



**Report to the
Colorado General Assembly**

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

Prepared by

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Police Officers' and Firefighters' Pension Reform Commission

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December 2017

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December 2017

To Members of the Seventy-first General Assembly:

Submitted herewith is the final report of the Police Officers' and Firefighters' Pension Reform Commission. Pursuant to Section 31-31-1001, C.R.S., the Police Officers' and Firefighters' Pension Reform Commission has the responsibility to study and develop proposed legislation relating to funding of police officers' and firefighters' pensions in the state and the benefit designs of such pension plans.

At its meeting on November 15, 2017, the Legislative Council reviewed the report of this committee. A motion to forward this report and the bills therein for consideration in the 2018 session was approved.

Sincerely,

/s/ Senator Kevin J. Grantham
Chairman

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This report is also available on line at:

<http://leg.colorado.gov/committees/police-officers-and-firefighters-pension-reform-commission/2017-regular-session>

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Committee Charge

Pursuant to Section 31-31-1001, C.R.S., the Police Officers' and Firefighters' Pension Reform Commission (commission) has the responsibility to study and develop proposed legislation relating to funding of police officers' and firefighters' pensions in the state and benefit designs of such pension plans. The law directs the commission to study, review, and propose legislation related, but not limited to, the following subjects:

- normal retirement age and compulsory retirement;
- payment of benefits prior to normal retirement age;
- service requirements for eligibility;
- rate of accrual of benefits;
- disability benefits;
- survivors' benefits;
- vesting of benefits;
- employee contributions;
- post-retirement increases;
- creation of an administration board;
- creation of a consolidated statewide system;
- distribution of state funds;
- coordination of benefits with other programs; and
- the volunteer firefighter pension system.

Committee Activities

The commission met one time during the 2017 legislative interim. At this meeting, representatives of the Fire and Police Pension Association (FPPA) discussed the history of the FPPA and state administration of pension plans for firefighters and police officers. The representatives also presented the FPPA's annual report and discussed the funded status of the various pension plans it oversees. The commission also discussed a 2016 study of volunteer firefighter pension plans and considered public testimony on this issue.

History of the Fire and Police Pension Association

Representatives of the FPPA gave the commission an overview of the history and creation of the FPPA. Prior to 1980, all fire and police pension plans in Colorado were administered individually by the municipalities or fire protection districts that employed police officers or firefighters. There was no requirement that these local plans be funded on an actuarially sound basis, and, in the mid-1970s, it became apparent that many plans were significantly underfunded. In 1978 and 1979, the General Assembly enacted legislation to reform administration of the plans.

First, legislation limited membership in existing local plans to firefighters and police officers who were hired prior to April 8, 1978. The state contributed funding to stabilize these "old-hire" plans through 2013. More than 99 percent of participants in "old-hire" plans are now retired.

Second, for police officers and firefighters hired on or after April 9, 1978 ("new-hire" plans), the General Assembly created the Statewide Defined Benefit Plan, and established the FPPA to administer the plan. This plan is funded exclusively through member and employer contributions and does not receive state funding.

Since that time, the legislature has authorized the FPPA to administer the Statewide Money Purchase Plan, which is a defined contribution plan, and the Statewide Hybrid Plan, which has both defined benefit and defined contribution elements. In addition, some local governments cover their police officers under Social Security, but affiliate with the FPPA to provide a supplemental benefit. These plans do not receive state funding.

The FPPA also administers the statewide Death and Disability Plan, which provides disability and death benefits to police officers and firefighters. This plan was previously funded in part by the state, but now is funded entirely through member and employer contributions.

Although the various plans administered by the FPPA do not receive direct state funding, elements of the administration of the plans are outlined in state law, including contribution rates for employers and employees, retirement age, return and transfer of contributions, the process for modifying benefits, and other factors affecting the plans. The FPPA annually brings requests for legislative changes related to the plans to the commission for review and approval.

Presentation of Fire and Police Pension Association Annual Report

Representatives of the FPPA provided the association's annual report to the commission. The representatives described the Fire and Police Members' Benefit Fund, which funds the Statewide Defined Benefit Plan, and discussed the fund's annual returns, investment allocation, and performance relative to other large pension funds. The representatives discussed the current funded status for the Statewide Defined Benefit Plan, the Death and Disability Plan, and the Statewide Hybrid Plan.

