

Summary of Board Recommended Legislative Action in 2010

Recommended Changes for PERA Retirees:

- Reduce the Cost of Living Adjustment (COLA) to an amount equal to the CPI-W with a cap of 2 percent, effective on the date the bill becomes law. The COLA effective date would be changed to July for all members.
- Require retirees who return to work to make employee contributions at the same rate as all members working for that employer. Such contributions shall not accrue a benefit and shall not be deposited into the member account.
- Prevent retirees who suspend their benefit and return to work from increasing their highest average salary and building additional service credit into the original retirement benefit. Retirees working after retirement, who elect to suspend their benefit, shall be entitled to an additional benefit segment upon re-retirement based upon years worked and salary earned during the period of suspension, if greater than one year.

Recommended Changes for Active and Inactive PERA Members:

- Continue to escalate the Supplemental Amortization Equalization Disbursement (SAED), beginning in 2014, for a total increase of up to 2 percent beyond the current rate schedule. Currently, the SAED is 1 percent and will increase by 0.5 percent per year through 2013, to the existing 3 percent cap. The total amount of the SAED in 2017 would equal 5 percent. The Local Government Division and Judicial Division SAED would be frozen at the 2010 level (1.5 percent). The SAED is, to the extent permitted by law, to be funded by monies otherwise available for employee wage increases.
- Change the current 3-year highest average salary (HAS), with a base year, to a 5-year HAS with a base year, including an 8 percent spike cap. This change is applicable to members not eligible to draw a benefit (full or reduced service retirement) on the effective date of the statute. There is no change to the unique statutory HAS for the Judicial Division.
- Require all members with a retirement effective date of January 1, 2011, or later to receive benefits for a full calendar year prior to being eligible to receive a COLA.
- Require members to earn 5 years of service credit prior to being eligible for the 50 percent match. Current members with less than 5 years of earned service credit will be considered vested for the 50 percent match on all contributions earned through the effective date of the statute, but must reach 5 years of earned service credit to be eligible for the 50 percent match on contributions earned after the effective date of the statute.
- Revise the existing early retirement reduction factors to reflect actuarial cost. This revision would ensure that the early retirement benefits shall not be greater than the actuarial equivalent of a full service retirement at the earliest date of retirement eligibility. This change will apply to all persons not eligible to draw a benefit on the effective date of the statute.

2/2/2 Plus

The package is known for short as “2/2/2 Plus” in reference to the three main elements:

- A 2 percent increase in the AED
- A 2 percent increase in the SAED
- A 2 percent cap on the Cost of Living Adjustment (COLA) for all retirees, members, and inactive members


“Plus” refers to the necessary additional provisions that supplement those three key elements guaranteeing amortization of the unfunded actuarial accrued liabilities and maintaining full funding.

- Modify the age and service credit requirements for members who do not have five years of service credit to a minimum retirement age of 60 with 30 years of service credit. This Rule of 90 would apply until age 65, at which time a member would be able to retire with any amount of service credit. Eligibility for reduced retirement will not change in order to avoid a negative impact on retiree access to PERACare (retiree health insurance). The age and service differential available to State Troopers compared to non-State Troopers will not change from the existing statutory provisions.
- Repeal the current statute providing that any members who began PERA membership on or before December 31, 2006, and who terminated PERA membership with at least 25 years of service credit, would have their retirement benefits increased by the COLA that would have been granted to the account if a retirement benefit had been paid since the date of termination of membership. This change would apply to members not eligible to draw a benefit on the effective date of the statute.
- Repeal the current statute providing that any inactive member who began PERA membership on or before December 31, 2006, will, upon his or her retirement, receive a payment of retirement benefits retroactive to the date on which he or she first reached age and service eligibility for retirement. Retirement benefits will be paid no earlier than the first day of the month in which the member reaches age and service eligibility and submits a written retirement application. This change would apply to members not eligible to draw a benefit on the effective date of the statute.
- Reduce the COLA to an amount equal to the CPI-W with a cap of 2 percent for all active and inactive members. Therefore, they would be impacted like all current retirees.

