An Act

SENATE BILL 18-200

BY SENATOR(S) Tate and Priola, Jahn, Cooke, Coram, Crowder, Gardner, Hill, Holbert, Lambert, Lundberg, Marble, Neville T., Scott, Smallwood, Sonnenberg, Grantham;
also REPRESENTATIVE(S) Becker K. and Pabon, Buckner, Coleman, Ginal, Kennedy, Benavidez, Covarrubias, Sias, Van Winkle.

CONCERNING MODIFICATIONS TO THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION HYBRID DEFINED BENEFIT PLAN NECESSARY TO ELIMINATE WITH A HIGH PROBABILITY THE UNFUNDED LIABILITY OF THE PLAN WITHIN THE NEXT THIRTY YEARS.

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

SECTION 1. Legislative declaration. (1) The general assembly finds and declares that:

(a) The general assembly bears fiduciary responsibility for the association and its long-term financial sustainability;

(b) Providing retirement security and benefits are an important value of the general assembly;

(c) According to its own published reports referencing the

Capital letters or bold & italic numbers indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

governmental accounting standards board, the public employees' retirement association (association) is underfunded by over fifty billion dollars and has a funded ratio of less than fifty percent;

(d) In its current financial condition, the association is at risk for insolvency in the coming years should certain negative economic events occur that would threaten the retirement security of retired public sector workers;

(e) The sooner the general assembly meaningfully addresses this dire situation, the more likely that the state will be able to meet its obligations to provide retirement security to association participants across economic cycles;

(f) The general assembly bears responsibility to maintain retirement security by acting in the best interests of today's and tomorrow's public sector employees, association beneficiaries, association employers, and the taxpayers who are ultimately responsible for funding the employers and thus the benefits provided to retirees;

(g) Colorado's credit rating was recently placed on a negative outlook by the standard and poors rating agency because of the association's low funded ratios as well as annual contribution rates below the actuarially determined contribution rate;

(h) If Colorado's pension funding ratio continues to decline or if no significant plan is adopted to improve funding of the pension program, the state's credit rating will likely be downgraded; and

(i) A downgrade in the state's credit rating will affect both the state's financial position and operations by increasing the cost of accessing capital markets for both the state and the other institutions that rely on the state's credit rating.

(2) The general assembly further finds and declares that the changes in this act are reasonable and necessary to serve the important public purpose of ensuring the association's long-term financial sustainability.

SECTION 2. In Colorado Revised Statutes, 24-51-101, **amend** the introductory portion, (25)(a), (25)(b)(V), (42)(a), (42)(b), and (46); and **add**

(25)(b)(VI) and (25)(b)(VII) as follows:

24-51-101. Definitions. As used in this ~~article~~ ARTICLE 51, unless the context otherwise requires and except as otherwise defined in part 17 of this ~~article~~ ARTICLE 51:

(25) (a) "Highest average salary" means:

(I) (A) FOR A MEMBER OR INACTIVE MEMBER WHO HAS FIVE YEARS OF SERVICE CREDIT ON DECEMBER 31, 2019, OR A RETIREE WHO WAS RETIRED ON DECEMBER 31, 2019, one-twelfth of the average of the highest annual salaries upon which contributions were paid, whether earned from one or more employers, that are associated with three periods of twelve consecutive months of service credit;

(B) FOR A MEMBER OR INACTIVE MEMBER WHO DOES NOT HAVE FIVE YEARS OF SERVICE CREDIT ON DECEMBER 31, 2019, OR A MEMBER WHO WAS NOT A MEMBER, INACTIVE MEMBER, OR RETIREE ON DECEMBER 31, 2019, ONE-TWELFTH OF THE AVERAGE OF THE HIGHEST ANNUAL SALARIES UPON WHICH CONTRIBUTIONS WERE PAID, WHETHER EARNED FROM ONE OR MORE EMPLOYERS, THAT ARE ASSOCIATED WITH FIVE PERIODS OF TWELVE CONSECUTIVE MONTHS OF SERVICE CREDIT;

(II) For a member who does not have the requisite ~~three~~ years of service credit, one-twelfth of the average of the total annual salaries earned during membership upon which contributions were paid;

(III) For benefits ~~which~~ THAT become effective on or after January 1, 1982, where the individual earned less than one year of service credit after December 31, 1980, one-twelfth of the average of the highest annual salaries upon which contributions were paid which were associated with five consecutive years of service credit; ~~or~~

(IV) Notwithstanding any other provision of this ~~paragraph (a)~~ SUBSECTION (25)(a) to the contrary, for members of the judicial division WHO HAVE FIVE YEARS OF SERVICE CREDIT ON DECEMBER 31, 2019, retiring on or after July 1, 1997, one-twelfth of the highest annual salary upon which contributions were paid for twelve consecutive months; OR

(V) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBSECTION

(25)(a) TO THE CONTRARY, FOR MEMBERS OF THE JUDICIAL DIVISION WHO DO NOT HAVE FIVE YEARS OF SERVICE CREDIT ON DECEMBER 31, 2019, OR FOR MEMBERS OF THE JUDICIAL DIVISION WHO WERE NOT MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2019, ONE-TWELFTH OF THE AVERAGE OF THE HIGHEST ANNUAL SALARIES UPON WHICH CONTRIBUTIONS WERE PAID THAT ARE ASSOCIATED WITH THREE PERIODS OF TWELVE CONSECUTIVE MONTHS OF SERVICE CREDIT.

(b) (V) Notwithstanding any other provision of this ~~paragraph (b)~~ SUBSECTION (25)(b), in calculating highest average salary for a member or inactive member not eligible for service or reduced service retirement on January 1, 2011, AND WHO WAS A MEMBER OR INACTIVE MEMBER WITH FIVE YEARS OF SERVICE CREDIT ON DECEMBER 31, 2019, OR A RETIREE ON DECEMBER 31, 2019, the association shall determine the highest annual salaries associated with four periods of twelve consecutive months of service credit. The lowest of such annual salaries shall be the base salary. The first annual salary to be used in the highest average salary calculation shall be the actual salary reported up to one hundred eight percent of the base salary. The second annual salary to be used in the highest average salary calculation shall be the actual salary reported up to one hundred eight percent of the first annual salary used in the highest average salary calculation. The third annual salary to be used in the highest average salary calculation shall be the actual salary reported up to one hundred eight percent of the second annual salary used in the highest average salary calculation. This ~~subparagraph (V)~~ SUBSECTION (25)(b)(V) shall not apply to members of the judicial division, except for DPS members of the judicial division who have exercised portability pursuant to section 24-51-1747 and selected the Denver public schools benefit structure. This ~~subparagraph (V)~~ SUBSECTION (25)(b)(V) shall apply to DPS members in accordance with section 24-51-1702 (17).

(VI) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBSECTION (25)(b), IN CALCULATING HIGHEST AVERAGE SALARY FOR A MEMBER OR INACTIVE MEMBER WHO DOES NOT HAVE FIVE YEARS OF SERVICE CREDIT ON DECEMBER 31, 2019, OR WHO WAS NOT A MEMBER, INACTIVE MEMBER, OR RETIREE ON DECEMBER 31, 2019, THE ASSOCIATION SHALL DETERMINE THE HIGHEST ANNUAL SALARIES ASSOCIATED WITH SIX PERIODS OF TWELVE CONSECUTIVE MONTHS OF SERVICE CREDIT. THE LOWEST OF SUCH ANNUAL SALARIES SHALL BE THE BASE SALARY. THE FIRST ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION SHALL BE THE

ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE BASE SALARY. THE SECOND ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE FIRST ANNUAL SALARY USED IN THE HIGHEST AVERAGE SALARY CALCULATION. THE THIRD ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE SECOND ANNUAL SALARY USED IN THE HIGHEST AVERAGE SALARY CALCULATION. THE FOURTH ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE THIRD ANNUAL SALARY USED IN THE HIGHEST AVERAGE SALARY CALCULATION. THE FIFTH ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE FOURTH ANNUAL SALARY USED IN THE HIGHEST AVERAGE SALARY CALCULATION. THIS SUBSECTION (25)(b)(VI) DOES NOT APPLY TO MEMBERS OF THE JUDICIAL DIVISION, EXCEPT FOR DPS MEMBERS OF THE JUDICIAL DIVISION WHO HAVE EXERCISED PORTABILITY PURSUANT TO SECTION 24-51-1747 AND SELECTED THE DPS BENEFIT STRUCTURE. THIS SUBSECTION (25)(b)(VI) APPLIES TO DPS MEMBERS IN ACCORDANCE WITH SECTION 24-51-1702 (17).

(VII) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBSECTION (25)(b), FOR MEMBERS OF THE JUDICIAL DIVISION WHO DO NOT HAVE FIVE YEARS OF SERVICE CREDIT ON DECEMBER 31, 2019, OR FOR MEMBERS OF THE JUDICIAL DIVISION WHO WERE NOT MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2019, THE ASSOCIATION SHALL DETERMINE THE HIGHEST ANNUAL SALARIES ASSOCIATED WITH FOUR PERIODS OF TWELVE CONSECUTIVE MONTHS OF SERVICE CREDIT. THE LOWEST OF SUCH ANNUAL SALARIES SHALL BE THE BASE SALARY. THE FIRST ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE BASE SALARY. THE SECOND ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE FIRST ANNUAL SALARY USED IN THE HIGHEST AVERAGE SALARY CALCULATION. THE THIRD ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION SHALL BE THE ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE SECOND ANNUAL SALARY USED IN THE HIGHEST AVERAGE SALARY CALCULATION.

(42) (a) (I) "Salary" means, FOR MEMBERS WHO WERE MEMBERS, INACTIVE MEMBERS, OR RETIREES OF THE ASSOCIATION ON JUNE 30, 2019, compensation for services rendered to an employer and includes: Regular salary or pay; any pay for administrative, sabbatical, annual, sick, vacation, or personal leave AND COMPENSATION FOR UNUSED LEAVE CONVERTED TO CASH PAYMENTS; pay for compensatory time or holidays; payments by an employer from grants; amounts deducted from pay pursuant to tax-sheltered savings or retirement programs; amounts deducted from pay for a health savings account as defined in 26 U.S.C. sec. 223, as amended, or any other type of retirement health savings account program; performance or merit payments, if approved by the board; special pay for work-related injuries paid by the employer prior to termination of membership; and retroactive salary payments pursuant to court orders, arbitration awards, or litigation and grievance settlements.

~~(b)~~ (II) FOR MEMBERS WHO WERE MEMBERS, INACTIVE MEMBERS, OR RETIREES OF THE ASSOCIATION ON JUNE 30, 2019, "salary" does not include: Commissions; ~~compensation for unused sick leave converted at any time to cash payments;~~ compensation for unused sick, annual, vacation, administrative, or other accumulated paid leave contributed to a health savings account as defined in 26 U.S.C. sec. 223, as amended, or a retirement health savings program; housing allowances; uniform allowances; automobile usage; insurance premiums; dependent care assistance; reimbursement for expenses incurred; tuition or any other fringe benefits, regardless of federal taxation; bonuses for services not actually rendered, including, but not limited to, early retirement inducements, Christmas bonuses, cash awards, honorariums and severance pay, damages, except for retroactive salary payments paid pursuant to court orders or arbitration awards or litigation and grievance settlements, or payments beyond the date of a member's death.

(b) (I) "SALARY" MEANS, FOR MEMBERS WHO WERE NOT MEMBERS, INACTIVE MEMBERS, OR RETIREES OF THE ASSOCIATION ON JUNE 30, 2019, COMPENSATION FOR SERVICES RENDERED TO AN EMPLOYER AND INCLUDES: REGULAR SALARY OR PAY; ANY PAY FOR ADMINISTRATIVE, SABBATICAL, ANNUAL, SICK, VACATION, OR PERSONAL LEAVE AND COMPENSATION FOR UNUSED LEAVE CONVERTED TO CASH PAYMENTS; PAY FOR COMPENSATORY TIME OR HOLIDAYS; PAYMENTS BY AN EMPLOYER FROM GRANTS; AMOUNTS DEDUCTED FROM PAY PURSUANT TO TAX-SHELTERED SAVINGS OR RETIREMENT PROGRAMS; AMOUNTS DEDUCTED FROM PAY FOR A HEALTH

SAVINGS ACCOUNT AS DEFINED IN 26 U.S.C. SEC. 223, AS AMENDED, OR ANY OTHER TYPE OF RETIREMENT HEALTH SAVINGS ACCOUNT PROGRAM; AMOUNTS DEDUCTED FROM PAY PURSUANT TO A CAFETERIA PLAN AS DEFINED IN 26 U.S.C. SEC. 125, AS AMENDED; A QUALIFIED TRANSPORTATION FRINGE BENEFIT PLAN AS DEFINED IN 26 U.S.C. SEC. 132, AS AMENDED; PERFORMANCE OR MERIT PAYMENTS, IF APPROVED BY THE BOARD; SPECIAL PAY FOR WORK-RELATED INJURIES PAID BY THE EMPLOYER PRIOR TO TERMINATION OF MEMBERSHIP; AND RETROACTIVE SALARY PAYMENTS PURSUANT TO COURT ORDERS, ARBITRATION AWARDS, OR LITIGATION AND GRIEVANCE SETTLEMENTS.

