

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 14-0397.01 Gregg Fraser x4325

HOUSE BILL 14-1201

HOUSE SPONSORSHIP

Priola, Wright, Humphrey, Joshi, Swalm

SENATE SPONSORSHIP

Lambert,

House Committees
Finance

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 TO
104 IMPROVE THE SOLVENCY OF THE ASSOCIATION'S TRUST FUNDS
105 FOR FUTURE RETIREES.

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/bills summaries>.)

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. A number of other states average the 5 highest annual salaries when calculating retirement benefits. The bill increases the number of highest annual salaries used from 3 to 5 for anyone who was not a member, inactive member, or retiree of PERA as of December 31, 2014.

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, 2014, 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, 2014, 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 FIVE 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

1 PARAGRAPH (b), IN CALCULATING THE HIGHEST AVERAGE SALARY FOR A
2 MEMBER OR INACTIVE MEMBER WITH A HIGHEST AVERAGE SALARY
3 DEFINED PURSUANT TO SUB-SUBPARAGRAPH (B) OF SUBPARAGRAPH (I) OF
4 PARAGRAPH (a) OF THIS SUBSECTION (25), THE ASSOCIATION SHALL
5 DETERMINE THE HIGHEST ANNUAL SALARIES ASSOCIATED WITH SIX
6 PERIODS OF TWELVE CONSECUTIVE MONTHS OF SERVICE CREDIT. THE
7 LOWEST OF SUCH ANNUAL SALARIES IS THE BASE SALARY. THE FIRST
8 ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE SALARY
9 CALCULATION IS THE ACTUAL SALARY REPORTED UP TO ONE HUNDRED
10 EIGHT PERCENT OF THE BASE SALARY. THE SECOND ANNUAL SALARY TO
11 BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION IS THE ACTUAL
12 SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE FIRST
13 ANNUAL SALARY USED IN THE HIGHEST AVERAGE SALARY CALCULATION.
14 THE THIRD ANNUAL SALARY TO BE USED IN THE HIGHEST AVERAGE
15 SALARY CALCULATION IS THE ACTUAL SALARY REPORTED UP TO ONE
16 HUNDRED EIGHT PERCENT OF THE SECOND ANNUAL SALARY USED IN THE
17 HIGHEST AVERAGE SALARY CALCULATION. THE FOURTH ANNUAL SALARY
18 TO BE USED IN THE HIGHEST AVERAGE SALARY CALCULATION IS THE
19 ACTUAL SALARY REPORTED UP TO ONE HUNDRED EIGHT PERCENT OF THE
20 THIRD ANNUAL SALARY USED IN THE HIGHEST AVERAGE SALARY
21 CALCULATION. THE FIFTH ANNUAL SALARY TO BE USED IN THE HIGHEST
22 AVERAGE SALARY CALCULATION IS THE ACTUAL SALARY REPORTED UP TO
23 ONE HUNDRED EIGHT PERCENT OF THE FOURTH ANNUAL SALARY USED IN
24 THE HIGHEST AVERAGE SALARY CALCULATION. THIS SUBPARAGRAPH (VI)
25 DOES NOT APPLY TO MEMBERS OF THE JUDICIAL DIVISION, EXCEPT FOR DPS
26 MEMBERS OF THE JUDICIAL DIVISION WHO HAVE EXERCISED PORTABILITY
27 PURSUANT TO SECTION 24-51-1747 AND SELECTED THE DPS BENEFIT

1 STRUCTURE. THIS SUBPARAGRAPH (VI) APPLIES TO DPS MEMBERS IN
2 ACCORDANCE WITH SECTION 24-51-1702 (17).

3 **SECTION 2. Act subject to petition - effective date.** This act
4 takes effect at 12:01 a.m. on the day following the expiration of the
5 ninety-day period after final adjournment of the general assembly (August
6 6, 2014, if adjournment sine die is on May 7, 2014); except that, if a
7 referendum petition is filed pursuant to section 1 (3) of article V of the
8 state constitution against this act or an item, section, or part of this act
9 within such period, then the act, item, section, or part will not take effect
10 unless approved by the people at the general election to be held in
11 November 2014 and, in such case, will take effect on the date of the
12 official declaration of the vote thereon by the governor.