

PERA BOARD'S RECOMMENDED PACKAGE TO PROTECT PERA'S LONG-TERM HEALTH

After meeting with many members, retirees, employers, and community leaders and hearing from thousands more via phone and online, the Colorado PERA Board of Trustees is preparing to make a recommendation to the State Legislature in the 2018 legislative session that will impact all PERA membership. This recommended package would improve PERA's risk profile and funding status. It is important to remember that the Board's recommendations are not final, and ultimately, the State Legislature and Governor are responsible for passing legislation that would make lasting and positive changes to the PERA retirement plan.

	Current Vested* Members (As of 1/1/2020)	Current Non-Vested* Members (As of 1/1/2020)	Current Retirees	Future Members (Starting Membership 1/1/2020)	Employers
MODIFY BENEFITS					
Increase eligibility requirements (age and service) for full service retirement benefits to age 65 for most divisions with a minimum of five years of service and age 55 with 25 years of service for a reduced service retirement (for State Troopers, the minimum age will increase to age 55 for full service retirement benefits)				✓	
Increase number of years used in the HAS calculation from three years to five years (Judicial Division members will increase to a three-year HAS)		✓		✓	
Reduce the Annual Increase from a cap of 2% to a cap of 1.5%	✓	✓	✓	✓	
Suspend the Annual Increase for two years			✓		
Change Annual Increase waiting period from one year to three years	✓	✓		✓	
INCREASE CONTRIBUTIONS					
Increase member and working retiree contribution rates by an additional 3% of pay, totaling 11% (for most members)	✓	✓			
Increase member and working retiree contribution rates by an additional 2% of pay for <u>new hires</u> as of January 1, 2020, totaling 10% (for most members)				✓	
Increase employer contribution rates by an additional 2% of pay					✓
ENSURE ALIGNMENT OF CONTRIBUTIONS, SERVICE CREDIT, AND BENEFITS					
Redefine PERA-includable salary from net pay to gross pay	✓	✓		✓	✓
Change service credit accrual standard for part-time work				✓	

* Vested members have five or more years of service credit; non-vested members have less than five years of service credit.



Changes effective immediately after legislation is signed into law



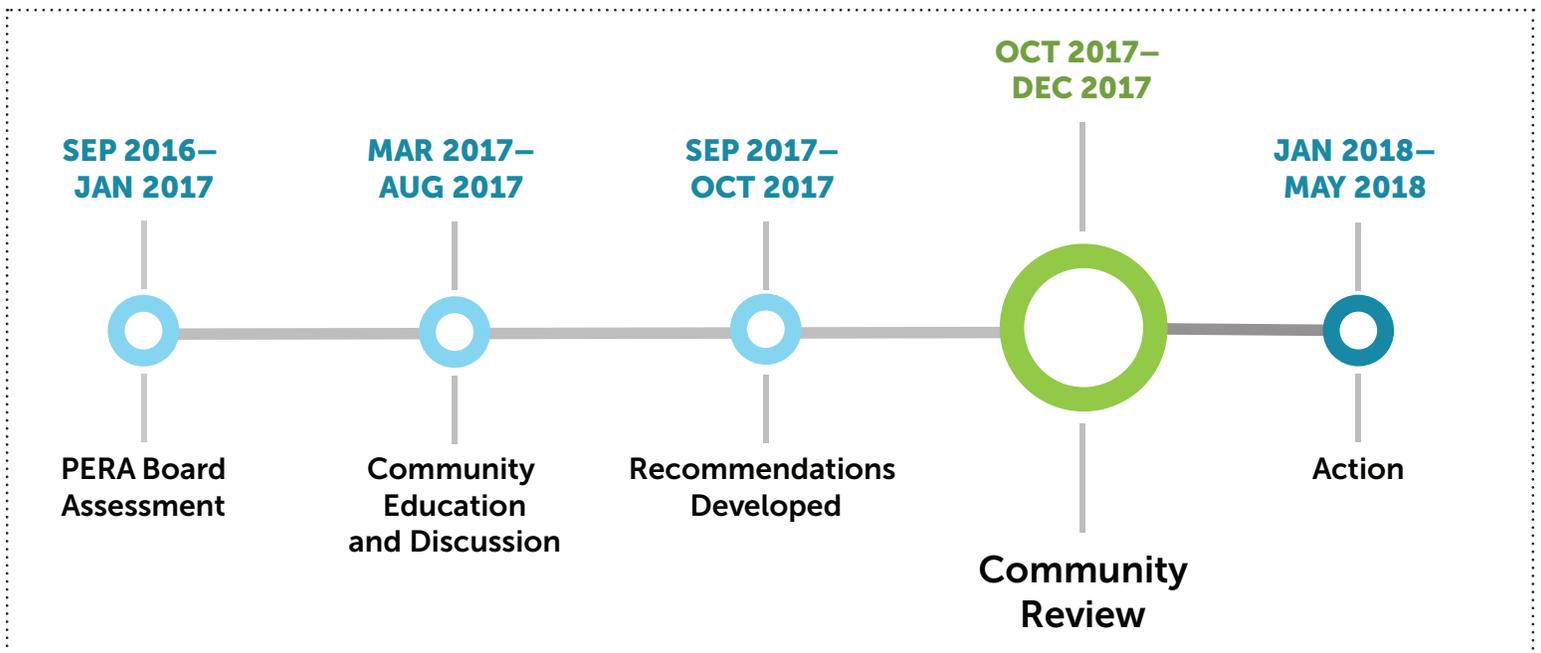
Changes effective January 1, 2020

To learn more, visit www.peratour.org.



OUR PROCESS TO REFORM

After a thorough and rigorous review process, the PERA Board developed this recommended package of reforms to shorten the time it will take the Plan to reach full funding and ensure PERA's ability to pay benefits over the long-term.



PERA Board Assessment

September 2016–January 2017

Starting in September 2016, the Board began foundational work by analyzing results in each Division's trust fund from an experience study conducted earlier in 2016. The Board completed this analysis in consultation with a team of economic, investment, and actuarial experts.

In November 2016, the Board reviewed and made changes to core assumptions to reflect current realities in terms of lifespan (how long people are living) and market returns (how much PERA can earn on its investments).

Community Education and Discussion

March 2017–August 2017

The PERAtour statewide educational outreach effort engaged with thousands of members, employers, and the general public. The PERAtour included:

- » A telephone town hall in April 2017.
- » More than a dozen community meetings across the state.
- » A dedicated website, www.peratour.org.

One of the biggest takeaways from the PERAtour was that our members believed that the time to act is now, before a crisis.

Recommendations Developed

September 2017–October 2017

The Board reviewed feedback received from the first phase of PERAtour and endorsed a package of reforms designed to reduce the overall risk profile of the plan and improve PERA's funded status.

The Board's package, which must be approved by the General Assembly before becoming law, includes recommendations that will significantly change the benefit provisions and contribution structure of the plan.

Community Review

October 2017–December 2017

PERA will hold another series of community meetings across the state, including a live webcast. The PERA Board strongly recommends every stakeholder attend because the changes will impact current and future members, retirees, and employers.

Action

January 2018–May 2018

The PERA Board will make its recommendations to the State Legislature, which convenes in early January 2018. The State Legislature has the sole authority to set benefits and contribution rates for PERA and no changes to benefits or contributions will be final until voted on by the State Legislature and signed by the Governor.