



Highest Average Salary CALCULATION

Most Colorado PERA benefits are calculated using your Highest Average Salary (HAS).

- » If you are a member in the PERA benefit structure, see information below for a definition of your HAS and pages 2, 3, and 4 for sample calculations.
- » If you are a member in the Denver Public Schools (DPS) benefit structure, please refer to page 5 for a definition of your HAS and a sample calculation if you were eligible to retire on January 1, 2011. If you were not eligible to retire on January 1, 2011, see PERA HAS information below and sample calculations on pages 2, 3, and 4.

PERA BENEFIT STRUCTURE HAS

HAS is an average monthly salary figure, calculated by averaging several years of your highest salaries. Each year used in the calculation is a period of 12 consecutive months of service credit during which PERA contributions were paid. The number of years used in the calculation changes depending on when you became a member. If you have five years of service credit as of January 1, 2020, three years of your highest salaries will be used. If you did not have five years of service credit as of January 1, 2020, or if you began PERA membership on or after that date, five years of your highest salaries will be used.

The 12-month periods do not have to be consecutive or your last years of employment.

In calculating your HAS, PERA determines the highest annual salaries associated with four or six periods of 12 consecutive months (depending on the conditions described above). The lowest of the 12-month periods becomes the base year used as a starting point for the annual limit on salary increases. The remaining 12-month periods are placed in chronological order from oldest to newest.

The annual limit will apply regardless of when the annual salaries used in the HAS occurred. The percentage applied is based on when you are eligible to retire:

- » If you began membership on or before December 31, 2006, and you were eligible to retire on January 1, 2011, your annual limit is 15 percent.
- » If you began membership on or before December 31, 2006, and you were not eligible to retire on January 1, 2011, your annual limit is 8 percent.
- » If you began membership on or after January 1, 2007, your annual limit is 8 percent.

(Continued on next page)

▶ PERA Resources

- » Visit PERA's website at www.copera.org
- » Email PERA through the PERA website; click on the "Contact Us" link
- » Call PERA at 1-800-759-7372



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ESTIMATING YOUR PERA HAS

- 1 If your HAS will be based on three years, determine your four highest annual salaries associated with four periods of 12 consecutive months of service credit. If your HAS will be based on five years, determine your six highest annual salaries associated with six periods of 12 consecutive months of service credit.
- 2 The lowest of the annual salaries becomes the Base Year.
- 3 Arrange the remaining annual salaries in chronological order. These are Actual Salaries for Years 1, 2, 3 (and 4 and 5, if applicable).
- 4 To determine the Year 1 Salary Used in your HAS calculation, multiply your Base Year Salary by 1.15 (if your limit is 15 percent) or 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 (if your limit is 15 percent) or 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 (if your limit is 15 percent) or 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 To determine your Year 4 Salary Used (if applicable), multiply your Year 3 Salary Used by 1.15 (if your limit is 15 percent) or 1.08 (if your limit is 8 percent) to arrive at your MAS for Year 4. Then compare this MAS to your Year 4 Actual Salary. The lower amount is your Year 4 Salary Used.
- 8 To determine your Year 5 Salary Used (if applicable), multiply your Year 4 Salary Used by 1.15 (if your limit is 15 percent) or 1.08 (if your limit is 8 percent) to arrive at your MAS for Year 5. Then compare this MAS to your Year 5 Actual Salary. The lower amount is your Year 5 Salary Used.
- 9 If your HAS will be based on three years, add the Salaries Used for Years 1, 2, and 3, and divide by 36 to arrive at your HAS. If your HAS will be based on five years, add the Salaries Used for Years 1, 2, 3, 4, and 5 and divide by 60 to arrive at your HAS.

PERA SAMPLE CALCULATION #1

Salaries do not exceed the 15% annual increase limits in 3-Year HAS

Dates	Year	Actual Salary	MAS	Salary Used In HAS
April 2013–March 2014	Base Year	\$36,000	N/A	N/A
June 2015–May 2016	Year 1	\$38,500	\$41,400*	\$38,500
June 2016–May 2017	Year 2	\$40,000	\$44,275*	\$40,000
June 2017–May 2018	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 changes are: Base Year to Year 1, 7% increase; Year 1 to Year 2, 4% increase; Year 2 to Year 3, 5% increase.

PERA SAMPLE CALCULATION #2

Some salaries exceed the 8% annual increase limit in 3-Year HAS

Dates	Year	Actual Salary	MAS	Salary Used In HAS
May 2013–April 2014	Base Year	\$30,000	N/A	N/A
June 2015–May 2016	Year 1	\$32,000	\$32,400*	\$32,000
July 2016–June 2017	Year 2	\$36,000	\$34,560*	\$34,560
July 2017–June 2018	Year 3	\$40,000	\$37,325*	\$37,325
Total Salary =				\$103,885
HAS (\$103,885 ÷ 36 months) =				\$2,886

* The 8% limit is applied to Actual Salary for the Base Year, then applied to Salary Used. Actual Salary changes are: Base Year to Year 1, 7% increase; Year 1 to Year 2, 13% increase; Year 2 to Year 3, 11% increase.

