What's changing in PERA? [1]

May 25, 2018 by Employee Services [2]

The Colorado legislature passed SB18-200, whcih made significant changes to the state's pension system PERA, on May 9. The legislation is designed to fill a $32 billion shortfall.

CU has over 8,600 PERA employees.

See what these changes mean for PERA members before and after retirement:

Current Employees

Employees will contribute an additional 2 percent of their pay to PERA, eventually totaling 10 percent. The increase will be phased over three years starting on July 1, 2019.

A defined contribution option will become available to all state and local division employees, including classified staff at higher education institutions.

Retirees

Current retirees will receive no cost-of-living adjustments (COLA) for two years. Future retirees will not receive a COLA for their first three years of retirement. After the allotted time, all retirees will receive a 1.5 percent annual COLA increase, down from the current 2 percent.

Employers

Employers will contribute an additional .25% of payroll to PERA starting on July 1, 2019. PERA-includable salary will include sick leave pay for **all members** and any deductions made to tax-advantaged plans for **new PERA members hired on or after July 1, 2019.**

Employees joinging PERA after Jan. 1, 2020

New hires will be eligible for retirement at age 64. However, members are still able to retire after 35 years of service, regardless of time of hire. In addition, the average annual salary calculation for new employees will be a five-year average instead of a three-year average.

The state of Colorado will allocate $225 million a year to the fund for 30 years beginning July 1, 2018.

In the event revenues to PERA come in significantly above or below projections, the bill includes provisions that will automatically adjust employee and employer contributions and the COLA to ensure future solvency. This bill is currently awaiting a signature from Gov. John Hickenlooper to be passed into law.

Have additional questions? Reach out to a PERA representative here [3].

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