



The Value of Your Colorado PERA DEFINED BENEFIT PLAN ACCOUNT

Account Balance Each Year with Compounded Interest

Age	Account Balance
30	\$14,555
31	\$15,281
32	\$15,740
33	\$16,212
34	\$16,698
35	\$17,200
36	\$17,716
37	\$18,248
38	\$18,795
39	\$19,361
40	\$19,942
41	\$20,540
42	\$21,156
43	\$21,792
44	\$22,446
45	\$23,120
46	\$23,813
47	\$24,530
48	\$25,265
49	\$26,023
50	\$26,804
51	\$27,611
52	\$28,439
53	\$29,292
54	\$30,171
55	\$31,078
56	\$32,011
57	\$32,971
58	\$33,960
59	\$34,982
60	\$36,031
61	\$37,112
62	\$38,225
63	\$39,372
64	\$40,553
65	\$41,769

Even if you are a Colorado PERA member for only a short period of time during your career, your PERA membership is still valuable to you. To calculate the different options for your account, use the "Termination Options" calculator on the PERA website by logging in with your User ID and password.

The following example illustrates how over a period of time, a PERA Defined Benefit (DB) Plan account will grow with compounded interest. The example uses Jim, a PERA member who began membership prior to January 1, 2007, and who earned five years of service credit prior to January 1, 2020, and terminated employment at age 30. Jim's starting annual salary was \$30,000, with 3.5% raises per year. The rollover/refund and benefit amounts assume an annual interest rate in effect at the time. The interest rate is set by the PERA Board and is subject to change annually. The current interest rate is 3% compounded annually.

When Jim terminated employment, he had a DB Plan account balance of \$14,555 (member contributions and interest compounded annually for five years).

Jim has the following options after he terminates PERA-covered employment:

- ① Do a rollover/refund of his DB Plan account.
- ② Leave his DB Plan account at PERA until he reaches retirement age and then do a rollover/refund of his DB Plan account.
- ③ Leave his DB Plan account at PERA until he reaches retirement age and receive a monthly benefit.

JIM ROLLS OVER OR REFUNDS HIS DB PLAN ACCOUNT AT TERMINATION OF EMPLOYMENT

- » Under the PERA benefit structure, Jim's rollover/refund amount would be his DB Plan account balance of \$14,555 plus a 50% match (since he has five years of earned service credit), for a total rollover/refund of \$21,833.
- » Under the DPS benefit structure, Jim would not receive a matching amount and his rollover/refund would be \$14,555.

▶ Under the PERA benefit structure, you must have five years of earned service credit to receive a 50% match. If you have five years of earned service credit and you are not eligible for retirement, you will receive a 50% match on contributions and interest. If you do not have five years of earned service credit and you are not eligible for retirement, you will receive a 50% match on contributions and interest received on or before December 31, 2010, and you will not receive a match on contributions and interest received on or after January 1, 2011. See the *Refund/Rollover Request* booklet for more information.

(Continued on reverse)

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JIM LEAVES HIS DB PLAN ACCOUNT AT PERA UNTIL RETIREMENT AND THEN ROLLS OVER OR REFUNDS HIS DB PLAN ACCOUNT

Jim leaves his DB Plan account with PERA where it continues to earn interest. Over a 30-year period and as a result of compounding, Jim's DB Plan account grows from \$14,555 to \$36,031.

When Jim is eligible for retirement (age 60 for a reduced retirement under the PERA benefit structure and age 65 under the DPS benefit structure), he can refund his DB Plan account with a 100% match. Under the DPS benefit structure, he will receive the match if he terminated employment on or after January 1, 2001, otherwise no match is included.

- » If Jim has a PERA benefit structure DB Plan account and does a rollover/refund at age 60, he will receive a total rollover/refund of \$72,062.
- » If Jim has a DPS benefit structure DB Plan account, terminated employment on or after January 1, 2001, and does a rollover/refund at age 65, he will receive a total rollover/refund of \$83,538.

JIM LEAVES HIS DB PLAN ACCOUNT AT PERA UNTIL RETIREMENT AND THEN CHOOSES TO RECEIVE A LIFETIME MONTHLY BENEFIT

Jim leaves his DB Plan account with PERA where it continues to earn interest. Over a 30-year period and as a result of compounding, Jim's DB Plan account grows from \$14,555 to \$36,031.

Jim chooses to receive a lifetime monthly benefit. His retirement benefit is determined by the higher of a defined benefit calculation or the money purchase calculation under the PERA benefit structure. If he has a DPS benefit structure DB Plan account, his benefit is determined by the higher of a defined benefit calculation or the minimum benefit calculation. The money purchase calculation uses the life expectancy and the value of a member's DB Plan account at retirement; the minimum benefit calculation uses these same factors, as well as the member's number of years of service credit.

- » If Jim has a PERA benefit structure DB Plan account and at age 60 chooses an Option 1 benefit, using the money purchase benefit calculation, his benefit amount would be \$472 per month.
- » If Jim has a DPS benefit structure DB Plan account and at age 65 chooses an Option A benefit, using the minimum benefit calculation, his benefit amount will be \$596 per month.

Based on applicable law, Jim may be eligible for annual increases to his retirement benefit. See the *Annual Increases* fact sheet for detailed information.

Reasons to Leave Your DB Plan Account With PERA Until Retirement

- » Your DB Plan account will continue to earn interest compounded annually.
- » If you do a rollover/refund of your DB Plan account prior to age 59½, in addition to regular federal and state income taxes, you may have to pay a 10% additional federal income tax for early distribution.
- » Most PERA members do not contribute to Social Security, so if you do a rollover/refund of your DB Plan account, retirement savings for that period of employment are gone.
- » You will retain the rights associated with your PERA membership and will continue earning service credit if you return to PERA membership.
- » If you have a PERA benefit structure DB Plan account and die before your effective date of retirement, your qualified survivors may be eligible for a survivor benefit and in some cases, a lump-sum payment.
- » If you choose to receive a monthly benefit, you will be eligible to participate in the PERACare Health Benefits Program and receive a subsidy toward your premium. *Note:* If you have a DB Plan account under the DPS benefit structure, you must have five years of service credit to receive a monthly benefit and enroll in PERACare.

This fact sheet provides general information about interest compounding on a PERA DB Plan account. Your rights, benefits, and obligations as a PERA member are governed by Title 24, Article 51 of the Colorado Revised Statutes, and the Rules of the Colorado Public Employees' Retirement Association, which take precedence over any interpretations in this fact sheet.