

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**



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 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

Member Contributions

	State, School, and DPS Divisions	Safety Officers	Local Government	Judicial Division (Excl. Denver County Judges)	Judicial Division (Denver County Judges)
Current (As of July 1, 2021)	10.50%	12.50%	8.50%	15.50%	10.50%
As of July 1, 2022	11.00%	13.00%	9.00%	11.00%	11.00%

Employer Contributions

	State Division	Safety Officers (State)	School and DPS Divisions	Local Government	Safety Officers (Local Government)	Judicial Division (Excl. Denver County Judges)	Judicial Division (Denver County Judges)
Current (As of July 1, 2021)	20.95%	23.65%	20.90%	14.22%	17.32%	17.81%	22.81%
As of July 1, 2022	21.50%	24.20%	21.40%	14.73%	17.83%	24.11%	24.11%

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 for more information on contribution rates.

Annual Increase

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

State Direct Distribution

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

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

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

