

Important Notice

To: FPPA Employers

Date: July 2007

Re: Base Salary Definition Update

At the February 28, 2007 FPPA Board of Director's meeting, the Board adopted a new rule regarding the definition of Base Salary. It is as follows:

101.05. (a) *Base salary* means the total base rate of pay including Member contributions to the statewide defined benefit plan or statewide money purchase plan which are "picked up" by the employer, and shall also include longevity pay, sick leave pay taken in the normal course of employment, vacation leave pay taken in the normal course of employment, shift differential, and mandatory overtime that is part of the Member's fixed, periodic compensation. Accumulated vacation leave pay will also be included if a Member completes his/her service requirement for purposes of normal retirement while exhausting accumulated vacation leave. Base salary shall **not** include overtime pay (except as noted in the preceding sentence), step-up pay or other pay for temporarily acting in a higher rank, uniform allowances, accumulated sick leave pay, accumulated vacation leave pay (except as noted in the preceding sentence), and other forms of extra pay (including Member contributions which are paid by the employer and not deducted from the Member's salary). In the event an employer has established or does establish a deferred compensation plan, the amount of the Member's salary that is deferred shall be included in the Member's base salary. Any amounts voluntarily contributed to an Internal Revenue Code Section 125 "Cafeteria Plan" shall be included in the Member's base salary. A Member is deemed temporarily acting in a higher rank if the appointment to the rank is anticipated to last less than six months.

(b) Notwithstanding the definition of base salary contained herein subsection (a), the base salary under the Statewide Death and Disability Plan for each Member of the Colorado Springs Exempt New Hire Plan shall be the same as the base salary as defined in the Colorado Springs Exempt New Hire Plan.

Salary, for the purpose of calculating the contributions to the Statewide Defined Benefit Plan, Statewide Hybrid Plan, and Statewide Money Purchase Plan, means base salary as defined in Rule 101.05. Salary, for the purpose of calculating the contribution to the Statewide Death & Disability Plan, means base salary as defined in Rule 101.05, except that for Members who are not enrolled in the Statewide Defined Benefit Plan, Statewide Hybrid Plan, or the Statewide Money Purchase Plan, salary shall include Member contributions to any alternative retirement plan which are "picked up" by the employer.

The clarification in the definition of Base Salary is effective immediately. If you have been including step-up pay (also known as acting pay) in the calculation of Base Salary when determining the contribution amount for the pension plans noted above or the Statewide Death & Disability Plan, please discontinue this practice.

If you have any questions, please contact Charles Duran at cduran@fppaco.org or 800-332-3772.