to reduce your employer contributions to PERA by the MatchMaker amount for payroll periods that end on or after June 1, 2004. For example, if you have a payroll period that goes from May 17 to May 28 and you pay your employees on June 4, this payroll period would still be eligible for MatchMaker since the ending date of the payroll period is prior to June 1. However, if your payroll period goes from May 21 to June 2 and you pay your employees on June 9, this payroll period would not be eligible for MatchMaker since the ending date of the payroll period is on or after June 1.
- Prior period corrections to MatchMaker may be made after June 1 if they are for a payroll period that ended prior to June 1. For example, if you discover in July 2004 that you made an error in your MatchMaker calculations for one of your employees for a payroll period that ended in April 2004, you may make a correction. The correction must be on a separate contribution report and must identify the correct payroll period for which you are making the correction. Please coordinate all prior period corrections with your PERA Employer Representative.

The due date for employer contributions to be sent to PERA is five days after the date employees are paid beginning July 1, 2004.

- Beginning **July 1, 2004**, the due date for your PERA contribution report to be received by PERA through the STARS system will be five business

days following the date payment is made to your employees. This change also applies to the due date for your 401(k) report to be received by CitiStreet's online system. A business day includes all federal banking days. Banking holidays and weekends are not included as a "business day."

- If you are making payment by having PERA initiate an ACH debit to your bank account, payment will be considered timely if accurate ACH instructions are received through STARS by the due date. If you are making payment by any other means (such as wire or ACH credit), your payment must be received at PERA by the due date.
- If you have a non-recurring payment that you make to an individual employee, such as a correction or a final check given to a departing employee, and that payment is not part of a normal payment cycle, you may wait to report contributions on that payment with your next recurring payment cycle. However, if you have a normally recurring correction payment cycle, the five-day due date will apply.
- Please be aware that PERA is required by law to charge employers interest on any contribution report or payment that is not received by the due date.

Employer provisions of SB 257 (signed by Governor Owens on June 4, 2004):

Employer contributions on salaries paid to retirees effective July 1, 2005.

- Beginning July 1, 2005, employers will pay the employer contribution rate for PERA retirees who work for them. Retirees are not required to make contributions.

Separation of the State and School Division effective January 1, 2006.

- The State and School Division of Colorado PERA will be split into two separate trust funds.

Employer contribution rate increase.

- Employer contribution rates will increase by 0.5 percent of salary on January 1, 2006.
- Additional increases will take effect in following years.

The Colorado PERA rate of return on investments for 2003 was 24.1 percent. Despite the good returns, PERA's funded status has declined due primarily to investment losses in 2000 and 2001, and reduced employer contribution rates.

Attachments:

*Inactive
Member
Newsletter*

*Legislation
Impacting
Colorado
PERA*

New Defined Contribution (DC) plan option for new state employees.

- State employees hired on or after January 1, 2006, will have the option of selecting the current PERA defined benefit (DB) plan, a new PERA-offered DC plan, or the State's current DC plan. Employees in higher education, and employees of entities that are not part of state government are excluded from this provision.

Employers do not have to make contributions based on Section 125 and 132 Plans ("cafeteria" or "flexible spending" plans) as this legislation originally proposed.

Watch for more information on these items from PERA in the coming months.

Legislation Impacting Colorado PERA is attached.

CitiStreet and PERA's 401(k) Plan

We have posted communications from CitiStreet to employers about the PERA 401(k) Plan on the Employer Section of the PERA Web site under 401(k) Plan Transition to CitiStreet. Check here for the latest information about reporting 401(k) contributions to CitiStreet.

<http://www.copera.org/pera/employer/401kTransition.stm>.

New Affiliates

Colorado PERA welcomes the following new employers (affiliation dates):

- Pikes Peak School of Expeditionary Learning (January 1, 2004)
- Colorado First Conservation District (January 1, 2004)
- Crown Mountain Park and Recreation District (February 1, 2004)
- Morgan County Quality Water District (February 1, 2004)
- Boulder County (April 1, 2004)
- Tabernash Valley Water & Sanitation District (June 1, 2004)

PERACare Update

A total of 32 employers now provide PERACare to their employees. Selection of the PERACare Health Benefits Program may occur at any time. For details about benefits and premiums, contact Dennis Gatlin at 303-832-9550, ext. 6188, or email dgatlin@copera.org.

PERA Contribution Salary Cap

Under the Internal Revenue Code Section 401(a)17 contribution limit rule, employees hired after December 31, 1995, cannot make contributions to PERA on salary in excess of \$205,000 for calendar year 2004. There is no limit for employees hired before January 1, 1996. If you have employees who were hired after December 31, 1995, and who have annual salary greater than \$205,000, be sure to stop reporting salary and stop making PERA

contributions after the employee has reached the contribution limit. If you have questions, please contact your Employer Representative at PERA.

Online Forms for Employers

Remember that the following forms are online in the secured Employer Access portion of the PERA Web site:

Online *Final Six Months' Salary Report*—use to submit a retiring member's anticipated salary and related information.

Online *Death Notification/Salary Report*—use to report a member's final salary and related information at time of death.

Final Six Months' Salary Report Reminder

The *Final Six Months' Salary Report (FSMSR)* is one of the most important forms used in calculating a benefit for an employee who is planning on retiring. We ask that employers complete the form when they are reasonably sure that the information is accurate and will not need to be revised. Please do not send an estimated FSMSR. With accurate information, we can process the form and calculate an accurate retirement benefit the first time.

PERA Employer Representatives	
For questions about accessing the secured employer access Web site, please contact your Employer Representative at PERA:	
<i>Employer Number</i>	<i>Employer Representative</i>
1-350, 990, 991	Rynee Helmig 303-837-6249
351-701	Rose Montano 303-837-6238
702-989	Annette Cote 303-837-6256
PERA Field Education Representatives	
<i>Employer Number</i>	<i>Field Education Representatives</i>
1-138	Gordon Steuck 303-863-3855 gsteuck@copera.org
139-381	Margaret Lincoln 303-863-3809 mllincoln@copera.org
382-566	Patty Haas 303-863-3861 pahas@copera.org
567-799	Dennis Gatlin 303-863-3788 dgatlin@copera.org
800-912	Thomas Shofner 303-837-6289 tshofner@copera.org
913-991	Aubre Schneider 303-837-6261 aschneider@copera.org

Information for New Municipal Division Employers

Municipal Division employers that affiliated with PERA on or after January 1, 2000, will be receiving a request from PERA for salary history information for their employees. With this information, PERA will be able to more efficiently calculate service credit purchases for your employees. If, after you receive this request, you have questions, please contact your assigned Field Education Representative.

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.