



EMPLOYER TRAINING OPTIONAL RETIREMENT PLANS

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OVERVIEW

The Colorado Institutions of Higher Education listed below have the authority to establish an Optional Retirement Plan (ORP) for their eligible faculty and administrators as provided in Colorado statute (C.R.S. § 24-54.5-101 *et seq.*).

ORP-Eligible Employers	Effective Date of ORP-Eligibility
Adams State University	May 1, 1994
Colorado Mesa University	May 1, 1994
Colorado Mountain College	October 1, 1994
Colorado School of Mines	January 1, 2017
Colorado State University	April 1, 1993
Colorado State University–Global	July 1, 2008
Colorado State University–Pueblo	May 1, 1994
Fort Lewis College	October 1, 1994
Metropolitan State University of Denver	May 1, 1994
University of Northern Colorado	March 1, 1993
Western Colorado University	May 1, 1994

Individuals hired into ORP-eligible positions who are not Colorado PERA members or are inactive members with less than one year of PERA service credit must participate in the ORP. Individuals hired into ORP-eligible positions who are PERA members or inactive members with at least 12 months of PERA service credit must make a one-time irrevocable election to be covered by PERA or by the ORP within 30 days of the date of hire. If the employee makes no election, ORP coverage is required.

- ▶ To determine whether an individual has already made an irrevocable election, please contact PERA's Data Research Team.

For questions about ORPs, please contact PERA's Data Research Team at 303-863-3737 or BSDDR@copera.org.

ADMINISTRATIVE RESPONSIBILITIES

PERA'S RESPONSIBILITIES

- » Administers PERA membership rights
- » Provides PERA membership information
- » Collects contributions:
 - Member
 - Employer
 - Retiree
 - Amortization Equalization Disbursement (AED)
 - Supplemental Amortization Equalization Disbursement (SAED)
- » Determines eligibility to make a one-time irrevocable election
- » Evaluates months of PERA service credit
- » Documents previous elections from all ORP institutions
- » Acts as “clearinghouse” for all ORP institution’s elections using forms received
- » Transfers member contributions and member interest to ORP institution’s vendor
- » Verifies employee termination with the ORP employer
- » Processes refunds of PERA accounts

ORP EMPLOYER RESPONSIBILITIES

- » Verifies membership with PERA
- » Verifies with PERA any previous ORP election
- » Provides PERA with the ORP election forms within 30 days of signed election date
- » Enrolls employees in PERA as required by state law
- » Remits PERA member, employer, retiree, and AED/SAED contributions on salary subject to PERA contributions in a timely manner
- » Provides PERA with employment, salary, and other related information for current and former members, allowing PERA to make accurate determinations under state law concerning a member’s benefit entitlements
- » Provides ORP administration and education to employees participating in the ORP
- » Tracks participants in the ORP
- » Monitors changes in ORP- and/or PERA-eligible positions
- » Provides written requests and documentation on all corrections to PERA, when discovered

- » Administers retirement plan choice
- » Verifies with PERA the retirees’ participation in the ORP or whether retirees are performing services as independent contractors
- » Verifies termination of PERA employment

It is your responsibility to correctly enroll your employees in PERA or the ORP program and to ensure enrollment complies with applicable laws. Similarly, it is also your responsibility to ensure that employees or other workers who are not eligible to be PERA members are not enrolled in PERA. Under state law, PERA cannot allow PERA membership for individuals who do not, under statute, have the right to such membership. In those instances where PERA determines the employees have been improperly enrolled in PERA membership, PERA must correct the error, which may include returning all contributions and other payments made to PERA, and, if necessary, recovering any benefits paid. If an individual was required to be enrolled in PERA and the employer fails to enroll the individual, then the employer will be liable for unpaid PERA contributions, plus interest.

► *Note:* If you make an error in determining PERA membership, it will be your responsibility to make the correction, including payment of interest or contributions due. If you are unsure of an employee’s membership status or prior elections, contact PERA’s Data Research Team at 303-863-3737.

► **Definitions**

One-Time Irrevocable Election

A permanent, one-time choice between PERA and an ORP. The choice the member makes carries through from one ORP institution to the next ORP institution. *Note:* For PERA retirees, the choice between the ORP and PERA is to be given each time a retiree is rehired into an ORP-eligible position after January 1, 2011.

Default Election

A member with less than one year of service credit must participate in the ORP and must have their PERA account transferred to the ORP.

