

## AED Collections Begin January 1, 2006

Starting January 1, 2006, employer contributions will be increased by 0.5 percent for the new Amortization Equalization Disbursement (AED) contribution. The AED will apply to all payroll periods that have an ending date on or after January 1, 2006. It will not apply to pay periods that have an ending date in 2005, even if the payment to your employees is made in 2006. The AED contribution will be automatically calculated when you complete the Summary Sheet when you submit your STARS report. The AED is to be paid on all employees who are PERA members, including PERA retirees, and employees who are eligible to elect to become PERA members on or after January 1, 2006. Employers in the Municipal Division (Local Government Division on January 1, 2006) will be sent a separate e-mail with instructions on paying the AED on key management officials who have retirement plan election choice. The combined employer and AED rates for 2006 for each PERA Division are shown in the chart (at right).

	Employer Contribution	AED	Total Contribution from Employer
State Division* (except Troopers)	10.15%	0.50%	10.65%
State Troopers	12.85%	0.50%	13.35%
School Division*	10.15%	0.50%	10.65%
Local Government Division*	10.00%	0.50%	10.50%
Judicial Division	13.66%	0.50%	14.16%

\*On January 1, 2006, the State and School Division will be split into two separate Divisions—the State Division and the School Division. On January 1, 2006, the Municipal Division will be renamed the Local Government Division.

### STARS Retiree Verification Feature

In order to help you determine if an individual is receiving a PERA retirement benefit, we have installed a new feature on STARS. Once you log into STARS, go to the "Inquiry" drop-down menu and select "SSN verification." This will take you to a page where you can upload a list of SSNs and the system will immediately validate the current status of those members at PERA. You will receive a report that will tell you the status of each SSN on PERA's system. The status codes are the following:

- Retired = Member is receiving a current PERA benefit; requires Employer Contribution
- Suspended = Member was receiving a PERA benefit but suspended the benefit so they could return to regular work; requires Employer + Employee Contributions
- Terminated = Member had a retirement benefit that has been fully paid out; verify SSN, this status code is used for deceased retirees
- Refunded = Employee was formerly a PERA member, but took a refund of their account; requires Employer + Employee Contributions

- Unknown = PERA has no record for the given SSN; requires Employer + Employee Contributions
- Member = Employee is currently a PERA member; requires Employer + Employee Contributions

All status codes require payment of the AED except Terminated.

If the account is for a retired PERA member, you must pay the employer share, but not withhold the member share. For all other account status types, both the employer and member contribution must be paid to PERA if the individual is hired into a PERA-covered position. Please be aware that PERA system data is dependent on accurate employer reporting and there may be delays in contribution postings and in finalizing retirement benefits. If you have information that would indicate that a member status code on the STARS report is not current, please call your Employer Representative.

The file that you upload to the system must be a text file containing a list of SSNs, each listed on a new line. An easy way to create this list is to open the Notepad in Microsoft Windows and simply type in the SSNs and then save the file. Another option is to put the SSNs into an Excel spreadsheet file and then use the "Save As" function to create a text file (select "text" as the "save as type" at the bottom of the screen).

Please note that the SSN verification feature is only accessible to your specific staff members who have been given a user sign-on ID and password to

PERAs employer secured site and have been given authorization to upload PERA contribution information. If you do not have this access, please contact the staff member in your agency with these privileges.

## Submitting the Employer Contribution for Rehired Retirees

A few PERA retirees who have been rehired to work for PERA-affiliated employers have contacted us about the employer contribution being deducted from their pay. Remember that this is the employer contribution, and should be paid by you, the employer. (PERA does not require a member contribution from retirees.)

Whatever you determine is the best method to fund the employer contribution on rehired retirees is your decision. We know that some employers have reduced the salaries for rehired retirees to compensate for the employer contribution. The manner in which the employer chooses to fund the employer contribution is up to each individual employer. However, the employer contribution should not be reflected on the employee's pay stub as an employee deduction.

## New Section 415(b) Limits

Internal Revenue Code Section 415(b) imposes a dollar limit on the benefit amount Colorado PERA can pay from tax-deferred trust funds. This limit is shown in the chart below for benefits paid in 2006.

Since Colorado PERA members may retire at a relatively early age with a high percentage of highest average salary (HAS), a few highly paid members may be affected by this limit.

The 415(b) limit increases as the age at retirement increases. See the abbreviated table below for those retiring in 2006.

The *Internal Revenue Code 415(b) Limits* fact sheet will be posted on the PERA Web site in late December.

Abbreviated Table of Section 415 Limits for 2006  
(limit increases each month a member ages)

Age	Limit	Age	Limit
50	\$75,120	61	\$161,832
51	80,112	62	175,000
52	85,500	63	175,000
53	91,344	64	175,000
54	97,680	65	175,000
55	104,580	66	188,556
56	112,092	67	203,328
57	120,288	68	219,492
58	129,264	69	237,228
59	139,104	70	\$256,764
60	\$149,916		

## Salary Cap for PERA Contributions

Under the Internal Revenue Code Section 401(a)17 contribution limit rule, employees hired after December 31, 1995, cannot make contributions to PERA on salary in excess of \$220,000 for calendar year 2006. There is no limit for employees hired before January 1, 1996. If you have employees who were hired after December 31, 1995, and who have annual salary greater than \$220,000, be sure to stop reporting salary and stop making PERA contributions after the employee has reached the contribution limit.

