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# LEGISLATIVE COUNCIL

REPORT TO THE

## COLORADO GENERAL ASSEMBLY

### POLICEMEN'S AND FIREMEN'S PENSIONS ( A PARTIAL REPORT )

RESEARCH PUBLICATION NO. 20

December, 1956

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COLORADO GENERAL ASSEMBLY

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\*Speaker Hamil resigned from the legislature effective July, 1956.

LEGISLATIVE COUNCIL  
REPORT TO THE  
COLORADO GENERAL ASSEMBLY

A Partial Report on  
POLICEMEN'S AND FIREMEN'S PENSIONS  
IN COLORADO

Colorado Legislative Council

Research Publication No. 20

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## FOREWORD

The right of policemen and firemen to pension benefits has been established by law in Colorado for many years. For example, in 1903, the General Assembly authorized firemen's pension benefits for cities over 100,000 population (Denver). In 1913, a state law was passed, providing for police pension benefits in Denver. (The Denver Charter was amended in 1904 to include provisions for a policemen's pension fund.) In 1917, a state law was enacted, providing for firemen's pensions in all cities and towns with organized fire departments (paid or volunteer). In 1927, the General Assembly authorized police pension funds in all cities and towns with not less than 25,000 population, and this was extended in 1937 to all communities with a full-time police force.

State participation in the financing of these funds dates back to 1917, when a portion of the revenue collected from the 2% tax on premiums written by foreign and alien insurance companies was "earmarked" for distribution to the firemen's pension funds. Perhaps the strongest statement with respect to state participation in the financing of these local pension funds was made in the first section of House Bill 438 (Chapter 173, Session Laws of 1935), relating to police pensions, wherein the General Assembly declared:

"The General Assembly hereby finds and determines that the various policemen and police officers, in saving and protecting the lives and property of the citizens and residents of the State of Colorado, are performing state duties and are rendering services of a special benefit to the State of Colorado; and that it is the province, right and obligation of the State of Colorado to care for members of the police force who are entitled to retirement because of length of service or old age, or because they have been injured or disabled in service, and to also care for the widows, dependent mothers and dependent children of such policemen."

It was in this same legislative enactment that an appropriation of \$150,000 was made from the General Fund, to be distributed to cities with in excess of 25,000 population on the basis of full-time policemen employed. This particular enactment was superseded two years later when a state levy of 2/10 mill on all property was established, with the proceeds to be distributed to police pension funds in all cities and towns with one or more full-time policemen. In 1956, this mill levy distribution amounted to \$432,401.36. (For a detailed breakdown of the amount received in 1956 by each eligible community, see Appendix A of this report.)

As a further indication of legislative intent to support local pension funds, the General Assembly, in 1955, set the annual state support of firemen's pension funds at \$400,000, after the proceeds from the 2% tax on premiums on foreign and alien fire insurance companies had dropped to \$178,000 per year. (For a detailed breakdown of the amount received in 1956 by each eligible community, see Appendix A of this report.)

Although over the years amendments have been made to these pension laws, many of the provisions stand the same as when introduced. Thus, it would appear that the legislative intent is clear and of long standing with respect to the General Assembly's position on local policemen's and firemen's pensions. The essential problem with which this study by the Legislative Council is concerned is that of determining whether or not the intent of the General Assembly, that is, the providing of pension benefits for policemen and firemen in Colorado, is being fulfilled.

This study has examined the various facets of the pension question: First, the status of statutory provisions relating to pension benefits for policemen and firemen in Colorado and, as a matter of general information, how these benefits compare with those provided for other governmental employees; second, the financing of these pension funds and the status of these funds in the cities and towns in Colorado; third, the problems, if any, which policemen and firemen believe to exist with the present statutory provisions, benefit-wise and/or finance-wise; fourth, an actuarial evaluation of the existing provisions; and fifth, corrective action, if any, which is necessary in order to provide sound pension programs for the policemen and firemen of this state.

The report herewith presented covers each of the above facets. It is to be hoped that the emphasis upon each of the items in the report is proper and that the entire subject matter is presented in such a manner as to provide a proper perspective.

In making this study, the cities of Denver, Pueblo, and Colorado Springs have been considered separately from other cities and towns, due to the difference in size and number of policemen and firemen employed. Furthermore, each of these cities had actuarial surveys made of the pension funds for their officers. The handling of these cities separately from others is not to imply that they do not have pension fund problems, but it only reflects a recognition of the fact that, because of size, they are in a different position in handling this matter than are their smaller sister communities.

The Legislative Council wishes to express its sincere appreciation to the many persons who helped make this report possible. To enumerate them is to risk overlooking some. However, particular appreciation must be accorded to Mr. Neil Horan, Counsel for the organized firemen; Mr. Raymond Heath, Executive Secretary, PERA; Mr. A. V. Wilson, Director, Division of Retirement Coverage, Colorado State Department of Employment; Mr. A. G. Gabriel, Consulting Actuary; Mr. Earl D. Towning, Assistant Chief of Police, Greeley; Mr. Jay Bell, Director, Colorado Municipal League; Mr. William Grelle, Director, Bureau of State and Community Service, University of Colorado. Also, appreciation is extended to the officials of the ninety-five cities and towns, as well as of Denver, Pueblo, and Colorado Springs, and to the forty-nine fire protection districts who took time to answer the lengthy questionnaires sent to them by the Council.

The Council presents this report, not as a completed study but, rather, as Part I of what it believes to be a two-part undertaking. If there is general agreement among interested persons and organizations on the findings presented herein, it is hoped that the 41st General Assembly will see fit to instruct the Council to proceed in a manner which is outlined on the following pages.

## IN BRIEF

The Legislative Council, after receiving and discussing the staff report of the study into the matter of policemen's and firemen's pensions in Colorado, took the following action regarding this matter:<sup>1</sup>

"Representative Sellens moved, Senator Cheever seconding, that the State of Colorado not expand its support of the police and fire pensions any further, save and except that it provide an actuarially sound pension program."

Herewith is presented the report of the Legislative Council on the matter of policemen's and firemen's pensions in Colorado. It provides a comprehensive review of this subject insofar as is possible, considering that not all communities did see fit to complete and return the questionnaires which were sent to them by the Council. However, judging from the information contained in those returns which the Council did receive, it is clear that, at present, the financing of these pension programs is unrelated to the benefits provided and does not provide for pension funds which are actuarially sound.<sup>2</sup> It appears unwise for the state to increase the amount of money which it distributes annually to these local pension funds, or, for that matter, to continue indefinitely to distribute monies at the existing level of state support without careful review of the entire matter of policemen's and firemen's pensions by an actuary.

Pensions are a matter of mutual agreement between the employer and the employee or his representative. In the case of the policemen's and firemen's pensions in Colorado, there is not at this time any evidence (except in a few communities) which indicates that there is general agreement between employer and employee with respect to pensions and the proper financing of the benefits already provided by state law. Rather, the state is being looked to, by employee representatives particularly, as the agency which can best establish the pattern for sound pensions. If, however, these pension funds are to be placed on a sound financial basis, there will be required, in addition to state monies, a sizeable contribution from the employees and a substantial contribution from the employer.

Employee representatives indicate that an employee contribution of 3 1/2% is acceptable; yet, actuaries point to a 5% employee contribution. Reports are that some cities have indicated a willingness to contribute for policemen and firemen the same percentage of payroll which they are contributing for other municipal employees covered under the Federal Old Age and Survivors' Insurance (OASI) program, which, currently, amounts to 2% (increased to 2 1/4% on January 1, 1956). This is considerably short of the 15-20% which actuaries indicate would be a minimum employer contribution for current pension benefits (probably more will be required to "catch up" with the accrued benefit entitlement).

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<sup>1</sup> Regular Quarterly Meeting, September 26, 1956.

<sup>2</sup> In the case of firemen, statutory provisions has been made for local mill levy contributions.

Several things are involved in this pension study which the Legislative Council was not in a position to accomplish in 1956.

1. It was financially unable to have a complete actuarial survey made of all of the hundreds of policemen's and firemen's pension funds in Colorado.
2. It could not have an actuary review the cost of a proposed pension program which had the joint approval of policemen and firemen as well as municipal officials, because such a program has not been developed. Policemen and firemen, at this time, each appear to prefer to go their separate ways, and municipal officials (for the state as a whole) have not given any indication of what they would consider an acceptable program. Until there is a closer area of agreement on the part of all concerned at the local level, there is serious doubt as to whether the money spent at the state level for studies of this matter will bear fruit commensurate with the expenditure.
3. Until federal legislation is enacted which will permit policemen and firemen in Colorado to conduct referendi on the question of obtaining Federal OASI coverage (and representatives of these men have indicated that they are not in favor of such a step), there is little to be obtained from making a study of combining existing pension benefits with OASI or converting entirely to OASI coverage, unless, of course, spokesmen for the three interested groups--policemen, firemen, and municipal officials--indicate a serious desire to explore the advantages of utilizing the federal OASI program.

Simply stated, this is a matter for which local government in Colorado should assume primary responsibility, and until there is more agreement at the local level between employee groups and employer, it is untimely for the General Assembly to take any action regarding policemen's and firemen's pensions. This is not to say that action is not needed--IT IS, and soon! Therefore, it is suggested that a legislative resolution be passed early during the 1957 session, authorizing the Legislative Council to appoint a committee consisting of representatives of the policemen, firemen (regular as well as volunteer), cities and towns (by population groups), fire protection districts, and the General Assembly, and that such committee be directed to come forth as quickly as possible with a comprehensive plan, agreeable to local government representatives and employee groups, for solving this serious problem.

Two additional legislative acts are suggested for consideration: One, appropriate \$7,500 from the police pension fund mill levy receipts, and \$7,500 from the state appropriation for the firemen's pension fund, to finance the work of this committee and for the actuarial surveys which will be needed, the unused amount to be returned to these funds; and, two, pass a Joint Memorial requesting

the 85th Congress to amend the Social Security Law to authorize referendi by policemen and firemen members of pension funds in Colorado to determine whether or not they desire Federal OASI coverage. This would be a permissive act only, and it is needed if the study committee is to be in a position to study all of the possible facets of this complicated pension program, including a possible combination of existing statutory pension benefits with OASI benefits.

The foregoing is based upon the findings and conclusions resulting from the staff study which has been made of policemen's and firemen's pensions. These data are presented herewith for the reader's information.

## FINDINGS AND CONCLUSIONS

### FINDINGS

1. Colorado provides, by statute, for several municipal pension programs. In addition to the pension programs for policemen in cities and towns of over, as well as under, 100,000 population, and the pension program for firemen (paid and volunteer) in such municipalities, the statutes also provide for municipal employees to be covered under the Public Employees' Retirement Act and, in addition, grant authority to cover employees under the provisions of the Federal OASI program. (Page 3.)
2. Benefit-wise, policemen and firemen have not been treated similarly by the General Assembly. (Page 3.)
3. Pension-wise, policemen and firemen are treated different from other municipal employees (or state and school district employees). (Page 4.)
4. In 1956, there were 1,311 policemen in the cities and towns which receive state mill levy money for policemen's pension funds. These employees were distributed among at least 140 different pension programs. Based upon incomplete questionnaire returns, there were at least 903 paid, full-time, and at least 606 volunteer firemen in the cities and towns receiving pension fund money from the state tax collections on insurance premiums. These employees were distributed among 51 different pension funds. (A total of 161 cities and towns have firemen's pension funds.) There were 1,001 municipal employees (other than policemen and firemen) from 7 cities with coverage under the state retirement act (PERA), and 17,503 employees (other than policemen and firemen) of local units of government (counties, cities, special districts) with coverage under the Federal OASI program. (Pages 5-7.)
5. Volunteer firemen play a considerable role in providing fire protection to cities and towns throughout Colorado. (Page 8.)
6. Information regarding policemen's pension funds (90 reporting cities, exclusive of Denver, Pueblo, and Colorado Springs): (Pages 8-9.)
  - a. 17 communities have no police payroll or pension funds;  
6 communities have a pension fund but no police payroll;  
1 community combines the policemen's and firemen's pension funds;  
72 communities have \$1,028,408.77 in police pension funds and a reported annual police payroll of \$933,565.37.
  - b. 15 communities are paying pension fund benefits to 43 retirants, widows, or dependents, in an amount totalling \$34,520.52 per year. These same communities received \$59,698.46 as their share of the state police pension mill levy in 1956.



- c. Relationships between reported annual police payrolls and amounts in the pension fund ranged from a situation where the pension fund had a balance which was seven times the annual payroll to a situation where the annual payroll was over three times the amount in the pension fund. Between these two extremes were variations which serve well to illustrate that the present police pension fund financing does not provide for proper actuarial funding of benefit liabilities.
  - d. Questionnaires from at least two communities stated that Federal OASI coverage would be an improvement over the present police pension provisions.
7. Information regarding firemen's pension funds (95 reporting cities, exclusive of Denver, Pueblo, and Colorado Springs): (Pages 10-12.)
- a. 22 communities have no firemen's payroll or pension fund;  
38 communities have a pension fund but no firemen's payroll;  
1 community combines the firemen's and policemen's pension funds;  
72 communities have \$983,321.86 in firemen's pension funds, and a reported annual firemen's payroll of \$517,936.38.
  - b. 14 communities reported having regular firemen (full-time);  
16 communities reported having only volunteer firemen;  
5 communities reported having both regular and volunteer firemen.
  - c. 23 communities are now paying pension fund benefits to 127 retirants (including 23 regular firemen, 91 volunteer firemen, and 13 widows) in an amount totalling \$63,177.96 per year. These same communities received \$79,141.68 as their share of the state firemen's pension fund distribution in 1956.  
1 community may have to pro-rate benefit payments in 1956-57, due to inadequate pension fund income and reserve.
  - d. Relationship between reported annual firemen's payroll and amount in the pension fund ranged from a situation where only volunteer firemen were utilized (16 communities) and the balance in the fund was considerable, to the situation where the municipality cannot fully honor the benefits which have been awarded. It is also interesting to note the situation in the 6 municipalities reporting firemen's salaries in excess of \$40,000 per year. In 3 such cities, the payroll is considerably in excess of the balance in the pension fund; in 2 such cities, the fund is considerably in excess of payroll, and in the 6th city, the two figures are almost the same. Overall, it would appear that these relationships illustrate that firemen's pension funds have not been financed in a manner which provides for proper actuarial funding of the benefit liabilities.
  - e. Several questionnaires which were returned included remarks which stated that there is considerable concern that the present pension fund financing would be inadequate to meet benefit claims.

