Annual Increases
FOR BENEFIT RECIPIENTS

Eligible benefit recipients receive post-retirement annual increases (AI) to their monthly benefits. For all eliglible benefit recipients, the AI will be paid in July and subject to change with the automatic adjustment provision (see page 4). As provided in legislation, the next AI will be paid in July 2020 to eligible benefit recipients.

Eligibility for the AI is explained in this fact sheet and the amount of the AI depends on the following:

» Your benefit structure (Colorado PERA or Denver Public Schools [DPS])

» Your membership start date

» 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, or survivor benefit (the AI for a cobeneficiary who becomes a benefit recipient following the death of the retiree is based on the original retiree's benefit type, retirement date, and age, where applicable)

» Your effective date of retirement

» For reduced service retirement, if you were eligible to retire on January 1, 2011

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

One-Time Lump-Sum Payment (For Retirement Dates On or After January 1, 2011)

In addition to the regular AI outlined on page 2, a one-time lump-sum payment applies to the following:

» Benefit recipients under the DPS benefit structure who have a January 1, 2011, and later retirement date.

» Benefit recipients under the PERA benefit structure based on a membership date on or before December 31, 2006, and who have a January 1, 2011, and later retirement date.

When the benefit recipient receives his or her first AI, the benefit recipient will also receive a one-time payment that is not compounded on the base benefit. This recognizes the period between the month in which the benefit recipient first became eligible for the AI to July of the year in which he or she receives his or her first AI.

The amount of the one-time payment will be the amount of the AI percentage paid in July multiplied by the base benefit, multiplied by the number of months the benefit recipient has been eligible for the AI.

Example: Bill retires effective April 1, 2018, with a service retirement benefit. He receives his 36th month of retirement benefits in March 2021. Assuming he receives his benefit each of the 12 months prior, he will receive his first AI of 1.25 percent* in July 2021. Bill will also receive a one-time lump-sum payment in July 2021. This payment will recognize the three months he was eligible for an AI prior to when his first AI is paid in July 2021 (April 2021–June 2021).

* The 1.5 percent AI was reduced to 1.25 percent on July 1, 2020, and may further change due to the automatic adjustment provision, as described on page 4.

Annual Increases
FOR BENEFIT RECIPIENTS

If you received an AI on your benefit prior to May 1, 2018, regardless of benefit type:

» In July 2020, you will receive a 1.25 percent AI,* if you received your benefit for the prior 12 months before the AI is paid (or seven months before the AI is paid if your effective date of retirement was prior to January 1, 2011).

Example 1: Mary retired in 2007 with a service retirement benefit and received multiple AIs prior to May 1, 2018. In July 2020, she will receive a 1.25 percent AI* as long as she receives her benefit for the seven months prior to July 2020.

Example 2: Tom retired in 2012 with a reduced retirement benefit and received multiple AIs prior to May 1, 2018. In July 2020, he will receive a 1.25 percent AI* as long as he receives his benefit for the 12 months prior to July 2020.

If you have not received an AI on your benefit prior to May 1, 2018, and you are receiving a service retirement benefit, disability retirement benefit, or a survivor benefit:

» You must receive your benefit for at least 36 months before you become eligible for an AI.

» After becoming eligible, you will receive a 1.25 percent AI* if you receive your benefit for the prior 12 months before the AI is paid.

» You may be eligible for a one-time lump-sum payment with your first AI, depending upon your retirement month.

Example: Christine retires effective June 1, 2018, with a service retirement benefit. She receives her 36th month of retirement benefits in May 2021. Assuming she receives her benefit each of the 12 months prior, she will receive her first AI of 1.25 percent* in July 2021. Christine will also receive a one-time lump-sum payment in July 2021, recognizing that she became eligible for an AI in June 2021 (one month ahead of when it was actually paid).

If you have not received an AI on your benefit prior to May 1, 2018, and you are receiving a reduced retirement benefit:

» You must meet both of the following criteria to become eligible for an AI:
  • Receive your benefit for a total of at least 36 months prior to the July in which the AI is to be paid; *and*
  • Reach age 60 or meet the age and service combination for your HAS retirement table for an unreduced retirement benefit by January 1 of the year in which the AI is to be paid unless you were eligible for retirement on January 1, 2011.

» If you also receive your benefit for the prior 12 months, your AI will be 1.25 percent.*

Example: Joseph retires effective July 1, 2018, with a reduced retirement benefit. He receives his 36th month of retirement benefits in June 2021 and reaches the age and service rules for a full service retirement benefit in 2022. Assuming he receives his benefit each of the 12 months prior, he will receive his first AI of 1.25 percent* in July 2023. He will also receive a one-time lump-sum payment in July 2023, recognizing that Joseph became eligible for an AI in January 2023 (six months ahead of when it was actually paid).

> ▶ **PERA Resources**
> » Visit PERA's website at www.copera.org
> » Email PERA through the PERA website; click on the "Contact Us" link
> » Call PERA at 1-800-759-7372

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* The 1.5 percent AI was reduced to 1.25 percent on July 1, 2020, and may further change due to the automatic adjustment provision, as described on page 4.