Representatives of the FPPA discussed legislation recommended by the FPPA's board of directors related to the requirement that incoming FPPA members complete a standard health history form at the time of their hire and the FPPA's partial entry program.

Commission recommendations. As a result of its discussions, the commission recommends Bill A and Bill B. Bill A makes changes related to the standard health history form that new FPPA members are required to complete. Bill B modifies the FPPA's partial entry program, which permits FPPA members to remain covered by the Statewide Money Purchase Plan or to join the defined benefit system.

Volunteer Firefighter Pension Plans

Local municipalities and fire protection or county improvement districts may offer pension plans to volunteer firefighters as an inducement to volunteer. In Colorado, state law governs the administration of pension plans for volunteer firefighters that are offered by local municipalities, fire protection districts, and county improvement districts. The state also contributes funding for volunteer firefighter pension plans through the Volunteer Firefighter Pension Fund, which is administered by the Department of Local Affairs. Any municipality or district that offers a pension to volunteer firefighters may apply to receive moneys from the fund. Volunteer firefighter departments can choose to associate with FPPA to administer their pension and disability benefits.

In 2015, the General Assembly adopted Senate Bill 15-029, which required the state auditor to contract for a study of volunteer firefighter pension plans in the state. The bill also directed the commission to discuss the results of the study and determine whether to propose legislation related to the funding and structure of volunteer firefighter pension plans. The commission held this meeting on November 9, 2016, and declined to recommend legislation addressing the study.

Representatives of the FPPA gave an update to the commission regarding the study, including rulemaking by the FPPA board related to volunteer firefighter departments that choose to affiliate with FPPA. The commission heard public testimony regarding the importance of pensions in attracting volunteer firefighters to serve, especially in rural areas of the state. The commission also heard testimony regarding the importance of state funding in supporting the pension programs for volunteer firefighters, and the efforts of local entities to comply with Internal Revenue Service and other regulations when administering pension programs.

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Summary of Recommendations

As a result of the committee's activities, the commission recommended two bills to the Legislative Council for consideration in the 2018 session. At its meeting on November 15, 2017, the Legislative Council approved the two recommended bills for introduction. The approved bills are described below.

Bill A — FPPA Statewide Standard Health History Form

Members of the FPPA are required to complete a standard health history form at the time they are hired. Bill A specifies that employers are required to ensure that members complete the form. It also allows the FPPA to adopt an electronic format for the form. Finally, it specifies that any member who omits or conceals a material fact concerning his or her health history may be disqualified from receiving disability or survivor benefits.

Bill B — Employer Entry FPPA Defined Benefit System

Bill B modifies statutory provisions related to the FPPA's partial entry program. The partial entry program permits FPPA members to remain covered by the Statewide Money Purchase Plan or to join the defined benefit system. Under this bill, the application process is simplified for a local government employer to cover some or all of its members under the defined benefit system instead of the money purchase plan. An employer may also require all new employees hired after a certain date who meet certain criteria to participate in the defined benefit system.

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Resource Materials

Meeting summaries are prepared for each meeting of the committee and contain all handouts provided to the committee. The summaries of meetings and attachments are available at the Division of Archives, 1313 Sherman Street, Denver (303-866-2055). The listing below contains the dates of committee meetings and the topics discussed at those meetings. Meeting summaries are also available on our website at:

<https://leg.colorado.gov/content/committees>

Meeting Date and Topics Discussed

September 28, 2017

- ◆ Presentation of Fire and Police Pension Association annual report
- ◆ Discussion and public testimony regarding volunteer firefighter pension plans
- ◆ Discussion and approval of legislation

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Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

BILL A

LLS NO. 18-0182.01 Nicole Myers x4326

HOUSE BILL

HOUSE SPONSORSHIP

Van Winkle, Ginal, Ransom, Williams D.

SENATE SPONSORSHIP

Cooke,

House Committees

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE STATEWIDE STANDARD HEALTH HISTORY FORM
102 THAT MEMBERS OF THE FIRE AND POLICE PENSION ASSOCIATION
103 COMPLETE WHEN COMMENCING EMPLOYMENT.

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://leg.colorado.gov/>.)