(II) FOR MEMBERS WHO WERE NOT MEMBERS, INACTIVE MEMBERS, OR RETIREES OF THE ASSOCIATION ON JUNE 30, 2019,"SALARY" DOES NOT INCLUDE: COMMISSIONS; COMPENSATION FOR UNUSED SICK, ANNUAL, VACATION, ADMINISTRATIVE, OR OTHER ACCUMULATED PAID LEAVE CONTRIBUTED TO A HEALTH SAVINGS ACCOUNT AS DEFINED IN 26 U.S.C. SEC. 223, AS AMENDED, OR A RETIREMENT HEALTH SAVINGS PROGRAM; HOUSING ALLOWANCES; UNIFORM ALLOWANCES; AUTOMOBILE USAGE; INSURANCE PREMIUMS PAID BY EMPLOYERS; REIMBURSEMENT FOR EXPENSES INCURRED; TUITION OR ANY OTHER FRINGE BENEFITS, REGARDLESS OF FEDERAL TAXATION; BONUSES FOR SERVICES NOT ACTUALLY RENDERED, INCLUDING, BUT NOT LIMITED TO, EARLY RETIREMENT INDUCEMENTS, CHRISTMAS BONUSES, CASH AWARDS, HONORARIUMS AND SEVERANCE PAY, DAMAGES, EXCEPT FOR RETROACTIVE SALARY PAYMENTS PAID PURSUANT TO COURT ORDERS OR ARBITRATION AWARDS OR LITIGATION AND GRIEVANCE SETTLEMENTS, OR PAYMENTS BEYOND THE DATE OF A MEMBER'S DEATH.

(46) "State trooper" means an employee of the Colorado state patrol, Colorado bureau of investigation, or successors to these agencies, who is vested with the powers of peace officers as provided for in section 24-33.5-409. IN ADDITION, FOR MEMBERS WHO WERE NOT MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2019, "STATE TROOPER" INCLUDES A COUNTY SHERIFF, UNDERSHERIFF, DEPUTY SHERIFF, NONCERTIFIED DEPUTY SHERIFF, OR DETENTION OFFICER HIRED BY A LOCAL GOVERNMENT DIVISION EMPLOYER ON OR AFTER JANUARY 1, 2020, AND A CORRECTIONS OFFICER CLASSIFIED AS I THROUGH IV HIRED BY A STATE DIVISION EMPLOYER ON OR AFTER JANUARY 1, 2020.

SECTION 3. In Colorado Revised Statutes, 24-51-204, **add** (7.5) as follows:

24-51-204. Duties of the board. (7.5) (a) THE BOARD OR ITS DESIGNATED AGENT SHALL PERFORM AN ANNUAL SENSITIVITY ANALYSIS TO DETERMINE WHEN, FROM AN ACTUARIAL PERSPECTIVE, MODEL ASSUMPTIONS ARE MEETING TARGETS AND ACHIEVING SUSTAINABILITY. IN FURTHERANCE OF MAKING THIS DETERMINATION, THE BOARD OR ITS DESIGNATED AGENT SHALL EXAMINE THE DATA THAT THE ASSOCIATION CURRENTLY COLLECTS. THE BOARD OR ITS DESIGNATED AGENT SHALL DELIVER AN ANNUAL REPORT DETAILING THE FINDINGS OF THE ANALYSIS TO THE OFFICE OF THE GOVERNOR, THE JOINT BUDGET COMMITTEE, THE LEGISLATIVE AUDIT COMMITTEE, AND THE FINANCE COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES, OR ANY SUCCESSOR COMMITTEES.

(b) FOR PURPOSES OF THE ANALYSIS REQUIRED BY SUBSECTION (7.5)(a) OF THIS SECTION, THE ASSOCIATION SHALL PROVIDE ACCESS TO OFFICIAL MEMBER INFORMATION AND DATA UNDER A CONFIDENTIALITY AGREEMENT WITH ITS DESIGNATED AGENT, IF APPLICABLE.

SECTION 4. In Colorado Revised Statutes, 24-51-213, **amend** (3) as follows:

24-51-213. Confidentiality. (3) Information regarding real estate, private equity, private debt, timber, and mortgage investments by the association may be kept confidential until the transaction is completed if it is determined by the board that disclosure of such information would jeopardize the value of the investment; EXCEPT THAT THE ASSOCIATION MAY DISCLOSE SUCH INFORMATION TO LEGISLATIVE MEMBERS OF THE PENSION REVIEW COMMISSION CREATED IN ARTICLE 51.1 OF THIS TITLE 24 WHILE THE COMMISSION IS MEETING IN EXECUTIVE SESSION. IF THE ASSOCIATION CANNOT DISCLOSE SUCH INFORMATION WITHOUT VIOLATING CONFIDENTIALITY PROVISIONS, THEN THE ASSOCIATION SHALL PROVIDE ENOUGH INFORMATION TO THE LEGISLATIVE MEMBERS OF THE COMMISSION, WHILE THE COMMISSION IS MEETING IN EXECUTIVE SESSION, TO INFORM THE LEGISLATORS REGARDING WHETHER SUCH INVESTMENTS CONTINUE TO BE IN THE PUBLIC INTEREST.

SECTION 5. In Colorado Revised Statutes, **add** 24-51-221 as follows:

24-51-221. Information provided to employer - salary definition. AN EMPLOYER MAY REQUEST INFORMATION FROM THE ASSOCIATION TO

DETERMINE WHETHER TO USE "SALARY" AS DEFINED IN SECTION 24-51-101 (42)(a) OR AS DEFINED IN SECTION 24-51-101 (42)(b), WHEN THE EMPLOYER HIRES AN EMPLOYEE WHO IS A CURRENT MEMBER OR RETIREE OF THE ASSOCIATION. THE ASSOCIATION SHALL PROVIDE SUCH INFORMATION TO THE EMPLOYER UPON REQUEST.

SECTION 6. In Colorado Revised Statutes, 24-51-313, **amend** (1) as follows:

24-51-313. Termination of affiliation - employer assigned to local government division - requirements. (1) Any political subdivision within the state of Colorado or any public agency created by such a political subdivision that is an employer affiliated with the association pursuant to ~~the provisions of~~ section 24-51-309 and that is assigned to the local government division may make application to the board to terminate the affiliation of the employer with the association. The application shall be made by submitting to the board an ordinance or resolution that has been adopted by the governing body of the employer and that has been approved by at least sixty-five percent of the employees of the employer who are members. Such employee members of the employer shall be notified in writing of the provisions of section 24-51-321 prior to a vote on an ordinance or resolution to terminate the affiliation of the employer with the association. NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION (1), ANY SUCH EMPLOYER THAT CEASES OPERATIONS OR CEASES TO PARTICIPATE IN THE ASSOCIATION FOR ANY REASON SHALL BE DEEMED TO HAVE TERMINATED ITS AFFILIATION WITH THE ASSOCIATION AND MUST COMPLY WITH THE PROVISIONS OF SECTIONS 24-51-315 THROUGH 24-51-319.

SECTION 7. In Colorado Revised Statutes, 24-51-315, **amend** (1) and (2); and **add** (5) and (6) as follows:

24-51-315. Termination of affiliation - reserves requirement. (1) The board ~~shall~~ HAS THE AUTHORITY TO determine the amount of reserves required as of the effective date of termination of affiliation to:

(a) Maintain current benefits payable by the association to benefit recipients and to preserve the vested rights of inactive members; ~~The amount of reserves shall be determined by the board utilizing certified actuarial reports prepared by the actuary. The actuarial report shall also certify that the termination of affiliation shall not have an adverse financial~~

~~impact on the actuarial soundness of the local government division trust fund. If the actuary determines, in accordance with accepted actuarial principles, that the termination of affiliation shall have an adverse financial impact on the actuarial soundness of the local government division trust fund, the applicant shall not be permitted to terminate affiliation.~~ AND

(b) FULLY FUND THE LIABILITY FOR BENEFITS PAYABLE BY THE ASSOCIATION FROM THE HEALTH CARE TRUST FUND CREATED BY SECTION 24-51-1201(1) TO CURRENT AND FUTURE BENEFIT RECIPIENTS PURSUANT TO PART 12 OF THIS ARTICLE 51.

(2) THE AMOUNT OF RESERVES REQUIRED UNDER SUBSECTIONS (1)(a) AND (1)(b) OF THIS SECTION SHALL BE DETERMINED BY THE BOARD UTILIZING CERTIFIED ACTUARIAL REPORTS PREPARED BY THE ACTUARY. THE ACTUARIAL STUDY SHALL BE CONDUCTED USING ASSUMPTIONS APPROVED BY THE BOARD. THE ACTUARIAL REPORT SHALL ALSO CERTIFY THAT THE TERMINATION OF AFFILIATION SHALL NOT HAVE AN ADVERSE FINANCIAL IMPACT ON THE ACTUARIAL SOUNDNESS OF THE LOCAL GOVERNMENT DIVISION TRUST FUND. IF THE ACTUARY DETERMINES, IN ACCORDANCE WITH ACCEPTED ACTUARIAL PRINCIPLES, THAT THE TERMINATION OF AFFILIATION SHALL HAVE AN ADVERSE FINANCIAL IMPACT ON THE ACTUARIAL SOUNDNESS OF THE LOCAL GOVERNMENT DIVISION TRUST FUND, THE APPLICANT SHALL NOT BE PERMITTED TO TERMINATE AFFILIATION. On the effective date of termination of affiliation, the actuarial reports prepared pursuant to ~~the provisions of subsection (1) of this section~~ THIS SUBSECTION (2) shall be updated to finalize the amount of reserves required for the purposes specified in ~~subsection (1) of this section~~ THIS SUBSECTION (2). The employer making the application and the employees of such employer who are members shall not be required to make any contributions to the association subsequent to the effective date of termination.

(5) THE DISCOUNT RATE USED FOR DETERMINING THE AMOUNT OF RESERVES IN SUBSECTION (1) OF THIS SECTION SHALL BE THE ACTUARIAL INVESTMENT ASSUMPTION RATE AS SET BY THE BOARD PURSUANT TO SECTIONS 24-51-101 (2) AND 24-51-204 (5) MINUS TWO HUNDRED BASIS POINTS.

(6) DETERMINATIONS MADE BY THE BOARD IN THIS SECTION AND SECTIONS 24-51-313 AND 24-51-316, SHALL BE APPEALED THROUGH THE ADMINISTRATIVE REVIEW PROCEDURES SET FORTH IN THE BOARD RULES.

SUCH FINAL DECISION BY THE BOARD SHALL BE SUBJECT ONLY TO REVIEW BY PROPER COURT ACTION.

SECTION 8. In Colorado Revised Statutes, **amend** 24-51-316 as follows:

24-51-316. Inadequate reserves - excess reserves - nonpayment. (1) (a) In the event that the amount of the reserves required pursuant to ~~the provisions of section 24-51-315~~ SECTION 24-51-315 (1)(a), exceeds the amount of the employer's share of the employer contribution reserve in the local government division trust fund as calculated by the actuary, then the employer shall make an additional payment as of the effective date of termination of affiliation in an amount equal to the difference between the amount of reserves required and the amount of reserves on deposit.