Recommended Change for PERA Employers:

- Continue to escalate the Amortization Equalization Disbursement (AED), beginning in 2013, for a total increase of up to 2 percent beyond the current rate schedule. Currently, the AED will increase by 0.4 percent per year through 2012, to the existing 3 percent cap. The total amount of the AED in 2017 would equal 5 percent. The Local Government Division and Judicial Division AED would be frozen at the 2010 level (2.2 percent).

Future Adjustments Based on Funding Status:

- Adjust the COLA cap automatically based upon the year-end actuarial funded status of the plan. Once the total fund reaches a funded status of 110 percent, the COLA cap will increase by a designated amount, and subsequently, if the funded ratio of the total fund falls below 90 percent, the COLA cap will decrease by a designated amount. These increases and decreases will occur each year that the total funded status of the plan reaches 110 percent or drops below 90 percent. The COLA cap will not decrease below 2 percent.
- Mandate an automatic decrease in AED and SAED contributions to a division when the division's year-end actuarial funded ratio reaches 110 percent, and subsequently, if the funded ratio of the division subsequently falls below 90 percent, the contributions will increase. These decreases and increases will occur each year that the division's funded status reaches 110 percent or drops below 90 percent. The AED and SAED contribution rates will not exceed 5 percent each. 

Effect of the 2010 Legislation on the Colorado PERA Membership

RECOMMENDED PLAN CHANGE	EFFECTIVE DATE OF CHANGE	IF YOU ARE A RETIREE ON JANUARY 1, 2011	IF YOU ARE A MEMBER ELIGIBLE FOR RETIREMENT* ON JANUARY 1, 2011	IF YOU ARE VESTED** BUT NOT ELIGIBLE FOR RETIREMENT* ON JANUARY 1, 2011	IF YOU ARE NOT VESTED** AND NOT ELIGIBLE FOR RETIREMENT* ON JANUARY 1, 2011	ADDITIONAL INFORMATION
Continue to increase AED by .4% per year to a total rate of 5% by 2017 (Currently AED caps at 3% in 2012)	Phased implementation starting in 2013	AED will be paid if retiree is working after retirement	N/A	N/A	N/A	When the divisional trust fund reaches 110% funding, the AED will be reduced Local Government and Judicial Divisions' AED is frozen at 2010 levels
Continue to increase SAED by .5% per year to a total rate of 5% by 2017 (Currently SAED caps at 3% in 2013)	Phased implementation starting in 2014	SAED will be paid if the retiree is working after retirement	SAED is funded by employees' foregone salary increases	SAED is funded by employees' foregone salary increases	SAED is funded by employees' foregone salary increases	When the divisional trust fund reaches 110% funding, the SAED will be reduced Local Government and Judicial Divisions' SAED is frozen at 2010 levels
Reduce the Cost of Living Adjustment (COLA) to an amount equal to the CPI-W with a cap of 2%	Immediately upon effective date of the bill	Applies	Applies	Applies	Applies	The upper limit of the COLA for all members and retirees will be 2%
Establish a 5-year HAS with a base year and an 8% salary increase cap	January 1, 2011	N/A	Does not apply	Applies	Applies	The 8% salary cap is currently in place for members hired on or after January 1, 2007
Establish a 5-year earned service credit vesting requirement for the 50% refund match for future contributions	January 1, 2011	N/A	Does not apply	Does not apply if member has 5 years of earned service credit	Applies	5-year vesting requirement does not include purchased or reinstated time The 50% match on contributions received prior to January 1, 2011, are not impacted by this recommendation
Add employee contribution of 8% of salary for all retirees working after retirement	January 1, 2011	Applies if working after retirement for a PERA-affiliated employer	N/A	N/A	N/A	Will apply to all current and future retirees who return to work for PERA-affiliated employers The 8% is not part of the member account and is nonrefundable

