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Legislative Update: Sept. 25, 2017



PERA Board Recommends Change



**COLORADO
PERA**

The Public Employees' Retirement Association's (PERA) Board of Trustees, on September 22, 2017, recommended a menu of changes that would attempt to resolve the problem of PERA's unfunded liability and the amount of time it will take for PERA to be fully funded. PERA's Board of Trustees Chairman, Timothy M. O'Brien, shared the following in regard to the changes:

"The recommendations from the PERA Board reflect our commitment to ensuring the long-term health of the fund. We understand that these recommended changes will not be easy, but we believe shared impact across the membership and with employers is absolutely necessary."

Any changes to the PERA systems would require legislation approved by the Colorado General Assembly, similar to what was approved in Senate Bill 1 in 2010. The PERA board did not share a draft bill or the names of any legislators who might sponsor the bill.

The reforms suggested by PERA include:

- Reduce the Cost of Living Adjustment (COLA) to current retirees from two percent to 1.5 percent, effective upon legislative approval.
 - The COLA would be suspended for all retirees for two years.
 - Future retirees would have to wait three years before any COLA would be applied to their benefits.
- Move the age of retirement for PERA employees hired after 2020 to 65 years old.

- Change the number of years used to calculate retirement benefits for new PERA employees hired after 2020 or any PERA employee with less than five years of credited service.
- EMPLOYEES contributions would increase three percent for PERA members hired before 2020.
 - Employees hired after 2020 would contribute an additional two percent.
- EMPLOYER contributions would increase an additional two percent.
 - The total for school districts would be 22.15 percent which is approximately \$86 million more a year.
- Future PERA contributions would be based on “gross” salary, not “net” salary.

The complete breakdown of the PERA board recommendation is available [here](#). How PERA is structured and the impact it has on school district budgets are of vital interest to school board members. The CASB Fall Delegate Assembly Conference will have an informative discussion on PERA, including the Executive Director of PERA, Greg Smith. Please make plans to attend and educate yourself on this important topic.

To register, please visit the [Fall Delegate Assembly Conference](#) website.

Address Colorado Association of School Boards

2253 S. Oneida St., Ste. 300
Denver, CO 80224

Phone

303-832-1000 or 800-530-8430

Fax

303-832-1086

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