

# **FPPA**

**Fire and Police Pension Association  
of Colorado**

**Statewide Hybrid Plan Document**  
(as amended and restated January 1, ~~2017~~2018)

**5290 DTC Parkway, Suite 100  
Greenwood Village, Colorado 80111-2721  
(303) 770-3772  
[www.fppaco.org](http://www.fppaco.org)**

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**FIRE AND POLICE PENSION ASSOCIATION OF COLORADO**  
**STATEWIDE HYBRID PLAN**

**PLAN DOCUMENT**

**Whereas**, pursuant to the provisions of C.R.S. § 31-31-1102, as added by Senate bill 03-057, the Board of the Fire and Police Pension Association ("Board") is authorized to develop, maintain and amend a Statewide Hybrid Plan to provide a combination of defined benefit and money purchase retirement benefits to the Members of those Employers who have either (1) established a local money purchase plan pursuant to C.R.S. § 31-30.5-801 or 31-31-601 or (2) withdrawn into the Statewide Money Purchase Plan pursuant to C.R.S. § 31-31-501 and elect to participate in the Statewide Hybrid Plan under C.R.S. § 31-31-1101;

**Whereas**, the Statewide Hybrid Plan is intended to comply with the qualification requirements specified in Section 401 of the Internal Revenue Code of 1986, as amended and applicable to governmental plans ("Code");

**Whereas**, pursuant to the provisions of C.R.S. § 31-31-1102(2)(c), the Board shall act as the trustee of the Statewide Hybrid Plan, and have those fiduciary duties to the Plan and the Members of the Plan as expressly provided by law;

**Whereas**, the Board has determined that the Statewide Hybrid Plan shall be a tier of the Defined Benefit System in order to provide enhanced benefit options for Members and ease of administration; and

**Whereas**, assets of the Plan must be held in trust, with the Board acting as trustee;

**Whereas**, Employers who have either established a local money purchase plan or withdrawn into the Statewide Money Purchase Plan may apply for coverage in the Statewide Hybrid Plan Tier by filing a resolution to cover their Members hereunder; and

**Whereas**, the Board hereby establishes the Fire and Police Pension Association Statewide Hybrid Plan Document, which will be submitted to Members, to be effective January 1, 2013.

**ARTICLE I - DEFINITIONS AND RULES OF CONSTRUCTION**

**1.01. Definitions.** As used in this Plan Document, capitalized terms are defined in Rules and Regulations of the Board.

**1.02. Rules of Construction.** Words used herein in the masculine or feminine gender shall be construed to include the feminine or masculine gender where appropriate and words used herein in the singular or plural shall be construed as being in the plural or singular where appropriate.

**1.03. Guidance.** The Plan Administrator may use as guidance in the interpretation of the Statewide Hybrid Plan Document the Rules and Regulations adopted by the Board for the

Plan and the rules, regulations, practices, and procedures applicable to the Statewide Defined Benefit Plan and the Statewide Money Purchase Plan.

## **ARTICLE II - MEMBER PARTICIPATION**

**2.01. Membership.** Except as otherwise provided in this Article, a Member whose Employer has adopted the Defined Benefit System shall participate in the System and the Statewide Hybrid Plan on the first day of employment, provided that (i) the Employer withholds Member Contributions on behalf of the Member and (ii) the Applicable Forms are completed and submitted to the Plan Administrator.

**2.02. Active Member Election.** However, Members of an Employer who were hired prior to their Employer's Effective Date and are active on that Effective Date shall make an election to participate (i) in only the MP Component of the Statewide Hybrid Plan, (ii) in both the MP Component and DB Component of the Statewide Hybrid Plan, or (iii) in the Statewide Defined Benefit Plan. Such election shall be irrevocable and shall be made prior to their Employer's Effective Date. If no election is made, the Member shall be deemed to have elected to participate in only the MP Component of the Statewide Hybrid Plan.

**2.03. Clerical and Support Staff.** Clerical and support staff may participate in the Plan at the election of the Employer, if they otherwise meet the definition of Member.