* Reduced or Service Retirement

** Vested member has five years of PERA service credit

Effect of the 2010 Legislation on the Colorado PERA Membership

RECOMMENDED PLAN CHANGE	EFFECTIVE DATE OF CHANGE	IF YOU ARE A RETIREE ON JANUARY 1, 2011	IF YOU ARE A MEMBER ELIGIBLE FOR RETIREMENT* ON JANUARY 1, 2011	IF YOU ARE VESTED** BUT NOT ELIGIBLE FOR RETIREMENT* ON JANUARY 1, 2011	IF YOU ARE NOT VESTED** AND NOT ELIGIBLE FOR RETIREMENT* ON JANUARY 1, 2011	ADDITIONAL INFORMATION
Prevent recalculation of original retirement benefits for retirees who have suspended their benefits and returned to work	January 1, 2011 (For retirees who suspend their benefits on or after this date)	Applies	Applies	Applies	Applies	If more than 12 months of service credit is earned during the period of suspension, an additional benefit segment would be calculated based upon years worked and salary earned during this period
Change the COLA payment month from March to July	Immediately upon effective date of the bill	Applies	Applies	Applies	Applies	
Implement a one calendar-year delay on the COLA after retirement before the COLA will be paid	January 1, 2011 (For retirements on or after this date)	Applies to retirements effective after January 1, 2011	Applies	Applies	Applies	A one calendar-year delay on the COLA is currently in place for members hired on or after January 1, 2007
Eliminate retroactive payment of benefits and prevent accumulation of COLA unless benefit is presently being paid	January 1, 2011	N/A	Does not apply	Applies	Applies	Currently, members hired on or after January 1, 2007, do not receive any retroactive payment of benefits
Revise the existing reduction factors for early reduced retirements to reflect an actuarial reduction	January 1, 2011	N/A	Does not apply Current statutory reduction factors will continue	Applies	Applies	For most members, the actuarial reduction will result in a lower benefit
Implement a modified Rule of 90 (age and service add to 90) with a minimum age of 60 while not negatively impacting retiree access to PERACare for current and future members	January 1, 2011	N/A	Does not apply Current age and service requirements remain the same	Does not apply Current age and service requirements remain the same	Applies	The proposed Rule of 90 would not change the age and service credit differential available to State Troopers

* Reduced or Service Retirement

** Vested member has five years of PERA service credit

Employer Contribution Rates

The following tables are based on current law and are subject to change if new legislation passes in 2010.

State Division

	Employer Contribution	AED	SAED	Total Contribution % for Year
PERA				
Jan 2010	10.15%	2.20%	1.50%	13.85%
Jan 2011	10.15%	2.60%	2.00%	14.75%
Jan 2012	10.15%	3.00%	2.50%	15.65%
Jan 2013	10.15%	3.00%	3.00%	16.15%

School Division

	Employer Contribution	AED	SAED	Total Contribution % for Year
PERA				
Jan 2010	10.15%	2.20%	1.50%	13.85%
Jan 2011	10.15%	2.60%	2.00%	14.75%
Jan 2012	10.15%	3.00%	2.50%	15.65%
Jan 2013	10.55%*	3.00%	3.00%	16.55%

*2004 legislation provided for an additional 0.40 percent employer contribution in 2013

DPS Division

	Employer Contribution	AED	SAED	Total Contribution % for Year
PERA				
Jan 2010	13.75%	2.20%	1.50%	17.45%
Jan 2011	13.75%	2.60%	2.00%	18.35%
Jan 2012	13.75%	3.00%	2.50%	19.25%
Jan 2013	14.15%*	3.00%	3.00%	20.15%

*2009 legislation provided for an additional 0.40 percent employer contribution in 2013

State Troopers

	Employer Contribution	AED	SAED	Total Contribution % for Year
PERA				
Jan 2010	12.85%	2.20%	1.50%	16.55%
Jan 2011	12.85%	2.60%	2.00%	17.45%
Jan 2012	12.85%	3.00%	2.50%	18.35%
Jan 2013	12.85%	3.00%	3.00%	18.85%

