

# FPPA Statewide Health Care Defined Benefit

For FPPA Members  
in the:

- ✓ Statewide Defined Benefit Plan (New Hires),
- ✓ Statewide Money Purchase Plan, and the
- ✓ Statewide Hybrid Plan.

Fire  
and  
Police  
Pension  
Association  
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## Summary of the Statewide Health Care Defined Benefit Plan Features

The Statewide Health Care Defined Benefit (SWHC) Plan will provide assistance in paying Covered Medical Care Insurance, defined as any type of premium for medical insurance: health (single, 2-party, and family coverage), dental, vision, long-term care, etc., but not life insurance.

### When implemented\*, the plan will be mandatory for all participants, with one exception:

- If less than the majority of the department's members voted in favor of adopting the Plan, the employer may elect not to participate.

### Contributions & Benefit Levels

- Each member will contribute 1% of base salary throughout his/her career. No employer contribution would be required; however, employers may pay the member contributions. Contributions are pre-tax; benefit is tax-free when distributed.
- The maximum benefit is the lesser of the amount of the insurance premium or 0.19% of the average of the highest 3 years' salary (HAS) multiplied by years of health care service credit.

#### Example of benefit:

- 1) A member retiring with 25 years of health care service  
With a 3-year HAS of \$64,000

**Monthly health care benefit is \$253**

- 2) Same member retires with 10 years of health care service

**Monthly health care benefit is \$101**

- No service maximum applies.
- Benefits increase by a 3% Cost-of-Living Adjustment per year (maximum).

### Vesting & Eligibility

- Members who are active in a Statewide Retirement Plan are eligible for one half of the health care service credits for each month of service prior to implementation of the Plan.
- Members from money purchase plans who have entered the System are eligible for one half of the health care service credit for each month of service with their current employer (upon entry).
- A member is vested when he/she has five years of service credit in the SWHC Plan. There is no refund of contributions for less than five years.
- A service credit purchase under the Statewide Defined Benefit Plan or the Statewide Hybrid Plan does not count towards health care service credit.
- Members may be able to purchase health care service credit. This would be a future plan amendment contingent upon IRS approval.
- DROP members will not make contributions to the Plan; nor will they receive health care service credit while participating in DROP.
- Retirees are not eligible to participate. Vested members who have left the Plan and will later collect a benefit are not eligible to participate.

### Benefit Payout Period and Other Provisions

- The monthly benefit will be payable for 10 years. If a member dies before the end of the 10-year payout period, the spouse, or dependent children would continue to receive the monthly benefit tax-free. If a member does not have a spouse or dependent children, a named beneficiary would receive a monthly taxable payment until the end of the 10-year period.
- SW Hybrid Plan employers may redirect 1% of a mandatory contribution rate in excess of 16% to use in making contribution to the Health Care Plan. This would require 65% approval of active members in department and adoption of resolution.

\* The effective date is pending IRS approval. The plan will be implemented 4 to 6 months after receipt of approval.

For the actual language of the Statewide Health Care Defined Benefit Plan, please refer to the Plan Document available on the FPPA web site at [www.fppaco.org](http://www.fppaco.org) or by calling FPPA for a copy.