



**Police Officers' and
Firefighters' Pension
Reform Commission**

**Report to the
COLORADO
GENERAL ASSEMBLY**

**Colorado Legislative Council
Research Publication No. 441
November 1998**

RECOMMENDATIONS FOR 1999

**POLICE OFFICERS' AND FIREFIGHTERS'
PENSION REFORM COMMISSION**

**Report to the
Colorado General Assembly**

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November 1998

To Members of the Sixty-second General Assembly:

Submitted herewith is the final report of the Police Officers' and Firefighters' Pension Reform Commission. This commission is a statutory committee established under Section 31-31-1001, C.R.S.

At its meeting on October 15, 1998, the Legislative Council reviewed the report of this commission. A motion to forward this report and the bills therein for consideration in the 1999 session was approved.

Respectfully submitted,

/s/ Representative Chuck Berry
Chairman
Legislative Council

CB/GJ/pw

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POLICE OFFICERS' AND FIREFIGHTERS' PENSION REFORM COMMISSION

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Senator Michael Feeley
Senator Peggy Reeves
Senator MaryAnne Tebedo

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Representative Doug Dean
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STATUTORY AUTHORITY AND RESPONSIBILITIES

Commission Charge

The Police Officers' and Firefighters' Pension Reform Commission is created in Colorado law (31-31-1001, C.R.S.), and is directed to study and develop legislation relating to the funding of police and fire pensions and the benefit designs of such plans.

Commission Activities and Recommendations

At its meeting on August 31, 1998, the Commission received an historical overview of state involvement in fire and police pension plans, a review of the 1998 Fire and Police Pension Association (FPPA) annual financial report, and an overview concerning 1997 FPPA investment performance. The pension fund currently controls in excess of \$2.1 billion in assets.

The Commission considered legislation requested by the Board of Directors of the FPPA. Following discussion and amendment by the Commission, Bills A, B, C and D and Resolution A were recommended for consideration in the 1999 legislative session.

Bill A — Benefits Paid to Members of the Statewide Death and Disability Plan Who Become Totally Disabled While a Member of the FPPA

Bill A increases the normal annual disability benefit payable to a new hire member of the FPPA who becomes totally disabled to 70 percent of base salary. The benefit for total disability is a tiered benefit of 40 percent of the annual base salary, plus an additional ten percent for a surviving spouse, and an additional ten percent for any dependent children under current law. Since the bill increases the total disability benefit to an amount greater than what a member would receive if the member had a spouse and a dependent child, the bill eliminates the "add-on" percentage increases for a spouse and dependent child that are currently in the law.

A member who qualifies for a retirement benefit for total disability may elect, instead of choosing the normal annual disability benefit, to take a reduced pension in exchange for greater benefits for their beneficiary upon the member's death. The member may have all of the reduced pension paid to their designated beneficiary for life, one-half of the reduced pension paid to their beneficiary for life, or all of their reduced pension paid to their surviving spouse for life or until the youngest child reaches 23 years, whichever is later.

Bill A is assessed as having no fiscal impact.

Bill B — Selection of Disability Benefit Options by Members of the Statewide Death and Disability Plan Who are Members of the FPPA

Bill B places benefit payout options in the Statewide Death and Disability Plan of the FPPA that currently exist in the Statewide Defined Benefit Plan of the FPPA. Under current law, the payout options are included in the death and disability plan by statutory reference to the defined benefit plan. This bill allows each plan to be independent of the other.

Bill B is assessed as having no fiscal impact.

Bill C — Termination of Benefits Allowed Under the Statewide Death and Disability Plan to a Surviving Spouse of an FPPA Member Who Dies While on Active Duty if the Surviving Spouse Remarries

Bill C amends the portion of the FPPA Statewide Death and Disability Plan that provides benefits to surviving spouses of members who die while in active service. The bill eliminates a provision in the law that terminates certain survivor benefits to an FPPA member's surviving spouse upon the remarriage of the spouse.

Bill C is assessed as having no fiscal impact.

Bill D — Requirements for the Acquisition of Service Credit for the Statewide Defined Benefit Plan of the FPPA

Bill D allows new hire members of the Statewide Defined Benefit Plan to purchase service credit. Service credit may be purchased for the length of time that the new hire member has worked in a public safety position in the United States, and for up to five years of service in the military. The member is required to pay the FPPA the actuarially equivalent cost of the purchased service credit. Any service credit to be purchased must cover a period of employment or military service equal to or exceeding one year.

New hire members who have terminated service and received a refund of contributions may elect to return to service and restore their service credit. The member would be required to return the full amount of their refunded contributions, with interest accrued from the date of the refund to the date of return.

