

Colorado Legislative Council Staff Fiscal Note
**STATUTORY PUBLIC ENTITY
 FISCAL IMPACT**

Drafting Number: LLS 12-0521
Prime Sponsor(s): Sen. Harvey

Date: February 6, 2012
Bill Status: Senate Finance
Fiscal Analyst: Kerry White (303-866-3469)

TITLE: CONCERNING THE ELIGIBILITY OF A PERSON TO RECEIVE A RETIREMENT BENEFIT FROM THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION UPON REACHING THE SAME AGE REQUIRED TO RECEIVE A SOCIAL SECURITY RETIREMENT BENEFIT.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
State Expenditures		
FTE Position Change		
Effective Date: August 7, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2012-2013: None required.		
Statutory Public Entity Impact: Reduction of \$388.3 million in 2043- See Statutory Public Entity Impact section.		

Summary of Legislation

This bill modifies eligibility for receiving a retirement benefit from the Public Employees Retirement Association (PERA). Under current law, a PERA member is eligible for retirement based on a combination of age and years of service credit. Depending on when a member was hired, the earliest age a person is eligible to receive a full PERA benefit is 50.

This bill requires that PERA members hired on or after January 1, 2013, meet the same age qualifications required to receive a federal Social Security benefit. Eligibility for Social Security is based solely on age. Currently there are 13 different age tiers for Social Security, ranging from 65 to 67 and depending on a person's year of birth.

Statutory Public Entity Impact

This bill generates savings to PERA in the long-term because it delays the timing in which retirement benefit payments are made. Based on an assumption that members hired in 2013 will not retire for 30 years, the savings to PERA divisions in 2043, expressed in today's dollars, are shown in Table 1.

Table 1. Savings to PERA Divisions as of 2043	
Division	Savings
State Division	\$134.5 million
School Division	202.6 million
DPS Division	24.5 million
Local Government Division	25.8 million
Judicial Division	0.9 million
TOTAL	\$388.3 million

Additional savings will be realized for each of the Health Care Trust Funds, but these amounts are anticipated to be minimal and have not been estimated.

Departments Contacted

Public Employees' Retirement Association