

First Regular Session
Sixty-eighth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 11-0727.01 Nicole Myers

SENATE BILL 11-127

SENATE SPONSORSHIP

Renfroe,

HOUSE SPONSORSHIP

(None),

Senate Committees
State, Veterans & Military Affairs

House Committees

A BILL FOR AN ACT

101 CONCERNING A REQUIREMENT THAT CERTAIN EMPLOYEES OF
102 EMPLOYERS THAT ARE MEMBERS OF THE PUBLIC EMPLOYEES'
103 RETIREMENT ASSOCIATION JOIN A NEW DEFINED CONTRIBUTION
104 PLAN TO BE CREATED BY THE ASSOCIATION.

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>.)

The public employees' retirement association (PERA) currently offers a defined contribution plan and specifies the conditions under

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.

which a member may opt into the defined contribution plan in lieu of participating in PERA's defined benefit plan. The bill eliminates the existing defined contribution plan administered by PERA and specifies that all employees who are members of the existing defined contribution plan shall become members of a newly established defined contribution plan (new DC plan). The bill establishes the new DC plan for public employees and requires that an employee first hired on or after January 1, 2012, shall become a member of the new DC plan and shall not have the option to become a member of the defined benefit plan. Employees who are members of the defined benefit plan and who are not entitled to full or partial retirement benefits are allowed to make an irrevocable election to participate in the new DC plan. In connection with the new DC plan, the bill:

- ! Specifies the amount of employee and employer contributions that shall be made to the individual account of a member of the new DC plan;
- ! Specifies the vesting requirements for members of the new DC plan;
- ! Allows each member of the new DC plan to exercise control over the investment of the member's individual account under the new DC plan;
- ! Directs the board of directors of PERA (board) to select investment alternatives for the members of the new DC plan that provide a choice between risk and return in the investments;
- ! Specifies that PERA and employers shall not be responsible for any financial losses experienced by members in the new DC plan;
- ! Directs the board to establish distribution options for members in the new DC plan;
- ! Specifies the rights of members in the new DC plan;
- ! Requires that a retiree who returns to work shall become a member of the new DC plan for any service after retirement; and
- ! Requires that a member or Denver public schools member who is a member of the defined benefit plan but then begins employment with a new PERA employer on or after January 1, 2012, shall become a member of the new DC plan, regardless of whether the new and previous employers are in the same division of PERA.

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

2 **SECTION 1.** 24-51-1501 (1), Colorado Revised Statutes, is

1 MEMBERS OF THE DEFINED BENEFIT PLAN WHO ARE ELIGIBLE TO BECOME
2 MEMBERS OF THE DEFINED CONTRIBUTION PLAN ESTABLISHED IN THIS PART
3 18 AND ELECT TO BECOME MEMBERS OF THE DEFINED CONTRIBUTION
4 PLAN, AND FOR MEMBERS WHO ARE MEMBERS OF THE DEFINED BENEFIT
5 PLAN AND ARE REQUIRED TO BECOME MEMBERS OF THE DEFINED
6 CONTRIBUTION PLAN PURSUANT TO SECTION 24-51-1810. THE BOARD
7 SHALL ESTABLISH THE TERMS AND CONDITIONS OF THE ASSOCIATION'S
8 DEFINED CONTRIBUTION PLAN. THE ASSETS OF THE PLAN SHALL BE HELD
9 IN A SEPARATE TRUST FUND OF THE ASSOCIATION CREATED FOR SUCH
10 PURPOSE.

11 (2) ANY EMPLOYEE OF AN EMPLOYER FIRST HIRED ON OR AFTER
12 JANUARY 1, 2012, SHALL BECOME A MEMBER OF THE DEFINED
13 CONTRIBUTION PLAN AND SHALL NOT HAVE THE OPTION TO BECOME A
14 MEMBER OF THE DEFINED BENEFIT PLAN.

