



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. The following example illustrates how over a period of time, a PERA defined benefit (DB) plan account will grow with compounded interest.

The example below uses Jim, a PERA member who earned five years of service credit before terminating employment at age 30. Jim's annual salary was \$30,000, with 3.5 percent 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 percent 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

- » If Jim has a PERA benefit structure DB plan account, decides to do a rollover/refund, and is not eligible for retirement, his rollover/refund amount would be his DB plan account balance of \$14,555 plus a 50 percent match (since he has five years of earned service credit),* for a total rollover/refund of \$21,833.

- » If Jim has a Denver Public Schools (DPS) benefit structure DB plan account, he would not receive a matching amount and his rollover/refund would be \$14,555.

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 under the PERA benefit structure and age 65 under the DPS benefit structure), he can refund his DB plan account with a 100 percent 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 rolls over or refunds at age 60, he will receive a total rollover/refund of \$72,062.

(continued on reverse)

* Effective January 1, 2011, under the PERA benefit structure, you must have five years of earned service credit to receive a 50 percent match. If you have five years of earned service credit and you are not eligible for retirement, you will receive a 50 percent 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 percent 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 *Terminating PERA-Covered Employment* booklet for more information.

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- » If Jim has a DPS benefit structure DB plan account, terminated employment on or after January 1, 2001, and rolls over or refunds 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 \$454 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 \$659 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 the Internal Revenue Service a 10 percent additional income tax for early distribution.
- » Most Colorado 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 Colorado PERA membership and if you return to Colorado PERA membership, continue earning service credit.
- » 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.

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