



FIRE & POLICE PENSION ASSOCIATION OF COLORADO

Memorandum

To: FPPA Employer
Date: September 2009
FROM: Fire and Police Pension Association (FPPA) Benefits Division
RE: Change to Payroll Frequency

This memo is to advise all employers that a change in an employer's payroll frequency can impact the calculation of a member's Highest Average Salary (HAS) on which the pension is based within the Statewide Defined Benefit Plan and the Statewide Hybrid Plan – Defined Benefit Component. For example, if the change results in paying a portion of the member's current year salary in a later year, this could reduce a member's HAS and may have an adverse impact on those members retiring or entering the Deferred Retirement Option Plan (DROP).

If your City or Department is considering changing the payroll frequency you are encouraged to contact FPPA Benefits Division at 1-800-332-3772 to determine potential impact to your membership so that you may communicate this information appropriately.

For an explanation of the HAS calculation please refer to Section 302 of the FPPA Rules. The Rules may be found at www.fppaco.org; click on the Rules & Statutes tab.