Bill D is assessed as having no fiscal impact.

Resolution A — Exclusion of Police Officers and Firefighters from Federal Legislation Mandating Participation by Public Employees in the Federal Social Security System

Resolution A urges the U.S. Congress to exclude firefighters and police officers from any federal legislation mandating participation by public employees in the federal social security system. The resolution states that the existing pension system has been carefully developed to meet the unique needs of public safety officers and is actuarially sound.

MATERIALS AVAILABLE

The following materials relevant to the Police Officers' and Firefighters' Pension Reform Commission meeting are available from the Office of the Legislative Council.

1. *Staff Summary of Meeting, August 31, 1998.*
2. *Fire and Police Pension Association of Colorado Annual Update, prepared for the State of Colorado Pension Reform Commission, August 31, 1998*

Bill A

By Representative G. Berry;
also Senator Reeves

A BILL FOR AN ACT

CONCERNING THE AMOUNT OF BENEFITS PAID TO MEMBERS OF THE STATEWIDE
DEATH AND DISABILITY PLAN WHO BECOME TOTALLY DISABLED
WHILE A MEMBER OF THE FIRE AND POLICE PENSION ASSOCIATION.

Bill Summary

"Increased FPPA Total Disability Benefits"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Police Officers' and Firefighters' Pension Reform Commission.

Increases the normal annual disability benefit for total disability of members of the statewide death and disability plan for firefighters and police officers from a tiered benefit of up to 60% of the member's annual base salary paid to such member immediately preceding retirement for disability to 70% of such salary. Eliminates the increases in total disability benefit amounts for dependent children and spouses. Relocates and modifies the 3 annual disability payment options with survivor benefits that a member may elect in lieu of the normal annual disability benefit for total disability.

Allows a member to elect a different disability benefit option once within 90 days of receiving written notice from the board of directors of the fire and police pension association.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 31-31-803 (1) Colorado Revised Statutes, is amended

to read:

31-31-803. Retirement for disability. (1) (a) Any member hired before, on, or after April 7, 1978, who is not eligible for the normal retirement pension described in section 31-31-403 or a local defined benefit retirement pension selected pursuant to section 31-31-704 (3) or provided pursuant to article 30.5 of this title, whichever is applicable, and who becomes totally disabled, as defined in section 31-31-801 (4), shall be retired from active service for disability and shall be eligible to receive the disability benefit provided by this subsection (1) or section 31-31-806.5. The NORMAL annual disability benefit for total disability for such member shall be **forty SEVENTY** percent of the annual base salary paid to such member immediately preceding retirement for disability, which shall be increased by TEN PERCENT OR TWENTY PERCENT OF THE ANNUAL BASE SALARY DEPENDING ON THE LEVEL OF BENEFIT ELECTED BY A MEMBER PARTICIPATING IN THE SUPPLEMENTAL DISABILITY BENEFIT PROGRAM DESCRIBED IN SECTION 31-31-803.5.

~~(a) Ten percent of the annual base salary if such member had a spouse at the time of becoming totally disabled, for so long as such spouse survives and is married to such member or legally entitled to maintenance from such member;~~

~~(b) Ten percent of the annual base salary if such member has any dependent children;~~

~~(c) Ten percent or twenty percent of the annual base salary depending on the level of benefit elected by a member participating in the supplemental~~

~~disability benefit program described in section 31-31-803.5.~~

(b) NOTWITHSTANDING SUBSECTION (5) OF THIS SECTION, A MEMBER ELIGIBLE FOR THE NORMAL ANNUAL DISABILITY BENEFIT FOR TOTAL DISABILITY MAY ELECT TO RECEIVE ONE OF THE FOLLOWING DISABILITY BENEFIT OPTIONS IN LIEU OF THE NORMAL ANNUAL DISABILITY BENEFIT PROVIDED UNDER PARAGRAPH (a) OF THIS SUBSECTION (1):

(I) OPTION 1. A REDUCED ANNUAL DISABILITY BENEFIT PAYABLE TO THE MEMBER AND, UPON THE MEMBER'S DEATH, ALL OF SUCH REDUCED ANNUAL DISABILITY BENEFIT TO BE PAID TO THE MEMBER'S DESIGNATED BENEFICIARY FOR LIFE;

(II) OPTION 2. A REDUCED ANNUAL DISABILITY BENEFIT PAYABLE TO THE MEMBER AND, UPON THE MEMBER'S DEATH, ONE-HALF OF SUCH REDUCED ANNUAL DISABILITY BENEFIT TO BE PAID TO THE MEMBER'S DESIGNATED BENEFICIARY FOR LIFE; OR

(III) OPTION 3. A REDUCED ANNUAL DISABILITY BENEFIT PAYABLE TO THE MEMBER AND, UPON THE MEMBER'S DEATH, ALL OF SUCH REDUCED ANNUAL DISABILITY BENEFIT TO BE PAID TO THE MEMBER'S SURVIVING SPOUSE AND DEPENDENT CHILDREN, IF ANY, UNTIL THE DEATH OF THE SURVIVING SPOUSE OR UNTIL THE YOUNGEST CHILD REACHES TWENTY-THREE YEARS OF AGE, WHICHEVER IS LATER.

