

**Fire & Police Pension Association  
of Colorado**

**Colorado Springs  
New Hire Pension Plan  
Rules & Regulations**

**Effective January 1, 2020**

Attached are the official Rules and Regulations of the Colorado Springs New Hire Pension Plan. For complete information about plans and benefits administered by FPPA refer to the FPPA Plan Brochures located on [FPPAco.org](http://FPPAco.org) or by requesting copies from the address below.

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## TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I - DEFINITIONS AND RULES OF CONSTRUCTION	6
1.01.    Definitions	6
1.02.    Rules of Construction	11
1.03.    Guidance	12
ARTICLE II - MEMBER PARTICIPATION	12
2.01.    Applicability	12
2.02.    Membership and Eligibility Requirements	12
2.03.    Active Members Prior to the Effective Date	12
2.04.    Members Hired On or After the Effective Date	12
2.05.    Reemployment	12
2.06.    Retirees and Inactive Members	12
2.07.    USERRA and HEART	12
2.08.    Transfer to the Statewide Defined Benefit Plan	13
ARTICLE III - CONTRIBUTIONS TO THE PLAN	14
3.01.    Applicability	14
3.02.    Employer and Employee Contributions.	14
3.03.    Picked-Up Contributions	14
3.04.    Payment of Contributions	14
3.05.    Delinquent Contributions	15
ARTICLE IV - BENEFITS FROM THE FIRE COMPONENT	15
4.01.    Applicability	15
4.02.    Normal Retirement	15
4.03.    Reduced Retirement Benefit or Vested Separation Benefit.	15
4.04.    Deferred Retirement	16
4.05.    Cost of Living Adjustment	16
4.06.    Disability Benefits Preclude Retirement Benefits	16
4.07.    Return of Contributions	16
4.08.    Survivor Benefits of Member Receiving Benefits	16
4.09.    Survivor Benefits of a Member Not Receiving Benefits	16
4.10.    Return of Contributions as a Result of Death	17
4.11.    Death Benefit Adjusted for Cost of Living	17
4.12.    Coordination with Statewide Defined Benefit Plan	17
4.13.    Unclaimed Accounts or Interests	18
ARTICLE V - BENEFITS FROM THE POLICE COMPONENT	18
5.01.    Applicability	18
5.02.    Normal Retirement	18

**TABLE OF CONTENTS**

**(continued)**

	<b><u>Page</u></b>
5.03. Reduced Retirement Benefit.	18
5.04. Deferred Retirement	19
5.05. Cost of Living Adjustment	19
5.06. Disability Benefits Preclude Retirement Benefits	19
5.07. Return of Contributions.	19
5.08. Benefits to Dependents	20
5.09. Survivor Benefits of a Member Not Receiving Benefits	20
5.10. Death Benefit Adjusted for Cost of Living	20
5.11. Coordination with Statewide Defined Benefit Plan	21
5.12. Unclaimed Accounts or Interests	21
ARTICLE VI - ACTUARIAL ACCOUNT AND STABILIZATION RESERVE ACCOUNT	21
6.01. Applicability	21
6.02. Actuarial Account and Stabilization Reserve Account.	21
ARTICLE VII - DEFERRED RETIREMENT OPTION PLAN ("DROP")	24
7.01. Applicability	24
7.02. Eligibility	24
7.03. Rules Governing	24
ARTICLE VIII - LIMITATIONS ON BENEFITS	28
8.01. Applicability	28
8.02. Limitations on Annual Benefit	28
8.03. Limitation Under Code Section 401(a)(17)	32
ARTICLE IX - TRANSFERS AND SERVICE PURCHASES	33
9.01. Applicability	33
9.02. Service Purchases.	33
ARTICLE X - VESTING	35
10.01. Applicability	35
10.02. Vesting Standards.	35
10.03. SWMP	35
ARTICLE XI - DISTRIBUTION RULES	36
11.01. Applicability	36
11.02. Minimum Distribution Rules for Members	36
11.03. Minimum Distribution Rules for Beneficiaries	36

**TABLE OF CONTENTS**  
**(continued)**

	<b><u>Page</u></b>
11.04. Eligible Rollover Distributions from this Plan	37
ARTICLE XII - DISTRIBUTIONS THAT ARE NOT ALLOWED	37
12.01. Applicability	37
12.02. No Plan Loans	37
12.03. In-service Distributions	37
ARTICLE XIII - DOMESTIC RELATIONS ORDERS, CHILD SUPPORT ORDERS AND OTHER ORDERS OF THE COURT	38
13.01. Applicability	38
13.02. Definitions	38
13.03. Domestic Relations Orders	38
13.04. Orders for Child Support	39
13.05. Other Court Orders	39
ARTICLE XIV - ELIGIBLE ROLLOVER DISTRIBUTIONS TO THE PLAN	39
14.01. Applicability	39
14.02. Eligible Rollover Distributions to this Plan.	39
ARTICLE XV - TRUST	40
15.01. Applicability	40
15.02. Trust Status	40
15.03. Trust Fund	40
15.04. Board as Trustee	40
ARTICLE XVI - ADMINISTRATION OF PLAN	41
16.01. Applicability	41
16.02. Compliance with Code Section 401(a)	41
16.03. USERRA Compliance	41
16.04. Board Duties and Powers	41
16.05. Advice	42
16.06. Delegation by Board	42
16.07. Fiduciary Insurance	42
16.08. Payment of Benefits	42
16.09. Payment of Expenses	43
16.10. Plan Records	43
16.11. Board Determination	43
ARTICLE XVII - AMENDMENT OF THE PLAN	43
17.01. Applicability	43

**TABLE OF CONTENTS**  
**(continued)**

	<b><u>Page</u></b>
17.02. Amendment	43
17.03. Amendment for Qualification of Plan	44
ARTICLE XVIII - MISCELLANEOUS	45
18.01. Applicability	45
18.02. Payments to Minors or Persons of Unsound Mind	45
18.03. Disposition of Unclaimed Payments	45
18.04. Taxes	45
18.05. Conflicts	45
18.06. Limitation on Rights	45
18.07. Limitation on Recovery	46
18.08. Erroneous Payments	46
18.09. Release	46
18.10. Liability	46
18.11. Governing Laws	46
18.12. Necessary Parties to Disputes	46
18.13. Severability	47
18.14. Supersession	47

**FIRE AND POLICE PENSION ASSOCIATION OF COLORADO**  
**COLORADO SPRINGS NEW HIRE PENSION PLAN**

**RULES AND REGULATIONS**

**Whereas**, the City of Colorado Springs, Colorado ("City"), has maintained defined benefit plans for members hired by the City of Colorado Springs Fire Department and Police Department on or after April 8, 1978 and for members who otherwise elected to participate ("Colorado Springs Alternate New Hire Plans");

**Whereas**, the City hereby amends and restates the Colorado Springs Alternate New Hire Plans and renames the Plans to be the "Colorado Springs New Hire Pension Plan," for eligible members of the City of Colorado Springs Fire Department and Police Department ("Colorado Springs New Hire Pension Plan"), to be effective upon approval of the agreement to incorporate the Colorado Springs New Hire Pension Plan into the FPPA Defined Benefit System by the Board of the Fire and Police Pension Association ("Board") for implementation on October 1, 2006 ("Effective Date"), pursuant to the provisions of C.R.S. § 31-31-706(2)(a);

**Whereas**, the Colorado Springs New Hire Pension 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. § 31-31-706(2)(a), the Board shall act as the trustee of the Colorado Springs New Hire Pension Plan, holding the assets in trust, and the plan sponsor of the Colorado Springs New Hire Pension Plan, and have those fiduciary duties with respect to the Colorado Springs New Hire Pension Plan and the Members of the Colorado Springs New Hire Pension Plan as expressly provided by law;

**Whereas**, the City has determined that it wishes to structure the Colorado Springs New Hire Pension Plan as a tier under the FPPA Defined Benefit System in order to provide ease of administration;

**Whereas**, the Board is currently administering the assets of the Colorado Springs Alternate New Hire Plans and will, upon the establishment of the Colorado Springs New Hire Pension Plan, transfer the assets of the Colorado Springs Alternate New Hire Plans to the Defined Benefit Trust Fund;

**Whereas**, the Board and the City have or intend to execute an agreement providing for the incorporation by merger of the Colorado Springs Alternate New Hire Plans into the FPPA Defined Benefit System, which agreement provides for such issues as employer contributions and actuarial valuations for the new Colorado Springs New Hire Pension Plan;

**Whereas**, the City has adopted a Resolution to approve the incorporation by merger of the Colorado Springs Alternate New Hire Plans to the FPPA Defined Benefit System, the establishment of the Colorado Springs New Hire Pension Plan, and the participation of Members hired on and after the Effective Date in the Statewide Defined Benefit Plan;

**Whereas**, the Colorado Springs New Hire Pension Plan tier will have two components: a component consisting of the accrued benefits of Members who are Fire Department personnel under the Colorado Springs Alternate New Hire Plans as of the date preceding the Effective Date; and a

component consisting of the accrued benefits of Members who are Police Department personnel under the Colorado Springs Alternate New Hire Plans as of the date preceding the Effective Date;

**Whereas**, the City has determined that members of the Fire Department and Police Department hired prior to the Effective Date, will participate under the terms of the Colorado Springs New Hire Pension Plan;

**Whereas**, the City has determined that members of the Fire Department and Police Department hired on or after the Effective Date, will participate in the Statewide Defined Benefit Plan;

**Whereas**, the City has adopted the Colorado Springs New Hire Pension Plan Document, which will serve as a summary plan description for Members; and

**Whereas**, the City now wishes to establish Rules and Regulations, which will govern the Colorado Springs New Hire Pension Plan, to be effective on the Effective Date.

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

**1.01. Definitions.** As used in these Rules and Regulations, the following terms are defined as follows unless the context requires otherwise:

(a) **"Applicable Form"** means the appropriate form as designated and furnished by the Plan Administrator to make an election or provide a notice as required by the Plan, including a form in electronic medium.

(b) **"Authorized Leave of Absence"** includes a military leave of absence and a medical leave of absence, and means an absence during which the employee does not receive compensation for one month or more, but less than two years, during which the employee has not been terminated from employment.

(c) **"Board"** means the Board of Directors established as the governing body of the Fire and Police Pension Association of Colorado.

(d) **"City"** means the City of Colorado Springs, Colorado.

(d)(1) **"Civil Union"** means a relationship established by two eligible persons pursuant to § 14-15-101, et seq., C.R.S., the Colorado Civil Union Act, that entitles them to receive the benefits and protections and be subject to the responsibilities of spouses, as a matter of state law.

(e) **"Code"** means the provisions of the Internal Revenue Code of 1986, as amended, applicable to governmental plans and, where appropriate, the Internal Revenue Code of 1954.

(f) **"Colorado Springs Alternate New Hire Plans"** means the defined benefit plans maintained by the City until the date preceding the Effective Date, for members of the City Fire Department and Police Department hired on or after April 8, 1978 and for members who otherwise elected to participate.

(g) "**Colorado Springs New Hire Pension Plan**" means the Colorado Springs Alternate New Hire Plans as restated and renamed hereunder.

(h) "**Cost of Living**" means an increase of not more than three percent (3%) in the cost-of-living over the previous year, rounded (i) for purposes of the Fire Component and Article IV, down to the nearest one-half percent (0.5%), or (ii) for purposes of the Police Component and Article V, to the nearest one-half percent (0.5%). The increase will be determined as of December 31 of each year by the Plan Administrator by using the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W): Selected areas, all items index, that is prepared by the United States Department of Labor, Bureau of Labor Statistics.

(i) "**C.R.S.**" means the Colorado Revised Statutes, as amended from time to time.

(j) "**Death Benefit**" means seventy percent (70%) of the monthly retirement benefit, monthly reduced retirement benefit, or monthly vested separation benefit that was paid or would have been paid to the Member.

(k) "**FPPA Defined Benefit System**" or "**System**" is a defined benefit plan, which is a qualified retirement plan under Section 401(a) of the Internal Revenue Code of 1986, and a governmental plan exempt from the provisions of Title I of the Employee Retirement Income Security Act of 1974 pursuant to § 4(b)(1) of that Act. The System has three tiers: the Statewide Defined Benefit Plan under Part 4 of C.R.S. § 31-31; the Statewide Hybrid Plan under C.R.S. § 31-31-1102; and the Colorado Springs New Hire Pension Plan.

(l) "**Designated Beneficiary**" means the person(s), estate, or trust designated by a Member in writing to the Plan Administrator, entitled to receive benefits under this Plan after the death of a Member.