**2.04. Part-time Members.** Active employees who work less than sixteen hundred (1600) hours per year may participate in the Plan at the election of the Employer, if they otherwise meet the definition of Member. However, part-time Members shall be limited to the MP Component in the Statewide Hybrid Plan. All contributions made shall be held in the part-time Member's Accounts, and no defined benefit shall accrue.

**2.05. Department Chief Election.** Notwithstanding Sections 2.01 and 2.02:

(a) If a department chief is participating in the Statewide Defined Benefit Plan as of the date that the Statewide Hybrid Plan Document is adopted by the Board, the department chief may elect to participate in the Statewide Hybrid Plan pursuant to C.R.S. § 31-31-401(4)(a).

(b) If a department chief is exempted from the Statewide Defined Benefit Plan pursuant to C.R.S. § 31-31-401(4)(a), the department chief may elect to participate in the Statewide Defined Benefit System within a twenty-four (24) month time period after the Statewide Hybrid Plan Document is adopted by the Board.

(c) If a department chief is hired by an Employer after the date the Hybrid Plan Document is adopted by the board, the department chief may elect (i) to be exempted pursuant to C.R.S. § 31-31-401(4)(a) or (ii) to participate in any Plan of the Defined Benefit System. If the department chief makes no election, the department chief shall be a Member of the Defined Benefit System and the Plan selected by his/her Employer.

**2.06. Reemployment.** An Inactive Member who terminates employment before his/her Employer's Effective Date and is thereafter reemployed by an Employer which has covered its Members in the Statewide Hybrid Plan shall participate in the Hybrid Plan beginning

on the Member's first date of reemployment provided that (i) the Employer Member Contributions on behalf of the Member and (ii) the Applicable Forms are completed and submitted to the Plan Administrator. Such reemployed Member is not entitled to make the elections provided in Section 2.02.

**2.07. Retirees and Inactive Members.** If an Employer has provided in the Resolution that it intends to transfer all account balances to the Defined Benefit System, the transferred balances of retired and Inactive Members, as well as active Members, shall be transferred to the MP Component to the appropriate Accounts. Retired Members' and Inactive Members shall participate only in the MP Component, and only if they are one hundred percent (100%) vested in their account balances.

**2.08. USERRA.** A Member who returns to active employment pursuant to USERRA shall have the same elections under Section 2.02 as an active Member on the Effective Date of coverage.

### **ARTICLE III - CONTRIBUTIONS**

**3.01. Employer Contributions.** Every Employer shall contribute to the Fund eight percent (8%) of the Base Salary of the Member.

**3.02. Mandatory Member Contributions.** Every Member shall contribute to the Fund eight percent (8%) of the Base Salary of the Member. The payment shall be made by the Employer by deduction from the salary paid to the Member.

**3.03. Picked-Up Contributions.** Each Employer shall pick up the employee contributions required under Section 3.02, and the contributions so picked up shall be treated as Employer contributions pursuant to Code Section 414(h)(2) in determining the income tax treatment. The Employer shall pay these employee contributions directly to the Plan Administrator, instead of paying such amounts to the Members. Such contributions shall be paid from the same funds that are used in paying salaries to the Members. Such contributions, although designated as employee contributions, shall be paid by the Employer in lieu of contributions by the Members. Members may not elect to choose to receive such contributions directly instead of having them paid by the Employer to the Plan. Employee contributions so picked up shall be treated for all purposes of this article, other than federal tax, in the same manner as employee contributions made before the date picked up.

**3.04. Increased Mandatory Contribution.**

(a) An Employer or active Member or both may be required to pay a mandatory contribution rate in excess of sixteen percent (16%) upon enactment by the Employer of a resolution or ordinance setting forth the higher contribution rate and approval of the higher rate by at least sixty-five percent (65%) of the Employer's active Members voting for the higher contribution rate.

