

## PERA



# PERA Defined Benefit (DB) Retirement Plan Employee Guide

The university philosophy is to do as much as it can to assure the financial well-being of its employees in retirement. CU helps you save for retirement by enrolling each qualifying employee in a [mandatory retirement plan](#). CU contributes generously to each mandatory plan, and also provides you with the opportunity to increase your retirement savings with [voluntary plan options](#).

This guide can help you navigate your Public Employees' Retirement Association (PERA) Defined Benefit (DB) mandatory retirement plan.

*\*If you are unsure which mandatory plan you're eligible for, or already enrolled in, please see the [CU Mandatory Retirement Plan Placement Guides for Faculty and University Staff](#) or [Classified Staff](#).*

## PERA Defined Benefit (DB) mandatory retirement plan

The PERA Defined Benefit (DB) plan is a pension retirement plan that offers a lifetime retirement benefit, meaning benefits will continue for life regardless of how much was paid in. The monthly distribution amount of each employee's pension benefit is based on that employee's highest average salary, age at retirement, and number of PERA years of service.

PERA serves as a substitute for Social Security. This plan is designed to attract and retain employees who are interested in working in PERA-covered positions for a large part of their careers.

See [PERA Defined Benefit Plan Summary of Benefits Brochure](#) for more information.

## Placement

**If you are Classified Staff:** The PERA DB Plan may be offered to newly hired/newly eligible Classified Staff if they meet eligibility for the PERA Classified options under CU's *PERAChoice program*. Please see the [Mandatory Retirement Plan Placement Guide for Classified Staff to verify your eligibility](#).

**If you are Faculty or University Staff:** If you join the University of Colorado and have a [PERA Defined Benefit \(DB\) Plan](#) through a prior employer, you are eligible for CU *PERAChoice*. This one-time, **irrevocable** choice allows you to continue with the PERA (DB) Plan or choose the University Retirement Plans (URP). CU will mail you a letter detailing how to elect a plan, and if the election is not made within the stated deadline (30 days from event date), employee is defaulted into the PERA DB Plan. Please see the [Mandatory Retirement Plan Placement Guide for Faculty and University Staff](#).

## Enrollment

**If you are Classified Staff:** If you meet the criteria to be enrolled under this plan, you will be automatically enrolled. If you have a choice between two plans through the CU Classified Options, you will be enrolled when we receive your election form. If the election form is not received, you will be automatically enrolled in the defaulted plan stated in your letter. Please see [the Classified Staff Mandatory Retirement Plan Placement Guide](#).

**If you are Faculty or University Staff:** If you have a choice between the PERA DB Plan and the University Retirement Plans (URP), you will be enrolled when we receive your CU PERA Choice form. If the election form is not received within the stated deadline, you will be automatically enrolled in the PERA DB Plan.

## Contributions

Your contributions will be effective as of the date of hire and will be made via automatic payroll deductions. If contributions are not taken on the first month of employment due to payroll timing, adjustments will be made the following payroll cycle to fulfill your required contribution.

You may access your account, name beneficiaries, and learn more at [www.copera.org](http://www.copera.org).

## Plan features

<b>Plan type</b>	Defined Benefit Plan (commonly called a pension plan)
<b>Employee contributions</b>	10.5% of PERA includable salary (gross income less any IRS Section 125 plan deductions, based upon your PERA membership). Employee contributions are not subject to Social Security taxes, and they are tax-deferred, which means they are not considered taxable income for federal and state income tax purposes until they are withdrawn.
<b>Employer contributions</b>	11% of gross salary to employee's account. In addition, according to state law, the university contributes 5.0% to PERA AED*, plus 5.0% PERA Supplemental AED* which equals 21% of an employee's PERA-includable salary.
<b>Salary Limitation</b>	The annual compensation limit that can be considered for contributions is \$305,000 for calendar year 2022.
<b>Vesting</b>	Employee contributions are always 100% vested. Employer contributions are vested upon completion of five (5) PERA years of service.
<b>Investments</b>	A staff of investment professionals, under the direction of the PERA Board of Trustees, has the responsibility for the investment of PERA's funds.

\*These are additional contributions remitted by employers. See [Colorado PERA Contributions Rates](#) for more information.

## Investments & financial guidance

PERA invests members' contributions on their behalf; therefore, investment advice does not apply to the PERA DB Plan.