Transfer

A trust-to-trust transfer of member contributions and member interest to the ORP vendor. Matching contributions are not included by ORP statute.

Service Credit

One year of service is 12.000 months of service credit. An employee must have 12 months of service credit to be eligible to choose either PERA or the ORP. PERA determines the amount of service credit using either a current active account or an inactive account for eligibility to elect the ORP or PERA.

Refunded Account

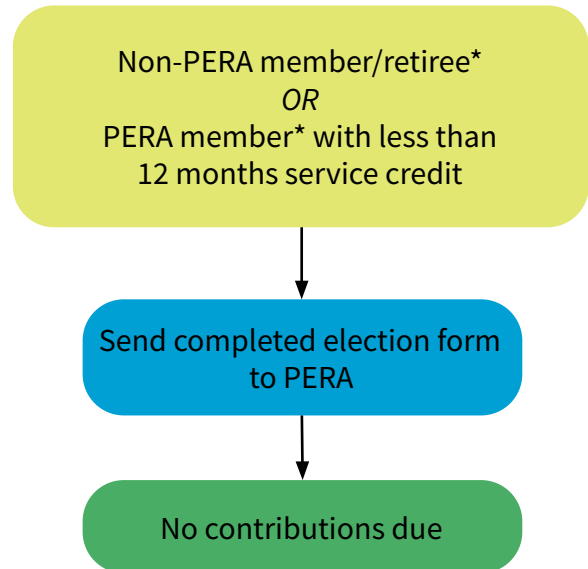
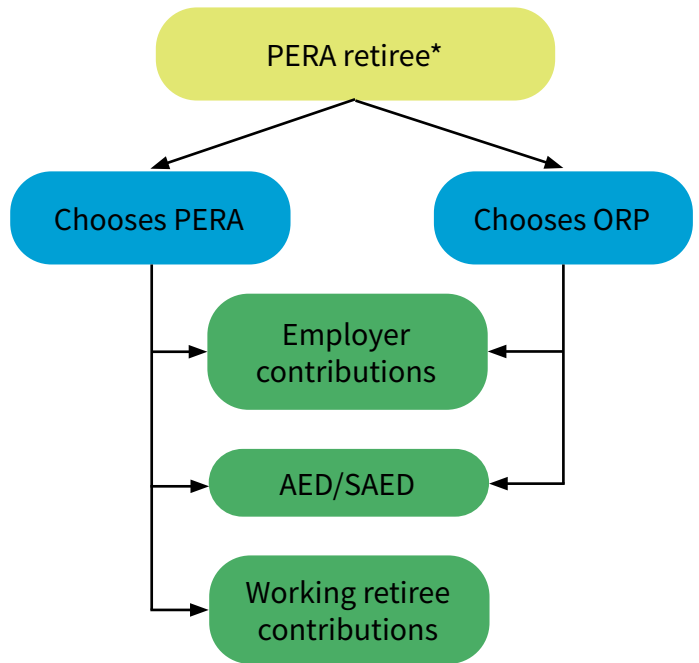
A PERA account that has been withdrawn and therefore does not count toward the amount of service credit.

