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It's Official!!

The Douglas County Federation of Retired Teachers and Educators (DCFRTE) has become an official chapter of the American Federation of Teachers and Douglas County Federation. During the June 2009 Retiree Seminar, held in Washington, DC, chapter member Pat Nicholson accepted the official charter on behalf of the DCF Retired Teachers and Educators.

During her attendance at the Retiree Seminar, Pat was also asked to help bolster support for the Health Care Reform initiative. She, along with other members of AFT, talked with Congressmen and their aides advocating for sensible and affordable health care for all Americans.



Photo by Michael Campbell, AFT National

During the DCF General Membership meeting, President, Joanne Slanovich, along with Second Vice-President, Grace Slanovich, members Pat Nicholson and Pat Olson, presented the official chapter charter to DCF President, Brenda Smith.

The DCFRTE now boasts 40 members and continues to strengthen membership. We would like to have at least 50 members by the end of the school year.



(l) Pat Nicholson accepts the official charter on behalf of the Douglas County Federation of Retired Teachers & Educators. (above) Joanne Slanovich, President, presents the charter to Brenda Smith, President of the Douglas County Federation as DCFRTE members Grace Slanovich and Pat Nicholson look on. (below) Members participate in the semi-annual General Membership meeting.



Colorado Coalition for Retirement Security – Update!

The Colorado Coalition for Retirement Security (CCRS) continues to meet on a regular basis to secure Colorado's Public Employees' Retirement. The CCRS, of which AFT Colorado is a member, has released the following to inform membership:

The Colorado Coalition for Retirement Security (the Coalition), representing more than 200,000 PERA members, was formed in 2006 to work with PERA and the State Legislature to address problems with PERA's defined benefit plan. The Coalition was re-activated in 2009 to help find solutions that will keep PERA secure following the market crash of 2008. Our number one goal is to protect the investment of all PERA members and secure their retirement.

We recognize changes are needed to preserve our defined benefit plan so it doesn't run out of money in the next 20 years and cease paying benefits altogether. We agree with PERA that changes should be based on these principles:

- **We must all share responsibility**
- **There must be intergenerational equity**
- **The Plan must remain sustainable**
- **We must preserve a defined benefit plan**
- **Benefit structure must be maintained across divisions**
- **There cannot be impact on short term member behavior**

But, we differ somewhat on how to fix the current funding problem. We believe we should re-invest in the fund and stabilize it, but not at the expense of significantly reducing retirement security.

More than 400 governmental and public agencies here in Colorado rely on PERA to provide retirement benefits to their workers. These workers do not receive Social Security benefits for their public service and in many cases rely solely on PERA during their retirement.

During the 2009 legislative session the PERA Board of Trustees was charged with developing a plan to restore the solvency of the fund. In October the PERA Board approved their plan for stabilizing the fund, which they called the 2/2/2 PLUS plan. This plan includes a 2% increase to employer payments, a 2% increase to employee payments, and reducing the COLA to be the lower of either the CPI-W index or 2%. They also recommended several benefit reductions and changes. The Executive Director of PERA, Meredith Williams, said it best the other day: this plan will make members **“work longer, pay more and receive less.”** You can see the details of PERA's plan at

<http://www.copera.org/pera/about/legislation/2010legislation.stm>

After months of research and listening to employers, employees and retirees, the Coalition has decided to support a modified 2/2/2 PLUS plan. The Coalition is not 100% united, but after reviewing additional modeling from PERA, a majority has reached agreement on the following plan. We believe this plan is fiscally sound and represents shared responsibility by the employers, employees and retirees.

