

Colorado Springs New Hire Pension Plan

Police Component



The Colorado Springs new hire Pension Plan (CSNHPP) is a defined benefit plan funded by employee and employer contributions.

Basic Plan Structure

Members covered by the CSNHPP may receive a monthly lifetime benefit upon meeting the eligibility requirements for normal, early, vested or deferred retirement.

When close to retirement or DROP, contact FPPA for clarification, confirmation of service credits and other retirement related information.

Eligibility Requirements

Generally, this plan covers Colorado Springs police officers who were hired on or after April 8, 1978 and before October 1, 2006.

Full time Colorado Springs police officers hired on or after October 1, 2006 will be covered by the Statewide Defined Benefit Plan.

Normal Retirement

Requirements

At least 25 years of service and age 50.

Calculation

A 2% benefit for each full year of service for the first 10 years, then a 2.75% benefit for each full year of service thereafter with a maximum benefit of 75%. (Refer to the chart to the right.)

The retirement benefit is calculated using Final Average Salary (FAS), which is the average of the monthly base salary, (including longevity, and third week pay, if applicable), received by the member for the 18 months immediately preceding the date the member separates service. (See the *Final Average Salary* section on Page 4.) Salary for time earned due to the purchase of service credit is not factored into the FAS. If a member does not work their last full payroll period, the FAS will be affected.

Payment

Retirement benefits are payable immediately.

Survivor Benefit

For members who have elected normal retirement or who are eligible for normal retirement the maximum survivor benefit is 70% of the retirement benefit at the time of death. This is payable to the qualified surviving spouse* (and/or qualified surviving child). Survivors of a member who has not separated service and is eligible for a normal retirement and dies in the line of duty, are eligible for a supplemental benefit under the Statewide Death & Disability Plan to bring the combined benefit to 70% of salary at the time of death. Survivors of a member who dies while an active member and who is not eligible for normal retirement may be eligible for benefits under the Statewide Death & Disability Plan.

* For purposes of this benefit, spouse also includes a partner in a civil union effective May 1, 2013 - per C.R.S. § 14-15-101, et seq.

Vested Retirement (Vested Separation Benefit)

Requirements

At least 10 years of service.

Calculation

A 2% benefit for each full year of service for the first 10 years, then a 2.75% benefit for each full year of service thereafter with a maximum benefit of 75%. (Refer to the chart to the right.)

The retirement benefit is calculated using Final Average Salary (FAS), which is the average of the monthly base salary, (including longevity, and third week pay, if applicable), received by the member for the 18 months immediately preceding the date the member separates service. (See the *Final Average Salary* section on Page 4.) Salary for time earned due to the purchase of service credit is not factored into the FAS.

Payment

Retirement benefits are payable at age 50.

Survivor Benefit

The maximum survivor benefit is 70% of the retirement benefit that the member would have received at the commencement of benefits. If the police officer dies prior to age 50 (and therefore, prior to the commencement of benefits), the qualified surviving spouse* will receive 70% of the benefit that would have been payable to the member. If there is no qualified surviving spouse, the benefit is payable to the qualified surviving child(ren). The survivor benefit is payable when the member would have reached age 50.

* For purposes of this benefit, spouse also includes a partner in a civil union effective May 1, 2013 - per C.R.S. § 14-15-101, et seq.

Early & Deferred Retirement copy follows on Page 4.

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		Age at Retirement																	
		45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62
Years of Service	10						20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
	11						22.75	22.75	22.75	22.75	22.75	22.75	22.75	22.75	22.75	22.75	22.75	22.75	22.75
	12						25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50
	13						28.25	28.25	28.25	28.25	28.25	28.25	28.25	28.25	28.25	28.25	28.25	28.25	28.25
	14						31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00
	15						33.75	33.75	33.75	33.75	33.75	33.75	33.75	33.75	33.75	33.75	33.75	33.75	33.75
	16						36.50	36.50	36.50	36.50	36.50	36.50	36.50	36.50	36.50	36.50	36.50	36.50	36.50
	17						39.25	39.25	39.25	39.25	39.25	39.25	39.25	39.25	39.25	39.25	39.25	39.25	39.25
	18						42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00
	19						44.75	44.75	44.75	44.75	44.75	44.75	44.75	44.75	44.75	44.75	44.75	44.75	44.75
	20	29.69	33.25	36.81	40.38	43.94	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50
	21	31.41	35.18	38.94	42.71	46.48	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25
	22	33.13	37.10	41.08	45.05	49.03	53.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00
	23	34.84	39.03	43.21	47.39	51.57	55.75	55.75	55.75	55.75	55.75	55.75	55.75	55.75	55.75	55.75	55.75	55.75	55.75
	24	36.56	40.95	45.34	49.73	54.11	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50
	25	38.28	42.88	47.47	52.06	56.66	61.25	61.25	61.25	61.25	61.25	61.25	61.25	61.25	61.25	61.25	61.25	61.25	61.25
	26	40.00	44.80	49.60	54.40	59.20	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00
	27	41.72	46.73	51.73	56.74	61.74	66.75	66.75	66.75	66.75	66.75	66.75	66.75	66.75	66.75	66.75	66.75	66.75	66.75
28	43.44	48.65	53.86	59.08	64.29	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50	
29	45.16	50.58	55.99	61.41	66.83	72.25	72.25	72.25	72.25	72.25	72.25	72.25	72.25	72.25	72.25	72.25	72.25	72.25	
30	46.88	52.50	58.13	63.75	69.38	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	
31				63.75	69.38	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	

