

# FPPA



## Implementation of the New Member Contribution Rate

*For Employers with Members in the Statewide Defined Benefit Plan.*



In 2014 Members of the Statewide Defined Benefit Plan (SWDB) and their Employers voted in favor of increasing the member contribution rate.

This publication has been prepared with possible questions you may have along with responses to assist you in implementing this new contribution rate.



### WHO CONTRIBUTES?

#### **1. What plans will this new Member contribution rate apply to?**

It applies to the following:

- Statewide Defined Benefit Plans (SWDB),
  - SWDB
  - SWDB DROP
  - SWDB Re-entry Member Group,
  - SWDB Re-entry Member Group DROP,
  - SWDB-SS (DB Plan offered as a supplement to Social Security),

It does NOT apply to the:

- Statewide Hybrid Plan,
- Statewide Hybrid Plan DROP,
- Statewide Money Purchase Plan,
- Statewide Death and Disability Plan,
- Chiefs who opt into another plan.

## WHO CONTRIBUTES - *continued*

### 2. Does this change impact the Employer contribution rate to the plan?

No, the change only applies to the Member contribution rate. The legislation enacted in 2010 permitted members to vote on increasing the member contribution rate. The legislation specifically states that "The increase in the member contribution rate shall not be subject to negotiation for payment by the employer." An increase in the employer contribution could be considered through additional legislation.

### 3. Does this rate apply to all Members enrolled in the SWDB Plan, regardless how they voted?

Yes. This change applies to all current and future Members of the SWDB Plan.

## TIMING

### 4. When is the new rate effective and how is it applied?

The first Member contribution rate increase is effective January 1, 2015. The **actual rates** may be found on **page 3 for the SWDB Plan** and **page 4 for the SWDB-SS Plan**. See #10 on page 3 for the SWDB Re-entry Group rate information. The contribution increase is phased in over eight years.

Specifically the new Member contribution applies to the entire payroll period if any date within that payroll period falls on or after January 1. **EXAMPLE: an employer has a bi-weekly payroll for the period 12/20/2014 – 1/2/2015. Since the payroll ending date is on or after January 1, the entire pay period will need to remit at the new contribution rate.**

## CALCULATION

### 5. Does the salary used in calculating the member contribution rate change?

Member contributions will continue to be calculated on Base Salary.

Base salary means:

- **the total base rate of pay including Member Contributions** to the Statewide Defined Benefit Plan or Statewide Money Purchase Plan which are "picked up" by the employer, and shall also include
- **longevity pay,**
- **sick leave pay** taken in the normal course of employment,
- **vacation leave pay** taken in the normal course of employment,
- **shift differential,**
- and **mandatory overtime** that is part of the Member's fixed, periodic compensation
- **accumulated vacation leave pay** will also be included if a Member completes his or her service requirement for purposes of Normal retirement while exhausting accumulated vacation leave.

Base salary shall not include:

- **overtime pay** (except as noted in the preceding section),
- **step-up pay or other pay for temporarily acting in a higher rank,**
- **uniform allowances,**
- **accumulated sick leave pay,**
- **accumulated vacation leave pay** (except as noted in the preceding section),
- and **other forms of extra pay** (including Member Contributions which are paid by the employer and not deducted from the Member's salary).

Additionally:

- In the event an employer has established or does establish a Deferred Compensation Plan, **the amount of the Member's salary that is deferred shall be included in the Member's base salary.**
- **Any amounts voluntarily contributed to an Internal Revenue Code Section 125 "Cafeteria Plan" shall be included in the Member's base salary.**
- **A Member is deemed temporarily acting in a higher rank if the appointment to the rank is anticipated to last less than six months.**

## REPORTING

### 6. Will the FPPA Employer Reporting System Portal show an error if the contribution rate is not applied correctly?

Yes. The system flags the records that require review and will note that the employee contribution is not the expected amount within the Payroll Header and Payroll Detail. It is important to note that the file must be corrected in order to submit the data for processing.

### 7. Does the FPPA Employer Reporting File format change?

No. The data fields will remain the same. The only change is the amount reported for the regular pension member contributions based on the new rates.