(b) An Employee who has previously established a mandatory contribution rate under a Local Money Purchase Plan or the Statewide Money Purchase Plan in excess of sixteen percent (16%) may continue the previous contribution rate as an increased contribution rate.

(c) Upon adoption of a resolution or ordinance, and approval of at least sixty-five percent (65%) of the Employer's active Members voting for the higher contribution rate., a mandatory contribution rate in excess of sixteen percent (16%) may be reduced to sixteen percent (16%) or the excess above sixteen percent (16%) may be redirected to another use in purchasing other benefits.

**3.05. Voluntary Contributions.**

(a) Active Members may make additional after-tax contributions to the Fund. The voluntary contributions shall be credited to the Member Voluntary Account in the MP Component, pursuant to C.R.S. § 31-31-1102(4)(b)(II). Voluntary Member contributions are not subject to the employer pick-up provisions of Code Section 414(h)(2).

(b) Employers may make additional contributions to the Fund on behalf of Members. The voluntary contributions shall be credited to the Employer Voluntary Account in the MP Component, pursuant to C.R.S. § 31-31-1102(4)(b)(II). Employer Voluntary contributions shall vest on the same schedule as established for the MP Component.

**3.06. Crediting of Contributions.**

(a) The mandatory sixteen percent (16%) contributions shall be allocated as follows for Members participating in both the DB and MP Components:

- (1) 14% to the DB Component; and
- (2) 2% to the Member Account in MP Component.

(b) For Members participating only in the MP Component, all Member and Employer contributions shall be directed to the Members' Accounts in the MP Component, to be credited to the appropriate accounts.

**ARTICLE IV - DEFINED BENEFITS FROM DB COMPONENT**

**4.01. Applicability.** This Article applies to the DB Component of the Statewide Hybrid Plan.

**4.02. Normal Retirement.**

(a) Any Member who has earned at least twenty-five (25) Years of Service Credit and has attained Normal Retirement Age shall be eligible for a normal retirement pension. The annual normal retirement pension is one and one-half percent (1.5%) of the Member's Highest Average Salary times Years of Service Credit, which shall be paid for the life of the Member, with no Designated Beneficiary benefits.

(b) In calculating the normal retirement pension for a Member who has Years of Service Credit in both the Statewide Defined Benefit Plan and the Statewide Hybrid Plan, the benefit shall be the sum of the following:

- (1) 1.5% X Years of Service Credit in Hybrid Plan X Highest Average Salary in Hybrid Plan; plus
- (2) 2% X Years of Service Credit in the Statewide Defined Benefit Plan (not to exceed 10 Years of Service Credit) X Highest Average Salary in the Statewide Defined Benefit Plan; plus
- (3) 2.5% X Years of Service Credit in the Statewide Defined Benefit Plan (Years of Service Credit in excess of 10 in the Statewide Defined Benefit Plan) X Highest Average Salary in the Statewide Defined Benefit Plan.

**4.03. Deferred Retirement.** Any Member retiring and eligible for a normal retirement benefit may elect to defer receipt of such pension until attaining the age of sixty-five (65) years. In the case of such an election, the annual deferred retirement pension shall be the Actuarial Equivalent of the normal retirement pension.

**4.04. Early Retirement.** Any Member who has completed at least thirty (30) Years of Service Credit or has attained the age of fifty (50) years and who is not receiving benefits pursuant to the Statewide Death and Disability Plan may elect to retire from active service and shall be eligible for an early retirement pension. The annual early retirement pension for the Member shall be the benefit, as determined by the Board, that the Member would have received at normal retirement reduced on an Actuarially Equivalent basis to reflect the early receipt of the benefit.

**4.05. Vested Retirement.** An Inactive Member who has at least five (5) Years of Service Credit may leave contributions in the Fund. When the Inactive Member attains age fifty-five (55), the Member shall be eligible to receive an annual vested benefit equal to one and one-half percent (1.5%) of the Member's Highest Average Salary times Years of Service Credit in the Hybrid Plan.