(m) "**Direct Rollover**" means a payment from one Eligible Retirement Plan to another Eligible Retirement Plan as specified by the Distributee.

(n) "**Disability**" means a Member has become disabled while a Member of this Plan and who is receiving a disability benefit through a disability plan administered by the FPPA.

(o) "**Distributee**" includes a Member or former Member, as well as the Member's or former Member's surviving spouse or partner in a civil union, or former spouse or former partner in a civil union, who is an alternate payee under a qualified domestic relations order, as defined in Code Section 414(p). Effective January 1, 2007, a Distributee also includes a nonspouse beneficiary who is a designated beneficiary as defined by Code Section 401(a)(9)(E). However, a nonspouse beneficiary may rollover the distribution only to an individual retirement account or individual retirement annuity established for the purpose of receiving the distribution and the account or annuity shall be treated as an "inherited" individual retirement account or annuity.

(p) "**Effective Date**" means the date the Colorado Springs New Hire Pension Plan was amended and restated and established as a tier under the FPPA Defined Benefit System with final approval by the City and acceptance of the Chief Executive Officer of FPPA, as approved by the Board.

(q) **"Eligible Retirement Plan"** means any program defined in Code Sections 401(a)(31) and 402(c)(8)(B), that accepts the Distributee's Eligible Rollover Distribution, as follows:

- (1) An individual retirement account under Code Section 408(a);
- (2) An individual retirement annuity under Code Section 408(b) (other than an endowment contract);
- (3) A qualified trust;
- (4) An annuity plan under Code Section 403(a);
- (5) An eligible deferred compensation plan under Code Section 457(b) which is maintained by an eligible Employer under Code Section 457(e)(1)(A) (so long as the plan agrees to separately account for amounts rolled into the plan);
- (6) An annuity contract under Code Section 403(b); and
- (7) Effective January 1, 2008, a Roth IRA under Code Section 408A.

(r) **"Eligible Rollover Distribution"** means any distribution from an Eligible Retirement Plan under all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include:

- (1) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's Designated Beneficiary, or for a specified period of ten (10) years or more;
- (2) any distribution to the extent such distribution is required under Code Section 401(a)(9); or
- (3) the portion of any distribution that is not includible in gross income, provided that any portion of any distribution that is not includible in gross income may be an Eligible Rollover Distribution for purposes of a rollover to either (i) to a traditional individual retirement account or individual retirement annuity under Code Sections 408(a) or 408(b), (ii) on or after January 1, 2008, to a Roth IRA under Code Section 408A, or (iii) if a direct rollover that the receiving plan agrees to separately account for, including the taxable and non-taxable portions of the direct rollover, to a qualified trust which is part of a defined contribution plan under Code Section 401(a), or on or after January 1, 2007, a qualified trust which is part of a defined benefit plan under Code Section 401(a) or an annuity contract described in Code Section 403(b).

(s) **"Employer"** means the City Fire Department and Police Department, or each of them as the context requires.

(t) **"Expenses"** means the administrative, legal, investment, banking and consulting fees and expenses of the Plan.

(u) "**Final Average Salary**" means the monthly amount determined by averaging the Member's Salary over the shorter of (i) the eighteen (18) month period immediately preceding the date the Member ceased service, if the City is utilizing a bi-weekly payroll cycle this means averaging the Member's previous thirty-nine (39) payroll periods by calculating as follows: Total base salary from the Member's final thirty-nine (39) payroll periods divided by thirty-nine (39) and multiplied by 2.17262, or (ii) the time the Member served, determined without including any time credited because of the purchase of service credit.

(v) "**Fire Component**" means the component of the Colorado Springs New Hire Pension Plan attributable to the accrued benefits of Members who were Fire Department personnel and participants in the Colorado Springs Alternate New Hire Plans as of the date preceding the Effective Date.

(w) "**Fire Department**" means the City Fire Department.

(x) "**Forfeiture**" means the portion of a Member's pension benefit which is forfeited because of a termination of employment prior to full vesting.

(x)(1) "**Forms**" includes but is not limited to photocopies, printed forms, web forms, and any forms described in the FPPA Rules and Regulations and plan documents.

(y) "**FPPA**" means the Fire and Police Pension Association, a corporate body and political subdivision of the State of Colorado, created pursuant to C.R.S. § 31-31-201.

(z) "**HEART**" means the Heroes Earnings and Assistance Relief Tax Act of 2008.

(aa) "**Inactive Member**" means a Member whose employment with the Employer has terminated but who has an accrued defined benefit under the Plan.

(bb) "**Member**" means anyone who is participating in the Colorado Springs Alternate New Hire Plans as of the date preceding the Effective Date, and who is a participant in the Plan.

(cc) "**Member Contributions**" means Member contributions that have been allocated to the Plan under Article III and includes amounts that have been contributed, transferred, or rolled over to the Plan for the purchase or restoration of Service under Article IX.

(cc)(1) "**Partner in a Civil Union**" or "**Party to a Civil Union**" means a person who has established a civil union pursuant to § 14-15-101, et seq., C.R.S. For purposes of state law, a partner in a civil union or a party to a civil union is included in any definition or use of the terms "dependent", "family", "heir", "spouse", and any other term that denotes the familial or spousal relationship, as those terms are used throughout Colorado Revised Statutes, Title 31, Articles 30, 30.5 & 31, including Member Approved Plan Amendments, and of the Plan Documents and Rules and Regulations adopted thereunder.

(dd) "**Plan**" in the singular refers to the Colorado Springs New Hire Pension Plan or the Statewide Defined Benefit Plan as the context requires; in the plural, the term refers to both the Colorado Springs New Hire Pension Plan and the Statewide Defined Benefit Plan.

(ee) "**Plan Administrator**" means the FPPA and includes any entity to which the Board or FPPA has delegated duties under the FPPA Defined Benefit System. The term includes a Recordkeeper if one is appointed by the FPPA or the Board.

(ff) "**Plan Year**" means the calendar year.

(gg) "**Police Component**" means the component of the Colorado Springs New Hire Pension Plan attributable to the accrued benefits of Members who were Police Department personnel and participants in the Colorado Springs Alternate New Hire Plans as of the date preceding the Effective Date.

(hh) "**Police Department**" means the City Police Department.

(ii) "**Qualified Child**" means a Member's unmarried child, or child who has not entered into a civil union, who is under age twenty-three (23) and includes, if the Board so determines, any child of whatever age and marital or civil union status who is so mentally or physically incapacitated at the time of the Member's retirement, that he or she cannot provide for himself or herself. In the case of an unmarried child, or child who is not a party to a civil union, under the age of 23, a Member's child includes an adopted child, and a child who is conceived but unborn at the date of the Member's death or retirement, whichever applies. Any applicable increase in benefits will occur upon birth.

(jj) "**Qualified Surviving Spouse**" means the individual to whom a Participant is married or with whom the Participant has entered into a civil union, as determined under Colorado law, on the effective date of the Member's normal or early retirement, or in the case of a vested retirement, the date on which the Member becomes eligible to receive a benefit payment. If a Member marries or enters into a civil union after benefits commence, that spouse or partner in a civil union is not eligible for survivor benefits. The spouse or civil union partner of the Member at the death of the Member is the Qualified Surviving Spouse if, as of the date of death, the Member had separated from Service, and the Member would have been eligible to receive a monthly retirement benefit, monthly reduced retirement benefit, or a monthly vested separation benefit. The term "Qualified Surviving Spouse" may include a spouse by common law marriage, if the Member or such spouse can prove the existence of a common law marriage. A common law marriage is established by the mutual consent or agreement of the parties to be spouses by marriage, followed by a mutual and open assumption of a marital relationship. Evidence of a common law marriage may include, but shall not be limited to, evidence of cohabitation, joint credit, joint checking and/or savings accounts, joint purchase of a house, joint tax returns, an affidavit of common law marriage, or evidence that the spouse or Member represented that they were married. There is no single form that any such evidence must take. Any form of evidence that openly manifests the intention of the parties that their relationship is that of a married couple will provide the requisite proof from which the existence of their mutual understanding can be inferred. An initial determination as to whether an individual qualifies as a spouse by common law marriage for Qualified Spouse status may be made by a Staff Determination. An appeal of the initial determination may be made by requesting an evidentiary hearing before a hearing officer pursuant to Rule 509 of the FPPA Rules and Regulations within 30 days of issuance of the initial determination.

(kk) "**Recordkeeper**" means the individual or entity appointed by the FPPA or Board to perform third-party service and administrative functions.

(ll) "**Resolution**" means a Resolution adopted by the Employer in accordance with the requirements of C.R.S. § 31-31-706(2), as amended.

(mm) "**Salary**" means the total base rate of pay, including Member Contributions to the Plan, the Statewide Defined Benefit Plan, and the statewide money purchase plan that are "picked up" by the Employer. The definition of Salary 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, third week pay, and mandatory overtime (including Annual Pay in-lieu of Leave) that is part of the Member's fixed periodic compensation. Accumulated vacation leave pay shall also be included if a Member completes his/her service requirement for purposes of normal retirement while exhausting accumulated vacation leave. Salary shall not include overtime pay (except as noted in the preceding sentence), performance pay, and other forms of extra pay (including Member Contributions which are paid by the Employer and not deducted from the Member's salary). 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 Salary. Any amounts voluntarily contributed to a Code Section 125 "Cafeteria Plan" shall be included in the Member's Salary.

"Annual Pay in-lieu of Leave" means payment for a portion of vacation and holiday leave in lieu of time off for the Fire Department established in 1996 due to work schedule modification for firefighters on 24-hour schedule.

(nn) "**Service**" or "**Served**" means the time an individual serves as an employee of the Employer in a position that requires the employee to contribute to the Plan. Service includes time purchased by the Member, but does not include time represented by accumulated vacation leave paid at the time the Member separates from Service.

(oo) "**State**" means the State of Colorado.

(pp) "**Statewide Defined Benefit Plan**" means the Fire and Police Pension Association of Colorado Statewide Defined Benefit Plan.

(qq) "**Trust Fund**" means all assets of the FPPA Defined Benefit System, including the Colorado Springs New Hire Pension Plan. The Trust Fund is held as a separate trust within the Fire and Police Members' Benefit Fund Long-Term Pool.

(rr) "**USERRA**" means the Uniformed Services Employment and Reemployment Rights Act.

(ss) "**Years of Service**" means the Member's number of years of Service rounded up to the nearest whole year if the Member has no lost service, the service credit calculation and the calendar year are inconsistent, and the Member is within 30 days of attaining the next year of service. If the Member is not within 30 days of attaining the next year of service, the Member's number of years of Service shall be rounded down to the nearest whole year.

**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 these Rules and Regulations and the Colorado Springs New Hire Pension Plan the rules, regulations, practices, and procedures applicable to the FPPA Defined Benefit System.

## **ARTICLE II - MEMBER PARTICIPATION**

**2.01. Applicability.** This Article applies to both the Fire Component and Police Component of the Plan.

**2.02. Membership and Eligibility Requirements.** Except as otherwise provided in this Article, a Member shall participate in the 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.

**2.03. Active Members Prior to the Effective Date.** Members of the Colorado Springs Alternate New Hire Plans on the date preceding the Effective Date shall remain participants in the Fire Component or Police Component of the Colorado Springs New Hire Pension Plan, as applicable. A Member who is on an Authorized Leave of Absence with or without pay shall be treated as an active Member for purposes of this Section.

**2.04. Members Hired On or After the Effective Date.** A regularly employed member of the Fire Department or Police Department who has been sworn into duty under the classified civil service that is hired on or after the Effective Date shall become a Member in the Statewide Defined Benefit Plan, pursuant to the terms of the Statewide Defined Benefit Plan.

**2.05. Reemployment.** Any Member of the Colorado Springs Alternate New Hire Plans or of the Colorado Springs New Hire Pension Plan who terminates employment and is thereafter reemployed by the Employer shall participate in the Statewide Defined Benefit Plan as of the Member's date of reemployment except that 1.) a vested Member may elect to participate in the Colorado Springs New Hire Pension Plan if such election is made at the time of reemployment and within three (3) years of the date of separation from service and if the Member has not retired or taken a refund of contributions, or 2.) a Member who is retired due to disability and who returns to work within five (5) years of the date of disablement may elect to continue participation in the Colorado Springs New Hire Pension Plan.

**2.06. Retirees and Inactive Members.** The Employer shall transfer the accrued benefits of retired and Inactive Members, as well as active Members, to the Colorado Springs New Hire Pension Plan. If a retired Member or Inactive Member is later reemployed as an active Member, such Member shall participate in the Plan as provided in Section 2.05.