15 (3) FOR PURPOSES OF THIS PART 18, "DEFINED CONTRIBUTION
16 PLAN" MEANS THE DEFINED CONTRIBUTION PLAN ESTABLISHED IN THIS
17 PART 18.

18 **24-51-1802. Contributions - vesting.** (1) CONTRIBUTION RATES
19 TO THE DEFINED CONTRIBUTION PLAN BY THE EMPLOYER AND THE
20 MEMBER OF THE DEFINED CONTRIBUTION PLAN SHALL BE THE SAME AS THE
21 RATES THAT WOULD BE PAYABLE BY THE EMPLOYER AND THE MEMBER
22 PURSUANT TO SECTION 24-51-401.

23 (2) CONSISTENT WITH THE PROVISIONS OF SECTION 24-51-401 (1.7)
24 (b), (1.7) (c), AND (1.7) (d), THE EMPLOYER SHALL DELIVER ALL
25 CONTRIBUTIONS TO THE DEFINED CONTRIBUTION PLAN TRUST FUND VIA
26 THE SERVICE PROVIDER DESIGNATED BY THE ASSOCIATION WITHIN FIVE
27 DAYS AFTER THE DATE ON WHICH MEMBERS ARE PAID.

1 (3) MEMBERS OF THE DEFINED CONTRIBUTION PLAN SHALL BE
2 IMMEDIATELY AND FULLY VESTED IN THEIR OWN CONTRIBUTIONS TO THE
3 PLAN, TOGETHER WITH ACCUMULATED INVESTMENT GAINS OR LOSSES.
4 MEMBERS SHALL BE IMMEDIATELY VESTED IN FIFTY PERCENT OF THE
5 EMPLOYER'S CONTRIBUTION TO THE PLAN, TOGETHER WITH ACCUMULATED
6 INVESTMENT GAINS OR LOSSES ON THAT VESTED PORTION. FOR EACH FULL
7 YEAR OF MEMBERSHIP IN THE DEFINED CONTRIBUTION PLAN, THE VESTING
8 PERCENTAGE SHALL INCREASE BY TEN PERCENT. THE VESTING
9 PERCENTAGE IN THE EMPLOYER'S CONTRIBUTION, WITH ACCUMULATED
10 EARNINGS OR LOSSES, SHALL BE ONE HUNDRED PERCENT FOR ALL
11 MEMBERS WITH FIVE OR MORE YEARS OF MEMBERSHIP IN THE DEFINED
12 CONTRIBUTION PLAN. IF AN INDIVIDUAL BECOMES A MEMBER OF THE
13 DEFINED CONTRIBUTION PLAN WITHOUT AN EXISTING ACCOUNT BALANCE
14 OR AFTER A TWELVE-MONTH BREAK IN SERVICE, THE INDIVIDUAL SHALL
15 BEGIN A NEW VESTING SCHEDULE WITH REGARD TO FUTURE EMPLOYER
16 CONTRIBUTIONS IN ACCORDANCE WITH THIS SUBSECTION (3).

17 (4) THE ASSOCIATION SHALL PROVIDE WRITTEN NOTICE TO EACH
18 MEMBER OF THE DEFINED CONTRIBUTION PLAN WHO BECAME A MEMBER
19 OF SUCH PLAN ON OR AFTER JANUARY 1, 2012, THAT THE POSSIBILITY OF
20 A STATE FISCAL EMERGENCY COULD OCCUR IN THE FUTURE AND THE
21 AMOUNT OF EMPLOYER AND MEMBER CONTRIBUTION RATES SPECIFIED IN
22 SUBSECTION (1) OF THIS SECTION MAY BE INCREASED OR DECREASED AS
23 PROVIDED BY LAW.