The following remark, which was included on the questionnaire returned by one community, is of particular interest: "The pension board voted to give \$50 monthly, with the idea that the amount could be reduced at any time by a decision of the board." (5 members retired from the volunteer department on January 1, 1956; ages 75, 72, 69, 68, and 61.)

8. Based upon the information provided at the request of the Legislative Council, regarding the length of service, age, and salary of each fireman, regular or volunteer, there are a number of paid firemen who already are, or very shortly will be, qualified to apply for retirement benefits. In addition, there is a large number of volunteer firemen who already are, or soon will be qualified to apply for retirement benefits.

Due to the fact that policemen cannot qualify for benefits until reaching the age of 60 years, imminence of a sizeable number of retirants is not quite so great as in the case of firemen. However, there are several cities and towns which will have four or five policemen eligible for retirement benefits in the next few years. (Page 13.)

9. Policemen's and firemen's groups have expressed concern over the laws relating to their pension programs. In several respects, the two groups are in agreement, namely: (Page 14.)
  - a. Administration of pension funds should be separate for policemen and firemen and should continue to be in local hands.
  - b. Employee and employer contributions should be required.
  - c. State financing of local pension funds should be increased.
  - d. Benefits should be adjusted upward. The firemen call for a modest increase in widows' and dependents' benefits. The policemen call for substantial improvement in benefits across the board. (It should be pointed out that this report shows that, at present, firemen are provided with higher pension benefits than are policemen.)
10. Actuaries have reviewed the operation of the Colorado policemen's and firemen's pension laws in three cities and have found them, from an actuarial position, to be financially unsound. (Pages 19-23.)
  - a. Generally speaking, one actuary expressed his opinion that the logical treatment of this problem in Colorado would be to have a state-wide retirement system for policemen and firemen (except for Denver, Pueblo, and Colorado Springs, unless these three cities wished to participate in a state-wide system).

There are advantages and disadvantages to such a system, and these are presented in this report. The actuary also indicated that, if the pension

funds were to be maintained at an actuarially sound level, employees probably would be required to contribute 5% of their salary, and municipalities to contribute between 15 and 20% of payroll, with the state continuing at about the same level of annual contribution. The "state fund" approach does not necessarily mean that a "pooled" pension fund would be utilized to finance pensions, regardless of which community the retirant may have worked for. The mechanics of such a program could, in all likelihood, be worked out if agreement could be reached between the police and fire employees and the municipal officials.

- b. Specifically, the funds in Denver, Pueblo, and Colorado Springs have been found to be actuarially unsound. In Pueblo, where an effort had been made to place the police pension fund on an actuarially sound basis, the policemen contribute 5% of salary and the city contributes 16.67% of police payroll, while the state contributed approximately 9.71%.

In Denver, an actuarial firm has found that an employer contribution of 19.4% of payroll, including the state money, is required to finance the firemen's pension fund, and in order to put this fund in an actuarially sound condition, an additional annual municipal contribution of 32% of payroll will be required over the next 20 years. This same firm is making an actuarial study of the Denver policemen's pension fund.

- 11. There are 89 fire protection districts organized in Colorado for the purpose of providing fire protection services. The Legislative Council sent questionnaires to each such district, requesting information for this study, and received replies from 49. Based upon these replies and a review of the firemen's pension law, the Legislative Council finds: (Pages 24-26.)
  - a. Firemen, paid or volunteer, in these districts are not covered by the existing state laws relating to firemen's pensions.
  - b. A great percentage of these districts use volunteer firemen exclusively.
  - c. There are a number of different "arrangements" whereby these districts accomplish their mission of "fire protection."
  - d. The State Commissioner of Insurance reports that, in his opinion, it is not feasible to obtain a breakdown of fire insurance written in each of the fire protection districts as now defined by law. (This method had been suggested as a means of determining distribution of state firemen's pension funds to fire districts, if and when they were included in the state law relating to firemen's pensions.)
  - e. 3 fire protection districts have their employees covered under the provisions of the Federal OASI program.

12. Important also to this entire consideration is the fact that, generally speaking, there is no program providing tenure for policemen and firemen in the cities and towns throughout Colorado. This would appear to be an important element in any attempt to construct a realistic pension program.

### CONCLUSIONS

1. The present laws relating to policemen's and firemen's pensions in Colorado do not provide for an orderly system of financing the benefit entitlements which they establish. There are numerous "pockets" of pension funds for policemen's and firemen's benefits located throughout the entire state of Colorado, some of which will be called upon to pay benefits exceeding the resources of the fund, and others which, in all likelihood, will never be called upon to pay out a single dollar for benefits. Yet, these latter funds continue to receive state money year after year. Therefore, it appears that under the existing method of distributing state monies to policemen's and firemen's pension funds in Colorado, some cities and towns are receiving state contributions for which they may never have a need, while others need additional financing for their pension funds.
2. Maintaining separate local pension funds for policemen and for firemen in each city and town in Colorado does not appear to provide a reasonable basis upon which to establish sound pension programs for these employees throughout the state.
3. Volunteer firemen have been treated in an inconsistent manner throughout Colorado insofar as pension benefit payments are concerned.
4. Employer contributions to a pension fund, based upon actuarially sound financing principles, probably will have to be in the neighborhood of 15-20% of payroll--after making allowance for the employee and state contributions. (Actual percentages can be determined only through an actuarial study of each fund.)
5. In order to build pension funds to an appropriate level and to provide reserves for "liabilities" already accrued by reason of previous years of service by a number of policemen and firemen, additional employer contributions are likely to be required.
6. It is possible that representatives of organized policemen and firemen do not believe that it is essential for the pension funds to be reconstructed on an "actuarially sound" basis.
7. At this time, it appears impractical for the General Assembly to provide for an actuarially sound pension program for paid or volunteer employees of fire protection districts because:

- a. Presumably, firemen of fire protection districts will insist upon having separate and local pension funds and local authorities administering these funds;
- b. There are too many varying arrangements whereby the districts seek to accomplish their mission of fire protection.
- c. Fire protection districts, except in a limited number of cases, rely almost exclusively upon volunteers for their manpower. The existing statutory provisions for firemen's pensions in cities and towns extend pension status to volunteer firemen, but only on a permissive basis and for governmental jurisdictions which are less heterogeneous than are the so-called special purpose districts. A volunteer fireman is generally regarded to be a fireman in his spare time, and he earns his living in some other occupation in which, in all likelihood, he is covered by Federal OASI or some other retirement plan.
- d. There has been little indication from fire district officials regarding their thinking on this problem.
- e. The mechanics of equitable distribution of state collected revenues to such governmental subdivisions will be difficult to achieve.

A PARTIAL REPORT ON  
POLICEMEN'S AND FIREMEN'S PENSIONS IN COLORADO

WHY THE STUDY?

The Boulder, Colorado, City Council, in 1955, reviewed the status of its municipal employees insofar as retirement, disability, health and survivor benefits are concerned and concluded, among other things, that the currently applicable statutes of the state of Colorado provide for numerous small retirement, disability, health and survivor insurance funds in the cities for the benefit of policemen and firemen. It further concluded that these funds are administered on a local, isolated, uncoordinated basis and are monetarily inadequate to provide certain and adequate retirement, disability, health and survivors benefits for the beneficiaries designated by said state laws.

The Boulder City Council was intensely concerned about the inadequacy and uncertainty of retirement, disability, health, and survivors benefits for its policemen and firemen. In view of the fact that there was nothing about the Boulder operation which would set it apart from other cities and towns in Colorado, the City Council felt that a similar problem probably existed in other Colorado municipalities and that, if anything were to be done toward improving the situation, action by the Colorado General Assembly would be required.

Therefore, the city fathers of Boulder requested their legislative representatives to ask for a Legislative Council study into this matter, and in accordance therewith, House Joint Resolution No. 2 was introduced at the regular legislative session in January, 1956, and received approval of the membership of both houses. Thus, the study by the Legislative Council.



As further evidence of the importance of this subject, consider the following newspaper clipping describing the concern of firemen in Fort Collins over the adequacy of the pension fund in that city. It will be noted that this clipping is dated November 2, 1956.

FORT COLLINS COLORADOAN NOV. 2, 1956

## Revenue Needs of Firemen's Pension Fund Here Talked

Concern over the adequacy of the Fort Collins firemen's pension fund should several more firemen become eligible for pensions was expressed at the City Council meeting Thursday.

Neil Horn of Denver, adviser for the Colorado State Firemen's Assn., told the council that firemen had asked him several questions regarding pensions and that he came here to answer them.

He said state law sets 50 as the retiring age for firemen and requires 20 years' service for a full pension. The pension is half the average monthly pay received in the year preceding retirement. Fire Chief C. R. Carpenter said one or two city firemen are nearing these requirements.

### Disabled Men Eligible.

Disabled firemen also may apply for pensions of various percentages of the full amount, depending on their disability and how it was incurred.

Chief Carpenter reported the city now has \$30,000 in its firemen's pension fund and that pension payments, paid mainly from interest received from the investment of the principal of the fund,

amounts to about \$1,100 a year.

Mr. Horn said a home rule city such as Fort Collins is would not have to be governed by the state law on pension age and service requirement unless it was accepting the benefits of the state tax on fire insurance companies which goes for firemen's pensions.

Fort Collins does participate in this program, having received \$8,804 this year from the state fund. The fund is derived from a 2 per cent tax on fire insurance premiums received by insurance companies whose home offices are outside the state.

### Other Revenue Possible

Mr. Horn said additional funds for pensions could be obtained through a city mill levy for that purpose. Also the city could set aside money which could be matched by the firemen under a plan similar to the federal social security.

Another possible solution, but one which would require state action, would be to increase the tax on the fire insurance premiums taken out of the state. Mr. Horn said the tax had not been increased since it was first established about 50 years ago. He said fire insurance companies receive about \$57 million a year in Colorado in fire insurance premiums.

The council indicated a special meeting of the Firemen's Pension Board would probably be called soon to discuss the situation.

WHAT ARE THE FACTS WITH RESPECT TO PENSIONS FOR MUNICIPAL EMPLOYEES IN COLORADO?

Colorado provides, by statute, for several municipal pension programs. For example,

Colorado Revised Statutes, 1953, Chapter 139-49, sets forth the GENERAL policemen's pension provisions.

Colorado Revised Statutes, 1953, Chapter 139-50, sets forth the GENERAL firemen's pension provisions, including VOLUNTEER firemen.

Colorado Revised Statutes, 1953, Chapter 139-80 sets forth the firemen's pension provisions for CITIES OVER 100,000 POPULATION.

Colorado Revised Statutes, 1953, Chapter 139-81, sets forth the policemen's pension provisions for CITIES OVER 100,000 POPULATION.

Colorado Revised Statutes, 1953, Chapter 111-2, extends to municipal employees, on a permissive basis, coverage provided for state employees under the Public Employees Retirement Act.

Colorado Revised Statutes, 1953, Chapter 111-7, authorizes municipalities to bring their employees under the benefits of the Federal Social Security Program (OASI).

In addition to the above, separate provisions are made for employees of the state, school districts, and judges of courts of record.

A comparison of the above listed laws, setting forth differences and similarities with respect to age of retirement, years of service, benefits, etc., has been prepared by the Legislative Council and is included as Appendix B of this report. In regard to this comparison, it is worthy of note at this point to state that policemen and firemen have not been treated similarly by the legislature. For example:

Firemen are eligible for retirement at age 50 after 20 years' service.  
Policemen are eligible for retirement at age 60 after 20 years' service.

A fireman's widow may be eligible for survivors' benefits of \$50 per month.  
A policeman's widow may be eligible for survivors' benefits of \$30 per month.

A fireman's surviving dependent child may be eligible for benefits of \$10 monthly.  
A policeman's surviving dependent child may be eligible for benefits of \$6 monthly.

A fireman, upon retirement, is prohibited from accepting another job as a fireman in a municipality under penalty of having his retirement payment suspended.

A policeman, upon retirement, is prohibited from accepting any position (paying \$60 per month or more) under penalty of having his retirement pay suspended during such employment.

For firemen's pensions, cities and towns under 50,000 population may levy a property tax up to one mill for support of the firemen's pension fund; cities between 50,000 and 100,000 may levy up to one-half mill; cities over 100,000 are provided for separately.

For policemen's pensions, no such authority is granted. However, the fund is entitled to receive a percentage of certain municipal fines.

(Insofar as could be determined, none of the cities under 50,000 has provided for a mill levy for firemen's pensions, although it is reported that at least one community is ready to do so.)

