What is the DIRECT DISTRIBUTION Provision?

The direct distribution provision allocates funds from the State budget to Colorado PERA on an annual basis, starting in July 2018, to the trust fund of each division of PERA other than the Local Government Division Trust Fund. The distribution is intended to help reduce PERA’s unfunded actuarial accrued liability and will continue until the unfunded liability is eliminated.

What is the amount of the direct distribution and when did it begin?

PERA received the first direct distribution of $225 million on July 1, 2018. The amount of direct distribution is subject to automatic adjustment if the fund is outside the path toward a closed 30-year amortization period, but cannot exceed $225 million. See the What is the Automatic Adjustment Provision? fact sheet for additional information.

Will the direct distribution to PERA continue indefinitely?

The direct distribution to PERA will continue until there are no unfunded actuarial accrued liabilities in any division of PERA that is allocated the distribution. However, House Bill 20-1379, signed into law in 2020, suspended the direct distribution for the 2020–21 fiscal year.

How is the direct distribution be allocated?

PERA allocates the direct distribution to the trust funds of the State, School, Denver Public Schools, and Judicial Division Trust Funds of PERA, as proportionate to the annual payroll of each division. No allocation from the direct distribution is made to the Local Government Division Trust Fund.

Does any portion of the direct distribution go toward member contribution accounts?

The direct distribution is treated as employer contributions, meaning that it is not part of an individual member account. The money goes toward paying off the unfunded liability.

Can the General Assembly decide not to allocate this distribution?

As was the case in 2020, the General Assembly would have to pass another law in order to withhold payment of this distribution to PERA in the future.