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

If you received an AI on your benefit prior to May 1, 2018, and you are receiving a service retirement benefit, disability retirement benefit, or a survivor benefit:

» Beginning July 2020, as long as you receive your benefit for the entire previous calendar year, your AI will be:

- The lesser of 1.25 percent* or the average of the monthly CPI-W for the previous calendar year.
- In no case can the sum of the AIs paid to a division's benefit recipients exceed 10 percent of the divisional AI reserve.

Example: Jenn began PERA membership in the State Division in July 2008. She retired with a disability benefit from the State Division effective May 1, 2014, and she received her first AI in July 2015. In July 2020, Jenn will receive the lesser of 1.25 percent* or the average of the monthly CPI-W for 2019, as long as she receives her benefit each month in 2019 and the sum of the AIs to be paid in July 2020 for the State Division does not exceed 10 percent of the State Division's AI reserve.

If you have not received an AI on your benefit prior to May 1, 2018, and you are receiving a service retirement benefit, disability retirement benefit, or a survivor benefit:

» You must receive benefits for a total of at least 36 months prior to July to become eligible for an AI.

» If you also receive your benefit for the entire previous calendar year, your AI will be:

- The lesser of 1.25 percent* or the average of the monthly CPI-W for the previous calendar year.
- In no case can the sum of the AIs paid to a division's benefit recipients exceed 10 percent of the divisional AI reserve.

Example: Katherine began PERA membership in the Local Government Division in July 2007. She retired with a service benefit from the Local Government Division effective August 1, 2016. She had not received an AI on her benefit by May 1, 2018. Katherine will need to wait to become eligible for an AI until she receives retirement benefits for 36 months. She will receive her 36th month of benefits in July 2019. In July 2020, she will receive her first AI as the lesser of 1.25 percent* or the average of the monthly CPI-W for 2019, as long as she receives her benefit each month in 2019 and the sum of the AIs to be paid in July 2020 for the Local Government Division does not exceed 10 percent of the Local Government Division's AI reserve.

If you received an AI on your benefit prior to May 1, 2018, and you are receiving a reduced retirement benefit:

» Beginning July 2020, as long as you receive your benefit for the entire previous calendar year, your AI will be:

- The lesser of 1.25 percent* or the average of the monthly CPI-W for the previous calendar year.
- In no case can the sum of the AIs paid to a division's benefit recipients exceed 10 percent of the divisional AI reserve.

Example: Jim began PERA membership in the DPS Division in January 2010. He retired with a reduced benefit from the DPS Division effective July 2015. He received his first AI in July 2017. In July 2020, Jim will receive the lesser of 1.25 percent* or the average of the monthly CPI-W for 2019, as long as he receives his benefit each month in 2019 and the sum of the AIs to be paid in July 2020 for the DPS Division does not exceed 10 percent of the DPS Division's AI reserve.

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* The 1.5 percent AI was reduced to 1.25 percent on July 1, 2020, and may further change due to the automatic adjustment provision, as described on page 4.

If you have not received an AI on your benefit prior to May 1, 2018, and you are receiving a reduced retirement benefit:

» You must meet both of the following criteria to become eligible for an AI:

- Receive benefits for a total of at least 36 months prior to the July in which the AI is to be paid; *and*
- Reach age 60 or meet the age and service combination for your HAS retirement table for an unreduced retirement benefit by January 1 of the year in which the AI is to be paid.

» If you also receive your benefit for the entire previous calendar year, your AI will be:

- The lesser of 1.25 percent* or the average of the monthly CPI-W for the previous calendar year.
- In no case can the sum of the AIs paid to a division's benefit recipients exceed 10 percent of the divisional AI reserve.

Example: Kate began PERA membership in January 2011. She retires with a reduced benefit from the Judicial Division effective January 2019. She reaches age 60 in August 2021. Kate will receive her 36th month of retirement benefits in December 2021. Assuming she receives her benefit for each month in 2021, she will receive her first AI of in July 2022. The amount of the AI will be the lesser of 1.25 percent* or the average of the monthly CPI-W for 2019, as long as she receives her benefit each month in 2019 and the sum of the AIs to be paid in July 2020 for the Judicial Division does not exceed 10 percent of the Judicial Division's AI reserve.

* The 1.5 percent AI was reduced to 1.25 percent on July 1, 2020, and may further change due to the automatic adjustment provision, as described on page 4.

CONSUMER PRICE INDEX

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 measures inflation as experienced by consumers in their day-to-day living expenses. The CPI-W stands for the Consumer Price Index for Urban Wage Earners and Clerical Workers and is a subset of the CPI.

PERA uses the CPI-W to calculate annual increases. The CPI-W is also used to adjust income payments and to provide cost-of-living wage adjustments for millions of workers, including Social Security beneficiaries.

AUTOMATIC ADJUSTMENT PROVISION

The automatic adjustment provision responds to economic or demographic events that could cause a deviation in the path toward 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. If PERA is behind its funding goal, member and employer contribution rates will increase and the AI percentage will be reduced. The allocation from the State budget could increase but will not exceed $225 million.

This provision also allows for decreases in member and employer contribution rates, a decrease in the direct distribution, and increases in the AI when the fund has a positive experience and is ahead of schedule on reaching full funding.

Specific 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 percent in one year, not to exceed a cap of 2.0 percent.

» 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 percent in one year, not to be reduced below a floor of 0.5 percent.