Concurrent Service Credit

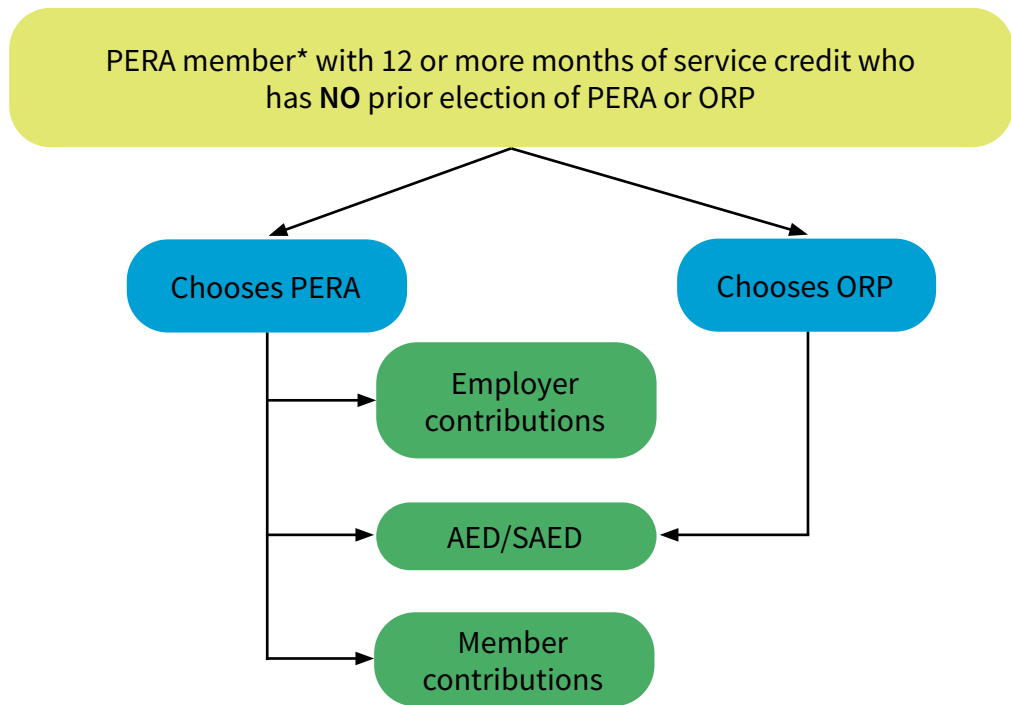
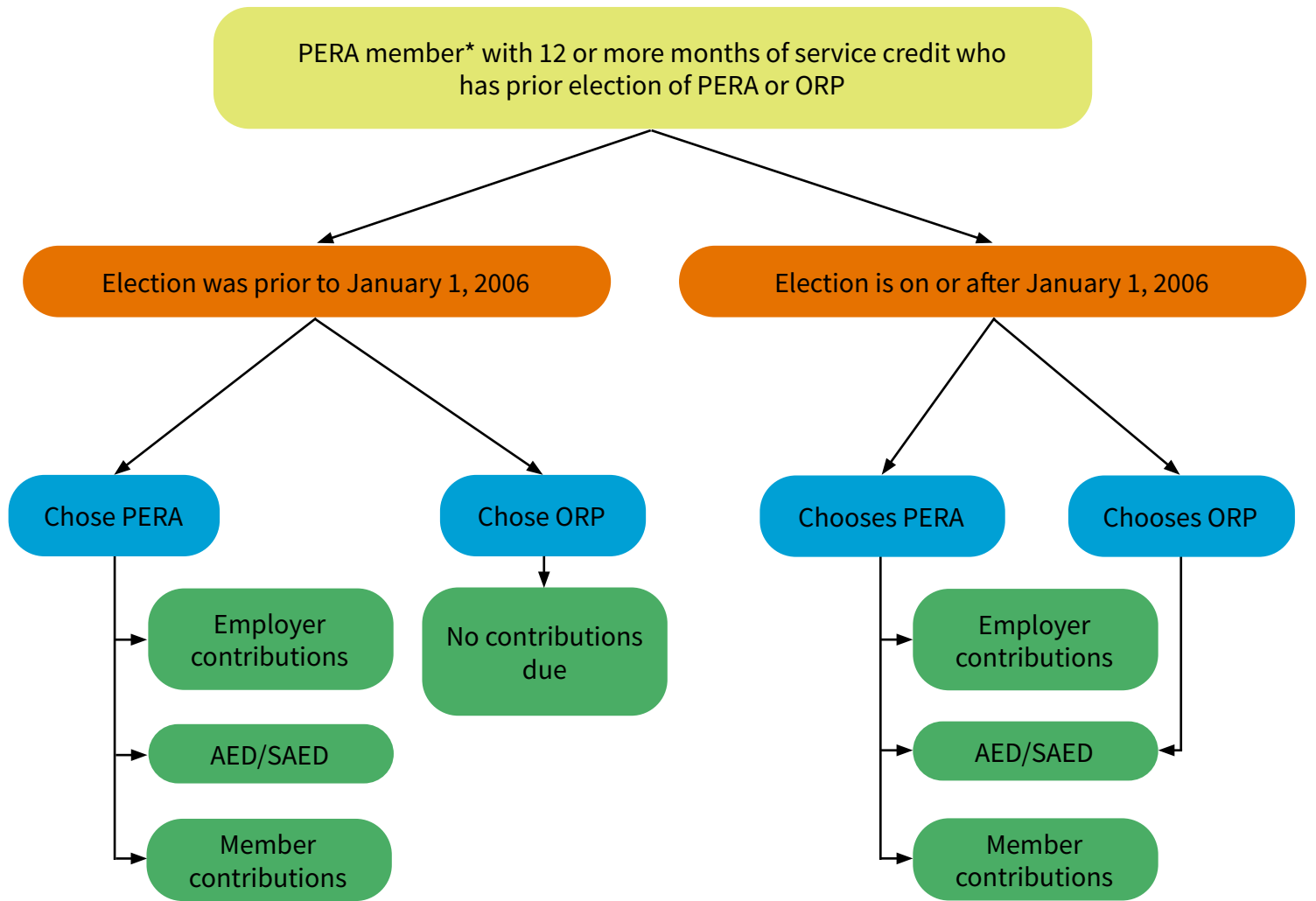
A member who is employed simultaneously at more than one PERA employer earns concurrent service credit. An active PERA member with another PERA employer cannot transfer their account to the ORP institution.