(b) IN THE EVENT THAT THE RESERVES REQUIRED PURSUANT TO SECTION 24-51-315 (1)(b) FOR THE HEALTH CARE TRUST FUND CREATED BY SECTION 24-51-1201 (1) EXCEEDS THE MARKET VALUE OF ASSETS ATTRIBUTABLE TO THE EMPLOYER IN THE HEALTH CARE TRUST FUND, THE EMPLOYER SHALL MAKE AN ADDITIONAL PAYMENT AS OF THE EFFECTIVE DATE OF TERMINATION OF AFFILIATION IN AN AMOUNT EQUAL TO THE DIFFERENCE BETWEEN THE AMOUNT OF RESERVES REQUIRED AND THE AMOUNT OF RESERVES ON DEPOSIT.

(c) IF THE ACTUARY DETERMINES, IN ACCORDANCE WITH ACCEPTED ACTUARIAL PRINCIPLES, THAT THE TERMINATION OF AFFILIATION OF THE EMPLOYER SHALL HAVE AN ADVERSE FINANCIAL IMPACT ON THE FUNDING OF THE HEALTH CARE TRUST FUND CREATED BY SECTION 24-51-1201 (1), THE EMPLOYER SHALL MAKE ANY ADDITIONAL PAYMENT NECESSARY TO ENSURE THAT THE IMPACT ON THE FUNDING OF THE HEALTH CARE TRUST FUND REMAINS UNCHANGED UPON THE EMPLOYER'S TERMINATION OF AFFILIATION.

(2) In the event that the amount of the reserves on deposit in the local government division trust fund as calculated by the actuary for the employer requesting termination of affiliation exceeds the amount of reserves required pursuant to ~~the provisions of section 24-51-315~~ SECTION 24-51-315 (1), such excess amount and the amount required for the transfer of member contributions as provided in section 24-51-317 shall be transferred by a direct trustee-to-trustee transfer to the alternate pension plan or system required by section 24-51-319 as of the effective date of

termination of affiliation.

(3) If any payment required pursuant to ~~the provisions of~~ subsection (1) or (2) of this section is not made, interest shall be assessed on the amount due at the rate specified for employers in section 24-51-101 (28). INTEREST SHALL BE CALCULATED FROM THE EFFECTIVE DATE OF TERMINATION until such amount is paid in full.

SECTION 9. In Colorado Revised Statutes, **amend** 24-51-317 as follows:

24-51-317. Termination of affiliation - member contributions. ~~(1)~~ Members who ~~have less than five years of service credit and~~ are employees of an employer ~~which~~ THAT has terminated its affiliation with the association shall BECOME INACTIVE MEMBERS AS OF THE EFFECTIVE DATE OF TERMINATION OF AFFILIATION. SUCH MEMBERS MAY ELECT TO have their member contributions credited to the alternative pension plan or system required by section 24-51-319. IN THE ABSENCE OF SUCH AN ELECTION, MEMBER CONTRIBUTIONS WILL REMAIN WITH THE ASSOCIATION UNLESS THE MEMBER OTHERWISE ELECTS TO REFUND SUCH CONTRIBUTIONS IN ACCORDANCE WITH SECTION 24-51-405.

~~(2) Members who have five or more years of service credit and are employees of an employer which has terminated its affiliation with the association may elect that their accounts remain with the association by giving written notice to the association prior to the effective date of termination of affiliation. Members who make such an election shall become inactive members entitled to vested benefits as of the effective date of termination of affiliation. Members who do not make such an election shall have their member contributions credited to the alternative pension plan or system required by section 24-51-319.~~

SECTION 10. In Colorado Revised Statutes, **amend** 24-51-319 as follows:

24-51-319. Retirement plan - creation and use. An employer ~~which~~ THAT terminates its affiliation with the association shall utilize an existing, or shall establish an alternative, pension plan or system established pursuant to the provisions of article 54 of this ~~title~~ TITLE 24. FAILURE TO UTILIZE OR ESTABLISH AN ALTERNATIVE PENSION PLAN OR SYSTEM DOES NOT

STATE	ALL MEMBERS EXCEPT	10.4%	8.75%
	STATE TROOPERS	13.1%	10.75%
SCHOOL	ALL MEMBERS	10.4%	8.75%
LOCAL GOVERNMENT	ALL MEMBERS	10.0%	8.75%
JUDICIAL	ALL MEMBERS	13.91%	8.75%
DPS	ALL MEMBERS	10.4%	8.75%

(III) EFFECTIVE JULY 1, 2020, SUBJECT TO SECTION 24-51-413, THE EMPLOYER AND MEMBER CONTRIBUTION RATES SHALL BE BASED UPON THE RATES FOR THE APPROPRIATE DIVISION AS SET FORTH IN THE FOLLOWING TABLE MULTIPLIED BY THE SALARY, AS DEFINED IN SECTION 24-51-101 (42), PAID TO MEMBERS AND RETIREES FOR THE PAYROLL PERIOD:

TABLE C
CONTRIBUTION RATES

DIVISION	MEMBERSHIP	EMPLOYER RATE	MEMBER RATE
STATE	ALL MEMBERS EXCEPT	10.4%	9.5%
	STATE TROOPERS	13.1%	11.5%
SCHOOL	ALL MEMBERS	10.4%	9.5%
LOCAL GOVERNMENT	ALL MEMBERS	10.0%	9.5%
JUDICIAL	ALL MEMBERS	13.91%	9.5%
DPS	ALL MEMBERS	10.4%	9.5%

(IV) EFFECTIVE JULY 1, 2021, SUBJECT TO SECTION 24-51-413, THE EMPLOYER AND MEMBER CONTRIBUTION RATES SHALL BE BASED UPON THE RATES FOR THE APPROPRIATE DIVISION AS SET FORTH IN THE FOLLOWING TABLE MULTIPLIED BY THE SALARY, AS DEFINED IN SECTION 24-51-101 (42), PAID TO MEMBERS AND RETIREES FOR THE PAYROLL PERIOD:

TABLE D
CONTRIBUTION RATES

DIVISION	MEMBERSHIP	EMPLOYER RATE	MEMBER RATE
STATE	ALL MEMBERS EXCEPT	10.4%	10.0%

	STATE TROOPERS	13.1%	12.0%
SCHOOL	ALL MEMBERS	10.4%	10.0%
LOCAL GOVERNMENT	ALL MEMBERS	10.0%	10.0%
JUDICIAL	ALL MEMBERS	13.91%	10.0%
DPS	ALL MEMBERS	10.4%	10.0%

(f) ~~(I) For the 2010-11 and 2011-12 state fiscal years, except as provided in subsection (7) of this section and section 24-51-408.5, the amount of employer and member contributions for employers and members in the state and judicial divisions of the association shall be based upon the rates for the appropriate division as set forth in the following table multiplied by the salary, as defined in section 24-51-101 (42), paid to members and retirees for the payroll period:~~

~~**TABLE A.5**~~
~~**CONTRIBUTION RATES**~~

~~**Division**~~	~~**Membership**~~	~~**Employer Rate**~~	~~**Member Rate**~~
~~State~~	~~All Members Except State Troopers~~	~~7.65%~~	~~10.5%~~
		~~10.35%~~	~~12.5%~~
~~Judicial~~	~~All Members~~	~~11.16%~~	~~10.5%~~

~~(II) For the 2010-11 and 2011-12 state fiscal years, the employer and member contribution rates for employers and members in the school, local government, and Denver public schools divisions of the association shall be calculated pursuant to paragraph (a) of this subsection (1.7).~~

SECTION 12. In Colorado Revised Statutes, **add** 24-51-413, 24-51-414, and 24-51-415 as follows:

24-51-413. Contribution and annual increase amount changes - definitions. (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "BLENDED TOTAL CONTRIBUTION AMOUNT" MEANS THE WEIGHTED AVERAGE OF THE TOTAL AMOUNTS PAID BY THE EMPLOYER AND THE MEMBER TO THE ASSOCIATION FOR EACH OF THE FIVE DIVISIONS PURSUANT TO SECTIONS 24-51-401 (1.7) AND 24-51-411, AND THE AMOUNT

THE ASSOCIATION RECEIVES PURSUANT TO SECTION 24-51-414, BUT SHALL NOT INCLUDE THE PORTION OF THE EMPLOYER CONTRIBUTION REMITTED TO THE HEALTH CARE TRUST FUND PURSUANT TO SECTION 24-51-208 (1)(f) AND (1)(f.5) AND THE PORTION OF THE EMPLOYER CONTRIBUTION REMITTED TO THE ANNUAL INCREASE RESERVE.

(b) "BLENDED TOTAL REQUIRED CONTRIBUTION" MEANS THE WEIGHTED AVERAGE OF THE TOTAL OF THE ASSOCIATION'S REPORTED ACTUARIALLY DETERMINED CONTRIBUTION RATES AND MEMBER CONTRIBUTION RATES OF THE FIVE DIVISION TRUST FUNDS.

(c) "WEIGHTED AVERAGE" MEANS THE PROPORTION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO EACH DIVISION REPORTED AS OF THE MOST RECENT VALUATION DATE.

(2) BEGINNING JULY 1, 2019, AND EACH JULY 1 THEREAFTER, EMPLOYER CONTRIBUTION RATES, MEMBER CONTRIBUTION RATES, ANNUAL INCREASE AMOUNTS, AND THE DIRECT DISTRIBUTION AMOUNT SHALL REMAIN UNCHANGED UNTIL SUCH TIME AS CHANGES ARE REQUIRED PURSUANT TO THIS SECTION.

(3) WHEN THE BLENDED TOTAL CONTRIBUTION AMOUNT IS LESS THAN NINETY-EIGHT PERCENT OF THE BLENDED TOTAL REQUIRED CONTRIBUTION, THE FOLLOWING ADJUSTMENT SHALL OCCUR:

(a) THE ANNUAL INCREASE PERCENTAGE DETERMINED PURSUANT TO SECTIONS 24-51-1002 AND 24-51-1009 (4)(a) SHALL BE REDUCED BY UP TO ONE-QUARTER OF ONE PERCENT, BUT AT NO TIME WILL THE ANNUAL INCREASE PERCENTAGE BE REDUCED TO EQUAL LESS THAN ONE-HALF OF ONE PERCENT, EXCEPT AS PROVIDED IN SECTIONS 24-51-1002 (1.5) AND 24-51-1009 (1.5);

(b) THE EMPLOYER CONTRIBUTION RATE WILL BE INCREASED BY UP TO ONE-HALF OF ONE PERCENT, BUT AT NO TIME WILL THE EMPLOYER CONTRIBUTION RATE BE INCREASED TO EXCEED THE EMPLOYER CONTRIBUTION RATES UNDER SECTION 24-51-401 (1.7)(a)(II), PLUS TWO PERCENT;

(c) THE MEMBER CONTRIBUTION RATE WILL BE INCREASED BY UP TO ONE-HALF OF ONE PERCENT, BUT AT NO TIME WILL THE MEMBER

CONTRIBUTION RATE BE INCREASED TO EXCEED THE MEMBER CONTRIBUTION RATES UNDER SECTION 24-51-401 (1.7)(a)(IV), PLUS TWO PERCENT; AND

(d) THE AMOUNT OF THE DIRECT DISTRIBUTION PURSUANT TO SECTION 24-51-414, WILL BE INCREASED BY UP TO TWENTY MILLION DOLLARS, BUT AT NO TIME WILL THE AMOUNT OF THE DIRECT DISTRIBUTION EXCEED TWO HUNDRED TWENTY-FIVE MILLION DOLLARS IN A FISCAL YEAR.

(4) THE ADJUSTMENT IN SUBSECTION (3) OF THIS SECTION SHALL BE DETERMINED BY THE ASSOCIATION, SHALL BE EQUALLY APPORTIONED AMONG THE ANNUAL INCREASES, THE EMPLOYER CONTRIBUTIONS, THE MEMBER CONTRIBUTIONS, AND, IF APPLICABLE, THE DIRECT DISTRIBUTION AMOUNT, AND SHALL BE THE MAXIMUM YEARLY ADJUSTMENT ALLOWED UNLESS AN ADJUSTMENT LESS THAN THE MAXIMUM ADJUSTMENT IS SUFFICIENT TO BRING THE BLENDED TOTAL CONTRIBUTION AMOUNT TO ONE HUNDRED AND THREE PERCENT OF THE BLENDED TOTAL REQUIRED CONTRIBUTION. IN NO EVENT SHALL A YEARLY ADJUSTMENT CAUSE THE BLENDED TOTAL CONTRIBUTION AMOUNT TO EXCEED ONE HUNDRED AND THREE PERCENT OF THE BLENDED TOTAL REQUIRED CONTRIBUTION. THE ADJUSTMENT SHALL BE MADE ONCE IN ANY CALENDAR YEAR AND SHALL NOT EXCEED THE MAXIMUM YEARLY AMOUNTS INDICATED IN SUBSECTIONS (3)(a), (3)(b), (3)(c), AND (3)(d) OF THIS SECTION.