(c) A MEMBER SHALL BE DEEMED TO HAVE ELECTED OPTION 3 SPECIFIED IN SUBPARAGRAPH (III) OF PARAGRAPH (b) OF THIS SUBSECTION (1) IF THE MEMBER IS ELIGIBLE FOR A BENEFIT FOR TOTAL DISABILITY UNDER THIS SUBSECTION (1), IS SURVIVED BY A SPOUSE OR DEPENDENT CHILD, AND DIES

BEFORE MAKING AN ELECTION ALLOWED UNDER PARAGRAPH (b) OF THIS SUBSECTION (1).

(d) NOTWITHSTANDING SUBSECTION (5) OF THIS SECTION, A MEMBER RECEIVING A DISABILITY BENEFIT UNDER THIS SUBSECTION (1) AS OF JANUARY 1, 2000, MAY ELECT A DIFFERENT DISABILITY BENEFIT OPTION UNDER PARAGRAPH (b) OF THIS SUBSECTION (1) ONCE WITHIN NINETY DAYS OF RECEIVING WRITTEN NOTICE FROM THE BOARD OF THE OPPORTUNITY TO ELECT A DIFFERENT DISABILITY BENEFIT OPTION. THE BOARD MAY PROMULGATE RULES TO IMPLEMENT AND ADMINISTER THIS PARAGRAPH (d).

SECTION 2. Effective date - applicability. (1) This act shall take effect January 1, 2000, unless a referendum petition is filed during the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution. If such a referendum petition is filed against this act or an item, section, or part of this act within such period, then this act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

(2) The provisions of this act shall apply to all members of the fire and police pension association receiving or eligible to receive benefits provided by the statewide death and disability plan on or after the effective date of this act.



Colorado Legislative Council Staff
NO FISCAL IMPACT

Drafting Number: LLS:99-057
Prime Sponsor(s): Rep. G. Berry
Sen. Reeves

Date: October 21, 1998
Bill Status: Police Officers' and
Firefighters' Pension Reform
Commission

Fiscal Analyst: Steve Tammeus (866-2756)

TITLE: CONCERNING THE AMOUNT OF BENEFITS PAID TO MEMBERS OF THE STATEWIDE DEATH AND DISABILITY PLAN WHO BECOME TOTALLY DISABLED WHILE A MEMBER OF THE FIRE AND POLICE PENSION ASSOCIATION.

Summary of Assessment

This bill increases the amount of the normal annual disability benefit payable to a new hire member of the Fire and Police Pension Association (FPPA) who becomes totally disabled to 70 percent of the base salary. Under current law, the benefit for total disability is a tiered benefit of 40 percent of the annual base salary, plus an additional 10 percent for a surviving spouse, and an additional 10 percent for any dependent children.

The bill also allows a member qualifying for a retirement benefit for total disability to elect one of the following three pension benefits in lieu of the normal annual disability benefit:

- Option 1. A reduced pension payable to the member, and upon the member's death, all of such reduced pension to be paid to the member's designated beneficiary for life, or
- Option 2. A reduced pension payable to the member, and upon the member's death, one-half of such reduced pension to be paid to the member's designated beneficiary for life; or
- Option 3. A reduced pension payable to the member, and upon the member's death, all of such reduced pension to be paid to the member's surviving spouse or until the youngest child reaches twenty-three years of age, whichever is later.

The bill specifies that a member shall be deemed to have elected Option 3 if the member qualifies for total disability, is survived by a spouse or dependent child, and dies before electing one of the options. Any member receiving a disability benefit as of January 1, 2000 may elect a different option once within 90 days of receiving written notice from the board. The bill authorizes the board to promulgate rules to implement the provisions of the bill.

The bill would take effect January 1, 2000; or upon proclamation of the Governor if a referendum petition is approved by a vote of the people.

