

Employer Contributions on Rehired Retirees Required July 1, 2005

PERA-affiliated employers will begin paying the employer contribution on salaries paid to all PERA retirees, effective July 1, 2005. The retiree is not required to make contributions, and certain requirements still apply (see below for details on rehiring PERA retirees). File layout formats have been placed in the secured section of the PERA Web site for your use in reporting this contribution.

Information on Rules for Rehiring PERA Retirees

PERA retiree benefits will be reduced if they work in any capacity for any PERA-affiliated employer during the month of the effective date of retirement. PERA will reduce the retiree's benefit 5 percent for each day or partial day that is worked during the first month of retirement. This reduction applies immediately, regardless of whether or not the retiree exceeds other working after retirement limits.

The earliest day a retiree may return to work for any PERA-affiliated employer is on the second business day of the month in which the retirement is effective. If the employee works the first business day of the month, the retirement will be delayed to the following month.

PERA retirees may work up to 110 days in the calendar year. A day is defined as more than four hours of work in a day. If work is four hours or less during a day, the limit is 720 hours per calendar year.

If a PERA retiree had both daily and hourly employment, PERA must convert hourly work days and compare it to the 110-day limit. Hourly work of four hours or less per day is converted to days by this formula: Total hours worked ÷ 6.5454 = the number of days of employment. Add this sum to the number of days worked more than four hours for the total days worked.

If a PERA retiree exceeds the work limit, PERA must reduce one month's benefit by 5 percent for each day over the limit. A reduction of more than 100 percent of one month's benefit will be carried forward to reduce the next month's benefit.

In addition to the 110 days/720 hours limit, disability retirees whose effective date of retirement was between July 1, 1988, and December 31, 1998,

are subject to an earned income limitation that may reduce their PERA benefit. (Note: Disability retirees who reached service retirement age in 2004 or earlier are not subject to this limit for 2005.)

Disability retirements under the disability program which went into effect January 1, 1999, have different earnings and return to work limits. Any work after retirement may prompt a re-evaluation of your disabling condition and may be evidence that you are medically able to earn 75 percent of the predisability earnings you received from your PERA-covered employment. If Standard Insurance Company determines that you are medically able to earn at that level, your disability retirement benefit will end.

Reporting Work

It is the responsibility of the PERA retiree to submit a *Post-Retirement Work Report* to PERA by March 31 for the previous calendar year. This report only needs to be filed if paid work for a PERA-affiliated employer is more than 110 days or 720 hours during the calendar year.

If the PERA retiree works during the month in which their retirement became effective, the *Report of Work During the Effective Month of Retirement* form must be completed (available on the PERA Web site or by calling PERA's Customer Service Center).

The post-retirement work limit applies to:

- All service and disability retirees.
- Any job with a PERA-covered employer regardless of whether or not the position is subject to PERA membership.

The post-retirement work limit does not apply to:

- Employees at public colleges and universities who retired before June 3, 1994, and are covered by an Optional Retirement Plan.
- Retirees serving as state legislators.
- Participation in the Senior Judge Program by retired judges. (Retired judges may work 110 days in addition to work under the Senior Judge Program.)
- Individuals receiving benefits as cobeneficiaries or survivor benefit recipients.

A retiree may volunteer as many hours as he or she desires. Beginning in 2005 the 110-day work limit for a PERA retiree applies only to time worked for a PERA-affiliated employer for which compensation is received.

Additional Reminders for PERA-Affiliated Employers

- Increased employer contribution rates take effect on January 1, 2006. Employers will begin paying what is called an Amortization Equalization Disbursement, or AED, of 0.5 percent of salary for PERA members and for all employees eligible to select PERA membership on or after January 1, 2006. The AED will increase 0.5 percent in 2007, and then by 0.4 percent of salary for a maximum of a 3 percent total increase by the year 2012. The employer contribution rate for School Division employers will increase an additional 0.4 percent in the year 2013 to 10.55 percent.
- The separation of the State and School Division becomes effective 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. State employees hired on or after January 1, 2006, who have not been an active member of PERA or the State DC plan within the previous 12 months will have the option of selecting 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 do not have this option.

Sick Leave Conversion Program to Sunset June 30, 2005

A reminder that sick leave conversion programs will end on June 30, 2005. All conversions and payments to members must be made by June 30, 2005. No retroactive payments will be accepted after June 30, 2005.

Increased Cost to Purchase Service Credit in November 2005

For all purchases of non-covered employment on or after November 1, 2005, the cost will be the full actuarial cost on an attained age basis. Members may use the Purchase Service Credit cost calculator to determine their actuarial rate.

Current Purchasing Service Credit Costs Through October 31, 2005

	Under Age 50	Age 50 and Older
State/School and Municipal Divisions	18.1% of HAS	22.1% of HAS
State Troopers	22.85% of HAS	26.85% of HAS
Judges	21.75% of HAS	25.75% of HAS

Actuarial rates are based on the benefit liability which results from the service credit purchased.

Service credit purchases are limited to 10 years total and non-public service purchases may be limited to five years depending on the date of employment.

All required documentation for purchasing must be received at PERA by 4:30 p.m. on October 31, 2005, to receive the pre-November 2005 cost. A postmark of October 31 is not sufficient.