### 8. Will interest charges apply if the Member contribution rate submitted is insufficient?

Yes. All contributions to plans administered by FPPA are due ten days following the date of payment of salary to the member. Employers must submit the required contribution detail and the contributions required, in order to process the deposit. Payments are subject to interest if not submitted when due at a daily rate of one-half of one percent per month on the delinquent amount. Please see the Colorado Revised Statutes 31-31-402 (4) for additional information.

## CONTRIBUTION RATES

### 9. What is the new Member contribution rate for the SWDB Plan?

Statewide Defined Benefit Plan Member Contribution Rate Implementation Schedule			
Effective January 1 of Year	Member Contribution Rate	Employer Contribution Rate	Total Combined Member and Employer Contribution Rate
2015	8.5%	8.0%	16.5%
2016	9.0%	8.0%	17.0%
2017	9.5%	8.0%	17.5%
2018	10.0%	8.0%	18.0%
2019	10.5%	8.0%	18.5%
2020	11.0%	8.0%	19.0%
2021	11.5%	8.0%	19.5%
2022	12.0%	8.0%	20.0%

### 10. What is the new Member contribution rate for the SWDB Re-entry Group?

Re-entry members\* have an additional rate that was negotiated locally and provided to FPPA by resolution when your department re-entered the SWDB Plan. The combined member and employer rate for members of this group was set at 20% prior to this change. The election impacts this group too; the additional ½% per year in the contribution rate is in addition to the Member rate that was negotiated locally at the time of reentry.

*\*Re-entry rates apply only to those members of a re-entry department who were active in the plan at the time the re-entry took place and who elected to participate in the Statewide Defined Benefit Plan. If you have questions on who this change applies to, please contact the FPPA Contribution Specialist assigned to your account.*

#### Employers with some SWDB Re-entry Members

Aurora Fire	Englewood Police	Lafayette Police	Sheridan Police
Brighton Police	Evans Police	Lake Dillon FPD	Snowmass Wildcat FPD
Buena Vista Police	Federal Heights Fire	Littleton Fire	Trinidad Fire
Canon City Police	Federal Heights Police	Milliken Police	West Metro Fire
Carbondale & Rural Fire	Florence Police	North Metro Fire Rescue	Westminster Fire
Dacono Police	Fountain Fire	Security FPD	

## CONTRIBUTION RATES - *continued*

### 11. What is the new Member contribution rate to the **SWDB-SS Plan**?

**Statewide Defined Benefit Plan - Supplemental to Social Security  
Member Contribution Rate Implementation Schedule**

<i>Effective January 1 of Year</i>	<i>Member Contribution Rate</i>	<i>Employer Contribution Rate</i>	<i>Total Combined Member and Employer Contribution Rate</i>
2015	4.25%	4.0%	8.25%
2016	4.50%	4.0%	8.50%
2017	4.75%	4.0%	8.75%
2018	5.00%	4.0%	9.00%
2019	5.25%	4.0%	9.25%
2020	5.50%	4.0%	9.50%
2021	5.75%	4.0%	9.75%
2022	6.00%	4.0%	10.00%

#### a. Employers with SWDB-SS Members

Debeque Police  
Frederick Police

Haxtun Police  
Holyoke Police

Johnstown Police  
Kremmling Police

Springfield Police  
Windsor Police

## DROP

### 12. Do members participating in the Deferred Retirement Option Plan (DROP) contribute at the new rate?

Yes. Members in the DROP program will also remit at the rates - based on either the SWDB Plan chart (on page 3) or the SWDB-SS Plan chart (on this page). See page 3 for rate information about the SWDB Re-entry Plan.

## ADDITIONAL INFORMATION

### 13. Where can I find additional information about this change?

#### Information about Submitting Contributions and/or using the Employer Reporting Portal -

- Contact the Contribution Specialist assigned to your account at the contact information listed below.

#### Information about the Election -

- Election Information may be found on our web site at [FPPAco.org](http://FPPAco.org).
- Or contact the FPPA Communications Team or the Chief Benefits Officer at the contact information listed below.
- Or email specific questions to [generalbenefits@fppaco.org](mailto:generalbenefits@fppaco.org).



Fire & Police Pension Association

(303) 770-3772 in the Denver Metro area • (800) 332-3772 toll free Statewide • Monday - Friday from 8:00 am - 4:30 pm  
5290 DTC Parkway, Suite 100 • Greenwood Village, Colorado 80111

[FPPAco.org](http://FPPAco.org)