Local Government Division

	Employer Contribution	AED	SAED	Total Contribution % for Year
PERA				
Jan 2010	10.00%	2.20%	1.50%	13.70%
Jan 2011	10.00%	2.60%	2.00%	14.60%
Jan 2012	10.00%	3.00%	2.50%	15.50%
Jan 2013	10.00%	3.00%	3.00%	16.00%

Judicial Division

	Employer Contribution	AED	SAED	Total Contribution % for Year
PERA				
Jan 2010	13.66%	2.20%	1.50%	17.36%
Jan 2011	13.66%	2.60%	2.00%	18.26%
Jan 2012	13.66%	3.00%	2.50%	19.16%
Jan 2013	13.66%	3.00%	3.00%	19.66%

Colorado PERA Contact Information

Members should call Customer Service with questions about benefits or their accounts. The PERA Customer Service Center phone number is 303-832-9550 or 1-800-759-7372 and is open Monday through Thursday, 7:00 a.m. to 5:30 p.m., and Friday, 7:00 a.m. to 4:30 p.m.

PERA Employer Representatives

Employers who have questions about their contribution report or STARS should call their Employer Representative in the Benefits Services Division (listed by employer number below).

<i>Employer Number/Agency</i>	<i>Employer Representatives</i>
401(k) and Defined Contribution	Jeffrey Cable 303-837-6217 jcable@copera.org
	Neil Ikerd 303-837-6238 nikerd@copera.org
State Agencies: 1, 5, 9, 13, 14, 17, 18, 19, 20, 23, 24, 25, 30, 31, 32, 33, 34, 35, 38, 39, 40, 41, 43, 49, 62, 69, 71, 72, 73, 74, 77, 78, 79, 81, 85, 86, 89, 92, 108, 115, 117, 118, 123, 124, 128, 129, 132, 134, 135, 137, 144, 145, 165, 170	Jesse Murillo 303-863-3889 jmurillo@copera.org
394, 410, 429, 580	
42, 75, 200-450	Chris Hoehle choehle@copera.org 303-863-3840
451-700	Chad Hursh chursh@copera.org 303-837-6229
580, 701-819, 950-999	Chris Murray cmurray@copera.org 303-863-3759
State agencies that do not report through Central Payroll: 3, 22, 56, 60, 67, 68, 76, 91, 93, 95, 127, 130, 143, 149, 155, 156, 157, 171-192	Randy Spencer rspencer@copera.org 303-837-6239
820-949	
Community Colleges: 37, 47, 63, 66, 131, 138, 139, 140, 141, 142, 147, 148, 150, 151, 153	Angela Byrne Employer Relations Manager abyrne@copera.org 303-863-3879
54, 59, 90	

Employer line: 303-863-3724 or e-mail
employerrelations@copera.org

PERA Field Education Services Division

Employers who wish to have a PERA Field Education Representative speak to their employees should call their Field Education contact (listed by employer number below).

<i>Employer Number</i>	<i>Field Education Representatives</i>
1-59, 990-991	Gordon Steuck 303-863-3855 gsteuck@copera.org
60-131	Lisa Aiken-Jillson 303-837-6289 laiken-jillson@copera.org
132-204	Kirsten Strausbaugh 303-863-3809 kstrausbaugh@copera.org
205-340	Nadine Grosjean 303-837-6215 ngrosjean@copera.org
345-400	Aimee Buchholz Taylor 303-863-3706 ataylor@copera.org
401-540	Jeff Sprole 303-837-6277 jsprole@copera.org
541-816	Shane Linart 303-863-3861 slinart@copera.org
817-989	Rick Chase 303-863-3790 rchase@copera.org
	Dennis Gatlin Field Education Services Director 303-863-3788 dgatlin@copera.org

Your employees should contact PERA Customer Service Center at 1-800-759-7372 or 303-832-9550 for assistance with their PERA accounts.