

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

Drafting Number: LLS 14-0531
Prime Sponsor(s): Sen. Lambert
 Rep. Priola

Date: February 3, 2014
Bill Status: Senate SVMA
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SHORT TITLE: RETIREMENT AGE FOR PERA MEMBERS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures		
FTE Position Change		
Appropriation Required: None.		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

The bill changes the minimum age and service requirements for most members in the Public Employees' Retirement Association (PERA) hired on or after December 31, 2016. Under current law, PERA members are eligible to retire with a full benefit if they have reached age 60 and the sum of their age and years of service is at least 90. Depending on the division in which the member is employed, current PERA members may retire with 35 years of service regardless of their age. Under the bill, in order to qualify for a full retirement benefit, all PERA members would need to be at least 65 years of age and have the sum of their age and years of service be at least 95. The bill does not affect service retirement requirements for state troopers.

Background

Under current law, PERA members are eligible to receive a full retirement benefit in a few different scenarios, as outlined in Table 1. Members of the school division and the Denver public schools division are the exception to Table 1, as members with 30 years of service may currently retire at 58 years of age, if their age and years of service equal 88.

Table 1. PERA Service Retirement Eligibility under Current Law			
Under Current Law		Under SB 14-068	
Age Requirement (years)	Minimum Service Credit Requirement (years)	Age Requirement (years)	Minimum Service Credit Requirement (years)
Any age	35	N/A	N/A
60	30	N/A	N/A
65	5	65	30

Statutory Public Entity Impact

By increasing the minimum age and service requirements of all PERA members hired on or after December 31, 2016, the bill reduces projected future liabilities through 2046. As shown in Table 2, estimates based on the 2012 valuation, projected future hires, and an investment performance of 7.5 percent per year, the present value of the reduction in future liabilities for all PERA divisions affected totals \$1.3 billion.

Table 2. Present Value of Reduction in Future Liabilities in 2046 under SB 14-068*	
PERA Division	Net Change in Accrued Liability
State Division	(\$379,000,000)
School Division	(\$823,300,000)
Judicial	(\$13,400,000)
Local Government Division	(\$48,800,000)
DPS Division	(\$81,400,000)
TOTAL	(\$1,345,900,000)

Assumptions. This fiscal note assumes that the minimum age and service requirement changes set forth in the bill will not create a reduction in contributions for an affected PERA employer. Additionally, the bill is not anticipated to have an impact on the Health Care Trust Funds.

Effective Date

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

PERA
Higher Education

Counties
Personnel

Municipalities