

Colorado Springs New Hire Pension Plan

Firefighter Component



FPPA Colorado Springs New Hire Pension Plan: Firefighter Component

Overview

The **Colorado Springs New Hire Pension Plan (CSNHPP): Police Component** provides monthly benefits to firefighters enrolled in the Plan. It is a defined benefit plan funded by Member and Employer contributions.

Plan members receive a monthly lifetime benefit when they meet the eligibility requirements for Normal, Early, Vested, or Deferred Retirement. When nearing retirement or DROP, contact FPPA for confirmation of service credits and other retirement related information.

Eligibility Requirements

Generally, this Plan covers Colorado Springs firefighters who were hired on or after April 8, 1978, and before October 1, 2006.*

Final Average Salary (FAS)

Retirement benefits in this Plan are calculated using Final Average Salary (FAS), which is the average of the Member's monthly base salary—including longevity, mandatory overtime, and third week pay if applicable—received by the Member for the final 18 months before they separate service. Salary for time obtained by purchasing service credit is not factored into the FAS. If a Member does not work their last full payroll period, the FAS will be affected.

Because there are 39 payroll periods in the 18 months used to calculate FAS, FPPA uses the total salary amount reported during the final 39 payroll periods to determine the Member's rate of pay. Since the rate of pay is based on the average of those final 39 payrolls, it is to your advantage to work or be paid until the last day of the payroll period.

**Full-time Colorado Springs firefighters hired on or after October 1, 2006 are covered by the Statewide Retirement Plan: Defined Benefit Component.*

Calculating your FAS

The following example is based on these assumptions:

- A Member makes exactly \$2,000 each of the 39 payroll periods.
- The "Total Earnings for 39 Payroll Periods" would then equal \$78,000.

$$\frac{\text{"Total Salary for 39 Payroll Periods"} / 39 \times 2.17262 = \text{"Monthly Rate of Pay"} \times 12 = \text{"Final Average Salary"} \\ (\$78,000 / 39 \times 2.17262 = \$4,345.24 \times 12 = \$52,142.88)$$

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Benefit Calculator

Use the chart below to calculate a Normal, Early, or Vested Retirement Benefit using the Member's age at retirement and years of service.

Note: This chart is for Colorado Springs firefighters. Members are eligible for Normal Retirement benefits are age 55 with 25 years of service credit or when they meet the requirements for the Rule of 80.

Years of Service ▼	Age at Retirement ▼										
	50	51	52	53	54	55	56	57	58	59	60+
10						20.00	20.00	20.00	20.00	20.00	20.00
11						22.85	22.85	22.85	22.85	22.85	22.85
12						25.70	25.70	25.70	25.70	25.70	25.70
13						28.55	28.55	28.55	28.55	28.55	28.55
14						31.40	31.40	31.40	31.40	31.40	31.40
15						34.25	34.25	34.25	34.25	34.25	34.25
16						37.10	37.10	37.10	37.10	37.10	37.10
17						39.95	39.95	39.95	39.95	39.95	39.95
18						42.80	42.80	42.80	42.80	42.80	42.80
19						45.65	45.65	45.65	45.65	45.65	45.65
20	37.31	39.55	41.79	44.02	46.26	48.50	48.50	48.50	48.50	48.50	48.50
21	39.50	41.87	44.24	46.61	48.98	51.35	51.35	51.35	51.35	51.35	51.35
22	41.69	44.19	46.70	49.20	51.70	54.20	54.20	54.20	54.20	54.20	54.20
23	43.89	46.52	49.15	51.78	54.42	57.05	57.05	57.05	57.05	57.05	57.05
24	46.08	48.84	51.61	54.37	57.14	59.90	59.90	59.90	59.90	59.90	59.90
25	48.27	51.17	54.06	56.96	59.85	62.75	62.75	62.75	62.75	62.75	62.75
26	50.46	53.49	56.52	59.55	65.60	65.60	65.60	65.60	65.60	65.60	65.60
27	52.66	55.81	58.97	68.45	68.45	68.45	68.45	68.45	68.45	68.45	68.45
28	54.85	58.14	71.30	71.30	71.30	71.30	71.30	71.30	71.30	71.30	71.30
29	57.04	74.15	74.15	74.15	74.15	74.15	74.15	74.15	74.15	74.15	74.15
30	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00
31+	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00

Normal Retirement
 Early Retirement
 Vested Retirement
 ----- Rule of 80

Normal Retirement

Requirements

25 years of service credit and age 55 or eligible for Rule of 80.

