



Annual Increases FOR BENEFIT RECIPIENTS

Eligible Colorado PERA retirees and benefit recipients receive annual increases (AI) to their monthly benefits in retirement. The AI will be paid in July and may change with the automatic adjustment provision. Eligibility for the AI and the amount of the AI depends on the following:

- » Your benefit structure (PERA or Denver Public Schools [DPS])
- » Your membership start date
- » Your effective date of retirement
- » Whether or not you received an AI prior to May 1, 2018
- » The type of benefit you are receiving:
 - Full service retirement
 - Reduced service retirement
 - Disability retirement
 - Survivor benefit

PERA BENEFIT STRUCTURE MEMBERS WHO BEGAN MEMBERSHIP BEFORE JANUARY 1, 2007, AND ALL DPS BENEFIT STRUCTURE MEMBERS

AI Amount for 2021: 1.25%

Payable: The AI will be paid with July 30, 2021, benefits

For retirement dates on or after January 1, 2011:

- » You must receive a benefit for 36 months before you receive your first AI in retirement.
- » If you are receiving a reduced retirement, you must reach age 60 or the age and service combination for a reduced benefit by January 1 of the year in which the AI is to be paid unless you were eligible on January 1, 2011.
- » Some retirees will receive a lump-sum payment with their first AI in retirement that recognizes the months when you first became eligible for the AI to July of the year in which you receive your first AI.

PERA BENEFIT STRUCTURE MEMBERS WHO BEGAN MEMBERSHIP ON OR AFTER JANUARY 1, 2007

AI Amount for 2021: 1.2% (the lesser of 1.25% or the average of the monthly CPI-W for 2020)

Payable: The AI will be paid with July 30, 2021, benefits

- » You will receive an AI in July 2021 if you received an AI on your benefit prior to May 1, 2018 (applies to full service and reduced retirements, disability retirements, and survivor benefits).
- » You must receive a benefit for 36 months if you have not received an AI on your benefit prior to May 1, 2018 (applies to full service retirements, disability retirements, or survivor benefits).
- » If you are receiving a reduced retirement benefit and have not received an AI on your benefit prior to May 1, 2018, you must meet both of the following criteria to become eligible for an AI:
 - You must receive a benefit for 36 months before you receive your first AI in retirement;
 - AND*
 - You must reach age 60 or the age and service combination for a reduced benefit by January 1 of the year in which the AI is to be paid.



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AI Calculation Provision

The AI for PERA benefit structure members beginning membership on or after January 1, 2007, is the lesser of the AI cap or the average of the monthly CPI-W for the previous calendar year, and cannot exceed 10% of the divisional AI reserve.

The Consumer Price Index (CPI) is published by the federal Bureau of Labor Statistics as a measure of the average change over time in the prices paid for consumer goods and services. The CPI-W stands for the Consumer Price Index for Urban Wage Earners and Clerical Workers and is a subset of the CPI.

AUTOMATIC ADJUSTMENT PROVISION

The automatic adjustment provision responds to economic or demographic events that could cause a deviation in the path toward PERA's full funding, which helps ensure long-term fund stability. The automatic adjustment has four components: member contributions, employer contributions, State direct distribution, and the AI.

Related to the AI:

- » If PERA is **ahead of schedule** on reaching the full funding goal, the AI percentage paid to eligible benefit recipients can be increased by up to 0.25% in one year, not to exceed a cap of 2.0%.
- » If PERA is **behind schedule** on reaching the full funding goal, the AI percentage paid to eligible benefit recipients can be decreased by up to 0.25% in one year, not to be reduced below a floor of 0.5%.

Please see PERA's *Automatic Adjustment Provision* fact sheet for more information.