(5) IN THE EVENT ANY ONE OF THE FOUR COMPONENT PARTS OF THE ADJUSTMENT AS OUTLINED IN SUBSECTION (3) OF THIS SECTION HAS REACHED ITS TOTAL MAXIMUM, THEN NO FURTHER ADJUSTMENT SHALL BE MADE TO THAT COMPONENT. ONLY THE ADJUSTMENTS TO THE OTHER THREE COMPONENTS SHALL CONTINUE AS SPECIFIED IN SUBSECTIONS (3) AND (4) OF THIS SECTION, EVEN IF THE FULLY REQUIRED ADJUSTMENT TO BRING THE BLENDED TOTAL CONTRIBUTION AMOUNT TO ONE HUNDRED AND THREE PERCENT OF THE BLENDED TOTAL REQUIRED CONTRIBUTION IS NOT ACHIEVED.

(6) WHEN THE BLENDED TOTAL CONTRIBUTION AMOUNT IS GREATER THAN OR EQUAL TO ONE HUNDRED AND TWENTY PERCENT OF THE BLENDED TOTAL REQUIRED CONTRIBUTION, THE FOLLOWING ADJUSTMENT SHALL OCCUR:

(a) SUBJECT TO SECTIONS 24-51-1002 (1.5) AND 24-51-1009 (1.5), THE ANNUAL INCREASE PERCENTAGE DETERMINED PURSUANT TO SECTIONS

24-51-1002 AND 24-51-1009 (4)(a), SHALL BE INCREASED BY UP TO ONE-QUARTER OF ONE PERCENT, BUT AT NO TIME WILL THE ANNUAL INCREASE PERCENTAGE BE GREATER THAN TWO PERCENT, EXCEPT AS PROVIDED IN SECTION 24-51-1009.5;

(b) THE EMPLOYER CONTRIBUTION RATE WILL BE REDUCED BY UP TO ONE-HALF OF ONE PERCENT, BUT AT NO TIME WILL THE EMPLOYER CONTRIBUTION RATE BE LESS THAN THE EMPLOYER CONTRIBUTION RATES UNDER SECTION 24-51-401 (1.7)(a)(I);

(c) THE MEMBER CONTRIBUTION RATE WILL BE REDUCED BY UP TO ONE-HALF OF ONE PERCENT, BUT AT NO TIME WILL THE MEMBER CONTRIBUTION RATE BE LESS THAN THE MEMBER CONTRIBUTION RATES UNDER SECTION 24-51-401 (1.7)(a)(I); AND

(d) THE AMOUNT OF THE DIRECT DISTRIBUTION PURSUANT TO SECTION 24-51-414 WILL BE REDUCED BY UP TO TWENTY MILLION DOLLARS IN A FISCAL YEAR.

(7) THE ADJUSTMENT IN SUBSECTION (6) OF THIS SECTION SHALL BE DETERMINED BY THE ASSOCIATION, SHALL BE EQUALLY APPORTIONED AMONG THE ANNUAL INCREASES, THE EMPLOYER CONTRIBUTIONS, THE MEMBER CONTRIBUTIONS, AND, IF APPLICABLE, THE DIRECT DISTRIBUTION AMOUNT, AND SHALL BE THE MAXIMUM YEARLY ADJUSTMENT ALLOWED UNLESS AN AMOUNT LOWER THAN THE MAXIMUM ADJUSTMENT IS NECESSARY TO KEEP THE BLENDED TOTAL CONTRIBUTION AMOUNT EQUAL TO ONE HUNDRED AND THREE PERCENT OF THE BLENDED TOTAL REQUIRED CONTRIBUTION. IN NO EVENT SHALL A YEARLY ADJUSTMENT CAUSE THE BLENDED TOTAL CONTRIBUTION AMOUNT TO FALL BELOW ONE HUNDRED AND THREE PERCENT OF THE BLENDED TOTAL REQUIRED CONTRIBUTION. THE ADJUSTMENT SHALL BE MADE ONCE IN ANY CALENDAR YEAR AND SHALL NOT EXCEED THE MAXIMUM YEARLY AMOUNTS SPECIFIED IN SUBSECTIONS (6)(a), (6)(b), (6)(c), AND (6)(d) OF THIS SECTION.

(8) THE ADJUSTMENTS PURSUANT TO THIS SECTION SHALL BE DETERMINED BASED ON THE BLENDED TOTAL CONTRIBUTION AMOUNT AND BLENDED TOTAL REQUIRED CONTRIBUTION AS REPORTED IN THE ANNUAL ACTUARIAL VALUATION REPORT REQUIRED UNDER SECTION 24-51-204 (7), AND SHALL BE EFFECTIVE JULY 1 OF THE NEXT CALENDAR YEAR. THE FIRST ADJUSTMENT PURSUANT TO THIS SECTION SHALL NOT OCCUR BEFORE JULY

1, 2020.

24-51-414. Direct distribution. (1) ON JULY 1, 2018, AND ON JULY 1 EACH YEAR THEREAFTER UNTIL THERE ARE NO UNFUNDED ACTUARIAL ACCRUED LIABILITIES OF ANY DIVISION OF THE ASSOCIATION THAT RECEIVES THE DISTRIBUTION PURSUANT TO THIS SECTION, THE STATE TREASURER SHALL ISSUE A WARRANT TO THE ASSOCIATION IN AN AMOUNT EQUAL TO TWO HUNDRED TWENTY-FIVE MILLION DOLLARS. SUCH AMOUNT SHALL BE PAID TO THE ASSOCIATION FROM THE GENERAL FUND, OR ANY OTHER FUND, SUBJECT TO SECTION 24-51-413.

(2) FOR THE PURPOSE OF ALLOCATING APPROPRIATE INDIRECT, CASH FUNDED, OR FEDERAL COSTS FOR THE DIRECT DISTRIBUTION PURSUANT TO SUBSECTION (1) OF THIS SECTION, THE OFFICE OF STATE PLANNING AND BUDGETING MAY INCLUDE FUNDING SOURCES OTHER THAN THE GENERAL FUND IN THE GOVERNOR'S ANNUAL BUDGET REQUEST FOR THE 2019-20 FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER TO SATISFY THE FUNDING AMOUNTS OF THE DIRECT DISTRIBUTION.

(3) THE DISTRIBUTION PURSUANT TO SUBSECTION (1) OF THIS SECTION SHALL END WHEN THERE ARE NO UNFUNDED ACTUARIAL ACCRUED LIABILITIES OF ANY DIVISION OF THE ASSOCIATION THAT RECEIVES SUCH DISTRIBUTION. BY SEPTEMBER 1, 2019, AND BY SEPTEMBER 1 OF EACH YEAR THEREAFTER, UNTIL THE DISTRIBUTION PURSUANT TO SUBSECTION (1) OF THIS SECTION IS NO LONGER REQUIRED, THE BOARD SHALL DETERMINE WHETHER THE SUM OF THE EMPLOYER AND MEMBER CONTRIBUTIONS PURSUANT TO SECTION 24-51-401 (1.7)(a), THE CONTRIBUTIONS PURSUANT TO SECTION 24-51-411, AND THE DISTRIBUTION PURSUANT TO SUBSECTION (1) OF THIS SECTION, IS GREATER THAN THE AMOUNT NECESSARY TO ELIMINATE THE UNFUNDED ACTUARIAL ACCRUED LIABILITY OF EACH DIVISION OF THE ASSOCIATION THAT RECEIVES THE DISTRIBUTION IN THE NEXT FISCAL YEAR. IF THE BOARD DETERMINES THAT THE TOTAL AMOUNT OF THE DISTRIBUTION PURSUANT TO SUBSECTION (1) OF THIS SECTION WILL NOT BE REQUIRED TO ELIMINATE THE UNFUNDED ACTUARIAL ACCRUED LIABILITY OF EACH DIVISION OF THE ASSOCIATION THAT RECEIVES THE DISTRIBUTION, THE BOARD SHALL NOTIFY THE OFFICE OF STATE PLANNING AND BUDGETING AND THE JOINT BUDGET COMMITTEE OF THE GENERAL ASSEMBLY BY SEPTEMBER 1 OF THE APPLICABLE YEAR.

(4) THE ASSOCIATION SHALL ALLOCATE THE DIRECT DISTRIBUTION

TO THE TRUST FUNDS OF EACH DIVISION OF THE ASSOCIATION AS IT WOULD AN EMPLOYER CONTRIBUTION, IN A MANNER THAT IS PROPORTIONATE TO THE ANNUAL PAYROLL OF EACH DIVISION AS REPORTED TO THE ASSOCIATION; EXCEPT THAT THE ASSOCIATION SHALL NOT ALLOCATE ANY PORTION OF THE DIRECT DISTRIBUTION AMOUNT TO THE LOCAL GOVERNMENT DIVISION OF THE ASSOCIATION.

(5) BEGINNING WITH THE ANNUAL GENERAL APPROPRIATION ACT FOR THE 2019-20 STATE FISCAL YEAR, AND FOR EACH ANNUAL GENERAL APPROPRIATION ACT THEREAFTER, MONEY DISTRIBUTED TO THE ASSOCIATION PURSUANT TO SUBSECTION (1) OF THIS SECTION SHALL BE INCLUDED FOR INFORMATIONAL PURPOSES IN THE ANNUAL GENERAL APPROPRIATION BILL OR IN SUPPLEMENTAL APPROPRIATION BILLS FOR THE PURPOSE OF COMPLYING WITH THE LIMITATION ON STATE FISCAL YEAR SPENDING IMPOSED BY SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION AND SECTION 24-77-103. THE INFORMATION INCLUDED IN THE ANNUAL GENERAL APPROPRIATION BILL SHALL INCLUDE AN ESTIMATE OF THE AMOUNT OF THE DISTRIBUTION PURSUANT TO SUBSECTION (1) OF THIS SECTION THAT IS ATTRIBUTABLE TO THE STATE AND THE AMOUNT THAT IS ATTRIBUTABLE TO PUBLIC EDUCATION FROM KINDERGARTEN THROUGH THE TWELFTH GRADE.

24-51-415. Defined contribution supplement. BEGINNING JANUARY 1, 2021, AND EVERY YEAR THEREAFTER, EMPLOYER CONTRIBUTION RATES WILL BE ADJUSTED TO INCLUDE A DEFINED CONTRIBUTION SUPPLEMENT, WHICH WILL BE CALCULATED SEPARATELY FOR THE STATE AND LOCAL GOVERNMENT DIVISIONS, AS APPLICABLE. THE DEFINED CONTRIBUTION SUPPLEMENT FOR EACH DIVISION WILL BE THE EMPLOYER CONTRIBUTION AMOUNT PAID TO DEFINED CONTRIBUTION PLAN PARTICIPANT ACCOUNTS THAT WOULD HAVE OTHERWISE GONE TO THE DEFINED BENEFIT TRUSTS TO PAY DOWN THE UNFUNDED LIABILITY, PLUS ANY DEFINED BENEFIT INVESTMENT EARNINGS THEREON, EXPRESSED AS A PERCENTAGE OF SALARY ON WHICH EMPLOYER CONTRIBUTIONS HAVE BEEN MADE. THE EMPLOYER CONTRIBUTION AMOUNTS IN THE SUM SHALL ONLY INCLUDE CONTRIBUTIONS MADE ON BEHALF OF ELIGIBLE EMPLOYEES, AS DEFINED IN SECTION 24-51-1502, WHO COMMENCE EMPLOYMENT ON OR AFTER JANUARY 1, 2019.

SECTION 13. In Colorado Revised Statutes, 24-51-504, **amend** (2) as follows:

24-51-504. Purchase of service credit relating to a paid sabbatical leave. (2) Such member contributions made pursuant to the provisions of subsection (1) of this section may be made concurrently with member contributions on the partial salary paid for such sabbatical leave or after the sabbatical leave has ended at the ~~current~~ APPLICABLE rate of member contributions PURSUANT TO SECTION 24-51-401 (1.7), plus interest from the date the sabbatical leave began until such purchase is complete.