**4.06. Benefit Options.** A Member eligible for a normal, deferred or early retirement pension may elect to receive one (1) of the following pension options in lieu of a pension calculated in accordance with Sections 4.02, 4.03, 4.04, and 4.05:

- (1) Option 1. A reduced pension payable to the Member and upon the Member's death, all of such reduced pension to be paid to the Member's Designated Beneficiary for life.
- (2) Option 2. A reduced pension payable to the Member and upon the Member's death, one-half ( $\frac{1}{2}$ ) of such reduced pension to be paid to the Member's Designated Beneficiary for life.
- (3) Option 3. A reduced pension payable jointly to the Member and the Member's Designated Beneficiary and, upon the death of either, one-half ( $\frac{1}{2}$ ) of such reduced pension to be paid to the survivor for life.
- (4) Option 4. A reduced pension payable to the Member and upon the Member's death, all of such reduced pension to be paid to the Member's

Designated Beneficiary for life; provided, however, that if the Member's Designated Beneficiary predeceases the Member, the Member's base pension shall increase to the amount computed in accordance with Sections 4.02 through 4.05, effective the first day of the month next following the date of death of the Member's Designated Beneficiary.

- (5) Option 5. A reduced pension payable to the Member and upon the Member's death, one-half (1/2) of such reduced pension to be paid to the Member's Designated Beneficiary for life; provided, however, that if the Member's Designated Beneficiary predeceases the Member, the Member's base pension shall increase to the amount computed in accordance with Sections 4.02 through 4.05, effective the first day of the month next following the date of death of the Member's Designated Beneficiary.

**4.07. Minimum Benefit.** If the total amount of pension benefits paid as provided in this Article is less than the amount of the Members' DB Contributions at the time of death, the difference shall be paid to:

(a) The Member's estate, if no pension payment was made pursuant to an option under Section 4.06; or

(b) The survivor's estate, if pension payments were made pursuant to an option under Section 4.06.

**4.08. Aggregation of Service.** Subject to Rules and Regulations adopted by the Board, Years of Service Credit of a Member who is employed by successive Employers may be aggregated for determining eligibility and benefits provided by this Article if the service for each Employer was rendered while the Employer covered its Members under the Defined Benefit System.

**4.09. Deferred Retirement Option Plan ("DROP").** This Section is applicable to Members who participate in DB Component of the Statewide Hybrid Plan and who elect to participate in DROP. A Member is eligible to elect to participate in DROP only if the Member meets one of the following criteria:

- (1) The Member is eligible for normal retirement in accordance with Section 4.02.
- (2) The Member is eligible for vested retirement in accordance with Section 4.05.
- (3) The Member is eligible for early retirement in accordance with Section 4.04.

**4.10. Adjustment of Benefits.**

(a) The benefits payable under the DB Component shall be redetermined effective October 1 of each year, and such redetermined amount shall be payable for the following twelve

(12) months. To be eligible for redetermination, such benefits must have been paid for at least twelve (12) calendar months prior to the effective date of redetermination. The annual redetermination of benefits made pursuant to this Section shall be in lieu of any other cost of living adjustment.

(b) The redetermination of benefits payable under subsection (a) of this Section shall be computed as follows: the amount of the benefit on the effective date of the benefit shall be increased by a percentage to be determined by the Board, but not more than three percent (3%) of the prior year's benefit. In no event shall the benefit be decreased.

**4.11. Refund of Contributions.** A Member who terminates employment with an Employer may withdraw from the Plan and request a refund of all the Member's DB Contributions.

**4.12. Alternative to Refunds.** In lieu of having his/her Member DB Contributions returned to him/her, a Member who has at least five (5) years of credited service may leave his/her Member DB contributions with the Fund and elect a vested retirement benefit. The Member may elect a vested retirement at any time following the date upon which he/she terminated his/her employment. If a vested Member has neither elected a vested retirement or a refund of contributions within eighteen (18) months from the date upon which the Member terminated his/her employment, it is presumed that the Member has elected a vested retirement. If a Member has not completed a vested retirement form prior to the time he/she is eligible to begin receiving vested retirement benefits, it is presumed that he/she has elected the normal benefits option.

