THE COLORADO DEPARTMENT OF LABOR AND EMPLOYMENT (CDLE) SUPPORTS H.B. 13-1054

Fact Sheet for H.B. 13-1054
By Reps. Melton and Exum, Sr., and Sen. Tochtrop

Concerning Reduction in Wait Time for Unemployment Insurance Benefits When Claimant Makes Withdrawal from Retirement Account

Calendar: H.B. 13-1054 will be heard in the House Committee on Business, Labor and Economic and Workforce Development at 1:30 p.m. on Tuesday, February 5.

Background:
Colorado's statutory language is currently ambiguous as to how the UI Division should treat income derived by a UI Claimant from that individual's retirement account. As a result, if a claimant withdraws even a small amount from such an account to meet financial demands during a period of unemployment, the individual is required to wait for an extended period of time to receive UI benefits, because the entire balance of the retirement account (rather than simply the portion withdrawn) is calculated as wages prior to eligibility.

HB 13-1054 Clarifies Statutory Provision to Reduce Wait Time for Withdrawal from Retirement Account. Through the clarifying language in HB 1054, future UI claimants' wages and wait time will only be based upon the amount actually withdrawn from the retirement account, rather than on the full balance of that account.

Example: If a claimant withdraws $5,000 from a $100,000 retirement account,

Currently: Claimant's wages would be calculated at an additional $100,000, and additional wait time would be computed accordingly.

With Passage of HB 1054: Claimant's wages would be calculated at an additional amount of only the $5,000 actually withdrawn, and the wait time for benefits would therefore be much shorter in duration.

HB 13-1054 is consistent with federal requirements pertaining to UI treatment of eligible retirement accounts.

No new financial or FTE resources are necessary to accomplish the goals of this bill.

The Colorado Department of Labor and Employment respectfully requests your SUPPORT for HB 13-1054.

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