24 **24-51-1803. Limitation on contributions.** NOTWITHSTANDING
25 ANY OTHER PROVISION OF THIS PART 18, THE ANNUAL ADDITIONS TO EACH
26 MEMBER'S INDIVIDUAL ACCOUNT IN THE DEFINED CONTRIBUTION PLAN
27 MAY NOT EXCEED THE AMOUNT PERMITTED UNDER FEDERAL LAW AT ANY

1 TIME. IF THE AMOUNT OF A MEMBER'S DEFINED CONTRIBUTION PLAN
2 CONTRIBUTIONS EXCEEDS SUCH LIMITATION, THE BOARD OR THE
3 EXECUTIVE DIRECTOR OF THE ASSOCIATION SHALL TAKE THE NECESSARY
4 REMEDIAL ACTION TO CORRECT THE EXCESS CONTRIBUTION.

5 **24-51-1804. Rollover contributions and distributions.** A
6 MEMBER OF THE DEFINED CONTRIBUTION PLAN MAY ELECT, AT A TIME AND
7 IN A MANNER DETERMINED BY THE BOARD, TO HAVE ALL OR PART OF AN
8 ELIGIBLE DIRECT ROLLOVER DISTRIBUTION PAID DIRECTLY INTO THE
9 MEMBER'S INDIVIDUAL ACCOUNT. A ROLLOVER CONTRIBUTION SHALL NOT
10 BE CONSIDERED FOR PURPOSES OF DETERMINING THE MEMBER'S YEARS OF
11 MEMBERSHIP IN THE PLAN.

12 **24-51-1805. Investments.** (1) THE ASSOCIATION SHALL ALLOW
13 A MEMBER OF THE DEFINED CONTRIBUTION PLAN TO EXERCISE CONTROL
14 OF THE INVESTMENT OF THE MEMBER'S INDIVIDUAL ACCOUNT UNDER THE
15 PLAN, SUBJECT TO THE FOLLOWING PROVISIONS:

16 (a) THE BOARD SHALL SELECT AT LEAST FIVE INVESTMENT
17 ALTERNATIVES, SUBJECT TO THE PROVISIONS OF SUBSECTION (2) OF THIS
18 SECTION, THAT ALLOW A MEMBER OF THE DEFINED CONTRIBUTION PLAN A
19 MEANINGFUL CHOICE BETWEEN RISK AND RETURN IN THE INVESTMENT OF
20 THE MEMBER'S INDIVIDUAL ACCOUNT;

21 (b) THE ASSOCIATION SHALL ALLOW THE MEMBER TO CHANGE
22 INVESTMENTS REGULARLY; AND

23 (c) THE ASSOCIATION SHALL PROVIDE THE MEMBER WITH THE
24 INFORMATION DESCRIBING THE INVESTMENT ALTERNATIVES, INCLUDING
25 INFORMATION ON THE NATURE, INVESTMENT PERFORMANCE, FEES, AND
26 EXPENSES OF THE INVESTMENT ALTERNATIVES.

27 (2) THE BOARD SHALL DESIGNATE FROM TIME TO TIME THE

1 COMPANIES FROM WHICH INVESTMENT PRODUCTS SHALL BE PURCHASED.
2 IN DESIGNATING SUCH COMPANIES, THE BOARD SHALL TAKE INTO
3 CONSIDERATION:

4 (a) THE SUITABILITY OF SUCH RIGHTS AND BENEFITS TO THE NEEDS
5 AND INTERESTS OF MEMBERS OF THE DEFINED CONTRIBUTION PLAN AND TO
6 THE INTERESTS OF THE STATE GOVERNMENT IN THE EMPLOYMENT AND
7 RETENTION OF EMPLOYEES;

8 (b) THE ABILITY OF THE DESIGNATED COMPANIES TO PROVIDE THE
9 INVESTMENT PRODUCTS;

10 (c) THE EFFICACY OF CONTRACTS WITH COMPANIES FROM WHICH
11 INVESTMENT PRODUCTS ARE PURCHASED IN THE RECRUITMENT AND
12 RETENTION OF QUALIFIED PUBLIC OFFICIALS AND EMPLOYEES;

13 (d) THE ABILITY OF THE DESIGNATED COMPANIES TO PROVIDE HIGH
14 QUALITY INFORMATION AND ADVICE ON INVESTMENT PRODUCTS AND
15 ASSET ALLOCATIONS; AND

16 (e) THE FEES AND COSTS OF THE INVESTMENT PRODUCTS.