**4.13. Refunds of Delinquent Contributions.** Refunds of a Member's DB Contributions shall not be made to any Members of Employers who have failed to remit all contributions required under the provisions of the Statewide Hybrid Plan.

**4.14. Refund Upon Death In-Service.** In the event a Member who is covered by the Plan dies while in active service, the deceased Member's DB Contributions may be refunded to the Member's Designated Beneficiary or, if none, to the Member's estate if:

(a) The Member is not eligible for normal retirement benefits;

(b) The Member leaves no surviving Spouse or Partner in a Civil Union, and/or dependent children who are eligible for survivor's benefits under the Statewide Death and Disability Plan.

**4.15. Refund upon Death Out-of-Service.** If a Member dies after he/she has terminated service, does not have at least five (5) Years of Service Credit and has not yet received a refund, the Plan Administrator shall refund the Member's DB Contributions to the Member's Designated Beneficiary, surviving Spouse or Partner in a Civil Union, or dependent children or, where there is no surviving Spouse, Partner in a Civil Union or dependent children, to the deceased Member's estate.

**4.16. Calculation of Refund Amount.** The amount that will be refunded under this Article equals the total amount of Member DB Contributions plus five percent (5%) of that total.

**4.17. Transfer of Refund to MP Accounts.** A Member or the Member's Designated Beneficiary, surviving Spouse or Partner in a Civil Union, or dependent children who is entitled to receive a refund of Member DB Contributions may elect to have that amount credited to the Member Account in the MP Component. Upon such amount be credited, the Member or the Member's Designated Beneficiary, surviving Spouse or Partner in a Civil Union, or dependent children are treated as having taken a refund from the DB Component for all purposes.

#### **ARTICLE V - MONEY PURCHASE COMPONENT**

**5.01. Applicability.** This Article applies only to the MP Component of the Statewide Hybrid Plan.

**5.02. Individual Accounts.** With regard to funds held for the MP Component, the Board shall create and maintain adequate records to disclose the interest of each Member, Inactive Member, and Designated Beneficiary of the Plan. Such records shall be in the form of individual accounts, and credits and charges shall be made to such accounts in the manner herein described. A Member shall have multiple separate accounts, namely an Employer Account, a Member Account, an Employer Voluntary Account, a Member Voluntary Account, a Member Transfer Account, an Employer Transfer Account and a Member Rollover Account(s), as necessary. The maintenance of individual accounts is only for accounting purposes, and a segregation of the assets of the Fund to each account shall not be required. Distribution and withdrawals made from an account shall be charged to the Accounts as of the date payment is made.

**5.03. Account Adjustments.** The Accounts of Members, Inactive Members, and Designated Beneficiaries shall be adjusted in accordance with the following:

(a) The balance of such Accounts shall be adjusted daily to reflect any distribution to the Member and all interest, dividends, account charges, and changes of market value resulting from the investment of the Member's Accounts.

(b) Contributions shall be allocated to each account of each eligible Member not less frequently than monthly, according to the amount that is actually contributed on behalf of each Member.

(c) The Expenses of the MP Component shall first be paid from Forfeitures, penalties received, settlement proceeds, and other sources of revenue received, and then shall be allocated to and deducted from the Member and/or Employer Accounts. Notwithstanding the foregoing, any revenue credits derived from the investments offered by the Plan may instead be distributed to participants. Expenses which are incurred as a direct result of the investments held in the Fund shall be deducted from the interest, dividends, and net income of the appropriate investment. General Expenses shall be deducted from the accounts of all Members according to the Member's time-weighted pro-rata share of the Fund. The Plan Administrator may also assess a record keeping fee and an administrative fee.

