



Breaking News!

**Bulletin from the Colorado School and
Public Employees Retirement Association**



December 2017 - vol.3

Joint Budget Committee Adds to PERA Proposals

The state legislature's Joint Budget Committee (JBC) has released a proposal for how PERA should deal with its current concern over the high number of years to full funding.

It's important to note that PERA is **not** projected to run out of money; the PERA fund is currently valued at about \$44 billion. However, new demographic studies indicate greater retiree life expectancy. That added expense, together with a more-conservative PERA Board assumption for future investment returns, has caused an unacceptably-risky projection of 78 years to full funding for the School Division.

The PERA Board, Governor Hickenlooper, and Treasurer Stapleton have each proposed plan changes (reductions in retiree benefits, and increases in contributions) aimed at reducing projected full funding to approximately 30 years. Those details were reported in three previous *Breaking News!* bulletins.

Here are some items for which the JBC proposal includes new points of view:

- **1% added contribution from current employees**
The JBC proposed that current employees contribute an additional 1% of salary, less than that suggested by PERA and the Governor, and far less than Mr. Stapleton's "approximately 5%" comment.
- **No position on employer contribution change**
At this time we have uncertain clarity on this JBC item. The JBC took no position, citing previous additions to employer contributions (AED and SAED) but not specifically either suggesting or ruling out further employer contributions.
- **No change from the current age for full retirement**

The JBC suggested no increase in what for most School Division employees is currently 58 years with thirty years of service as age for full retirement. Other proposals suggested 65 or 67 years of age.

- **Lower Cost of Living Adjustment (COLA, aka Annual Increase)**

The JBC agreed with the Governor’s suggestion that the retiree COLA be reduced to a maximum of 1.25%. It agreed with PERA and the Governor in a two year COLA suspension.

- **Higher number of projected years to full funding**

The JBC proposal projects 40 years to full funding, a less aggressive approach to the current concern than the approximately 30 year suggestions from PERA and the Governor. (The Stapleton suggestions did not have a projected time to full funding.)

To date, CSPERA is not aware of any actual bill having been drafted. The Colorado Coalition for Retirement Security, also known as SecurePERA, has not yet endorsed any proposals or released a proposal of its own. CSPERA will participate on your behalf in the Coalition meetings and will keep members informed about any developments.

Here, in chart form, is a proposal comparison prepared by Lynea Hanson of SecurePERA:

PERA Proposal Comparison Chart

	Current	PERA	Governor	JBC Staff	Stapleton
Employer Contribution	10% - 13.66%	↑ 2%	↑ 0%	No position - Alternative funding pool, add AED & SAED	↑ 0%
Employee Contribution	8%	↑ 2% / ↑ 3% (1/1/2020)	↑ 2% (1/1/2019)	↑ 1%	↑ ~5%
HAS	3 years	5 years	5 years	5 years	10 years
Retirement Age	58/60	65 years or 40 years service	65 years or 40 years service	No Increase	Match social security, 67 years
COLA Suspension		2 years	2 years	2 years	20+ years
COLA Rate	2%	1.5%	1.25%	1.25%	?

		Net to Gross Salary	Net to Gross Salary	Net to Gross Salary	?
		FTE Equivalent	FTE Equivalent	FTE Equivalent	?
		2% for disaffiliation	2% for disaffiliation	??	?
Auto - Adjust		Yes - 1/3, 1/3, 1/3	Not Yet Sure	??	?
Years to full funding	c. 78	c. 30	c. 30	40 year time frame instead of 30	?

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