17 (3) THE ASSOCIATION AND EMPLOYERS SHALL NOT BE
18 RESPONSIBLE OR LIABLE FOR ANY FINANCIAL LOSSES EXPERIENCED BY
19 MEMBERS OF THE DEFINED CONTRIBUTION PLAN.

20 **24-51-1806. Distribution - election - options determined by**
21 **board.** (1) THE BOARD SHALL DETERMINE THE DISTRIBUTION OPTIONS BY
22 WHICH A MEMBER OF THE DEFINED CONTRIBUTION PLAN MAY ELECT TO
23 RECEIVE THE DISTRIBUTION OF HIS OR HER INDIVIDUAL ACCOUNT. THE
24 DISTRIBUTION OPTIONS SHALL INCLUDE, AT A MINIMUM, A ONE-TIME
25 LUMP-SUM PAYMENT OPTION, A PERIODIC LUMP-SUM PAYMENT OPTION, A
26 PERIOD CERTAIN ANNUITY OPTION, A LIFE ANNUITY WITH PERIOD CERTAIN
27 PAYMENT OPTION, AND A JOINT AND SURVIVOR PAYMENT OPTION.

1 (2) A MEMBER OF THE DEFINED CONTRIBUTION PLAN SHALL BE
2 ELIGIBLE TO ELECT DISTRIBUTION OF THE MEMBER'S INDIVIDUAL ACCOUNT
3 AFTER TERMINATION OF EMPLOYMENT. THE DISTRIBUTION OF ALL OR A
4 PORTION OF A MEMBER'S INDIVIDUAL ACCOUNT SHALL OCCUR WITHIN A
5 PERIOD DETERMINED BY THE BOARD.

6 (3) IF A MEMBER DIES BEFORE BENEFITS COMMENCE, THE
7 MEMBER'S BENEFICIARY SHALL BE IMMEDIATELY ELIGIBLE TO ELECT A
8 DISTRIBUTION OPTION OF THE MEMBER'S INDIVIDUAL ACCOUNT.

9 **24-51-1807. Rights of members of defined contribution plan.**

10 (1) A MEMBER OF THE DEFINED CONTRIBUTION PLAN SHALL NOT BE
11 CONSIDERED A MEMBER OR A RETIREE FOR THE PURPOSES OF PARTS 4 TO
12 11 OF THIS ARTICLE, NOR SHALL HIS OR HER SURVIVORS OR BENEFICIARIES
13 BE CONSIDERED BENEFIT RECIPIENTS.

14 (2) A MEMBER OF THE DEFINED CONTRIBUTION PLAN MAY
15 PARTICIPATE IN OPTIONAL LIFE INSURANCE, LONG-TERM CARE INSURANCE,
16 AND THE VOLUNTARY INVESTMENT PROGRAM, AS PROVIDED IN THIS
17 ARTICLE.

18 (3) A MEMBER OF THE DEFINED CONTRIBUTION PLAN SHALL BE
19 ELIGIBLE TO ENROLL IN THE HEALTH CARE PROGRAM AS A BENEFIT
20 RECIPIENT PURSUANT TO SECTION 24-51-1204(1)(a) ONLY IF THE MEMBER
21 ELECTS A LIFE ANNUITY DISTRIBUTION OPTION.

