

PERA BENEFIT STRUCTURE

UNDERSTANDING YOUR BENEFIT ESTIMATE



Your benefit estimate from Colorado PERA has helpful information as you plan for your future. In this fact sheet, you'll find more information about the terms used in your estimate under the PERA benefit structure as well as answers to frequently asked questions. If you have additional questions, please let us know. A comprehensive overview of PERA's Defined Benefit Plan and voluntary plans can be found in the [Your PERA Benefits](#) booklet.

BENEFIT TYPES

The way PERA calculates your estimate depends on your type of benefit.

What are the different benefit types?

Service Retirement: You are retiring in an unshaded box on your [PERA HAS table](#). You receive 2.5% of your highest average salary (HAS) for every year of service credit you've earned.

Reduced Retirement: You are retiring in a shaded box on your [PERA HAS table](#). This is also referred to as "early retirement." The amount you receive is lower than what you would receive with a service retirement.

Disability: You receive a monthly benefit through PERA's disability program.

Death: A monthly benefit is paid to your qualified survivor(s) through PERA's survivor benefit.

What is a reduced retirement?

A reduced retirement provides a lower benefit to account for the additional amount of time you'll be receiving a benefit. The farther away you are from a full service retirement, the greater the reduction will be.

What happens if I retire between boxes on the PERA HAS table?

If you retire between full years of service, your percentage will be between the two years indicated.

For example, if you retire with 33½ years of service credit, your retirement percentage will be 83.75% (between 82.5% and 85.0%).

Is there any way to increase the amount I receive under a reduced retirement?

If you continue to work, your benefit increases. You can also delay when to begin receiving your PERA benefit. Although you don't continue accruing service credit after you leave employment, you will continue to progress through your [PERA HAS table](#) as you age. Once your age and service credit meet in an unshaded box, you reach service retirement—the maximum you can receive for that amount of service credit.



RETIREMENT DATE

Your **termination date** is your last day as an employee. Your **retirement date** or **effective date** of retirement is typically the first of the month after your last physical day on the job.

When will I receive my first check?

In most cases, your first check is deposited or mailed to you on the last business day of the month of your effective date of retirement. For example, if your effective date is June 1, your first benefit will be issued on June 30.

I plan to retire at the end of the school year, but my contract will continue paying me through the summer. How does this affect my retirement dates with PERA?

Your termination date is your last physical day on the job, even if your contract will continue to pay you afterward.

What do I need to know if I decide to work in retirement?

If you go back to work for a PERA-affiliated employer, there are limits to the amount you can work in a calendar year.

Learn more about these and additional rules at www.copera.org/retirees/working-after-retirement.

SERVICE CREDIT YEARS

Your service credit equals the total amount of time you worked for a PERA employer. It includes any service credit you have purchased or will purchase before you retire.

Do I forfeit service credit if I retire before my work anniversary?

No. If you retire at any point between two boxes on your **PERA HAS table**, the percentage you receive will be between the two numbers you see.

What happens to my unused sick and vacation time?

If you receive a lump-sum payment in exchange for unused sick or vacation time, PERA contributions generally are deducted from this amount. This may give you additional service credit and increase your benefit, but it does not affect your retirement date.

Can I still add to my service credit calculation prior to retirement by purchasing years?

Yes, but keep in mind you must complete paying for the purchase before you retire.

How do I know if purchasing years is a good idea?

Start by comparing the cost of purchasing service credit to the increase in your monthly benefit. How long will it take to recoup your investment? Would your purchase allow you to retire sooner? Also consider alternate uses for that money, like paying off debt or maintaining an emergency fund.

Can anyone purchase service credit?

To be eligible, you must be an active PERA member, have at least one year of service credit, and have worked at another job outside the PERA system.

Learn more about purchasing service credit at www.copera.org/members/purchasing-service-credit.

HIGHEST AVERAGE SALARY

Your highest average salary (HAS) is the average of your top years of earnings.

How many years of salary are in my HAS?

- » Three—If you had at least five years of service credit as of January 1, 2020.
- » Five—If you did not have at least five years of service credit as of January 1, 2020.
- » One—If you are a judge and you had at least five years of service credit as of January 1, 2020.
- » Three—If you are a judge and did not have at least five years of service credit as of January 1, 2020.

