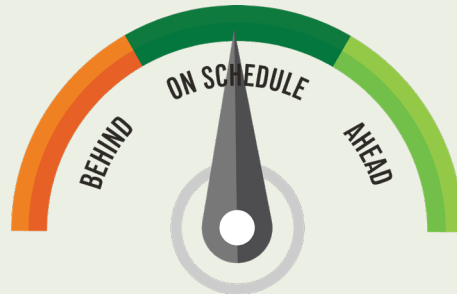


What is the **AUTOMATIC ADJUSTMENT** Provision?

The automatic adjustment provision is an innovative approach to pension funding that keeps PERA on a path to full funding. Under this approach, changes are included in statute that make automatic adjustments to four components: member contributions, employer contributions, the annual increase (AI) paid to retirees, and the direct distribution from the State. Every June, PERA reviews the progress toward its funding goal.

**PERA IS ON SCHEDULE
TO MEET ITS
FUNDING GOAL**



The automatic adjustment provision is reviewed on an annual basis to help ensure the long-term stability of benefits today and in the future.

As indicated in its 2021 *Annual Comprehensive Financial Report (ACFR)*, PERA is on schedule to meet its funding goal. This means the automatic adjustment provision will not trigger any additional changes in 2023.

Current Provisions



Member contributions will not be affected by the automatic adjustment provision in July 2023.

	State, School, and DPS Divisions	Safety Officers	Local Government	Judicial Division
As of July 1, 2022	11.00%	13.00%	9.00%	11.00%

See copera.org for more information on contribution rates.



Employer contributions will not be affected by the automatic adjustment provision in July 2023.

	State Division	Safety Officers (State)	School and DPS Divisions	Local Government	Safety Officers (Local Govt.)	Judicial Division
As of July 1, 2022	21.50%	24.20%	21.40%	14.73%	17.83%	24.11%

Rates for Judicial includes the 2022 AED and SAED escalations; actual DPS employer rate will be subject to the PCOPs offset. See copera.org for more information on contribution rates.



The AI paid to most eligible benefit recipients in July 2022 will be 1.0% as a result of the automatic adjustment provision announced in June 2021. The July 2023 AI for most eligible benefit recipients will also be 1.0% since there was not an automatic adjustment provision announced in June 2022.







PERA will receive \$225 million from the State budget for 2022.

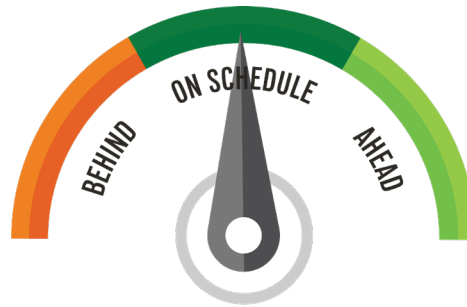
(Continued on reverse)

How Does the Automatic Adjustment Keep PERA on Schedule?





IF PERA IS BEHIND SCHEDULE

-  Decrease AI percentage by up to 0.25% in one year, not to fall below 0.5%
-  Increase employer contributions by up to 0.5% in one year, not to exceed an additional 2%
-  Increase member contributions by up to 0.5% in one year, not to exceed an additional 2%
-  Increase the direct distribution from the State budget by up to \$20 million in one year, not to exceed \$225 million

PERA'S PROGRESS TOWARD FUNDING GOAL



IF PERA IS AHEAD OF SCHEDULE

-  Increase AI percentage by up to 0.25% in one year, not to exceed 2%
-  Decrease employer contributions by up to 0.5% in one year, not to fall below 2018 levels
-  Decrease member contributions by up to 0.5% in one year, not to fall below 2018 levels
-  Decrease the direct distribution from the State budget by up to \$20 million in one year

When Do Automatic Adjustment Provisions Take Effect?

PERA announces the progress toward its funding goal each year in June, along with any automatic adjustments to contributions or the AI, which would take effect the next July.

June 2022

PERA's 2021 *ACFR* indicates PERA is on schedule and adjustments are not needed in 2023 to stay on track



June 2023

PERA's 2022 *ACFR* is released and it will be determined whether adjustments are needed in 2024 to stay on track



Annually

Process occurs again