Police Officers' and Firefighters' Pension Reform Commission.

Every member of the fire and police pension association (FPPA), at the commencement of employment, is required to complete a health history on a statewide standard health history form (form). The purpose of the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.

DRAFT *Dashes through the words indicate deletions from existing statute.*

form is to notify FPPA of a member's health history as it exists at the commencement of employment. The employer of a member can be liable for the total payment of disability and survivor benefits that may be awarded to the member if, in addition to other factors, the employer did not file the form with the FPPA.

The bill clarifies several aspects of the form. Specifically, the bill:

- Specifies that all newly hired members are required to fill out the form;
- Clarifies that the employer must require newly hired members to complete and file the form;
- Authorizes the board of directors of the FPPA to adopt an electronic format for the completion and filing of the form; and
- Specifies that any member who omits or conceals, rather than fraudulently conceals, a material fact concerning his or her health history on the form may be disqualified from receiving disability or survivor benefits.

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

2 **SECTION 1.** In Colorado Revised Statutes, 31-31-810, **amend**
3 (1)(a)(III), (1)(c), (2)(a)(IV), and (2)(c)(I) as follows:

4 **31-31-810. Employer liability - statewide standard health**
5 **history form.** (1) (a) The employer of a member shall be liable for the
6 total payment of benefits awarded under this part 8 if the board
7 determines that:

8 (III) The employer failed to ~~obtain and~~ REQUIRE THE MEMBER TO
9 COMPLETE AND file the health form required by ~~paragraph (c) of this~~
10 ~~subsection (I)~~ SUBSECTION (1)(c) OF THIS SECTION.

11 (c) (I) Every NEWLY HIRED member ~~whose employment~~
12 ~~commences on or after September 1, 1989~~, shall complete a health history
13 on the statewide standard health history form, described in ~~subparagraph~~
14 ~~(II) of this paragraph (c)~~ SUBSECTION (1)(c)(III) OF THIS SECTION.

15 (II) Every employer of ~~a member who commences employment~~
16 ~~on or after September 1, 1989~~, shall furnish the statewide standard health

1 ~~history form to the newly hired member and shall require its completion~~
2 OF THE STATEWIDE STANDARD HEALTH HISTORY FORM by the newly hired
3 member within thirty days of the first date of employment. The completed
4 form shall be filed with the fire and police pension association within
5 sixty days from commencement of employment IF FILED BY THE
6 EMPLOYER AFTER COMPLETION.

7 (III) ~~Not later than July 1, 1989,~~ The board shall adopt, pursuant
8 to the authority granted it by section 31-31-202 (1)(j), a statewide
9 standard health history form. ~~The board shall consult with its medical~~
10 ~~advisor in the preparation of the form. Copies of the form shall be~~
11 ~~delivered to all employers not later than August 1, 1989.~~ The board may
12 revise the form from time to time and ~~shall deliver revised forms to all~~
13 ~~employers not later than thirty days prior to the effective date of use of~~
14 ~~such revised form~~ MAY ADOPT AN ELECTRONIC FORMAT FOR COMPLETING
15 AND FILING THE FORM.

16 (IV) Any member who ~~fraudulently~~ OMITS OR conceals any
17 material fact concerning health history when completing the form may be
18 disqualified from receiving an award of disability benefits under this
19 section if the board determines that the ~~condition~~ INFORMATION OMITTED
20 OR concealed by the member, ~~proximately caused the total or~~
21 ~~occupational disability~~ IF DISCLOSED, WOULD OTHERWISE RESULT IN A
22 DENIAL OF THE DISABILITY BENEFIT.

23 (V) Any member shall be ineligible for disability benefits with
24 respect to an occupational or total disability that is the proximate
25 consequence or result of a medical condition disclosed by the member on
26 the statewide standard health history form.

27 (2) (a) The employer of a deceased member shall be liable for the
28 total payment of benefits awarded under this part 8 if the board

1 determines that:

2 (IV) The employer failed to ~~obtain and~~ REQUIRE THE MEMBER TO
3 COMPLETE AND file the health form required by ~~paragraph (c) of~~
4 ~~subsection (1)~~ SUBSECTION (1)(c) of this section.

