



## **FPPA**

# **An Employer's Guide to Completing the Partial Department Entry Resolution**

*For the following FPPA Defined Benefit System Plans:*

- *Statewide Hybrid Plan*
- *Statewide Defined Benefit Plan*

*In an effort to answer questions that may arise as Employers complete the Partial Department Entry Resolution Requesting Coverage under the FPPA Defined Benefit System and the Certification of Compliance, FPPA has put together the following information.*

### **Resolution Requesting Coverage**

Completing the numbered items of the Resolution -

#### **#1 *What is the effective date of coverage?***

Effective date of coverage shall be the first day of a payroll period - at least nine months from the date of filing the resolution. This date should be discussed with FPPA to ensure that it is administratively possible given the current pending entries and other deadlines.



**#2 Will the Statewide Defined Benefit Plan be offered as a choice?**

The employer decides whether or not the Statewide Defined Benefit Plan (SWDB) will be offered as an option for the active members hired prior to the effective date of entry. (The Statewide Hybrid Plans and the Local MP Plan are always offered as a choice under the Partial Department Entry Process.)

**#3 What are the contribution rates for each plan offered?**

Similar to #2 above, this paragraph needs to be edited based on if the SWDB Plan is being offer as a plan choice for members.

**Edit the paragraph and complete Exhibit A.**

**Exhibit A** illustrates the contribution rates for each plan being offered to existing members- this includes the FPPA Plans and the locally administered money purchase plan. If the SWDB Plan is not being offered as a choice, omit that table from this exhibit.

**Completing the SWDB Plan Contribution Rate Table on Exhibit A (reentry members):**

- Columns 1, 2, 3 and 6 are pre-filled based on the plan requirements. These should not be changed.
- Columns 4 and 5 illustrate what portion of the 4% additional required contribution rate for re-entry members is being paid by the member and what portion is being paid by the employer.
- Column 7 indicates which portion of the member contribution rate, if any will be submitted after-tax.\*

*\*To determine any “after-tax” portion, compare the lowest member rate among the available plans (SWDB, SWH, Local MP); any portion of the Member contribution greater than the lowest Member rate, must be submitted after-tax.*

If your current contribution rate in the local money purchase plan is higher than the amount shown in column #6, the Employer needs to designate where the additional contributions will go. For example, if your effective date of entry is in 2018 and your current contribution rate is 24% of base salary, the additional 2% could be deemed an Employer Contribution and paid into the reentry SRA or it could be

contributed to a 457 deferred compensation plan. See Question 7 on the Questions & Answers for Entry into the Defined Benefit System for more details.

**Completing the Statewide Hybrid Plan contribution rate table on Exhibit A (reentry members).**

This table applies to Members who will be active in the Statewide Hybrid Plan and who have the option of selecting either the Statewide Hybrid Plan – Defined Benefit Component and Money Purchase Component (SWH-DB & MP) or the Statewide Hybrid Plan – Money Purchase Component (SWH—MP ) only.

The minimum required contribution rate is 16% of base salary, however it can be higher. Employers and Members both must contribute at least 8%. For example, if your department’s contribution rate is 20% of base salary, the split might be 10% Member and 10% Employer.

- Column 4 illustrates the portion of the member contribution that is to be submitted “after-tax”, if applicable. See previous question for information on calculating this “after-tax” amount.

**Completing the Local Money Purchase Plan contribution rate table on Exhibit A (reentry members).**

This is completed with the rate information from the local money purchase plan, however, please keep in mind that even if the member contribution did not have an “after-tax” portion in the past, if this plan does not offer the lowest member rate, then after the effective date of coverage (noted in item 1 of the resolution) a portion of the member contribution will need to be submitted after-tax. To calculate that amount, see previous item.

**#4 What plan will Members hired after the effective date be enrolled in?**

The Employer may designate a different “Effective Date for New Hires” for those hired after the date of the Certification of Compliance but prior to the effective date of entry. This is done when filing the certification of compliance.

**Edit the paragraph then complete Exhibit B**

**Exhibit B illustrates the contribution rate for the plan being offered to members hired after the ef-**

**fective date of entry and or the effective date for new hires, as mentioned above.**

- For Members hired after the effective date, the minimum contribution rate for the Statewide Defined Benefit Plan is illustrated on the table on Exhibit B. There are no "after-tax" contributions since these members hired after the effective date of entry are enrolled in the plan selected by the employer. There is no individual plan choice.

**The Employer must designate which plan the newly hired Members will enter. There are two choices:**

- Statewide Defined Benefit Plan – If the Employer selects this plan, contributions cannot be higher than what is shown on Exhibit B (the employer must pay 8%). However, if the combined contribution rate is higher than shown in column 6, the Employer can direct any excess contributions to a 457 Deferred Compensation Plan as an option. Just add a column in the table for the 457 plan contribution.
- Columns 1, 2 and 3 are prefilled based on the plan requirements. These should not be changed.
- Statewide Hybrid Plan – This includes the Defined Benefit Component and the Money Purchase Component. The minimum contribution rate for the Statewide Hybrid Plan shall be 16% of base salary. However a higher contribution rate is permitted. Any excess after funding the defined benefit component is deposited into the Money Purchase Component.

