

## **PERA Prepares for DC Plan Consolidation Required by Senate Bill 09-066**


Senate Bill 09-066 was recently signed into law by Governor Ritter. The bill consolidates the State's DC Plans under PERA, effective July 1, 2009.

Under the new law, eligible new State employees must choose between the PERA Defined Benefit (DB) Plan and the PERA Defined Contribution (DC) Plan within 60 calendar days of their date of hire. The choice of the State Plans administered by Great West, Hartford, and ICMA is eliminated.

Previously, certain employees hired by the State on or after January 1, 2006, had the option of joining the PERA DB Plan, the PERA DC Plan, or the State DC Plan, administered by three providers: Great West, Hartford, and ICMA. New eligible State employees hired on or after May 2, 2009, will choose between the PERA DB and PERA DC Plans.


When transferred to the PERA DC Plan, current participants in the State DC Plan will keep their vesting schedule, which allows for immediate vesting in 100 percent of the employer portion of contributions. Going forward, all new DC Plan participants will be subject to the vesting schedule of the PERA DC Plan. Under the PERA DC Plan vesting schedule, employer contributions are vested over the first five years of membership.

Senate Bill 66 also allows certain public officials who were eligible to participate in the State DC Plan prior to January 1, 2006, to elect to change between the PERA DC Plan and PERA's DB Plan during the annual open enrollment period.

Additionally, participants in the 401(a) Match Plan will be transferred to the PERA 401(k) Plan. 

### **457 Plan Changes**

Under Senate Bill 09-066, administration of the State of Colorado 457 Plan will also be transferred to PERA on July 1, 2009. Employers and members will see little immediate change in the 457 Plan as Great West, the current 457 Plan service provider, will continue to administer the 457 Plan under PERA's oversight. All plan offerings will remain unchanged.

However, under PERA's administration, the 457 Plan will undergo an extensive evaluation during 2009-2010. The evaluation will determine if and how the Plan could be improved. If changes are made, members and employers will be informed in advance before any changes are made. 

## Consolidation Questions and Answers

**Q.** *When should I stop offering new hires the option of joining one of the State's DC Plans?*

**A.** Because of the 60-day choice window, you should stop allowing eligible employees who are hired on or after May 2, 2009, to choose one of the State's DC Plans. Any eligible employee who begins employment on May 2, 2009, or later will only be allowed to choose between the PERA DB and PERA DC Plans.

**Q.** *What information will I need to give to retirement plan choice eligible new hires?*

**A.** The *PERAChoice Brochure* contains all the PERA forms new employees will need to complete as well as information about both the PERA DB and DC Plans. You may order copies of the *PERAChoice* brochure from PERA's Web site. It is also available at [www.copera.org/PDF/5/5-112a.pdf](http://www.copera.org/PDF/5/5-112a.pdf).

Eligible new hires should complete the *PERAChoice Election and Release Form* to designate their choice between PERA DB and PERA DC. If the employee chooses PERA DB, they should also complete the *Member Information Form*. If the employee chooses PERA DC, they should complete the *DC Plan Beneficiary Designation Form*.

**Q.** *Does PERA offer meetings to help educate new employees on their choice options?*

**A.** Yes. PERA strongly encourages State agency and Colorado Community College System employers to schedule PERAChoice informational sessions. The sessions will provide information about the available retirement plan choices, plan features, and other information needed to make this important decision. Making a retirement plan decision is critical for long-term financial security of your employees. You can schedule a meeting by contacting your assigned Field Education Representative.

**Q.** *Will the way I submit contributions change?*

**A.** All contributions will go to PERA using the processes already in place for PERA DC Plan contributions. Information about reporting DC Plan contributions is available in Section 4-7 of PERA's *Employer Manual*, available online at [www.copera.org/pdf/5/5-119.pdf](http://www.copera.org/pdf/5/5-119.pdf). If you have additional questions about the payroll process, contact your assigned Employer Representative.

### New Hire Form Checklist

All forms a new employee needs to complete are included in the *PERAChoice Brochure*.

**If the employee chooses PERA DB:**

- PERAChoice Election and Release Form*
- Member Information Form*

**If the employee chooses PERA DC:**

- PERAChoice Election and Release Form*
- DC Plan Beneficiary Designation Form*