**2.07. USERRA and HEART.**

**(a)** A Member who returns to active employment pursuant to USERRA shall participate in the Plan as provided in Sections 2.03 and 2.04 based on the Member's original date of hire.

**(b)** Effective with respect to deaths occurring on or after January 1, 2007, while a Member is performing qualified military service (as defined in chapter 43 of title 38, United States Code), to the extent required by Code Section 401(a)(37), survivors of a member in a State or local

retirement or pension system, are entitled to any additional benefits that the system would provide if the member had resumed employment and then died, such as accelerated vesting or survivor benefits that are contingent on the member's death while employed.

(c) Beginning January 1, 2009, to the extent required by Code Sections 3401(h) and 414(u)(2), an individual receiving differential wage payments (while the individual is performing qualified military service (as defined in chapter 43 of title 38, United States Code)) from an employer shall be treated as employed by that employer and the differential wage payment shall be treated as compensation for purposes of applying the limits on annual additions under Code Section 415(c). The differential wage payment received by Members during any leave of absence, by itself, is not pensionable. This provision shall be applied to all similarly situated individuals in a reasonably equivalent manner.

(d) A Member who returns to active employment pursuant to USERRA will receive service credit for any period of lost service attributable to his or her leave not exceeding five (5) years, upon FPPA's receipt of the amount of Member and employer contributions which would have been paid to the Fire and Police Members' Benefit Investment Fund Long-Term Pool if the Member had remained in active service. Any such funds must be paid to FPPA within a period of time of up to one year when the leave period is 3 months or less, and a maximum of 5 years after the Member's return to service from the Member's last military leave of absence when the leave period is greater than 3 months. Under federal law, the employer is required to match contributions made by the member.

(e) When determining whether a Member has achieved vesting under the plan, the leave period for a military Leave of Absence shall be included for the purpose of determining whether a Member has achieved vesting under the plan regardless of whether service credit was awarded for the period.

## **2.08. Transfer to the Statewide Defined Benefit Plan.**

(a) Members of the Colorado Springs New Hire pension Plan (CSNHPP) who irrevocably elected to transfer membership to the Statewide Defined Benefit (SWDB) plan prior to June 4, 2007, pursuant to procedures established by the Plan Administrator and the Employer, shall be enrolled in the SWDB plan as of October 1, 2007. On and after such date, the transferring Member shall have service credit under the SWDB plan in an equivalent amount to the service credit earned and purchased under the CSNHPP and shall accrue additional credit for service under the SWDB plan. On and after the transfer date, all terms and conditions of the SWDB plan shall apply to the transferring Members. After the date of transfer, the transferring Members shall have no rights or claim for any benefit under the CSNHPP.

(b) On October 1, 2007, an amount equivalent to the cost of purchasing the service credit (as determined by the SWDB Service Credit Purchase provisions) for each transferring Member for all service accumulated under the CSNHPP shall be transferred from the assets of the CSNHPP plan to the SWDB plan.

Colorado FPPA

### **ARTICLE III - CONTRIBUTIONS TO THE PLAN**

**3.01. Applicability.** This Article applies to both the Fire Component and Police Component of the Plan.

**3.02. Employer and Employee Contributions.**

(a) Any Member participating in the Colorado Springs Alternate New Hire Plans prior to the Effective Date was required to contribute an amount equal to eight percent (8%) of the Member's Salary. A Member's contributions under the Colorado Springs Alternate New Hire Plans shall be transferred to the Plan and become part of the assets of the Fund as of the Effective Date.

(b) Each Member participating in the Colorado Springs New Hire Pension Plan on and after the Effective Date pursuant to Article II shall contribute at a contribution rate established by the Employer and the Board pursuant to the Resolution and this Article. The Board shall have the authority to establish the funding rate as it determines to be appropriate to eliminate or reduce any current or anticipated underfunding of the Fund. The Board may consider actuarial reports and any other information in establishing the funding rate. In the Resolution, the Employer shall specify how much of the required rate of contribution is to be paid by the Employer and how much shall be made by the Member.

(c) Notwithstanding anything in this Section to the contrary, any Member in the Fire Component shall contribute at least eight percent (8%) and not more than ten percent (10%).

(d) Notwithstanding anything in this Section to the contrary, any Member in the Police Component shall contribute eight percent (8%).

(e) The Employer shall make contributions in an amount sufficient to fund the Plan in an actuarially sound manner, which contributions shall not be less than the Member Contributions as determined under subsection (c) or (d), as applicable.

**3.03. Picked-Up Contributions.** Each Employer shall pick up the Member 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 Member 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 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. Payment of Contributions.** The contributions for each payroll period shall be transmitted to the Plan Administrator no later than ten (10) days following the date of payment of Salary to the Member. The Board shall establish policies and procedures for the remittance,

collection, and deposit of contributions. An interest charge of one-half of one percent (1/2%) per month may be levied against any unpaid amount and added to the Employer payments required under this Article.

**3.05. Delinquent Contributions.** It is the Employer's responsibility to correctly calculate and remit the contributions as set forth in this Article. The Plan Administrator reserves the right to give notice to the highest elected official, the designated representative of the Employer, and/or the Members of the delinquent Employer in the event it comes to the Plan Administrator's attention that contributions are not being remitted in a timely manner. Neither the Board nor the Plan Administrator has any liability for the delinquency of an Employer. FPPA's Executive Director, Deputy Executive Director, Chief Operations Officer (COO), and Chief Benefits Officer (CBO), may waive the interest charge on delinquent contributions mandated by §31-31-402(4), C.R.S., as amended, where he or she finds the amount to be de minimis, or for good cause.

#### **ARTICLE IV - BENEFITS FROM THE FIRE COMPONENT**

**4.01. Applicability.** This Article applies only to the Fire Component of the Plan.

**4.02. Normal Retirement.** A Member under the Fire Component who has ceased Service, has Served twenty-five (25) years or more, and has attained age fifty-five (55) on the date the Member ceases Service may irrevocably elect to receive a monthly retirement benefit, and the Member shall be paid a monthly retirement benefit of two percent (2%) for each full Year of Service for the first ten (10) years and two and eighty-five one-hundredths percent (2.85%) for each full Year of Service that exceeds ten (10) years, not to exceed seventy-seven percent (77%), of Final Average Salary.

**4.03. Reduced Retirement Benefit or Vested Separation Benefit.**

(a) A Member under the Fire Component who has ceased Service, has Served twenty (20) years or more, and has attained age fifty (50) but not fifty-five (55) on the date the Member ceases Service may irrevocably elect to receive a reduced monthly retirement benefit starting immediately, a monthly vested separation benefit, or a return of contributions.

(b) Any Member under the Fire Component who has completed at least ten (10) Years of Service, and has not elected to receive a reduced monthly retirement benefit may irrevocably elect to receive a return of contributions or to receive a monthly vested separation benefit pursuant to subsection (e).

(c) The reduced monthly retirement benefit under the Fire Component is the Member's monthly retirement benefit specified in Section 4.02, multiplied by an adjustment factor. The adjustment factor is one hundred percent (100%) less the percentage resulting from the quantity determined by multiplying the difference between fifty-five (55) and the age of the Member on the most recent anniversary of his or her birthday on or prior to the day on which the Member ceases Service times four and six hundred fifteen one-thousandths percent (4.615%).

(d) Once a Member under the Fire Component elects to receive a reduced monthly retirement benefit, the reduced benefit will not be increased at or after age fifty-five (55), except as a result of an increase in the Cost of Living.

(e) The monthly vested separation benefit available under this Section is the amount specified in Section 4.02, and it begins at the later of age fifty-five (55) or termination of service.

**4.04. 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 actuarially equivalent to the normal retirement pension.

**4.05. Cost of Living Adjustment.** In addition to the monthly retirement, reduced monthly retirement, or vested separation benefit the Member receives under the Fire Component, the Member will receive an additional benefit if there is an increase in the Cost of Living. The increase will be the product of the monthly retirement, reduced monthly retirement, or vested separation benefit times the increase in the Cost of Living. The additional amount shall start on the October 1 immediately prior to the earlier of the date on which the Member reaches age sixty-five (65) or the date the Member has received a monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit for ten (10) years, and shall be redetermined effective October 1 of each year thereafter.

**4.06. Disability Benefits Preclude Retirement Benefits.** A Member under the Fire Component who becomes disabled while a Member of this Plan and who is receiving a disability benefit as provided through a disability plan administered by the FPPA will not receive a monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit under this Plan and will not receive a return of contributions.

**4.07. Return of Contributions.** If the Member elects a return of contributions, simple interest will be paid on the refunded contributions at the rate of five percent (5%) per year from the date of the contribution until the date the Member ceased Service.

**4.08. Survivor Benefits of Member Receiving Benefits.** If a Member who is receiving a monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit dies, the Member's Qualified Surviving Spouse will receive a monthly Death Benefit for life. If the Member has no Qualified Surviving Spouse or if the Qualified Surviving Spouse dies, each Qualified Child of the Member will receive an equal share of the monthly Death Benefit. If a child ceases to be a Qualified Child, each remaining Qualified Child will receive an equal share of the monthly Death Benefit. If a child who is not a Qualified Child becomes a Qualified Child and notifies the Plan Administrator in writing of the change in status, that child and each other Qualified Child will receive an equal share of the monthly Death Benefit effective after such notification.

**4.09. Survivor Benefits of a Member Not Receiving Benefits.** If a Member who is not receiving a monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit dies while eligible to receive a monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit, and if no Qualified Surviving Spouse or Qualified Child is eligible to receive a benefit from a death or disability plan administered by the FPPA arising from

employment covered by this Plan except a supplemental death benefit pursuant to §31-31-807.5 (1.5) C.R.S., then the Qualified Surviving Spouse will receive a monthly Death Benefit starting on the date the Member would have started receiving the monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit. If the Member has no Qualified Surviving Spouse or if the Qualified Surviving Spouse dies, each Qualified Child of the Member will receive an equal share of the monthly Death Benefit starting on the date the Member would have started receiving the monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit. If a child ceases to be a Qualified Child, each remaining Qualified Child will receive an equal share of the monthly Death Benefit. If a child who is not a Qualified Child becomes a Qualified Child and notifies the Plan Administrator in writing of the change in status, that child and each other Qualified Child will receive an equal share of the monthly Death Benefit effective after such notification.

**4.10. Return of Contributions as a Result of Death.** When a Member dies and no Qualified Surviving Spouse or Qualified Child is eligible to receive a benefit from a death or disability plan administered by the FPPA arising from employment covered by this Plan, and no Death Benefits or no further Death Benefits are payable or potentially payable under this Plan, then the balance of the Member's contributions to the Fund will be paid to the Designated Beneficiary and if there is no Designated Beneficiary, then to the estate of the Member with simple interest in the amount of 5% per annum. If the Member is retired and dies, the first in, first out (FIFO) method will be used in calculating the simple interest. For the purpose of determining whether funds can be paid to the estate of the Member as provided by this Section, the monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit paid to the Member and the monthly Death Benefits paid to the Qualified Surviving Spouse and any Qualified Child will be considered to have been paid from contributions to the Fund by the Member and will reduce the balance of the Member's contributions to the Fund that will be paid to the estate of the Member.

**4.11. Death Benefit Adjusted for Cost of Living.** The monthly Death Benefit will be increased if there is an increase in the Cost of Living. That increase will begin on the October 1 immediately prior to the earlier of the date on which the Member would have been age sixty- five (65) or the date the Member would have received a monthly retirement or vested separation benefit for a period of ten (10) years, and shall be redetermined effective October 1 of each year thereafter. The increase will be the product of the Death Benefit times the increase in the Cost of Living.

**4.12. Coordination with Statewide Defined Benefit Plan.** Any Member who participates in the Colorado Springs Alternate New Hire Plan as of the Effective Date and the Colorado Springs New Hire Pension Plan on and after the Effective Date pursuant to Article II shall be eligible for any benefits accrued as determined under this Article based on the Member's Service and Salary while participating under the Colorado Springs Alternate New Hire Plan and Colorado Springs New Hire Pension Plan. Any Member who participates under the Statewide Defined Benefit Plan on or after the Effective Date pursuant to Article II shall be eligible for any benefits accrued under the Statewide Defined Benefit Plan determined based on the Member's service and compensation earned while participating under the Statewide Defined Benefit Plan, and the portion of such Member's benefits that accrue under the Statewide Defined Benefit Plan shall be determined under and shall be subject to the terms of the Statewide Defined Benefit Plan.