REQUIRED EMPLOYER CONTRIBUTIONS

Use the following flow charts to determine what contributions are due for your employees.



* PERA retiree and/or member includes retirees of the Denver Public Schools Retirement System (DPSRS) who retired prior to January 1, 2010, and retirees and/or members under the Denver Public Schools (DPS) benefit structure after January 1, 2010.



* PERA retiree and/or member includes retirees of the DPSRS who retired prior to January 1, 2010, and retirees and/or members under the DPS benefit structure after January 1, 2010.

ELIGIBILITY TO CHOOSE AN ORP

Individuals hired into ORP-eligible positions who are PERA members or inactive members with at least one year of PERA service credit must make a one-time irrevocable election to be covered by PERA or by the ORP within 30 days of the date of hire.

- » If no election is made within 30 days, ORP coverage is required. Such election or default cannot be later changed and applies to all Colorado Institutions of Higher Education that have implemented ORPs. If the individual moves to a position that is not ORP-eligible, PERA coverage is mandatory.
- » If the member chooses to participate in the ORP, they must designate what to do with their existing PERA account. The account can be left at PERA or transferred to the designated ORP vendor.
- » Employer AED and SAED contributions are due for ORP participants who had the option of choosing the ORP on or after January 1, 2006, regardless of whether the participant chose the ORP or PERA.
- » The choice between the ORP and PERA is to be given each time a retiree is rehired into an ORP-eligible position after January 1, 2011.

Please use SSN Verification on STARS to determine whether a new hire has one or more years of PERA service credit. You may also contact your employer representative or a member of the Data Research Team.

▶ Irrevocable Election Example:

In May 2004, an eligible employee elects the ORP with one ORP institution and subsequently terminates employment in June 2006. Thereafter, the employee works 12 years for a school district before terminating with the school district. The member is offered a job at another ORP institution in an ORP-eligible position. The individual is required to participate in the ORP plan due to the previous irrevocable election. (Similarly, if the employee initially elected PERA, they will remain in PERA under any future ORP-eligible position.)

INDIVIDUALS INELIGIBLE TO CHOOSE PERA

Individuals with less than one year of PERA service credit and no prior valid election on file must be covered by the ORP, regardless of whether or not they were previously PERA members. Any existing PERA contributions must be transferred to the designated ORP vendor unless the person is accruing concurrent service credit at a different PERA employer.

Individuals who have previously made a valid election choosing the ORP (regardless of the institution they were employed at when they made the election) are not eligible to choose PERA. If there is a question regarding eligibility, PERA will review each account on a case-by-case basis and determine whether a valid election has occurred.

PERA STATUTES

PERA operates by authority of the Colorado General Assembly and is administered under Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.). Detailed information about PERA relevant to ORP employers is available in the following PERA publications: *PERA Law*, *PERA Rules*, *Refund/Rollover Request*, *Working After Retirement*, and the *Employer Manual* and the *PERA Employers and Optional Retirement Plans (ORPs)* fact sheet. For information specific to the AED and SAED, review C.R.S. § 24-51-411. This section of PERA law specifies how the AED and SAED will be paid. AED payments are required after January 1, 2006, and SAED payments are required after January 1, 2008.

TERMINATING PERA-COVERED EMPLOYMENT

A member who terminates employment with a PERA employer may elect to do the following:

- » Leave the PERA account at PERA for a future benefit or withdrawal. The account will continue to earn interest. (The interest rate is set by the PERA Board of Trustees and is subject to change annually.) If PERA membership is resumed, the member will continue to build on his/her existing account.
- » Refund the PERA account.