SECTION 14. In Colorado Revised Statutes, 24-51-602, **amend** (1.7)(a), (1.8)(a), and (2); and **add** (1.9) and (2.3) as follows:

24-51-602. Service retirement eligibility. (1.7) (a) Members, EXCEPT STATE TROOPERS, who were not members, inactive members, or retirees on December 31, 2016, BUT WHO WERE MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2019, who have met the age and service requirements stated in the following table and who are not eligible for service retirement benefits pursuant to subsection (1.8) of this section shall, upon written application and approval of the board, receive service retirement benefits pursuant to the benefit formula set forth in section 24-51-603:

TABLE B.3
SERVICE RETIREMENT ELIGIBILITY

Age Requirement (years)	Service Credit Requirement (years)
Any Age	35
60	30
65	5

(1.8) (a) Members of the school division or Denver public schools division who were not members, inactive members, or retirees on December 31, 2016, BUT WHO WERE MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2019, who have met the age and service requirements stated in the following table shall, upon written application and approval of the board, receive service retirement benefits pursuant to the benefit formula set forth in section 24-51-603; except that at least the most recent ten years of service credit used in meeting the requirements of the table below must be earned in the school or Denver public schools divisions in order for the

member to be eligible pursuant to this ~~paragraph (a)~~ SUBSECTION (1.8)(a):

TABLE B.4
SERVICE RETIREMENT ELIGIBILITY

Age Requirement (years)	Service Credit Requirement (years)
Any Age	35
58	30
65	5

(1.9) (a) MEMBERS, EXCEPT STATE TROOPERS, WHO WERE NOT MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2019, WHO HAVE MET THE AGE AND SERVICE REQUIREMENTS STATED IN THE FOLLOWING TABLE SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF THE BOARD, RECEIVE SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT FORMULA SET FORTH IN SECTION 24-51-603 (1), (2), AND (3):

TABLE B.5
SERVICE RETIREMENT ELIGIBILITY

AGE REQUIREMENT (YEARS)	SERVICE CREDIT REQUIREMENT (YEARS)
ANY AGE	35
64	30
65	5

(b) MEMBERS WHO ARE ELIGIBLE FOR A BENEFIT PURSUANT TO THIS SUBSECTION (1.9) AND WHO ARE SIXTY-FOUR YEARS OF AGE OR OLDER SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF THE BOARD, RECEIVE SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT FORMULA SET FORTH IN SECTION 24-51-603, WITHOUT REDUCTION PURSUANT TO SECTION 24-51-604, IF THEY HAVE AT LEAST FIVE YEARS OF SERVICE CREDIT AND IF THE NUMBER OF YEARS OF THEIR AGE PLUS THE NUMBER OF YEARS OF THEIR SERVICE CREDIT EQUALS NINETY-FOUR YEARS OR MORE.

(c) THIS SUBSECTION (1.9) DOES NOT CREATE A CONTRACTUAL RIGHT FOR ANY MEMBER TO THE AGE REQUIREMENT SPECIFIED IN TABLE B.5 TO

RECEIVE A FULL SERVICE RETIREMENT BENEFIT.

(2) (a) ~~Members with less than five years of service credit shall be eligible for service retirement benefits pursuant to the provisions of section 24-51-605.5 upon reaching sixty-five years of age if contributions were made for sixty months~~ STATE TROOPERS WHO WERE NOT MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2019, WHO HAVE MET THE AGE AND SERVICE REQUIREMENTS STATED IN THE FOLLOWING TABLE SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF THE BOARD, RECEIVE SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT FORMULA SET FORTH IN SECTION 24-51-603 (1) AND (3):

TABLE B.6
SERVICE RETIREMENT ELIGIBILITY

AGE REQUIREMENT (YEARS)	SERVICE CREDIT REQUIREMENT (YEARS)
ANY AGE	35
55	25
65	5

(b) STATE TROOPERS WHO ARE ELIGIBLE FOR A BENEFIT PURSUANT TO THIS SUBSECTION (2) AND WHO ARE FIFTY-FIVE YEARS OF AGE OR OLDER SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF THE BOARD, RECEIVE SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT FORMULA SET FORTH IN SECTION 24-51-603, WITHOUT REDUCTION PURSUANT TO SECTION 24-51-604, IF THEY HAVE AT LEAST FIVE YEARS OF SERVICE CREDIT AND IF THE NUMBER OF YEARS OF THEIR AGE PLUS THE NUMBER OF YEARS OF THEIR SERVICE CREDIT EQUALS EIGHTY YEARS OR MORE. THIS SUBSECTION (2) DOES NOT CREATE A CONTRACTUAL RIGHT FOR ANY MEMBER TO THE AGE REQUIREMENT SPECIFIED IN TABLE B.6 TO RECEIVE A FULL SERVICE RETIREMENT BENEFIT.

(2.3) MEMBERS WITH LESS THAN FIVE YEARS OF SERVICE CREDIT SHALL BE ELIGIBLE FOR SERVICE RETIREMENT BENEFITS PURSUANT TO SECTION 24-51-605.5 UPON REACHING SIXTY-FIVE YEARS OF AGE IF CONTRIBUTIONS WERE MADE FOR SIXTY MONTHS.

SECTION 15. In Colorado Revised Statutes, **amend** 24-51-604 as

follows:

24-51-604. Reduced service retirement eligibility. (1) DPS members with less than five years of service credit as of January 1, 2011, and members WHO WERE MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2019, AND who have met the age and service credit requirements stated in the following table and who do not meet the requirements of section 24-51-602 shall, upon written application and approval of the board, receive reduced service retirement benefits pursuant to the benefit formula set forth in section 24-51-605:

TABLE C
REDUCED SERVICE RETIREMENT ELIGIBILITY

Age Requirement (years)		Service Credit Requirement (years)
50		25
50	State Troopers only	20
55		20
60		5

(2) MEMBERS WHO WERE NOT MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2019, WHO HAVE MET THE AGE AND SERVICE CREDIT REQUIREMENTS STATED IN THE FOLLOWING TABLE AND WHO DO NOT MEET THE REQUIREMENTS OF SECTION 24-51-602 SHALL, UPON WRITTEN APPLICATION AND APPROVAL OF THE BOARD, RECEIVE REDUCED SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT FORMULA SET FORTH IN SECTION 24-51-605:

TABLE C.1
REDUCED SERVICE RETIREMENT ELIGIBILITY

AGE REQUIREMENT (YEARS)		SERVICE CREDIT REQUIREMENT (YEARS)
55		25
55	STATE TROOPERS ONLY	20
60		5

SECTION 16. In Colorado Revised Statutes, 24-51-606, **amend** (1.5) and (2)(b) as follows:

24-51-606. Vested inactive member rights. (1.5) Any member who was not a member, inactive member, or retiree on December 31, 2006, who has earned at least five years of service credit and who terminates membership and does not elect to receive a refund pursuant to ~~the provisions of~~ section 24-51-405 shall be eligible for a benefit to become effective upon written application and approval by the board and upon reaching the age specified in ~~table B.05, B.07, or B.1~~ TABLE B.05, B.07, B.1, B.2, B.3, B.4, B.5, OR B.6 of section 24-51-602, as applicable, for a service retirement or in ~~table C~~ TABLE C OR C.1 of section 24-51-604 for a reduced service retirement. Notwithstanding the provisions of this subsection (1.5), for such a member who applies for retirement within ninety days after the member attains age and service eligibility, the effective date of retirement shall be the date the member attains such age and service eligibility.

(2) (b) Direct payments in lieu of member contributions are calculated at the ~~current~~ APPLICABLE member contribution rates PURSUANT TO SECTION 24-51-401 (1.7), multiplied by the most recent full-time monthly salary paid for the position previously held by the vested inactive member.

SECTION 17. In Colorado Revised Statutes, **amend** 24-51-1001 as follows:

24-51-1001. Types of benefit increases. (1) For benefit recipients whose benefits are based on the account of a member who was a member, inactive member, or retiree on December 31, 2006, or for benefit recipients whose benefits are based on the account of a DPS member or DPS retiree, annual increases in retirement benefits and survivor benefits shall be effective with the July benefit. Such increases in benefits shall be calculated in accordance with ~~the provisions of~~ sections 24-51-1002 and 24-51-1003, SUBJECT TO SECTION 24-51-413, and shall be paid from the retirement benefits reserve or the survivor benefits reserve, as appropriate, so long as the following requirements are satisfied:

(a) For benefit recipients whose benefit is based on a retiree or DPS retiree whose effective date of retirement is prior to January 1, 2011, or whose survivor benefits are based on a date of death that occurred prior to

January 1, 2011, the benefits have been paid to the benefit recipient for at least seven months preceding July 1.

(b) For benefit recipients whose benefit is based on a retiree or DPS retiree whose effective date of retirement is on or after January 1, 2011, or whose survivor benefits are based on a date of death that is on or after January 1, 2011, AND AN ANNUAL INCREASE HAS BEEN APPLIED TO THE BENEFIT ON OR BEFORE MAY 1, 2018, the benefits have been paid to the benefit recipient for the twelve months prior to July 1, and for benefit recipients whose benefit is based upon a retiree or DPS retiree who was not eligible to retire as of January 1, 2011, THE BENEFITS HAVE BEEN PAID TO THE BENEFIT RECIPIENT FOR THE TWELVE MONTHS PRIOR TO JULY 1 AND AN ANNUAL INCREASE HAS BEEN APPLIED TO THE BENEFIT ON OR BEFORE MAY 1, 2018, the retiree met the following requirements:

(I) For DPS members with five or more years of service credit as of January 1, 2011, and for members WHO ARE NOT STATE TROOPERS who began membership prior to July 1, 2005, and have five or more years of service credit as of January 1, 2011, the retiree retired with a service retirement benefit pursuant to section 24-51-602 or 24-51-1713, whichever is applicable, or retired with a reduced service retirement benefit pursuant to section 24-51-604 or 24-51-1714, whichever is applicable, but has, as of January 1, attained the age and service credit years that when combined total at least eighty years, or retired with a reduced service retirement benefit pursuant to section 24-51-604 but has, as of January 1, attained the age of sixty;

(II) For members WHO ARE NOT STATE TROOPERS who began membership on or after July 1, 2005, but prior to January 1, 2007, the retiree retired with a service retirement benefit pursuant to section 24-51-602, or retired with a reduced service retirement benefit pursuant to section 24-51-604 but has, as of January 1, attained the age and service credit years that when combined total at least eighty-five years, or retired with a reduced service retirement benefit pursuant to section 24-51-604 but has, as of January 1, attained the age of sixty; ~~or~~

(III) For DPS members with less than five years of service credit as of January 1, 2011, and for members whose membership began prior to January 1, 2007, with less than five years of service credit as of January 1, 2011, the retiree retired with a service retirement benefit pursuant to section

24-51-602, or retired with a reduced service retirement benefit pursuant to section 24-51-604 but has, as of January 1, attained the age and service credit years that when combined total at least eighty-five years, or retired with a reduced service retirement benefit pursuant to section 24-51-604 but has, as of January 1, attained the age of sixty; OR

(IV) FOR MEMBERS WHO ARE STATE TROOPERS AND WHO WERE MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2006, THE RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602 OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604, BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS, WHEN WEIGHTED WITH NON-STATE TROOPER SERVICE CREDIT, THAT COMBINED TOTAL AT LEAST SEVENTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF FIFTY-FIVE.

