

First Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 13-0190.01 Gregg Fraser x4325

HOUSE BILL 13-1040

HOUSE SPONSORSHIP

Priola,

SENATE SPONSORSHIP

(None),

House Committees

Finance

Appropriations

Senate Committees

A BILL FOR AN ACT

101 CONCERNING AN INCREASE IN THE NUMBER OF YEARS USED TO
102 CALCULATE THE HIGHEST AVERAGE SALARY OF A MEMBER OF
103 THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION FOR THE
104 PURPOSE OF DETERMINING THE AMOUNT OF THE MEMBER'S
105 RETIREMENT BENEFIT.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Current law averages the 3 highest annual salaries of a member of

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

the public employees' retirement association (PERA) when calculating that member's retirement benefit amount. The bill increases the number of highest annual salaries used from 3 to 7 for anyone who was not a member, inactive member, or retiree of PERA as of December 31, 2013.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 24-51-101, **amend**
3 (25) (a) (I) and (25) (a) (II); and **add** (25) (b) (VI) as follows:

4 **24-51-101. Definitions.** As used in this article, unless the context
5 otherwise requires and except as otherwise defined in part 17 of this
6 article:

7 (25) (a) "Highest average salary" means:

8 (I) (A) FOR A MEMBER WHO WAS A MEMBER, INACTIVE MEMBER,
9 OR RETIREE ON DECEMBER 31, 2013, one-twelfth of the average of the
10 highest annual salaries upon which contributions were paid, whether
11 earned from one or more employers, that are associated with three periods
12 of twelve consecutive months of service credit; OR

13 (B) FOR A MEMBER WHO WAS NOT A MEMBER, INACTIVE MEMBER,
14 OR RETIREE ON DECEMBER 31, 2013, ONE-TWELFTH OF THE AVERAGE OF
15 THE HIGHEST ANNUAL SALARIES UPON WHICH CONTRIBUTIONS WERE PAID,
16 WHETHER EARNED FROM ONE OR MORE EMPLOYERS, THAT ARE
17 ASSOCIATED WITH SEVEN PERIODS OF TWELVE CONSECUTIVE MONTHS OF
18 SERVICE CREDIT.

19 (II) For a member who does not have the requisite ~~three~~ years of
20 service credit, one-twelfth of the average of the total annual salaries
21 earned during membership upon which contributions were paid;

22 (b) (VI) NOTWITHSTANDING ANY OTHER PROVISION OF THIS
23 PARAGRAPH (b), IN CALCULATING HIGHEST AVERAGE SALARY FOR A

1 MEMBER OR INACTIVE MEMBER WITH A HIGHEST AVERAGE SALARY
2 DEFINED PURSUANT TO SUB-SUBPARAGRAPH (B) OF SUBPARAGRAPH (I) OF
3 PARAGRAPH (a) OF THIS SUBSECTION (25), THE ASSOCIATION SHALL
4 DETERMINE THE HIGHEST ANNUAL SALARIES ASSOCIATED WITH EIGHT
5 PERIODS OF TWELVE CONSECUTIVE MONTHS OF SERVICE CREDIT. THE
6 LOWEST OF SUCH ANNUAL SALARIES IS THE BASE SALARY. THE FIRST
7 ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY
8 CALCULATION IS THE ACTUAL SALARY REPORTED UP TO ONE HUNDRED
9 EIGHT PERCENT OF THE BASE SALARY. THE SECOND ANNUAL SALARY TO
10 BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION IS THE ACTUAL
11 SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE FIRST
12 ANNUAL SALARY USED IN THE HIGHEST AVERAGE SALARY CALCULATION.
13 THE THIRD ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE
14 SALARY CALCULATION IS THE ACTUAL SALARY REPORTED UP TO ONE
15 HUNDRED EIGHT PERCENT OF THE SECOND ANNUAL SALARY USED IN THE
16 HIGHEST AVERAGE SALARY CALCULATION. THE FOURTH ANNUAL SALARY
17 TO BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION IS THE
18 ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE
19 THIRD ANNUAL SALARY USED IN THE HIGHEST AVERAGE SALARY
20 CALCULATION. THE FIFTH ANNUAL SALARY TO BE USED IN THE HIGHEST
21 AVERAGE SALARY CALCULATION IS THE ACTUAL SALARY REPORTED UP TO
22 ONE HUNDRED EIGHT PERCENT OF THE FOURTH ANNUAL SALARY USED IN
23 THE HIGHEST AVERAGE SALARY CALCULATION. THE SIXTH ANNUAL
24 SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION IS
25 THE ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF
26 THE FIFTH ANNUAL SALARY USED IN THE HIGHEST AVERAGE SALARY
27 CALCULATION. THE SEVENTH ANNUAL SALARY TO BE USED IN THE HIGHEST

1 AVERAGE SALARY CALCULATION IS THE ACTUAL SALARY REPORTED UP TO
2 ONE HUNDRE EIGHT PERCENT OF THE SIXTH ANNUAL SALARY USED IN THE
3 HIGHEST AVERAGE SALARY CALCULATION. THIS SUBPARAGRAPH (VI)
4 DOES NOT APPLY TO MEMBERS OF THE JUDICIAL DIVISION, EXCEPT FOR DPS
5 MEMBERS OF THE JUDICIAL DIVISION WHO HAVE EXERCISED PORTABILITY
6 PURSUANT TO SECTION 24-51-1747 AND SELECTED THE DPS BENEFIT
7 STRUCTURE. THIS SUBPARAGRAPH (VI) APPLIES TO DPS MEMBERS IN
8 ACCORDANCE WITH SECTION 24-51-1702 (17).

9 **SECTION 2. Act subject to petition - effective date.** This act
10 takes effect at 12:01 a.m. on the day following the expiration of the
11 ninety-day period after final adjournment of the general assembly (August
12 7, 2013, if adjournment sine die is on May 8, 2013); except that, if a
13 referendum petition is filed pursuant to section 1 (3) of article V of the
14 state constitution against this act or an item, section, or part of this act
15 within such period, then the act, item, section, or part will not take effect
16 unless approved by the people at the general election to be held in
17 November 2014 and, in such case, will take effect on the date of the
18 official declaration of the vote thereon by the governor.