At my current employer, pay increases take place mid-year. How does this affect my HAS for the year?

The years PERA uses to calculate your HAS aren't required to be calendar years. A year means 12 consecutive months of service credit. For example, a year used in your HAS calculation could be July 2019 to June 2020.

ANNUAL INCREASES IN RETIREMENT

Eligible PERA benefit recipients receive post-retirement annual increases to their monthly benefits. All annual increases are paid in July.

You can learn more about the annual increase, including how the increase is calculated, in the [Annual Increases for Benefit Recipients](#) fact sheet.



BENEFIT OPTIONS AND YOUR COBENEFICIARY

Your PERA benefit will continue for the rest of your life. You also have the option to select one person (cobeneficiary) to receive a monthly benefit from PERA after your death that continues for their lifetime.

What are my benefit options?

- » **If you choose an Option 1 retirement**, no other person (or estate) will receive a benefit after your death.
- » **If you choose an Option 2 retirement**, you receive a benefit smaller than your Option 1 amount. Upon your death, your cobeneficiary will receive **half** of what you were receiving.
- » **If you choose an Option 3 retirement**, you receive a benefit smaller than your Option 2 amount. Upon your death, your cobeneficiary will receive the **same amount** that you were receiving.

Can a cobeneficiary be someone other than my spouse?

Yes. Your cobeneficiary can be anyone you choose.

Will the beneficiary I already have on file with PERA automatically become my beneficiary in retirement?

No. You must make your selection on your *PERA Benefit Structure Retirement Application*.

What happens if my cobeneficiary dies before I do?

The amount you receive will immediately jump up to your full Option 1 amount.

Am I able to change my benefit option in retirement? Yes, but only under limited circumstances. Learn more in the [Changing Your Cobeneficiary or Benefit Option](#) booklet.

Does my cobeneficiary continue to get an annual increase or access to PERACare after my death?

Yes. In addition, your PERACare subsidy transfers to your cobeneficiary (if enrolled).

What happens to my account if I select an Option 1 benefit and die shortly after retirement?

The balance of your account will be matched 100% and sent as a one-time lump-sum payment to your named beneficiary(ies).

TAXES IN RETIREMENT

Your retirement income is taxable, because your PERA contributions were not taxed. The rate you pay depends on your total income from all sources.

PERACARE HEALTH BENEFITS PROGRAM

What is PERACare?

PERACare consists of health, dental, and vision insurance. You can choose to enroll in all, some, or none of these options. If you enroll, your spouse is also eligible to enroll. You pay a monthly premium based on the plan you choose.

You can be covered by PERACare health, dental, and vision insurance as soon as your first month of retirement. Enroll by submitting your PERACare enrollment forms when you submit your retirement paperwork.

Learn more about [PERACare](#) or attend a [webinar](#) at www.copera.org.

PERA AND SOCIAL SECURITY

Most PERA employers do not participate in (pay into) Social Security. However, some PERA members have worked at other jobs that do pay into Social Security. You may be eligible to receive benefits from both. Your PERA benefit is never affected by any amount that you receive from Social Security or any other pension system, but your Social Security benefit can be reduced because of Social Security's rules.

WINDFALL ELIMINATION PROVISION (WEP) REDUCTION

Your Social Security benefit will be reduced by the WEP if you don't have at least 30 years of paying into that system. The closer you are to 30 years, the greater your Social Security benefit will be.

GOVERNMENT PENSION OFFSET (GPO) REDUCTION

The GPO reduces Social Security spousal benefits by two-thirds of the amount of a PERA Option 1 benefit.

[Windfall Elimination Provision](#) and [Government Pension Offset](#) information can be found on www.ssa.gov.

CONTACT PERA



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www.copera.org



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This fact sheet provides general information about a PERA benefit structure defined benefit. Your rights, benefits, and obligations as a PERA member are governed by Title 24, Article 51 of the Colorado Revised Statutes, and the Rules of the Colorado Public Employees' Retirement Association, which take precedence over any interpretations in this fact sheet.