



## **Breaking News!**

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



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### **Denver Post Reports PERA in a “Watershed” Year Are 2018’s Proposed Changes Better Than 2010?**

The Denver Post’s February 11 PERA headline exceeded reality in using the word “crisis.” Its following article more accurately termed 2018 a “watershed” moment for the retirement plan. Different from 2010’s post-Great Recession analysis, PERA’s \$45-\$50 billion fund is not projected to run out of money.

The Post’s headline overshoots the mark as a lead-in to a detailed research article that highlights the ways in which current adjustments might take a more effective shape than those enacted eight years ago.

That’s not to say PERA employees and retirees should be relaxed. Funding level has dropped to a very concerning 58%, and the School Division’s projected time to full funding has become a too-risky 78 years. On the plus side, the fund’s **actual** annual investment return continues to exceed its planned anticipated annual target. Legislators, with the benefit of hindsight reflected in the Post’s research, are working to craft a more effective array of adjustments than were enacted in 2010.

The Post’s research report points out what it believes were three flaws in 2010’s PERA legislation. Increases to fund income were phased in via small percentage increases over time. That was easier on employees and employers, but less effective in fund impact. The Post judged the age increases necessary for full retirement were insufficient. Some 2010 analysts thought a two year suspension of retirees’ annual increase (aka COLA) was needed, but legislation suspended that benefit for just one year.

The Post points out that proposals so far “on the table” in 2018 avoid those choices. Proposed percentages of contribution increases happen immediately in full. Some proposals increase the retirement age for full School Division benefits to 65. This time, proposals suspend retirees’ annual increase for two years and lower its annual percentage level after that.

Your CSPERA Executive Committee recently voted its support for the proposal made by PERA's Board of Trustees. That proposal embodies what's been termed a "shared sacrifice" among employees, retirees, and employers, all contributing in some measure to strengthen the retirement fund.

It's expected that a PERA bill will, at some point, be crafted by legislators and submitted for debate and voting. When that happens, CSPERA will provide details, pros, and cons of any bill(s), together with contact information for legislators to whom your comments could be directed.

Watch for CSPERA bulletins, and plan to participate in the debates that shape your retirement plan.

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