**5.04. Investments.**

(a) The Board may create and is authorized to offer to each Member of the Statewide Hybrid Plan various Investment Options for the Member's Accounts, including at least three (3) alternatives, each of which is diversified in itself, that allow a Member a broad range of investments and a meaningful choice between risk and return in the investment of the Member's Aggregate Account.

(b) One hundred (100%) of each Aggregate Account may be invested as directed by the Member in any one (1) or a combination of the Investment Options. If a Member or Designated Beneficiary does not have a valid investment election on file for any portion of the amount in that Member's Accounts, that portion of the Member's Accounts shall be invested in the Investment Option selected by the Board as the default option(s). In such event, the Member or Designated Beneficiary shall be deemed to have directed that Investment Option for investment of such portion of the Member's Accounts. The Board intends to establish one or more default options based upon various factors, including but not limited to, market risk, stability, and rate of return. If the Board has properly exercised its fiduciary duty in selecting a default option(s), it shall have no liability for any loss sustained by a Member or Designated Beneficiary whose Accounts in whole or in part are invested in the default option(s).

(c) Members may redirect the investment of his or her Aggregate Account at any time and may reallocate monies in existing funds as may be allowed by the Plan Administrator. The Board or Plan Administrator (or its designee) may also bring a suit or take such other action as it deems appropriate in the case of questions involving investment directions.

**5.05. Valuation.** The Plan Administrator (or its designee) shall value the assets in the Accounts each business day based on acceptable industry practices. All daily transactions shall be based on that day's closing market values. The value of the Member's Accounts shall be adjusted in accordance with the daily values.

**5.06. Deposits.** In all cases, deposits of contributions shall be treated as actually made only as of the date the contributions are accepted as in good order by the Plan Administrator.

**ARTICLE VI - TRANSFERS AND SERVICE PURCHASES**

**6.01. Transfers into the Plan.** A Member who is covered by Section 2.02 may elect a trustee-to-trustee transfer in order to transfer his/her assets from his/her predecessor Local Money Purchase Plan or Statewide Money Purchase Plan to the Member Transfer Account and the Employer Transfer Account within the MP Component, as applicable. Assets in the Statewide Money Purchase Plan shall be transferred to the appropriate Transfer Account in the MP Component. The Member may also elect to use the vested proceeds from his/her Local Money Purchase Plan or Statewide Money Purchase Plan to purchase additional Years of Service Credit towards the accrual of a defined benefit under the Defined Benefit System.

**6.02. Service Purchases.**

(a) This Section applies only to the DB Component.

(b) A Member may purchase service credit or may be granted service credit upon the qualified rollover of distributions from an Eligible Retirement Plan, for other public employment within the United States not covered by the Plan, as may be allowed under Rules and Regulations adopted by the Board.

(c) A Member may purchase up to five (5) Years of Service Credit for periods of active duty in the uniformed services of the United States, subject to Rules and Regulations established by the Board.

(d) A Member may purchase up to five (5) Years of Service Credit, or may be granted up to five (5) Years of Service Credit upon the qualified rollover of distributions from an Eligible Retirement Plan, for employment with any private employer in the United States, as may be allowed under Rules and Regulations adopted by the Board.

## **ARTICLE VII - VESTING**

**7.01. Applicability.** The provisions of Article III and Article VI are also applicable in determining vesting.

### **7.02. Vesting Standards for MP Component Accounts.**

(a) A Member shall be one hundred percent (100%) vested in the Member's Account, the Member's Voluntary Account, the Member Transfer Account, and the Member's Rollover Account at all times.

(b) Employer contributions that are credited to the Member's Employer Account, the Employer Transfer Account, or the Employer Voluntary Account are subject to the following vesting rules:

(1) In the event of Permanent Occupational or Total Disability retirement pursuant to C.R.S. § 31-31-803 or death as an active member, a Member shall be 100% vested in the Member's Employer Account and Employer Voluntary Account. Benefits payable under the Statewide Death and Disability plan to a Permanently Occupationally Disabled retiree or to a Totally Disabled Retiree or to a survivor of an active Member shall be reduced by an amount that is the actuarial equivalent of the benefits such Member or survivor of an active Member receives from the MP Component, whether the benefits received from the MP Component are paid on a periodic basis or in a lump sum. No such reduction shall exceed the Actuarial Equivalent of the MP Component benefits if such benefits had been funded at the rate of sixteen percent (16%) of salary.