22 (4) A MEMBER OF THE DEFINED CONTRIBUTION PLAN WHO HAS
23 REACHED THE AGE AT WHICH A DISTRIBUTION WOULD NOT BE SUBJECT TO
24 A PENALTY PURSUANT TO THE FEDERAL "INTERNAL REVENUE CODE OF
25 1986", AS AMENDED, AND WHO RETURNS TO EMPLOYMENT SHALL NOT BE
26 SUBJECT TO THE PROVISIONS OF PART 11 OF THIS ARTICLE CONCERNING
27 EMPLOYMENT AFTER RETIREMENT.

1 **24-51-1808. Report to members.** ON A QUARTERLY BASIS, THE
2 BOARD SHALL REPORT TO MEMBERS OF THE DEFINED CONTRIBUTION PLAN.
3 THE REPORT SHALL INCLUDE A STATEMENT OF INDIVIDUAL ACCOUNT
4 BALANCES, A REVIEW OF INDIVIDUAL ACCOUNT TRANSACTIONS, AND THE
5 AMOUNT OF ADMINISTRATIVE FEES CHARGED TO THE MEMBERS DURING
6 THE QUARTER.

7 **24-51-1809. Election to terminate membership in defined**
8 **benefit plan - participation in defined contribution plan.** (1) A
9 MEMBER OF THE DEFINED BENEFIT PLAN IS ELIGIBLE TO PARTICIPATE IN
10 THE DEFINED CONTRIBUTION PLAN ESTABLISHED PURSUANT TO THIS PART
11 18 IF THAT MEMBER IS NOT ELIGIBLE FOR A SERVICE RETIREMENT BENEFIT
12 OR A REDUCED SERVICE RETIREMENT BENEFIT UNDER THE DEFINED
13 BENEFIT PLAN PURSUANT TO SECTIONS 24-51-602 AND 24-51-604,
14 RESPECTIVELY. PARTICIPATION IN THE DEFINED CONTRIBUTION PLAN
15 SHALL BE IN LIEU OF PARTICIPATION IN THE DEFINED BENEFIT PLAN.

16 (2) A MEMBER OF THE DEFINED BENEFIT PLAN WHO IS ELIGIBLE TO
17 RECEIVE A SERVICE RETIREMENT BENEFIT OR A REDUCED SERVICE
18 RETIREMENT BENEFIT UNDER THE DEFINED BENEFIT PLAN PURSUANT TO
19 SECTIONS 24-51-602 AND 24-51-604, RESPECTIVELY, IS NOT ELIGIBLE TO
20 TRANSFER INTO THE DEFINED CONTRIBUTION PLAN PURSUANT TO THIS
21 SECTION.

22 (3) (a) FOR EACH MEMBER OF THE DEFINED BENEFIT PLAN WHO
23 ELECTS TO PARTICIPATE IN THE DEFINED CONTRIBUTION PLAN, THE
24 EMPLOYEE CONTRIBUTION ACCOUNT BALANCE HELD IN TRUST FOR THE
25 MEMBER UNDER THE DEFINED BENEFIT PLAN SHALL BE TRANSFERRED TO
26 AN INDIVIDUAL ACCOUNT ESTABLISHED FOR THE MEMBER IN THE DEFINED
27 CONTRIBUTION PLAN.

1 (b) EACH MEMBER OF THE DEFINED BENEFIT PLAN WHO ELECTS TO
2 PARTICIPATE IN THE DEFINED CONTRIBUTION PLAN SHALL ALSO HAVE THE
3 AMOUNT OF THE MATCHING EMPLOYER CONTRIBUTION THAT THE MEMBER
4 WOULD BE PAID PURSUANT TO SECTION 24-51-408 (2) TRANSFERRED INTO
5 THE INDIVIDUAL ACCOUNT ESTABLISHED FOR THE MEMBER.