5 (c) (I) The surviving spouse and dependent children of a member,
6 whose employer filed the statewide standard health history form pursuant
7 to ~~paragraph (c) of subsection (1)~~ SUBSECTION (1)(c) of this section, may
8 be disqualified from receiving an award of survivor benefits under this
9 section if the deceased member ~~fraudulently~~ OMITTED OR concealed any
10 material fact concerning the member's health history when completing the
11 form, and the board determines that the ~~condition~~ INFORMATION OMITTED
12 OR concealed by the member, ~~proximately caused the death of the~~
13 ~~member~~ IF DISCLOSED, WOULD OTHERWISE RESULT IN A DENIAL OF THE
14 DEATH BENEFIT.

15 **SECTION 2. Act subject to petition - effective date.** This act
16 takes effect at 12:01 a.m. on the day following the expiration of the
17 ninety-day period after final adjournment of the general assembly (August
18 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a
19 referendum petition is filed pursuant to section 1 (3) of article V of the
20 state constitution against this act or an item, section, or part of this act
21 within such period, then the act, item, section, or part will not take effect
22 unless approved by the people at the general election to be held in
23 November 2018 and, in such case, will take effect on the date of the
24 official declaration of the vote thereon by the governor.

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

BILL B

LLS NO. 18-0183.01 Nicole Myers x4326

HOUSE BILL

HOUSE SPONSORSHIP

Melton and Ransom, Exum, Ginal, Valdez

SENATE SPONSORSHIP

Cooke and Jones,

House Committees

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING EMPLOYER ENTRY INTO THE FIRE AND POLICE PENSION**
102 **ASSOCIATION DEFINED BENEFIT SYSTEM.**

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://leg.colorado.gov/>.)

Police Officers' and Firefighters' Pension Reform Commission.

Current law allows an employer that is affiliated with the fire and police pension association (FPPA) and that provides a money purchase plan for its employees to apply to the board of directors of FPPA (board) to cover some or all existing members of the money purchase plan under either the statewide hybrid plan or the statewide defined benefit plan, both of which

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Capital letters indicate new material to be added to existing statute.

DRAFT *Dashes through the words indicate deletions from existing statute.*

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are part of the defined benefit system. Current law requires the employer to apply to the board separately for each plan. In addition, the employer may apply to cover only existing employees under the statewide hybrid plan or the statewide defined benefit plan.

The bill allows an employer that provides a money purchase plan to apply to the board, with a single application, to cover some or all of the existing members of its money purchase plan in the defined benefit system. In addition, the bill allows an employer that provides a money purchase plan to apply to the board to cover all new employees hired on or after a date certain and who are members of the FPPA to participate as a group in either the statewide hybrid plan or the statewide defined benefit plan through the defined benefit system.

The bill eliminates certain statutory requirements in connection with an employer's participation in the defined benefit system and instead authorizes the board to determine the terms, process, certifications, and schedules that will govern an employer's participation in the defined benefit system. The bill also repeals the separate application process for entry into the statewide defined benefit plan.

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

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 31-31-1101
3 as follows:

4 **31-31-1101. Entry into the fire and police pension association**
5 **defined benefit system.** (1) Any employer who has established a local
6 money purchase plan pursuant to part 6 of this ~~article~~ ARTICLE 31 or
7 article 30.5 of this ~~title~~ TITLE 31 or has withdrawn into the statewide
8 money purchase plan pursuant to part 5 of this ~~article~~ ARTICLE 31 may
9 apply to the board to ~~cover some or all of the existing members of its~~
10 ~~money purchase plan under the statewide hybrid plan established pursuant~~
11 ~~to section 31-31-1102. An application may be initiated by filing with the~~
12 ~~board a resolution adopted by the employer pursuant to subsection (2) of~~
13 ~~this section no less than six months prior to the proposed effective date~~
14 ~~of coverage under the statewide hybrid plan, unless a shorter waiting~~
15 ~~period is approved by the board~~ REQUIRE ALL NEW EMPLOYEES HIRED ON

1 OR AFTER A DATE CERTAIN WHO MEET THE DEFINITION OF MEMBER AS
2 DEFINED IN SECTION 31-31-102 (4) TO PARTICIPATE AS A GROUP IN THE
3 DEFINED BENEFIT SYSTEM IN EITHER THE STATEWIDE DEFINED BENEFIT
4 PLAN ESTABLISHED IN PART 4 OF THIS ARTICLE 31 OR THE STATEWIDE
5 HYBRID PLAN ESTABLISHED IN SECTION 31-31-1102. AN APPLICATION MAY
6 BE INITIATED BY FILING WITH THE BOARD A RESOLUTION ADOPTED BY THE
7 GOVERNING BODY OF THE EMPLOYER IN ACCORDANCE WITH THE TERMS,
8 PROCESS, CERTIFICATIONS, AND SCHEDULE ESTABLISHED BY THE BOARD.

