

PERA calculates your retirement benefit based on your Highest Average Salary (HAS). HAS is one-twelfth of the average of the highest annual salaries on which PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit. The three 12-month periods do not have to be consecutive or your last three years of employment.

In calculating your HAS, PERA determines the highest annual salaries associated with four periods of 12 consecutive months. The four 12-month periods selected do not have to be consecutive nor do they have to include the last four years of employment. The lowest of the four periods becomes the base year used as a starting point for the annual limit on salary increases. The annual limit will apply regardless of when the annual salaries used in the HAS occurred. The percentage applied is dependent on when you began PERA membership:

- If you began PERA membership on or before December 31, 2006, your annual salary increase limit is 15 percent.
- If you began PERA membership on or after January 1, 2007, your annual salary increase limit is 8 percent.

Estimating Your HAS

1. Determine your four highest annual salaries associated with four periods of 12 consecutive months of service credit.
2. Of the four annual salaries, the lowest annual salary becomes the Base Year.
3. Arrange the three remaining annual salaries in chronological order. These are Actual Salaries for Years 1, 2, and 3.
4. To determine the Year 1 Salary Used in your HAS calculation, multiply your Base Year Salary by 1.15 (1.08 if your limit is 8 percent) to arrive at your Maximum Annual Salary (MAS) for Year 1. Then compare this MAS to your Year 1 Actual Salary. The lower amount is your Year 1 Salary Used.
5. To determine your Year 2 Salary Used, multiply your Year 1 Salary Used by 1.15 (1.08 if your limit is 8 percent) to arrive at your MAS for Year 2. Then compare this MAS to your Year 2 Actual Salary. The lower amount is your Year 2 Salary Used.
6. To determine your Year 3 Salary Used, multiply your Year 2 Salary Used by 1.15 (1.08 if your limit is 8 percent) to arrive at your MAS for Year 3. Then compare this MAS to your Year 3 Actual Salary. The lower amount is your Year 3 Salary Used.
7. Sum the Salaries Used for Years 1, 2, and 3, and divide by 36 to arrive at your HAS.

Sample Calculation

(Salaries do not exceed the annual increase limits)

Dates	Year	Actual Salary	MAS	Salary Used
April 2002-March 2003	Base Year	\$36,000	N/A	N/A
June 2004-May 2005	Year 1	\$38,500	\$41,400*	\$38,500
June 2005-May 2006	Year 2	\$40,000	\$44,275*	\$40,000
June 2006-May 2007	Year 3	\$42,000	\$46,000*	\$42,000
Total Salary =				\$120,500
HAS (\$120,500 ÷ 36 months) =				\$3,347

*The 15% limit is applied to Actual Salary for the Base Year, then applied to Salary Used. Actual Salary increases are: Base Year to Year 1, 7%; Year 1 to Year 2, 4%; Year 2 to Year 3, 5%

Sample Calculation

(Some salaries exceed the 15% annual increase limit)

Dates	Year	Actual Salary	MAS	Salary Used
April 2002-March 2003	Base Year	\$30,000	N/A	N/A
June 2004-May 2005	Year 1	\$33,000	34,500*	\$33,000
June 2005-May 2006	Year 2	\$45,045	37,950*	\$37,950
June 2006-May 2007	Year 3	\$40,540	43,643*	\$40,540
Total Salary =				\$111,490
HAS (\$111,490 ÷ 36 months) =				\$3,097

*The 15% limit is applied to Actual Salary for the Base Year, then applied to Salary Used. Actual Salary increases are: Base Year to Year 1, 10%; Year 1 to Year 2, 37%; Year 2 to Year 3, 10% decrease

Note: There is not a sample calculation of a salary increase limit of 8 percent. If you follow the steps to the left, please use 1.08 if your limit is 8 percent. Contact PERA's Customer Service Center at 303-832-9550 or 1-800-759-7372 if you would like your HAS and an estimate of benefit calculated for you.

This fact sheet provides general information about how HAS is calculated. 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.