



# FPPA Member Contribution Rate Changes, Explained

*For Members of the Statewide Defined Benefit Plan*



In 2014 Members of the Statewide Defined Benefit Plan (SWDB) voted in favor of increasing the member contribution rate. The increase of .5% per year began in 2015; the new member rate will be fully implemented in 2022 at 12%.

The primary purposes of the added funding are to:

- increase the level of funding which in turn increases the protection against benefit rollbacks in times of economic downturns. This election was the result of several months of study by a task force that included members, consultants and FPPA board and staff members; and
- increase the likelihood that members will receive more meaningful benefit adjustments (a.k.a. COLA's) in retirement to help their pension keep better pace with inflation.

## WHO CONTRIBUTES?

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

It applies to the following:

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

It does NOT apply to the:

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

## WHO CONTRIBUTES - *continued*

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

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

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

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

## TIMING

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

The first Member contribution rate increase went into effect January 1, 2015. The contribution rate increase is phased in over eight years. The actual rates may be found below for the **SWDB-Plan**, the **SWDB-SS Plan** and the **SWDB Reentry Group**.

## CALCULATION

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

Member contributions will continue to be calculated on Base Salary.

Base salary means:

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

Base salary shall not include:

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

Additionally:

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

## CONTRIBUTION RATES

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

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

### 7. What is the new Member contribution rate for the SWDB Reentry Group?

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

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

#### Employers with SWDB Reentry Members\*

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

\*This list is subject to change as departments re-enter FPPA.

## CONTRIBUTION RATES - *continued*

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

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

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

#### Employers with SWDB-SS Members

Debeque Police  
Frederick Police

Haxtun Police  
Holyoke Police

Johnstown Police  
Kremmling Police

Springfield Police  
Windsor Police

## DROP

### 9. Do members participating in the Deferred Retirement Option Plan (DROP) contribute at these rates?

Yes. Members in the DROP program will also remit at the rates - based on the applicable plan chart above.

**FPPA**

Fire & Police Pension Association

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