

Statewide Retirement Plan

Money Purchase Component



FPPA Money Purchase Component

Overview

The **Money Purchase Component** provides retirement benefits to firefighters, police officers, and other first responders from participating departments. The Money Purchase Component is an individual, self-directed retirement account that becomes payable to Members at retirement, until it is depleted. A money purchase plan is also referred to as a defined contribution plan.

Mandatory Contributions

Money Purchase Component accounts are funded by payroll contributions made by Members and Employers. For Members enrolled in the Money Purchase Component only, the minimum required contribution rate is increasing annually by 0.25%, until it reaches a total of 18% of the Member's Base Salary (9% Member Contribution/9% Employer Contribution). The current minimum contribution is shown on the *Minimum Required Contribution Rates* section.

Departments who complete reentry or otherwise affiliate with FPPA will have a mandatory contribution rate of 18% when they complete their affiliation, 9% Member Contribution/9% Employer Contribution.

Voluntary Contributions

Active Members or Employers may make voluntary contributions to the Money Purchase Component as long as the amount of contributions does not exceed Internal Revenue Service limits. Additional voluntary contributions made by the Members are post-tax. Additional voluntary contributions made by the Members are post-tax. Additional voluntary contributions made by the Employer are pre-tax.

Minimum Required Contribution Rates

Departments who complete reentry or otherwise affiliate with FPPA after January 1, 2023 will have a mandatory contribution rate of 18% (9% Member Contribution/9% Employer Contribution) when they complete their affiliation.

Effective January 1 of Year	Mandatory Member Contribution Rate	Mandatory Employer Contribution Rate	Total Combined Member & Employer Contribution Rate
2025	8.375%	8.375%	16.75%
2026	8.5%	8.5%	17.0%
2027	8.625%	8.625%	17.25%
2028	8.75%	8.75%	17.5%
2029	8.875%	8.875%	17.75%
2030	9.0%	9.0%	18.0%

Reentry Contribution Rates

At the time a department reentered the Money Purchase Component, contribution rates for Reentry Members* and Employers were negotiated locally and submitted by resolution to FPPA.

**Reentry rates only apply to Members of a reentry department who were active in the Plan at the time of reentry, and elected to participate in the Statewide Retirement plan (formerly known as Statewide Hybrid plan) prior to January 1, 2023.*

Choice of Investment Options

Members direct the investments on their Money Purchase Component account. Members may choose from a variety of investment options offered through Fidelity Investments®.

- **Mutual Funds:** A variety of mutual funds are available for the Member to build their asset allocation strategy. These funds include three major asset classes: stocks, bonds, and short-term investments. They are monitored by FPPA’s investment staff, Fidelity Investments, and an outside consulting team.
- **Target Date Funds:** Also known as lifecycle or age-based funds, these funds gradually adjust their asset allocation to be more conservative as the target date approaches. Like mutual funds, these are monitored by FPPA’s investment staff, Fidelity Investments, and an outside consulting team.
- **BrokerageLink:** This account, available through Fidelity, allows the Member to invest in a broad range of Fidelity and non-Fidelity mutual funds, plus a wide range of individual securities not offered within the Standard Plan Options. There may be trading fees associated with this account.
- **Personalized Planning & Advice:** This is a managed account service provided by a team of dedicated investment professionals for an additional fee. The professionals have the resources and experience needed to manage retirement accounts according to the account owner’s goals. Members can enroll in or cancel this service at any time.
- **Third Party Advisor:** Members can elect to have an outside financial advisor register with Fidelity and make investment decisions on their behalf.

Initial Enrollment

When a Member enrolls in the Money Purchase Component, Fidelity Investments® will send them a welcome letter by mail or email.

- Follow the letter’s instructions to establish the investment elections. Until Members make their investment elections, contributions to their account are invested in a target date fund that best matches the Member’s expected retirement date (based on the Member’s birth date).
- Complete the Beneficiary Designation online, or contact Fidelity Investments at (800) 343-0860. If a Beneficiary Designation is not provided to Fidelity upon the Member’s death, the account balance will be distributed according to state law.

Money Purchase Component Vesting

The Money Purchase Component has a 5-year vesting schedule.

From the first day of membership in the Component, Members are fully vested in their Member contributions and any amounts “rolled over” to the Component for the Member account.

The Member becomes vested in Employer contributions according to the schedule on the right. Service credits in the Statewide Retirement Plan prior to making excess Money Purchase Component contributions count towards this vesting schedule.