6 (4) UPON A TRANSFER OF A MEMBER FROM THE DEFINED BENEFIT
7 PLAN TO THE DEFINED CONTRIBUTION PLAN PURSUANT TO THIS SECTION,
8 ALL YEARS OF SERVICE PREVIOUSLY EARNED UNDER THE DEFINED BENEFIT
9 PLAN SHALL BE NULLIFIED FOR PURPOSES OF ENTITLEMENT TO A FUTURE
10 BENEFIT UNDER THE DEFINED BENEFIT PLAN BUT SHALL BE CREDITED FOR
11 PURPOSES OF ELIGIBILITY TO ELECT MEDICAL BENEFITS PURSUANT TO PART
12 12 OF THIS ARTICLE.

13 (5) FOR ANY MEMBER OF THE DEFINED BENEFIT PLAN WHO
14 BECOMES A MEMBER OF THE DEFINED CONTRIBUTION PLAN, THE BOARD
15 SHALL TRANSFER OR CAUSE TO BE TRANSFERRED THE APPROPRIATE
16 AMOUNTS TO THE DESIGNATED INDIVIDUAL ACCOUNT. THE BOARD SHALL
17 ESTABLISH TRANSFER PROCEDURES, BUT THE ACTUAL TRANSFER MAY NOT
18 BE LATER THAN THIRTY DAYS AFTER THE EFFECTIVE DATE OF THE
19 MEMBER'S PARTICIPATION IN THE DEFINED CONTRIBUTION PLAN UNLESS
20 THE MAJOR FINANCIAL MARKETS FOR SECURITIES AVAILABLE FOR A
21 TRANSFER ARE SERIOUSLY DISRUPTED BY AN UNFORESEEN EVENT THAT
22 ALSO CAUSES THE SUSPENSION OF TRADING ON ANY SECURITIES EXCHANGE
23 IN THE COUNTRY WHERE THE SECURITIES WERE ISSUED. IN THAT EVENT,
24 THE THIRTY-DAY PERIOD MAY BE EXTENDED BY A RESOLUTION OF THE
25 BOARD. TRANSFERS ARE NOT COMMISSIONABLE OR SUBJECT TO OTHER
26 FEES AND MAY BE IN THE FORM OF SECURITIES OR CASH AS DETERMINED
27 BY THE BOARD. SECURITIES SHALL BE VALUED AS OF THE DATE OF RECEIPT

1 IN THE INDIVIDUAL ACCOUNT.

2 (6) THE ELECTION TO PARTICIPATE IN THE DEFINED CONTRIBUTION
3 PLAN SHALL BE MADE IN WRITING ON FORMS AND IN THE MANNER
4 PRESCRIBED BY THE BOARD.

5 (7) BEFORE ACCEPTING AN ELECTION TO PARTICIPATE IN THE
6 DEFINED CONTRIBUTION PLAN, THE BOARD OR THE DESIGNEE OF THE
7 BOARD SHALL PROVIDE THE EMPLOYEE ELECTING TO PARTICIPATE IN THE
8 DEFINED CONTRIBUTION PLAN WITH INFORMATION REGARDING THE
9 ELECTION, INCLUDING CALCULATIONS TO ILLUSTRATE THE EFFECT OF
10 MOVING THE EMPLOYEE'S RETIREMENT PLAN FROM THE DEFINED BENEFIT
11 PLAN TO THE DEFINED CONTRIBUTION PLAN AS WELL AS OTHER
12 INFORMATION TO CLEARLY INFORM THE EMPLOYEE OF THE POTENTIAL
13 CONSEQUENCES OF THE EMPLOYEE'S ELECTION.

14 (8) AN ELECTION MADE PURSUANT TO THIS SECTION TO
15 PARTICIPATE IN THE DEFINED CONTRIBUTION PLAN IS IRREVOCABLE.

16 (9) UPON MAKING THE ELECTION PURSUANT TO THIS SECTION, THE
17 EMPLOYEE SHALL BE ENROLLED AS A MEMBER OF THE DEFINED
18 CONTRIBUTION PLAN, AND THE EMPLOYEE'S PARTICIPATION IN THE
19 DEFINED BENEFIT PLAN SHALL TERMINATE. THE EMPLOYEE'S ENROLLMENT
20 IN THE DEFINED CONTRIBUTION PLAN SHALL BE EFFECTIVE THE FIRST DAY
21 OF THE MONTH AFTER THE BOARD RECEIVES THE COMPLETED ENROLLMENT
22 FORMS.