Normal Retirement
See Page 1
 Early Retirement
See Page 4
 Vested Retirement
See Page 1

Notes This chart is for Colorado Springs Police Officers. Normal Retirement Benefits are age 50 with 25 years of service, with a maximum benefit payable of 75%.

Colorado Springs New Hire Pension Plan *Police Component*

Early Retirement (Reduced Retirement Benefit)

Requirements

At least 20 years of service and age 45

Calculation

A 2% benefit for each full year of service for the first 10 years, then a 2.75% benefit for each full year of service thereafter with a maximum benefit of 75%. (Refer to the chart on Page 2.)

The retirement benefit is calculated using Final Average Salary (FAS), which is the average of the monthly base salary, (including longevity, and third week pay, if applicable), received by the member for the 18 months immediately preceding the date the member separates service. (See the *Final Average Salary* section below.) Salary for time earned due to the purchase of service credit is not factored into the FAS.

This benefit is reduced by 7.5% for each year, and portion thereof, that the member is less than age 50. Please refer to the Colorado Springs Pension Plan Rules & Regulations for additional information.

Payment

A reduced retirement benefit is payable immediately.

Survivor Benefit

For members who have elected an early retirement the maximum survivor benefit is 70% of the retirement benefit at the time of death. This is payable to the qualified surviving spouse* (and/or qualified surviving child).

* For purposes of this benefit, spouse also includes a partner in a civil union effective May 1, 2013 - per C.R.S. § 14-15-101, et seq.

Deferred Retirement

Members who qualify for a normal retirement may defer the receipt of their Defined Benefit Pension to as late as age 65 and receive the actuarial equivalent of the benefit. The Separate Retirement Account (SRA), if any, is available immediately upon separation of service and once the Retirement Application has been approved by FPPA. However, a member may choose to defer receipt of SRA benefits until as late as April 1st of the calendar year following the year in which the member turns age 70 1/2. See page 6 for more information on the SRA.

The percentage in the chart to the right is applied to the member's defined benefit amount, not the member's FAS.

Example (Refer to chart.)

If a member's normal retirement benefit was equal to \$1,000.00 per month if paid at age 50 and they elected to defer receipt of that benefit until age 60; the deferred benefit amount would be \$1,957.80 per month, payable at age 60. ($\$1,000.00 \times 195.78\% = \$1,957.80$)

Age at Retirement	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
50	100.00%															
51		106.90%														
52			106.85%													
53				100.00%												
54					106.80%											
55						100.00%										
56							122.00%									
57								114.12%								
58									114.23%							
59										106.85%						
60											100.00%					
61												106.80%				
62													106.90%			
63														106.85%		
64															100.00%	
65																122.00%

The chart above is for illustrative purposes only and shows some revised periodically. If you select a deferred retirement, your benefit

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Final Average Salary (FAS)

Because there are 39 payroll periods in 18 months, the total "Salary" amount reported to FPPA as earned during the final 39 payroll periods is used to determine the member's "rate of pay". Since the "rate of pay" is based on an average of the final 39 payrolls, it is to your advantage to work or be paid until the last day of payroll period.

