HOW ARE PERA’S INVESTMENTS DOING?
• At the end of 2019, PERA’s investment return was 20.3% net-of-fees.

WHAT IS PERA’S FUNDED STATUS?
• PERA’s funded status increased to 61.9%.
• PERA is projected to be fully funded in 24 years.
Investing for the Long Term

RATE OF RETURN OVER 10 YEARS
(NET-OF-FEES)

2010: 14.0%
2011: 1.9%
2012: 12.9%
2013: 15.6%
2014: 5.7%
2015: 1.5%
2016: 7.3%
2017: 18.1%
2018: -3.5%
2019: 20.3%

10-YEAR (ANNUALIZED) 9.1%
What is the Automatic Adjustment Provision?

Four Components

- Member Contributions
- Employer Contributions
- Annual Increase (AI)
- State Direct Distribution

June 2020
PERA's 2019 financial report indicates PERA is on schedule and adjustments are not needed in 2021 to stay on track

June 2021
PERA's 2020 financial report is released and it will be determined whether adjustments are needed in 2022 to stay on track

Annually
Process occurs again
How does the Automatic Adjustment Provision keep PERA on schedule?

**IF PERA IS BEHIND SCHEDULE**
- Decrease Ai percentage by up to 0.25% in one year, not to fall below 0.5%
- Increase employer contributions by up to 0.5% in one year, not to exceed an additional 2%
- Increase member contributions by up to 0.5% in one year, not to exceed an additional 2%
- Increase the direct distribution from the State budget by up to $20 million in one year, not to exceed $225 million

**PERA'S PROGRESS TOWARD FUNDING GOAL**

**IF PERA IS AHEAD OF SCHEDULE**
- Increase Ai percentage by up to 0.25% in one year, not to exceed 2%
- Decrease employer contributions by up to 0.5% in one year, not to fall below 2018 levels
- Decrease member contributions by up to 0.5% in one year, not to fall below 2018 levels
- Decrease the direct distribution from the State budget by up to $20 million in one year
What to Expect in 2021

» 3rd and final year of member (employee) contribution increase phase-in from SB 200
  • 10.5% member contribution rate effective July 1, 2021

» No Automatic Adjustment in 2021

» Financial Results for 2020 will be calculated as of December 31, 2020
  • Automatic Adjustment determination made in June 2021 for July 2022
HB20-1379: Suspend Direct Distribution to PERA for FY 2020-21
» This bill suspended the $225 million annual direct distribution payment of state funds to PERA for one fiscal year

HB20-1394: PERA Judicial Division Contribution Rate Modification
» The bill decreases the employer contribution rate by 5 percent and increases the member contribution rate by 5 percent in the Judicial Division of PERA for the next two fiscal years
## Projected Amortization Periods (in years)

For the Year Ended December 31, 2019

<table>
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<tr>
<th>Division Trust Fund</th>
<th>2019 Valuation Results Considering HB 20-1379 and HB 20-1394</th>
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<th>2018 Valuation Results</th>
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</table>
What’s Coming Next

» Experience Study
  • Performed regularly to review actual experience compared to assumptions
  • Covers plan experience from January 2016 through December 2019

» Interim Reporting to the General Assembly
  • Legislative Committee Hearings
  • Statutorily Required Reports

» Expectations for 2021 Legislative Session
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