**4.13. Unclaimed Accounts or Interests.** If the account or interest of any Member or beneficiary remains unclaimed after December 31 of the calendar year containing the fifth anniversary of the Member's death, any remaining account balance, distributions, or other interest of the Member shall revert to the Plan for the purpose of payment of benefits and expenses of the Plan.

## **ARTICLE V - BENEFITS FROM THE POLICE COMPONENT**

**5.01. Applicability.** This Article applies only to the Police Component of the Plan.

**5.02. Normal Retirement.** A Member under the Police Component who has ceased Service, has Served twenty-five (25) years or more, and has attained age fifty (50) shall be retired after making application for retirement except during periods of national emergency, and the Member shall be paid a monthly pension benefit of two percent (2%) for each full Year of Service for the first ten (10) years and two and seventy-five one-hundredths percent (2.75%) for each full Year of Service thereafter, not to exceed the maximum monthly pension benefit of seventy-five percent (75%) of Final Average Salary. For so long as the Member of this Plan is receiving a monthly retirement pension, the Member shall be entitled to a Cost of Living adjustment payable at the time and as provided in Section 5.05.

**5.03. Reduced Retirement Benefit.**

(a) A Member under the Police Component who has a minimum of twenty (20) Years of Service is eligible to receive a reduced, early retirement pension benefit beginning at age forty-five (45). The early retirement pension benefit shall be equal to two percent (2%) of Final Average Salary for each full Year of Service for the first ten (10) years, plus two and seventy-five one-hundredths percent (2.75%) for each full Year of Service thereafter, not to exceed the maximum monthly pension benefit of seventy-five percent (75%), reduced by seven and one-half percent (7.5%) for each year and portion thereof that the benefit commences prior to age fifty (50).

(b) Any Member hired prior to May 1, 2001, who has completed at least twenty (20) Years of Service and who has attained the age of forty-five (45) years may elect to retire from active Service but shall not receive the full monthly pension benefit provided by Section 5.02. The monthly pension benefit for a Member making the election provided by this subsection shall be fifty percent (50%) of the Member's Final Average Salary, with that amount reduced by one-half of one percent (0.5%) for each month or portion thereof that such Member lacks to attain the age of fifty (50) years as of the date of retirement. Members formerly eligible to retire under this subsection, who were hired prior to May 1, 2001, and who elect not to retire prior to age fifty (50), will not have their monthly pension benefit subsequently reduced beyond what they would have received under this subsection with retirement prior to age fifty (50). In calculating the reduction, any portion of a month shall be counted as one month.

(c) Any Member hired after April 30, 2001, and before October 1, 2003, who has completed at least twenty (20) Years of Service prior to attaining the age of forty-five (45) years may elect to retire from active Service but shall not receive the full monthly pension benefit provided by Section 5.02. The monthly pension benefit for a Member making the election provided by this subsection shall be fifty percent (50%) of the Member's Final Average Salary, with that amount

reduced by one-half of one percent (0.5%) for each month or portion thereof that such Member lacks to attain the age of fifty (50) years as of the date of retirement.

(d) Any Member under the Police Component who has completed at least ten (10) Years of Service, may elect to receive a return of contributions, or may irrevocably elect to receive a monthly vested benefit beginning at the later of the date upon which the Member attains age fifty (50) or upon separation of service. The Member shall receive a monthly pension benefit equal to two percent (2%) of Final Average Salary for each Year of Service for the first ten (10) years, plus two and seventy-five one-hundredths percent (2.75%) of Final Average Salary for each Year of Service thereafter, but not to exceed the maximum benefit of seventy-five percent (75%) of Final Average Salary.

**5.04. 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 actuarially equivalent to the normal retirement pension.

**5.05. Cost of Living Adjustment.** In addition to the monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit the Member receives under the Police Component as may have been increased by a previous Cost of Living adjustment, the Member will receive an additional benefit if there is an increase in the Cost of Living. The increase will be the product of the monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit times the increase in the Cost of Living. The additional amount shall start on the October 1 immediately prior to the earlier of (i) the date on which the Member reaches age sixty (60), or (ii) the date on which the Member has received a monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit for a period of ten (10) years, and shall be redetermined effective October 1 of each year thereafter.

**5.06. Disability Benefits Preclude Retirement Benefits.** A Member under the Police Component who becomes disabled while a Member of this Plan and who is receiving a disability benefit as provided through a disability plan administered by the FPPA will not receive a monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit under this Plan and will not receive a return of contributions.

**5.07. Return of Contributions.** Whenever any Member under the Police Component terminates Service with the Police Department for reasons other than death or retirement, the Member's total contributions due to the date of the termination shall be returned to the Member with simple interest thereon at the rate of five percent (5%) per annum; provided, however, that any such Member having ten (10) or more Years of Service may leave the Member's contributions and upon reaching the age of fifty (50) years shall receive a pension equal to two percent (2%) of Final Average Salary per year for each Year of Service for the first ten (10) years, plus two and seventy-five one-hundredths percent (2.75%) of Final Average Salary for each Year of Service thereafter, but not to exceed the maximum benefit of seventy-five percent (75%) of Final Average Salary.

**5.08. Benefits to Dependents.**

(a) Upon the death of a Member who has retired under the Police Component of this Plan, the Qualified Surviving Spouse of the retired Member shall be entitled to receive a benefit equal to seventy percent (70%) of the retirement benefit being paid to the retired Member at the time of death. If the Member has no Qualified Surviving Spouse on the date of death, or if the Qualified Surviving Spouse subsequently dies, each Qualified Child of the retired Member shall receive an equal share of the Qualified Surviving Spouse's benefit as long as the child remains a Qualified Child.

(b) When a Member dies and no Qualified Surviving Spouse or Qualified Child is eligible to receive a benefit from a death or disability plan administered by the FPPA arising from employment covered by this Plan, and no Death Benefits or no further Death Benefits are payable or potentially payable under this Plan, then the balance of the Member's contributions to the Fund will be paid to the Designated Beneficiary and if there is no Designated Beneficiary, then to the estate of the Member with simple interest in the amount of 5% per annum. If the Member is retired and dies, the first in, first out (FIFO) method will be used in calculating the simple interest. For the purpose of determining whether funds can be paid to the estate of the Member as provided by this Section, the monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit paid to the Member and the monthly Death Benefits paid to the Qualified Surviving Spouse and any Qualified Child will be considered to have been paid from contributions to the Fund by the Member and will reduce the balance of the Member's contributions to the Fund that will be paid to the estate of the Member.

**5.09. Survivor Benefits of a Member Not Receiving Benefits.** If a Member who is not receiving a monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit dies while eligible to receive a monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit, and if no Qualified Surviving Spouse or Qualified Child is eligible to receive a benefit from a death or disability plan administered by the FPPA arising from employment covered by this Plan except supplemental benefits payable under §31-31-807.5 (1.5) C.R.S., then the Qualified Surviving Spouse will receive a monthly Death Benefit starting on the date the Member would have started receiving the monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit. If the Member has no Qualified Surviving Spouse or if the Qualified Surviving Spouse dies, each Qualified Child of the Member will receive an equal share of the monthly Death Benefit starting on the date the Member would have started receiving the monthly retirement benefit, reduced monthly retirement benefit, or vested separation benefit. If a child ceases to be a Qualified Child, each remaining Qualified Child will receive an equal share of the monthly Death Benefit. If a child who is not a Qualified Child becomes a Qualified Child and notifies the Plan Administrator in writing of the change in status, that child and each other Qualified Child will receive an equal share of the monthly Death Benefit effective after such notification.

**5.10. Death Benefit Adjusted for Cost of Living.** The monthly Death Benefit will be increased if there is an increase in the Cost of Living. That increase will begin on the October 1 immediately prior to the earlier of the date on which the Member would have been age sixty

(60) or the date the Member would have received a monthly retirement or vested separation benefit for a period of ten (10) years, and shall be determined effective October 1 of each year thereafter. The increase will be the product of the Death Benefit times the increase in the Cost of Living.

**5.11. Coordination with Statewide Defined Benefit Plan.** Any Member who participates in the Colorado Springs Alternate New Hire Plan as of the Effective Date and the Colorado Springs New Hire Pension Plan on and after the Effective Date pursuant to Article II shall be eligible for any benefits accrued as determined under this Article based on the Member's Service and Salary while participating under the Colorado Springs Alternate New Hire Plan and Colorado Springs New Hire Pension Plan. Any Member who participates under the Statewide Defined Benefit Plan on or after the Effective Date pursuant to Article II shall be eligible for any benefits accrued under the Statewide Defined Benefit Plan determined based on the Member's service and compensation earned while participating under the Statewide Defined Benefit Plan, and the portion of such Member's benefits that accrue under the Statewide Defined Benefit Plan shall be determined under and shall be subject to the terms of the Statewide Defined Benefit Plan.

**5.12 Unclaimed Accounts or Interests.** If the account or interest of any Member or beneficiary remains unclaimed after December 31 of the calendar year containing the fifth anniversary of the Member's death, any remaining account balance, distributions, or other interest of the Member shall revert to the Plan for the purpose of payment of benefits and expenses of the Plan.

## **ARTICLE VI - ACTUARIAL ACCOUNT AND STABILIZATION RESERVE ACCOUNT**

**6.01. Applicability.** This Article applies to both the Fire Component and Police Component of the Plan.

**6.02. Actuarial Account and Stabilization Reserve Account.**

**(a)** In the Fire Component and Police Component of the Plan, there shall be established two (2) subaccounts:

(1) An actuarial account into which that portion necessary to fund benefit liabilities accrued under such component study shall be deposited;

(2) A stabilization reserve account into which the remainder in each component, after allocation pursuant to paragraph (1), may be deposited.

**(b)** Each year the Board may allocate additional deposits to the component between the actuarial account and the stabilization reserve account based on the actuarial study for the previous year. If in any year the total amount of additional deposits to the component is not sufficient to meet the benefit liabilities funded by the actuarial account, then the additional amount as may be necessary to fund the increase shall be transferred from the stabilization reserve account to the actuarial account. If in any year the total amount of additional deposits to the component exceeds the amount required to meet any increase in the benefit liabilities funded by the actuarial account, the Plan Administrator may allocate all or any part of the excess to the stabilization reserve account. Any

excess allocated to the stabilization reserve account in any year shall be allocated from that portion of deposits to the new hire benefits account constituting Employer contributions to the appropriate component of the Plan.

(c) For accounting purposes only, the stabilization reserve account created by subsection (a)(2) shall consist of individual separate retirement accounts established in the name of each member covered by the Plan. Such amount as may be allocated to the stabilization reserve account pursuant to subsection (a)(2) shall be further allocated to each Member's separate retirement account based upon the difference between the Member's contributions and the Employer contributions to the new hire benefits account for each payroll period and the proportionate amount of such contributions that is allocated to the actuarial account pursuant to subsection (a)(2). At the time the Plan Administrator determines that a portion of contributions will be allocated to the stabilization reserve account, it shall also establish a date for the allocation to begin. Contributions received by the Plan Administrator on after such date shall be subject to the determined portion being allocated to the Member's separate retirement account. Earnings accruing on the amount allocated to the Member's separate retirement account shall be allocated at least monthly on a time-weighted basis as determined by the Board until the account is exhausted. Any amount allocated to a Member's separate retirement account shall be subject to reduction prior to the time a Member has terminated Service or elected participation in DROP pursuant Article VII in the event that additional amounts must be transferred to the actuarial account as set forth in subsections (a)(2) and (b). Reductions in a Member's separate retirement account pursuant to this subsection shall be made on a pro rata basis in the proportion that the balance in a Member's separate retirement account bears to the total balance of all Members' separate retirement accounts.

(d) Any Member having a separate retirement account who terminates Service and at the time of termination has less than ten (10) Years of Service or who terminates Service and at the time of termination has more than ten (10) Years of Service but elects a refund of contributions as provided in Article IV or Article V, as applicable, shall forfeit the entire balance in the Member's separate retirement account to the actuarial account.

(e) Any Member having a separate retirement account who is retired for permanent occupational or total disability or who becomes disabled during a military leave of absence and does not return to employment with a covered employer, shall receive the entire balance in the Member's separate retirement account in accordance with the Member's selection of one of the payment options permitted by subsection (f) or pursuant to rules promulgated by the Board that allow Members who are eligible to receive retirement benefits to defer receipt of the benefits to the extent permitted under Code Section 401(a)(9), and the regulations promulgated thereunder. If the Member subsequently returns to work and had been receiving periodic payments from the Member's separate retirement account, such payments shall cease and any remaining balance shall remain in the Member's separate retirement account, subject to subsequent distribution in accordance with Article IV or Article V, as applicable. If any Member having a separate retirement account dies prior to termination, the entire balance in the Member's separate retirement account shall be payable to the Member's Qualified Surviving Spouse or Qualified Children in accordance with their selection of one of the payment options permitted by subsection (f). If the disability retiree dies prior to making a selection of one of the payment options, or if a Member dies while on a military Leave of Absence, the remaining funds in the account shall be distributed to the disability retiree's Qualified Surviving Spouse or Qualified

Children or Designated Beneficiary in accordance with their selection of one of the payment options permitted by § 31-31-406(3), C.R.S. If there is no Qualified Surviving Spouse, Qualified Child or Designated Beneficiary, the remaining funds shall be paid to the Member's estate.