9 (1.5) AN EMPLOYER WHO HAS ELECTED PARTICIPATION PURSUANT
10 TO SUBSECTION (1) OF THIS SECTION MAY ALSO APPLY TO COVER SOME OR
11 ALL OF THE EXISTING MEMBERS OF ITS MONEY PURCHASE PLAN UNDER THE
12 DEFINED BENEFIT SYSTEM. AN APPLICATION MAY BE INITIATED BY FILING
13 WITH THE BOARD A RESOLUTION ADOPTED BY THE GOVERNING BODY OF
14 THE EMPLOYER IN ACCORDANCE WITH THE REQUIREMENTS, TERMS,
15 PROCESS, CERTIFICATIONS, AND SCHEDULE ESTABLISHED BY THE BOARD.

16 ~~(2) The employer's resolution applying for coverage under the~~
17 ~~statewide hybrid plan shall be adopted by the governing body of the~~
18 ~~employer and shall state the employer's intent to cover under the~~
19 ~~statewide hybrid plan some or all of the current members of its money~~
20 ~~purchase plan and all of the employees hired on or after the effective date~~
21 ~~of coverage under the statewide hybrid plan that meet the definition of a~~
22 ~~member, as defined in section 31-31-102 (4).~~

23 (3) Except as otherwise provided in subsection (3.5) of this
24 section, any application for coverage under the ~~statewide hybrid plan~~
25 DEFINED BENEFIT SYSTEM PURSUANT TO SUBSECTION (1.5) OF THIS
26 SECTION shall be approved by at least sixty-five percent of all active
27 members employed by the employer who are participating in the money
28 purchase plan at the time of the application and who vote in the election

1 proposing the coverage.

2 (3.5) (a) In lieu of an election to obtain the approval by at least
3 sixty-five percent of all active members who vote in the election
4 proposing the coverage as required by subsection (3) of this section, and
5 when the local plan allows for the individual self-direction of each
6 member's account, the employer may offer each active local plan member
7 the option to discontinue participation in the local money purchase plan
8 and to participate in the ~~statewide hybrid plan~~ DEFINED BENEFIT SYSTEM.
9 The offer shall be ~~a one-time event and shall be~~ extended to all active
10 local plan members employed by the employer at the time of the offer.
11 ~~Active local plan members that choose to discontinue participation in the~~
12 ~~local money purchase plan and to participate in the statewide hybrid plan~~
13 ~~and all of the employees hired on or after the effective date of coverage~~
14 ~~under the statewide hybrid plan that meet the definition of a member, as~~
15 ~~defined in section 31-31-102 (4), shall be included in the employer's~~
16 ~~application for coverage under the statewide hybrid plan.~~

17 (b) Nothing contained in ~~paragraph (a) of this subsection (3.5)~~
18 SUBSECTION (3.5)(a) OF THIS SECTION shall be construed to waive or
19 invalidate the requirement for an election of members that may be
20 required by a local plan document, trust agreement, or labor agreement.

21 (4) The board shall promulgate rules relating to standards for
22 disclosure of all ramifications and procedures for obtaining member
23 approval pursuant to subsection (3) of this section or for allowing active
24 members to join the ~~statewide hybrid plan~~ DEFINED BENEFIT SYSTEM
25 pursuant to subsection (3.5) of this section. The board shall also
26 promulgate rules relating to standards for granting an employer's
27 application for participation in the ~~statewide hybrid plan~~ DEFINED BENEFIT
28 SYSTEM and for the submission of information to the board by the

1 employer. Such rules shall contain a provision specifying that an
2 employer that opts to participate in the ~~statewide hybrid plan~~ DEFINED
3 BENEFIT SYSTEM shall not be permitted to opt out of ~~such~~ THE ELECTED
4 plan at any later date.