(b.5) FOR BENEFIT RECIPIENTS WHOSE BENEFIT IS BASED ON A RETIREE OR DPS RETIREE WHOSE EFFECTIVE DATE OF RETIREMENT IS ON OR AFTER JANUARY 1, 2011, OR WHOSE SURVIVOR BENEFITS ARE BASED ON A DATE OF DEATH THAT IS ON OR AFTER JANUARY 1, 2011, AND AN ANNUAL INCREASE HAS NOT BEEN APPLIED TO THE RETIREMENT OR SURVIVOR BENEFIT ON OR BEFORE MAY 1, 2018, THE BENEFITS HAVE BEEN PAID TO THE BENEFIT RECIPIENT FOR THIRTY-SIX MONTHS TOTAL BEFORE JULY 1, AND BENEFITS HAVE BEEN PAID TO THE BENEFIT RECIPIENT FOR THE TWELVE MONTHS PRIOR TO JULY 1, AND FOR BENEFIT RECIPIENTS WHOSE BENEFIT IS BASED UPON A RETIREE OR DPS RETIREE WHO WAS NOT ELIGIBLE TO RETIRE AS OF JANUARY 1, 2011, THE RETIREE MET THE FOLLOWING REQUIREMENTS:

(I) FOR DPS MEMBERS WITH FIVE OR MORE YEARS OF SERVICE CREDIT AS OF JANUARY 1, 2011, AND FOR MEMBERS WHO ARE NOT STATE TROOPERS WHO BEGAN MEMBERSHIP PRIOR TO JULY 1, 2005, AND HAVE FIVE OR MORE YEARS OF SERVICE CREDIT AS OF JANUARY 1, 2011, THE RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602 OR 24-51-1713, WHICHEVER IS APPLICABLE, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 OR 24-51-1714, WHICHEVER IS APPLICABLE, BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST EIGHTY YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF

JANUARY 1, ATTAINED THE AGE OF SIXTY;

(II) FOR MEMBERS WHO ARE NOT STATE TROOPERS WHO BEGAN MEMBERSHIP ON OR AFTER JULY 1, 2005, BUT PRIOR TO JANUARY 1, 2007, THE RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST EIGHTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY;

(III) FOR DPS MEMBERS WITH LESS THAN FIVE YEARS OF SERVICE CREDIT AS OF JANUARY 1, 2011, AND FOR MEMBERS WHOSE MEMBERSHIP BEGAN PRIOR TO JANUARY 1, 2007, WITH LESS THAN FIVE YEARS OF SERVICE CREDIT AS OF JANUARY 1, 2011, THE RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST EIGHTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY; OR

(IV) FOR MEMBERS WHO ARE STATE TROOPERS AND WHO WERE MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2006, THE RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602 OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604, BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS, WHEN WEIGHTED WITH NON-STATE TROOPER SERVICE CREDIT, THAT COMBINED TOTAL AT LEAST SEVENTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF FIFTY-FIVE.

(c) No minimum age or service credit requirement shall apply to disability retirees or survivor benefit recipients.

(1.5) and (2) (Deleted by amendment, L. 93, p. 478, § 6, effective March 1, 1994.)

(3) For benefit recipients whose benefits are based on the account of a member who was not a member, inactive member, or retiree on December 31, 2006, annual increases in retirement benefits and survivor benefits, if any, shall be effective with the July benefit in accordance with ~~the provisions of~~ section 24-51-1009, SUBJECT TO SECTION 24-51-413, and shall be paid from the retirement benefits reserve or the survivor benefits reserve, as appropriate, so long as the following requirements are satisfied:

(a) The benefits have been paid to the benefit recipient for the full preceding calendar year AND AN ANNUAL INCREASE HAS BEEN APPLIED TO THE RETIREMENT OR SURVIVOR BENEFIT ON OR BEFORE MAY 1, 2018; and

(b) (I) For members WHO ARE NOT STATE TROOPERS whose membership began on or after January 1, 2007, but prior to January 1, 2011, the retiree retired with a service retirement benefit pursuant to section 24-51-602, or retired with a reduced service retirement benefit pursuant to section 24-51-604 but has, as of January 1, attained the age and service credit years that when combined total at least eighty-five years, or retired with a reduced service retirement benefit pursuant to section 24-51-604 but has, as of January 1, attained the age of sixty;

(II) For members WHO ARE NOT STATE TROOPERS whose membership began on or after January 1, 2011, but prior to January 1, 2017, the retiree retired with a service retirement benefit pursuant to section 24-51-602, or retired with a reduced service retirement benefit pursuant to section 24-51-604 but has, as of January 1, attained the age and service credit years that when combined total at least eighty-eight years, or retired with a reduced service retirement benefit pursuant to section 24-51-604 but has, as of January 1, attained the age of sixty;

(III) Subject to ~~the provisions of subparagraph (IV) of this paragraph (b)~~ SUBSECTION (3)(b)(IV) OF THIS SECTION, for members WHO ARE NOT STATE TROOPERS whose membership began on or after January 1, 2017, the retiree retired with a service retirement benefit pursuant to section 24-51-602, or retired with a reduced service retirement benefit pursuant to section 24-51-604 but has, as of January 1, attained the age and service credit years that when combined total at least ninety years, or retired with a reduced service retirement benefit pursuant to section 24-51-604 but has, as of January 1, attained the age of sixty; ~~or~~

(IV) For members whose membership began on or after January 1, 2017, the retiree retired from the school or Denver public schools divisions with a reduced service retirement benefit pursuant to section 24-51-604 and the retiree's most recent ten years of service credit was earned in the school or Denver public schools divisions, but, as of January 1, the retiree's age and total service credit total at least eighty-eight years, or the retiree retired with a reduced service retirement benefit pursuant to section 24-51-604 but has, as of January 1, attained the age of sixty; OR

(V) FOR MEMBERS WHO ARE STATE TROOPERS WHO WERE NOT MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2006, THE RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602 OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604, BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS, WHEN WEIGHTED WITH NON-STATE TROOPER SERVICE CREDIT, THAT COMBINED TOTAL AT LEAST SEVENTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF FIFTY-FIVE.

(c) No minimum age or service credit requirement shall apply to disability retirees or survivor benefit recipients.

(3.5) FOR BENEFIT RECIPIENTS WHOSE BENEFITS ARE BASED ON THE ACCOUNT OF A MEMBER WHO WAS NOT A MEMBER, INACTIVE MEMBER, OR RETIREE ON DECEMBER 31, 2006, ANNUAL INCREASES IN RETIREMENT BENEFITS AND SURVIVOR BENEFITS, IF ANY, ARE EFFECTIVE WITH THE JULY BENEFIT IN ACCORDANCE WITH SECTION 24-51-1009, SUBJECT TO SECTION 24-51-413, AND SHALL BE PAID FROM THE RETIREMENT BENEFITS RESERVE OR THE SURVIVOR BENEFITS RESERVE, AS APPROPRIATE, SO LONG AS THE FOLLOWING REQUIREMENTS ARE SATISFIED:

(a) THE BENEFITS HAVE BEEN PAID TO THE BENEFIT RECIPIENT FOR THIRTY-SIX MONTHS TOTAL, AND BENEFITS HAVE BEEN PAID TO THE BENEFIT RECIPIENT FOR THE FULL PRECEDING CALENDAR YEAR, AND AN ANNUAL INCREASE HAS NOT BEEN APPLIED TO THE RETIREMENT OR SURVIVOR BENEFIT ON OR BEFORE MAY 1, 2018; AND

(b) (I) FOR MEMBERS WHO ARE NOT STATE TROOPERS WHOSE MEMBERSHIP BEGAN ON OR AFTER JANUARY 1, 2007, BUT PRIOR TO JANUARY

1, 2011, THE RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST EIGHTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY;

(II) FOR MEMBERS WHO ARE NOT STATE TROOPERS WHOSE MEMBERSHIP BEGAN ON OR AFTER JANUARY 1, 2011, BUT PRIOR TO JANUARY 1, 2017, THE RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST EIGHTY-EIGHT YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY;

(III) SUBJECT TO SUBSECTION (3.5)(b)(IV) OF THIS SECTION, FOR MEMBERS WHO ARE NOT STATE TROOPERS WHOSE MEMBERSHIP BEGAN ON OR AFTER JANUARY 1, 2017, THE RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24- 51-602, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST NINETY YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY;

(IV) FOR MEMBERS WHOSE MEMBERSHIP BEGAN ON OR AFTER JANUARY 1, 2017, THE RETIREE RETIRED FROM THE SCHOOL OR DENVER PUBLIC SCHOOLS DIVISIONS WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 AND THE RETIREE'S MOST RECENT TEN YEARS OF SERVICE CREDIT WAS EARNED IN THE SCHOOL OR DENVER PUBLIC SCHOOLS DIVISIONS, BUT, AS OF JANUARY 1, THE RETIREE'S AGE AND TOTAL SERVICE CREDIT TOTAL AT LEAST EIGHTY-EIGHT YEARS, OR THE RETIREE RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY;

(V) FOR MEMBERS WHO ARE STATE TROOPERS WHO WERE NOT

MEMBERS, INACTIVE MEMBERS, OR RETIREES ON DECEMBER 31, 2006, BUT BEFORE DECEMBER 31, 2020, THE RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602 OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604, BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS, WHEN WEIGHTED WITH NON-STATE TROOPER SERVICE CREDIT, THAT COMBINED TOTAL AT LEAST SEVENTY-FIVE YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF FIFTY-FIVE;

(VI) FOR MEMBERS WHO ARE NOT STATE TROOPERS WHOSE MEMBERSHIP BEGAN ON OR AFTER JANUARY 1, 2020, THE RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS THAT WHEN COMBINED TOTAL AT LEAST NINETY-FOUR YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY-FOUR; OR

(VII) FOR MEMBERS WHO ARE STATE TROOPERS WHOSE MEMBERSHIP BEGAN ON OR AFTER JANUARY 1, 2020, THE RETIREE RETIRED WITH A SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604, BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE AND SERVICE CREDIT YEARS, WHEN WEIGHTED WITH NON-STATE TROOPER SERVICE CREDIT, THAT COMBINED TOTAL AT LEAST EIGHTY YEARS, OR RETIRED WITH A REDUCED SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-604 BUT HAS, AS OF JANUARY 1, ATTAINED THE AGE OF SIXTY.

(c) NO MINIMUM AGE OR SERVICE CREDIT REQUIREMENT SHALL APPLY TO DISABILITY RETIREES OR SURVIVOR BENEFIT RECIPIENTS.

(4) Benefits that are calculated pursuant to part 17 of this ~~article~~ ARTICLE 51 shall be governed by the benefit increase provisions of such part 17.

SECTION 18. In Colorado Revised Statutes, 24-51-1002, **amend** (2); and **add** (1.5) as follows:

24-51-1002. Annual percentages to be used. (1.5) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, FOR THE YEARS 2018 AND 2019, THE ANNUAL INCREASE AWARDED SHALL BE ZERO PERCENT.

(2) Beginning ~~in the year 2011~~ ON THE EFFECTIVE DATE OF THIS SUBSECTION (2), AS AMENDED, subject to ~~the provisions of~~ section 24-51-1009.5, for benefit recipients whose benefits are based on the account of a member who was a member, inactive member, or retiree on December 31, 2006, or for benefit recipients whose benefits are based on the account of a DPS member or DPS retiree, the increase applied to benefits paid shall be ~~the lesser of two percent or the average of the annual increases determined for each month, to the nearest one-tenth of a percent, as calculated by the United States department of labor, in the national consumer price index for urban wage earners and clerical workers during the calendar year preceding the increase in the benefit. Notwithstanding the provisions of this subsection (2), the increase shall be the maximum permitted under this subsection (2) and section 24-51-1009.5 unless the association's annual audited return on investments is negative for the preceding calendar year, at which point the annual increase for the subsequent three years shall be the lesser of two percent or the average of the annual increases determined for each month, to the nearest one-tenth of a percent, as calculated by the United States department of labor, in the national consumer price index for urban wage earners and clerical workers during the calendar year preceding the increase in the benefit~~ ONE AND ONE-HALF PERCENT UNLESS ADJUSTED PURSUANT TO SECTION 24-51-413. The increase applied to such benefits shall be recalculated annually as of July 1 and shall be the compounded annual percentage of the annual increases applied to such benefits. In the first year that the benefit recipient is eligible to receive an annual increase pursuant to section 24-51-1001, the annual increase shall be prorated.

SECTION 19. In Colorado Revised Statutes, 24-51-1009, **amend** (4) introductory portion and (4)(a); and **add** (1.5) as follows:

24-51-1009. Annual increase reserve - creation. (1.5) FOR THE YEARS 2018 AND 2019, THE ANNUAL INCREASE AWARDED SHALL BE ZERO PERCENT.