**(f)** Any Member retiring under Article IV or Article V, as applicable, may elect to receive the balance in the Member's separate retirement account in accordance with one or a combination of the following payment options:

(1) Option 1: In a lump sum;

(2) Option 2: In periodic installments of a specified and substantially equal amount, payable monthly over a period not to exceed the joint life expectancy of the Member and the Member's Qualified Surviving Spouse. This maximum period shall be determined under the applicable actuarial tables then being used by the FPPA at the time the initial monthly installment payment becomes payable.

(3) Option 3: To transfer or make an Eligible Rollover Distribution to an Eligible Retirement Plan.

**(g)** A Member may elect to commence payment of the amount in the member's separate retirement account at any time after the member terminates Service but in no event later than the year in which the Member attains the age of 70 and one-half. Member shall be given notice of the right to elect a payment plan within 60 days of FPPA receiving notification that Member has terminated service. If the Member fails to elect a payment option, FPPA shall distribute the balance in the Member's separate retirement account to the Member in a lump sum payment at age 70 and one-half. A Member will continue to accrue earnings on the amount in the Member's separate retirement account until such time as the account is exhausted.

**(h)** The balance in a Member's separate retirement account and the earnings on the account shall be paid to the Member's estate if the member:

(1) Dies while in active service or while on a military Leave of Absence;

(2) Has more than ten (10) Years of Service;

(3) Does not leave a Qualified Surviving Spouse, Qualified Child, or Designated Beneficiary; and

(4) Is not eligible for the normal retirement pension described in Section 4.02 or Section 5.02, as applicable, at the time of death.

**(i)** Notwithstanding the provisions of this Section, Members who have retired or will retire subsequent to July 1, 1996, under the permanent occupational or total disability provisions of part 8 of article 31 of title 31, Colorado Revised Statutes, or its predecessor, known as the Statewide Death and Disability Plan, or in the event of the death of the Member prior to retirement and after July 1, 1996, the Member's designated beneficiary(ies) shall be allowed to retain any and all funds

which may exist in that Member's separate retirement account. Any death and disability benefit paid shall be offset by the amount payable pursuant to this subsection.

(j) The Board shall administer the actuarial account and stabilization reserve account under this Article VI in a manner consistent with Rule 304 of the FPPA Rules and Regulations governing the Statewide Defined Benefit Plan.

## **ARTICLE VII - DEFERRED RETIREMENT OPTION PLAN ("DROP")**

**7.01. Applicability.** This Article applies to Members who participate in either the Fire Component or the Police Component of the Plan, as applicable, and who elect to participate in DROP.

**7.02. Eligibility.** A Member is eligible to elect to participate in DROP only if the Member meets one of the following criteria:

(a) The Member is participating in the Fire Component and (i) is eligible for normal retirement in accordance with Section 4.02, or (ii) has attained age fifty (50) and the sum of the Member's age plus Years of Service is at least seventy-five (75).

(b) The Member is participating in the Police Component and is eligible for normal retirement in accordance with Section 5.02.

### **7.03. Rules Governing.**

(a) The purpose of DROP is to allow an eligible Member to elect, in lieu of immediate termination of employment and receipt of a service retirement benefit, to continue employment for a specified period of time and to have the Member's otherwise deductible employee contribution and retirement benefits paid into the DROP account until the end of such specified period of the Member's participation, at which time employment is to cease.

(b) An eligible Member may participate in DROP only once.

The duration of a Member's participation in DROP shall not exceed a total of five (5) years. As a condition precedent to participation in DROP, the Member shall execute an irrevocable agreement with his/her Employer in the form prescribed by the Board, which form shall, among other items, clearly and unequivocally state that the Member must retire no later than the fifth (5th) anniversary of the Member's participation in DROP, and the Member shall also acknowledge that no disbursement of any DROP funds can occur absent the retirement or death of the Member. The Employer shall provide a copy of such agreement to the Board. A Member who has retired from service, participated in DROP, and who does not terminate service at the end of the DROP period and remains working, shall be treated as follows:

(1) The Member's defined benefit payment shall be suspended during the reemployment period. No deferral of benefits shall accrue for benefit payments not received during the suspension. Adjustments may be made to recoup any over payments of benefits

made during the post-DROP employment period. Upon the Member's separation from service following post-DROP employment, the Member's retirement benefit shall resume with any benefit adjustments the Member would have received if the Member's retirement benefit had not been suspended due to post-DROP employment.

(2) The Member shall enter the Statewide Money Purchase Plan during the Member's post-DROP employment. No additional service credit would accrue under the Colorado Springs New Hire Pension Plan.

(3) The Member's DROP account remains intact during the post-DROP employment period. No additional pension benefits or Member contributions shall be made to the DROP account. The Member shall continue self-direction of the DROP account. No distributions shall be made from the DROP account during the post-DROP employment period.

The employer must consent to the Member's continued employment after the DROP period.

(c) If a Member's participation in DROP is interrupted by military service, reduction in work force, or job related disability, then, upon reestablishment of membership and provided that the Member has not received any distribution from his/her DROP account, the Member shall be immediately eligible for resumption of participation in DROP for the balance of the five (5) year maximum. Other than the above-described types of interruptions of participation, the five (5) year period shall continue to run in all other cases.

(d) Upon commencement of the Member's participation in DROP, the Member shall remain an active Member. Nevertheless, the Member shall earn no additional Service credit or additional benefits under the Plan.

(e) Upon commencement of the Member's participation in DROP, the retirement benefits provided and all of the Member Contributions shall be paid into the Member's DROP account. In no case shall the Employer contribution be used to fund DROP.

(f) Each Member's DROP account shall be subject to self-direction. Within the Trust Fund there is hereby created the Fire and Police Members' Self-Directed Investments Fund that shall consist of assets equal to the DROP accounts. However, the DROP assets shall be held in trust for investment purposes as part of the Trust Fund.

(g) The Board may allow a Member to exercise control of the investment of part or all of the Member's accrued benefit under the DROP account. A Member who exercises control over the plan assets in the Member's account shall not be deemed a fiduciary of the fund by reason of such exercise of control, and neither the Board nor the FPPA shall be liable for any loss that results from such exercise of control.

(h) In allowing a member to exercise such control, the Board shall:

(1) Select at least three (3) investment alternatives, each of which is diversified in itself, that allow the Member a broad range of investments and a meaningful choice between risk and return in the investment of the member's accrued benefit;

(2) Allow the Member to change investments at least once each calendar quarter;  
and

(3) Provide the Member with information describing the investment alternatives, the nature, investment performance, fees, and expenses of investment alternatives, and other information to enable a Member to make informed investment decisions.

(i) The Board is authorized to charge each account a fee for the administration of DROP. However, the DROP account shall not be subject to any other fees or charge of any kind for any purpose.

(j) A DROP participant who terminates employment shall become a retiree and shall receive, at the retiree's option, a lump sum payment from the retiree's individual DROP account equal to its balance plus net investment earnings and losses, or equal monthly installment payments from the retiree's individual DROP account over a period not to exceed the retiree's life expectancy or the joint life expectancies of the retiree and the retiree's Designated Beneficiary. At the end of the installment period, a final disbursement of remaining funds in the DROP account shall be made. If no selection is made by the retiree, payment shall be made in compliance with Article XI.

(k) If a Member dies during the period of DROP participation and the Member's Designated Beneficiary is the Member's Qualified Surviving Spouse to whom the Member was legally married or joined in a civil union at the time of the Member's death, the Member's Designated Beneficiary shall receive, at the Designated Beneficiary's option, a lump sum payment from the retiree's individual DROP account equal to its balance plus net investment earnings and losses, or equal monthly installment payments from the retiree's individual DROP account over a period not to exceed the Qualified Surviving Spouse's life or life expectancy. If no selection is made by the Designated Beneficiary, payment shall be made in compliance with XI.

(l) If a Member dies during the period of DROP participation and the Member's Designated Beneficiary is someone other than the Member's Qualified Surviving Spouse to whom the Member was legally married or joined in a civil union at the time of the Member's death, the Member's Designated Beneficiary shall receive a lump sum payment equal to the Member's individual DROP account balance plus net investment earnings or losses.

(m) If a Member dies during the period of DROP participation and the Designated Beneficiary has not survived the Member, the Member's estate shall receive a lump sum payment equal to the Member's individual DROP account balance plus net investment earnings or losses.

(n) As an alternative to subsection (k), a Member shall be entitled to elect one (1) of the following distribution methods by executing the Applicable Form:

(1) Deferral of any payment(s) from the account until a specified date. If a deferral of payment(s) is selected, the DROP participant shall select one of the following distribution methods. However, all distributions must be in compliance with Article XI.

(2) A lump sum distribution of the entire account balance.

(3) Periodic monthly payments with a designated amount until the balance of the DROP account has been entirely distributed.

(4) Periodic monthly payments for a designated period of years. The Plan Administrator shall calculate the dollar amount of the participant's period payment, so that the entire balance in the participant's DROP account shall have been distributed to the participant by the end of the period selected by the participant. This amount shall be periodically recalculated by the Plan Administrator.

(5) Initial minimum required distribution. The Plan Administrator shall calculate the dollar amount of the participant's periodic payment based upon the participant's current DROP account balance. The minimum distribution is based on the participant's life expectancy (and the life expectancy of his/her Designated Beneficiary, if applicable).

(6) Combination of a lump sum and periodic payments by designating an initial lump sum payment of a specified amount and a balance to be paid in a specified number of monthly payments of a specified dollar amount until the balance of the DROP account has been entirely distributed to the participant.

(o) The minimum distribution amount is recalculated by the Plan Administrator on the basis of the life expectancy of the participant and the participant's Designated Beneficiary, if applicable. If elected in writing before the required beginning date by the participant and/or the participant's Qualified Surviving Spouse, if applicable, the life expectancy of the participant and/or the participant's Qualified Surviving Spouse shall be recalculated periodically.

(p) If the retiree does not select a distribution method, benefit payments shall be made in compliance with applicable federal law regarding minimum distributions.

(q) If the Member dies during the DROP participation period and the Member's Designated Beneficiary is the Member's Qualified Surviving Spouse to whom the Member was legally married or joined in a civil union at the time of the Member's death, the Member's Designated Beneficiary shall be entitled to select one (1) of the distribution methods set forth in subsection (o). If no selection is made by the Member's Qualified Surviving Spouse, payment shall be made in compliance with Article XI.

(r) If a retiree or Qualified Surviving Spouse chooses a distribution method involving periodic payments, he or she may make a change in the payment method as may be allowed by the Plan Administrator.

## **ARTICLE VIII - LIMITATIONS ON BENEFITS**

### **8.01. Applicability.**

(a) This Article applies to both Plans.

(b) Notwithstanding any provision of the Plan to the contrary, the Plan shall be administered so as to comply with Code Section 415 as provided in this Article. For purposes of this Article and subject to Code Section 414(h), all defined contribution plans of each Employer covering a Member are to be treated as a single defined contribution plan, and all defined benefit plans covering a Member are to be treated as a single defined benefit plan.

**8.02. Limitations on Annual Benefit.** A Member's annual benefit under the Plan for a calendar year (the "limitation year") shall not exceed a dollar amount established in Code Section 415(b)(1)(A), which is adjusted for inflation based on Section 215(i)(2)(A) of the Social Security Act. Subject to Code Section 415(b)(4), if a Member's total annual benefit is not in excess of ten thousand dollars (\$10,000), this Section will not apply. Furthermore, if the Member retires before age sixty-two (62) and if the Member is not a qualified Member as defined by Code Section 415(b)(2)(H), the limit shall be actuarially reduced in accordance with Code Section 415(b)(2)(C). If a Member has less than ten (10) years of participation in the Plan, the dollar amount established in Code Section 415(b)(1)(A) (as may be adjusted) shall be the amount multiplied by a fraction, the numerator of which is the Member's Years of Service credit earned while participating in the Plan and the denominator of which is ten (10).