**#5 *The Employer determines whether or not there will be a bulk transfer of the account balances for current active Members moving to FPPA.***

The Employer [intends or does not intend] to transfer some or all of the current active Members' account balances to FPPA to the Money Purchase Component of the Statewide Hybrid Plan.

**#6 *The Member's Employer accounts shall be 100% vested upon transfer to the FPPA Defined Benefit System.***

FPPA will move all assets from the participant's account in the local plan into the Member Transfer Account of the Statewide Hybrid Plan – Money Purchase Component, which is 100% vested. This will allow Members who have chosen defined benefit to purchase service credit immediately.

**#7 *The Local Money Purchase Plan [does/does not] provide for loans to plan members. Loans to plan members [shall/shall not] be transferred to the Money Purchase Component as part of the transfer of assets.***

If your local plan has existing loans, the loans may be transferred to Fidelity for administration. The employer would need to provide FPPA with the information on Exhibit D.

**#8 *The Employer acknowledges that the election for coverage under the FPPA Defined Benefit System is irrevocable once the final Certification of Compliance is filed by the Employer, and approved by the FPPA Board.***

The Resolution itself is a non-binding document. The Resolution speaks to intent, not to action. FPPA has put requirements in the Resolution so that the Employer gives notice of its intent. The final Certification of Compliance is where all final changes, if any, must be clarified.

**#9 and #10**

***Applies to Full-time Clerical and other support personnel employed by the [District or Authority].***

This is not applicable to municipalities and these paragraphs may be deleted from their Resolution.

If a Fire Protection District chooses to include full-time clerical and other support personnel who are active at the time of the effective date of entry, those employees can, make an individual selection of plan choice.

The Employer can also leave them in the local money purchase plan and could seek to cover them by FPPA

at a later date by filing a separate Resolution. At that time, however, they would enter the one plan that the Employer chose for new Members hired after the entry date and not have an individual plan choice.

If the employer decides to cover the full-time clerical and support personnel in FPPA, then all future full-time clerical and other support personnel shall be covered and will participate in FPPA in the same plan selected for members hired after the effective date.

### #11 and #12

***Applies to Part-time firefighters, police officers, and part-time clerical and other support personnel, if applicable.***

This may be deleted if you do not have any part-time Members. If you currently have or anticipate hiring part-time personnel in the future, you can complete this statement. If you choose to include part-time personnel, they will be enrolled in the Statewide Money Purchase Plan. Firefighters and police officers will also be covered in the Statewide Death & Disability Plan.

Municipalities cannot cover full-time or part-time clerical or support personnel in FPPA.

### #13 Certification of Compliance

In addition to this Resolution, [insert name of Town, City, District, or Authority] understands that it must make the certifications contained in the "Form of Certification of Compliance" attached hereto as Exhibit C (and Exhibit D if there are loans) and which must be completed as the final Certification of Compliance by the Employer.

Exhibit C is attached to the Resolution so that Employers have a preliminary copy of the certification that will need to be submitted to complete the entry process. The final Certification of Compliance, which is filed after the Member selection of pension system and plans and at least 30 days prior to the entry date, gives final direction to FPPA.

FPPA will send the Employer an electronic template

version of the final Certification of Compliance, which needs to be completed, signed and notarized. Any other issues that are not in the template that are important to the entry process (asset transfer, loan issues, mapping strategy, etc.) may be included in this final certification.

### #14 Disclosure Statement

This is the Employer's commitment to prepare a disclosure statement which compares the main provisions of the local plan to the FPPA plans. FPPA will send the Employer an electronic version for completion.

### #15 Member Selection

This statement is the Employer's commitment to coordinate with FPPA to develop and implement procedures that enables all eligible members to make an individual selection of plan options.

## Frequently Asked Questions

***Should we ask FPPA to review the draft of the Resolution prior to submitting it to our governing body for approval?***

Yes, this is not a requirement, but it helps to eliminate errors and misunderstandings. It helps both FPPA and the Employer understand the goal of each Resolution and helps eliminate the need for amending a Resolution. FPPA Staff can work with each department to accommodate their specific concerns.

FPPA will need to be aware of the projected entry date to ensure that it is administratively possible.

***Can we make changes to the Resolution?***

Yes, in some instances. However, if a change is made that affects what the Members will vote on locally, or plan selection, the Employer must amend the Resolution prior to the Member election or plan selection. The Resolution needs to spell out the Employer's intent as closely as possible.

**Does the definition of base salary under our local plan match the FPPA definition of 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 sentence), 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 sentence), 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 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.

**Does FPPA accept loans?**

Yes, FPPA can accept existing loans. The Board has established a Policy & Procedures for transferring account balances to the Statewide Hybrid Plan – Money Purchase Component from a local money purchase plan. No new loans will be permitted. Loan information must be completed for each Member and submitted with the final Certification of Compliance. Transferred loans will be set up on a monthly EFT with Fidelity Investments.

Employers are not required to transfer loans to FPPA.

**FPPA** Fire & Police Pension Association of Colorado

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

*ER Guide to Complete Resolution Partial 3-30-22*