(2) A Member shall be 100% vested in the Member's Employer Account, the Employer Transfer Account, and Employer Voluntary Account upon and after his/her attaining Normal Retirement Age (if employed by the Employer on or after that date).

- (3) Except as provided in subdivisions (1) and (2), a Member shall be vested in the Member's Employer Account, the Employer Transfer Account, and the Employer Voluntary Account according to the following schedule. For purposes of this Schedule, Years of Service includes Years of Service with the Member's Employer (that initiated coverage under Article II) prior to the Member's participation in this Plan and all other Years of Service earned under the MP Components of the Statewide Hybrid Plan for which no distribution has been made.

Employer Accounts Vesting Schedule

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 1	0%
1 but less than 2	20%
2 but less than 3	40%
3 but less than 4	60%
4 but less than 5	80%
5 or more	100%

- (4) Upon distribution, the portion of a Member's Employer Account, Employer Transfer Account, and Employer Voluntary Account which are not vested shall be treated as a Forfeiture.
- (5) Years of Service in the MP Component for purposes of this Section cannot be purchased by the Member or the Employer.
- (6) A Member who is restored to active service after a disability ceases to exist will receive credit for Years of Service in the MP Component with the Employer prior to the disability as well as time while out on disability.

**7.03. Vesting Standards for DB Component.**

A Member with five (5) Years of Service Credit with an Employer who covers the Member in either the Statewide Defined Benefit Plan or the Statewide Hybrid Plan is considered vested for purposes of the defined benefit pension payable from either Plan. However, a Member who only participates in the MP Component does not receive vesting credit for those Years of Service Credit for purposes of the defined benefit pensions.

**ARTICLE VIII - DISTRIBUTION OF ACCOUNTS – MP COMPONENT**

**8.01. Applicability.** This Article applies only to the MP Component of the Statewide Hybrid Plan Tier.

**8.02. Eligibility for Distribution.** A Member's vested Accounts balance will become eligible for distribution upon the Member's death, Permanent Occupational or Total Disability, normal retirement, or termination of employment.

**8.03. Types of Distributions.**

(a) Upon becoming eligible for distribution and upon approval of the Plan Administrator, a Member, or the Designated Beneficiary in the event of the death of the Member before distribution of the Member's Account, may elect to receive the balance of the Member's Account in one of the methods provided by this Article. At that time, the Member shall receive his/her "vested percentage" of the Employer Account, Employer Transfer Account, and Employer Voluntary Account.

(b) A Member who terminates employment and has withdrawn his/her Member DB Contributions is not required to withdraw his/her Accounts from the MP Component, which shall be maintained and shall continue to receive allocations for Earnings and Expenses until the assets of the Accounts are distributed. If any Member, beneficiary or alternate payee has an aggregate account balance of \$1,000 or less, the Board may distribute the aggregate account balance to the Member, beneficiary or alternate payee without receiving any request for distribution.

**8.04. Lump Sum.** The Member may choose a lump sum payment of all or a portion of the Member's Accounts.

**8.05. Annuity.** The Member may elect to have the value of all or a portion of his Accounts used to purchase an annuity contract, with a term and in a form as the Member shall elect. If the Member has elected distribution in the form of an annuity, any benefit payable as a result of his/her death shall be determined solely under the terms of the annuity contract.

**8.06. Periodic Payments.** The Member may elect to have all or a portion of the Member's Accounts distributed in substantially equal monthly payments over a period not to exceed the joint life expectancy of the Member and his/her Designated Beneficiary (or until the Accounts are exhausted).