The provisions of this bill will not affect state, or local government, revenue or expenditures. The statewide death and disability plan is no longer funded by the State. The plan actuary for the

FPPA has determined this benefit enhancement can be fully funded at a cost of \$9.5 million of the life of the benefit. This amount is readily available from plan assets which are currently targeted for pre-funding a permanent cost of living adjustment (COLA) for all benefit recipients under the death and disability plan. Funding this benefit enhancement is not anticipated to affect the permanent COLA for total disability recipients, but could affect the discretionary COLA for occupational disability recipients.

The FPPA currently monitors the family status of those who retire with a total disability. The FPPA also monitors continued eligibility for benefits by annually requiring benefit recipients to complete an eligibility form. The provisions of this bill will reduce or eliminate those requirements. Conversely, the board may incur additional costs to promulgate administrative rules. As a result, the FPPA may experience some administrative cost impact, but the amount of that impact is estimated to be relatively insignificant. Therefore, this bill is assessed as having no fiscal impact.

Departments Contacted

Fire and Police Pension Association

Bill B

By Senator Tebedo

A BILL FOR AN ACT

CONCERNING THE SELECTION OF DISABILITY BENEFIT OPTIONS BY MEMBERS OF THE STATEWIDE DEATH AND DISABILITY PLAN WHO ARE MEMBERS OF THE FIRE AND POLICE PENSION ASSOCIATION.

Bill Summary

"FPPA Disability Benefit Options"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Relocates the statutory provisions regarding the 3 reduced annual disability benefit options with survivor benefits that a member may elect in lieu of the normal annual disability benefit for occupational disability and on-duty disability. Relocates the provisions that specify a disability benefit option for occupational disability and on-duty disability if a member is awarded occupational or on-duty disability, is survived by a spouse or dependent child, and dies before making an election. Relocates the provisions that specify when an option election for disability benefits becomes irrevocable.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 31-31-803 (5), Colorado Revised Statutes, is amended, and the said 31-31-803 is further amended BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to read:

31-31-803. Retirement for disability. (5) (a) Any member who is awarded a disability pension under this section or section 31-31-806.5 shall be eligible to receive the applicable normal disability pension provided in this section or to make an election for a reduced pension in the manner provided in THIS section. ~~31-31-403 (5). All provisions of section 31-31-403 (5) (a), (5) (c), and (5) (d) shall apply to the member, except that the benefits used to calculate the reduced benefits shall be the disability benefit provided to the member under this section rather than the retirement benefit provided in section 31-31-403. A member shall be considered to have elected option 1 if the member is awarded a disability pension pursuant to this section or section 31-31-806.5, is survived by a spouse or dependent child, and dies before making the election provided in this paragraph (a). The joint disability benefits provided in this section shall be calculated as the actuarial equivalent of the applicable normal disability pension otherwise payable as provided in this section.~~

(b) (I) If, after making the election of a normal disability pension, a single member subsequently marries, the member shall be eligible to change the member's original election to take a reduced pension in the same manner as the original election authorized in paragraph (a) of this subsection (5).

(II) The newly elected pension shall be recalculated as the actuarial equivalent of the remainder of the original pension for which the member would otherwise have been eligible if the member had not changed the original election.

(8) (a) A MEMBER ELIGIBLE FOR AN OCCUPATIONAL DISABILITY BENEFIT UNDER SUBSECTION (2) OF THIS SECTION OR A DISABILITY BENEFIT

UNDER SECTION 31-31-806.5 MAY ELECT TO RECEIVE ONE OF THE FOLLOWING DISABILITY BENEFIT OPTIONS IN LIEU OF SUCH DISABILITY BENEFIT:

(I) OPTION 1. A REDUCED ANNUAL DISABILITY BENEFIT PAYABLE TO THE MEMBER AND, UPON THE MEMBER'S DEATH, ALL OF SUCH REDUCED ANNUAL DISABILITY BENEFIT TO BE PAID TO THE MEMBER'S DESIGNATED BENEFICIARY FOR LIFE;

(II) OPTION 2. A REDUCED ANNUAL DISABILITY BENEFIT PAYABLE TO THE MEMBER AND, UPON THE MEMBER'S DEATH, ONE-HALF OF SUCH REDUCED ANNUAL DISABILITY BENEFIT TO BE PAID TO THE MEMBER'S DESIGNATED BENEFICIARY FOR LIFE; OR

(III) OPTION 3. A REDUCED ANNUAL DISABILITY BENEFIT PAYABLE JOINTLY TO THE MEMBER AND THE MEMBER'S DESIGNATED BENEFICIARY AND, UPON THE DEATH OF EITHER, ONE-HALF OF SUCH REDUCED DISABILITY BENEFIT TO BE PAID TO THE SURVIVOR FOR LIFE.