It is further worthy of note to point out that, generally speaking, policemen and firemen are treated different from other municipal employees (or state and school district employees) covered under the Public Employees Retirement Act (PERA) or under the Federal Old Age and Survivors' Insurance (OASI). For example:

#### Public Employees' Retirement Act

PERA retirement at age 60 after 20 years' service; at age 55 after 30 years' service (35 years for school employees). PERA retirement benefit is the average of 1/2 of highest monthly salary for any 5 consecutive years of service within 10 years of service immediately preceding retirement.

In the case of policemen and firemen, the retirement benefit is 1/2 of the average monthly salary for the year preceding retirement.

PERA requires an employee and employer contribution of 5% of salary. In the case of policemen and firemen, except in Denver and for firemen in cities of between 50,000 and 100,000 population, the statutes do not require any employee contribution toward financing these benefits. Employer contribution is authorized in Denver and for firemen's pension funds.

PERA provides that State Highway Patrolmen and the state must contribute 7% of salary toward financing their retirement program. It further provides that patrolmen may retire at age 55, providing a total of 20 years has been served as a contributing member of the PERA, or at any age after 30 years of service.

PERA requires that a person has been an employee of the state and has paid regular monthly assessments to the retirement fund for

a period of five years or more, in order to become eligible for the full retirement annuity (for superannuation), 1/2 pay, as a result of having become permanently incapacitated by injury sustained while in the performance of duty.

In the case of policemen and firemen, provision is made for both temporary as well as permanent disability, and there is no requirement for a set length of service in order to be eligible for such benefits.

#### Old Age and Survivors' Insurance

OASI provides for retirement at age 65, providing sufficient "quarters of coverage" have been earned. 40 quarters or 1/2 the quarters from 1-1-51 to retirement age with a minimum of 6 quarters.

OASI provides for a monthly retirement benefit calculated at 55% of the first \$110 of average monthly wage, and 20% of the average monthly wage over \$110 up to a maximum of \$350 average monthly wage.

OASI provides that, effective July, 1957, totally disabled persons may draw benefits at age 50 if they have a total of 5 years of work in the 10 years before establishing beginning date of disability and have 1 1/2 years of work in the 3 years before that date.

OASI provides that a retirant may earn up to \$1,200 per year without reduction in benefits.

OASI provides for a benefit of 1/2 of retirant's monthly benefit to his wife at age 65 (or at age 62 on a reduced basis). Payments to widows at age 62 with no reduction in benefit.

OASI provides for widows' benefits of a lump sum death benefit and 3/4 of the insured's benefit beginning at age 62, or during any period in which there is a "dependent" child under the widow's care. The dependent children are also entitled to survivors' benefits, subject to total dependents' benefits not to exceed the less of \$200 per month or 80% of average monthly wage.

OASI requires an employee and employer contribution (in 1956) of 2% of wages, up to a maximum salary of \$4,200 per year.

The number of state and local government employees covered under each of these programs as of June 30, 1956, was as follows:

PERA -- State Employees' Division	9,975
School Employees' Division	12,100
Municipal Employees' Division	<u>1,001</u>
Total	23,076

Municipal employees were as follows:

Alamosa	19	members
Arvada	20	"
Boulder	73	"
Colorado Springs		
City Hall	201	"
Hospital	60	"
Public Utilities	425	"
Gunnison	2	"
Pueblo City	165	"
Health	25	"
Wray	11	"

(There were 16 retired municipal employees drawing PERA benefits on June 30, 1956.)

OASI -- State employees	997
All 62 counties	7,227
121 cities and towns	2,920
1 city & county	5,324
Denver Water Dept.	765
83 other local governments	<u>1,267</u>
Total	18,500

#### Policemen's Pension Programs

(Each city and town has its own pension program)

In cities and towns under 100,000 population, there are  
59 cities and towns with 1 full-time policeman each  
31 cities and towns with 2 full-time policemen each  
13 cities and towns with 3 full-time policemen each  
25 cities and towns with 4 to 10 full-time policemen each  
4 cities and towns with 11 to 19 full-time policemen each  
5 cities and towns with 20 to 30 full-time policemen each  
1 (Colorado Springs) with 87 full-time policemen (July, 1956)  
1 (Pueblo) with 93 full-time policemen (1956)

Cities and towns with over 100,000 population  
Denver, with 604 full-time policemen (629 in 1956)

(For all cities and towns receiving state mill levy money, the total number of policemen is 1,311. These numbers are based upon the figures used by the State Treasurer to make the 1956 distribution of the police pension mill levy receipts.)

Firemen's Pension Programs (each city has its own pension fund) are a little more difficult with respect to reporting precise information. The distribution of state funds to the firemen's pension funds in the cities and towns is

on the basis of census population (rather than the number of reported full-time officers, as is the case with the state distribution of funds for police pension funds). Therefore, the following data is limited to only those cities and towns which answered the Legislative Council questionnaire, and this information was supplemented with and checked against data contained in the files of the Municipal League. Out of a total of 51 cities and towns under 100,000 population (except Colorado Springs and Pueblo) on which fairly complete information was available in both the offices of the Legislative Council and the Municipal League, there are

- 27 cities and towns with no full-time firemen
- 4 cities and towns with 1 full-time fireman
- 3 cities and towns with 2 full-time firemen
- 1 city and town with 3 full-time firemen
- 10 cities and towns with 4 to 10 full-time firemen
- 5 cities and towns with 11 to 19 full-time firemen
- 1 community with 20 full-time firemen

(These data include several towns which did not respond to the Legislative Council questionnaire.)

At this point, it is pertinent to discuss the matter of pensions for the volunteer firemen who assist in manning many of the fire departments in cities and towns throughout Colorado and who, in many communities, provide the entire fire protection service.

The Colorado Statutes (139-50-16, CRS, 1953) provide that the board of trustees of the firemen's pension fund in any city and town shall pay to a volunteer fireman injured in the line of duty as a fireman such a sum of money as it shall deem proper and necessary. Such sum shall not exceed \$50 per month and shall not be paid for a period of time exceeding one year, unless his injury shall be such as to deprive him of his earning capacity. In that event, he shall be paid from said fund after the expiration of one year such a sum of money as the trustees shall determine proper and necessary.

This section of the law further states that the board of trustees may pension any volunteer fireman having 20 years' service and being above the age of 50 years, such pension not to exceed \$50 per month. In addition, if a fireman has more than 25 years' service and has not reached the age of 50 years, the trustees may permit the fireman to be relieved of further duties but yet retain his right to pension benefits until he reaches the age of 50 years.

As was stated above, wide use is made of volunteer firemen in Colorado. To illustrate this point, there is presented a summary table, showing the relationship between paid, full-time and volunteer firemen for 51 cities.



For 51 reporting cities, in those which have a population of

Over 5,000,	there were	154	paid full-time and at least	133	volunteer firemen
2,000 to 4,999,	there were	16	paid full-time and at least	243	volunteer firemen
1,000 to 1,999,	there were	2	paid full-time and at least	142	volunteer firemen
500 to 999,	there was	1	paid full-time and at least	29	volunteer firemen
250 to 499,	there was	1	paid full-time and at least	47	volunteer firemen
1 to 249,	there was	1	paid full-time and at least	12	volunteer firemen
Total		175	paid full-time and at least	606	volunteer firemen.

Denver, Pueblo, and Colorado Springs were not contacted by questionnaire. The number of paid firemen (they do not as a general practice use volunteers) in these cities is:

Denver 552 (1956); Pueblo 99 (1956); Colorado Springs 77 (1956).

It is clearly evident from the foregoing that the volunteer fireman plays a considerable role in providing fire protection services in Colorado's cities and towns, other than the largest ones. In recognition of this service, statutory provisions have been enacted to provide retirement and disability benefits for volunteer members of city and town fire departments.

#### Policemen's Pension Funds - 1956

In the questionnaire which the Legislative Council sent to all Colorado cities and towns (except Denver, Pueblo, and Colorado Springs) in May, 1956, questions were asked regarding the amount of money in the policemen's pension fund and the investment thereof; the annual police payroll; and benefits being paid to retirants, disabled, widows, and dependents. Replies were received from 90 municipalities, and a summary of the replies to these questionnaires is presented below. (Detailed replies are in Appendix C.)

1. 17 cities and towns reported NO police payroll or pension fund.
2. 6 cities and towns reported having pension funds (and receiving annual payments from the state) but no police payroll. State law provides for distribution only to cities and towns having one or more full-time paid policeman.
3. 6 cities and towns reported having policemen retired for years of service (a total of 7 retirants with average monthly retirement pay of \$110.13 per month, or total retirement benefit payments of \$9,250.92 per year).
4. 7 cities and towns reported benefit payments for reason of permanent disability (a total of 15 retirants with average monthly benefit payments of \$104.52, or total benefit payments of \$18,813.60 per year).

5. 10 cities and towns reported benefit payments to widows (a total of 13 widows, presumably at statutory rate of \$30 per month, or total benefit payment of \$5,880 per year). In 1 community, the monthly payment appeared to be \$36 rather than the statutory \$30 per month.
6. 3 cities and towns reported benefit payments to dependents (a total of 8 youngsters, presumably at statutory rate of \$6 per month, or a total benefit of \$576 per year).
7. No reporting city or town indicated a necessity to pro-rate benefits. For the 72 reporting cities and towns with police payroll and/or pension fund, the balances in the police pension funds totalled \$933,565.37, and annual payrolls were reported as amounting to \$1,028,408.77.
8. Relationships between reported annual payroll and amount in the pension fund ranged from a situation where the pension fund had a balance which was 7 times the annual payroll, to a situation where the annual payroll was over 3 times that amount in the pension fund. Between these two extremes were variations which serve well to illustrate that the present police pension fund financing does not provide for proper actuarial funding of benefit liabilities.
9. The pension payments for Denver, Colorado Springs, and Pueblo are:

	Retirants		Survivors	Annual Cost
	<u>Age</u>	<u>Disability</u>		
Denver (1955)	161	52	172	\$633,484.73
Colo.Springs (1954)	4	6	12	21,945.36
Pueblo (1953)	8	18	9	45,171.48

10. 16 cities and towns, out of 72 reporting pension funds, indicated that they prepared the semi-annual reports as required by Chapter 139, Article 49, Section 16 of the Colorado Revised Statutes. The remaining 56, or 77%, presumably do not comply with this statutory requirement.
11. With respect to the finances of reported police pension funds, it was observed the U.S. Government Bonds and bank savings accounts appeared to be the type of "investment" most commonly used for fund balances. However, in 1 case, the bulk of the fund was invested in "municipal certificate of indebtedness (\$9,050.96)." It should be noted that in the same town, the bulk (\$10,000) of the firemen's pension fund is invested in the same manner. It was reported that in another community, a sizeable sum of the pension fund balance was "borrowed" by the town council for capital outlay requirements. In 1 community, the police pension fund has a balance of \$20,076.14 (with no benefits currently being paid), whereas the firemen's pension fund had been depleted to the point where it may be necessary to pro-rate benefits.
12. Pertinent remarks which were made on the questionnaires included:

- a. "Please do not establish provision for earmarking of funds."
- b. "We have one man on the payroll in ---- who is hired as a cop and general utility man."
- c. "We have one policeman. Years ago a man would stay for years, but now we change frequently."
- d. "One employee doing all of the town jobs--policing, fireman, water commissioner, streets and alleys."
- e. "No police pension fund. From an economic and benefit viewpoint, OASI would be best coverage."
- f. "The Town of ---- has two policemen, a day marshal and a night marshal. Nothing has ever been paid out of our police pension fund and there are no prospects of having to pay any retirement benefits for many years."
- g. "From my observation as city attorney for ---- since 1937, the police pension fund, and very likely the firemen's pension fund, do not meet the needs of a small town. We do not have career policemen but men who are employed at the pleasure of the council."  
 "---- has its other employees under the social security act, but inasmuch as the state law provides for police pensions, then that prohibits the policemen from having any of the benefits under the social security act and, of course, the police pension act as far as ---- is concerned, is wholly inadequate. The same comment would very likely be true if and when ----, or a town of its size, has regularly employed firemen instead of volunteers."

#### Firemen's Pension Funds - 1956

In the questionnaire which the Legislative Council sent to all cities and towns (except Denver, Pueblo, and Colorado Springs) in May, 1956, questions were asked regarding the amount in the firemen's pension fund and investment thereof; the annual firemen's (regular and volunteer) payroll; benefits being paid to retirants, disabled, widows, and dependents. Replies were received from 95 municipalities, and a summary of the replies to these questions is presented below. (Detailed replies are in Appendix D.)

1. 22 cities and towns reported NO fire payroll or pension funds.
2. 38 cities and towns reported having pension funds but NO fire payroll, either regular or volunteer. Distribution of state funds for fire pensions is on the basis of population.
3. 14 cities and towns reported having regular firemen (full-time);  
 16 cities and towns reported having only volunteer firemen;  
 5 cities and towns reported having both regular and volunteer firemen.