Calculation

Members earn a 2% benefit for each year of service credit for the first ten years, then a 2.85% benefit for each year of service credit thereafter with a maximum benefit of 77% of FAS.

Rule of 80

Members become eligible for a Normal Retirement benefit if they: have reached age 50, their combined age and years of service equal at least 80, and they are not receiving a disability benefit.

Payment

Retirement benefits are payable immediately.

Survivor Benefit

For Members who have elected Normal Retirement or who are eligible for Normal Retirement, the maximum survivor benefit is 70% of the Member's retirement benefit at the time of death. This amount is payable to a qualified surviving spouse (including a partner in civil union), and/or qualified surviving child.

Survivors of a Member who has not separated service, but is eligible for a Normal Retirement and dies in the line of duty are eligible for a supplemental benefit under the Statewide Death & Disability Plan to bring the combined benefit to 70% of salary at the time death.

Survivors of a Member who dies while an active Member, and who is not eligible for Normal Retirement may be eligible for benefits under the Statewide Death & Disability Plan.

Early Retirement

Requirements

At least 20 years of service credit, age 50, and not eligible for the Rule of 80.

Calculation

Members earn a 2% benefit for each year of service credit for the first ten years, then a 2.85% benefit for each year of service credit thereafter with a maximum benefit of 77% of FAS. This benefit is reduced by 4.615% for each year the Member is younger than age 55 when the benefit begins.

Payment

A reduced retirement benefit is payable immediately.

Survivor Benefit

For Members who have elected an Early Retirement, the maximum survivor benefit is 70% of the Member's retirement benefit at the time of death. This amount is payable to the qualified surviving spouse (including a partner in civil union), and/or qualified surviving child(ren).

Vested Retirement

Requirements

At least 10 years of service credit.

Calculation

Members receive a 2% benefit for each year of service credit for the first 10 years, then a 2.85% benefit for each year of service credit thereafter with a maximum benefit of 77% of FAS.

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Payment

Retirement benefits are payable at age 55.

Survivor Benefit

The maximum survivor benefit is 70% of the retirement benefit the Member would have received at the time their retirement benefit was scheduled to begin. If the firefighter dies prior to age 55 (and therefore prior to the commencement of benefits), the qualified surviving spouse will receive 70% of the benefit that would have been payable to the Member. If there is no qualified surviving spouse, the benefit is payable to the qualified surviving child(ren). The survivor benefit is payable when the Member would have reached age 55.

Deferred Retirement

Definition

Members who qualify for a Normal Retirement may delay the start of their defined benefit pension payments to as late as age 65. In exchange for waiting to start their benefit, the Member receives an increase in their monthly benefit payment amount at the actuarial equivalent rate. The percentage in the table below is applied to the Member's defined benefit amount, not the Member's FAS.

Age at Retirement	Deferred Retirement Actuarial Equivalence Factors Age at Benefit Commencement ▼															
▼	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
50	100.00%	108.07%	116.86%	126.43%	136.86%	148.24%	158.36%	169.15%	180.64%	192.87%	205.89%	219.73%	234.45%	250.08%	266.66%	291.79%
51		100.00%	108.13%	116.98%	126.63%	137.16%	146.53%	156.51%	167.14%	178.45%	190.49%	203.30%	216.92%	231.37%	246.72%	269.96%
52			100.00%	108.19%	117.11%	126.85%	135.51%	144.74%	154.56%	165.03%	176.16%	188.01%	200.59%	213.96%	228.15%	249.64%
53				100.00%	108.25%	117.25%	125.25%	133.78%	142.86%	152.53%	162.82%	173.77%	185.40%	197.76%	210.87%	230.73%
54					100.00%	108.31%	115.71%	123.58%	131.97%	140.90%	150.41%	160.52%	171.26%	182.67%	194.78%	213.12%
55						100.00%	106.82%	114.10%	121.84%	130.08%	138.86%	148.19%	158.10%	168.64%	179.81%	196.74%
56							100.00%	106.81%	114.05%	121.77%	129.98%	138.71%	147.99%	157.85%	168.31%	184.15%
57								100.00%	106.79%	114.01%	121.69%	129.87%	138.55%	147.78%	157.57%	172.40%
58									100.00%	106.76%	113.96%	121.61%	129.74%	138.38%	147.54%	161.43%
59										100.00%	106.74%	113.90%	121.52%	129.60%	138.19%	151.19%
60											100.00%	106.71%	113.84%	121.42%	129.45%	141.63%
61												100.00%	106.68%	113.77%	121.30%	132.71%
62													100.00%	106.65%	113.70%	124.39%
63														100.00%	106.61%	116.63%
64															100.00%	109.39%
65																100.00%