**8.07. Purchase of Monthly Benefits.** Members who are eligible for normal, defined, or early retirement may elect to transfer all or part of their Aggregate Account balance within the Statewide Hybrid Plan from the MP Component to the DB Component to purchase a monthly benefit, which will be considered a portion of the pension under Article IV. At retirement, a Member may make a one-time irrevocable election to purchase the monthly benefit in a single lump sum, which must be transferred prior to the receipt of benefits from the DB Component.

**8.08. Distributions Upon Death.**

(a) Upon a Member's death, the Member's Accounts shall be distributed in accordance with the Internal Revenue Code.

(b) Upon the death of the Member, the Designated Beneficiary may elect to allocate the investment of the Member's Accounts as provided for in Article V. If no notice of reallocation is received, the Member's Accounts will remain invested as previously allocated during the Member's lifetime.

## **ARTICLE IX - DISTRIBUTIONS THAT ARE NOT ALLOWED**

- 9.01. No Plan Loans.** Loans to Members shall not be permitted.
- 9.02. No Hardship Distributions.** Hardship distributions shall not be permitted.

## **ARTICLE X - ADMINISTRATION OF PLAN**

**10.01. Compliance with Code Section 401(a).** At all times, the Plan shall be administered in accordance with and construed to be consistent with Code Section 401(a) and its accompanying regulations, as applicable to governmental plans as defined in Code Section 414(d).

**10.02. USERRA Compliance.** Notwithstanding any provision of this Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service shall be provided in accordance with Code Section 414(u), and as required by the Uniformed Services Employment and Reemployment Rights Act ("USERRA").

## **ARTICLE XI - AMENDMENT OF THE PLAN**

### **11.01. Amendment.**

(a) Notwithstanding the provisions of subparagraphs (b) through (f) below, the Board has been granted the authority to amend the Plan document under C.R.S. 31-31-1102(5) as amended and C.R.S. 31-31-204(2.5) as amended without an election of the active members in order to administer benefits under the Plan consistently and uniformly across the Defined Benefit System in a manner that does not result in an actuarial cost to the Plan.

(b) The Board may amend the Statewide Hybrid Plan Document to the extent such amendments are necessary to comply with federal and state law.

(c) Any amendments to the Statewide Hybrid Plan Document may be made by the Board only upon the approval of at least sixty-five percent (65%) of the then active Members in the Plan and the approval of more than fifty percent (50%) of the employers having active members covered by the plan, each employer to be assigned one vote.

(d) No amendment may increase the Employer contribution rate above the rate specified in C.R.S. § 31-31-1102.

(e) No amendment shall have the effect of (i) diverting for the benefit of any persons, other than Members or their Beneficiaries, amounts attributable to contributions by an Employer, (ii) decreasing the nonforfeitable percentage or amount in any Member's Accounts, or (iii) changing the vesting schedule set forth in Article VII, with respect to any Member with five (5) or more Years of Service in the MP Component.

(f) If the Plan Document is amended or modified, the Plan Administrator shall nonetheless be responsible for the supervision and the payment of benefits resulting from amounts contributed prior to the amendment or modifications in accordance with this Article.

**11.02. Amendment for Qualification of Plan.** It is the intent of the Board that the Plan shall be and remain qualified for tax purposes under the Code. The Board may make any modifications, alterations, or amendments to the Plan necessary to obtain and retain approval of the Secretary of the Treasury or the Secretary's delegate as may be necessary to establish and maintain the status of the Plan as qualified under the provisions of the Code or other federal legislation, as now in effect or hereafter enacted, and the regulations issued thereunder. Any modification, alteration, or amendment of the Plan, made in accordance with this Section, may be made retroactively, if necessary or appropriate. The Board and all Employers, Employees, Members, beneficiaries, and all others having any interest under the Plan shall be bound thereby.

IN WITNESS WHEREOF the Board has caused to be affixed the signature of its duly authorized Representative:

As approved September ~~29, 2016~~28, 2017

~~Pam Feely~~Nick Nuanes, Chair