## Status of Rules

The Colorado PERA Board of Trustees approved the proposed changes to *PERA Rules* at their October meeting, with the following modifications: Rule 1.20 G was deleted (defined "affiliated party" for working after retirement purposes), and Rule 16.95 F was revised to read as follows:

Any person who becomes a candidate for Board election in the state division pursuant to Part 2 of the association's Statutes and these Rules must disclose whether he or she is a member of the Defined Contribution Plan or a member of the Defined Benefit Plan.

Employers will be sent an e-mail notification when the Rules have been posted to the PERA Web site in January. Printed copies may also be ordered after January 2, 2006.

## New Federal Requirement for State and Local Government Employers

State and local government employers who hire employees on or after January 1, 2005, for jobs not covered by Social Security are required to have these employees read and sign *Social Security Form SSA-1945*. Form SSA-1945 explains the potential effects of the Social Security law for employees who work in positions not covered by Social Security. After the employee signs the form, the form should be forwarded to PERA for placement in the member's file.

For additional information, please use this link to the Social Security Web site:

<http://www.socialsecurity.gov/form1945/>

## New DC Choice Option for State Hires January 1, 2006

A new defined contribution (DC) plan option for new State employees will be offered by PERA and the State's three DC vendors effective January 1, 2006. Eligible State employees hired on or after January 1, 2006, will have the option of selecting

### New PERA Employer Relations Group Formed

Coming in January 2006, PERA-affiliated employers will be able to contact the recently-formed Employer Relations Group (ERG) to assist them with all employer-related concerns. Look for the announcement in the next issue of *Topics*.

the current PERA defined benefit (DB) plan, a new PERA-offered DC plan, or one of three State DC plan options. Employees in higher education, and employees of entities that are not part of state government will not have this option.

## Financial Product Solicitations

Some of our employers have contacted us to inquire about financial services representatives requesting to meet their employees at the work location about their PERA benefits. Often these financial services representatives state that they can teach your employees how to maximize their PERA benefit. While PERA encourages members to seek external financial advice from a trusted financial advisor, PERA does not work with or endorse external vendors for financial planning services.

The best course of action for our employers when contacted by any financial services or planning professional is to ask if they are affiliated with PERA (refer to the list of PERA's Field Education Representatives to verify the person you are talking to is from PERA). You should also check any materials you might receive from such vendors to see if they are using the PERA logo, or a name similar to PERA, that might be intended to lead your employees to think they are working with someone from PERA. (Thank you for letting us know when you have been contacted, we do follow up when we hear about these incidents.)

If you would like to schedule a PERA meeting for your employees to learn about their PERA benefits, please contact your Field Education Representative.

## Employer Info Web Page

Remember to check the PERA Web site at [www.copera.org](http://www.copera.org) for useful information for PERA-affiliated employers. Employers can check this section for the latest news affecting employers. There is now a link to PERA's most recently updated forms and brochures so you'll know you have the latest PERA information.

## PERA 401(k) News

We all know that saving for retirement is important. It's nice to know that the PERA defined benefit (DB) retirement plan is automatic and will be there when your employees are ready to retire. But the PERA DB Plan shouldn't be the only retirement savings account your employees have. Ask your employees to consider contributing to the PERA 401(k) Plan in addition to their PERA retirement. All PERA members are eligible to participate in the PERA 401(k) Plan—even PERA retirees who have returned to work for a PERA-affiliated employer.

Tax-deferred contributions made to the PERA 401(k) Plan can be used in retirement to offset the increasing costs of health care, unplanned retirement expenses, and for other things too, like vacations!

## Colorado PERA Contact Information

For questions about accessing the secured employer access Web site, please contact your Employer Representative at PERA:

### PERA Employer Representatives

<i>Employer Number</i>	<i>Employer Representatives</i>
54, 55, 57, 58, 601-991; all State agencies that report through Central Payroll	Annette Cote 303-837-6256
200-600; all State agencies that DO NOT report through Central Payroll	Rose Montano 303-837-6238

To schedule a meeting or for questions about PERA benefits, please contact your Field Education Representative at PERA:

### PERA Field Education Representatives

<i>Employer Number</i>	<i>Field Education Representatives</i>
1-138	Gordon Steuck 303-863-3855
139-381	Carol Rhine 303-863-3809
382-566	Aimee Buchholz 303-863-3706
567-800	Shane Linart 303-863-3861
801-912	Thomas Shofner 303-837-6289
913-999	Dennis Gatlin 303-863-3788

## PERACare Update

A total of 25 employers now provide PERACare to their active employees. Selection of the PERACare program may occur at any time. For details about benefits and premiums, contact Julie Saad at 303-832-9550, ext. 6405, or e-mail [jsaad@copera.org](mailto:jsaad@copera.org).



**Personal.**  
**Innovative.**  
**Secure.**