5 (5) ~~An application for coverage under the statewide hybrid plan~~
6 ~~filed by an employer who administers a local money purchase plan shall~~
7 ~~include the employer's certification to the board:~~

8 (a) ~~That the employer's local money purchase plan meets the~~
9 ~~qualification requirements of section 401 (a) of the federal "Internal~~
10 ~~Revenue Code of 1986", as amended, that are applicable to governmental~~
11 ~~plans;~~

12 (b) ~~That, in connection with the employer's resolution pursuant to~~
13 ~~subsection (2) of this section, the employer's governing body has adopted~~
14 ~~a resolution for complete or partial termination of the local money~~
15 ~~purchase plan in accordance with the terms of that plan and that:~~

16 (I) ~~The termination resolution does not adversely affect the~~
17 ~~qualified status of the local money purchase plan; and~~

18 (II) ~~The rights of all participants in the local money purchase plan~~
19 ~~who are affected by the termination of the local money purchase plan to~~
20 ~~benefits accrued to the date of termination are nonforfeitable;~~

21 (c) ~~That all active fire and police participants in the local money~~
22 ~~purchase plan and all employees hired on or after the effective date of~~
23 ~~coverage under the statewide hybrid plan that meet the definition of a~~
24 ~~member, as defined in section 31-31-102 (4), will become participants in~~
25 ~~the statewide hybrid plan, except as may be allowed in subsection (3.5)~~
26 ~~of this section;~~

27 (d) ~~Whether the employer will transfer or cause to be transferred~~
28 ~~to the statewide hybrid plan all assets of the local money purchase plan~~

1 that are attributable to the accrued benefits of the transferred participants,
2 pursuant to the procedure established by the board;

3 (e) That all employer and employee contributions required to be
4 made to the local money purchase plan as of the date of termination have
5 been paid;

6 (f) That participants in the local money purchase plan will not
7 incur a reduction in their account balances in their local money purchase
8 plan, determined as of the date of transfer, as a result of their transfer to
9 the statewide hybrid plan. For vesting purposes with regard to the local
10 money purchase plan account balances, years of service in the local
11 money purchase plan shall be combined with years of service in the
12 statewide hybrid plan. For vesting purposes with regard to the statewide
13 hybrid plan, years of service shall be based upon service credit either
14 earned or purchased in the statewide hybrid plan.

15 (g) That the employer agrees to participate in the statewide hybrid
16 plan and to be bound by the terms of the plan and the decisions and
17 actions of the board with respect to the plan.

18 (6) An application for coverage under the statewide hybrid plan
19 filed by an employer who participates in the statewide money purchase
20 plan shall include the employer's certification to the board that:

21 (a) All active fire and police participants in the statewide money
22 purchase plan and all employees hired on or after the effective date of
23 coverage under the statewide hybrid plan that meet the definition of a
24 member, as defined in section 31-31-102 (4), will become participants in
25 the statewide hybrid plan, except as may be allowed in subsection (3.5)
26 of this section;

27 (b) The board is authorized by the employer to transfer to the
28 statewide hybrid plan all assets of the statewide money purchase plan that

1 are attributable to the accrued benefits of the transferred participants;

2 (c) All employer and employee contributions required to be made
3 to the statewide money purchase plan as of the date of termination have
4 been paid;

5 (d) Participants in the statewide money purchase plan will not
6 incur a reduction in their account balances in the statewide money
7 purchase plan, determined as of the date of transfer, as a result of their
8 transfer to the statewide hybrid plan. For vesting purposes with regard to
9 the statewide money purchase plan account balances, years of service in
10 the statewide money purchase plan shall be combined with years of
11 service in the statewide hybrid plan. For vesting purposes with regard to
12 the statewide hybrid plan, years of service shall be based upon service
13 credit either earned or purchased in the statewide hybrid plan.

14 (e) The employer agrees to participate in the statewide hybrid plan
15 and to be bound by the terms of the plan and the decisions and actions of
16 the board with respect to the plan.