(b) A MEMBER SHALL BE DEEMED TO HAVE ELECTED OPTION 1 SPECIFIED IN SUBPARAGRAPH (I) OF PARAGRAPH (a) OF THIS SUBSECTION (8) IF THE MEMBER IS AWARDED AN OCCUPATIONAL DISABILITY BENEFIT UNDER SUBSECTION (2) OF THIS SECTION OR A DISABILITY BENEFIT UNDER SECTION 31-31-806.5, IS SURVIVED BY A SPOUSE OR DEPENDENT CHILD, AND DIES BEFORE MAKING AN ELECTION ALLOWED UNDER PARAGRAPH (a) OF THIS SUBSECTION (8).

(9) AFTER AN ELECTION HAS BEEN MADE OF ANY OF THE OPTIONS PROVIDED IN PARAGRAPH (a) OF SUBSECTION (8) OF THIS SECTION, THE ELECTION SHALL BE IRREVOCABLE UPON THE MEMBER CASHING THE FIRST DISABILITY BENEFIT CHECK OR SIXTY DAYS FROM THE DATE OF ISSUANCE OF

THE CHECK, WHICHEVER OCCURS FIRST. THE MEMBER'S BENEFICIARY DESIGNATION SHALL ALSO BE IRREVOCABLE AT SUCH TIME UNLESS THE MEMBER'S MARITAL STATUS CHANGES AS A RESULT OF DISSOLUTION OF MARRIAGE, DEATH OF A BENEFICIARY, MARRIAGE, OR REMARRIAGE OR IN THE EVENT OF THE DEATH OF A BENEFICIARY. IN SUCH CASE, THE MEMBER MAY DESIGNATE A NEW BENEFICIARY; EXCEPT THAT, IN CASES OF DISSOLUTION OF MARRIAGE, THIS SUBSECTION (9) SHALL ONLY APPLY TO ANY FINAL DISSOLUTION OF MARRIAGE DECREE OF A MEMBER ENTERED ON OR AFTER JULY 1, 1990.

(10) THE JOINT DISABILITY BENEFIT PROVIDED IN THIS SECTION SHALL BE CALCULATED AS THE ACTUARIAL EQUIVALENT OF THE NORMAL ANNUAL DISABILITY BENEFIT OTHERWISE PAYABLE AS PROVIDED IN THIS SECTION. IN THE EVENT OF A CHANGE IN THE BENEFICIARY DESIGNATION PURSUANT TO SUBSECTION (9) OF THIS SECTION, THE JOINT DISABILITY BENEFIT PAYABLE SHALL BE RECALCULATED SO AS TO BE THE ACTUARIAL EQUIVALENT OF THE REMAINDER OF THE ORIGINAL DISABILITY BENEFIT BASED UPON THE MEMBER'S INITIAL BENEFICIARY DESIGNATION, IF ANY.

SECTION 2. Effective date - applicability. This act shall take effect January 1, 2000, unless a referendum petition is filed during the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution. If such a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

(2) The provisions of this act shall apply to all members of the fire and police pension association receiving or eligible to receive benefits provided by the statewide death and disability plan on or after the effective date of this act.



Colorado Legislative Council Staff
NO FISCAL IMPACT

Drafting Number: LLS: 99-061
Prime Sponsor(s): Sen. Tebedo

Date: October 21, 1998
Bill Status: Police Officers' and
Firefighters' Pension Reform
Commission
Fiscal Analyst: Steve Tammeus (866-2756)

TITLE: CONCERNING THE SELECTION OF DISABILITY BENEFIT OPTIONS BY MEMBERS OF THE STATEWIDE DEATH AND DISABILITY PLAN WHO ARE MEMBERS OF THE FIRE AND POLICE PENSION ASSOCIATION.

Summary of Assessment

This bill establishes benefit payout options in the Statewide Death and Disability Plan of the Fire and Police Pension Association (FPPA) that currently exist in the Statewide Defined Benefit Plan of the FPPA. Under current law, the payout options are incorporated in the death and disability plan by statutory reference to the defined benefit plan. The provisions of this bill allow each plan to be independent of the other.

The bill will become effective on January 1, 2000, or upon proclamation of the Governor in the event a referendum petition is filed. The bill will apply to all FPPA members receiving or eligible to receive benefits provided by the plan on or after the effective date.

The provisions of this bill will not affect state, or local government, revenue or expenditures. The bill does not affect plan benefits or FPPA administrative requirements. Therefore, this bill is assessed as having no fiscal impact.