For departments who reenter or otherwise affiliate with FPPA, Members’ years of service in the local plan prior to joining FPPA count towards their vesting schedule.

The Member also becomes 100% vested in the Employer contributions when they reach age 55 regardless of years of service or upon death, Permanent Occupational Disability or Total Disability prior to retirement.

Years of Service	Vested %
Less than 1 year	0%
1 – 2	20%
2 – 3	40%
3 – 4	60%
4 – 5	80%
5+ years	100%

Excess Contribution from other Components

Members enrolled in the Money Purchase Component, or another Component of the Statewide Retirement Plan, or their Employer, may elect to pay contributions at a higher rate than is required. The excess contributions will be deposited into a Money Purchase component account in each affected Member's name.

Terminated and retired Members, including those in DROP, are not eligible to have excess contributions deposited in the Money Purchase Component. Please contact FPPA for more information.

Naming Beneficiaries

The Member will name a beneficiary for the Money Purchase Component when they enter the Component. Members may establish and/or change beneficiary designations online through NetBenefits, or by calling Fidelity Investments® at (800) 343-0860.

Withdrawals/Distributions

Withdrawals

Withdrawals from the Money Purchase Component are allowed under any of the following conditions:

- The Member terminates employment with their department.
- The Member becomes disabled.
- The Member reaches their Required Minimum Distribution (RMD) age*.
- The Member dies and payment is made to their beneficiary.

Distributions**

The following distribution methods are available under the Money Purchase Component:

Conversion to a Monthly Lifetime Benefit

A Member may elect to convert all or part of their account balance in their Money Purchase Component to a monthly lifetime benefit. The same benefit payment option that they chose for their defined benefit will apply to this monthly lifetime benefit. COLAs applied to their defined benefit will also apply to the monthly lifetime benefit.

Lump Sum

The Member may choose a lump sum for all or a portion of their account balance.

Periodic Payments

The Member may elect to have benefits paid over a specified time frame or to receive a certain dollar amount per periodic payment until the account is exhausted.

Systematic Payment Over Life Expectancy

Fidelity Investments® will calculate the dollar amount of a periodic payment based on the Member's current money purchase account balance and their life expectancy (and the life expectancy of any designated beneficiaries, if applicable). This benefit can fluctuate based on gains and losses. This option does not guarantee payments over the Member's actual lifetime.

Annuity

The Member may elect to purchase an annuity contract with all or a portion of their money purchase balance through an outside provider.

*Required Minimum Distribution dates are subject to change due to federal legislation.

**Members may choose one or a combination of the methods mentioned above.

Daily Valuation

The assets in the Money Purchase Component of the plan will be valued at the close of every business day, enabling the Member to get updated balances daily.

Managing the Money Purchase Component

Through Fidelity's website or phone service, Members can obtain account information and initiate most transactions at their convenience.

Online: [NetBenefits.com/FPPA](https://netbenefits.com/fppa)

Through Fidelity's NetBenefits website, Members can view their account balances, make exchanges between investment options, change future contribution mixes, track contributions, access fund information, and change their beneficiaries. NetBenefits is also linked through [FPPAco.org](https://fppaco.org).

Over the Phone: (800) 343-0860

Retirement Services Specialists with Fidelity can answer questions about individual investment options, strategies and about the Money Purchase Component itself. Additionally, representatives can help Members make changes to their account or investments.

Investment Education

Whether a Member is just getting started or nearing retirement, Fidelity and FPPA offer educational resources to help plan for the future.

- **Investor Centers:** Schedule an appointment with a local Fidelity advisor to collaborate on an investment plan, discuss individual financial goals and investment strategies, or receive guidance on a specific situation.
- **One-on-one Consultation:** Members can review their portfolios and discuss their savings and investing need with a Fidelity Workplace Planning and Guidance Consultant. Call (800) 642-7131 to get started.
- **On-site Visits:** FPPA representatives visit participating departments periodically to conduct educational meetings and meet with Members one-on-one.
- **FPPAco.org:** On the *Fidelity* and *Video* pages at [FPPAco.org](https://fppaco.org), Members can find quarterly fund performance data, investment fund brochures, and links to past and future webinars.

This plain language document is intended for information purposes only.

Official interpretations or determinations are based upon the statutes, plan documents, rules and regulations which govern these plans.

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