



Colorado PERA and Furlough Days After JUNE 30, 2004

Some Colorado PERA employers have required their employees to take furlough days (days off without pay) in response to reduced funding in the 2009 and 2010 fiscal years. In most cases, these furlough days do not cause employees to lose service credit.

Furlough days may raise concerns for PERA members who are nearing retirement if the furlough days are within the highest years of salary. To the extent that salary is reduced, PERA retirement benefits may also be reduced since PERA benefits are based, in part, upon the retiring member's Highest Average Salary (HAS). In many cases, the impact upon benefits may be relatively small. For example, taking one furlough day in a month may reduce that month's pay by 5 percent, but one-month's salary reduction does not mean that your retirement benefit will also be reduced by 5 percent. Rather, this salary reduction is spread over the entire HAS period, mitigating its impact.

- » If you had a reduction in your salary because of furlough days from July 1, 2002, through June 30, 2004, state law allows you to make up contributions to have full salary. See the *Colorado PERA and Furlough Days From July 1, 2002, through June 30, 2004*, fact sheet for more information.
- » If your salary was reduced due to furlough days outside of the above time frame, state law currently does not allow you to make up contributions. If your HAS is affected by your furlough days, you may wish to consider working a few more months to make up the small difference in benefits. The example at right illustrates the possible effect on HAS due to furlough days.

When Joan retires, she will be age 60 and have 20 years of service credit. Her current salary is \$40,000 per year and she has received 2.5 percent pay raises each year from July 2012 through July 2016. She did not receive a pay raise in July 2017. Joan plans to retire on July 1, 2018.

IF JOAN HAS NO FURLOUGH DAYS

| Retirement Date | HAS | Option 1 Benefit Amount |
|-----------------|---------|-------------------------|
| 7/1/2018 | \$3,306 | \$1,653 |

IF JOAN HAS FOUR FURLOUGH DAYS

| Retirement Date | HAS | Option 1 Benefit Amount |
|-----------------|---------|-------------------------|
| 7/1/2018 | \$3,289 | \$1,644 |

IF JOAN HAS FOUR FURLOUGH DAYS AND WORKS ONE EXTRA MONTH

| Retirement Date | HAS | Option 1 Benefit Amount |
|-----------------|---------|-------------------------|
| 8/1/2018 | \$3,291 | \$1,652 |

IF JOAN HAS FOUR FURLOUGH DAYS AND WORKS TWO EXTRA MONTHS

| Retirement Date | HAS | Option 1 Benefit Amount |
|-----------------|---------|-------------------------|
| 9/1/2018 | \$3,294 | \$1,660 |

▶ PERA Resources

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

This fact sheet provides general information about the impact of furlough days and future PERA benefits. 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.