4. 22 cities and towns reported having firemen retired for years of service (a total of 105 retirants, 15 regulars and 90 volunteers. Total pension benefit to the regulars is \$1,739.40 per month, an average of \$116; total pension benefits to the volunteers is \$2,323.33 per month, an average of \$25.80. Total annual requirement for these benefits is \$48,752.76).
5. 8 cities and towns reported benefit payments for reason of permanent disability (a total of 9 retirants, 8 regular and 1 volunteer. Total pension benefits to the regulars is \$622.10 per month, an average of \$77.76; to the volunteer, the payment is \$50.00 per month. Total annual requirement for these benefits is \$8,065.20).
6. 7 cities and towns reported benefit payments to widows (a total of 13 widows with average monthly benefits of \$40.77. The total annual requirement for these benefits is \$6,360.00).
7. In only 1 city did it appear that the pension fund was becoming insufficient to fully meet the benefit award requirements.
8. For the 72 reporting cities and towns with firemen payroll and/or pension funds, the balance in the firemen's pensions funds totalled \$983,321.86, and annual payrolls were reported as \$517,936.38.
9. Relationships between reported annual firemen's payroll and amount in the pension fund ranged from a situation where only volunteer firemen were utilized ( 16 municipalities) and balance in the fund was considerable, to the situation where the municipality may not be able to fully honor the benefits which have been awarded.

It is also interesting to note the situation in those 6 municipalities reporting firemen's salaries in excess of \$40,000 per year. In 3 such cities, the payroll is considerably in excess of the balance in the pension fund; in 2 such cities, the fund is considerably in excess of payroll, and in the 6th city, the two figures are almost the same. It would appear that these relationships illustrate that firemen's pension funds have not been financed in a manner which provides for proper actuarial funding of the benefit liabilities.

10. The pension payments for Denver and Pueblo are:

	Retirants		Survivors	Annual Cost
	Age	Disability		
Denver	112	111	107	\$555,186.00
Pueblo	28	4	16	54,305.40

11. 15 cities and towns, out of 73 reporting pension funds, indicated that they prepare the semi-annual reports as required by Chapter 139, Article 50, Section 14 of the Colorado Revised Statutes, 1953. The remaining 58, or 79%, presumably do not comply with this statutory requirement.

12. With respect to the finances of reported firemen's pension funds, it was observed that U.S. Government Bonds and bank savings accounts appeared to be the type of "investment" most commonly used for fund balances. However, in 1 case, the bulk of the fund was invested in "municipal certificate of indebtedness (\$10,000)." In another, \$5,700 was invested in "water stock."
13. Pertinent remarks which were made on the questionnaires included:
- a. "Within a few years, when several members of the Fire Department will be eligible for retirement and a pension, the existing pension fund and the pension fund income will not be sufficient to pay any more than a very small pension."
  - b. "The new law ought to provide for separate funds for paid and volunteers where combination departments exist, and to allow a proportionate credit toward retirement of paid men for any prior time as a volunteer."
  - c. "It is very evident to officers and members of this department that present funds and methods of financing pension funds are not adequate. We are willing to contribute a percentage of salary to augment fund or participate in any other fair and suitable method to keep fund on a sound basis."
  - d. "The pension board decided by vote to give \$50 monthly, with the idea that the amount could be reduced at any time by a decision of the board." (5 members retired from volunteer department January 1, 1956; ages 75, 72, 69, 68, and 61.)
  - e. "We don't even have a volunteer fire department. We have received \$70.16 from the state firemen pension fund distribution, and it is carried in the town's regular checking account. The value of the fire hose is approximately \$75.00."
  - f. After 30 years of volunteer service, chief and assistant chief, at age 50, applied for pension; city attorney said no because, as volunteers, they had received a small monthly sum. The attorney stated that this made them paid members, and pension would be one-half of their pay, or \$6.25 per month for the chief and assistant chief, \$2.50 per month for others. Chief and assistant chief are still working, now having 34 years of service each."
  - g. "We do not receive enough pension fund money to pay pensions. We believe we should receive firemen pension fund money from our entire district (an area 14 miles long and 7 miles wide, with the town of ---- located in the center of the area and included in the district), not just the town of ----. Total population of ---- is 867, while the estimated population of our district that we serve is 2,000."

14. Based upon the information provided at the request of the Legislative Council, regarding length of service, age and salary of each fireman (regular or volunteer), there are a number of paid firemen who already are, or very shortly will be, qualified to apply for retirement benefits. In addition, there are a larger number of volunteer firemen who already are, or soon will be, qualified to apply for retirement benefits.

Due to the fact that policemen cannot qualify for benefits until reaching the age of 60 years, the imminence of a sizeable number of retirants going on the benefit list is not quite so great as in the case of the firemen. However, there are several cities and towns which will have four or five policemen eligible for retirement benefits in the next few years.

#### WHAT DO THE POLICEMEN AND FIREMEN SAY?

On July 30, 1956, the President of the Colorado State Firemen's Association, on behalf of said organization and of the Colorado State Fire Fighters' Association, presented to the Legislative Council a Resolution regarding the matter of firemen's pension provisions. This Resolution is included as Appendix E of this report.

In essence, the Resolution states that the present pension law is basically sound but should be revised, modernized, and enlarged; that administration should be retained by local authorities; that financing is the main problem underlying the firemen's pension problems in Colorado, and to correct this problem, the following is proposed: Double the allocation from the state insurance tax (increase from \$400,000 to \$800,000); require local communities to pay a reasonable sum into the pension fund; have the firemen contribute at least 3 1/2% of their salaries into the pension fund; and minor changes in the benefit schedule for widows and dependents.

On September 26, 1956, Mr. Earl D. Towning, Assistant Chief of Police in Greeley, Colorado, and Chairman, Police Pension Committee, forwarded to the Legislative Council a Resolution which "has been agreed upon by all of the Police Departments which I (Towning) have contacted to-date..." This Resolution, which is included as Appendix F of this report, sets forth, as representing the opinions of policemen in towns and cities having a population under 50,000: That the present policemen's pension laws should be revised and modernized; that the administration of policemen's pension funds and the pension law be retained by local authorities; that the problem is two-fold: lack of financing to insure availability of funds, and outmoded benefits; that benefits be substantially increased for policemen, widows, and dependents; that policemen are to contribute up to 3 1/2% of their monthly salary and the municipality to match the amount the policemen contribute; that state funds for police pensions be increased, and that other changes be made in the existing law.

A close review of these two resolutions indicates that both groups have much in common.



1. They want administration of the pension funds to remain in local hands. This means a separate pension fund for policemen and a separate pension fund for firemen in each city and town in Colorado where such pensions are provided by state law.
2. They want pension programs which call for employee contribution, with the figure of 3 1/2% of employee salary suggested. Nothing is stated with respect to whether or not these contributions would be subject to refunding upon an employee's withdrawal from the service (such as is permitted under PERA, but not under OASI).
3. They want the employer, cities and towns, to contribute to the pension fund. The policemen's resolution states, "The municipality should match this amount the policeman contributes monthly..."; the firemen's resolution states, "a reasonable sum out of local tax assessment."
4. They want increased state support of the financing of local police and fire pensions. The firemen say double the present state contribution of \$400,000 per year. The policemen say that, if there be means of increasing state funds, such state funds be appropriated.
5. They want increases in benefits. The firemen ask for a modest adjustment in widows' and dependents' benefits. The policemen ask for substantial improvement in benefits all across the board. (It should be remembered that earlier in this report, it was shown that the firemen are at present provided with higher pension benefits than are policemen.)

#### WHAT DO ACTUARIES SAY ABOUT THE PRESENT PENSION LAWS?

The Legislative Council obtained assistance from Mr. A. G. Gabriel, Consulting Actuary, in reviewing the present policemen and firemen pension laws. Mr. Gabriel is the consulting actuary for the PERA and, in 1954, addressed the annual meeting of the Colorado Municipal League on the subject of policemen's and firemen's pension laws in Colorado.

The Council selected Mr. Gabriel for several reasons: He is a nationally recognized actuary; he is the actuary for the PERA and knows pension problems in Colorado; he has made actuarial studies of policemen's and firemen's pension plans in Pueblo and Colorado Springs and, thus, knows the policemen's and firemen's pension laws of this state; he was recognized earlier by the Municipal League as a person qualified to speak on the subject; and he was in a position to make an independent, non-biased appraisal of the Colorado situation.

In addition to Mr. Gabriel's counsel, the Council also had the benefit of reviewing the actuarial survey of the Denver Firemen's Pension Fund, made by Coates, Herfurth, and England, Consulting Actuaries.

Mr. Gabriel's analyses will be broken down into two categories, a general appraisal of the firemen and policemen pension laws in Colorado, and his specific findings in Pueblo and Colorado Springs.

#### General Appraisal

"I. In discussing the set up in Colorado for pension plans for municipal policemen and firemen, let us start with some basic assumptions that can be agreed upon.

(1) With respect to a retirement system, municipal policemen and firemen should be together, since their employment conditions are similar in many respects. For instance,

(a) Induction ages are similar, in that persons are inducted in municipal service as firemen from age 20 to 32; and as policemen from age 23 to 32. In some smaller communities, the age ranges for entry in service are not always observed.

(b) Policemen and firemen are subject to semi-military discipline in that their activities are regulated, and non-compliance results in penalty. They are sworn to perform their duties regardless of the hazards involved.

(c) Policemen and firemen protect life and property. Between the area of strictly police work of law enforcement and strictly fire fighting work of protecting property, there is a broad area in which police and fire services overlap, such as enforcement of fire prevention ordinances, protecting life from burning buildings, and other emergencies.

(d) It is not uncommon to find that municipal policemen and firemen have the same salary ranges. In communities where that is not the case, the differences are usually small in amounts.

(e) The work of municipal policemen and firemen requires an element of mental and physical coordination involving a degree of physical dexterity. For example, it takes a relatively physically fit policeman to handle a young, 185-pound, 6-foot fellow who is resisting an officer. Likewise, a fireman fighting a fire has to act with quickness - he cannot take time to favor rheumatism, blood pressure or heart.

"II. A state-wide retirement system covering policemen and firemen employed by Colorado communities appears to be the logical treatment of the police and fire pension problem in Colorado. The system would cover policemen and firemen employed by municipalities, except Denver, Pueblo, and Colorado Springs. The excepted cities are large enough to operate a local plan for policemen and firemen if they so desire; however, the local plans should cover both policemen and firemen. Towns such as Cripple Creek, Idaho Springs, Leadville, Limon, and Yuma, just to mention a few, should cover their policemen and firemen in a "Colorado Municipal Policemen and Firemen Retirement System."

A state-wide retirement systems for municipal policemen and firemen has advantages but is not without objections. The advantages, however, outweigh the disadvantages.

(1) The advantages, to name a few, are as follows:

(a) Municipal policemen and firemen would be covered in a single uniform state retirement plan. This would eliminate retirement plan competition between two groups of personnel having similar employment characteristics, namely, policemen and firemen. For instance, it would eliminate that situation where firemen ask the Legislature to liberalize their retirement plan to the same extent the policemen's plan was "improved" by the preceding Legislature, plus an additional improvement. The policemen then come in and request that their plan be liberalized to match the firemen's plan, plus an additional improvement. The end result is a merry-go-round that can only end in financial difficulties.

(b) Towns such as Estes Park, Johnstown, and Del Norte could cover their full-time policemen and firemen, if any, in a state-wide retirement system, whereas the towns cannot operate individual plans successfully, due to lack of numbers to give the law of averages a reasonable chance to operate. In other words, anything could happen and no doubt would. Furthermore, it is not likely that the smaller towns would employ technical service to operate the plan on an actuarial basis.

(c) By including full-time policemen and firemen of Colorado municipalities, except specifically exempted cities, in a state-wide retirement system, the aggregate number of individuals involved would be sufficient to apply probabilities of withdrawal from service, death, disability retirement, superannuation retirement, and other probabilities with reasonable degree of expectation that the probabilities used would be fairly close to actual experiences.

(d) By spreading the policemen and firemen retirement plan risks among the participating municipalities in Colorado, no individual town would be hard hit by the occurrence of an unforeseen adverse contingency.

(e) A state-wide retirement system for municipal policemen and firemen, properly financed and administered, would eliminate the financially insolvent situations that, no doubt, exist with respect to police and fire pension plans in some towns in the state.

(2) Some objections to a state-wide retirement system for municipal policemen and firemen may be summed up as follows:

(a) By covering its policemen and firemen in a state-wide retirement system, self-interested pressure groups may obtain retirement plan liberalizations from a state legislative body that they could not obtain from local governing bodies. The objection is minimized by the fact (that) at present local retirement plans for policemen and firemen operate under laws enacted by the state legislature. Therefore, a state-wide plan would make little, if any, change with respect to the influence exercised by so-called pressure groups.

(b) Towns with a heavy turnover among their policemen and firemen, resulting in relatively few men staying in service long enough to qualify for retirement, might--and no doubt would--object to making contributions to a state-wide plan at the same rates applied to other towns with lower turnover rates and thus higher retirement ratios. That objection is more of a reflection upon the employment policies of the town than it is an objection to a state-wide retirement system.

III. In considering a state-wide retirement system for policemen and firemen, some key provisions that will require careful thought are indicated below.

(1) Participating Municipalities. Include all municipalities in Colorado having one or more full-time policemen and firemen, except Denver, Pueblo, and Colorado Springs. The exempted cities could become participating municipalities on a voluntary basis.

(2) Covered Policemen and Firemen. When a municipality becomes a participating municipality, all its full-time policemen and firemen would be included in the membership of the system. The term "policeman" and "fireman" would not include civilian employees in the municipality's police and fire departments, nor persons temporarily employed as policemen and firemen for emergencies, nor persons privately employed as policemen and firemen, nor volunteer firemen. No doubt something would have to be done for

volunteer firemen, since they do perform fire fighting service when needed and, let's face it, they do have influence at the grass roots.

(3) Voluntary Retirement. A member could voluntarily retire after age 55 if he has 25 or more years of credited service.

(4) Compulsory Retirement. A participating municipality could request the retirement of a member in its employ at age 60 or over if he has 10 or more years of credited service.

