

Significant changes were made to Colorado PERA Rules that became effective on March 30, 2005. This summary provides an overview of those changes.

Rule 1: Definitions

This Rule was revised to include definitions of foreign employers, natural and adopted children, and to provide more detail for noncovered employment and salary.

Significance of changes:

- Conforms non-qualified and qualified service requirements with Internal Revenue Code and Internal Revenue Service Rules and Regulations
- Provides a definition of natural and adopted children
- Outlines what types of payments for unused or accrued leave shall be considered as salary for PERA purposes

Rule 2: Administration

The list of employers affiliated with PERA was updated. The Administrative Review process was modified to add a procedure to request an initial decision to be made by the Executive Director. Sections were added to *Rule 2.70 Board Meetings* stating that actions taken by the Board be approved by a majority of the quorum, to allow for Trustees to attend and vote at meetings via telephone, and to prohibit proxy voting by Trustees. *Rule 2.90 Actuarial Assumptions* was changed to provide that all actuarial factors be determined upon approval of the *Comprehensive Annual Financial Report (CAFR)* by the Board. An additional rule was added specifying that money purchase benefits will be calculated using the actuarial investment assumption rate and the mortality table.

Significance of changes:

- Updates this section to reflect current names, terminology, and practice

Rule 3: Membership

No changes.

Rule 4: Contributions

Changes under this Rule were made to conform with new legislation that changes the requirements for reporting contributions by employers. A new section was added to reflect legislation that allows for members to make contributions for salary reductions due to furloughs, and for PERA to notify employers so that the employer contribution can be made with a subsequent recalculation of a member's HAS or retiree's benefit. *Rule 4.40 Refunds* paragraph E. related to Municipal Division employer disaffiliations was deleted.

Significance of changes:

- Conforms Rules with existing law

Rule 5: Service Credit

Additions to this Rule provide for the current rates to purchase service credit to be posted on the PERA Web site. Rates are applicable at the time PERA receives the member's completed application to purchase service credit. Only application forms created by PERA will be accepted for purchases. This Rule also contains new language related to the documentation required from the member to authenticate salary, dates of employment, and dates of previous pension coverage. PERA has the authority to determine the adequacy of this documentation and may not issue a purchase agreement if the documentation is incomplete. Failure by the member to comply with the terms and conditions of the purchase agreement will void the contract. A new agreement may be issued under new terms. Purchase terms for foreign employment are also outlined.

Modifications were made to *Rule 5.30 Payments for Purchased Service Credit* that require the cancellation of a service credit purchase agreement if PERA does not receive a lump-sum payment for an agreement on or before the due date. Installment payments for purchases must be made via Automated Clearing House (ACH) deductions. If more than three monthly payments are missed, the agreement will be canceled. Payments will be returned if an agreement is canceled, but no interest will be paid. Installment payments can be no less than the monthly payment indicated on the agreement. Additional payments over the monthly payment can only shorten the length of the agreement, but not reduce future monthly payment amounts unless the member states in writing that the extra payment amount should be used to reduce the amount of each remaining future monthly payment.

Significance of changes:

- Outlines the cost to purchase service credit and documentation required from the member to verify salary and employment dates
- PERA will only accept PERA forms for purchasing service credit
- Outlines documentation required for verification of foreign employment
- Lump-sum payments for purchases must be received by the due date, or the agreement will be canceled
- Installment payments must be made by ACH deductions
- If more than three monthly installment payments are missed, the agreement will be canceled and the payments returned to the member, without interest
- Installment payments must be at least the amount specified in the agreement
- Additional payments cannot be used to reduce future monthly installments, unless the member requests to do so in writing

Rule 6: Service Retirement

The only change to this Rule is the addition of members eligible to make payments in lieu of contributions (those who terminated membership before July 1, 2003).

Significance of change:

- Conforms Rule with existing law

Rule 7: Disability Benefits

A section was added to clarify that a member may voluntarily terminate the receipt of short-term disability or disability retirement benefits and subsequent applications for short-term and disability retirement benefits are contingent upon meeting eligibility requirements.

Significance of change:

- Stipulates that future short-term disability or disability retirement payments will not automatically resume if a member voluntarily terminates such benefits; a member will need to reapply for future payments under the disability program

Rule 8: Benefit Options

Minor grammatical changes with no material impact.

Rule 9: Survivor Benefits

Updates provisions for qualified child benefits to meet the definition for qualified children as outlined in Rule 1.20. Adds a section on qualified children's benefits in relation to meeting the summer school certification requirement.

Significance of changes:

- Allows for the retroactive payment of a qualified child's suspended survivor benefit upon PERA's receipt of the summer school certification

Rule 10: Increase in Benefits

Minor grammatical change with no material impact.

Rule 11: Employment After Retirement

Specifies that employment after service retirement includes all time a retiree receives pay for work performed for a PERA-affiliated employer. Adds a section noting when a benefit would be reduced in situations when a retiree worked in the month of the effective date of retirement or exceeded working after retirement limits. A similar section was added related to disability retirements that exceeded the earnings limit. Additional sections outline the suspension of retirement benefits and the earliest date retirees may return to work for a PERA-affiliated employer after retiring.

Significance of changes:

- Clarifies what is considered working after retirement for a PERA-affiliated employer
- Outlines when benefits will be reduced for exceeding working after retirement limits and disability retirement earnings limits
- Specifies when retirement benefits may be suspended and the earliest date for returning to work in the effective month of retirement

Rule 12: Health Care Program

No changes.

Rule 13: Life Insurance Program

Changes made in anticipation of transition to UnumProvident as the life insurance program administrator.

Significance of changes:

- Specifies that payment for life insurance premiums go to the administrator of the life insurance plan

Rule 14: Voluntary Investment Program

Changes made to reflect CitiStreet as the Service Provider for the Colorado PERA 401(k) Plan and its related administrative procedures.

Significance of changes:

- Updates procedural changes as they pertain to CitiStreet's administrative practices

Rule 15: Domestic Relations Orders (DROs)

No changes.