23 (10) IF THE BOARD RECEIVES NOTIFICATION FROM THE UNITED
24 STATES DEPARTMENT OF THE TREASURY OR THE FEDERAL INTERNAL
25 REVENUE SERVICE THAT THIS SECTION OR A PORTION OF THIS SECTION
26 WILL CAUSE ALL OR A PORTION OF THE DEFINED CONTRIBUTION PLAN
27 ESTABLISHED PURSUANT TO THIS PART 18 TO BE DISQUALIFIED FOR TAX

1 PURPOSES UNDER THE FEDERAL "INTERNAL REVENUE CODE OF 1986", AS
2 AMENDED, THE PORTION THAT WILL CAUSE THE DISQUALIFICATION SHALL
3 NOT APPLY, AND THE BOARD SHALL NOTIFY THE GENERAL ASSEMBLY.

4 **24-51-1810. Return to service - change in employer - change**
5 **in division - participation in defined contribution plan required.**

6 (1) A RETIREE OR DPS RETIREE WHO, ON OR AFTER JANUARY 1, 2012,
7 SUSPENDS HIS OR HER SERVICE RETIREMENT BENEFIT OR REDUCED SERVICE
8 RETIREMENT BENEFIT SHALL NOT ADD ANY SERVICE CREDIT TO HIS OR HER
9 DEFINED BENEFIT CONTRIBUTION ACCOUNT UPON RETURNING TO
10 EMPLOYMENT WITH AN ASSOCIATION EMPLOYER. UPON RETURNING TO
11 EMPLOYMENT, THE RETIREE OR DPS RETIREE SHALL PARTICIPATE IN THE
12 DEFINED CONTRIBUTION PLAN IN LIEU OF ADDING SERVICE CREDIT TO THE
13 MEMBER'S INDIVIDUAL ACCOUNT IN THE DEFINED BENEFIT PLAN.

14 (2) IF A MEMBER OR DPS MEMBER WHO IS A PARTICIPANT IN THE
15 DEFINED BENEFIT PLAN BEGINS EMPLOYMENT WITH A NEW ASSOCIATION
16 EMPLOYER ON OR AFTER JANUARY 1, 2012, REGARDLESS OF WHETHER THE
17 EMPLOYER IS IN THE SAME DIVISION OF THE ASSOCIATION AS THE
18 MEMBER'S OR DPS MEMBER'S PREVIOUS EMPLOYER, THE MEMBER OR DPS
19 MEMBER SHALL BECOME A MEMBER OF THE DEFINED CONTRIBUTION PLAN
20 BUT MAY MAINTAIN HIS OR HER MEMBER ACCOUNT AND YEARS OF SERVICE
21 IN THE DEFINED BENEFIT PLAN.

22 **SECTION 3. Repeal.** Part 15 of article 51 of title 24, Colorado
23 Revised Statutes, is repealed.

24 **SECTION 4. Act subject to petition - effective date.** (1) This
25 act shall take effect at 12:01 a.m. on the day following the expiration of
26 the ninety-day period after final adjournment of the general assembly
27 (August 10, 2011, if adjournment sine die is on May 11, 2011); except

1 that section 3 of this act shall take effect January 1, 2013.

2 (2) Notwithstanding the provisions of subsection (1) of this
3 section, if a referendum petition is filed pursuant to section 1 (3) of article
4 V of the state constitution against this act or an item, section, or part of
5 this act within such period, then the act, item, section, or part shall not
6 take effect unless approved by the people at the general election to be
7 held in November 2012 and shall take effect on the date of the official
8 declaration of the vote thereon by the governor.