Example of Deferred Retirement

If a Member's Normal benefit were equal to \$1,000.00 per month if paid at age 55, and they elected to defer receipt of that benefit until age 60; the deferred benefit amount would be \$1,388.60 per month, payable at age 60.

$$(\$1,000.00 \times 138.66\% = \$1,388.60)$$

NOTE:

The table is for illustrative purposes only and shows some of the factors used to calculate a Deferred Retirement. There is a separate factor for each age, specific to both the year and the month. Tables may be revised periodically. If you select a Deferred Retirement, your benefit will be determined by the exact tables and factors in effect at the time you begin to receive your benefit.

Deferred Retirement Option Plan (DROP)

Definition

The Deferred Retirement Option Plan, or DROP, allows Members to build up a cash account during their final years before retirement. When a Member enters DROP, they will technically retire for pension purposes, but will actually continue to work at their department for up to five (5) years. Their defined benefit payments and Member contributions are deposited into a Member-directed investment account. That cash account is then available to the Member when they exit DROP and retire from their department. Members may run an individual projection of their estimated DROP balance using the FPPA Member Account Portal (MAP).

Please note that while participating in DROP, Members do not earn additional service credit toward retirement.

Requirements

In order to enter DROP, a Member must meet one of the following criteria:

- Be eligible for Normal Retirement; or
- Be at least age 50 with a combined age and years of service equal to at least 75.

Payment

At the end of the DROP period, the Member retires from the department and may begin taking withdrawals from their DROP account. Distributions may be paid as periodic payments, a lump sum, or a combination of both periodic payments and a lump sum. The Member's DROP account is in addition to their defined benefits payments.

Cost of Living Adjustments (COLAs)

Cost of Living Adjustments (COLAs) are not guaranteed and are not a fixed amount. They are set annually by the FPPA Board of Directors. COLAs may be any amount, up to the rate of inflation (Measured by CPI-W) or 3%, whichever is greater. The actual COLA is determined based on the Plan's ability to stay fully funded and protect base benefits.

Members become eligible for COLAs once they have received retirement benefits for at least 12 calendar months prior to October 1. For example, if a Member retires in July, they will be eligible for their first Cost of Living Adjustment in October of the following year. COLAs, if awarded, are effective October 1.

Refunds

Non-Vested

If a Member terminates employment with less than 10 years of service credit, then they may choose to receive a refund of their Member contributions plus 5% per year as interest. If a refund is chosen, all Employer contributions are forfeited, including non-vested Employer contributions to the Money Purchase Component.

Vested

If a Member terminates employment and chooses to take a refund, the Member forfeits their SRA balance, if any, and all Employer contributions.

Purchasing Service Credit

Members may be eligible to purchase service credit if they have:

- Prior public employment not covered by the Colorado Springs Fire New Hire Pension Plan,
- Prior private employment; or
- Prior military service.

The factors used to determine the cost of purchasing service are based on the Member's age and applicable FAS at the time of purchase. The cost of purchasing service changes as you age and as your FAS changes. You may estimate the cost of purchasing service credit using the calculators in the Member Account Portal (MAP). The factors used to determine the cost of service credit may be revised periodically.

Separate Retirement Account (SRA)

While this allocation is still a feature on the plan, it is not anticipated that future allocations will be made.

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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