(4) An actuarial valuation shall be conducted each year for the

annual increase reserve of each division for the purposes of this section. The actuarial valuation shall include a determination of the total market value of the assets in the reserve and a calculation of the net present value of the actuarial liabilities associated with providing each of the annual increases described in ~~paragraphs (a), (b), and (c) of this subsection (4)~~ SUBSECTIONS (4)(a), (4)(b), AND (4)(c) OF THIS SECTION. Subject to section 24-51-1009.5, the maximum annual increase awarded by the board shall be the lesser of the following calculations:

(a) SUBJECT TO THE MAXIMUM ANNUAL INCREASE AS ADJUSTED PURSUANT TO SECTION 24-51-413, a permanent increase equal to ~~two percent~~ ONE AND ONE-HALF PERCENT of current benefits payable to benefit recipients then eligible for an annual increase in accordance with section 24-51-1001 (3);

SECTION 20. In Colorado Revised Statutes, **amend** 24-51-1009.5 as follows:

24-51-1009.5. Annual increase amount changes. When the actuarial funded ratio of the association, based on the actuarial value of assets, is at or above one hundred three percent as determined in the annual actuarial study of the association, the upper limit of the annual increase shall be increased by one-quarter of one percent. ~~If the actuarial funded ratio of the association, based on the actuarial value of assets, reaches one hundred three percent and subsequently any annual actuarial study reflects the actuarial funded ratio of the association, based on the actuarial value of assets, is below ninety percent, the upper limit of the annual increase shall be decreased by one-quarter of one percent. At no time shall the upper limit of the annual increase fall below two percent.~~

SECTION 21. In Colorado Revised Statutes, **add** 24-51-1500.2 as follows:

24-51-1500.2. Legislative declaration. THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE PURPOSE OF THE DEFINED CONTRIBUTION PLAN ESTABLISHED IN THIS PART 15 IS TO PROVIDE ELIGIBLE EMPLOYEES WHO PARTICIPATE IN THE DEFINED CONTRIBUTION PLAN WITH A PATH TOWARD HAVING A SECURE RETIREMENT THROUGH A FOCUS ON LIFETIME RETIREMENT INCOME TO MAINTAIN AN ELIGIBLE EMPLOYEE'S STANDARD OF LIVING FOLLOWING A FULL CAREER OF EMPLOYMENT. THE PROVISIONS OF

THIS PART 15 ARE DESIGNED TO AVOID A NEGATIVE IMPACT ON THE DEFINED BENEFIT TRUSTS IN THIS ARTICLE 51. EMPLOYERS ARE RESPONSIBLE FOR ENSURING THAT THEIR EMPLOYEES UNDERSTAND THE ADVANTAGES AND DISADVANTAGES OF THE DEFINED BENEFIT AND DEFINED CONTRIBUTION PLANS.

SECTION 22. In Colorado Revised Statutes, 24-51-1501, **amend** (1) and (4) as follows:

24-51-1501. Defined contribution plan - establishment - creation of fund - definitions. (1) The board is hereby authorized to establish and administer a defined contribution plan for eligible ~~state~~ employees as provided in this part 15. The board shall establish the terms and conditions of the association's defined contribution plan offered to eligible ~~state~~ employees. The assets of the plan shall be held in a separate trust fund of the association created for such purpose.

(4) For purposes of this part 15, "employer" means the state, the general assembly, the office of a district attorney in a judicial district, any state department that employs an eligible employee, ~~and~~ any community college governed by the state board for community colleges and occupational education. EFFECTIVE JANUARY 1, 2019, "EMPLOYER"ALSO INCLUDES ANY EMPLOYER IN THE LOCAL GOVERNMENT DIVISION AND, TO THE EXTENT THAT THEY EMPLOY CLASSIFIED EMPLOYEES IN THE STATE PERSONNEL SYSTEM, ANY STATE COLLEGE OR UNIVERSITY AS DEFINED IN SECTION 24-54.5-102 (7), ANY INSTITUTION UNDER THE CONTROL OF THE BOARD OF REGENTS OF THE UNIVERSITY OF COLORADO, OR AN INSTITUTION GOVERNED PURSUANT TO PART 5 OF ARTICLE 21 OF TITLE 23. PRIOR TO JANUARY 1, 2019, "employer" shall not include any state college or university as defined in section 24-54.5-102 (7), any institution under the control of the board of regents of the university of Colorado, or an institution governed pursuant to part 5 of article 21 of title 23. ~~C.R.S.~~

SECTION 23. In Colorado Revised Statutes, 24-51-1502, **amend** (2)(a); and **repeal** (3) as follows:

24-51-1502. New eligible employees - election - definitions. (2) (a) For purposes of this part 15, "eligible employee" means, effective July 1, 2009, AND EFFECTIVE JANUARY 1, 2019, FOR LOCAL GOVERNMENT DIVISION EMPLOYEES AND STATE DIVISION EMPLOYEES WHO ARE EMPLOYED

ONLY IN A CLASSIFIED POSITION IN THE STATE PERSONNEL SYSTEM BY A STATE COLLEGE OR UNIVERSITY, any employee who commences employment with an employer and who, if not commencing employment in a state elected official's position, has not been a member of the association's defined benefit plan or the association's defined contribution plan or an active participant of the state defined contribution plan established pursuant to part 2 of article 52 of this ~~title~~ TITLE 24, as said part existed prior to its repeal in 2009, during the twelve months prior to the date that he or she commenced employment. "Eligible employee" includes a retiree of the association who is serving in a state elected official's position but does not include any other retiree of the association or a retiree of the association who has suspended benefits.

(3) ~~An eligible employee hired by an employer on or after May 2, 2009, is eligible for the election pursuant to subsection (1) of this section.~~

SECTION 24. In Colorado Revised Statutes, 24-51-1503, **amend** (2) as follows:

24-51-1503. Defined contribution plan option. (2) An employee hired by an employer who has been a member of the association's defined benefit plan or the association's defined contribution plan during the twelve months prior to the date that the employee commences employment shall automatically continue to be a member of such plan upon commencing employment. IF AUTOMATICALLY CONTINUING IN THE DEFINED CONTRIBUTION PLAN, THE EMPLOYEE'S INDIVIDUAL PARTICIPATION ACCOUNT SHALL RECEIVE THE SAME EMPLOYER CONTRIBUTION PURSUANT TO SECTION 24-51-1505 (1), AS PREVIOUSLY ENTITLED. The employee shall be considered an eligible employee for purposes of section 24-51-1506.

SECTION 25. In Colorado Revised Statutes, 24-51-1505, **amend** (1), (2), and (3) as follows:

24-51-1505. Contributions - vesting - definition. (1) Contribution rates ~~to the association's defined contribution plan~~ by the employer and by members of the defined contribution plan established pursuant to this part 15 shall be the same as the rates that would be payable by the employer and the member pursuant to section 24-51-401. THE INDIVIDUAL'S PARTICIPANT ACCOUNT SHALL RECEIVE THE FULL MEMBER CONTRIBUTION AMOUNT IN EFFECT UNDER SECTION 24-51-401. THE INDIVIDUAL'S PARTICIPANT

ACCOUNT SHALL RECEIVE A PORTION OF THE EMPLOYER CONTRIBUTION EQUAL TO THE AMOUNT IN TABLE A IN SECTION 24-51-401 (1.7)(a). ANY PORTION OF THE EMPLOYER CONTRIBUTION ABOVE THE AMOUNT IN TABLE A IN 24-51-401 (1.7)(a) SHALL BE PAID TO THE EMPLOYER'S DIVISION TRUST FUND.

(2) Consistent with ~~the provisions of~~ section 24-51-401 (1.7)(b), (1.7)(c), and (1.7)(d), the employer shall deliver all contributions ~~to the defined contribution plan trust fund via the service provider designated by the association~~ within five days after the date members are paid.

(3) Except as otherwise provided in subsection (4) of this section, members of the association's defined contribution plan shall be immediately and fully vested in their own contributions to the plan, together with accumulated investment gains or losses. Members shall be immediately vested in fifty percent of the employer's contribution to the DEFINED CONTRIBUTION plan, together with accumulated investment gains or losses on that vested portion. For each full year of membership in the defined contribution plan, the vesting percentage shall increase by ten percent. The vesting percentage in the employer's contribution, with accumulated earnings or losses, shall be one hundred percent for all members with five or more years of membership in the defined contribution plan. If an individual becomes a member of the defined contribution plan without an existing account balance or after a twelve-month break in service, the individual shall begin a new vesting schedule with regard to future employer contributions in accordance with this subsection (3).

SECTION 26. In Colorado Revised Statutes, 24-51-1702, **amend** (17) as follows:

24-51-1702. Definitions. As used in this part 17, unless the context otherwise requires:

(17) "Highest average salary" means the average monthly compensation of the thirty-six months of accredited service having the highest rates, multiplied by twelve, or the "career average salary", whichever is greater, and shall be applied to benefits, except for benefits under sections 24-51-1727 to 24-51-1731, attributable to retirement or death on or after July 1, 1994. For benefits under sections 24-51-1727 to 24-51-1731, "highest average salary" applies to cases where termination of

service occurs on or after July 1, 1994. This subsection (17) shall apply only to DPS members eligible for a retirement benefit as of January 1, 2011. For DPS members not eligible for a retirement benefit as of January 1, 2011, the definition of "highest average salary" specified in ~~section 24-51-101 (25)(b)(V)~~ SECTION 24-51-101 (25)(b)(V) AND (25)(b)(VI), shall apply.

SECTION 27. In Colorado Revised Statutes, **add with amended and relocated provisions** article 51.1 to title 24 as follows:

ARTICLE 51.1
Pension Review Commission

24-51.1-101. [Formerly 31-31-1001.] Pension review commission. (1) (a) There is hereby created the ~~police officers' and firefighters'~~ pension ~~reform~~ REVIEW commission, ~~to~~ REFERRED TO IN THIS SECTION AS THE "COMMISSION". BEGINNING IN THE FIRST REGULAR SESSION OF THE SEVENTY-SECOND GENERAL ASSEMBLY, THE COMMISSION SHALL be comprised of five senators, THREE OF WHOM ARE appointed by the president of the senate AND TWO OF WHOM ARE APPOINTED BY THE MINORITY LEADER OF THE SENATE, and ~~ten~~ FIVE representatives, THREE OF WHOM ARE appointed by the speaker of the house of representatives ~~The party representation shall be in proportion generally to the relative number of members of the two major political parties in each chamber~~ AND TWO OF WHOM ARE APPOINTED BY THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES. The chair shall be designated by the speaker of the house of representatives in odd-numbered years and by the president of the senate in even-numbered years. The vice-chair shall be appointed by the speaker of the house of representatives in even-numbered years and by the president of the senate in odd-numbered years. Members of the commission shall receive the same per diem allowance authorized for other members of the general assembly serving on interim study committees and actual expenses for participation in meetings of the commission. Staff services for the commission AND THE PENSION REVIEW SUBCOMMITTEE CREATED PURSUANT TO SUBSECTION (3) OF THIS SECTION shall be furnished by the state auditor's office, the legislative council, and the office of legislative legal services. The state auditor, with the approval of the commission, may contract for services deemed necessary for the implementation of this ~~part 10~~ ARTICLE 51.1.

(b) ~~The terms of the members appointed by the speaker of the house~~

~~of representatives and the president of the senate and who are serving on March 22, 2007, shall be extended to and expire on or shall terminate on the convening date of the first regular session of the sixty-seventh general assembly. As soon as practicable after such convening date, the speaker and the president shall appoint or reappoint members in the same manner as provided in paragraph (a) of this subsection (1). Thereafter,~~ The terms of members appointed or reappointed by the speaker, ~~and~~ THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES, the president, AND THE MINORITY LEADER OF THE SENATE shall expire on the convening date of the first regular session of each general assembly, and all subsequent appointments and reappointments ~~by the speaker and the president~~ shall be made as soon as practicable after such convening date. The person making the original appointment or reappointment shall fill any vacancy by appointment for the remainder of an unexpired term. Members appointed or reappointed by the speaker, ~~and~~ THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES, the president, AND THE MINORITY LEADER OF THE SENATE shall serve at the pleasure of the appointing authority and shall continue in office until the member's successor is appointed.

(2) The commission shall study and develop proposed legislation relating to funding of police officers' and firefighters' pensions in this state and benefit designs of such pension plans. IN ADDITION, THE COMMISSION SHALL STUDY AND DEVELOP PROPOSED LEGISLATION RELATING TO THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION. The commission study OF POLICE OFFICERS' AND FIREFIGHTERS' PENSIONS AND OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION shall include a review of, and the proposed legislation may include, among other subjects, the following, AS APPLICABLE:

(a) Normal retirement age; ~~and compulsory retirement;~~

(b) Payment of benefits prior to normal retirement age;

(c) Service requirements for eligibility;

(d) Rate of accrual of benefits;

(e) Disability benefits;

(f) Survivors' benefits;

(g) Vesting of benefits;

(h) Employee AND EMPLOYER contributions;

(i) Postretirement increases;

(j) Creation of an administrative board;

(k) Creation of a consolidated statewide system;

~~(l) Distribution of state funds;~~

~~(m)~~ (l) Coordination of benefits with other programs;

~~(n)~~ (m) The volunteer firefighter pension system;

~~(o)~~ (n) The provisions of ~~this article and article 30.5 of this title~~ ARTICLES 30, 30.5, AND 31 OF TITLE 31; AND

(o) THE PROVISIONS OF ARTICLE 51 OF THIS TITLE 24.