(a) *Participation in Other Qualified Plans: Aggregation of Limits.* The Code Section 415(b) limit with respect to any Member who at any time has been a Member in any other defined benefit plan as defined in Code Section 414(j) maintained by the Member's employer in this Plan shall apply as if the total benefits payable under all such defined benefit plans in which the Member has been a Member were payable from one plan.

(b) *Adjustments to Basic 415(b) Limitation for Form of Benefit.* For purposes of Code Section 415(b), the "annual benefit" means a benefit payable annually in the form of a straight life annuity (with no ancillary benefits) without regard to the benefit attributable to after-tax employee contributions (except pursuant to Code Section 415(n)) and to rollover contributions (as defined in Code Section 415(b)(2)(A)). The "benefit attributable" shall be determined in accordance with Treasury Regulations. If the benefit under the plan is other than a straight life annuity then the benefit shall be adjusted so that it is the equivalent of the annual benefit, using factors prescribed in Treasury Regulations.

(1) If the form of benefit without regard to the automatic benefit increase feature is not a straight life annuity or a qualified joint and survivor annuity, then the preceding sentence is applied by either reducing the Code Section 415(b) limit applicable at the annuity starting date or adjusting the form of benefit to an actuarially equivalent amount [determined using the assumptions specified in Treasury Regulation section 1.415(b)-1(c)(2)(ii)] that takes into account the additional benefits under the form of benefit as follows:

(2) For a benefit paid in a form to which Code Section 417(e)(3) does not apply [a monthly benefit], the actuarially equivalent straight life annuity benefit that is the greater of (or the reduced Code Section 415(b) limit applicable at the annuity starting date which is the "lesser of" when adjusted in accordance with the following assumptions):

(A) The annual amount of the straight life annuity (if any) payable to the Member under the Plan commencing at the same annuity starting date as the form of benefit to the Member; or

(B) For years on and after January 1, 2009, the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the Member, computed using a 5% interest assumption (or the applicable statutory interest assumption) and the applicable mortality tables described in Treasury Regulation section 1.417(e)-1(d)(2) (Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Rulings 2001-62); or

(3) For a benefit paid in a form to which Code Section 417(e)(3) applies [a lump sum benefit], the actuarially equivalent straight life annuity benefit that is the greatest of (or the reduced Code Section 415(b) limit applicable at the annuity starting date which is the "least of" when adjusted in accordance with the following assumptions):

(A) The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using the interest rate and mortality table, or tabular factor, specified in the plan for actuarial experience;

(B) For years on and after January 1, 2009, the annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using a 5.5 percent interest assumption (or the applicable statutory interest assumption) and the applicable mortality table for the distribution under Treasury Regulation section 1.417(e)-1(d)(2) (the mortality table specified in Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Ruling 2001-62); or

(C) The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable (computed using the applicable interest rate for the distribution under Treasury Regulation section 1.417(e)-1(d)(3) (the 30-year Treasury rate (prior to January 1, 2009, using the rate in effect for the month prior to retirement, and on and after January 1, 2009, using the rate in effect for the first day of the plan year with a one-year stabilization period)) and the applicable mortality rate for the distribution under Treasury Regulation section 1.417(e)-1(d)(2) (the mortality table specified in Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Ruling 2001-62)), divided by 1.05.

(c) *Effect of COLA without a Lump Sum Component on 415(b) Testing.* Effective on and after January 1, 2009, for purposes of applying the limits under Code Section 415(b) (the "Limit") to a Member with no lump sum benefit, the following will apply:

(1) a Member's applicable Limit will be applied to the Member's annual benefit in the Member's first limitation year without regard to any cost of living adjustments under Sections 4.05 and 5.05 of the Plan;

(2) to the extent that the Member's annual benefit equals or exceeds the Limit, the Member will no longer be eligible for cost of living increases until such time as the benefit plus the accumulated increases are less than the Limit; and

(3) thereafter, in any subsequent limitation year, a Member's annual benefit, including any cost of living increases under Sections 4.05 and 5.05 of the Plan, shall be tested under the then applicable benefit Limit including any adjustment to the Code Section 415(b)(1)(A) dollar limit under Code Section 415(d), and the regulations thereunder.

(d) *Effect of COLA with a Lump Sum Component on 415(b) Testing.* On and after January 1, 2009, with respect to a Member who receives a portion of the Member's annual benefit in a lump sum, a Member's applicable Limit will be applied taking into consideration cost of living increases as required by Code Section 415(b) and applicable Treasury Regulations.

(e) *Service Purchases under Section 415(n).* Effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, if a Member makes one or more contributions to purchase permissive service credit under a plan, then the requirements of Code Section 415(n) will be treated as met only if:

(1) the requirements of Code Section 415(b) are met, determined by treating the accrued benefit derived from all such contributions as an annual benefit for purposes of Code Section 415(b);; or

(2) the requirements of Code Section 415(c) are met, determined by treating all such contributions as annual additions for purposes of Code Section 415(c). [. OR ;]

(3) For purposes of applying this Section 8.02, a plan will not fail to meet the reduced limit under Code Section 415(b)(2)(C) solely by reason of this paragraph (e) and will not fail to meet the percentage limitation under Code Section 415(c)(1)(B) solely by reason of this Section 8.02.

(4) For purposes of this Section 8.02, the term "permissive service credit" means service credit—

(A) recognized by a plan for purposes of calculating a Member's benefit under a plan;;

(B) which such Member has not received under a plan;; and

(C) which such Member may receive only by making a voluntary additional contribution, in an amount determined under a plan, which does not exceed the amount necessary to fund the benefit attributable to such service credit.

Effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, such term may include service credit for periods for which there is no performance of service, and, notwithstanding clause (B), may include service credited in order to provide an increased benefit for service credit which a Member is receiving under a plan.

(5) The plan will fail to meet the requirements of this Section 8.02 if—

(A) more than five (5) years of nonqualified service credit are taken into account for purposes of this subparagraph (5); or

(B) any nonqualified service credit is taken into account under this subparagraph (5) before the Member has at least five (5) years of participation under a plan.

(6) For purposes of subparagraph (5), effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, the term "nonqualified service credit" means permissive service credit other than that allowed with respect to—

(A) service (including parental, medical, sabbatical, and similar leave) as an employee of the Government of the United States, any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing (other than military service or service for credit which was obtained as a result of a repayment described in Code Section 415(k)(3));

(B) service (including parental, medical, sabbatical, and similar leave) as an employee (other than as an employee described in clause (A)) of an education organization described in Code Section 170(b)(1)(A)(ii) which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), or a comparable level of education, as determined under the applicable law of the jurisdiction in which the service was performed;

(C) service as an employee of an association of employees who are described in clause (A); or

(D) military service (other than qualified military service under Code Section 414(u)) recognized by the plan.

In the case of service described in clause (A), (B), or (C), such service will be nonqualified service if recognition of such service would cause a Member to receive a retirement benefit for the same service under more than one plan.

(7) In the case of a trustee-to-trustee transfer after December 31, 2001, to which Code Section 403(b)(13)(A) or Code Section 457(e)(17)(A) applies (without regard to whether the transfer is made between plans maintained by the same employer)—

(A) the limitations of subparagraph (5) will not apply in determining whether the transfer is for the purchase of permissive service credit; and

(B) the distribution rules applicable under federal law to a plan will apply to such amounts and any benefits attributable to such amounts.

(8) For an eligible Member, the limitation of Code Section 415(c)(1) shall not be applied to reduce the amount of permissive service credit which may be purchased to an amount less than the amount which was allowed to be purchased under the terms of a plan as in effect on August 5, 1997. For purposes of this subparagraph (8) an eligible Member is an individual who first became a Member in a plan before January 1, 1998.

(f) *Modification of Contributions for 415(c) and 415(n) Purposes.* Notwithstanding any other provision of law to the contrary, the department may modify a request by a Member to make a contribution to a plan if the amount of the contribution would exceed the limits provided in Code Section 415 by using the following methods:

(1) If the law requires a lump sum payment for the purchase of service credit, the department may establish a periodic payment plan for the Member to avoid a contribution in excess of the limits under Code Section 415(c) or 415(n).

(2) If payment pursuant to subparagraph (1) will not avoid a contribution in excess of the limits imposed by Code Section 415(c) or 415(n), the Board may either reduce the Member's contribution to an amount within the limits of those Code Sections or refuse the Member's contribution.

(g) *Repayments of Cashouts.* Any repayment of contributions (including interest thereon) to the plan with respect to an amount previously refunded upon a forfeiture of service credit under the plan or another governmental plan maintained by the State or a local government within the State shall not be taken into account for purposes of Code Section 415, in accordance with applicable Treasury Regulations.

**8.03. Limitation Under Code Section 401(a)(17).** Notwithstanding anything contained in these Rules and Regulations, the annual compensation of each Member taken into account in determining allocations or benefits for any Plan Year shall not exceed two hundred thousand dollars (\$200,000), as adjusted for cost-of-living increases in accordance with Code Section 401(a)(17)(B). Annual compensation means compensation during the Plan Year or such other consecutive twelve (12) month period over which compensation is otherwise determined under the plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year.

## **ARTICLE IX - TRANSFERS AND SERVICE PURCHASES**

**9.01. Applicability.** This Article applies to both the Fire Component and Police Component of the Plan.

**9.02. Service Purchases.**

(a) Active Members of this Plan may purchase Service credit for other employment within the United States not covered by this Plan, as set forth in this Section. Any such Service credit purchase shall not change, modify, or enhance existing pension benefit provisions of the Plan.

(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 adopted by the Board, subject to all of the following conditions:

(1) The Member has at least one (1) year of continuous service credit with the same Employer covered by the FPPA Defined Benefit System.

(2) The Member provides documentation of the dates of employment not covered by the System and a record of the salary received.

(3) The Member verifies that he/she will not receive a benefit from any retirement plan covering such employment and that the Service credit to be granted has not vested with that plan, except to the extent otherwise required by federal law.

(4) The Member pays or transfers to the Fund, at the time and in the manner prescribed by the Board, the cost of the service credit, such cost to be calculated by the Board on an actuarially equivalent basis.

(5) "Other public employment" shall mean service or employment that is (i) service as an employee of the federal, state, or local government, (ii) service as an employee of a secondary or elementary education organization, or (iii) service as an employee of an association of government employees.

(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 all of the following conditions:

(1) The Member has at least one (1) year of continuous service credit with the same Employer covered by the FPPA Defined Benefit System.

(2) The Member provides documentation of the dates of service in the uniformed services of the United States and that the Member was honorably discharged from such service.

(3) The Member provides certification from the Employer that the service is not intervening service covered by the federal "Uniformed Services Employment and Reemployment Rights Act of 1994", chapter 43 of title 38, U.S.C., as amended.

(4) The Member verifies that he/she will not receive a benefit from any retirement plan covering such service and that the Service credit to be purchased has not vested with that plan, except to the extent otherwise required by federal law.

(5) The Member pays to the Trust Fund, at the time and in the manner prescribed by the Board, the cost of the Service credit purchased, such cost to be calculated by the Board on an actuarially equivalent basis.

**(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 adopted by the Board, subject to all of the following conditions:

(1) The Member has at least five (5) years of continuous service credit with the same Employer covered by the FPPA Defined Benefit System.

(2) The Member provides documentation of the dates of employment not covered by the System and a record of the salary received.

(3) The Member verifies that he/she will not receive a benefit from any retirement plan covering such employment and that the Service credit to be granted has not vested with that plan, except to the extent otherwise required by federal law.

(4) The Member pays or transfers to the Trust Fund, at the time and in the manner prescribed by the Board, the cost of the Service credit, such cost to be calculated by the Board on an actuarially equivalent basis.

(5) Employment with a private Employer shall mean "nonqualified service" under Code Section 415(n)(3)(C), which includes any service or employment not meeting the definition of "other public employment" except military service.

**(e)** A Member shall not be allowed to purchase credit to the extent that the additional accrued benefits derived from the purchased Service credit would result in the annual amount of the Member's benefit exceeding the annual benefit limitation for defined benefit plans as determined under Code Section 415.

**(f)** An application to purchase Service credit shall be filed with the Plan Administrator on the Applicable Form. The Member has the burden of providing the information and supporting documentation necessary to satisfy the requirements of the Board.

**(g)** The Member shall purchase Service credit by contributing to the Trust Fund, in one lump sum, an amount which is equal to the actuarial cost of such service. No service credit shall be awarded to the Member until the Plan Administrator has approved the request and has received the

full contribution of the prescribed amount. In order to receive credit for the service, the Member must complete the contribution no later than the last day of active Membership in the Plan.

