

**Senate Bill 10-024 | Elimination of the local money purchase plan affiliation.**

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- Repeals a statutory provision that is currently obsolete.
- Eliminates the ability of local money purchase plans to affiliate with the Fire and Police Pension Association solely for investment and administration. Currently there are no such affiliated local money purchase plans. (Previous FPPA affiliated local money purchase plans have joined the FPPA Defined Benefit System.)
- Local money purchase plans would continue to be able to merge into the Statewide Money Purchase Plan or to re-enter the FPPA Defined Benefit System.

**House Bill 10-016 | FPPA Retiree Board Member Term Extension**

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- Extends the term of the retired firefighter or police officer serving as a member of the FPPA Board of Directors from 4 years to 6 years.
- Currently the “retiree” representative on the FPPA Board alternates between a retired police officer and a retired firefighter every 4 years. Because of this rotation this board member cannot be reappointed for a consecutive term; unlike the other 8 members.
- The FPPA Board feels that an extended term for the rotating membership would be of more value to FPPA because of the learning curve required for board participation.



FIRE & POLICE PENSION ASSOCIATION OF COLORADO

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5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111-2721 • [www.FPPAco.org](http://www.FPPAco.org)  
(303) 770-3772 in the Denver Metro area • (800) 332-3772 toll free Statewide • (303) 771-7622 fax

*This document is intended for general informational purposes only.  
Official interpretations or determinations are based upon  
the actual State legislation which may result from these bills.*



**FPPA** 2010

*Legislative Update*

## State Legislative Highlights

The following bills introduced by FPPA and sponsored by the Pension Reform Commission are currently being considered by the 2010 Colorado General Assembly. For complete information and current updates refer to the Colorado State web site at [www.colorado.gov](http://www.colorado.gov).

### Senate Bill 10-022 | **Authority for an election to approve an increase in the member contribution rate.**

- Offers a proactive measure driven by member request to further secure the benefits provided by the Statewide Defined Benefit Plan.
- Authorizes the Board to hold an election of the members and employers, to approve an increase in the member contribution rate in the Statewide Defined Benefit Plan.
- If an increase in the member contribution rate is approved, it would not affect the employer contribution rate.
- The increase in the member contribution rate shall not be subject to negotiation for payment by the employer.
- Approval process would follow the procedure for plan amendments. Member and employer approval are required.
- Provides a potential source to accrue funds for future ad hoc cost-of-living-adjustments (COLAs) for retirees.
- In the unlikely event that benefit rollbacks would otherwise be required due to adverse financial markets, allows member to choose the alternative of increased member contributions.

**Origin** | This proposal was originally brought to the FPPA Board by active members of the plan. The legislation is a proactive measure that gives the Board, in conjunction with members and employers, the ability to increase the member contribution rate through an election process. The idea was proposed as a way to increase potential funding for future COLAs for retirees or, alternatively, in the event of significant market losses and reduction in funding status, to provide additional protection against the Board being required to reduce or eliminate Separate Retirement Accounts, rollback member approved plan amendments, or increase the retirement age.

**Timing** | There is no specific time frame for the Board to conduct an election, and no election is currently being planned. The Statewide Defined Benefit plan is currently actuarially sound and adequately funded. Members may still wish to pursue a contribution increase to help ensure the fund's ability to pay a meaningful cost of living adjustment in retirement. This legislation simply grants authority to conduct

an election and implement a member contribution rate increase if approved. Prior to any election an actuarial study would need to be conducted; at this time no specific contribution rate has been studied. An approved increase in the member contribution rate may be subsequently repealed through the election process.

**Overview** | The FPPA Board feels that the legislation creates an appropriate opportunity for the members to decide, through the process of an election, whether increased funding through a higher member contribution rate outweigh the creation of a disproportionate contribution rate between employer and member.

*The passage of this bill alone does not change the member contribution rate.*

### Senate Bill 10-023 | **Return to Work by a FPPA Member participating in the Defined Benefit System**

- Empowers FPPA to address the situation when a member retires from the FPPA Defined Benefit System and then subsequently returns to work for an employer as an FPPA "Member".
- Authorizes the Board to adopt rules to suspend the pension benefits of a member who participates in the defined benefit system, separates from service, elects a retirement, and subsequently returns to work with a FPPA Defined Benefit System employer.
- Authorizes but does not require the Board to adopt rules allowing a member who has reached normal retirement age, separated from service, elected a retirement benefit under the FPPA Defined Benefit System, and subsequently returns to work to continue receiving distribution of benefits and earn additional retirement benefits in an alternate money purchase plan.

**Overview** | This legislation gives the FPPA Board authority to adopt rules to address situations where a member returns to work after retirement. Upon passage of the legislation, the Board may or may not authorize the continuation of benefit payments during a member's return to work. Further study is necessary to determine the actuarial/financial impact on the plan and compliance with the Internal Revenue Code requirements.