Departments Contacted

Fire and Police Pension Association

Bill C

By Representative Dean;
also Senator Tebedo

A BILL FOR AN ACT

CONCERNING TERMINATION UPON REMARRIAGE OF BENEFITS PAID UNDER THE STATEWIDE DEATH AND DISABILITY PLAN TO A SURVIVING SPOUSE OF A FIRE AND POLICE PENSION ASSOCIATION MEMBER WHO DIES WHILE IN ACTIVE SERVICE.

Bill Summary

"Remarriage Penalty For Survivor Benefits"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Police Officers' and Firefighters' Pension Reform Commission.

Eliminates the termination upon remarriage of benefits paid under the statewide death and disability plan to a surviving spouse of a fire and police pension association member who dies while in active service.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 31-31-809, Colorado Revised Statutes, is amended to read:

31-31-809. Termination of benefits. (1) EXCEPT AS OTHERWISE PROVIDED IN SECTION 31-31-807 (2), any benefit provided in accordance with this part 8 to a surviving spouse or dependent child shall terminate upon the

death or remarriage of the surviving spouse and upon the death, marriage, or termination of dependency of any dependent child.

SECTION 2. 31-31-807, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

31-31-807. Death of member - survivor benefits. (2) ANY BENEFIT PROVIDED IN ACCORDANCE WITH THIS SECTION TO THE SURVIVING SPOUSE OR DEPENDENT CHILD OF A MEMBER WHO DIES WHILE IN ACTIVE SERVICE SHALL TERMINATE UPON THE DEATH OF THE SURVIVING SPOUSE OR UPON THE DEATH, MARRIAGE, OR TERMINATION OF DEPENDENCY OF SUCH DEPENDENT CHILD, AS APPLICABLE.

SECTION 3. Effective date - applicability. This act shall take effect January 1, 2000, unless a referendum petition is filed during the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution. If such a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

(2) The provisions of this act shall apply to all members of the fire and police pension association receiving or eligible to receive benefits provided by the statewide death and disability plan on or after the effective date of this act.



Colorado Legislative Council Staff
NO FISCAL IMPACT

Drafting Number: LLS: 99-058
Prime Sponsor(s): Rep. Dean
Sen. Tebedo

Date: October 21, 1998
Bill Status: Police Officers' and
Firefighters' Pension Reform
Commission
Fiscal Analyst: Steve Tammeus (866-2756)

TITLE: CONCERNING TERMINATION UPON REMARRIAGE OF BENEFITS PAID UNDER THE STATEWIDE DEATH AND DISABILITY PLAN TO A SURVIVING SPOUSE OF A FIRE AND POLICE PENSION ASSOCIATION MEMBER WHO DIES WHILE IN ACTIVE SERVICE.

Summary of Assessment

This bill amends the portion of the Fire and Police Pension Association Statewide Death and Disability Plan that provides benefits to surviving spouses of members who die while in active service. The bill allows surviving spouses to continue to receive benefits upon remarriage. Under current law, the benefits terminate upon remarriage.

The bill will become effective on January 1, 2000, or upon proclamation of the Governor in the event a referendum petition is filed. The bill will apply to all FPPA members receiving or eligible to receive benefits provided by the plan on or after the effective date.

The provisions of this bill will not affect state, or local government, revenue or expenditures. The statewide death and disability plan is no longer funded by the State. Funding is provided by the members and/or their respective employers in the form of a mandatory contribution to the plan fund. The FPPA believes the number of surviving spouses who elect to remarry will be minimal, therefore, the provisions of this bill will not affect local government contributions, or the actuarial soundness of the plan. This bill is assessed as having no fiscal impact.

Departments Contacted

Fire and Police Pension Association

Bill D

By Senator Reeves;
also Representative Dean

A BILL FOR AN ACT

CONCERNING REQUIREMENTS FOR THE ACQUISITION OF SERVICE CREDIT FOR
THE STATEWIDE DEFINED BENEFIT PLAN OF THE FIRE AND POLICE
PENSION ASSOCIATION.

Bill Summary

"FPPA Acquisition Of Service Credit"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Police Officers' and Firefighters' Pension Reform Commission. Allows members of the fire and police pension association who are covered by the statewide defined benefit plan to purchase service credit for public safety employment not covered by the plan and for periods of active duty in the uniformed services of the United States. Limits the number of years of service credit that may be purchased for periods of active duty in the uniformed services to a specified number of years. Requires service credit to be purchased for periods of not less than one year. Specifies conditions to be met in order to purchase service credit.