Similarly, if the terminating member has a PERAPlus 401(k)/457 or PERA DC Plan account, he/she may elect to withdraw this account or leave it at PERA.

State law allows refunds only after termination of all PERA-covered employment. Refunds are not allowed in the following situations:

- » The member is employed by more than one PERA employer and has not terminated employment with all employers.
- » The member transfers from one PERA employer to another with no break in employment.
- » The member is a seasonal employee and is off the payroll, but not terminated.
- » The member is on leave from the employer (no termination has occurred).

Additionally, federal law prohibits a refund to a member who is still employed with a PERA employer, even if the individual does not participate in PERA, until the member reaches normal retirement age.

Members who elect to withdraw their PERA accounts, through a refund or rollover, forfeit their rights to any future PERA benefit and are responsible for applicable taxes. Members who later return to PERA-covered employment may purchase the service credit associated with prior membership, but will not be entitled to the benefit rights associated with the withdrawn time.

- ▶ *Note:* If the member is working for any PERA employer, the member must terminate employment with all PERA employers, including those that offer an ORP, to be eligible for a rollover/refund.

▶ Termination Definitions

Refund

Upon termination of employment from all PERA employers, PERA can issue a one-time payment of the member's entire account. Federal law prohibits a refund to a member who is still employed with a PERA employer, even if the individual does not participate in PERA. Refunds are governed under PERA law and rules and may include matching contributions.

Rollover

Moving money from one retirement plan to another, typically done by eligible terminated members or to purchase service credit. A rollover is not a transfer and the account will not roll over to the ORP institution. The ORP participant may elect to roll over the PERA account upon termination of employment.

WORKING AFTER RETIREMENT

RETIREES HIRED BEFORE JANUARY 1, 2011

If a retiree returned to work in a position covered by an ORP prior to January 1, 2011, and was required to join the ORP:

- » The retiree is subject to the working after retirement limits.
- » The retiree is not allowed to suspend his/her retirement because an ORP-covered position is not eligible for PERA membership.
- » Employer contributions, including AED and SAED, are required.
- » Working retiree contributions are not required.

RETIREES HIRED ON OR AFTER JANUARY 1, 2011

If the retiree has the choice between PERA and an ORP, the choice is offered each time the retiree is rehired into an ORP-eligible position after January 1, 2011:

- » If the retiree chooses PERA:
 - Employer contributions, AED contributions, and SAED contributions are required.
 - The 110-day/720-hour or 140-day/916-hour working after retirement limits apply.
 - The working retiree contribution is due.
 - The retiree may suspend the benefit and return to active membership.
- » If the retiree chooses the ORP:
 - Employer contributions, AED contributions, and SAED contributions are required.
 - The 110-day/720-hour or 140-day/916-hour working after retirement limits apply.
 - Working retiree contributions are not required.
 - The retiree cannot suspend his/her PERA benefit.

RETIREES WHO TERMINATED PERA MEMBERSHIP BEFORE JUNE 3, 1994

If a PERA retiree terminated PERA membership prior to June 3, 1994, and has had continuous employment with the same employer in a position covered by an ORP:

- » Working after retirement work limits do not apply.
 - Employer contributions, AED contributions, and SAED contributions are required.
- » Working retiree contributions are not required.
- » The retiree cannot suspend his/her PERA benefit.

CONTRIBUTIONS DUE TO PERA FOR POST-RETIREMENT WORK BY A PERA RETIREE FOR A PERA EMPLOYER

Senate Bill 10-001 altered the options available to retirees hired into ORP-eligible positions as of January 1, 2011. The provisions below apply:

If the retiree is

Then

A retiree who terminated membership prior to June 3, 1994, and who has continuous employment with the same employer in a position covered by an ORP as defined under C.R.S. § 24-54.5-101, *et seq.*

- » The work limits do not apply.
- » Employer contributions are required.
- » Working retiree contributions are not required.

A retiree who began work on or before December 31, 2010, and has continuous employment with the same employer in a position covered by an ORP as defined under C.R.S. § 24-54.5-101, *et seq.*

- » The work limits apply.
- » Employer contributions are required.
- » Working retiree contributions are not required.

A retiree who returns to work on or after January 1, 2011, in a position covered by an ORP as defined under C.R.S. § 24-54.5-101, *et seq.*

- » The retiree will be required to choose PERA or the ORP as his/her retirement plan.

Contact PERA



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*Forms and publications can be found on
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requested by calling PERA's Customer
Service Center.*