## Financial guidance

All employees have access to personalized, no cost, general financial guidance with licensed financial planners from TIAA. Please call 1-800-732-8353 or visit [TIAA](#) to schedule an appointment.

## Distributions/withdrawals

Under the PERA Defined Benefit (DB) Plan, the only time that members can withdraw funds is when they terminate all PERA-covered employment with the university.

## In-Service Distribution (while working)

- No [in-service distributions](#) are allowed for CU employees who are in a PERA mandatory plan.

## Loans & Hardship Withdrawals

- No loans or [hardship withdrawals](#) are allowed under the PERA mandatory plans.

## Leaving CU

- Distributions are allowed when employee [terminates employment](#) with the university.
- The employee has the option to have their PERA mandatory plan account:
  - have their PERA mandatory plan account remain at PERA
  - request a refund - refunds may be subject to taxes and penalties
  - request a rollover of their accumulated funds into another retirement account.

## Qualified Domestic Relations Order (QDRO)

The term "QDRO" refers to a court order that is made under a state's domestic relation law or community property law, which may involve assigning all or a portion of an employee's university retirement plan account accumulations to an alternate payee. Alternate payees are typically the employee's spouse or ex-spouse, but may be another person such as a child or other dependent. A QDRO may also name more than one alternate payee.

For PERA retirement plans subject to a QDRO, please contact PERA by visiting [www.copera.org](http://www.copera.org) or by calling 1-800-759-7372.

## How to request a distribution or rollover

### How to request a refund/rollover when terminating employment:

1. If you elect to have the PERA DB account refunded or rolled over, you will need to complete the *PERA Refund/Rollover Request Form*, which can be found at [www.copera.org](http://www.copera.org). After completing the member sections, the form must be submitted directly to PERA.
2. You must notify [Employee Services Retirement](#) that the form has been submitted to PERA. The university will verify your termination date and the last contribution submitted to PERA. The PERA Termination Certification will be submitted electronically to PERA.

## Contact information

Plan service provider	Plan	Phone number	Web address
<b>PERA</b>	PERA Mandatory Plans	1-800-759-7372	<a href="http://www.copera.org">www.copera.org</a>
By mail or in person		By phone or fax	
<b>University of Colorado</b> Employee Services - Retirement 1800 Grant St., Suite 400 Denver, CO 80203-1187		<b>Phone: 303-860-4200, option 3</b>  Fax: 303-860-4299 (Attn: ES Retirement)	

## Definitions

### **CU PERA CHOICE for Faculty and University Staff**

When a Faculty or University Staff employee comes to the university and has a [PERA Defined Benefit \(DB\) Plan](#) through a prior employment, the employee may be eligible for CU's *PERAChoice*. This one-time, **irrevocable** choice allows the employee to continue with his/her PERA (DB) Plan or choose the University Retirement Plans (URP), which includes the CU 401(a) Mandatory Plan and/or the CU 403(b) Voluntary Plan.

**This one-time irrevocable CU PERA Choice remains in effect, even if the employee leaves the university and returns in another position.**

- The employee will receive a *CU PERA Choice* letter detailing how to elect a plan and the employee will have 30 days to make their election.
- If the election is not made within 30 days, **employee will be defaulted into the PERA (DB) Plan.**
- Whether the employee chooses to remain in the PERA DB Plan or elects the University Retirement Plans (URP), the employee will remain in that plan throughout their CU career.

### **PERA Classified Option for Classified Staff members**

PERA Classified Option is the option some CU Classified Staff have to choose between the PERA Defined Benefit Plan (DB) and the PERA Defined Contribution Plan (DC) through PERA's *PERAChoice*. See the [PERAChoice Comparison Plan Brochure from PERA](#).

### **Leaving CU**

Refers to termination of employment. This includes resignations, retirement, disability or by cause.

## Resources

[CU Benefits Eligibility Matrix](#)

[Classified Staff Mandatory Retirement Plan Placement Guide](#)

[Faculty and University Staff Retirement Plan Placement Guide](#)

[What is the difference between a Defined Benefit Plan and a Defined Contribution Plan?](#)

[CU Voluntary Retirement Plans](#)

[PERA website](#)

[PERAChoice – Comparison of PERA Defined Benefit and PERA Defined Contribution Plans](#)

[PERA Benefits under the Defined Benefit Plan brochure](#)

[PERA DC Plan Provisions brochure](#)