

# Impact of CHANGES

Senate Bill 18-200 (SB 200) was passed by the Colorado General Assembly on May 9, 2018. Please note that this bill is not final and is pending the Governor's signature. This legislative package will restore PERA to full funding within 30 years. By enacting SB 200, PERA's membership and Colorado taxpayers will benefit from a stronger, more stable retirement fund.

Listed below are the provisions of SB 200 that affect PERA's membership.



## Current Members

- » Increase the member contribution rate for most members by an additional 2 percent of pay, totaling 10 percent, phased in beginning July 1, 2019.
- » Wait three years before receiving first annual increase.
- » Set the annual increase cap at 1.5 percent.
- » Redefine PERA-includable salary to include sick leave pay.
- » Increase to five the number of years used in the Highest Average Salary (HAS) calculation for nonvested members (those with less than five years of service credit as of January 1, 2020); increase to three-year HAS for Judicial Division members.



## Current Retirees

- » Set the annual increase cap at 1.5 percent.
- » Suspend the annual increase for two years (effective for 2018 and 2019).
- » Increase the working retiree contribution rate (for retirees working for PERA employers) by an additional 2 percent of pay, totaling 10 percent, phased in beginning July 1, 2019.



## Employers

- » Increase the employer contribution rate by an additional 0.25 percent except for Local Government Division employers, effective July 1, 2019.
- » Redefine PERA-includable salary to include any deductions made to tax-advantaged plans for new PERA members hired on or after July 1, 2019.
- » Redefine PERA-includable salary to include sick leave pay for all members.



## State Budget Allocation

- » Direct an annual allocation to PERA from the State budget of \$225 million starting July 1, 2018.



## Future Members (starting membership 1/1/2020)

- » Increase eligibility requirements (age and service) for full service retirement benefits to age 64 for most divisions with 30 years of service; age 55 and 25 years of service for a reduced service retirement.
- » Increase to five the number of years used in the HAS calculation; increase to three-year HAS for Judicial Division members.
- » Set the annual increase cap at 1.5 percent.
- » Wait three years before receiving first annual increase.
- » Increase the member and working retiree contribution rates incrementally for new hires, totaling 10 percent for most members as of July 1, 2021.
- » Redefine PERA-includable salary to include any deductions made to tax-advantaged plans\* and sick leave pay.
- » Expand Defined Contribution (DC) Choice to new hires as of January 1, 2019, in the Local Government Division and to new hires as of January 1, 2019, who are classified college and university employees.

\* Applies to new PERA members hired on or after July 1, 2019.



### Other Provisions

SB 200 contains additional provisions to ensure PERA remains a stronger and more stable retirement fund.

- » **Automatic Adjustment Provision**—Adjusts member and employer contributions, the annual increase, and the allocation from the State budget to keep PERA on a path to full funding in 30 years.
- » **Legislative Oversight**—Expands the existing Police Officers’ and Firefighters’ Pension Reform Commission to include oversight of PERA and creates a subcommittee exclusively focused on PERA. The 14-member subcommittee will include four legislators appointed from the Commission and 10 appointed external experts from relevant industries.
- » **Safety Officer Rate and Benefit**—Apply the State Trooper contribution rate, retirement age, and benefits to other safety officers, including sheriff deputies and corrections officers hired on or after January 1, 2020.

### PERA BENEFITS THAT DIDN'T CHANGE

PERA’s Defined Benefit plan remains one of the most competitive plans in the country, providing Colorado’s public employees with a comprehensive benefit package that includes the following:

- » A secure retirement income that cannot be outlived.
- » The ability to take retirement savings to other Colorado public employers who are affiliated with PERA.
- » An individual account where your money is always yours and earns interest.
- » Annual cost-of-living increases in retirement benefits that are compounded year over year.
- » Disability and survivor benefits.
- » Access to voluntary programs such as 401(k) and 457 plans as well as health and life insurance.