(h) No service credit may be purchased for:

(1) any period of employment for which the Member is eligible for benefits under another retirement or annuity plan (except Social Security), payable at the time of purchase or in the future;

(2) public or private employment concurrent with full-time FPPA-covered employment;

(3) employment by a foreign government or by any foreign employer; or

(4) any period of employment for which no pay was received.

(i) For purchases of permissive service credit under this Section, the Plan Administrator shall accept eligible rollover distributions and trustee-to-trustee transfers under Code Section 457(e)(17) and Code Section 403(b)(13).

## **ARTICLE X - VESTING**

**10.01. Applicability.** This Article applies to both the Fire Component and Police Component of the Plan.

**10.02. Vesting Standards.**

(a) A Member with ten (10) Years of Service with an Employer, or who has combined years of service under the Plan and periods of military Leave of Absence equal to the ten (10) years required for vesting even in the event service credit is not earned during the military Leave of Absence, is considered vested for purposes of the Plan.

(b) Any amounts forfeited shall remain in the Trust Fund.

**10.03 SWMP.** For Members of the CSNHPP who subsequently participate in the Statewide Money Purchase Plan as a part-time employee with Colorado Springs, for purposes of vesting under the SWMP the years of service for a Member accrues in the SWMP and the CSNHPP shall be cumulative. A Member who returns to the CSNHPP and has participated in the SWMP, may purchase service credit for that time, subject to the Service Credit Purchase requirements once the Member has met the vesting requirements under the SWMP (as calculated under this rule). The Member shall vest in the CSNHPP plan based on service credit earned and purchased under the CSNHPP Plan.

## **ARTICLE XI - DISTRIBUTION RULES**

**11.01. Applicability.** This Article applies to both Plans.

**11.02. Minimum Distribution Rules for Members.** Notwithstanding any provision of this Plan to the contrary, any distribution under the Plan shall be made in accordance with a reasonable and good faith interpretation of Code Section 401(a)(9) and the regulations established thereunder as they are amended and shall comply with the following rules:

(a) To the extent required by Code Section 401(a)(9) and the regulations promulgated thereunder, payment of the benefits of a Member shall begin no later than the "required beginning date." For purposes of this Section, "required beginning date" means April 1 of the calendar year following the later of (i) the calendar year in which the Member reaches age seventy and one-half (70½), or (ii) the calendar year in which the Member retires.

(b) No payment option may be selected by a Member unless the amounts payable to the Member are expected to be at least equal to the minimum distribution required under Code Section 401(a)(9).

(c) The amounts payable must satisfy the minimum distribution incidental benefit requirements of Code Section 401(a)(9)(G). However, the Employer considers the benefit option under Section 4.09 and Section 5.07 as a grandfathered benefit option under Treasury Regulation Section 1.401(a)(9)-6, Q&A-16.

(d) Distributions in the event of a Member's death are subject to the minimum distribution rules of Code Section 401(a)(9) and the regulations thereunder.

(e) At the earlier of the October before the Member reaches age 70 ½, or first requests a distribution from his or her account, the unpaid account balance shall be transferred without request to the Fire and Police Members Self-Directed Investment Fund after the first request for a distribution from the SRA Account has been processed and distributed.

**11.03. Minimum Distribution Rules for Beneficiaries.** In the event of the Member's death, any remaining benefit shall be distributed according to the following subject to compliance with Code Section 401(a)(9) and regulations thereunder.

(a) If the Member had begun receiving periodic payments from the Plan that were not annuitized, the balance of the Accounts shall be paid to the Designated Beneficiary at least as rapidly as under the payment option selected by the Member.

(b) If the Member had begun receiving payments in the form of a pension or annuity, the Designated Beneficiary shall be bound by all restrictions applicable to the pension or annuity, and the form of payment selected thereunder, and remaining payments, if any, shall be paid to the Designated Beneficiary in the same manner.

(c) If the Member dies before distributions have commenced, a Qualified Surviving Spouse (by marriage) or Designated Beneficiary may delay the commencement of benefits until

December 31 of the year the Member would have attained age seventy and one-half (70½) and may elect to receive payments at such time over the Qualified Surviving Spouse's life expectancy, subject to the payment options available.

(d) If the Member dies before distributions have commenced, a Designated Beneficiary other than a Qualified Surviving Spouse (by marriage) may take a lump sum or a periodic payment, subject to the payment options available. In the case of a lump sum, payment must be made no later than December 31 of the calendar year containing the fifth anniversary of the Member's death. In the case of a periodic distribution, payment must commence no later than December 31 of the year following the year of the Member's death, and in no event be payable over a period longer than the Designated Beneficiary's life expectancy at the time the distribution commences.

(e) If the Member has not designated a Designated Beneficiary or the Plan is unable to locate the Designated Beneficiary upon death, the Member's remaining interest will be paid in a lump sum to the Member's estate.

(f) Notwithstanding the foregoing, any payment to an estate shall be made in a lump sum.

(g) At the earlier of the October before the beneficiary reaches age 70½, or first requests a distribution from his or her account, the unpaid account balance shall be transferred without request to the Fire and Police Members Self-Directed Investment Fund after the first request for a distribution from the SRA Account has been processed and distributed.

**11.04. Eligible Rollover Distributions from this Plan.** Notwithstanding any provision of the Plan to the contrary, a Distributee may elect, at the time and in the manner prescribed by the Board, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

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

**12.01. Applicability.** This Article applies to both the Fire Component and Police Component of the Plan.

**12.02. No Plan Loans.** Loans to Members shall not be permitted.

**12.03. In-service Distributions.** In-service distributions shall not be permitted with the exception of amounts which have been transferred as an Eligible Rollover Distribution from another Eligible Retirement Plan.

**ARTICLE XIII - DOMESTIC RELATIONS ORDERS, CHILD SUPPORT ORDERS  
AND OTHER ORDERS OF THE COURT**

**13.01. Applicability.** This Article applies to both the Fire Component and Police Component of the Plan.

**13.02. Definitions.** A "domestic relations order" means a judgment, decree or order issued by a court of competent jurisdiction in this state relating to a dissolution of marriage, legal separation or declaration of invalidity action, which complies with C.R.S. § 14-10-113, as amended.

**13.03. Domestic Relations Orders.** The Board shall recognize only those domestic relations orders which seek to implement a written agreement between a Member of a retirement plan administered by FPPA and the Member's former spouse or partner in a civil union. The Board shall approve a standardized form of agreement which must be used by the parties in this regard. The Board shall also approve a standard judicial "order," which incorporates and approves the terms of the written agreement. Any written agreement concerning the division of benefits in a retirement plan administered by FPPA shall be submitted to FPPA within ninety days after entry of the decree and the permanent orders regarding property distribution in the proceeding for the dissolution of marriage or civil union, legal separation, or declaration of invalidity of marriage or civil union. The order approving the agreement shall be certified by the clerk of the court and submitted to and received by FPPA at least thirty (30) days before the plan may make its first payment.

(a) Any formula in a written agreement concerning the division of benefits must enable FPPA to make a one-time calculation of the alternate payee's share. Any expenses incurred by FPPA in making the calculation shall be paid by the Member.

(b) FPPA permits (and State law requires) benefit adjustments to the alternate payee's share of a Member's defined benefit at the same time and in the same manner as any benefit adjustments applied to the Member's distribution.

(c) In recognition of the fact that disability benefits under the Statewide Death and Disability Plan are paid in lieu of defined benefits under the FPPA Defined Benefit System, that disability benefits paid after a divorce but prior to a retirement are not considered marital or civil union property under Colorado Law, and that disability benefits paid in lieu of a retirement benefit may be considered marital or civil union property subject to division under a domestic relations order under Colorado, the Board adopts the following rules:

- (1) If a member retires on a permanent occupational or total disability under the Statewide Death and Disability Plan, receiving the disability benefit in lieu of a defined benefit under the FPPA Defined Benefit System, and has previously filed a domestic relations order prior to the date of disability which requires the division of a disability benefit, the alternate payee shall become eligible for payment of a portion of the disability benefit upon the Member attaining age 55 (or age 50 for the Police Component). The alternate payee's portion of the disability benefit shall be calculated pursuant to the division methodology agreed upon pursuant to the domestic relations order. However, the division methodology shall be applied to the

normal defined benefit amount that the member would have been eligible to receive at age 55 if the member had separated from service on the date of disability and based on the service credit the member earned in the defined benefit plan, before any reductions for survivor options. The division methodology shall not be applied to the member's disability retirement benefit to calculate the alternate payee's portion of the benefit.

- (2) If the Member dies prior to the first payment of benefits, no payments shall be due to the alternate payee. In the event the Member dies before the alternate payee after payments have commenced, the alternate payee's portion of the monthly benefit shall terminate upon the Member's death. In the event the alternate payee dies before the Member, the alternate payee's portion of the monthly benefit shall cease, and the amount of the alternate payee's portion shall revert and be added to the Member's monthly benefit, subject to any reduction based on beneficiary options previously elected by the Member.

**13.04. Orders for Child Support.** Notwithstanding any provision of Article XV or such other provision of this Plan to the contrary, assignments for child support purposes as provided for in C.R.S. §§ 14-10-118 (1) and 14-14-107, as they existed prior to July 1, 1996, for income assignments for child support purposes pursuant to C.R.S. § 14-14-111.5, and for writs of garnishment that are the result of a judgment taken for arrearages for child support or for child support debt shall be payable by FPPA from a Member's separate funds at such time as said funds are eligible for distribution from the Plan.

**13.05. Other Court Orders.** Notwithstanding any provision of Article XV or such other provision of this Plan to the contrary, orders issued by a Court with proper jurisdiction in the State of Colorado for restitution that is required to be paid for the theft, embezzlement, misappropriation, or wrongful conversion of public property or to enforce a judgment for a willful and intentional violation of fiduciary duties pursuant to C.R.S. Article 31 of Title 31, where the offender or a related party received direct financial gain, which require a distribution from the Plan, shall be honored.

#### **ARTICLE XIV - ELIGIBLE ROLLOVER DISTRIBUTIONS TO THE PLAN**

**14.01. Applicability.** This Article applies to both the Fire Component and Police Component of the Plan.

**14.02 Eligible Rollover Distributions to this Plan.** Subject to any limitations in this Article, a Member may elect, at the time and in the manner prescribed by the Board or the Plan Administrator, to have any portion of an Eligible Rollover Distribution paid directly to this Plan in a Direct Rollover. Rollovers from other permissible sources will be allowed to the extent permitted by law, subject to any conditions, proofs, or acceptance the Board or its designee deems appropriate. An Eligible Rollover Contribution shall be credited to the Trust Fund for the purchase of Service credit.

## ARTICLE XV - TRUST

**15.01. Applicability.** This Article applies to the FPPA Defined Benefit System, including both Plans.

**15.02. Trust Status.** All assets held in connection with the FPPA Defined Benefit System, including all contributions to the Plans, all property and rights acquired or purchased with such amounts and all income attributable to such amounts, property or rights shall be held in trust for the exclusive benefit of Members and their Designated Beneficiaries under the Plans. Such assets shall constitute the Trust Fund. No part of the assets and income of the Trust Fund shall be used for, or diverted to, purposes other than for the exclusive benefit of Members and their Designated Beneficiaries and for defraying reasonable expenses of the System.

**15.03. Trust Fund.** All amounts of compensation contributed pursuant to the Plans, all property and rights acquired or purchased with such amounts and all income attributable to such amounts, property or rights held as part of the FPPA Defined Benefit System, shall be transferred to the Board to be held, managed, invested, and distributed as part of the Trust Fund in accordance with the provisions of the documents governing the System. All contributions to the Plans must be transferred by the Employers to the Trust Fund. The Trust Fund must not revert, and no contributions shall be permitted to be returned, to the Employers, except as permitted by Revenue Ruling 91-4. All benefits under the Plans shall be distributed solely from the Trust Fund pursuant to the documents governing the System.

**15.04. Board as Trustee.** The Board is the trustee of the Trust Fund.

## ARTICLE XVI - ADMINISTRATION OF PLAN

**16.01. Applicability.** This Article applies to the FPPA Defined Benefit System, including both Plans.

**16.02. Compliance with Code Section 401(a).** At all times, the FPPA Defined Benefit System 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).

**16.03. USERRA Compliance.** Notwithstanding any provision of these Rules and Regulations 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 USERRA.

**16.04. Board Duties and Powers.** The Board shall have the authority to control and manage the operation and administration of the FPPA Defined Benefit System and the Plan and shall be a named fiduciary of the System.