Clarifies that, in order to restore prior service credit of any member who terminates service with the statewide defined benefit plan and who subsequently returns to service as a member of the association, the member must pay interest on the returned refunded contributions from the date of refund to the date of return according to terms and conditions established by the board.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Part 4 of article 31 of title 31, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

31-31-410. Purchased service credit. (1) A MEMBER MAY PURCHASE SERVICE CREDIT FOR PUBLIC SAFETY EMPLOYMENT, AS SUCH EMPLOYMENT IS DEFINED BY RULES ADOPTED BY THE BOARD, WITHIN THE UNITED STATES NOT COVERED BY THE PLAN, SUBJECT TO ALL OF THE FOLLOWING CONDITIONS:

(a) THE MEMBER HAS AT LEAST ONE YEAR OF CONTINUOUS SERVICE CREDIT WITH THE SAME EMPLOYER COVERED BY THE STATEWIDE DEFINED BENEFIT PLAN.

(b) THE MEMBER PROVIDES DOCUMENTATION OF THE DATES OF EMPLOYMENT NOT COVERED BY THE PLAN AND A RECORD OF THE SALARY RECEIVED.

(c) THE MEMBER VERIFIES THAT THE MEMBER WILL NOT RECEIVE A BENEFIT FROM ANY RETIREMENT PLAN COVERING SUCH EMPLOYMENT AND THAT THE SERVICE CREDIT TO BE PURCHASED HAS NOT VESTED WITH THAT PLAN, EXCEPT TO THE EXTENT OTHERWISE REQUIRED BY FEDERAL LAW.

(d) THE MEMBER PAYS TO THE FIRE AND POLICE PENSION ASSOCIATION, AT THE TIME AND IN THE MANNER PRESCRIBED BY THE BOARD, THE COST OF THE SERVICE CREDIT PURCHASED, SUCH COST TO BE CALCULATED BY THE BOARD ON AN ACTUARIALLY EQUIVALENT BASIS.

(2) A MEMBER MAY PURCHASE UP TO FIVE YEARS OF SERVICE CREDIT FOR PERIODS OF ACTIVE DUTY IN THE UNIFORMED SERVICES OF THE UNITED STATES, SUBJECT TO ALL OF THE FOLLOWING CONDITIONS:

(a) THE MEMBER HAS AT LEAST ONE YEAR OF CONTINUOUS SERVICE CREDIT WITH THE SAME EMPLOYER COVERED BY THE STATEWIDE DEFINED BENEFIT PLAN.

(b) THE MEMBER PROVIDES DOCUMENTATION OF THE DATES OF SERVICE IN THE UNIFORMED SERVICES OF THE UNITED STATES AND THAT THE MEMBER WAS HONORABLY DISCHARGED FROM SUCH SERVICE.

(c) THE MEMBER PROVIDES CERTIFICATION FROM THE EMPLOYER THAT THE SERVICE IS NOT INTERVENING SERVICE COVERED BY THE FEDERAL "UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994", CHAPTER 43 OF TITLE 38, U.S.C., AS AMENDED.

(d) THE MEMBER VERIFIES THAT THE MEMBER WILL NOT RECEIVE A BENEFIT FROM ANY RETIREMENT PLAN COVERING SUCH SERVICE AND THAT THE SERVICE CREDIT TO BE PURCHASED HAS NOT VESTED WITH THAT PLAN, EXCEPT TO THE EXTENT OTHERWISE REQUIRED BY FEDERAL LAW.

(e) THE MEMBER PAYS TO THE FIRE AND POLICE PENSION ASSOCIATION, AT THE TIME AND IN THE MANNER PRESCRIBED BY THE BOARD, THE COST OF THE SERVICE CREDIT PURCHASED, SUCH COST TO BE CALCULATED BY THE BOARD ON AN ACTUARIALLY EQUIVALENT BASIS.

(3) ANY SERVICE CREDIT PURCHASED UNDER THIS SECTION MUST COVER A PERIOD OF ONE YEAR OR LONGER.

SECTION 2. 31-31-404 (1) (b), Colorado Revised Statutes, is amended to read:

31-31-404. Return or transfer of contributions - vested retirement.

(1) (b) If the member who terminated service subsequently returns to service as an active member with an employer that covers its members under the

statewide defined benefit plan, the member's prior service credit shall be restored when the member returns the member's refunded contributions, with interest ACCRUED FROM THE DATE OF REFUND to the date of refund RETURN, ACCORDING TO THE TERMS AND CONDITIONS ESTABLISHED BY THE BOARD. If the member fails to return such contributions and interest, the member shall be treated as a new member, and the member's prior service shall not be recognized in determining pension eligibility or pension benefits.

