

First Regular Session
Seventieth General Assembly
STATE OF COLORADO

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8.15.14

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Bill 4

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LLS NO. 15-0070.01 Nicole Myers x4326

INTERIM COMMITTEE BILL

Police Officers' and Firefighters' Pension Reform Commission

A BILL FOR AN ACT

101 **CONCERNING REQUIREMENTS FOR EMPLOYEE PARTICIPATION IN A**
102 **PLAN ADMINISTERED BY THE FIRE AND POLICE PENSION**
103 **ASSOCIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Police Officers' and Firefighters' Pension Reform Commission.
Section 1: Any municipality offering police or fire protection service employing one or more members, and any special district, fire authority, or county improvement district offering fire protection service employing

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

one or more members (employer) is required to provide to its employees the pension benefits of the statewide defined benefit plan (defined benefit plan) administered by the fire and police pension association (FPPA). Currently, the department chief of any fire or police department may be exempt from the defined benefit plan upon written agreement and notice to the FPPA.

The bill clarifies that if a chief opts out of the defined benefit plan, federal law requires that the chief participate in either social security or a federal insurance contribution act (FICA) replacement plan. The bill further clarifies that if a chief opts for a FICA replacement plan, the chief may participate in an employer sponsored plan, the statewide money purchase plan, or the statewide hybrid plan.

In addition, the bill specifies that a chief who elects to become exempt from the defined benefit plan must participate in the statewide money purchase plan, the statewide hybrid plan, or a local money purchase plan with a contribution rate of at least 16% if the chief wants to maintain coverage in the statewide death and disability plan.

Section 2: Currently, any employer participating in the social security supplemental plan may also elect coverage under the statewide death and disability plan. Beginning January 1, 2017, any such employer that elects coverage under the statewide death and disability plan must also participate in the social security supplemental retirement plan.

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

2 **SECTION 1.** In Colorado Revised Statutes, 31-31-401, **amend**
3 (4) (a); and **add** (4) (c) as follows:

4 **31-31-401. Applicability of plan.** (4) (a) A department chief
5 hired on or after April 8, 1978, shall be exempted from the statewide
6 defined benefit plan, upon the execution of a written agreement between
7 ~~such~~ THE department chief and the chief's employer THAT PROVIDES FOR
8 THE DEPARTMENT CHIEF'S PARTICIPATION IN SOCIAL SECURITY OR IN A
9 FEDERAL INSURANCE CONTRIBUTION ACT REPLACEMENT PLAN AS
10 ALLOWED UNDER THE FEDERAL INTERNAL REVENUE CODE, and the
11 submission of notice to the association. ~~Alternatively,~~ A department chief
12 ~~with the agreement of the chief's employer, may elect coverage under~~
13 MAY SATISFY THE FEDERAL INSURANCE CONTRIBUTION ACT REPLACEMENT

1 PLAN REQUIREMENT BY PARTICIPATING IN AN EMPLOYER SPONSORED PLAN,
2 the statewide money purchase plan, OR THE STATEWIDE HYBRID PLAN. The
3 transfer of member and employer contributions between the statewide
4 defined benefit plan and the statewide money purchase plan shall be
5 consistent with the provisions of section 31-31-501.

6 (c) A DEPARTMENT CHIEF EXEMPTED PURSUANT TO PARAGRAPH (a)
7 OF THIS SUBSECTION (4) MAY MAINTAIN COVERAGE FOR DISABILITY AND
8 SURVIVOR BENEFITS UNDER PART 8 OF THIS TITLE IF THE DEPARTMENT
9 CHIEF PARTICIPATES IN THE STATEWIDE MONEY PURCHASE PLAN, THE
10 STATEWIDE HYBRID PLAN, OR A LOCAL MONEY PURCHASE PLAN THAT IS
11 QUALIFIED UNDER SECTION 401(a) OF THE FEDERAL INTERNAL REVENUE
12 CODE AND THAT HAS A CONTRIBUTION RATE OF NOT LESS THAN SIXTEEN
13 PERCENT.

14 **SECTION 2.** In Colorado Revised Statutes, **amend** 31-31-704.7
15 as follows:

16 **31-31-704.7. Participation in statewide death and disability**
17 **plan.** (1) Any employer participating in the social security supplemental
18 plan created pursuant to section 31-31-704.6 may also elect coverage
19 under the statewide death and disability plan by filing with the board a
20 resolution to that effect from the governing body of such employer.

21 (2) ANY SOCIAL SECURITY EMPLOYER THAT OFFERS COVERAGE
22 UNDER THE STATEWIDE DEATH AND DISABILITY PLAN MUST ALSO
23 PARTICIPATE IN THE SOCIAL SECURITY SUPPLEMENTAL RETIREMENT PLAN
24 CREATED PURSUANT TO SECTION 31-31-704.6. COVERAGE UNDER THE
25 STATEWIDE DEATH AND DISABILITY PLAN FOR ANY SOCIAL SECURITY
26 EMPLOYER NOT PARTICIPATING IN THE SOCIAL SECURITY SUPPLEMENTAL
27 RETIREMENT PLAN MAY BE TERMINATED BY THE BOARD ON OR AFTER

1 JANUARY 1, 2017.

2 **SECTION 3. Act subject to petition - effective date.** This act
3 takes effect at 12:01 a.m. on the day following the expiration of the
4 ninety-day period after final adjournment of the general assembly (August
5 5, 2015, if adjournment sine die is on May 6, 2015); except that, if a
6 referendum petition is filed pursuant to section 1 (3) of article V of the
7 state constitution against this act or an item, section, or part of this act
8 within such period, then the act, item, section, or part will not take effect
9 unless approved by the people at the general election to be held in
10 November 2016 and, in such case, will take effect on the date of the
11 official declaration of the vote thereon by the governor.