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FPPA

Fire and Police Pension Association of Colorado

5290 DTC Parkway, Suite 100
Greenwood Village, Colorado 80111-2721
(303) 770-3772 ■ toll free (800) 332-3772
fax (303) 771-7622

FPPAco.org

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FPPA 2020 **Legislation Summary**

House Bill 20-1044

Task Force Driven ■ Board Directed



Forward 
with **FPPA**

Fire & Police Pension Association of Colorado

2020 Legislation Timeline

- In June 2019 the FPPA Board reviewed recommendations from a member and employer task force and set the following legislative priorities for 2020.
- On October 21, 2019 the Pension Review Commission was presented with the FPPA Board approved proposed legislation involving these FPPA Plans;
 - **Statewide Death & Disability Plan**
 - **Old Hire Plans**
 - **Statewide Defined Benefit Plan.**
- In January 2020 after review by Legislative Council the proposed legislation was assigned **House Bill 20-1044** and introduced to the Legislature.
- The bill will move through the Legislature with an anticipated date to the Governor of May 2020.

2020 Legislation Summary of House Bill 20-1044

→ STATEWIDE DEATH & DISABILITY PLAN

- Increase contribution rate to 3.0% in 2021
- Allow FPPA Board to adjust rate by 0.2% annually

→ OLD HIRE PLANS

- Grant FPPA Board authority to set the contribution policy based on:
 - Stabilization of the annual required contribution
 - Maintaining funded ratio
 - Reduce or eliminate contribution over time
- Statutory requirements do not work well as plans wind down

continued

→ STATEWIDE DEFINED BENEFIT PLAN

- Increase employer contribution rate by 4%
 - Increase by 0.5% of salary per year beginning in 2021, with a total rate of 12% in 2028
 - Ensures long term full funding of the plan
 - Reduces probability of statutory plan rollbacks
 - Increase likelihood of COLAs in the long term
 - Allows the FPPA Board to offset employer reentry contributions towards the increase
 - Allows the FPPA Board to implement additional equal member and employer contribution increases agreed upon through a member and employer election
- Separate Retirement Accounts (SRA)
 - Convert SRA accounts to defined contribution accounts
 - Significant allocations to these accounts have not been made for almost two decades
- Rule of 80 beginning at age 50
 - Allows plan members whose age and years of service equal 80 to elect a normal retirement benefit with an unreduced benefit.
 - Cost of benefit to be paid by an increase of the employer contribution rate by 1%, to be implemented in 2029 and 2030, after the previous 4% increase. 0.5% each year over 2 years
 - If passed this piece of legislation will be effective 1/1/2021.

Learn more about this legislation and its status.



Visit the FPPA dedicated legislative website
ForwardWithFPPA.org



Visit the Colorado General Assembly website
Leg.Colorado.gov/Bills/HB20-1044