SECTION 3. Effective date - applicability. This act shall take effect upon passage. Section 1 of this act shall apply to members of the fire and police pension association who are covered by the statewide defined benefit plan on and after January 1, 2000. Section 2 of this act shall apply to members of the fire and police pension association who are covered by the statewide defined benefit plan on and after the effective date of this act.

SECTION 4. Effective date. This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution; except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.



Colorado Legislative Council Staff
NO FISCAL IMPACT

Drafting Number: LLS: 99-056
Prime Sponsor(s): Sen. Reeves
Rep. Dean

Date: October 21, 1998
Bill Status: Police Officers' and
Firefighters' Pension Reform
Commission
Fiscal Analyst: Steve Tammus (866-2756)

TITLE: CONCERNING REQUIREMENTS FOR THE ACQUISITION OF SERVICE CREDIT FOR THE STATEWIDE DEFINED BENEFIT PLAN OF THE FIRE AND POLICE PENSION ASSOCIATION.

Summary of Assessment

This bill, in section 1, allows any new hire member of the statewide defined benefit plan of the Fire and Police Pension Plan to purchase service credit. Service credit may be purchased for the duration of public safety employment within the United States, and for up to five years of service of active duty in the uniformed services of the United States, subject to certain conditions. In each case, the member must pay the Fire and Police Pension Association (FPPA) the cost of the purchased service as calculated by the plan on an actuarially equivalent basis. Any service credit to be purchased must cover a period of employment or military service equal to or exceeding one year.

Section 2 of this bill allows any new hire member who has terminated service and received a refund of contributions to return to service and restore service credit. The bill requires such a member to return the full amount of the member's refunded contributions, with interest accrued from the date of the refund to the date of return, according to the terms and conditions established by the board.

The bill would take effect at 12:01 a.m. on the day following the expiration of the 90-day period after final adjournment of the General Assembly; or upon proclamation of the Governor if a referendum petition is filed against this act and approved by a vote of the people. The provisions of section 1 will become effective on January 1, 2000.

The provisions of this bill will not affect state, or local government, revenue or expenditures. The costs of this benefit enhancement will be borne by any member who elects to purchase service credit. The FPPA may experience some additional administrative costs, but the amount of those costs, if any, are estimated to be minimal. Therefore, this bill is assessed as having no fiscal impact.

Departments Contacted

Fire and Police Pension Association

Resolution A

By Senator Tebedo;
also Representative Miller

SENATE JOINT RESOLUTION

CONCERNING THE EXCLUSION OF POLICE OFFICERS AND FIREFIGHTERS FROM
FEDERAL LEGISLATION MANDATING PARTICIPATION BY PUBLIC
EMPLOYEES IN THE FEDERAL SOCIAL SECURITY SYSTEM.

WHEREAS, Colorado fire and police pension plans have been
provided as a substitute to mandatory participation in the federal social security
system; and

WHEREAS, The Colorado General Assembly has previously declared
that the establishment of police officers' and firefighters' pension plans is a
matter of statewide concern that affects the public safety and general welfare of
the citizens of Colorado; and

WHEREAS, Colorado's fire and police pension plans have been
carefully developed with the cooperation of the Colorado General Assembly,
employers, and employees to meet the unique needs of public safety officers in
Colorado; and

WHEREAS, Colorado fire and police pension plans are funded on an
actuarially sound basis and are appropriately and successfully invested in
diversified investments in accordance with modern portfolio theory; and

WHEREAS, Colorado fire and police pension plans include benefits
which are designed to address the physical demands and high risks inherent in
public safety work and which are not available through the federal social
security system, including lower retirement ages and comprehensive death and
disability benefits; and

WHEREAS, There are many different, separate retirement plans for
firefighters and police officers in Colorado, including statewide plans, local
plans, defined benefit plans, and defined contribution plans; and

WHEREAS, It is anticipated that federal legislation will be introduced
or amended in a manner that would require public employees to participate in
the federal social security system; and

WHEREAS, If participation in federal social security is mandated for
Colorado firefighters and police officers, integration with federal social security
benefits would be an extremely complex process which is likely to result in the
loss of some benefits for firefighters and police officers in Colorado; and

WHEREAS, A federal mandate that Colorado firefighters and police
officers participate in federal social security will threaten not only the integrity

of the Colorado fire and police pension system, but also the public safety and general welfare of the citizens of Colorado; now, therefore,

Be It Resolved by the Senate of the Sixty-second General Assembly of the State of Colorado, the House of Representatives concurring herein:

That the Congress of the United States is urged to exclude firefighters and police officers from any federal legislation mandating participation by public employees in the federal social security system.

Be It Further Resolved, That a copy of this Resolution be sent to each member of Colorado's delegation to the United States Congress.