The following FAS calculation will help to give you an **estimate**:

$$\text{Total "Salary" for 39 Payroll Periods} \div 39 \times 12 = \text{Monthly Rate of Pay} \times 12 =$$

Annual Rate of Pay or FAS

Deferred Retirement Actuarial Equivalence Factors

Age at Benefit Commencement

54	55	56	57	58	59	60	61	62	63	64	65
100.00%	106.69%	113.77%	121.24%	129.12%	137.41%	150.29%	164.54%	180.33%	197.86%	217.34%	239.06%
	100.00%	106.63%	113.63%	121.01%	128.78%	140.85%	154.21%	169.00%	185.43%	203.69%	224.03%
		100.00%	106.56%	113.49%	120.77%	132.09%	144.61%	158.48%	173.88%	191.00%	210.07%
			100.00%	106.49%	113.33%	123.95%	135.69%	148.70%	163.15%	179.21%	197.10%
				100.00%	106.42%	116.38%	127.41%	139.63%	153.19%	168.26%	185.06%
					100.00%	109.37%	119.72%	131.20%	143.94%	158.10%	173.87%
						100.00%	109.47%	119.96%	131.60%	144.55%	158.96%
							100.00%	109.58%	120.21%	132.03%	145.19%
								100.00%	109.70%	120.48%	132.48%
									100.00%	109.82%	120.76%
										100.00%	109.96%
											100.00%

of the factors used to calculate a deferred retirement. There is a separate factor for each age, specific to both the year and the month. Tables may be fit will be determined by the exact tables and factors in effect at the time you begin to receive your benefit.

Deferred Retirement Option Plan (DROP)

Requirements

In order to enter DROP, the member must be eligible for normal retirement.

Instead of terminating employment and receiving retirement benefits, a member could choose to enter DROP and continue employment for a specified period of time not to exceed five years. A written agreement between the member and the employer is required. While participating in the DROP, a member earns no additional service credit toward retirement. There are also no further contributions made to a member's SRA.

Calculation

During this period of time, the member's retirement benefits as well as employee contributions are paid into a DROP account. The member directs the investment of their DROP account in any of the investment options offered by FPPA. Currently FPPA offers a variety of investment options through Fidelity Investments (the record keeper).

Payment

At the end of a specified period of time, the member ceases employment and receives the amount accumulated in the DROP account. Payments from the DROP account may be paid as a monthly periodic payment, a lump sum, or a combination of a lump sum and monthly payments.

The member's DROP payments are in addition to the benefits paid from the Defined Benefit Plan and the SRA, if applicable.

Separate Retirement Account (SRA)

Description

If in any year after 2005 the combined member and employer contributions that are received to fund the Colorado Springs New Hire Police Pension Plan exceed all of the plan costs, the surplus amount of the employer contributions may be allocated to an SRA in each member's name. The separate retirement account (SRA) balance, if any, is available at the time of taking a normal, early or vested retirement. The SRA will have earnings and losses posted on a monthly basis. The SRA allocation will vary from year to year based on the cost of the Colorado Springs Police New Hire Plan from the previous year.

Any amount allocated to the member's Separate Retirement Account (SRA) is subject to reduction prior to the time the member has terminated service or elected to participate in the Deferred Retirement Option Plan (DROP), in the event additional funds must be transferred to the actuarial account to fund the Colorado Springs Police New Hire Pension Plan.

Payment

Payments from an SRA may be made in monthly periodic payments, or a lump sum distribution. An SRA payment is in addition to a normal, early or vested benefit.

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Refund Of Contributions

Non-Vested

Any police officer terminating employment with less than 10 years of service may request a refund of member contributions. The member will receive their accumulated contributions plus 5% per annum, as interest. If a refund of contributions is chosen, SRA monies, if any, and all employer contributions are forfeited.

Vested

Any police officer terminating employment with 10 or more years of service may elect a vested retirement (vested separation) in lieu of a refund of contributions. If a refund of contributions is chosen, SRA monies, if any, and all employer contributions are forfeited.

Cost-Of-Living (COLA) Adjustments

Cost-of-living-adjustments will begin on October 1st immediately prior to the retired police officer turning age 60 or 10 years after benefit payments commence, whichever is earlier. Thereafter the COLA increases are effective October 1st of each year. The amount of the COLA cannot exceed 3% per year subject to limitations linked to the consumer price index.

Purchasing Service Credit

Members may be eligible to purchase service credit if they have:

- Prior public employment not covered by the Colorado Springs Police New Hire Pension Plan;
- Prior private employment ; or
- Prior military service.

The cost factors will be based on the member's age and the applicable FAS at the time of purchase. The cost changes as you age and as your FAS changes. A calculator to estimate the cost may be found on the FPPA website FPPAco.org. The factors used to determine the cost of purchasing service credit may be revised periodically.

Please contact FPPA for a brochure, application or an estimate of the cost.



5290 DTC Parkway, Suite 100 • Greenwood Village, Colorado 80111-2721
(303) 770-3772 • toll free (800) 332-3772 • fax (303) 771-7622 • www.FPPAco.org

This plain language document is intended for informational purposes only. Official interpretations or determinations are based upon the statutes and rules and regulations which govern this plan.

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