**(a)** The Board shall have such power and authority (including discretion with respect to the exercise of that power and authority) as may be necessary, advisable, desirable, or convenient to enable the Board to carry out its duties under the FPPA Defined Benefit System. By way of illustration and not limitation, the Board is empowered and authorized:

(1) To establish rules, regulations, and procedures with respect to administration of the FPPA Defined Benefit System, not inconsistent with State law and the Code, and to amend or rescind such rules, regulations, or procedures;

(2) To establish an administrative fee for the Plan, which shall be used to pay reasonable expenses of the Plan and shall be withheld from contributions under Article III;

(3) To determine, consistently with the documents governing the FPPA Defined Benefit System, applicable law, rules, or regulations, all questions of law or fact that may arise as to the eligibility for participation in the Plans and eligibility for distribution of benefits from the Plans, and the status of any person claiming benefits under the Plans, including without limitation, Members, Inactive Members, former Members, Designated Beneficiaries, employees, and former employees;

(4) Pursuant to Articles IV, V, VII, and XI, to make payments from the Trust Fund to Members, their Designated Beneficiaries, and other persons as the Board may determine;

(5) To contract with one or more service providers and professionals, including attorneys, accountants, actuaries, investment advisors, consultants, and Recordkeepers to advise the Board in any manner necessary and to perform education, recordkeeping, and administrative services under the System;

(6) To accept service of legal process;

(7) If a written election or consent is not specifically required by the Code, to prescribe a verbal, electronic, or telephonic instruction in lieu of or in addition to a written form;

(8) Subject to and consistent with the Code, to construe and interpret the Plans as to administrative issues and to correct any defect, supply any omission, or reconcile any inconsistency in the Plans with respect to same;

(9) To obtain from the Employer such information as shall be necessary for the proper administration of the System; and

(10) To perform any other duties or exercise any other powers granted under C.R.S. Title 31.

(b) Any action by the Board, which is not found to be an abuse of discretion, shall be final, conclusive, and binding on all individuals affected thereby. The Board may take any such action in such manner and to such extent as the Board in its sole discretion may deem expedient, and the Board shall be the sole and final judge of such expediency.

**16.05. Advice.** The Board may employ or contract with one (1) or more persons to render advice or consultation services to it with regard to its responsibilities under the FPPA Defined Benefit System.

**16.06. Delegation by Board.** In addition to the powers stated in Section 16.04, the Board may from time to time delegate to an individual, committee, or organization certain of its fiduciary or other responsibilities under the FPPA Defined Benefit System. Any such individual, committee, or organization shall remain a fiduciary until such delegation is revoked by the Board, which revocation may be without cause and without advance notice. Such individual, committee, or organization shall have such power and authority with respect to such delegated fiduciary responsibilities as the Board has under the System.

**16.07. Fiduciary Insurance.** The Board may require the purchase of fiduciary liability insurance for any of such fiduciaries to cover liability or losses occurring by reason of the act or omission of such fiduciary.

**16.08. Payment of Benefits.** If in doubt as to the correctness of its action in making a payment of a benefit, the Board, Plan Administrator, or Recordkeeper (as appropriate) may suspend payment until satisfied as to the correctness of the payment or the person to receive the payment. In addition, such person or entity may file, in any state court of competent jurisdiction, a suit, in such form as it considers appropriate, for legal determination of the benefits to be paid or the persons to

receive them. Such person or entity shall comply with the final order of the court in any such suit and the Members, Designated Beneficiaries, Employers, Plan Administrator, and Recordkeeper shall be bound thereby insofar as such order affects the benefits payable under the FPPA Defined Benefit System or the method or manner of payment.

**16.09 Payment of Expenses.** Except as otherwise provided in these Rules and Regulations, the costs of administrative services (including record keeping, legal, administrative, etc.) will be covered by forfeitures, penalties received, settlement proceeds, and other sources of revenue received. When the expense of administrative services exceeds the plan revenue, the administrative expenses of the plan may be charged to plan participants on a periodic basis in the form of an asset-based fee, a flat hard dollar fee, or a combination thereof. The FPPA Self- Directed Plans Committee will review the administrative expenses on an annual basis and determine the allocation of administrative costs of the plan, if any, to participants. In addition to overall administrative expenses, there may be individual service fees associated with optional features offered under the plan. Individual service fees are charged separately to the accounts of individuals who choose to utilize a particular plan feature.

**16.10 Plan Records.** All records of the FPPA Defined Benefit System, including individual Account information, that are maintained by the Plan Administrator or Recordkeeper shall be the exclusive property of the Board.

**16.11 Board Determination.** When the Board affirms or reverses staff's determination, then such affirmation or reversal is final as of the date it is announced, unless the Board makes its decision subject to the adoption of written findings. In that case, the decision is final as of the date the Board adopts such written findings. Any allowable judicial review may then proceed.

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

**17.01. Applicability.** This Article applies to the Colorado Springs New Hire Pension Plan.

**17.02. Amendment.**

(a) The Board, with the consent of the City, may amend the Colorado Springs New Hire Pension Plan Rules and Regulations, as it deems necessary for the administration of the Plan. However, amendment of benefit-related provisions must be accomplished under subsection (b).

(b) Any amendments to benefit-related provisions of either the Fire Component or Police Component of the Colorado Springs New Hire Pension Plan may be made by the Board, with the consent of the City, only upon the approval of at least sixty-five percent (65%) of the then active Members in the applicable component of the Colorado Springs New Hire Pension Plan.

(c) No amendment shall have the effect of:

- (1) diverting for the benefit of any persons, other than Members or their Beneficiaries, amounts attributable to contributions by an Employer,
- (2) decreasing the nonforfeitable percentage of any Member's accrued benefit, or
- (3) changing the vesting schedule set forth in Article X, with respect to any Member with ten (10) or more Years of Service in the Plan.

(d) If the Plan 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.

(e) FPPA and the Employer may agree to amend the Plan to allow Members to participate in the Statewide Defined Benefit Plan and to transfer their benefits to the Statewide Defined Benefit Plan on terms that are mutually agreeable and without an election of the Members.

(f) In considering amendments to the Colorado Springs New Hire Pension Plan Rules and Regulations, issues to be considered by the Board may include, but are not limited to;

- (1) Compliance with state and federal law, including the Internal Revenue Code;
- (2) The actuarial impact of the proposed amendment on the funding of the Plan; and
- (3) The administrative burden, if any, created by the implementation of the amendment.

(g) In the event of a full or partial termination of, or a complete discontinuance of employer contributions to, the Plan, the accrued benefits of the affected Members under the Plan shall be 100% vested and nonforfeitable to the extent funded and to the extent required by federal law.

**17.03. Amendment for Qualification of Plan.** It is the intent of the Board that the FPPA Defined Benefit System 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 FPPA Defined Benefit System 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 System, made in accordance with this Section, may be made retroactively, if necessary or appropriate. The Board and all Employers, employees, Members, Designated Beneficiaries, and all others having any interest under the System shall be bound thereby.

## ARTICLE XVIII - MISCELLANEOUS

**18.01. Applicability.** This Article applies to both Plans.

**18.02. Payments to Minors or Persons of Unsound Mind.** If any person entitled to receive any payment hereunder is a minor, or a person of unsound mind, whether formally adjudicated so or not, such payment shall be made to or for the benefit of such minor or person of unsound mind in any of the following ways, as the Board, in its sole discretion, shall determine: (i) to the legal representative of such person; (ii) directly to such person; (iii) to some near relative of such person; (iv) in such other manner as the Board may deem appropriate under the circumstances. The Board shall not be required to see to the proper application of any such payment made to any person pursuant to the provisions of this Section.

**18.03. Disposition of Unclaimed Payments.** If the Board or Plan Administrator is unable to make any payment due under the FPPA Defined Benefit System to any person because the Board or Plan Administrator cannot ascertain the identity or whereabouts of such person after making such written or telephonic inquiries as the Board or Plan Administrator, in its sole discretion, deem reasonable, the Board or Plan Administrator shall suspend all further payments to such person until he/she makes his identity or whereabouts known to the Board or Plan Administrator within seven (7) years after such payment was due. The Board or Plan Administrator shall declare such payment, and all remaining payments due such person, to be forfeited as of the expiration of such seven (7) year period. However, such forfeited amounts shall be reinstated to the Member once he makes his/her whereabouts known to the Board or Plan Administrator.

**18.04. Taxes.** The Board, the Employers and the Plan Administrator do not guarantee that any particular federal or state income, payroll, or other tax consequence will occur because of participation in the FPPA Defined Benefit System.

**18.05. Conflicts.** In resolving any conflict between provisions of the FPPA Defined Benefit System and in resolving any other uncertainty as to the meaning or intention of any provision of the Rules or Regulations or other document, the interpretation that (i) causes the FPPA Defined Benefit System to constitute a qualified plan under the provisions of Code Sections 401 and 414(d) and the Trust to be exempt from tax under Code Sections 115 and 501, (ii) causes the System to comply with all applicable requirements of the Code and (iii) causes the System to comply with all applicable Colorado statutes and rules, shall prevail over any different interpretation.

**18.06. Limitation on Rights.** Neither the establishment or maintenance of the FPPA Defined Benefit System, any amendment thereof, nor any act or omission under the Plan (or resulting from the operation of the System) shall be construed:

(a) As giving a Member or Designated Beneficiary any right to, or interest in, any assets of the Fund upon termination of employment or otherwise, except as provided from time to time under the FPPA Defined Benefit System and then only to the extent of the benefits payable under the System to such Member or Designated Beneficiary out of the assets of the Trust Fund;

(b) As creating any responsibility or liability of the Employer for the validity or effect of the System;

(c) As being consideration for, or an inducement or condition of, employment of any Member or other individual, or as affecting or restricting in any manner or to any extent whatsoever, the rights or obligations of the Employer or any Member or other individual to continue or terminate the employment relationship at any time; or

(d) In any other regard as a contract between the Employer and any Member or other person.

**18.07. Limitation on Recovery.** All payments of benefits as provided for in the System shall be made solely out of the assets of the Trust Fund, and no fiduciary shall be liable therefore in any manner. Members and Designated Beneficiaries may not seek recovery against the Board, Plan Administrator, Employers, or any employee, contractor, or agent of the Board, Plan Administrator, or Employers for any loss sustained by any Member or Designated Beneficiary due to the nonperformance of their duties, negligence, or any other misconduct of the above-named persons. The above-named persons shall not be liable for losses arising from expense charges of any kind or from depreciation or shrinkage in the value of investments made under this Plan. This paragraph shall not, however, excuse fraud or a wrongful taking by any person.

**18.08. Erroneous Payments.** If the Board or Plan Administrator make any payment that according to the terms of the Plan and the benefits provided hereunder should not have been made, the Board or Plan Administrator may recover that incorrect payment, by whatever means necessary, whether or not it was made due to the error of the Board or Plan Administrator, from the person to whom it was made or from any other appropriate party. For example, if any such incorrect payment is made directly to a Member, the Board or Plan Administrator may deduct it when making any future payments, if any, directly to that Member.

**18.09. Release.** Any payment to any Member or Designated Beneficiary shall, to the extent thereof, be in full satisfaction of the claim of such Member or Designated Beneficiary, and the Board or Plan Administrator may condition payment thereof on the delivery by the Member or Designated Beneficiary of a duly executed receipt and release in such form as may be determined by the Board or Plan Administrator.

**18.10. Liability.** The Board or Plan Administrator shall not incur any liability in acting upon any notice, request, signed letter, telegram or other paper or document, or electronic transmission believed by the Board or Plan Administrator to be genuine or to be executed or sent by an authorized person.

**18.11. Governing Laws.** The laws of the State of Colorado shall apply in determining the construction and validity of the FPPA Defined Benefit System and these Rules and Regulations, with venue in the Arapahoe County District Court with competent subject matter jurisdiction.

**18.12. Necessary Parties to Disputes.** Necessary parties to any accounting, litigation, or other proceedings relating to the Plan shall include only the Board and the Plan Administrator.

However, if the Plan Administrator or Board has delegated duties to a Recordkeeper or other party, the Recordkeeper or other party is a necessary party for those duties that have been delegated to the Recordkeeper or other party. The settlement or judgment in any such case in which the Board is duly served shall be binding upon all affected Members in the FPPA Defined Benefit System, their Designated Beneficiaries, and estates and upon all persons claiming by, through, or under them.

**18.13. Severability.** If any provision of these Rules and Regulations shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Rules and Regulations shall continue to be fully effective.

**18.14. Supersession.** The terms of the Rules and Regulations shall supersede any previous agreement between any entities or individuals pertaining to the FPPA Defined Benefit System.