17 (7) THE BOARD SHALL DETERMINE A CONTINUING UNIFORM RATE
18 OF CONTRIBUTION FOR ALL MEMBERS WHO ARE ACTIVE ON THE EFFECTIVE
19 DATE OF COVERAGE TO FUND THE BENEFITS PAYABLE BY THE FIRE AND
20 POLICE PENSION ASSOCIATION UNDER THE STATEWIDE DEFINED BENEFIT
21 PLAN. THE CONTINUING RATE OF CONTRIBUTION SHALL BE DETERMINED BY
22 THE BOARD UTILIZING CERTIFIED ACTUARIAL REPORTS PREPARED BY THE
23 ACTUARY FOR THE PLAN. ANY ACTUARIAL REPORT SHALL ALSO CERTIFY,
24 IN ACCORDANCE WITH ACCEPTED ACTUARIAL PRINCIPALS, THAT THE
25 EMPLOYERS' COVERAGE SHALL NOT HAVE AN ADVERSE FINANCIAL IMPACT
26 ON THE ACTUARIAL SOUNDNESS OF THE PLAN. CONTINUING
27 CONTRIBUTIONS FOR EACH MEMBER WHO IS ACTIVE ON THE EFFECTIVE
28 DATE OF COVERAGE SHALL BE MADE AT THE RATE ESTABLISHED ON SAID

1 DATE UNTIL THE MEMBER'S RETIREMENT OR TERMINATION. THE BOARD
2 MAY PERIODICALLY ADJUST THE RATE PRIOR TO THE ELECTION OF
3 COVERAGE BY AN EMPLOYER BASED ON CERTIFIED ACTUARIAL REPORTS
4 PREPARED BY THE ACTUARY FOR THE PLAN.

5 **SECTION 2.** In Colorado Revised Statutes, 31-31-401, **amend**
6 (3) as follows:

7 **31-31-401. Applicability of plan.** (3) Where an employer results
8 from a merger, a consolidation, or an exclusion or dissolution proceeding
9 between or among one or more employers, including a new governmental
10 entity created by intergovernmental agreement between or among one or
11 more employers, all members transferred to or employed by such
12 resulting employer shall, for the purposes of this ~~article~~ ARTICLE 31 and
13 article 30.5 of this ~~title~~ TITLE 31, have those rights and obligations they
14 had prior to the merger, consolidation, exclusion, dissolution, or
15 intergovernmental agreement. In the event of a transfer of members,
16 provision shall be made in such agreement or proceeding for allocation
17 and transfer of plan assets, and, in the event of the transfer of members
18 of a defined benefit plan, provision shall be made in such agreement or
19 proceeding for discharging plan liabilities and funding in order to
20 maintain or enhance the actuarial soundness of the remaining and
21 resulting plans. If the resulting employer had no members prior to the
22 merger, consolidation, exclusion, or dissolution, it may continue as its
23 plan any plan of a transferring employer, authorized by this article, for its
24 members hired after the effective date of the agreement or proceeding or
25 the resulting employer shall belong to the statewide defined benefit plan.
26 The board may authorize the resulting employer to consolidate
27 preexisting retirement plans and any retirement plan attributable solely to
28 the resulting employer into one or more plans if the plans to be

1 consolidated are identical, the benefits are equal for all members covered
2 under the retirement provisions of the plans, and no member suffers a
3 reduction of benefits or an increase in member contributions due to such
4 plan consolidation. Any member employed by a predecessor department
5 who participated in a money purchase plan prior to the merger,
6 consolidation, exclusion, or dissolution and who participates in the
7 statewide defined benefit plan after the merger, consolidation, exclusion,
8 or dissolution shall pay the continuing uniform rate of contribution
9 established by the board pursuant to ~~section 31-31-1103 (2)~~ SECTION
10 31-31-1101 (7).

11 **SECTION 3.** In Colorado Revised Statutes, **repeal** 31-31-1103.

12 **SECTION 4. Act subject to petition - effective date.** This act
13 takes effect at 12:01 a.m. on the day following the expiration of the
14 ninety-day period after final adjournment of the general assembly (August
15 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a
16 referendum petition is filed pursuant to section 1 (3) of article V of the
17 state constitution against this act or an item, section, or part of this act
18 within such period, then the act, item, section, or part will not take effect
19 unless approved by the people at the general election to be held in
20 November 2018 and, in such case, will take effect on the date of the
21 official declaration of the vote thereon by the governor.