(5) Retirement Allowance. A retirement allowance formula might be 2 per cent of a retiring member's final average salary, multiplied by the first 25 years of his credited service, plus 1 per cent of his final average salary multiplied by the number of years of his credited service in excess of 25 years. Provision might be made that the retirement allowance could not exceed 75 per cent of the annual salary of a patrolman as fixed in the municipality's budget for the fiscal year in which the member retires.

(6) "Final Average Salary" might be defined to be the average annual salary received by a member for the 5 years immediately preceding his retirement.

(7) Total and Permanent Disability. Provision might be made that if a member with 10 or more years of credited service becomes totally and permanently disabled, he would be retired with a retirement allowance stated in (5) above.

If his disability is service-connected, the 10-year service requirement would be waived if he happened to have less than 10 years of service. In any case, workmen's compensation, if any, would be in addition to the retirement system allowance. When the statutory period for payment of workmen's compensation, if any, expires, he would be given service credit for the statutory period and his allowance would be increased at that time to include the additional service credit. In no case would the disability allowance be less than 20% of his final average salary.

(8) Death Benefits. Provision might be made that if a member with 10 or more years of credited service dies, while in service, from non-service connected causes, his widow would receive the same retirement allowance as if he had (a) retired the day before his death, (b) elected a joint and survivor option (same as option 3 in PERA), and (c) named his wife as beneficiary. His widow's allowance would not be less than 20% of his final average salary. In case he doesn't leave a widow, or if she remarries

before his youngest child attains age 18, each of his children under age 18 would receive an allowance of an equal share of 20% of his final average salary.

If his death is service connected, workmen's compensation payable would be in addition to the retirement system allowance.

(9) Members' Contributions. Members would contribute 5% of their annual salaries, by payroll deductions, so long as they remain in service. If a member leaves service before an allowance is payable on his account, his contributions would be returned to him, if living, or to his designated beneficiary or estate.

(10) Municipalities' Contributions. The municipalities would contribute monthly a per cent of the salaries paid to their policemen and firemen. The per cent would be determined each year by means of an actuarial valuation of the system. Allowances would be made for members' contributions and portions of insurance premiums allocated by the state to police-fire pension fund. After making the allowances, the municipalities' contribution would likely be in the general area of 15% to 20% of payroll. Only an actuarial valuation can determine the actual per cent.

A problem to be resolved concerns the responsibility for pensions being paid as of the date the state-wide plan goes in operation. It may be that each participating municipality would be required to assume responsibility for the pensions it granted and in consideration thereof retain the assets it accumulated. The problem will need considerable study.

(11) The Colorado Municipal Firemen and Policemen Retirement System would be governed by a Board. The accounting and clerical work and the carrying out of the Board's policies could be assigned to the Executive Secretary of the Public Employees' Retirement Association of Colorado and his staff."

#### Specific Findings in Pueblo and Colorado Springs

In an actuarial valuation, as of December 31, 1953, of the Pueblo Police Pension Fund, with proposed amendments, Mr. Gabriel determined that with an employee contribution of 5% of salary, an employer contribution of 16.67% would be required to make the Fund actuarially sound. The Pueblo City Manager reported to the Council on May 21, 1956, that the voters in that city approved the plan, and the city's contribution to the Police Pension Fund rose from \$3,250 in 1954 to \$58,000 in 1955 as the result of the change, and Pueblo now has a sound police retirement system.

In 1955, Pueblo employed Mr. Gabriel to make an analysis of the Firemen's Pension Fund. In a report on September 29, 1955, to the City Council, the City Manager stated: "His (Gabriel's) analysis indicated that the employer and employee contributions would have to total 31.71% of the payroll to provide a pension of 1/2 pay at age 55 after 25 years' service. The present pension plan provides for 1/2 pay at age 50 with 20 years' service. Contributions to the present plan amount to approximately 16% of payroll, even though the benefits granted are much more liberal than the proposed plan. If Mr. Gabriel's calculations are to be taken as factual, and there is no reason to question them because actuarial work is his business, then it becomes apparent the present pension plan is unsound. Whether the plan fails 5 years from now or 10 years from now is not particularly important. The important fact is that it will ultimately fail. To argue with an actuary is like arguing with the Grim Reaper."

At this same time, the City Manager presented the City Council with a letter on this subject from Mr. Neil Horan, representing the organized firemen. In his letter, Mr. Horan set forth the principles underlying firemen's pensions, and then stated:

"The proposed pension ordinance does not take into consideration any of the foregoing principles but appears to be an ordinance that could be applied to any form of public employment, not necessarily firemen. I will have to admit that the proposal is a laudable attempt to place your pension plan on a safe financial basis. Certainly, the proponents of the ordinance selected one of the best, if not the best, actuaries in the country to set up the proposed plan. The difficulty is that the actuary was never a fireman and has no actual experience in the problems of fire department personnel. His concern appears to be only with financing. Financing, while certainly of the greatest importance, is not the only problem. Even in financing, an actuary cannot get a true figure for maintaining a firemen's pension program, as an actuary must, of necessity, deal in absolutes, and where firemen are concerned, there are no absolutes.

"One big fire where several men are disabled, so as to be pensioned while still comparatively young, can completely disrupt the figures of an actuary. Any increase in population, creating an increase in tax payments to the fund, can also change or disrupt the program. In 1940, the Denver Firemen's Protective Association had an analysis made of the Denver Firemen's Pension Fund and was advised that the Fund would be in the "red" \$400,000 by 1957. This year, 1955, with treble the number of beneficiaries and with three increases in pension payments to retired members and widows, the fund is found to be in the "black" almost \$1,500,000, or five times the amount of the fund in 1940. Certainly no actuary, regardless of skill, could have foreseen this development.

"The present state law, relating to firemen's pensions, being Article 50, 1953 Colorado Revised Statutes, provides a carefully devised

program of retirement benefits based upon the deferred wage idea and a form of insurance payments for widows and orphans. The proposed ordinance runs counter to this law in so many particulars that we will not attempt to set them forth here. It should be sufficient to state, however, that the City of Pueblo is receiving certain financial benefits under said law which are applicable to the pension fund, and I doubt that the City may accept said benefits and then reject the obligations and other provisions of the law. The adoption of the proposed ordinance would do that very thing. Laws must be accepted in toto or rejected in toto, if they are rejected at all.

"Under the proposed ordinance, there will be considerable confusion and administrative expense, whereas your present plan, following as it does the state law, is clear as to the rights of all beneficiaries and the administrative expense is nil.

"Your City Manager and City Council are to be congratulated as to their forward outlook in connection with your pension problems, but it is my opinion, based on 30 years' experience with firemen's pension plans, that any problems that you have or may have do not require the drastic changes which the proposed ordinance would entail.

"I am sure that if your present plan is used as a basis with few minor changes, such as an increase in the contributions from the salaries of active members and a set figure from taxation, such as one mill or even less, plus the contributions to be received from the state law as your allocation from insurance taxes, that your fund will have sufficient income to be properly maintained and the benefits payable will be more satisfactory and will create a much better feeling in the department, than if the proposed ordinance is enacted."

In 1952 and 1954, Mr. Gabriel was employed to make an analysis of the Policemen's Pension Fund in Colorado Springs. In the 1952 report, Gabriel stated:

"Conclusion. The minimum annual contributions, as of June 30, 1952, necessary to establish the Policemen's Relief Fund on a full benefit basis, have been computed to be 20.3 per cent of payroll, or \$49,194, based upon an annual payroll of \$242,240. (These minimum contributions do not provide for any payment of principal on the accrued service pension liabilities.)

"The Fund's annual contributions, as of June 30, 1952, amount to approximately \$37,903.

"Consequently, the Policemen's Relief Fund cannot continue indefinitely on a full benefit basis.



"The Fund's income will continue to exceed the Fund's disbursements for a number of years yet. Gradually, disbursements will grow, however, and will exceed income. It will then be necessary to use greater and greater amounts of the Fund's assets in order to make the disbursements. Eventually the Fund's assets will be exhausted, and pro rata benefits will have to be paid in accordance with the provisions of section 566."

#### Specific Findings in Denver by Another Actuary

In 1956, the actuarial firm of Coates, Herfurth, and England was employed by the Board of Trustees of the Firemen's Pension Fund to survey the Denver Firemen's Pension Fund. These actuaries, in their report, stated:

"Our calculations show that, in order to provide for the benefits as they accrue to the average new member, and thereby provide a fund intended to be sufficient at the death or retirement of the member to pay all future benefits to him and his beneficiary, a contribution is required from some source, over and above the 3 1/2% to be withheld from his monthly pay, equal to 19.4% of the compensation of the new member throughout his entire period in the service..." (page 19 of the report.)

This actuarial report went on to discuss the fact that, as of the time of valuation, the balance available in the Fund was only about "one-third enough to pay pensions to present members." The report set forth several methods whereby this deficiency (some \$13,080,114) could be made up. If made up in twenty years, it would require an additional annual dollar contribution of \$858,994, or 32% of the firemen's payroll; if made up in 35 years, it would require an additional \$586,727 per year, or 21.9% of the firemen's annual payroll (at June 30, 1956, levels).

In the RECOMMENDATIONS of the Coates, Herfurth and England survey, the following was stated:

The survey herein reported on, in the opinion of the actuaries, clearly indicates that contributions as now provided will not support the prospective benefits.

"An easy way out would be to disregard the existence of any accrued and increasing liability, thus passing on to future generations of taxpayers a portion of the true cost of the indispensable protection currently furnished by the Fire Department. But this does not solve the problem, and at some time in the future the increased cost may force a reduction in benefits.

"Some reduction in cost could be accomplished by curtailing benefits to all members, or to members first employed after a specified future date.

"The third and most reasonable course and the one recommended by the actuaries is to explore the possibilities of a source, or sources, of additional income to the Fund.

"With these comments, the actuarial survey of the Firemen's Pension Fund is concluded. More detailed recommendations, although not contemplated as being part of this survey, may follow, but such will not add to a determination of the present actuarial position of the Fund and are therefore not properly part of this report."

CONCLUSIONS which can be drawn from the foregoing include the following:

1. Separate local pension funds for policemen and for firemen in each city and town in Colorado do not appear to provide a reasonable basis upon which to establish sound pension programs for these employees throughout the state.
2. Employer contributions to a pension fund, if the fund is to approximate actuarial soundness, will have to be something like 16-20% of payroll. (Actual percentages can be determined only after thorough actuarial study of each fund.)
3. In order to build pension funds to the appropriate level to provide reserves for "liabilities" already accrued by reason of prior years of service by a number of policemen and firemen, additional employer contributions are likely to be required.
4. It is possible that representatives of organized policemen or firemen do not believe that it is essential for the pension funds to be reconstructed on an "actuarially sound" basis.

RECOMMENDATIONS which may be made in this regard include the following:

1. In the event that policemen's and firemen's representatives can get together and develop a pension program common to both of them, and, in turn, can get together with municipal officials representative of the cities and towns throughout Colorado, and agree upon a pension program and the financing thereof, it is recommended that a qualified consulting actuary be employed to determine what is required to provide actuarial soundness for the agreed-upon pension program. The cost for such service will be considerable, but in view of the importance of the subject, it will be a worthy expenditure. The financing could possibly be made a joint venture by the organized policemen, firemen, and municipalities.
2. In view of the cost of pensions to the employers, it would behoove the governing bodies of the cities and towns in Colorado to carefully study the matter of policemen's and firemen's pensions and to work closely with these employees in the development of a satisfactory and

financially sound pension program, particularly in view of the fact that local government may well be required to finance the major portion of the costs of such a program.

#### CONSIDER THE FIREMEN IN FIRE PROTECTION DISTRICTS

In 1955, there were 89 special districts in operation in Colorado for the purpose of providing fire protection services. The Legislative Council sent questionnaires seeking information to each of these districts and received replies from 49 of them.

Creation of these tax-levying governmental units is authorized by law, and they serve the thousands of square miles which lie beyond the boundaries of incorporated cities and towns. Firemen, paid or volunteer, in these districts are not covered by the existing state laws relating to firemen's pensions. Also, these districts do not participate in the annual distribution of the \$400,000 state grant to firemen's pension funds.

On the basis of the questionnaire returns, it is readily apparent that a great percentage of the districts use volunteer firemen exclusively. In only 5 of the 49 returns were there paid firemen reported, and in those districts the ratio of paid to volunteer firemen was shown as follows:

	<u>Paid</u>	<u>Volunteer</u>		<u>Paid</u>	<u>Volunteer</u>
1.	1	- 30	4.	1	- 21
2.	3	- 30	5.	8	- 0
3.	8	- 56			

Each district had its own particular arrangement for accomplishing its mission of "fire protection." For instance, in the above recited cases where paid firemen are used, in one district the "paid fireman" is the driver at \$420 per year, or in some cases it is the telephone dispatcher, while in yet another the assignments and salaries would be comparable to a municipal fire department. Another arrangement is to pay the volunteers a set amount per call, and still another is to do as is done by the Poudre Valley Fire District, to-wit: "Each and every fireman on the Ft. Collins Fire Department receives \$35.00 per month from the rural fire district, and each man has the opportunity to work on the engine. When an alarm is received, two men respond with the rural engine at once, then two off-shift men cover-in to the station until they return." Somewhat similar to this is the arrangement followed by the Rocky Ford Rural Fire Protection District. In this instance, the "city of Rocky Ford houses the Rural Fire Protection apparatus and sends a 1,000 gallon water tanker to every rural fire. These apparatus are manned by the Rocky Ford Fire Department which consists of three paid men and eighteen volunteers. The Chief of Rocky Ford is in command of all operations. In compensation, the Rocky Ford

Rural Fire Protection District pays the City of Rocky Ford the sum of \$6,114.60, which is approximately one-third of the City of Rocky Ford's total Fire Department budget."