PERA SAMPLE CALCULATION #3

Some salaries exceed the 15% annual increase limit in 3-Year HAS

Dates	Year	Actual Salary	MAS	Salary Used In HAS
April 2013–March 2014	Base Year	\$30,000	N/A	N/A
June 2015–May 2016	Year 1	\$33,000	\$34,500*	\$33,000
June 2016–May 2017	Year 2	\$45,045	\$37,950*	\$37,950
June 2017–May 2018	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 changes are: Base Year to Year 1, 10% increase; Year 1 to Year 2, 37% increase; Year 2 to Year 3, 10% decrease.

(Continued on next page)

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PERA SAMPLE CALCULATION #4

Salaries do not exceed the 15% annual increase limits in 5-Year HAS

Dates	Year	Actual Salary	MAS	Salary Used In HAS
April 2015–March 2016	Base Year	\$22,000	N/A	N/A
June 2017–May 2018	Year 1	\$23,500	\$25,300*	\$23,500
June 2019–May 2020	Year 2	\$24,000	\$27,025*	\$24,000
June 2020–May 2021	Year 3	\$25,600	\$27,600*	\$25,600
June 2021–May 2022	Year 4	\$25,600	\$29,440*	\$25,600
June 2022–May 2023	Year 5	\$26,400	\$29,440*	\$26,400
			Total Salary =	\$125,100
			HAS (\$125,100 ÷ 60 months) =	\$2,085

* The 15% limit is applied to Actual Salary for the Base Year, then applied to Salary Used. Actual Salary changes are: Base Year to Year 1, 7% increase; Year 1 to Year 2, 2% increase; Year 2 to Year 3, 7% increase; Year 3 to Year 4, no increase; Year 4 to Year 5, 3% increase.

PERA SAMPLE CALCULATION #5

Some salaries exceed the 8% annual increase limits in 5-Year HAS

Dates	Year	Actual Salary	MAS	Salary Used In HAS
April 2015–March 2016	Base Year	\$22,000	N/A	N/A
June 2017–May 2018	Year 1	\$23,500	\$23,760*	\$23,500
June 2019–May 2020	Year 2	\$24,700	\$25,380*	\$24,700
June 2020–May 2021	Year 3	\$30,600	\$26,676*	\$26,676
June 2021–May 2022	Year 4	\$34,300	\$28,810*	\$28,810
June 2022–May 2023	Year 5	\$36,100	\$31,115*	\$31,115
			Total Salary =	\$134,801
			HAS (\$134,801 ÷ 60 months) =	\$2,247

* The 15% limit is applied to Actual Salary for the Base Year, then applied to Salary Used. Actual Salary changes are: Base Year to Year 1, 7% increase; Year 1 to Year 2, 5% increase; Year 2 to Year 3, 24% increase; Year 3 to Year 4, 12% increase; Year 4 to Year 5, 5% increase.

DPS BENEFIT STRUCTURE HAS

Eligible to Retire on January 1, 2011

HAS is the average monthly salary of the 36 months of earned service having the highest salaries. See DPS Sample Calculation below.

Not Eligible to Retire on January 1, 2011

HAS is the same as the PERA benefit structure HAS (as described on page 1), and your annual salary increase limit is 8 percent. See PERA Sample calculation 2.

ESTIMATING YOUR DPS HAS

For Members Eligible to Retire on January 1, 2011

- ① Determine your 36 highest monthly salaries.
- ② Add all 36 salaries for a total salary.
- ③ Divide the total salary by 36 for your HAS.

DPS SAMPLE CALCULATION

For members eligible to retire on January 1, 2011

(Salary is organized highest to lowest)

Months	Salary	Months	Salary	Months	Salary
July 2017	\$3,945	July 2018	\$3,564	March 2016	\$3,294
June 2017	\$3,945	June 2018	\$3,564	August 2016	\$3,294
May 2017	\$3,945	May 2018	\$3,564	July 2016	\$3,294
April 2017	\$3,945	April 2018	\$3,564	June 2016	\$3,294
March 2017	\$3,945	March 2018	\$3,564	May 2016	\$3,294
February 2017	\$3,945	February 2018	\$3,564	April 2016	\$3,294
November 2016	\$3,945	January 2018	\$3,564	February 2016	\$3,294
October 2016	\$3,945	December 2017	\$3,564	January 2016	\$3,294
September 2016	\$3,928	November 2017	\$3,564	October 2015	\$3,294
August 2017	\$3,750	October 2017	\$3,564	September 2015	\$3,264
January 2017	\$3,750	September 2017	\$3,353	November 2015	\$3,264
December 2016	\$3,750	December 2015	\$3,324	August 2015	\$2,904
				Total Salary =	\$128,133
				HAS (\$128,133 ÷ 36 months) =	\$3,559

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.