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 \$210,000 for calendar year 2005. There is no limit for employees hired before January 1, 1996. If you have employees who were hired after December 31, 1995, and have an annual salary greater than \$210,000, be sure to stop reporting salary and stop making PERA contributions after the employee has reached the contribution limit.

PERA's Life Insurance Program Open Enrollment Scheduled April 1, 2005-May 31, 2005

Open enrollment for PERA's voluntary life insurance program administered by Unum Provident will begin April 1, 2005, and run through May 31, 2005. Information on this optional life insurance program was mailed to the homes of all PERA members in March. Your employees who are currently enrolled should have received a policy certificate/booklet and beneficiary form. PERA members who are not currently enrolled for the full amount of coverage (four units) received an enrollment form and policy information that can be used to enroll or increase coverage if they choose.

PERA's Board of Trustees selected a new vendor for PERA's life insurance program, UnumProvident, and has approved consolidation of the benefits currently being offered through Anthem Life and Prudential into one program with UnumProvident. A fact sheet (https://www.copera.org/pera/employer/Life%20Insurance_EmployerQ.pdf) for employers on the change to Unum is on the PERA Web site in the employer section.

Employers who have questions about the Unum Life Insurance program for PERA members should contact Melissa Jones, Unum Regional Service Relationship Specialist, at 1-866-277-1649 ext. 58630.

PERA 401(k) Plan News

All new PERA members are sent a *401(k) Overview* shortly after PERA receives the *PERA Member Information Form* from the employer, so your new hires may not need the enrollment kit at the time of hire. New 401(k) Plan enrollees may now select their investment options through a "PIN-less" enrollment and fund selection process. (Current enrollees should log in to their PERA accounts and select the 401(k) option to manage their investment

Did You Know?

Less than one-half of eligible PERA members currently participate in the 401(k) Plan. PERA and CitiStreet representatives plan to conduct focus groups with employers later this year to find out how participation can be increased.

401(k) Plan Facts

Assets as of February 28, 2005—\$1.2 billion

Number of Accounts with Balances—73,513

Most Popular Funds

(ranked by assets/percentage of total assets)

- PERA Growth & Income Stock Fund
\$276 million or 23% of total assets
- Dodge & Cox Balanced Fund
\$195 million or 16% of total assets
- Fidelity Contrafund
\$159 million or 13% of assets

elections. Current 401(k) participants may also use the toll-free phone number 1-800-759-7372 and select the 401(k) option.)

Remember that 401(k) Plan participants can change the amount they contribute only through their payroll office.

If you have questions regarding PERA's 401(k) Plan, please call the employer only toll-free number at CitiStreet, 1-866-323-7372, or e-mail id-copera@citistreetonline.com.

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 refer to information provided by Social Security, <http://www.socialsecurity.gov/form1945/>.

New Affiliates

Colorado PERA welcomes the following new employers (affiliation dates):

- Prowers Conservation District (January 1, 2005)
- Republican River Water Conservation District (February 1, 2005)
- Ute Pass BOCES (February 1, 2005)
- Pueblo Transit Authority (February 6, 2005)
- Boulder County Public Trustee's Office (March 1, 2005)

PERACare Update

A total of 32 employers now provide PERACare to their employees. Selection of the PERACare program may occur at any time. For details about benefits and premiums, contact Julie Saad, Colorado PERA Insurance Team Leader, at 303-832-9550, ext. 6405, or e-mail jsaad@copera.org.

Employer Info Web Page Redesign

Remember to check the PERA Web site 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. Access to the secured section for employers will be moved to the employer pages under the Employer Info icon at the top of the page.

PERA Rules

The administrative rules that govern Colorado PERA, *PERA Rules*, were updated with changes going into effect on March 30, 2005. Rule changes occurred in many areas that impact employers. (View PERA Rules online <http://www.copera.org/pdf/5-14.pdf>.)

Employer Audits Scheduled

PERA's Internal Audit Division is currently in the process of determining what employers will be selected to be audited in 2005. PERA's audit staff will conduct compliance audits to make sure employers are following applicable sections of the law.

Colorado PERA Contact Information

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

PERA Employer Representatives

Employer Number	Employer Representatives
1-600, 990, 991	Rynee Helmig, rhelmig@copera.org 303-837-6249
601-989	Annette Cote, acote@copera.org 303-837-6256

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

PERA Field Education Representatives

Employer Number	Field Education Representatives
1-138	Gordon Steuck, gsteuck@copera.org 303-863-3855
139-381	Margaret Lincoln, milncoln@copera.org 303-863-3809
382-566	Aimee Buchholz, abuchholz@copera.org 303-863-3706
567-800	Shane Linart, slinart@copera.org 303-863-3861
801-912	Thomas Shofner, tshofner@copera.org 303-837-6289
913-999	Dennis Gatlin, dgatlin@copera.org 303-863-3788

Please Note the Following Rule Change:

Rule 1.20F(2) clarifies that cash in lieu of benefit payments are not considered salary for PERA purposes. After March 30, 2005, PERA shall not accept contributions on cash paid in lieu of benefits.