In still other cities, no apparatus is owned, and the district merely enters into a contractual agreement with a neighboring district or town for fire protection service.

With regard to providing pension benefits for the firemen of these districts, the following provision was included in the Resolution adopted by the Colorado Fire Fighters' Association (A.F.L.) and the Colorado State Firemen's Association (1956) and presented to the Council on July 30, 1956:

"(e) That fire protection districts be permitted to participate in the allocation of the state funds by some method which will give them the tax on premiums written on fire insurance risks in their own communities, or if this is not feasible, that they be given the basic amount, as mentioned above, which is allocated to a municipality, multiplied by the number of organized fire companies in their district."

With respect to this proposal, the Legislative asked the following question of Colorado Insurance Commissioner Sam N. Beery:

"Is it feasible to obtain a breakdown of fire insurance written in each of the fire protection districts in Colorado?"

The Commissioner replied:

"We would advise you that we have had the departmental attorney review Chap. 89-6, C.R.S. 1953, and I am of the opinion that the definition of a Fire Protection District as set forth in C.R.S. 1953 is so ambiguous as to prevent a breakdown of fire insurance as written in the Fire Protection Districts as defined. Even though it were feasible, the increased cost of such a tabulation would necessarily have a very definite bearing on increasing the cost to the citizens of the state of Colorado."

Federal Social Security Coverage. In view of the above, the Legislative Council asked the Director of the Division of Retirement Coverage (OASI), Colorado State Department of Employment, this question:

"Are the employees of fire protection districts eligible for OASI? There are 89 such special districts in Colorado, and they do not come under the provisions of the Firemen's Pension Act."

The Director replied:

"Fire Protection District employees are eligible, but most of them have volunteer employees only. Up to this time, the Berthoud and Lakewood Fire Protection Districts have elected to cover employees."

In addition, the Legislative Council was informed by the Assistant Secretary of the Pueblo Rural Fire District that said district had been participating in the Federal OASI program since April 1, 1955.

A CONCLUSION of this report is that, at this time, it is impractical for the Colorado General Assembly to provide for an actuarially sound pension program for paid or volunteer employees of fire protection districts. This conclusion is based upon the following:

1. Presumably, firemen of fire protection districts will insist upon having separate and local pension funds and local authorities administering these funds. This is the manner provided in the present statutory provisions and is one feature which the organized fire fighters in Colorado, in their 1956 annual convention, have resolved be retained as is.
2. There are too many varying arrangements whereby the districts seek to accomplish their mission of fire protection.
3. Fire protection districts, except in a limited number of cases, rely almost exclusively upon volunteers for their manpower. The existing statutory provisions for firemen's pensions in cities and towns extend pension status to volunteer firemen, but only on a permissive basis and for governmental jurisdictions which are less heterogeneous than are the so-called "special purpose" districts.

A volunteer fireman is generally regarded to be a fireman belonging to a regularly organized fire department and whose principal livelihood is other than that of a fireman. Under this definition, it is likely that, in most instances, volunteer firemen will be participating in a pension program (OASI or otherwise) at their regular place of employment. This statement is based upon the following excerpt from the September, 1956, issue of the SOCIAL SECURITY BULLETIN (U.S. Department of Health, Education, and Welfare):

"At the end of 1955, 9 out of 10 of the Nation's gainfully employed workers were covered under old-age and survivors insurance, and about 86 out of every 100 jobs were under contributory coverage. Beginning with 1957, contributory coverage will be extended to nearly 4 million persons who are in jobs not now covered; thus, about 92 out of 100 jobs will be covered under old-age and survivors insurance on a contributory basis."

4. Pension programs are a matter of agreement between employers and employees. The Legislative Council received replies from only 49 of the 89 fire protection districts to which questionnaires had been sent. (These 49 districts did a fine job in providing information, and their cooperation is appreciated.)

In only 3 of the replies was there any indication of concern over the matter of firemen's pensions for employees of the district. This is not to imply that district directors are not concerned in the welfare of their employees or volunteer assistants. However, it seems to indicate that the subject matter of this current study by the General Assembly is not considered to be a "pressing problem" in the special districts.

This matter of pensions for employees and volunteers of fire protection districts is essentially a local government problem, and it would appear that the General Assembly should defer any action until such time as the managing directors (and taxpayers) of these fire protection districts, and the firemen thereof, agree upon the essentials (including financing) of a pension program if, in fact, such is desired by a majority of such governmental units.

5. The mechanics of equitable distribution of state-collected revenues for fire protection districts will be difficult to achieve.

A RECOMMENDATION of this report is that a determination be made as to the propriety of extending pension benefit entitlement to volunteer members of fire protection districts. If the state is to participate in the financing of these benefits, the legislature should make such determination. If the financing is to be entirely by local support, permissive legislation should be provided to enable each district to make the determination.

A FURTHER RECOMMENDATION of this report is that directors and employees of fire protection districts examine the provisions of the Federal Old Age and Survivors Insurance Program, to determine whether or not this coverage would provide adequate pension benefits, and if so, initiate appropriate steps to provide coverage for eligible district employees.

## **APPENDIX**

**APPENDIX A - Apportionment of Policemen's and Firemen's Pension Funds**

**APPENDIX B - Comparison of Retirement Systems**

**APPENDIX C - Questionnaire Responses, Policemen's Pension Funds**

**APPENDIX D - Questionnaire Responses, Firemen's Pension Funds**

**APPENDIX E - Resolution by Organized Firemen**

**APPENDIX F - Resolution by Policemen of Cities Under 50,000 Population**



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City or Town	No. of Officers	P.F. 1934 Amount	Popula- tion	Amount
Evans	1	327.82	866	899.80
Farley	1	327.82	496	2,194.00
Flagler	1	327.82	773	922.80
Flurance	3	987.48	2773	1,019.84
Fort Collins	16	5,245.21	19,737	1,078.11
Fort Lupton	4	1,311.30	1,907	3,000.17
Fort Morgan	10	3,278.26	5,315	2,402.11
Fountain	2	659.66		
Frederick	2	659.66	1,000	912.00
Frederick	1	327.82	577	2,264.91
Frederick	2	659.66	1,463	6,100.00
Frederick Springs	4	1,311.30	2,412	1,112.25
Garden	1	327.82	5,225	2,619.87
Garden	1	327.82	551	2,042.21
Garden	1	327.82		
Garden Junction	27	8,853.27	14,504	6,678.00
Great Lake	2	659.66	309	1,000.00
Grealey	26	8,529.47	20,214	9,778.30
Gunnison	4	1,311.30	2,770	1,272.44
Hendon	1	327.82	1,006	4,462.22
Hendon	1	327.82	767	3,584.00
Holly	2	659.66	1,836	5,918.97
Holyoke	2	659.66	1,538	7,170.09
Holyoke	2	659.66	715	3,000.00
Hot Sulphur Springs	1	327.82	263	1,013.37
Hugo	1	327.82	793	4,000.00
Idaho Springs	2	659.66	1,467	5,164.89
Idaho	1	327.82		
Idaho	3	987.48	1,931	9,000.00
Idaho	1	327.82	623	2,870.84
Idaho	3	987.48	2,090	3,666.60
Idaho	1	327.82	912	1,000.00
Idaho	1	327.82	712	2,000.00
Idaho	1	327.82	1,001	6,000.00
Idaho	9	2,950.38	4,829	3,101.57
Idaho	1	327.82	711	2,618.00
Idaho	3	987.48	3,223	1,079.00
Idaho	1	327.82		
Idaho	3	987.48	2,001	1,000.00
Idaho	2	659.66	1,001	1,000.00
Idaho	4	1,311.30	2,010	1,000.00
Idaho	13	4,273.73	8,077	3,000.00
Idaho	3	987.48	1,777	7,000.00
Idaho	1	327.82	2,715	1,000.00
Idaho	2	659.66	607	1,000.00







# APPORTIONMENT OF POLICEMEN AND FIREMEN PERCENT FUND 1930

(Cont'd)

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City or Town	Police		Firemen	
	No. of Officers	Amount	Population	Amount
Washington	2	459.46	541	288.30
Westminster	3	709.48	1286	718.19
Windsor	2	457.46	1408	724.49
Wray	3	722.48	2178	1418.18
Yuma	4	1317.30	1908	802.62
Towns or Cities have FPP only				
Castle			741	342.00
Cedar Creek			175	92.00
Chester			730	326.75
Crown			257	117.54
Deer			258	117.00
Deer Park			253	115.70
Deer Trail			421	194.21
Dove Creek			702	326.00
Eagle			445	245.27
Federal Heights			193	79.00
Flaming			379	174.00
George Town			327	151.86
Grover			146	67.29
Harlowe			170	79.19
Hickman			279	124.41
Keenesburg			432	193.27
Mersey			304	142.24
Naturita			165	79.00
Noble			459	210.72
Osage Springs			279	124.77
Osage			332	150.19
Pangely			208	96.20
Pine			212	79.00
Rockvale			320	125.29
St. Paul			361	166.50
St. Paul Plume			136	62.71
St. Paul			424	185.70
Sugar City			527	243.28
Superior			194	87.00
Windsor			10	4.00
Total		11,442.46	11,443	4,442.46
Some Roads are also Townships				

**APPENDIX B**

**COMPARISON OF RETIREMENT SYSTEMS**

**for**

**POLICEMEN - GENERAL**

**FIREMEN, PAID - GENERAL**

**FIREMEN, VOLUNTEER - GENERAL**

**POLICEMEN - CITIES OVER 100,000**

**FIREMEN - CITIES OVER 100,000**

**PUBLIC EMPLOYEES' RETIREMENT ACT**

**SOCIAL SECURITY (O.A.S.I.)**







# FINANCIAL - GENERAL FUND

1. Local Government	CRS 139-30-1
2. Disposition	Members of regularly appointed paid fire departments or fire fighters.
3. Disposition	(CRS 139-30-4 1/1 amended 1955)
4. Disposition	50 years old with 20 years service.
5. Disposition	Monthly pension equals 1/2 of average monthly salary for one year before granting of application for retirement.
6. Disposition	If the person retired accepts any position as paid fireman in a municipality, the pension payment is suspended.
7. Disposition	Disability
8. Disposition	1/3 monthly salary at time of disability.
9. Disposition	Monthly salary at date of disability, not to exceed one year. Disability must be incurred while in performance of duty.
10. Disposition	Widow or dependent mother (either, but not both) \$50 per month.
11. Disposition	Children - \$20 per month until age 16.
12. Disposition	Total amount - \$100.

If the fund is insufficient to cover the benefits in A, B, and C above, contributions shall be made to the fund to cover the same.

## IV. Source of Funds

State - 2% on all premiums collected from foreign fire insurance companies operating in Colorado; total not to exceed \$100,000 per year (CRS 139-30-4 1/1 amended 1955). These funds are distributed according to the relative population of municipalities to aggregate population of municipalities with Denver's population (prop. according to decennial U.S. census). Municipality - cities with 50,000 or more persons. Tax of 1/2 mill on assessed value of real estate property of as much as may be necessary to raise fund to \$125,000 if it has been approved below that level.

Cities under 50,000 - may tax not more than one mill on assessed valuation of taxable property (CRS 139-30-5 1/2 amended 1955).

Employee - cities 50,000 - 100,000 - \$5.00 monthly salaries, monthly.

Cities under 50,000 - None.

Other: All gifts, fees, rewards given to the department or any member thereof.

## V. Investment of Funds - See note under Police, General.



# FIRE - GENERAL VOLUNTEER

025 124-20		
Eligibility	Members of regularly organized volunteer fire departments or fire aid organizations.  (GDS 139-50-6 /1/ amended 1955)	IV. Source of Funds  State - same as Firemen - General, Police Municipality - None Employee - None Other - Gifts, fees, receipts, given to the department or any member thereof.
Benefits:		V. Investment of Funds
A. Retirement for Age	50 years old with 20 years service.  Pension not to exceed \$30 per month.  If the volunteer has served more than 25 years, and has not reached age 50, with consent of the board he may leave the department and receive the rights and benefits of the pension when he reaches 50.	* See note under Police, General. Firemen's Pension Board may invest the proceeds of the funds in a suitable investment policy for its members.
B. Retirement for Disability	If, after one year of temporary disability, the volunteer is deemed by the board to be permanently disabled, he shall be paid such a sum as the board deems proper and necessary.	
C. Temporary Disability	Any such person as is deemed proper and necessary, not to exceed \$50 per month for one year.	
D. Permanent Disability	Any such person as is deemed proper and necessary, not to exceed \$50 per month for one year.	



# POLICE - CITIES OVER A HUNDRED

City	City Name and Location	City Name and Location	City Name and Location
I. General	City Name and Location	City Name and Location	City Name and Location
II. Pension	City Name and Location	City Name and Location	City Name and Location
A. Retirement	City Name and Location	City Name and Location	City Name and Location
B. Disability	City Name and Location	City Name and Location	City Name and Location
C. Permanent	City Name and Location	City Name and Location	City Name and Location
D. Temporary	City Name and Location	City Name and Location	City Name and Location
E. Survivors	City Name and Location	City Name and Location	City Name and Location
F. Investment	City Name and Location	City Name and Location	City Name and Location
G. Other	City Name and Location	City Name and Location	City Name and Location

City - Police as Police, General  
City - Any balance remaining from the year  
production to the Police Department at the  
end of each year.