The Coalition has agreed to support the following changes:

- A 2% increase for employees and employers (providing the double increase in 2013 can be worked out for the school division employers). We know this will be a large burden to bear for the employers and employees on top of sacrifices already made in 2006. This increase will be coupled with rising health care costs and, for many employees, a reduction in take home pay.
- We support a 0% COLA in the first year and then a flat 2% COLA every year thereafter. We have reviewed modeling with PERA which has shown us we must reduce the COLA if the fund is to survive. The COLA dollars are compounded annually and make a huge difference in the solvency of the plan.
(cont'd on next page)

- We support guardrails at 90% and 103% which means the 2/2/2 changes will ratchet down .25% a year when the fund reaches 103% funding and ratchet back up .25% a year when the fund drops below 90% funding. This means when the fund, as a whole, reaches 103% funded the COLA cap would increase one quarter of a percent each year.
- The Coalition has requested the Legislature review these changes every five years. Specifically, we want them to review the COLA 2% cap and compare it to inflation and the CPI-W. We want them to review the status of the fund, as a whole, to make sure we have not “over corrected” for current problems, especially if the market returns are greater than the projected 8%. We believe an informative review is necessary to ensure we do not overly burden today’s retirees, employees and employers.
- There are two major pieces of the PLUS proposal we contend do not produce a huge financial impact on the fund’s solvency but have a huge impact on employees.
 - Currently when you retire, your retirement benefit is determined by your highest average salary over three years. We believe a three year index is appropriate, but to protect against any salary spiking, or huge one year increases in salary immediately before retirement, we support lowering the spiking cap to 8% in line with employees hired after 1/1/07.
 - “Rule of” calculations help determine when you are eligible to retire with a full benefit. Currently, those members hired before July 1, 2005 have a rule of 80 to retire. Under the rule of 80, your age and years of service must total 80; you must also be at least 50 years old. If you are hired between July 1, 2005 and January 1, 2007, you must be at least 55 years old. If you are hired after January 1, 2007, you have a rule of 85 where your age and years of service must total 85 and you must be at least 55 years old. There are currently several plans being discussed to modify this calculation for non-vested employees and new hires. The Coalition is still evaluating these proposals, but has several guiding principles when discussing any change to retirement eligibility:
 - Establishing very different requirements for when you can retire based upon the year you began working creates a fairness issue. An employee doing the same job but hired one day later than their co-worker (June 30, 2005 vs. July 1, 2005) could have to work an additional five years more than their co-worker before being able to retire with a full benefit. This creates dissension in the workplace.
 - Workers who are made to stay in the system longer before they can retire cost employers more money and tie up positions that could be made available to younger employees just entering the workforce. During our tough budgetary times, many systems are lowering the requirement for retirement in order to create substantial budgetary savings.
- The remaining PLUS pieces of the proposal are somewhat technical; however, below are the positions the Coalition has taken.
 - Change dealing with employees:
 - We support an employee having to become vested (5 years in the system) before they can receive the 50% match when they withdraw their money from PERA.
 - Changes dealing with retirement:
 - We do not support a change to the COLA start date. We believe the current system is working fine, for the initial post-retirement COLA adjustment a retiree receives a partial COLA based on months retired. *(cont’d on next page)*

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- We do not support the post 1/1/07 provisions dealing with retirement effective dates and benefit indexing being expanded to those hired before 1/1/07.
- We support modifying the early retirement benefits to be actuarially sound. This means you would receive the same dollar amount in your benefit if you retire early it would just be spread over more years resulting in a smaller monthly benefit.
- We support those who have retired and return to work being required to pay the employee PERA contribution.
- We support a new benefit being provided to those who suspend their retirement instead of re-calculating their original benefit.

Over the coming weeks the Coalition will continue working with the Governor, Legislative leadership and PERA to find a solution we can all support. We must ensure the security of PERA and our members' retirement.

You can learn more about the Coalition at www.SecurePERA.org



Members of the DCFRTE listen as PERA representatives present PERA's plan to stabilize pension benefits.

**Douglas County
Federation
of
Retirees**

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Upcoming Events!

January 7 DCFRTE General Membership Mtg
Acres Green Elementary
Library 4:30 – 6:30PM

