



Board of Trustees

POLICY FOR SETTING THE PERA MEMBER CONTRIBUTION INTEREST RATE

I. Overview

The PERA Board of Trustees has established this policy to document the key principles used to determine the PERA member contribution interest rate [hereinafter referred to as “interest rate”].

II. Applicable Law

C.R.S. § 24-51-407(4) provides:

On or after July 1, 2004, member contributions shall earn interest at a rate specified by the board, compounded annually, that is in effect at the time interest is earned. In no event shall the Board specify a rate pursuant to this subsection (4) that exceeds five percent.

The interest rate is established by the PERA Board of Trustees for each calendar year, pursuant to C.R.S. 24-51-101(28)(c).

III. Goal

A policy to guide the Board in setting the interest rate designed to reflect the Board’s principles and use of the interest rate as a component of the member’s benefit.

IV. Impact of interest rate on PERA members

The interest rate is a component of a member’s benefit and the value of the benefit may vary based upon the interest rate. The interest rate is a component of the member’s benefit in two ways:

- a) Contribution totals when a member refunds their member account; and
- b) Total contribution amount annuitized in the money purchase retirement benefit calculation.

V. Key Principles

The PERA Board of Trustees adopts the following principles it will consider when exercising its authority in setting the interest rate:

- Competitiveness of the interest rate
- Effectiveness of the interest rate in combination with the matching amounts in the money purchase retirement calculation in providing a benefit
- Impact on member behavior

This Policy shall be effective as of September 11, 2020.