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.

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10-23-19
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 were presented this proposed bill involving these FPPA Plans;

- Statewide Death & Disability Plan
- Old Hire Plans
- Statewide Defined Benefit Plan.

By January 2020 having been reviewed by Legislative Council the bill will be introduced to the Legislature.

By May 2020, sent to the Governor.

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**2020 Proposed Legislation Summary**

**STATEWIDE DEATH & DISABILITY PLAN**

- Increase contribution rate to 3.0% in 2021
- Allow FPPA Board to adjust rate by 0.2% annually
- Request $58 million from the state in 2021
  - To fund shortfall attributable to members hired before Jan 1, 1997
  - State had the responsibility to fund all benefits for members hired prior to January 1, 1997
  - Actuarial experience shows previous state funding was inadequate to fund the liability

**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

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**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