The City Council appropriates annually  
a sufficient sum to carry out the pro-  
visions of the pension system.

Employees - 3 1/2% of salary

Other - All monies received from fines imposed  
on members of the Police Department for  
violations of rules.

All donations and gifts made to the fund.

V. Investment  
of Funds \*

This is set an actuarial reserve fund, and the  
carry-over from year to year amounts to a  
very small sum relative to the sum of the  
payments made. See Section VI, City above.

10 years of active service

1/2 average monthly salary received during  
the year before retirement, per month.

Also to receive 1/2 monthly amount of any  
pay raise granted in the future to members  
of the rank at which the pensioner retired.

First year - full salary at the time of  
disability.

Beyond one year, 1/2 of monthly salary  
at time of disability.

Disability must be incurred in line of duty,  
and no member whose disability is caused  
by improper or vicious conduct, illegal or  
immoral acts, or due to the use of nar-  
cotics or alcohol shall come under this act.

Covered under "Permanent" above.

Widow - 1/3 of monthly salary at time  
of death, per month.

Children - \$20 per month, first child,  
until 17 years old; \$10 per month each  
additional child until age 17.

Orphans - widow's benefits plus children's  
benefits.





<p><b>I. Local Authority</b> This bill applies to all cities, towns, villages, and school districts having a population of 5,000 or more, and to all cities, towns, villages, and school districts having a population of 5,000 or more, and to all cities, towns, villages, and school districts having a population of 5,000 or more, and to all cities, towns, villages, and school districts having a population of 5,000 or more.</p>	<p>in which compensation combined with pension is equal to or greater than the amount he would receive if he were not a member.</p> <p>According to C.R.S. 11-1-3 (1), amended 1955, PERA may take out group insurance on behalf of members who wish to do so.</p> <p>He may receive lump sum payment of contributor's accumulated deductions.</p> <p>In case of the death of a member who is eligible for retirement, widow receives annuity under Option III, a joint annuity with no refund to estate of amount paid into fund over pension paid out, or Option IV where amount is refunded by 1/2 with the death of either of the participants.</p>
<p><b>II. Benefits</b></p> <p><b>A. Retirement for Age</b></p> <p>35 years of employment or 20 years of employment at age 60 or 30 years of employment at age 55. 1/2 of average of highest monthly salary for any 5 consecutive years of service within 10 years of retirement, provided pension is not more than \$200 per month, unless retirement age is 65 or more and not for disability, in which case the maximum limit of \$200 per month is removed.</p> <p>For judges, between 10 - 16 years of service in the aggregate, 40% of average salary for the past 10 years. Over 16 years of service, 50% of average salary.</p> <p><b>B. Disability</b></p> <p>Full disability - with 5 years or more paid into fund and disability in performance of duty, or 15 years in service and contribution to fund for 5 years, in or out of performance of duty, full retirement pension.</p> <p>Partial disability - pension is proportion to loss in earning power.</p> <p>Death - where "pension" above until member dies, then pension is returned to his estate or to his estate, or where a pension is a private plan.</p>	<p><b>IV. Source of Funds</b></p> <p>State - Amounts received by state from interest and penalties on delinquent taxes up to 1/2% of amount paid PERA members as salary.</p> <p>Employer - 5% of employee's salary (7% for highway patrolmen who contribute 7%)</p> <p>Employee - 5% of regular salary (highway patrolmen may choose to contribute 7%)</p>
<p><b>V. Investment of Funds</b></p> <p>U.S. bonds, Colorado or other state bonds, general obligation bonds of any city, town, or school district in Colorado, if its assessed valuation is \$2,000,000 or more.</p>	



**I. Legal Authority** United States Social Security Act as amended, 1964 - 1966

**II. Eligibility** Under the 1954 and 1966 amendments to the Social Security Act, pensionable coverage under GASI was extended to about 3,500,000 state and local government employees who are members of retirement systems. Firemen and policemen who are covered by pension plans are excluded, except in a few named states in which referendi for policemen and firemen are authorized.

**III. Benefits** Age 65 and fully insured status (40 quarters coverage).

**A. Retirement for Age** Primary Insurance Benefit - 55% of the first \$110 of average monthly wage, plus 20% of all wages above that amount up to total maximum wages of \$350 per month (maximum benefit \$108.50 per month).

Maximum earnings before suspension of benefits is \$1,200 per year if under 72. Each additional \$40 of earnings beyond \$1,200 causes the loss of one monthly benefit check. No restrictions over age 72.

Wife of retiree eligible for benefits at age 65 or to reduced benefits at age 62.

Working women may receive a reduced retirement benefit at age 62.

**B. Retirement for Disability** Effective July 1, 1957, disability insurance payments may be received by permanently disabled workers 50 years of age or older, providing they have been disabled for at least 12 months, have at least 5 years of work under the Social Security law in the 30 years before the beginning of the disability, with at least 1 1/2 years in the 5 years before the beginning date of the disability.

If under 50 years of age and otherwise qualified, social security earnings record is "frozen" to protect future benefit payments.

**Temporary**

**C. Survivors**

No benefit provisions.

Widow of an employee, regardless of age at employee's death, if he is fully or currently (1 1/2 years) contributor during past 3 1/2 years) insured, receives what was dependent child under 18, 75% of employee's primary insurance benefit. An additional benefit of 75% of the worker's primary insurance benefit is payable on account of the dependent child. Thus, in the case of 2 or more children, 50% of primary insurance benefit, and 25% additional to be divided among all children.

Maximum family benefit - the lesser of \$300 per month or 80% of average wage. Widow without dependent child entitled to benefit at age 62.

Death benefit - a lump sum equal to 3 times the worker's monthly primary insurance benefit, not to exceed \$500.

**IV. Source of Funds**

Present rate of the social security tax on the first \$4,200 of earnings and the scheduled increases:

Year	Employer	Employee	Self-Employed
1956	2 1/4 %	1 1/4 %	3 3/8 %
1957-59	2 1/4 %	1 1/4 %	3 3/8 %
1960-64	2 3/4 %	1 3/4 %	4 1/8 %
1965-69	3 1/4 %	1 1/4 %	4 7/8 %
1970-74	3 3/8 %	1 3/8 %	5 3/8 %
1975 & after	4 1/4 %	1 1/4 %	6 3/8 %

**V. Investment of Funds**

U.S. Government obligations

# APPENDIX C

## QUESTIONNAIRE RESPONSES, POLICEMEN'S PENSION FUNDS

Annual Policemen Payroll and Amount in Pension Fund

1950 Pop.	City or Town	Reported Annual Policemen Payroll	Money in Policemen Pension Fund	Number Drawing Benefits ("N" Means None Reported) (FD-Perch. Disability: W-Widow)	
				Retirees (Age)	Other
1,033	Aguilar	\$ 1,320.00	\$ 9,688.58	N	N
1,603	Akron	5,000.00	4,925.00	N	N
3,364	Alamosa	25,208.35	34,542.98	1 (\$37 p.mo.)	1 W
1,255	Antonia	4,500.00	12,148.18	N	N
11,421	Apex	121,248.00	36,054.98	N	N
19,994	Boulder	not reported	38,816.50	N	1 W, 1 PD (\$62.50)
2,431	Brush	15,418.68	10,714.91	1 (\$109.37 p.mo.)	N
1,247	Burlington	5,716.00	9,557.89	N	N
371	Central City	4,368.50	8,549.79	N	N
1,154	Cheyenne Wells	3,000.00	6,243.13	N	N
237	Collihan	N	1,769.76	N	N
1,800	Commerce Town	10,020.00	N	N	N
2,680	Cortez	20,220.00	9,565.33	N	N
583	Creede	N	4,921.39	N	N
730	Crested Butte	600.00	N	N	N
853	Cripple Creek	6,384.00	5,775.71	N	N
233	Delacoe	1,800.00	N	N	N
4,897	Delta	11,794.80	15,987.93	N	N
729	Dolores	3,000.00	2,088.38	N	N
702	Dove Creek	3,600.00	N	N	N
395	Durbin	451.20	1,705.34	N	N
2,580	Englewood	11,100.00	989.48	N	N
18,868	Englewood	66,376.26	53,915.57	N	1 W, 2 dependents (3 PD \$105.25 p.mo. (36 p.mo. cash out)
1,617	Essex Park	11,437.00	12,594.43	N	N
2,778	Florence	9,900.00	8,224.45	N	N
14,937	Fl. Collins	63,040.00	38,565.48	1 (\$70 p.mo.)	1 W
1,939	Fl. Egan	12,000.00	14,321.50	N	N
5,315	Fl. Morgan	35,875.29	30,257.73	N	1 W
399	Fremont	550.00	?	N	N
1,463	Frederick	7,952.00	2,181.97	N	N
332	Gales	240.00	N	N	N
2,438	Gardenside	14,680.08	17,189.95	N	N
351	Garden	4,000.00	1,703.67	N	N
302	Grand Lake	1,500.00	3,752.83	N	N
20,364	Greeley	114,715.00	84,375.96	1 \$132 p.mo.)	2 W
767	Hayden	8,600.00	5,648.99	N	N
1,590	Holbrook	6,237.00	11,811.55	N	N
623	Kremmling	3,600.00	1,039.44	N	N
2,090	Lafayette	12,000.00	10,721.06	N	N
7,712	La Junta	31,959.41	34,779.27	N	1 W, 1 PD \$135.20 (1 PD \$135 p.mo.)



APPENDIX C (Cont'd)

1952 Pop.	City or Town	Reported Annual Policemen Payroll	Money in Pension Fund	Number Drawing Benefits (W-Widow, N-None, P-Form. Disability, W-Widow) Retirees (Age)	Other
1,471	Limon	6,493.74	12,975.00	N	N
5,578	Littleton	14,400.00	13,868.51	N	3 men have drawn temp. disabil. - total of 3 1/2 months
8,099	Longmont	52,800.00	27,000.00	N	2 PD, 1150.00 p. mo.)
6,773	Loveland	39,708.00	18,569.98	N	2 PD, 1125.00 p. mo.)
832	Manitou	2,280.00	1,662.56	N	N
785	Manitou	4,000.00	1,811.25	N	N
2,580	Manitou Sprs.	17,199.00	16,398.16	N	N
543	Manitouville	1,980.20	6,255.41	N	N
186	Mead	1,800.00	1,705.34	N	N
209	Merino	3,000.00	3,907.95	N	N
4,904	Montrose	16,791.19	26,656.18	N	N
126	Mountain View	240.00	N	N	N
483	New Castle	1,230.00	1,705.34	N	N
162	Pharm	1,500.00	2,035.16	N	N
1,488	Oak Creek	N	15,224.08	N	N
1,290	Ordway	N	13,601.92	N	N
564	Ovid	1,200.00	6,270.47	N	N
561	Pallards	3,887.97	13,300.40	N	N
1,357	Peoria	2,400.00	6,834.16	N	1 W, 1 Depend.
1,525	Rifle	7,231.00	10,905.00	N	N
209	Ridgway	N	1,704.99	N	N
4,087	Rocky Ford	18,144.00	25,031.27	N	1 W
4,583	Salida	25,355.19	20,076.14	N	N
332	Shawnee	240.00	1,800.54	N	N
1,713	Shawnee	N	1,788.00	N	N
1,913	Shawnee Sprs.	6,156.00	11,314.79	N	N
7,334	Shawnee	44,442.52	15,963.90	N	1 PD, 1125.00 p. mo.)
10,304	Shawnee	43,065.25	37,363.85	2 (\$125.00, \$87.50 p. mo.)	1 W, 2 Depend.
8,906	Shawneeburg	28,000.00	38,303.70	N	N
1,548	Shawnee	6,000.00	12,550.14	N	N
3,102	Wray	11,543.20	6,574.36	1 (\$110 p. mo.)	1 PD, 1100 p. mo.)
1,908	Wray	12,909.94	13,278.21	N	N
		\$1,028,408.37	\$933,565.37		

The following other municipalities answered the questionnaire but reported no payroll or benefits and no pension fund, except as indicated:

Arriba: Denver; Colorado: (\$7,746.38 combined with fire pension fund);  
 Gilman; Greeley; Garden City; Green Mountain Falls; Hesper; Keota;  
 Lamar; New Raymer; Rock Hill (\$5,945.00, town marshal); Rye; Silt;  
 Rosedale; Silt; Two Butte; Vicksburg; Westcliffe (2 town marshals - OASD).