~~(3) Repealed.~~

(3) (a) THERE IS HEREBY CREATED THE PENSION REVIEW SUBCOMMITTEE. THE SUBCOMMITTEE SHALL CONSIST OF FOURTEEN MEMBERS APPOINTED AS FOLLOWS:

(I) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES, THE PRESIDENT OF THE SENATE, AND THE MINORITY LEADER OF THE SENATE SHALL EACH APPOINT ONE LEGISLATOR WHO HE OR SHE HAS APPOINTED TO SERVE ON THE PENSION REFORM COMMISSION TO ALSO SERVE ON THE SUBCOMMITTEE;

(II) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF THE SENATE SHALL BOTH APPOINT TWO PEOPLE FROM THE COMMUNITY WITH EXPERIENCE OR KNOWLEDGE OF INVESTMENT MANAGEMENT, CORPORATE OR PUBLIC FINANCE, COMPENSATION AND BENEFIT SYSTEMS, ECONOMICS, ACCOUNTING, PENSION ADMINISTRATION, OR ACTUARIAL ANALYSIS;

(III) THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES AND THE MINORITY LEADER OF THE SENATE SHALL BOTH APPOINT TWO PEOPLE FROM THE COMMUNITY WITH EXPERIENCE OR KNOWLEDGE OF INVESTMENT MANAGEMENT, CORPORATE OR PUBLIC FINANCE, COMPENSATION AND BENEFIT SYSTEMS, ECONOMICS, ACCOUNTING, PENSION ADMINISTRATION, OR ACTUARIAL ANALYSIS;

(IV) THE GOVERNOR SHALL APPOINT ONE PERSON FROM THE COMMUNITY WITH EXPERIENCE OR KNOWLEDGE OF INVESTMENT MANAGEMENT, CORPORATE OR PUBLIC FINANCE, COMPENSATION AND BENEFIT SYSTEMS, ECONOMICS, ACCOUNTING, PENSION ADMINISTRATION, OR ACTUARIAL ANALYSIS; AND

(V) THE STATE TREASURER SHALL APPOINT ONE PERSON FROM THE COMMUNITY WITH EXPERIENCE OR KNOWLEDGE OF INVESTMENT MANAGEMENT, CORPORATE OR PUBLIC FINANCE, COMPENSATION AND BENEFIT SYSTEMS, ECONOMICS, ACCOUNTING, PENSION ADMINISTRATION, OR ACTUARIAL ANALYSIS.

(b) THE CHAIR OF THE SUBCOMMITTEE SHALL BE DESIGNATED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES IN ODD-NUMBERED YEARS AND BY THE PRESIDENT OF THE SENATE IN EVEN-NUMBERED YEARS. THE VICE-CHAIR OF THE SUBCOMMITTEE SHALL BE APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES IN EVEN-NUMBERED YEARS AND BY THE PRESIDENT OF THE SENATE IN ODD-NUMBERED YEARS. THE CHAIR AND VICE-CHAIR SHALL BE DESIGNATED FROM THE LEGISLATIVE MEMBERS OF THE SUBCOMMITTEE.

(c) THE NONLEGISLATIVE MEMBERS OF THE SUBCOMMITTEE SHALL SERVE WITHOUT COMPENSATION FROM THE GENERAL ASSEMBLY.

(4) (a) THE SUBCOMMITTEE SHALL REVIEW THE ITEMS SPECIFIED IN SUBSECTION (2) OF THIS SECTION AS THEY RELATE TO THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION, AS APPLICABLE. IN ADDITION, THE SUBCOMMITTEE SHALL:

(I) STUDY THE PROVISIONS OF ARTICLE 51 OF THIS TITLE 24 AND MAKE NECESSARY RECOMMENDATIONS TO THE COMMISSION OR THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION;

(II) DETERMINE THE NECESSITY OF CONTINUING THE DIRECT DISTRIBUTION TO THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION PURSUANT TO SECTION 24-51-414;

(III) SUGGEST TO THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION ENHANCEMENTS THAT THE ASSOCIATION COULD MAKE TO THE ANNUAL ANALYSIS THAT IT CONDUCTS PURSUANT TO SENATE BILL 14-214, ENACTED IN 2014, TO DETERMINE WHETHER THE ASSOCIATION'S MODEL ASSUMPTIONS ARE MEETING TARGETS AND ACHIEVING SUSTAINABILITY;

(IV) REVIEW THE ANNUAL ACTUARIAL VALUATION OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION AND MAKE COMMENTS AS NECESSARY TO THE ASSOCIATION REGARDING THE ACTUARIAL VALUATION; AND

(V) MAKE RECOMMENDATIONS TO THE BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION REGARDING ASSUMPTIONS, FUNDING POLICY, REPORTING PRACTICES, OR OTHER OPERATIONAL POLICY.

(b) REVIEW SEMI-ANNUALLY THE OVERALL FINANCIAL HEALTH OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION, INCLUDING THE LEVELS OF BENEFITS, ITS SOURCES OF FUNDING, AND ITS OVERALL FINANCIAL VIABILITY BASED ON BOTH THE ASSUMPTIONS OF THE ASSOCIATION BOARD OF DIRECTORS AND THE REQUIREMENTS OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD. THE SUBCOMMITTEE MAY REQUEST THAT THE ASSOCIATION PROVIDE GENERAL FINANCIAL REPORTING BASED ON ASSUMPTIONS FOR ECONOMIC AND INVESTMENT FACTORS, INCLUDING, BUT NOT LIMITED TO, INFLATION, ECONOMIC GROWTH, EMPLOYMENT GROWTH, AND RATE OF RETURN, THAT DIFFER FROM BOARD ASSUMPTIONS. IF THE SUBCOMMITTEE DETERMINES THAT THE ASSOCIATION'S BOARD OF DIRECTORS IS USING ASSUMPTIONS THAT ARE TOO CONSERVATIVE OR TOO AGGRESSIVE, THE SUBCOMMITTEE SHALL REQUEST THAT THE ASSOCIATION ADJUST ITS ASSUMPTIONS ACCORDINGLY.

(c) REVIEW ANNUALLY THE CALCULATED NORMAL COSTS THAT WILL COVER CURRENT PENSION BENEFITS AND THE SHARE OF CONTRIBUTIONS GOING TO COVER THE UNFUNDED LIABILITY OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION;

(d) REVIEW SEMI-ANNUALLY THE PLANNED REDUCTION OF THE

UNFUNDED LIABILITY OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION. IF FULL FUNDING WILL NOT BE ACHIEVED BY 2048, THE SUBCOMMITTEE SHALL MAKE ADDITIONAL RECOMMENDATIONS TO THE COMMISSION, THE JOINT BUDGET COMMITTEE, AND THE GENERAL ASSEMBLY TO ACHIEVE FULL FUNDING BY 2048. IF, UPON THAT REVIEW, THE SUBCOMMITTEE DETERMINES THAT THE ASSOCIATION DOES NOT HAVE AT LEAST A SIXTY-SEVEN PERCENT LIKELIHOOD OF ACHIEVING FULL FUNDING BY 2048, THEN THE ASSOCIATION SHALL PROVIDE RECOMMENDATIONS TO THE SUBCOMMITTEE FOR POLICY CHANGES THAT WOULD RETURN THE ASSOCIATION TO FULLY FUNDED STATUS BY 2048. NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), THE SUBCOMMITTEE SHALL ANNUALLY REPORT TO THE GENERAL ASSEMBLY REGARDING WHETHER OR NOT THE ASSOCIATION IS ON TRACK TO ACHIEVE FULL FUNDING BY 2048 AND IF NOT, THE CORRECTIVE ACTIONS RECOMMENDED BY THE SUBCOMMITTEE OR THE ASSOCIATION TO RECTIFY THE SHORTFALL.

(e) ANNUALLY REPORT IN WRITING TO THE CITIZENS OF COLORADO REGARDING WHETHER OR NOT THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION IS ON TRACK TO ACHIEVE FULL FUNDING BY 2048 AND IF NOT, THE CORRECTIVE ACTIONS RECOMMENDED BY THE SUBCOMMITTEE OR THE ASSOCIATION TO THE GENERAL ASSEMBLY TO RECTIFY THE SHORTFALL. SUCH COMMUNICATION SHALL BE MADE IN A MANNER THAT IS CLEAR, CONCISE, AND ACCESSIBLE TO LAYPEOPLE. THIS COMMUNICATION SHALL QUANTIFY THE NET PRESENT VALUE OF ANY FUNDING DEFICIT ON A PER CITIZEN BASIS. FOR EXAMPLE, FIFTY BILLION DOLLARS ON FIVE MILLION FIVE HUNDRED THOUSAND PEOPLE EQUALS NINE THOUSAND NINETY DOLLARS PER PERSON. THE CERTIFIED ANNUAL FINANCIAL REPORT SHALL NOT SERVE AS THIS COMMUNICATION.

(f) AFTER FULL FUNDING IS ACHIEVED, MAKE RECOMMENDATIONS TO THE COMMISSION, THE JOINT BUDGET COMMITTEE, AND THE GENERAL ASSEMBLY DURING EACH LEGISLATIVE SESSION REGARDING CHANGES TO THE PLAN TO MAINTAIN FULL FUNDING;

(g) ENSURE THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION BOARD IS ADMINISTERING THE ASSOCIATION AS MANDATED AND MAKE RECOMMENDATIONS FOR THE ASSOCIATION BOARD STRUCTURE AS WARRANTED; AND

(h) EVERY THREE YEARS, COMMISSION AN INDEPENDENT REVIEW OF

THE ECONOMIC AND INVESTMENT ASSUMPTIONS USED TO MODEL THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION FINANCIAL SITUATION. THE SUBCOMMITTEE SHALL USE EXPERTS OTHER THAN THOSE ALREADY WORKING ON BEHALF OF THE ASSOCIATION.

(5) EACH MEMBER OF THE SUBCOMMITTEE SHALL BE REQUIRED TO:

(a) ATTEND AT LEAST ONE MEETING PER YEAR OF THE BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION;

(b) ATTEND THE HEARING OF THE LEGISLATIVE AUDIT COMMITTEE WHEN THE COMMITTEE REVIEWS THE ANNUAL ACTUARIAL VALUATION THAT THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION IS REQUIRED TO SUBMIT TO THE LEGISLATIVE AUDIT COMMITTEE PURSUANT TO SECTION 24-51-204 (7); AND

(c) ATTEND THE "STATE MEASUREMENT FOR ACCOUNTABLE, RESPONSIVE, AND TRANSPARENT (SMART) GOVERNMENT ACT" HEARING OF THE JOINT FINANCE COMMITTEE PURSUANT TO PART 2 OF ARTICLE 7 OF TITLE 2 WHEN THE JOINT FINANCE COMMITTEE REVIEWS THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION.

SECTION 28. In Colorado Revised Statutes, 31-30.5-302, **amend** (1) as follows:

31-30.5-302. Definitions. As used in this part 3, unless the context otherwise requires:

(1) "Commission" means the ~~police officers' and firefighters'~~ pension ~~reform~~ REVIEW commission established pursuant to ~~section 31-31-1001~~ SECTION 24-51.1-101.

SECTION 29. Repeal of provisions being relocated in this act. In Colorado Revised Statutes, **repeal** 31-31-1001.

SECTION 30. In Colorado Revised Statutes, **repeal** 31-31-1002.

SECTION 31. Appropriation. For the 2018-19 state fiscal year, $200,000 is appropriated to the legislative department for use by the legislative council. This appropriation is from the general fund. To

implement this act, the legislative council may use this appropriation for independent review of PERA assumptions pursuant to section 24-51.1-101 (4)(h), C.R.S.

SECTION 32. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Kevin J. Grantham
PRESIDENT OF
THE SENATE

Crisanta Duran
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Effie Ameen
SECRETARY OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

APPROVED 3:49 PM 6/4/18

John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO