

First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 23-0695.02 Jessica Herrera x4218

HOUSE BILL 23-1176

HOUSE SPONSORSHIP

Wilson,

SENATE SPONSORSHIP

(None),

House Committees
Education

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE CREATION OF A FLEXIBLE DEFINED CONTRIBUTION
102 PLAN WITH A VOLUNTARY MEMBER CONTRIBUTION FOR
103 ELIGIBLE MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT
104 ASSOCIATION WHO ARE EMPLOYED BY PUBLIC SCHOOLS, AND, IN
105 CONNECTION THEREWITH, ALLOWING MEMBERS OF THE SCHOOL
106 DIVISION OR THE DENVER PUBLIC SCHOOLS DIVISION OF THE
107 ASSOCIATION TO PARTICIPATE IN THE FLEXIBLE DEFINED
108 CONTRIBUTION PLAN IN LIEU OF THE ASSOCIATION'S DEFINED
109 BENEFIT PLAN.

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

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

applies to the reengrossed version of 2this bill will be available at <http://leg.colorado.gov>.)

Current law allows only specified employees to participate in the public employees' retirement association's (PERA) defined contribution plan. Employer and member contribution rates for PERA's defined contribution plan are fixed in statute and vary per division. Members of the school division or the Denver public schools (DPS) division of PERA are not able to enroll in the defined contribution plan and are enrolled in the defined benefit plan administered by PERA.

The bill requires the PERA board to establish and administer a flexible defined contribution plan and gives PERA members who are hired on or after January 1, 2024, and who are members of the school division or DPS division (eligible employees), the option to participate in the flexible defined contribution plan. If an eligible employee opts to participate in the flexible defined contribution plan, the eligible employee may determine the employee's contribution rate. Employers of eligible employees who opt into the flexible defined contribution plan are required to contribute an amount equal to 6.5% of the member's salary toward the member's account, and contribute an amount equal to 15% of the member's salary to the defined benefit plan.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add 24-51-1501.5** as
3 follows:

4 **24-51-1501.5. Flexible defined contribution plan -**
5 **establishment - creation - definitions.** (1) THE BOARD SHALL ESTABLISH
6 AND ADMINISTER A FLEXIBLE DEFINED CONTRIBUTION PLAN FOR ELIGIBLE
7 EMPLOYEES AS PROVIDED IN THIS SECTION. THE BOARD SHALL ESTABLISH
8 THE TERMS AND CONDITIONS OF THE ASSOCIATION'S FLEXIBLE DEFINED
9 CONTRIBUTION PLAN. THE ASSETS OF THE PLAN SHALL BE HELD IN A
10 SEPARATE TRUST FUND OF THE ASSOCIATION CREATED FOR THIS PURPOSE.

11 (2) AS USED IN THIS SECTION:

12 (a) "EMPLOYER" MEANS AN EMPLOYER WHO EMPLOYS
13 ASSOCIATION MEMBERS WHO ARE IN THE SCHOOL DIVISION OR THE

1 DENVER PUBLIC SCHOOLS DIVISION OF THE ASSOCIATION.

2 (b) "ELIGIBLE EMPLOYEE" MEANS AN EMPLOYEE WHO IS HIRED ON
3 OR AFTER JULY 1, 2024, AND WHO IS A MEMBER OF THE SCHOOL DIVISION
4 OR THE DENVER PUBLIC SCHOOLS DIVISION OF THE ASSOCIATION.

5 (3) AN ELIGIBLE EMPLOYEE IS COVERED BY THE ASSOCIATION'S
6 DEFINED BENEFIT PLAN WITH CONTRIBUTIONS AND BENEFITS AS SPECIFIED
7 IN PARTS 4 TO 12 OF THIS ARTICLE 51, UNLESS THE ELIGIBLE EMPLOYEE
8 ELECTS TO PARTICIPATE IN THE ASSOCIATION'S FLEXIBLE DEFINED
9 CONTRIBUTION PLAN IN ACCORDANCE WITH THIS SECTION IN LIEU OF THE
10 DEFINED BENEFIT PLAN WITHIN SIXTY DAYS OF COMMENCING
11 EMPLOYMENT.

12 (4) THE FLEXIBLE DEFINED CONTRIBUTION PLAN MUST ALLOW A
13 MEMBER OF THE FLEXIBLE DEFINED CONTRIBUTION PLAN TO MAKE
14 INVESTMENTS IN ACCORDANCE WITH SECTION 24-51-1504.

15 (5) CONTRIBUTION RATES BY THE EMPLOYER AND BY MEMBERS OF
16 THE FLEXIBLE CONTRIBUTION PLAN ESTABLISHED PURSUANT TO THIS
17 SECTION ARE AS FOLLOWS:

18 (a) THE MEMBER CONTRIBUTION RATE SHALL BE VOLUNTARY, AND
19 THE MEMBER SHALL DETERMINE THE RATE OF SUCH CONTRIBUTION, IF
20 ANY; AND

21 (b) THE EMPLOYER CONTRIBUTION RATE SHALL BE NO LESS THAN
22 AN AMOUNT EQUAL TO SIX AND ONE-HALF PERCENT OF THE MEMBER'S
23 SALARY. AN EMPLOYER SHALL ALSO CONTRIBUTE AN AMOUNT EQUAL TO
24 FIFTEEN PERCENT OF THE MEMBER'S SALARY TO THE ASSOCIATION'S
25 DEFINED BENEFIT PLAN.

26 (6) MEMBERS OF THE ASSOCIATION'S FLEXIBLE DEFINED
27 CONTRIBUTION PLAN SHALL BE IMMEDIATELY AND FULLY VESTED IN THEIR

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

17 **SECTION 2. Act subject to petition - effective date.** This act
18 takes effect at 12:01 a.m. on the day following the expiration of the
19 ninety-day period after final adjournment of the general assembly; except
20 that, if a referendum petition is filed pursuant to section 1 (3) of article V
21 of the state constitution against this act or an item, section, or part of this
22 act within such period, then the act, item, section, or part will not take
23 effect unless approved by the people at the general election to be held in
24 November 2024 and, in such case, will take effect on the date of the
25 official declaration of the vote thereon by the governor.