# APPENDIX D

## QUESTIONS (IN RESPONSE) FIREMEN'S PENSION PLAN Annual Pension Payroll and Amount in Pension Fund

1950 Pop.	City or Town	Reported Annual Fireman Payroll	Money in Fireman Pension Fund	Number Drawing Benefits ("N" Means None Reported) (FD Form, Disability, W/Vol.)	Other
1,000	Agutter	\$ 360.00 Vol.	\$ 8,187.25	N	N
8,354	Alameda	9,189.30 Reg. & Vol.	82,812.47	4 (highest \$87.50 p. /mo.)	N
1,355	Alameda	175.00 Vol.	8,807.08	N	N
11,421	Arroyo	36,736.00 Reg. & Vol.	22,292.89	6 (\$50 p. mo. each)	1 FD (\$50 p. mo.)
810	Berkeley	300.00 Vol.	4,461.31	N	N
19,999	Boulder	77,980.00 Reg.	\$1,654.80	5 (highest \$153 p. mo.)	2 W (\$38 p. mo.)
2,431	Brent	N	6,774.00	6 (\$10 p. mo. each)	N
2,387	Burlington	N	9,804.38	N	N
1,154	Chapman Wells	N	4,003.15	N	N
387	Colburn	N	2,118.10	N	N
2,682	Cortez	N	10,429.49	1 (\$25)	N
503	Cresco	N	4,604.62	N	N
736	Crested Butte	N	5,570.87	N	N
853	Cripple Creek	6,384.00 Reg.	14,169.80	N	N
258	Darwin	N	1,211.76	N	N
253	Delaware	N	957.65	N	N
4,000	Dubuque	2,083.50 Vol.	12,840.00	N	N
700	Dubuque	N	324.00	N	N
290	Dubuque	12.00 Vol.	2,730.12	N	N
2,500	Dubuque	N	15,243.90	N	N
16,800	Dubuque	52,000.00 Reg.	22,943.07	14 (\$50 p. mo. each)	N
2,770	Dubuque	990.00 Reg.	13,907.04	N	N
14,900	Ft. Collins	68,540.00 Reg.	37,908.14	1 (\$146.50)	N
1,900	Ft. Collins	N	6,414.10	N	N
5,516	Ft. Collins	1,125.00 Vol.	38,536.22	10 (\$12 p. mo. aver.)	N
800	Fredonia	N	1,570.07	N	N
1,442	Fredonia	1,076.00 Vol.	5,779.10	N	N
2,400	Fredonia	500.00 Vol.	N	N	N
800	Fredonia	N	841.70	N	N (started paying in 1951)
800	Fredonia	N	287.24	N	N
20,354	Frederick	67,890.00 Reg.	120,000.00	3 (highest \$175.77 p. /mo.)	1 FD (\$50 p. mo.) 1 W (\$38 p. mo.)
787	Frederick	N	3,180.96	N	N
1,500	Frederick	N	10,035.39	1 (\$25 p. mo.)	N
600	Frederick	N	581.56	N	N (started paying in 1951)
7,712	La Jolla	16,516.28 Reg. & Vol.	16,623.63	1 (\$108 p. mo.) 1 (\$150 p. mo.) 2 (\$35 p. mo. each)	1 FD (\$100 p. mo.)
1,471	Lima	200.00 Vol.	8,403.00	N	N
1,370	Lima	7,350.00 (Dispatch)	10,389.42	2 (\$35 p. mo. each)	N
1,000	Lima	10,967.00 Reg. & Vol.	25,400.12	2 (\$35 p. mo. each)	1 FD (\$100 p. mo.)
6,730	Lima	14,925.00 Reg.	23,220.01	1 (\$35 p. mo. each)	1 FD (\$100 p. mo.)
632	Lima	120.00 Vol.	1,000.41	N	N



# APPENDIX D (Cont'd)

1950 Pop.	City or Town	Reported Annual Fireman Payroll	Money in Fireman Pension Fund	Number Drawing Benefits (If Money Not Reported) (If Payroll Drawings Withdrawn) Annuities (Age)	Other
785	Manross	N	4,047.97	N	N
2,350	Monitor Sprgs.	6,415.00 Reg.	14,019.27	3 (\$50 p. mo. each)	N
543	Minneapolis	570.00 Vol.	2,604.31	N	N
486	Mead	N	1,209.77	N	N
4,954	Montross	12,181.17 Reg.	41,100.03	2 (\$20 p. mo. each)	7
483	Newcastle	N	342.23	N	Retired partly in 1951
182	Shum	N	896.06	N	N
1,405	Gak Creek	N	9,723.52	N	N
1,390	Ordway	N	12,745.00	N	N
664	Ovid	N	2,715.26	N	N
861	Pallade	338.00 Vol.	7,677.88	N	N
1,257	Pionia	360.00 Vol.	6,243.68	N	N
608	Rangeley	N	737.52	N	Retired partly in 1951/1952
209	Ridgway	N	325.60	N	N
1,525	Rifle	N	7,738.95	4 (\$12.50 each)	N
4,097	Ricky Ford	12,669.00 Reg.	28,895.74	5 (\$15 each)	2 W (\$50 p. mo. each)
4,363	Salida	15,300.00 Reg.	114.92	1 (\$14.50 p. mo.) 1 (\$97.00 p. mo.)	1 W (\$50 p. mo.)
333	Sedgewick	N	2,331.74	N	N
1,715	Smriden	N	5,952.00	N	N
1,913	Steamboat Sprgs.	371.75 Vol.	12,168.06	N	N
7,554	Stirling	17,234.88 Reg. & Vol.	30,514.39	12 (\$10 each)	1 W (\$15.00 p. mo.)
12,204	Trinidad	46,600.00 Reg.	65,623.72	N	1 W (\$15 p. mo.) 3 W (\$45 p. mo. each)
5,354	Waldenburg	5,400.00 Reg.	31,119.32	2 (\$50 each)	N
1,548	Windsor	420.00 Vol. truck dr.	8,244.00	1 (\$5.50 p. mo.)	N
2,298	Wray	600.00 Vol.	14,851.88	N	N
1,908	Yuma	N	5,988.85	N	N
		\$517,936.38	\$948,654.48		

The following other municipalities answered the questionnaire but reported no payroll or benefits and no pension fund, except as indicated:

Albion (\$4,842); Arriba; Calhan; Cedaredge (\$7,746.58, combined with police pension fund); Central City (\$3,609.73); Coal Creek (\$2,405.43); Crossedown Town; Crowley; Dinosaur (\$4,571.67); Estes Park (\$5,323.68); Garden City; Garco; Green Mountain Falls; Hooper; Keota; Lafayette (\$14,314.87); Marshall; Moffat; Mountain View; New Raymer; Pierre; Roache Springs; Rock Hill; Rosamond; South; Two Butte; Vinton; Ward; Westcliffe.



APPENDIX E

RESOLUTION

WHEREAS, the Colorado Fire Fighters Association, A.F. of M., and the Colorado State Firemen's Association, as the duly representative organizations of firemen in the State of Colorado, have had under discussion the suggestions contained in House Joint Resolution #2, Legislative Session 1956, concerning the various pension problems as they affect the various classifications of firemen in the State of Colorado; and,

WHEREAS, it is the desire of our said organizations to offer the suggestions as hereinafter set forth in this Resolution, to the Colorado Legislative Council, as expressing the viewpoint of the firemen of the State of Colorado on the problems involved and as suggestions for corrective legislation; NOW, THEREFORE,

BE IT RESOLVED, that it is the consensus of the members of the Colorado Fire Fighters Association and the Colorado State Firemen's Association that corrective legislation containing the following suggestions are necessary to all of the firemen of the State of Colorado and, if adopted into Law, would solve most of the pension problems which now confront the local communities in Colorado and their firemen:

1. That the present State Pension Law governing firemen's pensions is basically sound, but should be revised, modernized and enlarged as hereinafter mentioned.

2. That administration of firemen's pension funds and the pension law be retained by the local authorities, as in the present law.

3. That the main problem underlying all of the firemen's pension problems in this State is that of inadequate financing and in this connection it would be well to consider the following:

(a) The allocation from the State Insurance Tax derived by the tax on the premiums of foreign insurance companies, as now provided by law, should be increased by 100%. For the reason that the increased efficiency of all fire departments throughout the State has caused a reduction in fire losses to an extent that property owners throughout the State are in a position to demand a substantial reduction in fire insurance rates; the maintenance of a solvent pension fund in each community having such fund insured or promoted a continuation of such efficiency; also, for the additional reason that the various State Institutions are given fire protection by the local communities without said communities being compensated in any manner other than through the allocation of said insurance tax for their firemen pension funds.



(b) That the support of firemen's pensions is also properly the obligation of the local community and to this end cities and fire districts should be required to pay into said fund a reasonable share out of local tax assessments.

(c) That in cities and fire districts having paid firemen, said paid firemen should be required to pay at least 5% of their salaries into the Insurance Fund, excepting, however, in cities having fire departments made up of paid and volunteer firemen. In said cities an arrangement should be made which will protect the rights of volunteers and paid members to their pensions without being unfair to either group.

(d) That in the event the State grants a larger allocation from the Insurance Fund, the Law should be amended to provide a minimum payment to each city so that no town will receive less than a basic sum.

(e) That Fire Protection Districts be permitted to participate in the allocation of State Funds by some method which will give them the tax on premiums written on fire insurance risks in their own communities, or if this is not feasible that they be given the basic amount, as mentioned above, which is allocated to a municipality, multiplied by the number of organized fire companies in their district.

4. The Law should define the meaning of the term "Volunteer Fireman", and the following definition is suggested:

"A Volunteer Fireman is any fireman belonging to a regularly organized fire department whose principal livelihood is other than that of a fireman."

5. In cities having fire departments made up of volunteer and paid firemen, the volunteer firemen should have priority in filling vacancies in said Departments, but the City Administrations should be enabled to determine, for pension purposes, a fair ratio between the number of years served as a volunteer in the department and the number of years to be served as a paid member in order to be eligible for a "Paid Fireman's Pension".

6. In cities having fully paid departments, it is suggested that the Law be amended to provide the following:

"Widows of firemen, regardless of the date of death of their husbands, to receive a pension of 1/4 of a First Grade Fireman's pay, or 1/4 of a fireman's pay if there are no grades of fireman in the community."

"Dependent children to each receive \$20.00 per month if widow survives, but \$30.00 per month for each child if no widow survives, up to one-half of a First Grade Fireman's pay, but in no event shall total payments exceed one-half of a first grade fireman's pay. Age of dependent children to be increased to 18 years.

Rate of pensions and the age and service qualifications to remain the same as in present law.

BE IT FURTHER RESOLVED, that the Officers of the Colorado



Respectfully submitted,

COLORADO STATE FIRE FIGHTERS  
ASSOCIATION



**PK 435-11**



## APPENDIX F

### RESOLUTION

**WHEREAS**, The Senate and House of the State of Colorado, by Joint Resolution 22 have undertaken to study the status of pension laws of Police Officers and Firemen in Colorado; and

**WHEREAS**, The policemen of the departments of towns and cities having populations under 25,000 within the State of Colorado have associated themselves together to present to the Legislature of Colorado the problems involved, and to render suggestions for corrective legislation; **NOW, THEREFORE,**

**BE IT RESOLVED**, that it is the consensus of the members of the undersigned police departments within the State of Colorado that the following suggestions are in the best interests of the State of Colorado as a whole, and of the local communities and local police departments of towns and cities having population under 25,000.

1. That the present State Pension Law governing policemen's pensions should be revised, and modernized as hereinafter mentioned.
2. That the administration of policemen's pension funds and the pension law be retained by the local authorities, as in the present law.
3. That the problems of the policemen's pension laws are two-fold; (A) Lack of financing to assure availability of funds for payment of benefits; (B) Benefits provided are outmoded.
4. That the following should be provided as benefits in the form of pensions under the law:
  - (A) Retirement from active police service at the age of 55 years upon completion of 20 years' service; or upon completion of 25 years without regard for age; or if the individual police officer shall contribute from his own funds such monies as actuarially will finance such a program -- retirement upon completion of 20 years' service without regard for age.
  - (B) Removal of provision which withdraws pension benefits when retired policeman accepts salaried position paying \$60.00 or more per month.
  - (C) Increase allowance paid to widows of policemen, so that widows shall receive amount equal to one-half that policeman's retirement pension allowance, pension payments to cease if widow remarries.
  - (D) Increase allowance paid to dependent children of policemen so that each surviving dependent child of a deceased policeman shall receive an amount equal to one-fourth that policeman's retirement pension allowance, until child reaches age of 18 years.



1. That the individual policeman's monthly salary, and that the municipality shall receive the amount the police men have been receiving.
2. That if there be a vote of increasing State funds for policemen's pension funds that such State funds be appropriated.
3. That the type of service and the nature of work of policeman is such that it is not sufficient nor conducive to good law enforcement that policeman be compelled to serve to the age generally considered suitable retirement age in general types of employment.
4. That in order to attract and retain in the law enforcement field, the municipalities must have authority to improve the presently existing policemen's pension programs.
5. That the services demanded upon policemen expose policemen to greater risks of death and of injury than do general types of employment, and consideration of such risks must be considered in the creation of an appropriate pension program in the State, so as to insure the employment and retention of the calibre of personnel the public interest requires.

BE IT FURTHER RESOLVED, that a copy of this Resolution be circulated among the police departments of municipalities having populations under 50,000, and that a representative of such individual departments make endorsement on said copy signifying the approval and support of said departments.

Respectfully submitted,

*Earl D. Towner*  
 /s/ Earl D. Towner,  
 President, Policemen's Pension  
 Association

Sept. 12, 1956

Approved by police officials  
 in the following cities and  
 towns:

1. Grand Junction
2. Silverwood Springs
3. Silverwood Springs
4. Grand Fork
5. Greeley
6. Eagle Grove
7. Ft. Collins
8. Casper
9. Loveland
10. Ft. Morgan
11. Greeley
12. Aurora
13. St. John
14. Steamboat
15. Springfield
16. Las Animas
17. Rocky Ford
18. Holly
19. Fort Collins
20. Fort Collins
21. Fort Collins
22. Fort Collins
23. Fort Collins
24. Fort Collins
25. Fort Collins
26. Fort Collins
27. Fort Collins
28. Fort Collins
29. Fort Collins
30. Fort Collins

31. Fowler
32. Alamosa
33. Rifle
34. Canon City
35. Durango
36. Julesburg
- \* 37. Boulder

\* Does not approve of 30  
 years of service requirement  
 of age. Starting age at  
 Boulder 21 years of age,  
 other cities 25 years.