What is the **AUTOMATIC ADJUSTMENT** Provision?

The automatic adjustment provision keeps PERA on-track to achieve its funding goal. 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, and if adjustments are needed, the AAP acts as a guardrail. This results in a more secure benefit for everyone while maintaining PERA’s path to full funding.

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

As indicated in its 2020 Annual Report, PERA is behind schedule to meet its funding goal. This means the automatic adjustment provision will trigger the following changes in July 2022.

**Changes to Keep PERA Secure**

<table>
<thead>
<tr>
<th>Member Contributions</th>
<th>State, School, and DPS Divisions</th>
<th>Safety Officers</th>
<th>Local Government</th>
<th>Judicial Division (Excl. Denver County Judges)</th>
<th>Judicial Division (Denver County Judges)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current (As of July 1, 2021)</td>
<td>10.50%</td>
<td>12.50%</td>
<td>8.50%</td>
<td>15.50%</td>
<td>10.50%</td>
</tr>
<tr>
<td>As of July 1, 2022</td>
<td>11.00%</td>
<td>13.00%</td>
<td>9.00%</td>
<td>11.00%</td>
<td>11.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employer Contributions</th>
<th>State Division</th>
<th>Safety Officers (State)</th>
<th>School and DPS Divisions</th>
<th>Local Government</th>
<th>Safety Officers (Local Government)</th>
<th>Judicial Division (Excl. Denver County Judges)</th>
<th>Judicial Division (Denver County Judges)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current (As of July 1, 2021)</td>
<td>20.95%</td>
<td>23.65%</td>
<td>20.90%</td>
<td>14.22%</td>
<td>17.32%</td>
<td>17.81%</td>
<td>22.81%</td>
</tr>
<tr>
<td>As of July 1, 2022</td>
<td>21.50%</td>
<td>24.20%</td>
<td>21.40%</td>
<td>14.73%</td>
<td>17.83%</td>
<td>24.11%</td>
<td>24.11%</td>
</tr>
</tbody>
</table>

Rates for the State, both Safety Officer groups, and Local Government includes the 2022 DC Supplement; rates for both Judicial groups includes the 2022 AED and SAED escalations and expiration of 2020 rate swap; actual DPS employer rate will be subject to the PCOPS offset. Please see [www.copera.org](http://www.copera.org) for more information on contribution rates.

The July 2022 AI paid to most eligible benefit recipients will be 1% (lowered by 0.25%).

No anticipated change for 2022; distribution from the State budget will remain at $225 million.

(Continued on reverse)
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. The changes announced in June 2021 will take effect on July 1, 2022.

**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

**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

**PERA'S PROGRESS TOWARD FUNDING GOAL**

June 2021
PERA's 2020 Annual Report indicates PERA is behind schedule and adjustments are needed in 2022 to stay on track

June 2022
PERA's 2021 Annual Report is released and it will be determined whether adjustments are needed in 2023 to stay on track

Annually
Process occurs again

This fact sheet provides information about the automatic adjustment provision. 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.